

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended June 30, 2015
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2015

**Fiscal Services Division
Accounting Department**

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City of Southfield

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

December 22, 2015

Honorable Mayor, Members of City Council and Residents of the City of Southfield
Municipal Building
Southfield, Michigan

RE: 2014-15 COMPREHENSIVE ANNUAL FINANCIAL REPORT LETTER OF TRANSMITTAL

Dear Sirs and Mesdames:

The Comprehensive Annual Financial Report of the City of Southfield, Michigan, for the fiscal year ended June 30, 2015, 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 61 of the Government Accounting Standards Board (GASB). 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 Economic Development Corporation, the Brownfield Redevelopment Authority, the Joint-Local Development Finance Authority, the Downtown Development Authority, the Tax Increment Finance Authority, the Local Development Finance Authority, Section 8 & Housing Commission and the Southfield Growth Corporation. Descriptions of each component unit appear in Note 1.

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

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

Mayor
Kenson J. Siver

Council President
Myron A. Frasier

City Clerk
Nancy L. M.Banks

City Treasurer
Irv M. Lowenberg

City Council

Daniel Brightwell

Lloyd Crews

Donald F. Fracassi

Michael Ari Mandelbaum

Tawnya Morris

Joan Seymour

City of Southfield

Letter of Transmittal

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

CITY OF SOUTHFIELD, MICHIGAN: MUNICIPAL OVERVIEW

The City of Southfield 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 struggling state economy. 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.

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

City of Southfield

Letter of Transmittal

called Southfield home. Growth was spurred by the nation's first regional shopping center, Northland Center, which opened in Southfield in 1954. 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.

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.

ECONOMIC PROFILE

City of Southfield

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Recent economic data shows that the State of Michigan ended 2015 on a more positive note. The State's unemployment rate decreased from 8.7% in July 2014 to 4.7% in September 2015. The City of Southfield's unemployment rate decreased to 6.60% from 10.20% in September 2014. It is anticipated that Michigan's economy will continue to grow and expand gradually over the next few years and the unemployment rate will continue to improve.

The City of Southfield is home to seven colleges, universities and technical schools, including Lawrence Technological University, Oakland Community College, Central Michigan University, DeVry University, Sienna Heights University, Specs Howard School of Broadcast Arts, and University of Phoenix. Residents of Southfield and surrounding communities have a wide array of skilled trades and higher educational opportunities.

The City of Southfield ranks in the top three in terms of the population base in Oakland County. The U.S. Census Bureau identified 71,739 residents in Southfield in the 2010 census, making the City of Southfield one of the top three most populous cities in Oakland County. The median household income of our residents is \$49,548. Personal income in the City has risen in recent years, which is an indication of a healthy economy. Of the total population, it is estimated that 44% have degrees in higher education, which will help in stabilizing unemployment in the community.

For the City, the economic outlook continues to be guarded. Cost pressures, particularly in the healthcare and pension area, continue to challenge the City's finances. Pensions, retiree healthcare and other post-employment benefits made up 63% of the City's long-term liabilities. The SERS pension plan is 78.1% funded, the Fire and Police pension plan is 84.6% funded, and the Retiree Health Care Trust Fund is funded at 14.97%. While property values have begun to rise, property taxable values are nowhere near the pre-recession values. As a result, revenue growth for the General Fund will remain limited over the next several years due to the limitations of Proposal A and the Headlee Amendment and the City's inability to expand revenue beyond the rate of inflation. The City is levying at its maximum millage levels allowable by charter.

The City Council and City Administrator are committed to strategies designed to ensure the long-term fiscal health of the City. The budget serves as the foundation for the City's financial planning and control. As part of the budget process, management prepares an annual budget for the General Fund and all other funds and presents to City Council for adoption. Overall, the City's current budget emphasizes cost containment and maintenance of existing service levels. Therefore, the City commits to the following:

- Ensure long-term financial sustainability by spending within our means and delivering services in a cost-effective and efficient manner;
- Establish and maintain reserves at appropriate levels, limiting reliance on one time revenues and fund balance draws; and
- Plan for improvements to facilities and infrastructure, and manage the City's infrastructure and capital assets to maximize long-term community benefit. The City will adopt a capital improvement plan annually to ensure that the City's infrastructure needs are identified and budgeted over at least a five year period.

City of Southfield

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The City of Southfield sold its 2015 Library Building Authority Refunding Bonds, in the amount of \$21,765,000, to refinance the bonds related to the original construction of the library. The bonds were refinanced at an average lower interest rate of 2.86 percent, as compared to the original rate of 5.04 percent, saving the library almost \$4 million over the next 15 years with a final maturity of 2030.

In preparing to sell the bonds, the City through the Library Building Authority, requested a Standard & Poor's Rating Services ("Standard & Poor's") evaluation of the City of Southfield's credit quality. Standard & Poor's affirmed the City's strong underlying bond ratings of "AA."

According to Standard & Poor's, the 'AA' rating reflects their assessment of factors, including:

- Strong management conditions, with "good" financial policies and practices;
- Strong budgetary performance, with a positive result in both the general fund and at the total governmental fund level in fiscal 2014 (year ended June 30);
- Very strong budgetary flexibility, with an available fund balance of 31.2% of operating expenditures at fiscal year-end 2014; and
- Very strong liquidity, with strong access to external liquidity if necessary.

The financing was conducted by the Michigan investment banking office of the brokerage firms, Fifth Third Securities, and Stifel, Nicolaus & Company, Inc., the financial advising firm, Public Financial Management, and the law firm serving as bond counsel, Miller, Canfield, Paddock and Stone, P.L.C.

ECONOMIC DEVELOPMENT & MAJOR INITIATIVES

Road and Highway Improvements

On November 4, 2014, City of Southfield voters approved a proposal for up to 2.58 mills to pay for up to \$99 million in road construction bonds spread out over eleven years. The estimated millage to be levied in 2015 is 2.58 mills and the estimated simple average annual millage rate required to retire the bonds is 2.50 mills. The bonds will pay for the cost of acquiring and constructing street improvements throughout the City, consisting of paving, repaving, reconstructing and improving streets, including curb, gutter and drainage improvements and all necessary appurtenances and attachments.

After much initial ground work securing funding and developing plans, the Evergreen Road Improvement Project officially began in June of 2014. The project represents a \$12 million investment, which is part of an overall \$100 million infrastructure investment in roads and bridges throughout the city over the next ten years. The Project involved the total reconstruction of a one-mile segment of Evergreen Road between 10 and 11 Mile from the previous six and seven-lane road into a four-lane boulevard with a roundabout at Evergreen and Civic Center Drive and a roundabout at Evergreen and the north Municipal Campus driveway.

The Evergreen Road Improvement Project incorporated many new amenities that will make the corridor more pedestrian-friendly and attractive, including: a major mid-block crossing and plaza between the two roundabouts, a wide path on the east side of Evergreen from I-696 to Filmore Street with benches and landscaping, as well as decorative street lighting. Innovative stormwater features were also incorporated into the project to provide water quality improvements before discharge to storm sewers. The stormwater drains and water mains were replaced and upgraded — improving the functionality of

City of Southfield

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the storm sewer system and helping to maximize the lifespan of the City's infrastructure. The City also constructed a rain garden adjacent to the tennis courts and installed pervious pavers behind the curb between the roundabouts. Additionally, the power distribution system at the Southfield Municipal Campus has been relocated from the front lawn to north of the tennis courts. A new electronic message sign was also installed in front of city hall that will relay important city news and events to motorists on Evergreen Road.

The total project cost approximately \$12 million, with \$4.8 million in federal transportation funding for the road reconstruction and \$450,000 from a Michigan Transportation Alternatives Program grant for the pedestrian amenities and stormwater mitigation features. The City's Water & Sewer Fund contributed \$3.5 million and the Major Street Fund contributed \$700,000. The Metro Act Fund provided \$1 million, the City Centre Advisory Board contributed \$100,000 toward the pedestrian amenities, and the Local Improvement Revolving Fund (LIRF) funded the remaining \$1.5 million.

The incorporation of roundabouts will greatly improve traffic flow in the corridor while also reducing the number of serious accidents. The many benefits of roundabouts include improved safety resulting in a 90 percent reduction in fatalities; 76 percent reduction in injuries; and a 35 percent reduction in all crashes. Studies have also shown that accidents that do occur are typically less serious and that roundabouts are safer for pedestrians and bicyclists. Roundabouts have also been proven to greatly improve traffic flow by reducing congestion, decreasing traffic delays and increasing traffic capacity. They are also more environmentally friendly — reducing pollution with fewer stops and hard accelerations — resulting in less vehicle emissions, fuel consumption and noise. Roundabouts are also generally considered to be more aesthetically pleasing than traditional intersections — enhancing and defining corridors and cities.

The project has improved Evergreen Road and the surrounding area in numerous ways, including: the complete replacement of deteriorated pavement; correction of storm water system inadequacies; improved traffic flow and safety; enhanced pedestrian amenities; creation of a strong link between east and west sides of Evergreen; and overall beautification of the corridor and city.

Two transportation projects in the City of Southfield totaling nearly \$4 million were celebrated at a public dedication last November at the Northland Center Parking Lot near the newly renovated Northland Bus Transit Center. That transit center began serving riders in early November. Completion of the other transportation project, Greenfield Road construction between Eight and Nine Mile roads, was also completed in November. The Northland Transit Center renovation is part of the final phase of a multimillion dollar federal grant that is being used to renovate the Northland Transit Center and other projects along Eight Mile Road. The Northland Transit Center renovation is valued at \$748,750 including new concrete and asphalt surfacing and new pedestrian amenities such as landscaping, shelters, benches and trash receptacles. The grant involved collaboration between The Eight Mile Boulevard Association, City of Southfield, Southfield DDA, DDOT, SMART and Northland Center. Parsons Brinckerhoff and WCI Contractors were retained to perform project consulting and improvement work, respectively.

Greenfield Road was reconstructed from Eight Mile Road to north of Nine Mile Road at a cost of \$3.1 million. Of that amount, approximately \$1.75 million was paid for with federal funds. The remainder was

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shared by the City of Southfield, Southfield DDA, Oakland County general government and the Road Commission for Oakland County (RCOC). The project involved complete pavement removal and replacement in the southbound lanes of this section of Greenfield Road (the northbound lanes were not reconstructed). The road was reconstructed with concrete, including new curbs and gutters. The project included crosswalk upgrades to meet Americans with Disabilities Act (ADA) requirements as well as the construction of a new City of Southfield water main.

Coasting the Baseline

The City of Southfield launched the Coasting the Baseline Project with a historical land surveying reenactment on July 15, 2014 at Eight Mile and Rutland. The Coasting the Baseline Project is a series of commemorative markers located on Eight Mile or Baseline Road. Each marker is a ten foot tall obelisk that describes the significance of surveying in the settlement of Michigan and as the foundation for property ownership in the state. The baseline became known as Eight Mile Road and runs across Michigan from Wayne County on the east to Van Buren County on the west. The prime meridian was established at 84 degrees, 22 minutes, 24 seconds west longitude, a line drawn straight north from Defiance, Ohio. All subsequent land surveys in Michigan refer to these principal coordinates.

The Southfield Coasting the Baseline Obelisk will join those of other neighboring communities along Eight Mile Road. It is envisioned that markers will stretch from Lake St. Clair to Lake Michigan along the baseline. The markers, designed by Michigan native and world-renowned sculptor David Barr, include engraved references to early surveying tools, land ownership in America and elements of each community's local history and are made from alternating blocks of black and white granite. The site selected for Southfield's Coasting the Baseline marker is at Eight Mile and Rutland on city owned property.

Miracle League Concession Building

The Southfield City Council approved plans last July from the Miracle League of Michigan and Easter Seals of Michigan to construct a new concession building at the Miracle League baseball diamond located in the Southfield Municipal Complex at 26000 Evergreen Road. The 1441-square-foot concession building will include two Americans with Disabilities Act (ADA)-compliant public restrooms as well as a locker room and accessible restroom for the players. The building will also provide office space and storage for the Miracle League, and the concession area will be operated by Easter Seals clients.

The Miracle League is a non-profit organization that provides children with physical or cognitive disabilities an opportunity to play baseball as a team member in an organized league. The City of Southfield is home to Michigan's first Miracle League baseball field that is located at the north end of the municipal complex. The Miracle League of Michigan and Easter Seals of Michigan completed architectural plans for the construction of the concession and restroom building that will be located just west of the Miracle League field. The Miracle League has successfully secured funds, as well as donated labor and materials, to construct the building.

Public Arts Commission

The Southfield City Council unanimously approved an ordinance to establish a Public Arts Commission at the October 20, 2014 City Council meeting. The City Council voted to approve Article VI, Public Arts Commission, to Chapter 4, Boards and Commissions, of Title 1 of the City Code. The ordinance will

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create and establish a new Public Arts Commission for the City of Southfield. The Commission will be comprised of nine members, six of whom will be appointed by the City Council, with the remaining three members appointed by the Mayor with Council confirmation.

The City Council determined the need to form a public arts commission to advocate for, promote and participate in the establishment, selection and installation of public artwork in the city. The Public Arts Commission will promote the arts in Southfield by establishing physical works of art in public places throughout the City. The Public Arts Commission will develop a comprehensive public art plan for the City, including: long term objectives, criteria for the selection of artists and works, potential locations for placement, and overall standards and guidelines. Upon completion of the plan, the Commission will present their recommendations to City Council for review and approval. The Commission will also actively raise funds for the acquisition and installation of public works of art through a capital fundraising campaign, application of grants, private sponsorships, donations, and other fundraising strategies.

The City of Southfield purchased the public art that was located at the now defunct Northland Center for \$500,000 in April as a loan from the City that will be recouped by a fundraising campaign. The acquisition included the iconic Bear and Boy sculpture by the late Marshall Fredericks that had been on display at Northland since the mall's opening in 1954. Fredericks was one of six artists commissioned by J.L. Hudson to design sculpture for Northland Center in Southfield, Michigan. At the time it opened in 1954, Northland was the country's largest shopping center as well as the first regional shopping center.

The Public Arts Commission will be sponsoring a development campaign to raise funds for the recently acquired art from the now closed Northland Center. The campaign will include both a public crowd sourcing component as well as corporate underwriting.

Marketing Southfield

The City of Southfield launched a free new app, Spot Southfield, on December 30, 2014 that is available on both Apple and Android smart phones and tablets. The app provides users with detailed information on the go in numerous categories, including:

- 'Eat' – a breakdown of various dining options in the city as well as 'nearby' option;
- 'Play' – entertainment and recreation activities for the whole family from golf to theatres to nightlife;
- 'Stay' – all of the hotel and other accommodation options in Southfield from one night to extended stay;
- 'Shop' – from automotive to florists and everything in between;
- 'Events' – everything to do in the city in one convenient spot;
- 'Media' – from static videos to Cable 15 live, users can also create a special Southfield postcard for their friends, family or themselves;
- 'Find' – get where you need to go with this useful tool that helps you navigate your way to your destination; and
- 'Services' – allows users to connect with city department or services with ease.

The app was developed in coordination with Bar-Z, an app development company that helps clients to deliver creative content to people on numerous devices. Bar-Z works with clients to make publishing

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content to multiple platforms easier. Future plans for the app include the ability for users to report issues in the city such as potholes directly to the appropriate department as well as the option to book golf tee times right from your phone.

The City of Southfield launched a new community engagement Web site, Sustainable Southfield, on January 22, 2015 where citizens could connect, communicate and collaborate with community decision makers and other residents about the future Southfield right from the comfort of their home. To participate, users simply logged on to sustainablesouthfield.mindmixer.com and created their accounts

In 2014, the City Council authorized the City Planner to update the Southfield Comprehensive Master Plan (last Adopted April 2009) in accordance with state law. One goal of the Master Plan is to reposition the City of Southfield to be a vibrant place to work, play and live to meet changing demographic, housing and economic shifts in the near and distant future. Sustainable Southfield is a comprehensive master plan that will establish a holistic guide for the City's future land use as well as balancing the City's social, environmental and economic needs for now and the future.

The goal of the new Web site was to get the community involved in the planning process. Along the way, Sustainable Southfield, was used as an online tool to generate new ideas and feedback from citizens using this interactive and accessible platform. Feedback from the Web site will be used by the City of Southfield to develop plans on a variety of projects, particularly the City's updated Master Plan.

Sustainable Southfield gave contributors a chance to share new ideas, support others' ideas, expand upon existing ideas and provide feedback on initiatives, working with community leaders on a variety of topics online at anytime, anywhere.

A total of 20 different topics that changed every 1-2 weeks were presented over a five month period. The discussion began with topics such as:

- "What are the most important issues facing our community?";
- "How can we create a more connected Southfield?"; and
- "What makes a community sustainable?"

The site also measured and tracked participation, identifying the most interested citizens and most compelling topics. MindMixer's tools made it easy for administrations to communicate back with citizens, and they delivered measurable results and invaluable insights for the planning process.

Neighborhoods and Curb Appeal

Southfield residents have 77 homeowners associations and 53 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 Neighborhood & Information Center (a division of Community Relations) and the Total Living Commission coordinated the creation of a new Southfield Neighborhood Association

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Coalition last March. The City reestablished the former Southfield Neighborhood Association, a collective of members from neighborhood associations across the city that became inactive several years ago. The purpose of the new Southfield Neighborhood Association Coalition is to strengthen existing neighborhood associations throughout the city through information sharing on best practices and other resources.

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 City of Southfield makes every effort to maintain and repair all roads within the City's jurisdiction in a timely manner. Due to the severity of weather last winter, the City increased the number of crews that were actively repairing potholes to four crews that worked twelve-hour shifts to repair potholes throughout the city on a priority basis. In a typical winter, two four-person crews generally use approximately 300 tons of cold patch in repairing pot holes. Last winter, the City went through more than 450 tons of cold patch. Southfield also established a special hotline (248/796-4000) to report potholes. The Streets and Highway Division of Public Works is responsible for maintaining 246 miles of road within the City. The Division handles all street cleaning; snow and ice removal; tree trimming; street signs; right-of-way mowing; and open drain and storm sewer repair. The Division also performs both targeted and generalized pavement repair as part of the City's Pothole Patrol program.

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 2014-15 fiscal year, 11 entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, more than 60 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping from almost 150 nominations 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.

Economic Development Initiatives & Corporate Residents

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 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

City of Southfield

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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 Southfield City Council voted in favor to enter a five-year extension of the Automation Alley Smart Zone at the July 21, 2014 City Council Meeting to further foster economic development in Southfield and the metro area. The Michigan Economic Development Corporation (MEDC) is requiring all existing Smart Zones to seek an extension and modify their original agreements to encourage and foster greater regionalization. In 2003, the City of Southfield and the City of Troy entered into an agreement to form the joint relationship. As a result, the Certified Technology Park designations were established within the cities of Southfield and Troy creating the Automation Alley Smart Zone. The mission of Automation Alley is to grow the innovation cluster of southeast Michigan by providing programs and services to the technology business community that encourage entrepreneurship, increase exporting, attract foreign direct investment, develop high-tech talent, support advanced manufacturing and help technology-driven businesses of all sizes succeed.

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 123.net, AT&T, Verizon, Sprint, Comcast, LDML, 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.

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, Autoliv, ThyssenKrupp, and many others.

A contractor for Oakland Community College (OCC) imploded the 17-story North Park Plaza building located off Nine Mile Road approximately 2000 feet north of the Lodge Freeway, just west of Rutland Drive/Southfield Freeway last December. OCC purchased the 42-year-old, 17-story, 340,000 square feet property known as North Park Plaza in early 2014. While there are no immediate plans for the property, the building was blighted and had to be removed to pave the way for future redevelopments efforts.

The City of Southfield saw a wide variety of development and redevelopment projects completed or initiated throughout the City in fiscal year 2014-15. As part of the City of Southfield's ongoing economic development initiatives, the Southfield City Council approved a request from Covisint Corporation for a

City of Southfield

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Personal Property Tax Exemption under Public Act 328 to facilitate the relocation of its new corporate headquarters to the Travelers Tower II building located at 26533 Evergreen Road. The Council approved their request at the November 24, 2014 City Council Meeting following a public hearing.

The City partnered with Covisint Corporation in the form of personal property abatement to facilitate the relocation of new corporate headquarters from the City of Detroit to Southfield. With the establishment of an Industrial Development District for Travelers Towers I & II and approval of a tax exemption for a period of ten years, Covisint proposes to occupy and improve 50,000 square feet of currently vacant space in the Travelers Tower II. In addition to significant investment in the real property, the proposal also includes the investment of approximately \$5.75 million, with \$4.75 million in information technology, furniture and fixtures, and the balance in leasehold improvements. Covisint will relocate over 250 employees from the City of Detroit to their new Southfield facility and hire an additional 50 new full time employees over the next three years.

The Southfield City Council approved several economic development incentives for Durr Group to facilitate the redevelopment of a new North American headquarters at 26801 Northwestern Highway. The Council approved their request at the November 24, 2014 City Council Meeting following a public hearing. In order to facilitate this request, the City of Southfield is required to establish a Commercial Rehabilitation District pursuant to Public Act 210 of 2005, as amended (P.A. 210). Public Act 210 of 2005 encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period of up to 10 years. On November 10, 2014, the Southfield Brownfield Redevelopment Authority (SBRA) recommended approval of the Brownfield Redevelopment Plan & Tax Increment Financing Plan and a Development & Reimbursement Agreement for Durr Group in accordance with the provisions of the Brownfield Redevelopment Financing Act; P.A. 381 of 1996, as amended.

The project will facilitate the redevelopment of the former DTE property into a new corporate headquarters for Durr Group with \$21 million in estimated renovations including the lobby and office space, restrooms and updates to the existing courtyard. A 99,507-square-foot addition will also be constructed south of the existing building footprint that will include a test center, training center and validation center. The anticipated cost associated with the expansion is an additional \$19 million. The relocation of the Durr Group North American headquarters will also bring approximately 485 new jobs to the City of Southfield and will foster future building improvements and expansions along the Northwestern Highway corridor. The company would relocate operations from Plymouth, Auburn Hills and Wixom for consolidation in the new Southfield-based North American headquarters. As part of the agreement, Durr will offer their employees a \$500 incentive to consider relocating to Southfield.

The purpose of the Brownfield Plan and Tax Increment Financing Plan is to provide for the redevelopment of the site and related expenses including the following: Baseline Environmental Site Assessments, Demolition, Asbestos Survey and Abatement, Infrastructure Improvements, Site Preparation, and preparation of a Brownfield Plan. The former DTE property qualifies for assistance as it has been deemed to be "Functionally Obsolete" by a Level 4 Assessor. The total estimated cost of "Eligible Activities" subject to repayment or reimbursement from tax increment revenues is approximately \$4,253,205, with a potential \$637,651 contingency, resulting in an approximate total, not to exceed cost of \$4,890,856. The Brownfield Plan is requesting state support from the Michigan

City of Southfield

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Strategic Fund (MSF) for eligible non-environmental expenses up to \$4,888,656. In addition to the Eligible Activities, this Plan also includes capture of local available taxes for five years following developer reimbursement for the Local Site Remediation Revolving Fund (LSRRF) totaling approximately \$1,003,429.

Downtown Development Authority

The City of Southfield Downtown 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, and Oakland Community College offer the potential for growth.

In FY 2014-15, the Southfield DDA continued to move the district forward with new developments, the completion of long-term projects and an emphasis on healthcare, retail and higher education. Two of the biggest challenges the Southfield DDA has been faced with in recent years has been the redevelopment of vacant buildings and unused land. Significant improvements have been made in this area with the demolition of two large buildings that have been empty for a long period of time, including a former Ramada Inn and the former North Park Plaza building, both located off Nine Mile Road near the Lodge Freeway. Both properties were purchased by Oakland Community College, which has a thriving campus within the Southfield DDA. The college is best known for its array of healthcare classes available at that campus. The DDA was the catalyst for the beginning of these efforts.

The Southfield DDA also has been a leading advocate for the completion of several infrastructure projects within its borders, including major road construction efforts such as a complete overhaul of the southbound lanes of Greenfield Road between Eight and Nine Mile Roads and the rebuilding of a new Northland Bus Transit Center. The DDA has also continued to work with the thriving St. John Providence Hospital campus, which has invested more than \$30 million in facility upgrades. Another healthcare initiative the DDA has been involved with is the development of a possible Wellness Center. The DDA and other stakeholders are presently in the first phase of a study to determine the viability of such a center in the district and its potential to accelerate further activity in the area.

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 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.

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The City of Southfield purchased the closed Northland Center mall at Eight Mile Road and the Lodge Freeway, located in the City's Downtown Development Authority (DDA), from the court-ordered receiver for \$2.4 million and plans to demolish, remediate, and sell the property to a qualified developer. In addition to the \$2.4 million the City is spending to purchase Northland, Southfield also anticipates spending an additional \$8-\$10 million on the demolition and remediation of the property. There is currently a \$31 million mortgage on the property.

The Mayor, City Council, and City Administration have been very forward thinking in planning for property redevelopment for large land parcels such as this. In addition to taking advantage of available low interest and no interest government loans and/or grants, the two primary sources of funding being utilized are from the following restricted funds:

- The Tax Base Initiative Fund (TBIF)—which can only be used for city redevelopment projects—has set aside \$7.8 million over the past two years.
- The Local Improvement Revolving Fund (LIRF)—which is reserved solely for capital projects—began in 1983 and has \$15.3 million of which \$12.5 million is in liquid assets.

The City of Southfield will not have to increase taxes to purchase, demolish and clean up the property; nor will it have to increase taxes to replenish the funds being spent on the project.

Public Safety

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 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 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.

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. 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,

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the Southfield Amateur Radio Service (SARS) is available for emergency communications should conventional channels fail.

Culture and Recreation

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. More than 8,200 visitors enjoyed the Southfield Sports Arena pool from June through August, while another 27,000 visited the Sports Arena to participate in hockey games and practices, ice skating lessons and general ice skating from September through March. Almost 6,000 rounds of golf were played at Beech Woods Golf Course in addition to more than 22,000 rounds played at Evergreen Hills Golf Course.

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 2,100 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; 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 literacy computer stations, and expanded shelving in the picture book collection and young adult areas.

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 250 students from 12 different schools and numerous coaches participating in 2015. 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.

Diverse Community and International City

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

City of Southfield

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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 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.

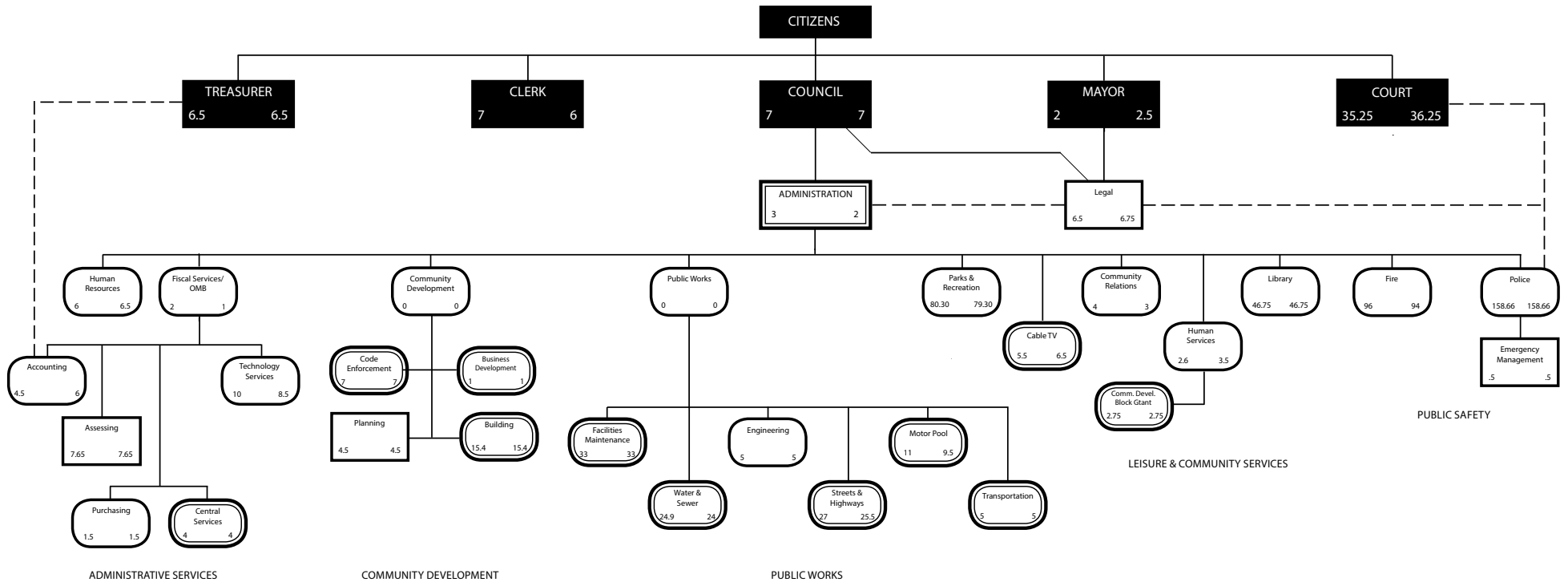
The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality. Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's 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,


Frederick E. Zorn, Jr., CEC
City Administrator

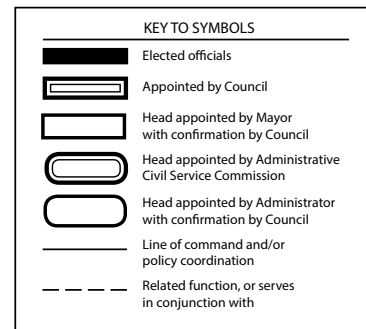

Lyn Roberts
Director of Fiscal Services

Organizational Chart



Number to left of department gives 2013-14 filled positions;
number to right gives 2014-15 complement.

Approved Total 2013-14: 633.76
Approved Total 2014-15: 627.01



CITY OF SOUTHFIELD, MICHIGAN

June 30, 2015

-Acting MAYOR-
Donald F. Fracassi

-CITY COUNCIL-
Sylvia Jordan, Acting President
Myron A. Frasier
Sidney Lantz
Lloyd Crews
Joan Seymour
Michael Ari Mandelbaum

-CITY CLERK-
Nancy L. M. Banks

-CITY TREASURER-
Irv M. Lowenberg

-CITY ADMINISTRATOR-
Fred E. Zorn, Jr.

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Independent Auditor's Report

To the City Council
City of Southfield, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Southfield, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan as of June 30, 2015, and the respective changes in its financial position and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Southfield, Michigan

Emphasis of Matter

As discussed in Note 15 to the basic financial statements, during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the City's net pension liability has been recognized on the government-wide and proprietary statements and, as discussed in Note 15, the beginning of year net position has been restated. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional required supplementary information, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southfield, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have 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 them. The City has included most, but not all, of the information required by GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

To the City Council
City of Southfield, Michigan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015 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* in considering the City of Southfield, Michigan's internal control over financial reporting and compliance.

Plante & Morse, PLLC

December 22, 2015

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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, 2015. 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 position (excluding component units) decreased by \$1.7 million from \$170.1 million to \$168.4 million.
- Governmental activities net position decreased by \$5.1 million to \$74.9 million.
- Business-type activities net position increased by \$3.4 million to \$93.5.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$101.5 million, with \$4.3 million being non-spendable, \$65.5 million being restricted, \$17.9 million being committed for specific purposes and \$13.8 million being allocated between assigned or unassigned.
- The fiscal year 2015 governmental funds combined ending fund balance reflects an increase of \$49.8 million from the prior fiscal year. This combined increase, however, is made up of an increase in the General Fund ending balance of \$4.6 million and an increase in the Road Bond Construction fund in the amount of \$43.1 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 its fiscally responsible stance of not filling vacancies which garnered considerable savings from departments, its conservative revenue projections, especially property tax revenue and an ordinance change which generated an additional revenue stream.

Capital and Long-term Debt Activities:

- The City's statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$260.6 million. The City is \$188.5 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 Position 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 Position presents the City's assets and liabilities, recording the difference between the two as "net position". Over time, increases or decreases in net position measure whether the City's financial position is improving or declining.

The Statement of Activities presents information showing the City's net position change during fiscal year 2015. All changes in net position 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. Eight discretely presented component units are included: the Local development finance authority, the Tax increment finance authority, the Economic development corporation, the Downtown development authority, the Brownfield re-development authority, Joint-local development finance authority, Section 8 housing commission and the Southfield growth 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 Position and Changes in Fiduciary Net Position. 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, the major and non-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 position decreased by \$1.7 million over the course of this fiscal year's operations. The position of the governmental activities decreased in the amount of \$5.1 million; the net position of the business-type activities increased by \$3.4 million. During fiscal year 2015, the City implemented GASB 68. Prior year balances have not been restated for the changes. See footnote 16.

The following is a condensed Statement of Net Position for the period ending June 30, 2015:

Net Position June 30, 2015 (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	\$ 147.5	\$ 94.3	\$ 48.1	\$ 52.2	\$ 195.6	\$ 146.5
Capital assets	130.9	129.0	75.0	63.5	205.9	192.5
Other long term assets	1.4	2.6			1.4	2.6
Total assets	<u>279.8</u>	<u>225.9</u>	<u>123.1</u>	<u>115.7</u>	<u>402.9</u>	<u>341.6</u>
Deferred outflows	15.9		0.4		16.3	
LIABILITIES						
Current liabilities	13.4	9.7	14.0	8.5	27.4	18.2
Other liabilities	<u>206.6</u>	<u>88.4</u>	<u>15.9</u>	<u>16.0</u>	<u>222.5</u>	<u>104.4</u>
Total liabilities	<u>220.0</u>	<u>98.1</u>	<u>29.9</u>	<u>24.5</u>	<u>249.9</u>	<u>122.6</u>
Deferred Inflow	0.8		0.1		0.9	
NET POSITION						
Net investment in capital assets	44.7	88.7	61.6	48.2	106.3	136.9
Restricted	70.0	26.3			70.0	26.3
Unrestricted	<u>(39.8)</u>	<u>12.8</u>	<u>31.9</u>	<u>43.0</u>	<u>(7.9)</u>	<u>55.8</u>
Total Net Position	<u>\$ 74.9</u>	<u>\$ 127.8</u>	<u>\$ 93.5</u>	<u>\$ 91.2</u>	<u>\$ 168.4</u>	<u>\$ 219.0</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 position during the fiscal year:

Changes in Net Position for the fiscal year ending June 30, 2015 (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
REVENUES						
Program revenues						
Charges for services	\$ 19.3	\$ 17.8	\$ 37.8	\$ 36.6	\$ 57.1	\$ 54.4
Grants and contributions	9.5	11.1		0.1	9.5	11.2
General revenues						
Property taxes	58.0	59.3			58.0	59.3
Unrestricted state shared	6.5	6.4			6.5	6.4
Unrestricted investment earnings (loss)	1.1	0.9	0.7	0.9	1.8	1.8
Other	<u>2.5</u>	<u>1.1</u>	<u>0.1</u>	<u>0.2</u>	<u>2.6</u>	<u>1.3</u>
Total revenues	<u>96.9</u>	<u>96.6</u>	<u>38.6</u>	<u>37.8</u>	<u>135.5</u>	<u>134.4</u>
EXPENSES						
General government	15.7	19.2			15.7	19.2
Public safety	50.9	49.9			50.9	49.9
Highway and streets	10.7	10.9			10.7	10.9
Public services	1.5	1.5			1.5	1.5
Sanitation	3.2	2.9			3.2	2.9
Community improvement	0.5	0.5			0.5	0.5
Social services	2.3	2.2			2.3	2.2
Culture and recreation	15.0	15.4			15.0	15.4
Water and sewer			35.2	35.0	35.2	35.0
Interest on long term debt	<u>2.2</u>	<u>1.9</u>			<u>2.2</u>	<u>1.9</u>
Total expenses	<u>102.0</u>	<u>104.4</u>	<u>35.2</u>	<u>35.0</u>	<u>137.2</u>	<u>139.4</u>
Excess (deficiency) before transfers	(5.1)	(7.8)	3.4	2.8	(1.7)	(5.0)
Transfers in				0.3		0.3
Transfers out		(0.3)				(0.3)
Increase (decrease) in net position	(5.1)	(8.1)	3.4	3.1	(1.7)	(5.0)
Beginning net position, as restated	<u>80.0</u>	<u>135.9</u>	<u>90.1</u>	<u>83.8</u>	<u>170.1</u>	<u>219.7</u>
Ending net position	<u>\$ 74.9</u>	<u>\$ 127.8</u>	<u>\$ 93.5</u>	<u>\$ 86.9</u>	<u>\$ 168.4</u>	<u>\$ 214.7</u>

During fiscal year 2015, the City implemented GASB 68. Prior year balances have not been restated for the changes. See footnote 16.

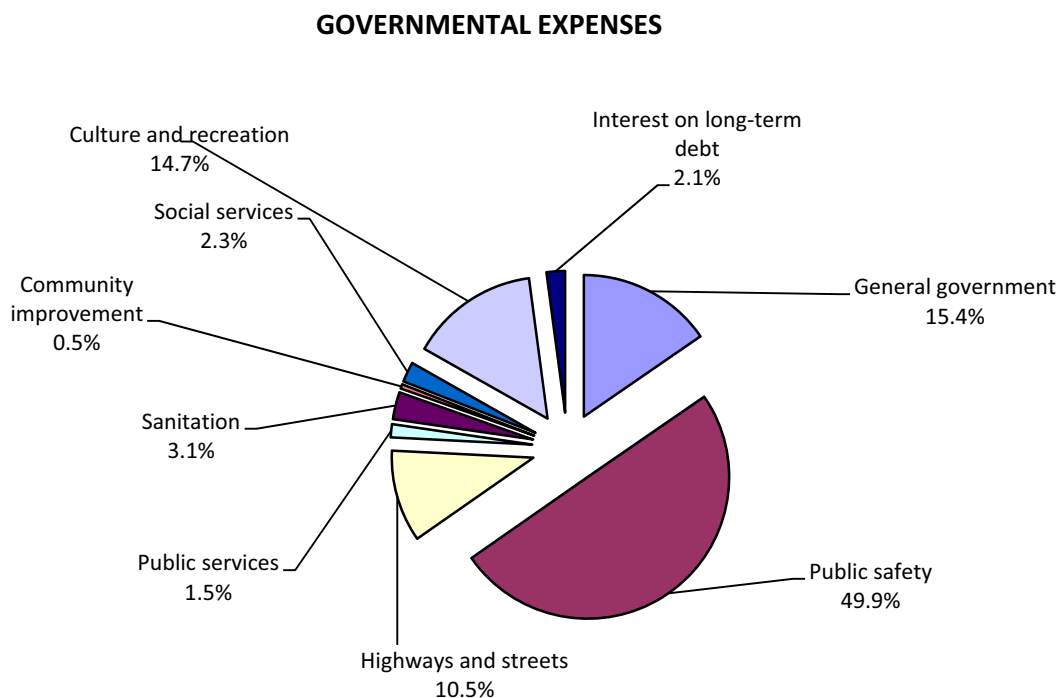
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2015 fiscal year's governmental activity was a decrease of \$5.1 million and an ending net position balance of \$74.9 million. Of this total, \$44.7 million is the net investment in capital assets, \$70.0 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 (\$39.8) 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 \$2.4 million. Public safety is the largest governmental activity, expending \$50.9 million of the governmental activities total expenses of \$102.0 million. It comprises 49.9% of total governmental expenses. This category increased marginally by \$1.0 million. General government is the second largest governmental activity with a total expense of \$15.7 million, expending 15.4% of total governmental expenses. This activity decreased by \$3.5 million. Cultural and recreation is the third largest governmental activity with total expenses of \$15.0 million, expending 14.7% of total governmental expenses. This activity decreased by \$.4 million. These three categories comprised 80.0% of total governmental activity expenses.

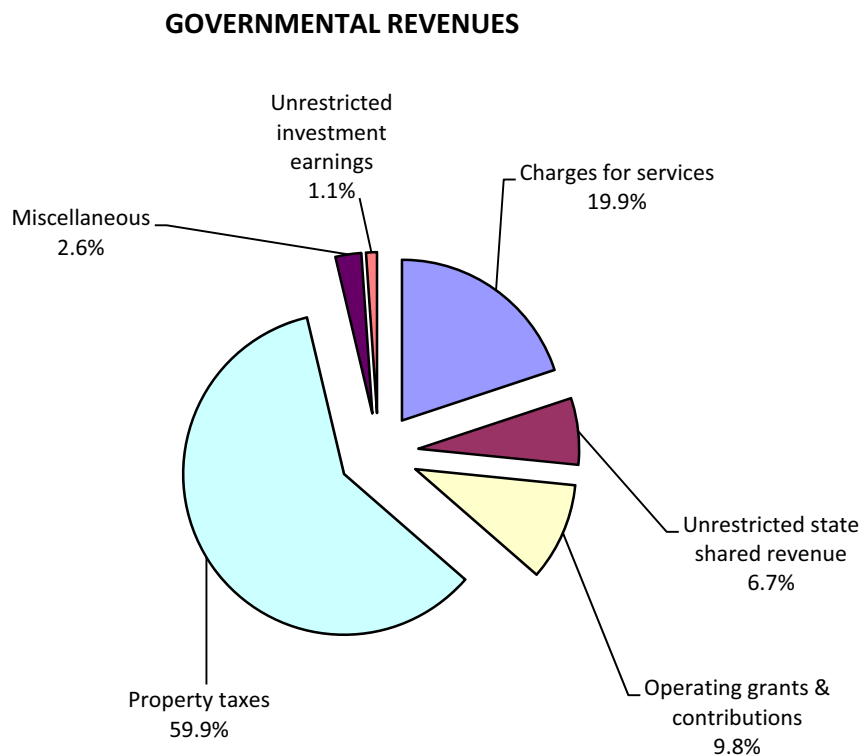
City of Southfield

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 had a net increase in fiscal year 2015 by \$.3 million. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 24.2314 mills. Property tax revenue generated \$58.0 million in 2015. It represented 59.9% of all available sources of revenue. Charges for services comprise the second largest source of revenue at \$19.3 million. It represented 19.9% of all available sources of revenue for governmental activities. This source increased by \$1.5 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 6.7% of all available sources of revenue and increased \$.1 million. The Grants and contributions figure represents 9.8% of all available sources of revenue and decreased \$1.6 million. Over 96.3% 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 position for business-type activities increased by \$3.4 million during fiscal year 2015. Overall charges for services increased marginally from 2014 by \$1.2 million. Operating expenses increased by \$.2 million.

Of the total \$93.5 million of net position in the business type activities, \$31.9 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, 2015 the General Fund reported a fund balance of \$25.8 million. This amount is an increase of \$4.6 million from the prior June 30. Of the total fund balance, \$4.2 million is non-spendable, \$.3 million is restricted, \$13.5 million is committed and \$7.8 being allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was increased by \$1.1 million to recognize new revenues due to an ordinance change, with a final budget amount of \$66.2 million. General Fund revenue totaled \$67.1 million. Property tax revenues exceeded budget projections by \$.7 million due to cautious estimates. Intergovernmental state revenues were less than budgeted by \$.1. Net investment earnings exceeded budget projections by \$.4 million.

The General Fund expenditure budget was increased for several purposes during fiscal year 2015 including encumbrances of \$.1 million, contribution to fund balance of \$1.1 million to recognize the new revenues above, and \$3.1 to purchase land held for resale to a final budget of \$69.1 million. Actual expenditures for fiscal year 2015 were \$61.3 million which was \$7.7 million under budget.

Additionally, the City Council approved a \$1.0 million transfer to the Major street fund for the reconstruction of Evergreen Road.

In summary, the fiscal year 2015 final amended budget anticipated using \$.5 million of prior year's fund balance. The actual net change in fund balance was an increase of \$4.6 million; greatly outperforming original projections.

City of Southfield

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2015, the City of Southfield had invested \$205.9 million, net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$8.6 million from 2014. Refer to Note 6 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2015, the City of Southfield had \$99.6 million in bonds outstanding. The amount of bonds with limited taxing authority in 2014 is \$24.8 million. A more detailed depiction of the City's long-term debt obligations is presented in Note 7 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 United States, State of Michigan and the City of Southfield economies continue to recover from the 2008-2009 recession, generally regarded as the most severe economic contraction in more than 70 years. Property taxable values remain well below their prerecession peaks and could likely take almost twenty years or more to recover, impacting the growth of property tax revenue. Property taxes are the primary source of unrestricted revenue for the City. While property values in the City have been trending upward, property tax growth is limited to the rate of inflation or 5% as a result of the Headlee Amendment and Proposal A.

Unemployment in the City of Southfield remains higher than the state and county level. As of September 2015, unemployment in the City was 6.6%, compared to 10.2% at September 2014. Unemployment in the State of Michigan was 4.7% and 6.6% at September 2015 and 2014. The economic development strategy in the City includes strategies to address unemployment of its residents.

There has been improvement in the economic outlook that should positively impact the City's fiscal stability. Overall, the City's current and most recent budgets emphasize cost containment and, when feasible, maintenance of existing service levels. Since the economic recovery has been at a slow pace, the City will continue to be conservative in its fiscal and spending policies. The goal is to ensure expenditures stay in line with anticipated revenue sources.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

General Fund Budgetary Highlights

Property taxable values are expected to increase at the rate of inflation, as determined by the consumer price index, which is projected to be 0.3% for fiscal year 2016-2017 and a forecast of 1.9% for fiscal year 2017-2018. The 2015 approved tax millage rate for fiscal year 2015-2016 is 26.7585 mills. Southfield voters approved a charter amendment in 2015 to levy 2.58 mills for street and highway improvements beginning with the 2015 levy. The City is levying the maximum millage levels allowable by charter. Property taxes account for 65% of revenue in the General Fund.

The second major source of unrestricted revenue for the City is state revenue sharing, which accounts for 9.7% of unrestricted general fund revenue. It is anticipated that the State will not significantly increase state-shared revenue in the next few fiscal years 2016-17. There was a 2.7% increase from fiscal year 2014-2015 to fiscal year 2015-2016, and a projected 1.0% increase in fiscal year 2016-2017.

The City projects balanced operations for the 2015-2016 fiscal year and will continue to manage resources that are available for operations and improvements. The total General Fund budget for fiscal year 2015-2016 totals \$67.4 million, which represents a less than one percent increase from fiscal year 2014-2015. Some of the items considered in the adopted budget include:

- Projected property taxable values increased by 4.5% from fiscal year 2014-2015 to 2015-2016.
- General Fund expenditures are budgeted at \$66.2 million, with Public Safety totaling \$39.3 million or 59.3% of proposed expenditures.
- Status quo budgeting for most funds after adjusting for changes to healthcare and pension costs, with the exception of planned improvements to facilities and infrastructure, including streets and highway improvements.

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.

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City of Southfield
Government-Wide Statement of Net Position
June 30, 2015

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3)	\$ 110,845,043	\$ 8,165,969	\$ 119,011,012	\$ 7,504,242
Investments (Note 3)	25,188,502	22,847,709	48,036,211	6,293,194
Receivables, net (Note 5)	5,863,304	12,822,701	18,686,005	601,862
Property investments				281,164
Prepays	1,357,744	17,569	1,375,313	1,386
Internal balances (Note 8)	(3,972,944)	3,972,944	-	
Due from primary government				22,813
Due from component units	34,468		34,468	130,900
Due from other governmental units	338,748		338,748	
Land held for resale	2,754,909		2,754,909	
Inventory	604,262	308,252	912,514	
Restricted assets: (Note 4)				
Cash and cash equivalents	4,479,174		4,479,174	
Long-term advances to component units (Note 8)	1,401,387		1,401,387	
Capital assets: (Note 6)				
Non-depreciable	20,896,227	19,268,624	40,164,851	
Depreciable-net	109,974,580	55,696,217	165,670,797	218,680
Total assets	279,765,404	123,099,985	402,865,389	15,054,241
Deferred Outflows of Resources (Note 5)				
Deferred charges on refunding	789,999		789,999	
Related to Pensions	15,119,616	360,855	15,480,471	20,620
LIABILITIES				
Accounts payable and other current liabilities	9,231,172	13,857,765	23,088,937	442,209
Interest payable	535,103	77,363	612,466	
General insurance & workers' compensation accrual	2,094,891		2,094,891	
Provision for medical claims	1,563,482		1,563,482	
Due to primary government				34,468
Due to component units	22,813		22,813	130,900
Due to other governmental units				1,547,629
Long-term advances from primary government (Note 8)				1,401,387
Noncurrent liabilities:				
Due within one year (Note 7)	10,382,597	2,205,535	12,588,132	
Due in more than one year (Note 7)	84,050,241	11,340,852	95,391,093	51,006
Net pension liability (Note 11)	63,897,175	1,699,693	65,596,868	97,125
Net OPEB obligation (Note 12)	48,266,221	696,913	48,963,134	1,856
Total liabilities	220,043,695	29,878,121	249,921,816	3,706,580
Deferred Inflows of Resources				
Related to Pensions (Note 5)	742,716	56,145	798,861	3,208
NET POSITION (Note 14)				
Net investment in capital assets	44,661,333	61,656,052	106,317,385	218,680
Restricted:				
Right-of-way funds/ metro authority and sanitation	281,160		281,160	
Highways and streets	50,561,082		50,561,082	
Cable PEG fees	423,948		423,948	
Culture and recreation	9,870,605		9,870,605	
Community improvement	1,122,740		1,122,740	
Social services	144,880		144,880	284,376
Grants (other)	156,882		156,882	
Public safety	228,238		228,238	
Debt service	1,455,199		1,455,199	
Capital projects	1,403,194		1,403,194	
Claims	4,442,044		4,442,044	
Unrestricted	(39,862,697)	31,870,522	(7,992,175)	10,862,017
Total net position	\$ 74,888,608	\$ 93,526,574	\$ 168,415,182	\$ 11,365,073

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

City of Southfield
Government-Wide Statement of Activities
For the Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Governmental
					Governmental Activities	Business-type Activities	Total	Component Units
Functions/programs								
Primary government:								
Governmental activities:								
General government	\$ 15,685,934	\$ 1,144,013	\$ 612	\$	(14,541,309)	\$	(14,541,309)	
Public safety	50,953,807	9,675,824	1,198,605		(40,079,378)		(40,079,378)	
Highways and streets	10,654,646		5,298,201	\$ 534,687	(4,821,758)		(4,821,758)	
Public services	1,492,616	706,405			(786,211)		(786,211)	
Sanitation	3,248,297	3,070,248			(178,049)		(178,049)	
Community improvement	547,084	363,381	563,076		379,373		379,373	
Social services	2,257,567		1,681,491		(576,076)		(576,076)	
Culture and recreation	14,989,869	4,306,858	187,722	10,280	(10,485,009)		(10,485,009)	
Interest on long-term debt	2,211,125				(2,211,125)		(2,211,125)	
Total governmental activities	<u>102,040,945</u>	<u>19,266,729</u>	<u>8,929,707</u>	<u>\$ 544,967</u>	<u>(73,299,542)</u>		<u>(73,299,542)</u>	
Business-type activities:								
Water and sewer	35,239,077	37,888,336				\$ 2,649,259	2,649,259	
Total primary government	<u>\$ 137,280,022</u>	<u>\$ 57,155,065</u>	<u>\$ 8,929,707</u>	<u>\$ 544,967</u>			<u>(70,650,283)</u>	
Component units activities:								
Governmental	<u>\$ 5,064,905</u>	<u>\$ 3,500</u>	<u>\$ 2,141,832</u>	<u>\$ -</u>				<u>\$ (2,919,573)</u>
General revenues:								
Property taxes					58,038,889		58,038,889	1,330,528
Unrestricted state shared revenues					6,464,147		6,464,147	
Unrestricted investment earnings					1,132,298	744,480	1,876,778	178,053
Miscellaneous					2,509,393	73,228	2,582,621	898,622
Total general revenues and transfers					<u>68,144,727</u>	<u>817,708</u>	<u>68,962,435</u>	<u>2,407,203</u>
Change in net position					(5,154,815)	3,466,967	(1,687,848)	(512,370)
Net position as restated - beginning (Note 16)					<u>80,043,423</u>	<u>90,059,607</u>	<u>170,103,030</u>	<u>11,877,443</u>
Net position - ending					<u>\$ 74,888,608</u>	<u>\$ 93,526,574</u>	<u>\$ 168,415,182</u>	<u>\$ 11,365,073</u>

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

City of Southfield

Balance Sheet

Governmental Funds

June 30, 2015

	Major Funds		Non-Major Funds	
	General	Road Bond Construction	Other Governmental	Total Governmental
ASSETS				
Cash and cash equivalents (Note 3)	\$ 17,190,085	\$ 47,476,969	\$ 24,876,539	\$ 89,543,593
Investments (Note 3)	7,327,294		8,589,108	15,916,402
Receivables, net (Note 5)	3,031,385	56,390	2,750,006	5,837,781
Prepays	1,228,538		111,969	1,340,507
Due from other funds (Note 8)	510,375		3,535,904	4,046,279
Due from component units			34,468	34,468
Due from other governmental units			338,748	338,748
Land held for resale	2,754,909			2,754,909
Inventories	237,820			237,820
Restricted assets: (Note 4)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 32,280,406</u>	<u>\$ 47,533,359</u>	<u>\$ 40,273,872</u>	<u>\$ 120,087,637</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 898,719	\$ 549,133	\$ 2,449,773	\$ 3,897,625
Accrued payroll	1,614,837		330,804	1,945,641
Due to other funds (Note 8)	1,764,556	3,920,096	2,668,042	8,352,694
Due to component units	22,813			22,813
Other short-term liabilities	1,930,917		161,459	2,092,376
Advances from local improvement revolving fund (Note 8)			1,691,449	1,691,449
Total liabilities	<u>6,231,842</u>	<u>4,469,229</u>	<u>7,301,527</u>	<u>18,002,598</u>
Deferred inflows of resources - unavailable (Note 5)	<u>198,002</u>	<u>-</u>	<u>384,984</u>	<u>582,986</u>
Fund balances: (Note 14)				
Non-spendable	4,221,267		111,969	4,333,236
Restricted	281,160	43,064,130	22,178,484	65,523,774
Committed	13,465,937		4,417,821	17,883,758
Assigned	121,944		5,879,087	6,001,031
Unassigned	7,760,254			7,760,254
Total fund balances	<u>25,850,562</u>	<u>43,064,130</u>	<u>32,587,361</u>	<u>101,502,053</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 32,280,406</u>	<u>\$ 47,533,359</u>	<u>\$ 40,273,872</u>	<u>\$ 120,087,637</u>

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 Position June 30, 2015

Fund balance for governmental activities	\$ 101,502,053
--	----------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	124,346,405
--	-------------

Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds	582,986
---	---------

Deferred outflows from the difference between projected and actual investment earnings of the pension plan and changes in actuarial assumptions	14,676,280
---	------------

Accrued interest payable on governmental debt is recorded in the statement of activities	(535,103)
---	-----------

Deferred charges on bond refunding are amortized over the related bond terms, and are not reported in the funds	789,999
--	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(86,246,604)
Compensated absences	(6,987,865)

Michigan tax tribunal liability	(778,202)
---------------------------------	-----------

Other post-employment benefits (OPEB)	(47,226,645)
---------------------------------------	--------------

Deferred inflows from the difference between expected and actual experience of the total pension plan	(673,738)
--	-----------

Net pension liabilities are not due and payable in the current period and are not reported in the funds	(61,808,981)
--	--------------

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 position.	37,248,023
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Government-wide net position of governmental activities	<u>\$ 74,888,608</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, 2015

	Major Funds		Non-Major Funds	
	General	Road Bond Construction	Other Governmental	Total Governmental
REVENUES				
Property taxes	\$ 43,740,071		\$ 14,559,458	\$ 58,299,529
Special assessments			363,379	363,379
Charges for services	3,330,251		2,395,932	5,726,183
Sanitation	3,070,248			3,070,248
Licenses and permits	3,626,811			3,626,811
Fines and forfeitures	4,443,433		136,347	4,579,780
Federal forfeitures			15,640	15,640
Cable royalties			1,910,925	1,910,925
Intergovernmental:				
Federal	209,438		2,254,848	2,464,286
State	6,620,697		5,405,869	12,026,566
Other	679,964		621,702	1,301,666
Contributions and donations			120,060	120,060
Net investment earnings	578,999	\$ 130,416	422,883	1,132,298
Other	772,380		1,783,661	2,556,041
Total revenues	67,072,292	130,416	29,990,704	97,193,412
EXPENDITURES				
Current:				
General government	7,970,532			7,970,532
Public safety	43,512,168		582,824	44,094,992
Highways and streets			6,173,142	6,173,142
Public services	692,765			692,765
Sanitation	3,248,297			3,248,297
Community improvement			547,084	547,084
Social services	209,774		1,661,827	1,871,601
Culture and recreation			12,024,450	12,024,450
Insurance and bonds	56,250			56,250
Support services	5,120,037			5,120,037
Other			575,505	575,505
Capital outlay	153,885	395	8,468,392	8,622,672
Debt service:				
Principal retirement	310,000		2,634,647	2,944,647
Interest and fiscal charges	57,494	572,140	1,366,853	1,996,487
Total expenditures	61,331,202	572,535	34,034,724	95,938,461
Excess (deficiency) of revenues over (under) expenditures	5,741,090	(442,119)	(4,044,020)	1,254,951
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in			8,493,780	8,493,780
Proceeds on long-term debt		45,970,000	27,305,000	73,275,000
Premium on proceeds		1,893,021	2,171,013	4,064,034
Payment to escrow fund for refunding			(29,284,999)	(29,284,999)
Transfers out	(1,168,831)	(4,356,772)	(2,483,062)	(8,008,665)
Total other financing sources (uses)	(1,168,831)	43,506,249	6,201,732	48,539,150
Net change in fund balances	4,572,259	43,064,130	2,157,712	49,794,101
Fund balances - beginning	21,278,303	-	30,429,649	51,707,952
Fund balances - ending	<u>\$ 25,850,562</u>	<u>\$ 43,064,130</u>	<u>\$ 32,587,361</u>	<u>\$ 101,502,053</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, 2015

Net change in fund balances – total governmental funds	\$ 49,794,101
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	8,582,952
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.	(8,049,428)
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 and revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(307,282)
Change in accrued interest payable on long-term debt	(208,269)
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.	881,157
Change in Michigan tax tribunal contingency	112,115
Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Long-term debt for capital assets is a reduction of net position however, a reduction of the debt increases net position. This is the amount of principal paid on long-term debt.	2,944,647
Proceeds from long-term debt net of discounts and premiums	(48,844,032)
Current year's amortization for discounts payable.	(6,373)
The change of the deferred charges on bond refunding balance is recorded in the statement of activities	789,999
Change in other post-employment benefits (OPEB)	(9,036,363)
The change in net pension liability and deferred inflows and outflows related to pension amounts does not require the use of current resources and is not reported in the governmental funds	(1,701,828)
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.	(106,211)
Change in net position government-wide statement of governmental activities	\$ <u>(5,154,815)</u>

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

City of Southfield
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 8,165,969	\$ 21,301,450
Investments (Note 3)	22,847,709	9,272,100
Receivables, net (Note 5)	12,822,701	25,523
Prepays	17,569	17,237
Due from other funds (Note 8)	3,972,944	870,591
Inventory	308,252	366,442
Total current assets	<u>48,135,144</u>	<u>31,853,343</u>
Noncurrent assets:		
Restricted assets: (Note 4)		
Cash and cash equivalents		4,442,044
Long-term advances to other funds (Note 8)		1,691,450
Long-term advances to component units (Note 8)		1,401,386
Capital assets: (Note 6)		
Construction in progress	19,268,624	23,729
Infrastructure	132,470,636	
Equipment and intangibles	3,260,164	27,186,118
Less accumulated depreciation	(80,034,583)	(20,685,445)
Net capital assets	<u>74,964,841</u>	<u>6,524,402</u>
Total noncurrent assets	<u>74,964,841</u>	<u>14,059,282</u>
Total assets	<u>123,099,985</u>	<u>45,912,625</u>
Deferred Outflows of Resources Related to Pensions (Note 5)	360,855	443,336
LIABILITIES		
Current liabilities:		
Accounts payable	13,576,892	1,202,283
Deposits and escrow	184,936	
Accrued payroll	95,937	93,247
Interest payable	77,363	
Provision for medical claims		1,563,482
Due to other funds (Note 8)		537,120
Accrued compensated absences-due within 1 year (Note 7)	85,535	151,262
Revenue bonds payable (Note 7)	2,120,000	
Total current liabilities	<u>16,140,663</u>	<u>3,547,394</u>
Noncurrent liabilities:		
General insurance & workers' compensation accrual		2,094,891
Accrued compensated absences-due more 1 year (Note 7)	152,063	268,905
Net pension liability (Note 11)	1,699,693	2,088,194
Net OPEB obligation (Note 12)	696,913	1,039,576
Bonds payable (Note 7)	11,188,789	
Total noncurrent liabilities	<u>13,737,458</u>	<u>5,491,566</u>
Total liabilities	<u>29,878,121</u>	<u>9,038,960</u>
Deferred Inflows of Resources Related to Pensions (Note 5)	56,145	68,978
NET POSITION		
Net investment in capital assets	61,656,052	6,524,402
Restricted for claims		4,442,044
Unrestricted	31,870,522	26,281,577
Total net position	<u>\$ 93,526,574</u>	<u>\$ 37,248,023</u>

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

City of Southfield

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2015

	Business-type Activities Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 37,555,328	
Charges to other funds		\$ 8,516,126
Installation charges	77,572	
Interest and penalties	255,436	
Other	73,228	509,170
Total operating revenues	<u>37,961,564</u>	<u>9,025,296</u>
OPERATING EXPENSES		
Administration	3,524,335	1,846,821
Equipment and facility operation		5,418,315
Water purchases	6,376,066	
Transmission and distribution	18,987,191	
Service installation and meter reading	1,375,528	
Depreciation	4,643,583	1,768,127
Other		8,825
Total operating expenses	<u>34,906,703</u>	<u>9,042,088</u>
Operating income (loss)	3,054,861	(16,792)
NONOPERATING REVENUES (EXPENSES)		
Gain on disposal of assets		18,200
Interest expense	(332,374)	
Net investment earnings	744,480	373,894
Other		3,602
Total nonoperating revenues	<u>412,106</u>	<u>395,696</u>
Income before transfers	3,466,967	378,904
Transfers in		573,456
Transfers out		(1,058,571)
Change in net position	<u>3,466,967</u>	<u>(106,211)</u>
Total net position as restated - beginning (Note 16)	<u>90,059,607</u>	<u>37,354,234</u>
Total net position - ending	<u>\$ 93,526,574</u>	<u>\$ 37,248,023</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, 2015

	Business-type Activities Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 39,036,717	\$ 9,017,711
Cash paid to employees	(1,762,333)	(2,694,039)
Cash paid to suppliers	(29,288,311)	(2,997,618)
Net cash provided by operating activities	7,986,073	3,326,054
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments on interfunds	(4,060,610)	(1,668,843)
Interest	(332,374)	
Payments received on long-term advances		183,315
Payments received on long-term advances to component units	100,000	1,284,083
Transfers in		573,456
Transfers out		(1,058,571)
Net cash used in noncapital and related financing activities	(4,292,984)	(686,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of and adjustments to property and equipment	(324,486)	(3,108,927)
Proceeds on disposal of assets		18,200
Other		3,602
System improvements	(9,009,120)	
Payment of revenue bonds	(2,065,000)	
Net cash used in capital and related financing activities	(11,398,606)	(3,087,125)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of proceeds	(1,543,049)	(3,259,928)
Investment earnings	744,480	387,320
Net cash used in investing activities	(798,569)	(2,872,608)
Net decrease in cash, cash equivalents	(8,504,086)	(3,320,239)
Cash, cash equivalents, beginning of year	16,670,055	29,063,733
Cash, cash equivalents, end of year	\$ 8,165,969	\$ 25,743,494
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 8,165,969	\$ 21,301,450
Restricted cash, cash equivalents		4,442,044
Total cash, cash equivalents	\$ 8,165,969	\$ 25,743,494
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ 3,054,861	\$ (16,792)
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation	4,643,583	1,768,127
Receivables	468,673	
Prepays	586,341	(7,585)
Inventory	20,139	51,295
Accounts payable	(1,298,995)	509,209
Deposits	(2,000)	
Accrued payroll, including compensated absences		
due in less than one year	41,369	26,839
Interest payable	(15,947)	
General insurance & workers' compensation accrual		(891,992)
Provision for medical claims		1,513,766
Accrued compensated absences	15,210	13,969
Net pension liability	236,189	24,746
Net OPEB obligation	236,650	334,472
Net cash provided by operating activities	\$ 7,986,073	\$ 3,326,054

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

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City of Southfield

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents (Note 3)	\$ 5,883,096	\$ 2,860,364
Investments, at fair value (Note 3) :		
Government obligations	24,286,682	2,773,728
Corporate bonds	16,780,595	
Common stock	222,542,616	
Real estate and other	97,135,602	
Total investments	360,745,495	2,773,728
Cash and investments held as collateral for securities lending (Note 3) :		
Certificates of deposit	6,119,406	
Repurchase agreements	10,007,099	
Time deposits	1,234,565	
Agency bonds and notes	3,101,251	
Commercial paper	2,751,062	
Variable rate certificates of deposit	3,558,277	
Asset backed commercial paper	967,472	
Variable rate notes/bonds	1,454,175	
Medium term notes	103,870	
Corporate bonds	59,354	
Sweep vehicles	320,512	
Non-cash collateral	1,105,490	
Money market mutual funds	3,050,968	
Total securities lending	33,833,501	-
Receivables, net	3,849,515	3,725
Prepays	691,960	
Due from fiduciary		84,932
Due from other governmental units	1,281,849	
Total assets	406,285,416	5,722,749
LIABILITIES		
Accounts payable and accrued payroll	380,572	489,006
Deposits and escrow		4,623,984
Interest payable		28,885
Due to other governmental units	501,835	580,874
Due to fiduciary	84,932	
Obligations under securities lending agreements	33,982,005	
Total liabilities	34,949,344	5,722,749
NET POSITION		
Restricted for pension benefits	311,584,427	
Restricted for post-retirement health care benefits	59,751,645	
Total net position	\$ 371,336,072	\$ -

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

City of Southfield

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2015

	Pension and Other Post-Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 1,824,470
Employer	16,881,900
Total contributions	<u>18,706,370</u>
Investment activity:	
Net increase in fair value of investments	722,714
Investment earnings	2,890,841
Dividends	3,510,436
Other	160,101
Total investment activity	<u>7,284,092</u>
Less investment expense:	1,548,315
Net investment activity	<u>5,735,777</u>
Total additions, net	<u>24,442,147</u>
DEDUCTIONS	
Benefits	24,993,601
Health care expense	7,870,945
Administrative expense	680,958
Total deductions	<u>33,545,504</u>
Net decrease	(9,103,357)
Net position - beginning	<u>380,439,429</u>
Net position - ending	<u><u>\$ 371,336,072</u></u>

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

City of Southfield

Statement of Net Position

Discretely Presented Component Units

June 30, 2015

	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Totals
ASSETS									
Cash and cash equivalents (Note 3)	\$ 10,740	\$ 295,276	\$ 1,313,991	\$ 1,353,927	\$ 1,501,148	\$ 2,071,469	\$ 367,782	\$ 589,909	\$ 7,504,242
Investments (Note 3)					4,193,225	2,099,969			6,293,194
Receivables, net (Note 5)	17	81,848	42,844	80,794	10,832	39,598	5	345,924	601,862
Property investments								281,164	281,164
Prepays				1,386					1,386
Due from primary government				13,168			6,892	2,753	22,813
Due from component units		130,900							130,900
Total current assets	10,757	508,024	1,356,835	1,449,275	5,705,205	4,211,036	374,679	1,219,750	14,835,561
Capital assets: (Note 6)									
Depreciable-net				218,680					218,680
Total assets	10,757	508,024	1,356,835	1,667,955	5,705,205	4,211,036	374,679	1,219,750	15,054,241
Deferred Outflows of Resources Related to Pensions (Note 5)							20,620		20,620
LIABILITIES									
Accounts payable and other current liabilities		248,859	91,064	56,102			10,590	35,594	442,209
Due to primary government								34,468	34,468
Due to component units						130,900			130,900
Due to other governmental units		103,846			1,443,783				1,547,629
Long-term advances from primary government (Note 8)						1,401,387			1,401,387
Noncurrent liabilities:									
Due in more than one year (Note 7)				51,006					51,006
Net pension liability (Note 11)							97,125		97,125
Net OPEB obligation (Note 12)				1,856					1,856
Total non-current liabilities	-	-	-	52,862	-	-	97,125	-	149,987
Total liabilities	-	352,705	91,064	108,964	1,443,783	1,532,287	107,715	70,062	3,706,580
Deferred Inflows of Resources Related to Pensions (Note 5)							3,208		3,208
NET POSITION									
Net investment in capital assets				218,680					218,680
Restricted							284,376		284,376
Unrestricted	10,757	155,319	1,265,771	1,340,311	4,261,422	2,678,749		1,149,688	10,862,017
Total net position	\$ 10,757	\$ 155,319	\$ 1,265,771	\$ 1,558,991	\$ 4,261,422	\$ 2,678,749	\$ 284,376	\$ 1,149,688	\$ 11,365,073

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, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position								Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	
Brownfield re-development authority												
Community improvement	\$ 577,450	\$ 3,500			\$ (573,950)							\$ (573,950)
Joint-local development finance authority												
Community improvement	762,374					\$ (762,374)						(762,374)
Downtown development authority												
Community improvement	352,561						\$ (352,561)					(352,561)
Local development finance authority												
Community improvement	132,573								\$ (132,573)			(132,573)
Section 8 housing commission												
Social services	1,543,022		\$ 1,467,905							\$ (75,117)		(75,117)
Southfield growth corporation												
Community improvement	<u>1,696,925</u>		<u>673,927</u>								\$ (1,022,998)	(1,022,998)
Total component units	<u>\$ 5,064,905</u>	<u>\$ 3,500</u>	<u>\$ 2,141,832</u>									<u>(2,919,573)</u>
General revenues:												
Property taxes					518,443	233,025	233,100		345,960			1,330,528
Unrestricted investment earnings				\$ 97	1,711	13,820	13,997	\$ 86,355	61,905	161	7	178,053
Miscellaneous					130,900						767,722	898,622
Total general revenues				<u>97</u>	<u>651,054</u>	<u>246,845</u>	<u>247,097</u>	<u>86,355</u>	<u>407,865</u>	<u>161</u>	<u>767,729</u>	<u>2,407,203</u>
Change in net position				97	77,104	(515,529)	(105,464)	86,355	275,292	(74,956)	(255,269)	(512,370)
Net position as restated												
- beginning (Note 16)				<u>10,660</u>	<u>78,215</u>	<u>1,781,300</u>	<u>1,664,455</u>	<u>4,175,067</u>	<u>2,403,457</u>	<u>359,332</u>	<u>1,404,957</u>	<u>11,877,443</u>
Net position - ending	<u>\$ 10,757</u>	<u>\$ 155,319</u>	<u>\$ 1,265,771</u>	<u>\$ 10,757</u>	<u>\$ 155,319</u>	<u>\$ 1,265,771</u>	<u>\$ 1,558,991</u>	<u>\$ 4,261,422</u>	<u>\$ 2,678,749</u>	<u>\$ 284,376</u>	<u>\$ 1,149,688</u>	<u>\$ 11,365,073</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

A. Reporting Entity

The City of Southfield, Michigan (the “City”) 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 and general administrative services. The component units discussed below are included in the City’s financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The criteria established by the Governmental Accounting Standards Board (GASB) for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included.

Component Units

The financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. 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.

Blended Component Units – Blended component units are legally separate entities from the City, but provide exclusive benefit to the primary government, so data from these units are combined with the data of the City (primary government) and presented as governmental fund types.

The City of Southfield Building Authority board consists of 4 members appointed by City Council and the City Administrator, thereby appointing a voting majority. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue bonds to finance major capital construction by the City.

The City of Southfield Library Building Authority board consists of 6 members appointed by City Council, thereby appointing a voting majority. In addition, the repayment of the City of Southfield Library Building Authority’s bonds is financed through an operating millage for library operations.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or their relations with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization:

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 Re-development 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 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.

Downtown Development Authority (DDA): The DDA has a 13-member board, all 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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

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 TIFA 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 LDFA 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 LDFA 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.

Section 8 Housing Commission:

The Southfield Housing Commission, whose activities are reported in the Section 8 Housing Fund, was incorporated pursuant to the Housing Facilities Act 19 of 1933. The Southfield Housing Commission consists of five (5) members appointed by the City Administrator for five-year terms. The Southfield Housing Commission is responsible for providing quality housing for the elderly and low-income families through the Housing and Urban Development's Housing Choice Voucher Program Section 8, public funding program.

Southfield Growth Corporation:

The Southfield Growth Corporation, whose activities are recorded in the Neighborhood Stabilization Program (NSP), 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 members are appointed by the City Council, the Director of Planning is appointed by the Mayor and confirmed by the City Council and the Housing Program Specialist reports to the Deputy City Administrator, thereby appointing a voting majority. Pursuant to the 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 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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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.

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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

The statement of net position 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 position and changes in fiduciary net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers 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.

The City’s net position is reported in the following three categories: net investment in capital assets, restricted net position and unrestricted net position.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City's net position is reported in the following three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net position results when constraints are placed on the use of net position by either creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., legislative/constitutional provisions or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider unrestricted net position to have been depleted before restricted net position is applied.

Fund Financial Statements

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

The statement of net position 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 fund.

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. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. The City reports the following major governmental funds:

- 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.
- The Road Bond Construction Fund is used to account for proceeds used for construction of City roads.

Proprietary funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues relates to charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. These include enterprise funds and internal service funds.

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 (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.

The City reports the following major proprietary fund:

- The Water and Sewer fund accounts for 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).

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 and Local Improvement Revolving.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Additionally, the City reports the following fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources used to finance projects or activities as required by law or contractual agreement. These funds include Major Streets, Local Streets, Parks & Recreation, Cable, Block Grant, Drug Law Enforcement, Grants, Library, Michigan Works, Auto Theft and Donations, Memorial Trusts & Sponsorships.
- Debt service funds are used to account for the accumulation of resources and the payment of loan principal and interest from governmental resources. The City's debt service fund accounts for the payment of interest and principal on long-term bonded debt for Drains-at-Large. The City has contracted with Oakland County for indirect repayment of bonds issued for sewers and drains.
- Capital projects 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. These funds include the City of Southfield Library Building Authority Construction, Capital Improvement, City of Southfield Building Authority Construction and Special Assessment Construction.
- Fiduciary funds include Pension Trust funds or Trust and Agency funds 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. Trust funds include Pension Trusts and Retiree Health Care Benefits Plan and Trust. Agency funds include Deposits and Escrow, Imprest payroll and 46th District Court. Expendable Trust and Agency funds are accounted for and reported as governmental funds.

There are no major component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance

(a) Deposits and 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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance (continued)

(b) Receivables and 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.

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) Inventory and Prepaid Items: Inventory is 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

(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. Assets are depreciated on an individual basis for equipment and buildings.

The estimated useful lives are:

Land improvements	10-50 years
Buildings and improvements	10-50 years
Infrastructure	5-50 years

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance

(e) Capital Assets: (continued)

Intangibles	10-50 years
Drain usage rights	50 years
Equipment	2-20 years

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

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 position. 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.

(f) Interfund balances: Outstanding balances between funds are reported as “due to/due from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

(g) Deferred outflows/inflows of resources: In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: special assessments, grants, and other miscellaneous sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has property taxes recorded as a receivable which are unavailable for current operations. Those property taxes will be recognized as revenue next year, in the year they become available. The deferred inflows of resources related to the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability are reported in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance

(g) Deferred outflows/inflows of resources: (continued)

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One of the deferred outflows is the deferred charge on a bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item reported as deferred outflows in the government-wide statement of net position and proprietary statement of net position is the difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized over five years.

(h) 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 position 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.

(i) Long-term debt and other 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 position. Bond premiums and discounts 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. 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. The general fund and debt service funds are generally used to liquidate governmental long-term debt.

(j) Pension and other post-employment benefit (OPEB) costs:

Pension - The City offers pension benefits to retirees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance

(j) Pension and other post-employment benefit (OPEB) costs: (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other post-employment benefit costs - The City offers retiree healthcare 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, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

(k) Fund Balances: In the fund financial statements, governmental funds report the following components of fund balance:

- Nondisposable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that have externally imposed constraints and are legally restricted by outside parties, constitutional provisions or enabling legislation for use of a specific purpose.
- Committed – Amounts that have been committed for specific purposes by formal action of a government's highest level of decision-making authority (i.e. City Council). The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- Assigned – Amounts that are intended by the government to be used for specific purposes, but are not restricted or committed.
- Unassigned – Residual amounts remaining in the General Fund and negative amounts in other governmental funds.

In addition, special revenue funds are only allowed to be reported if they are used to account for activities that are substantially funded by a specific external revenue source that is restricted or committed for a specific purpose.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance

(k) Fund Balances: (continued)

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider unrestricted fund balance to have been depleted before using any of the components of restricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(l) 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.

(m) Reclassifications – Certain amounts presented in the prior year data in the Management's Discussion and Analysis have been reclassified in order to be consistent with the current year's presentation.

(n) Cash Flows – The City presents Statements of Cash Flows for all proprietary fund types. These statements, which have been prepared utilizing the direct method, analyze the net increase or decrease in cash and cash equivalents by source. For the purposes of the Statement of Cash Flows, the City considers cash equivalents to be all highly liquid investments with a maturity of three months or less from the date of acquisition.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance (continued)

(o) Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the application appropriation) is utilized in the governmental funds. The encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

(p) Change in Accounting Principles – During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability and to measure the annual costs of pension benefits. The impact of this accounting change is disclosed in footnote 16, Reporting Change – Restatement of Beginning of Year Net Position.

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, 2015, and the budgetary data reflects the effect of those amendments.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data (continued)

- 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 schedule reconciling the adopted budget to the presented budget is disclosed in the RSI section. 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.

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 \$4,109,267.

- The following non-major governmental funds require an annual budget:

Major streets	Drug law enforcement
Local streets	Grants
Parks and recreation	Library
Cable television	Michigan works grants
Block grant	Auto theft grant
	Donations, memorial trusts & sponsorships

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 2016.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances

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

	Unaudited Budget	Actual	Variance Positive (Negative)
General Fund			
Revenues:			
Property taxes	\$ 43,013,489	\$ 43,740,071	\$ 726,582
Sanitation	3,826,339	3,070,248	(756,091)

Property taxes: The City used the initial property tax estimates for the budget and not the final warrant to be conservative.

Sanitation: The budget was adopted using a rate which included a proposed increase. The City Council adopted a lower rate which caused this variance. This has been corrected for fiscal year end 2016.

Major Streets

Other Financing Sources (Uses)

Transfers In	\$ 5,129,934	\$ 1,622,818	\$ (3,507,116)
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This category has an unfavorable variance as the budget for Transfers in was based on an estimated use of bond proceeds. Since bonds were not sold until May 2015, the road projects were in the initial phases and a smaller transfer was required.

Local Streets

Revenues:

Property taxes	\$ 2,524,107	\$ 2,572,988	\$ 48,881
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Property taxes: The City used the initial property tax estimates for the budget and not the final warrant to be conservative.

Parks and Recreation

Revenues:

Property taxes	\$ 3,994,201	\$ 4,072,156	\$ 77,955
Charges for Services	2,134,705	2,046,031	(88,674)

Property taxes: The City used the initial property tax estimates for the budget and not the final warrant to be conservative.

Charges for services: Golf and recreational programs received lower than anticipated revenues.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	Unaudited Budget	Actual	Variance Positive (Negative)
Cable Television			
Revenues:			
Cable royalties	\$ 1,191,675	\$ 1,910,925	\$ 719,250

Revenues were generated by an additional cable television provider. These revenues were reviewed in 2016 including adjustments to the budget.

Drug Law Enforcement

Revenues:

Federal forfeitures	\$ 80,000	\$ 15,640	\$ (64,360)
Other	11,000	287	(10,713)

Federal forfeitures: The unfavorable variance is due to the uncertain nature of the activity. Revenues from drug seizures will be recognized as cases are adjudicated in court. The City will now only adopt a budget with the use of fund balance and amend the budget as forfeitures are received.

Other: This category's unfavorable variance is due to the uncertain nature of the activity and will not be budgeted until actual revenues are realized.

Library

Revenues:

Property taxes	\$ 6,046,292	6,515,365	\$ 469,073
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Property taxes: The City used the initial property tax estimates for the budget and not the final warrant to be conservative.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	Unaudited Budget	Actual	Variance Positive (Negative)
Michigan Works Grants			
Revenues:			
Intergovernmental:			
Federal	\$ 3,300,000	\$ 1,681,490	\$ (1,618,510)

The federal funding budgeted was greater than the amount awarded due to the timing of grant award.

Auto Theft Grant Fund

Revenues:			
Intergovernmental:			
State	\$ 154,693	\$ 126,422	\$ (28,271)

The variance is due to a timing difference when revenues are received from the State.

Donations, Memorial Trusts & Sponsorships

Revenues:			
Contributions	\$ 200,000	\$ 120,060	\$ (79,940)

The City estimates contributions because they are unknown at the time of budgeting.

City of Southfield

Notes to the Financial Statements

3. 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 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension and other post-employment benefits trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The City has designated 11 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 this fund's assets.

The City's Fire and Police Retirement System (FPRS) 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 this fund's assets.

The Southfield Retiree Health Care Benefits Plan & Trust System (RHC) 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 this fund's assets.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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:

Custodial credit risk of bank deposits:

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

City – The City's investment policy requires all investment transactions be conducted on a delivery versus payment basis. All securities, evidenced by a safekeeping receipt, shall be held by a third party custodian. At year end, the City had bank deposits (certificates of deposits, checking, and savings accounts) totaling \$29,548,805, of which \$27,387,689 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$7.5 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.

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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.

At year end, the weighted average maturities of investments are as follows:

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.

Investments:	Fair Market Value	Weighted Average Maturity
FHLB	28,094,207	2.92 years
FNMA	5,065,465	3.62 years
U.S. Treasury	2,966,835	4.45 years
Macomb Interceptor Drain Dist	2,318,745	3.23 years
Bloomfield Township	509,980	2.74 years
Farmington	483,321	6.39 years
FHLMC	15,703,397	3.47 years
Michigan State	1,961,180	6.08 years
Local Government Investment Pool	100,843,699	1.31 years

SERS – The SERS investment policy does not restrict investment maturities.

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	304,824	18.51 years
Corporate bonds	4,883,537	9.75 years
Foreign bonds	709,196	7.37 years
U.S. government agencies	860,170	.35 years
U.S. government collateralized mortgage obligations	4,627	7.05 years
U.S. government mortgage backed securities	1,655,338	21.42 years
U.S. treasury notes and bonds	1,304,897	9.71 years
Corporate Private Placement	196,968	7.54 years
Mutual Funds	3,962,642	8.56 years

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS – The FPRS investment policy does not restrict investment maturities.

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	1,786,881	7.36 years
Corporate bonds	9,603,462	7.00 years
Corporate bonds	56,760	Not Available
U.S. government bonds	872,010	6.49 years
U.S. government agencies	163,413	9.83 years
U.S. government mortgage backed securities	6,933,996	23.27 years
U.S. government issued commercial mortgage backed securities	182,852	4.91 years
Municipal bonds	331,606	7.59 years
Other	22,977,438	Not Available
Non-governmental c.m.o.s	244,242	8.83 years
Commercial mortgage backed	1,183,052	24.65 years
Bank loans	1,191,165	5.68 years
Real estate mortgage	3,420,000	Not Applicable

RHC – The RHC investment policy does not restrict investment maturities.

Investments:	Fair Market Value	Weighted Average Maturity
Loomis Sayles Inv Gr - Y	5,525,515	7.33 years
Loomis Sayles Global Bond Fund	5,950,468	8.34 years
Comerica Aggreg Bd Index Fd - 584	2,236,837	7.50 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	29,677,043	.30 years

Credit risk:

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

As of year-end, the credit quality ratings of debt securities and pooled investments (other than the U.S. government) are as follows:

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

City – The City has no investment policy that would further limit its investment choices.

Investments:	Fair Value	Rating	Rating Organization
US government securities	48,863,069	AA+ / Aaa	S&P / Moody's
U.S. Treasury	2,966,835	AA+ / Aaa	S&P / Moody's
Macomb Interceptor Drain Dist	2,318,745	AA+ / Not rated	S&P / Moody's
Michigan State	1,961,180	AA- / Aa2	S&P / Moody's
Bloomfield Township	509,980	AAA / Aaa	S&P / Moody's
Farmington	483,321	AA / Not rated	S&P / Moody's
Local Government Investment Pool	100,843,699	Not rated	N/A

SERS – The SERS has no investment policy that would further limit its investment choices.

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	304,824	Not rated	N/A
Corporate bonds	140,005	AA	S&P
Corporate bonds	2,578,015	A	S&P
Corporate bonds	2,165,517	BBB	S&P
Private Placement	196,968	A	S&P
Foreign bonds	105,267	AA	S&P
Foreign bonds	296,095	A	S&P
Foreign bonds	307,834	BBB	S&P
U.S. government agencies	860,170	AA	S&P
Collateralized mortgage obligations	4,627	Not rated	N/A
Mortgage backed securities	1,655,338	Not rated	N/A
U.S. treasury notes and bonds	1,304,897	Not rated	N/A
Mutual funds	2,476,277	AAA	S&P
Mutual funds	101,393	AA	S&P
Mutual funds	1,384,972	BBB	S&P

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS – The FPRS has no investment policy that would further limit its investment choices.

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	303,598	Aaa	Moody's
Corporate asset backed securities	628,257	Aa	Moody's
Corporate asset backed securities	206,106	A	Moody's
Corporate asset backed securities	648,921	Not rated	N/A
Bank loans	383,727	Ba	Moody's
Bank loans	528,115	B	Moody's
Bank loans	279,323	Not rated	N/A
Commercial mortgage-backed	404,298	Aaa	Moody's
Commercial mortgage-backed	95,813	Aa	Moody's
Commercial mortgage-backed	126,721	Baa	Moody's
Commercial mortgage-backed	556,219	Not rated	N/A
Corporate bonds	130,996	Aa	Moody's
Corporate bonds	2,119,464	A	Moody's
Corporate bonds	4,403,680	Baa	Moody's
Corporate bonds	830,695	Ba	Moody's
Corporate bonds	419,698	B	Moody's
Corporate bonds	1,698,928	Not rated	N/A
Corporate bonds	56,760	Not rated	N/A
U.S. government agencies	31,570	Aaa	Moody's
U.S. government agencies	131,843	Aa	Moody's
U.S. government bonds	561,944	Aaa	Moody's
U.S. government bonds	53,231	A	Moody's
U.S. government mortgage back securities	261,530	Not rated	N/A
Real estate mortgage	3,420,000	Not rated	N/A
Municipal bonds	74,771	Aaa	Moody's
Municipal bonds	58,095	Aa	Moody's
Municipal bonds	198,739	Not rated	Moody's
Non-governmental backed C.M.O.s	244,242	Not rated	N/A
Other	22,977,438	Not rated	N/A

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

RHC – The RHC has no investment policy that would further limit its investment choices.

Investments:	Fair Value	Rating	Rating Organization
Loomis Sayles Inv Gr - Y	1,541,619	Aaa	Moody's
Loomis Sayles Inv Gr - Y	127,087	Aa	Moody's
Loomis Sayles Inv Gr - Y	1,519,517	A	Moody's
Loomis Sayles Inv Gr - Y	1,613,450	Baa	Moody's
Loomis Sayles Inv Gr - Y	342,582	Ba	Moody's
Loomis Sayles Inv Gr - Y	110,510	B	Moody's
Loomis Sayles Inv Gr - Y	22,102	Caa or Lower	Moody's
Loomis Sayles Inv Gr - Y	226,546	Not rated/other	Moody's
Loomis Sayles Inv Gr - Y	22,102	Cash & equivalents	Moody's
Loomis Sayles Global Bond Fund	1,487,617	Aaa	Moody's
Loomis Sayles Global Bond Fund	827,115	Aa	Moody's
Loomis Sayles Global Bond Fund	1,636,379	A	Moody's
Loomis Sayles Global Bond Fund	1,392,409	Baa	Moody's
Loomis Sayles Global Bond Fund	440,335	Ba	Moody's
Loomis Sayles Global Bond Fund	65,455	Below Ba	Moody's
Loomis Sayles Global Bond Fund	101,158	Not rated	Moody's
Comerica Aggreg Bd Index Fd - 584	2,236,837	Aa1/Aa2	Moody's

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

FPRS –

Investments:	Fair Value	Rating	Rating Organization
Collateral Pool	29,677,043	A1+	Moody's

Of the total investment disclosures for City accounts, approximately \$7.5 million relate to discretely presented governmental component units which were combined with the City's investment account balance for purposes of this disclosure.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk:

City –

Investments:	Fair Market Value	%
FHLB	28,094,207	14.97
FNMA	5,065,465	2.70
U.S Treasury	2,966,835	1.58
Macomb Interceptor Drain Dist	2,318,745	1.24
Michigan State	1,961,180	1.04
FHLMC	15,703,397	8.37
Bloomfield Township	509,980	0.27
Farmington	483,321	0.26

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.

FPRS – The FPRS places a 5% limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

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

Foreign currency risk:

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

City – 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 year end.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The following securities are subject to foreign currency risk:

FPRS – The FPRS does not restrict the amount of the investments in foreign currency.

Security	Foreign Currency	Fair Value
Equities	Australian dollars	74,292
Fixed Income	Australian dollars	291,957
Cash & Equivalents	Australian dollars	95,543
Equities	Canadian dollars	877,666
Fixed Income	Canadian dollars	56,760
Cash & Equivalents	Canadian dollars	135,055
Equities	Swiss franc	164,561
Cash & Equivalents	Swiss franc	(2) *
Equities	Euro	92,212
Equities	British pound sterling	6,420,380
Cash & Equivalents	British pound sterling	455,761
Fixed Income	Mexican peso	104,292
Cash & Equivalents	Mexican peso	(104,820) *
Fixed Income	New Zealand dollar	301,149
Cash & Equivalents	New Zealand dollar	(284,802) *

* Values represent pending foreign exchange sales.

RHC –

Security	Foreign Currency	Fair Value
<u>Loomis Sayles Global Bond Fund</u>		
Fixed Income	Euro	969,926
Fixed Income	Japanese yen	684,304
Fixed Income	British pound sterling	434,384
Fixed Income	Canadian dollars	267,771
Fixed Income	Mexican peso	220,167
Fixed Income	Australian Dollar	208,266
Fixed Income	Norwegian krone	160,663
Fixed Income	Malaysian Ringgit	154,712
Fixed Income	Swedish Krona	89,257
Fixed Income	Other currencies	339,177
<u>Loomis Sayles Investment Grade Bond Fund</u>		
Fixed Income	Canadian dollars	646,485
Fixed Income	Australia & New Zealand	392,312
Fixed Income	Developing Countries	226,546
Fixed Income	Non-Euro	132,612
Fixed Income	British pound sterling	38,679
Fixed Income	Euro Countries	33,153

City of Southfield

Notes to the Financial Statements

3. 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 102 percent of the market value of the loaned securities. During the year ended June 30, 2015, 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. At year end, 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 at year end was \$3,199,472 and \$3,050,968, respectively.

FPRS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the FPRS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The FPRS'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 102 percent of the market value of the loaned securities. During the year ended June 30, 2015, only United States currency was received as collateral. The cash collateral is invested in a pool by Northern Trust on behalf of the FPRS.

The FPRS 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 FPRS and the borrower maintain the right to terminate all securities lending transactions on demand. At year end, the FPRS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the FPRS at year end was \$30,782,534 and \$30,141,084, respectively.

City of Southfield

Notes to the Financial Statements

4. RESTRICTED ASSETS

The following is the detail of the governmental type activities (includes associated governmental funds) restricted assets at year end :

Governmental funds (with associated governmental funds):

Capital Projects:

Funds held by Oakland County drain commissioner to be used for construction and maintenance of drains	\$ 37,130
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Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals	<u>4,442,044</u>
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Total restricted assets	\$ <u>4,479,174</u>
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5. DEFERRED OUTFLOWS, INFLOWS AND RECEIVABLES

At the end of the current fiscal year, the various components of deferred outflows of resources are as follows:

	Governmental Funds	Associated Governmental Funds	Total Governmental Activities	Business-type Activities	Component Units
Charges on refunding	\$ 789,999	\$ -	\$ 789,999	\$ -	\$ -
Pensions	\$ 14,676,280	\$ 443,336	\$ 15,119,616	\$ 360,855	\$ 20,620

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Associated Governmental Funds	Total Governmental Activities	Business-type Activities	Component Units
Unavailable					
Property taxes	\$ 116,823		\$ 116,823		
Special assessments	353,824		353,824		
Other deferred inflows	112,339		112,339		
Total Deferred Inflows					
- unavailable	\$ 582,986	\$ -	\$ 582,986	\$ -	\$ -
Pensions	\$ 673,738	\$ 68,978	\$ 742,716	\$ 56,145	\$ 3,208

City of Southfield

Notes to the Financial Statements

5. DEFERRED OUTFLOWS, INFLOWS AND RECEIVABLES (continued)

The major components of receivables reported on the Balance Sheet at year end were as follows:

	Special assessments	Accrued interest	Accounts	Accrued revenue	Delinquent taxes	Total
Governmental activities:						
General fund		\$ 45,688	\$ 649,926	\$ 2,250,110	\$ 85,661	\$ 3,031,385
Road bond construction		56,390				56,390
Other non-major funds	\$ 335,137	81,349	27	2,302,704	30,789	2,750,006
Total governmental funds	335,137	183,427	649,953	4,552,814	116,450	5,837,781
Associated governmental activities:						
Internal service funds		25,523				25,523
Total governmental activities	\$ 335,137	\$ 208,950	\$ 649,953	\$ 4,552,814	\$ 116,450	\$ 5,863,304
Component units:						
Economic development corporation			\$ 17			\$ 17
Brownfield re-development authority		\$ 469			\$ 81,379	81,848
Joint-local development finance authority		2,072			40,772	42,844
Downtown development authority		2,108			78,686	80,794
Tax increment finance authority		10,832				10,832
Local development finance authority		7,007			32,591	39,598
Section 8		5				5
Southfield growth corporation				\$ 345,924		345,924
Total component units-governmental		\$ 22,493	\$ 17	\$ 345,924	\$ 233,428	\$ 601,862
Business-type activities:						
Water and sewer fund		\$ 78,770	\$ 12,743,931			\$ 12,822,701

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

6. CAPITAL ASSETS

Construction and Other Significant Commitments

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

	Commitments
Street construction	\$ 17,752,576
Equipment	21,283
Water system improvements	8,522,116
	<u>\$ 26,295,975</u>

City of Southfield

Notes to the Financial Statements

6. CAPITAL ASSETS (continued)

A summary of governmental property and equipment at year end were as follows:

	Balance July 1, 2014	Additions	Disposals & Reduction to CIP	Balance June 30, 2015
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 10,733,797	\$ 18,000		\$ 10,751,797
Construction in progress	5,449,690	8,020,643	\$ 3,349,632	10,120,701
Total capital assets not being depreciated	16,183,487	8,038,643	3,349,632	20,872,498
Capital assets, being depreciated				
Land improvements	25,625,558	587,808		26,213,366
Building and improvements	70,449,327	438,809		70,888,136
Infrastructure	117,962,285	2,469,868		120,432,153
Intangibles	2,197,701	36,720		2,234,421
Drain usage rights	11,777,407			11,777,407
Equipment	7,948,841	360,736		8,309,577
Total capital assets being depreciated	235,961,119	3,893,941	-	239,855,060
Less accumulated depreciation:				
Land improvements	14,092,816	857,263		14,950,079
Building and improvements	35,234,463	2,028,682		37,263,145
Infrastructure	66,170,111	4,091,768		70,261,879
Intangibles	1,180,406	122,036		1,302,442
Drain usage rights	5,581,609	461,932		6,043,541
Equipment	6,072,320	487,747		6,560,067
Total accumulated depreciation	128,331,725	8,049,428 (a)	-	136,381,153
Total general capital assets being depreciated, net	107,629,394	(4,155,487)	-	103,473,907
Internal Service				
Capital assets, not being depreciated:				
Construction in progress	-	23,729	-	23,729
Capital assets, being depreciated				
Intangibles	280,858			280,858
Equipment	24,103,740	3,085,199	283,679	26,905,260
Total capital assets being depreciated	24,384,598	3,085,199	283,679	27,186,118
Less accumulated depreciation:				
Intangibles	131,824	24,780		156,604
Equipment	19,069,172	1,743,348	283,679	20,528,841
Total accumulated depreciation	19,200,996	1,768,128	283,679	20,685,445
Total internal service capital assets being depreciated, net	5,183,602	1,317,071	-	6,500,673
Governmental activity capital assets depreciable, net	\$ 112,812,996	\$ (2,838,416)	\$ -	\$ 109,974,580

City of Southfield

Notes to the Financial Statements

6. CAPITAL ASSETS (continued)

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

General government	\$ 512,639
Public safety	428,439
Highways and streets	4,094,431
Public services	621,583
Culture and recreation	2,392,336
Total	<u>\$ 8,049,428</u>

A summary of business-type property and equipment at year end were as follows:

	Balance July 1, 2014	Additions	Disposals & Reduction to CIP	Balance June 30, 2015
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,792,066	\$ 12,476,558	\$ -	\$ 19,268,624
Capital assets, being depreciated:				
Infrastructure	129,198,074	3,272,561		132,470,635
Intangibles	1,507,498			1,507,498
Equipment	1,428,180	324,487		1,752,667
Total water and sewer fund	<u>132,133,752</u>	<u>3,597,048</u>	<u>-</u>	<u>135,730,800</u>
Less accumulated depreciation:				
Infrastructure	73,523,282	4,481,657		78,004,939
Intangibles	749,094	75,904		824,998
Equipment	1,118,624	86,022		1,204,646
Total accumulated depreciation	<u>75,391,000</u>	<u>4,643,583</u>	<u>-</u>	<u>80,034,583</u>
Total capital assets, being depreciated	<u>56,742,752</u>	<u>(1,046,535)</u>	<u>-</u>	<u>55,696,217</u>
Total capital assets	<u>\$ 63,534,818</u>	<u>\$ 11,430,023</u>	<u>\$ -</u>	<u>\$ 74,964,841</u>

A summary of discretely presented component unit property and equipment at year end were as follows:

	Balance July 1, 2014	Additions	Disposals & Reduction to CIP	Balance June 30, 2015
Downtown Development Authority				
Capital assets, being depreciated				
Land improvement	\$ 265,066			\$ 265,066
Less: accumulated depreciation	33,133	13,253		46,386
Total capital assets, being depreciated	<u>\$ 231,933</u>	<u>\$ (13,253)</u>	<u>\$ -</u>	<u>\$ 218,680</u>

City of Southfield

Notes to the Financial Statements

7. LONG-TERM DEBT AND OTHER OBLIGATIONS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. 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.

	1-Jul-14	Additions	Deductions	30-Jun-15	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	\$ 6,331,412		574,649	5,756,763	593,018	5,163,745
4.75% to 5.5% Library building authority general obligation limited tax	24,200,000		24,200,000	-		
3.0% to 5.0% Library building authority refunding bonds		21,765,000		21,765,000	915,000	20,850,000
1.78% -2012 general obligation limited tax refunding	3,385,000		310,000	3,075,000	315,000	2,760,000
2.0 to 4.0% -Street Improvement bond UTGO		41,510,000		41,510,000	4,340,000	37,170,000
2.17% Michigan transportation fund refunding bonds		5,540,000	85,000	5,455,000	865,000	4,590,000
2.17% Michigan transportation fund bonds		4,460,000		4,460,000		4,460,000
3.25% to 4.0% Michigan transportation fund bonds	6,470,000		6,270,000	200,000	200,000	
Deferred amounts:						
For issuance premiums		4,064,034		4,064,034	334,036	3,729,998
For issuance discounts	(45,566)	6,373		(39,193)	(6,373)	(32,820)
Total governmental debt	40,340,846	77,345,407	31,439,649	86,246,604	7,555,681	78,690,923
Other long-term obligations						
Capital lease		7,676	5,060	2,616	2,616	
Compensated absences	7,869,022	2,809,212	3,690,369	6,987,865	2,675,654	4,312,211
Michigan tax tribunal contingency	890,317		112,115	778,202		778,202
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	371,074	79,832	30,739	420,167	151,262	268,905
Total governmental long-term debt	\$ 49,471,259	80,242,127	35,277,932	94,435,454	10,385,213	84,050,241
BUSINESS-TYPE ACTIVITIES						
State of Michigan water supply and sewage disposal bonds series 1999 2.25 to 2.5%	\$ 15,373,789		2,065,000	13,308,789	2,120,000	11,188,789
Other long-term obligations						
Compensated absences	213,832	66,527	42,761	237,598	85,535	152,063
Total business-type long-term debt	15,587,621	66,527	2,107,761	13,546,387	2,205,535	11,340,852
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	2,685,468		1,284,081	1,401,387		1,401,387
Compensated absences	10,990	8,163	4,796	14,357		14,357
Michigan tax tribunal contingency	36,649			36,649		36,649
Total governmental component units long-term debt	2,733,107	8,163	1,288,877	1,452,393		1,452,393
Total debt	\$ 67,791,987	80,316,817	38,674,570	109,434,234	12,590,748	96,843,486

* A portion of the deductions are recorded in the Local Streets fund.

City of Southfield

Notes to the Financial Statements

7. 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 \$ 2,605,837,331. The City has issued and outstanding \$30,596,763 of general obligation bonds, subject to a limit of \$260,583,733.

The contractual obligations to the State within the Business-type activities in the previous exhibit are the result of the State of Michigan's 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 and 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 \$14,317,000. During the current year, net operating revenues of the system, was \$2,722,487 compared to the annual debt requirement of \$2,397,374.

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

	Governmental activities			Business-type Water and sewer		
	Prin.	Int.	Total	Prin.	Int.	Total
2016	7,228	2,747	9,975	2,120	323	2,443
2017	8,037	2,378	10,415	2,170	272	2,442
2018	8,349	2,177	10,526	2,225	220	2,445
2019	7,385	1,968	9,353	2,267	166	2,433
2020	7,409	1,755	9,164	2,215	111	2,326
2021	7,437	1,521	8,958	1,565	58	1,623
2022	7,563	1,284	8,847	747	19	766
2023	7,594	1,042	8,636			
2024	7,602	798	8,400			
2025	4,912	517	5,429			
2026	1,783	305	2,088			
2027	1,803	217	2,020			
2028	1,763	163	1,926			
2029	1,717	108	1,825			
2030	1,640	53	1,693			
Total \$	<u>82,222</u>	<u>\$ 17,033</u>	<u>\$ 99,255</u>	<u>\$ 13,309</u>	<u>\$ 1,169</u>	<u>\$ 14,478</u>

City of Southfield

Notes to the Financial Statements

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (continued)

Defeased Debt and Advanced Refunding:

During the year, the City issued \$10,000,000 in general obligation bonds with an interest rate of 2.17%. A total of \$4,460,000 was issued for new street improvements and \$5,540,000 was used to advance refund \$5,455,000 of outstanding general obligation bonds with an average interest rate of 3.88%. For the advance refunding, the net proceeds of \$5,509,000 (after payment of \$31,000 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered defeased and the liability for the bonds has been removed. The advance refunding reduced total debt service payments over the next eleven years by \$163,971, which represents an economic gain of approximately \$159,468 .

During the year, the City issued \$21,765,000 in general obligation bonds with an average interest rate of 4.38%. The proceeds of those bonds were used to advance refund \$23,190,000 of outstanding general obligation bonds with an average interest rate of 5.07%. The net proceeds of \$23,775,577 (after payment of \$100,582 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered defeased and the liability for the bonds has been removed. The advance refunding reduced total debt service payments over the next fifteen years by approximately \$3,866,510, which represents an economic gain of approximately \$3,415,020 .

8. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances related to the governmental, associated governmental and business-type funds at year end are as follows:

	Payable Fund		Payable Fund		
	General	Road bond	Non-major	Internal	Total
Receivable Fund	fund	construction	funds	service funds	payable fund
General fund			\$ 510,375		\$ 510,375
Other non-major funds	\$ 1,460,217	\$ 4,725	1,533,842	\$ 537,120	3,535,904
Total governmental activities	1,460,217	4,725	2,044,217	537,120	4,046,279
Associated governmental activities:					
Internal service funds	246,766		623,825		870,591
Water and sewer fund	57,573	3,915,371			3,972,944
Total receivable fund	\$ 1,764,556	\$ 3,920,096	\$ 2,668,042	\$ 537,120	\$ 8,889,814

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.

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfer revenues and expenditures related to the governmental and associated governmental funds at year end are as follows:

Transfers Out:	Transfers In		Total transfers out
	Non-major governmental funds	Internal service	
Governmental activities:			
General fund	\$ 1,168,831		\$ 1,168,831
Road bond construction	4,356,772		4,356,772
Other non-major funds	1,909,606	\$ 573,456	2,483,062
Total governmental activities	7,435,209	573,456	8,008,665
Associated governmental activities:			
Internal service funds	1,058,571		1,058,571
Total transfers in	\$ 8,493,780	\$ 573,456	\$ 9,067,236

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.

Advances by the Local improvement revolving fund to other primary government funds and component units are as follows:

PRIMARY GOVERNMENT

Non-major governmental

Parks & recreation	\$ 24,602
Capital improvement	1,395,996
Special assessment construction	270,851
Total primary government	\$ 1,691,449

DISCRETELY PRESENTED COMPONENT UNITS

Local development finance authority	\$ 1,401,387
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City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND 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 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 a majority of its healthcare costs and 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

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 Insurance risk retention fund.

Changes in the estimated liability for workers' compensation and general property and liability claims for the past two fiscal years were as follows:

		2015	2014
Estimated liability - beginning of year	\$	2,986,883	\$ 1,693,623
Estimated claims incurred, including			
reinsurance premiums and changes in estimates		446,502	2,849,084
Claim and insurance premium payments			
and reinsurance recoveries		(1,338,494)	(1,555,824)
Estimated liability - end of year	\$	<u>2,094,891</u>	<u>\$ 2,986,883</u>

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

The City estimates that claims incurred but not reported for the self-insured medical plan totaled \$792,577 at year end. This liability is recorded as part of the general and medical claims' liability at year end, plus the year-end settlement of amounts underpaid during the fiscal year of \$770,905 for net liability of \$1,563,482.

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 \$66,141,413 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$1,603,049 for the governmental funds, exclusive of interest and penalties. However, based on management's analysis in conjunction with their third party attorney and City Assessor, the City believes the true potential loss to be \$801,525. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Michigan Tax Tribunal issues its ruling.

10. PROPERTY TAXES

Property taxes are levied each July 1 on the taxable value of property, as equalized by the State of Michigan 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, 2013 valuation, was \$2,605,837,331 and the unadjusted taxable value was \$2,391,992,576. 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 24.2314 (excluding the DDA millage). The sum of these rates generated \$56,225,320 in property tax revenues reported on the financial statements net of adjustments.

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 2014 rate of inflation cap of 1.6%, the City of Southfield's 2013-14 State Equalized Evaluation (SEV) of \$2,605,837,331 was capped at a Taxable Assessed Valuation (TAV) of \$2,391,992,576.

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.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS

A. Pension Plan description

Plan administration –

The Southfield Employee Retirement System Pension Board administers the City of Southfield General Employees' Pension Plan (SERS) - a single employer defined benefit pension plan that provides pensions for all permanent full-time general employees of the City of Southfield (the "City"). Benefit terms have been established by contractual agreements between the City and the various employee union representation for employees in a collective bargaining group; the benefit terms are established by the City Council and may be amended by future council actions for the non-union employees. Amendments are subject to the same process.

Management of the SERS plan is vested in the Pension Board, which consists of seven members—two elected by plan members, one elected by the retired members, three appointed by the City Council, one appointed by the Mayor. There is also one Alternate Member, who serves as an alternate only to the three members appointed by the City Council.

The Southfield Fire & Police Retirement System Pension Board administers the City of Southfield Fire & Police Retirement System (FPRS) - a single employer defined benefit pension plan that provides pensions for all Fire & Police employees of the City of Southfield (the "City"). Benefit terms have been established by P.A. Act 345 and contractual agreements between the City and the various Fire & Police unions; the benefit terms are established by P.A. Act 345 and may be amended by future union contracts. Amendments are subject to the same process.

Management of the FPRS Plan is vested in the Pension Board, which consists of five members—two elected by plan members, two appointed by the City Council and the Treasurer.

Plan membership –

At year end, the SERS pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	326
Inactive plan members entitled to but not yet receiving benefits	41
Active plan members	<u>266</u>
Total	<u><u>633</u></u>

At year end, the FPRS pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	318
Active plan members	<u>211</u>
Total	<u><u>529</u></u>

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

A. Pension Plan description

Benefits provided –

The SERS pension plan provides retirement, disability, and death benefits. Benefit terms are established by contractual agreements between the City and the various employee union representation for employees in a collective bargaining group. The benefit terms are established by the City Council and may be amended by future council actions for the non-union employees. Amendments are subject to the same process.

Two individuals receive benefits from the SERS pension plan that are attributable to the purchase of an insurance contract. One individual collects \$230.18/month as a retiree, plus \$164.45/month as the surviving spouse of a retiree. The second individual collects \$460.42/month as the surviving spouse of an employee who died in service after satisfying the vesting requirement. The benefits were based on the pension formula in place at the commencement of the benefit (years of service x final average compensation x multiplier x reduction factor (if any, due to early retirement or joint & survivor option)). The obligation for these payments was transferred to Royal Maccabees Insurance Company, which has since transferred the obligation to a payment agent.

Contributions –

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the SERS & FPRS Pension Boards retain independent actuaries to determine the annual contributions. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

SERS contribution requirements of plan members are established and may be amended by the City Council in accordance with the City Charter, union contracts and plan provisions. At year end, the average active member contribution rate was 4.98 percent of annual pay, and the City's average contribution rate was 23.39 percent of annual payroll.

FPRS contribution requirements of plan members are established and may be amended by union contracts. At year end, the average active member contribution rate was 2.46 percent of annual pay, and the City's average contribution rate was 31.68 percent of annual payroll.

Deferred Retirement Option Program –

The FPRS plan offers certain employees the ability to continue service and be paid a salary after they are fully vested; this program credits the employee for benefit payments that would have been paid, and pays them out with interest at either 4% or 2% depending on union and DROP date after the employee fully retires (discontinued providing employee services to the City of Southfield). At year end, the Plan has \$7,976,927 accumulated in DROP accounts for active members in the program as well as \$4,925,653 accumulated in DROP accounts for members who have retired but have not yet withdrawn those funds.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

B. Pension Plan Investments – Policy and Rate of Return

Investment policy –

The SERS pension plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. It is the policy of the City Council to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Plan's adopted asset allocation policy at year end:

Asset class	Target Allocation
Domestic Equity	48.0%
International Equity	12.5%
U.S. Fixed Income	20.0%
Global Fixed Income	5.0%
Real Estate	6.0%
Timberlands	3.5%
Hedge Fund	5.0%

The FPRS plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Plan's adopted asset allocation policy at year end:

Asset class	Target Allocation
Domestic Equity	34%
International Equity	17%
U.S. Fixed Income	25%
Real Estate	14%
Hedge Fund	10%

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

B. Pension Plan Investments – Policy and Rate of Return

Concentrations –

At year end, the SERS plan held approximately 24.0% of its investment portfolio in the Comerica S&P 500 Index Fund, 18.56% of its investment portfolio in the Victory Mid Cap Equity Fund, 13.66% of its investment portfolio in the SouthernSun Small Cap Fund, 9.96% of its investment portfolio in the LSV International Equity Fund, 7.90% of its portfolio in the WCM Focused Growth International Fund, and 12.22% of its portfolio in the Pacific Fixed Income Fund.

At year end, the FPRS plan held approximately 8.87% of its investment portfolio in the Loomis Sayles LC Value Fund, 9.63% of its investment portfolio in the NTGI S&P Midcap 400 Fund, 12.46% of its investment portfolio in the LSIA Dividend Aristocrats Fund, 7.14% of its investment portfolio in the 1607 Capital Partners Fund, 11.68% of its investment portfolio in the Loomis Sayles Full Discretion Fund, 11.76% of its investment portfolio in the Bradford & Marzec Fund and 11.16% of its investment portfolio in the Nantucket Institutional Hedge Fund.

Rate of return –

At year end, the annual money-weighted rate of return on SERS pension plan investments, net of pension plan investment expense, was 1.15 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

At year end, the annual money-weighted rate of return on the FPRS pension plan investments, net of pension plan investment expense, was -0.93 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Net Pension Liability of the City

The City adopted GASB Statement No. 68, which is the required measurement of pension expense as it is earned rather than as it is funded. The net pension liability of the City has been measured as of June 30, 2015 and is composed of the following for the SERS plan:

Total pension liability	\$ 139,375,667
Plan fiduciary net position	<u>115,094,332</u>
City's net pension liability	<u><u>\$ 24,281,335</u></u>
Plan fiduciary net position, as a percentage of the total pension liability	<u>82.58%</u>

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Net Pension Liability of the City

Changes in the net pension liability during the measurement year were as follows for the SERS plan:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 137,669,503	\$ 118,028,927	\$ 19,640,576
Service cost	1,630,427	-	1,630,427
Interest on total pension liability	10,698,458	-	10,698,458
Changes in benefit terms	(29,546)	-	(29,546)
Experience differences	(1,085,186)	-	(1,085,186)
Benefit payments, including refunds	(9,507,989)	-	(9,507,989)
Investment earnings	-	2,770,284	(2,770,284)
Contributions - employer	-	3,233,204	(3,233,204)
Contributions - employee	-	711,807	(711,807)
Benefit payments, including refunds	-	(9,507,989)	9,507,989
Administrative costs	-	(141,901)	141,901
Net changes	1,706,164	(2,934,595)	4,640,759
Balance at June 30, 2015	<u>\$ 139,375,667</u>	<u>\$ 115,094,332</u>	<u>\$ 24,281,335</u>

At year end, the City recognized pension expense of \$3,520,964. At year end, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the SERS plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 802,069
Net difference between projected and actual earnings on pension plan	<u>5,155,068</u>	<u>-</u>
Total	<u>\$ 5,155,068</u>	<u>\$ 802,069</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SERS plan:

Years ending	Amount
June 30	
2016	\$ 1,005,650
2017	1,005,650
2018	1,052,932
2019	1,288,767

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Net Pension Liability of the City

The net pension liability of the City has been measured as of June 30, 2015 and is composed of the following for the FPRS plan:

Total pension liability	\$237,930,244
Plan fiduciary net position	196,517,586
City's net pension liability	<u>\$ 41,412,658</u>

Plan fiduciary net position, as a percentage of the total pension liability	<u>82.59%</u>
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Changes in the net pension liability during the measurement year were as follows for the FPRS plan:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 232,309,802	\$ 202,899,679	\$ 29,410,123
Service cost	2,803,893		2,803,893
Interest on total pension liability	17,512,901		17,512,901
Changes in benefit terms	-		-
Experience differences	781,324		781,324
Benefit payments, including refunds	(15,477,676)		(15,477,676)
Investment earnings		3,099,104	(3,099,104)
Contributions - employer		5,933,162	(5,933,162)
Contributions - employee		466,794	(466,794)
Benefit payments, including refunds		(15,477,676)	15,477,676
Administrative costs		(403,477)	403,477
Net changes	5,620,442	(6,382,093)	12,002,535
Balance at June 30, 2015	<u>\$ 237,930,244</u>	<u>\$ 196,517,586</u>	<u>\$ 41,412,658</u>

At year end, the City recognized pension expense of \$7,589,675. At year end, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the FPRS plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 539,443	\$ -
Net difference between projected and actual earnings on pension plan	<u>9,806,580</u>	<u>-</u>
Total	<u>\$ 10,346,023</u>	<u>\$ -</u>

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Net Pension Liability of the City

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the FPRS plan:

Years ending June 30	Amount
2016	\$ 2,693,526
2017	2,693,526
2018	2,507,326
2019	2,451,645

Total pension expense for the City for the fiscal year is \$11,110,639 for both retirement plans.

Actuarial assumptions –

The June 30, 2015 total pension liability was determined by an actuarial valuation as of June 30, 2014, which used updated procedures to roll forward the estimated liability to June 30, 2015. The valuation used the following actuarial assumptions, applied to all periods included in the measurement for the SERS plan:

Inflation	3.5 percent
Salary increases	3.5 to 9.5 percent including inflation
Investment rate of return	8.0 percent, net of pension plan investment expense, including inflation

The June 30, 2015 total pension liability was determined by an actuarial valuation as of June 30, 2014, which used updated procedures to roll forward the estimated liability to June 30, 2015. The valuation used the following actuarial assumptions, applied to all periods included in the measurement for the FPRS plan:

Inflation	4.0 percent
Salary increases	4.0 to 9.0 percent including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Net Pension Liability of the City

Mortality rates for SERS were based on the RP-2000 Mortality Combined Healthy Tables, projected to 2015, with a 1 year set-forward for males.

Mortality rates for FPRS were based on the RP-2000 Mortality Combined Healthy Tables, projected to 2015.

For SERS & FPRS plan the actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

Discount rate –

For the SERS plan, a single discount rate of 8.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For purposes of the valuation, the expected rate of return on pension plan investments is 8.00%; the municipal bond rate is 3.80%; and the resulting single discount rate is 8.00%.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table on the next page:

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Net Pension Liability of the City

Asset class	Long-term expected real rate of return
Domestic Equity	7.5%
International Equity	8.5%
U.S. Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%
Timberland	4.5%
Hedge Fund	5.0%

For the FPRS plan, a single discount rate of 7.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For purposes of the valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.80% and the resulting single discount rate is 7.75%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations were provided by the client as of June 30, 2015. Best estimates of arithmetic real rates of return were approximated using expected returns from eight investment consultants. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table on the next page:

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Net Pension Liability of the City

Asset class	Long-term expected real rate of return
Domestic Equity	7.92%
International Equity	6.12%
U.S. Fixed Income	2.10%
Real Estate	5.88%
Hedge Fund	3.91%

Sensitivity of the net pension liability to changes in the discount rate –

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the SERS plan's net pension liability, calculated using a single discount rate of 8.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% decrease	Current discount rate	1% increase
	7.00%	8.00%	9.00%
Net pension liability of the City	\$38,003,453	\$24,281,335	\$12,459,421

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the FPRS plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% decrease	Current discount rate	1% increase
	6.75%	7.75%	8.75%
Net pension liability of the City	\$64,598,614	\$41,412,658	\$21,999,908

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Net Pension Liability of the City

Actuarial Methods and Assumptions

- 1) Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an entry age normal for SERS and an individual entry-age actuarial cost method for FPRS having the following assumptions.
 - The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the members benefit at the time of retirement
 - Each annual normal cost is a constant percentage of the members year-by-year projected covered pay.
- 2) Unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent-of-payroll contributions over a period of 26 years for SERS and 23 years for FPRS on a closed basis for both plans. 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.

Actuarial assumptions for FPRS include an assumed rate of inflation of 4.0%, an assumed investment income rate of 7.75% and a 4 year smoothed market asset valuation method prior to 6/30/12 and 5 year smoothed market asset valuation method starting 6/30/12, for SERS, an assumed rate of inflation of 3.5%, an assumed investment rate of return of 8%, and a 5 year smoothed market asset valuation method.

If the number of active members remains constant, then the total active member payroll projected salary increases in SERS are 3.5 to 9.5% for seniority/merit 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 26 years for SERS and 23 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

12. 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. Benefits are provided to FPRS employees and SERS groups. As of June 30, 2013 the most recent valuation prepared, the SERS Trust and the FPRS Trust plans have 554 and 488 members respectively (including employees in active service, terminated employees’ not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

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

Funding policy: The collective bargaining agreements (or other legal authority) require a contribution of two percent of bi-weekly pay 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, 2015, the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2013. 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 twenty-seven years. This valuation’s computed contribution and actual funding are summarized on the following page:

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

	SERS	FPRS	Total
Annual required contribution (recommended)	\$ 7,199,411	\$ 9,750,985	\$ 16,950,396
Interest on the prior year's net OPEB obligation	923,151	1,241,412	2,164,563
Less: Adjustment to the annual required contribution	<u>(792,915)</u>	<u>(997,169)</u>	<u>(1,790,084)</u>
Annual OPEB cost	\$ 7,329,647	\$ 9,995,228	\$ 17,324,875
Amounts contributed:			
Advanced funding	\$ 3,187,663	\$ 4,527,871	\$ 7,715,534
Total OPEB contributions	<u>3,187,663</u>	<u>4,527,871</u>	<u>7,715,534</u>
Change in Net OPEB obligation	<u>4,141,984</u>	<u>5,467,357</u>	<u>9,609,341</u>
Beginning year Net OPEB obligation	<u>16,784,566</u>	<u>22,571,083</u>	<u>39,355,649</u>
End of year Net OPEB obligation	<u>\$ 20,926,550</u>	<u>\$ 28,038,440</u>	<u>\$ 48,964,990</u>

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

SERS	2015	2014	2013
Annual OPEB costs	\$ 7,329,647	\$ 7,058,975	\$ 7,002,783
Percentage contributed	<u>43.5%</u>	<u>38.9%</u>	<u>37.1%</u>
Net OPEB obligation	\$ 20,926,550	\$ 16,784,566	\$ 12,473,699

FPRS	2015	2014	2013
Annual OPEB costs	\$ 9,995,228	\$ 9,569,887	\$ 9,484,357
Percentage contributed	<u>45.3%</u>	<u>46.2%</u>	<u>43.0%</u>
Net OPEB obligation	\$ 28,038,440	\$ 22,571,083	\$ 17,424,117

Total	2015	2014	2013
Annual OPEB costs	\$ 17,324,875	\$ 16,628,862	\$ 16,487,140
Percentage contributed	<u>44.5%</u>	<u>43.1%</u>	<u>40.5%</u>
Net OPEB obligation	\$ 48,964,990	\$ 39,355,649	\$ 29,897,816

City of Southfield

Notes to the Financial Statements

12. 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)	payroll	payroll
2013	\$ 13,488,987	\$ 90,094,989	\$ 76,606,002	14.97%	\$ 14,370,492	533.08%
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%

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)	payroll	payroll
2013	\$ 37,858,962	\$ 135,636,840	\$ 97,777,878	27.91%	\$ 18,554,701	526.97%
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%

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

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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.

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, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.5 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 and 9.5 percent initially (Fire and Police and SERS, respectively), 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 a closed basis. The remaining amortization period at June 30, 2015 was twenty-seven years.

13. DEFERRED COMPENSATION

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

14. FUND BALANCE CONSTRAINTS

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

	Major funds		Non-major funds
	General fund	Road Bond Construction	Other governmental
Non-spendable			
Prepays	\$ 1,228,538		\$ 111,969
Inventory	2,992,729		
Restricted for:			
Right-of-way funds/metro authority	189,072		
Sanitation reserve	92,088		
Deposits held with Oakland County			37,130
Deposits held for Lahser road project			452,964
Major streets			2,805,868
Local streets			4,684,592
Parks and recreation			3,826,016
Cable PEG fees			423,948
Block grant			273,938
Drug law enforcement			205,631
Grants			156,882
Library			5,942,753
Michigan works grants			144,880
Auto theft grant			11,271
Donations, memorial trusts & sponsorships			809,344
Drains-at-large debt			1,453,037
Library building authority construction			600,325
Special assessment construction			349,905
Road bond construction		\$ 43,064,130	
Committed to:			
Specific programs (General)			
Dispatch improvements	786,452		
Emergency cleanup	679,485		
Equalization reserve	2,000,000		
Building infrastructure reserve	1,750,000		
Tax base initiatives reserve	8,250,000		
Specific programs (Cable television)			
Franchise fees – general cable operations			3,459,276
Encumbrances			6,503
Equipment replacement			250,000
Donations, memorial trusts & sponsorships			460,757
Special assessment construction			241,285
Assigned to:			
* Encumbrances	121,944		
Capital improvement construction			3,896,303
Special assessment construction			1,982,784
Unassigned			
General fund	7,760,254		
	<u>\$ 25,850,562</u>	<u>\$ 43,064,130</u>	<u>\$ 32,587,361</u>

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

City of Southfield

Notes to the Financial Statements

14. FUND BALANCE CONTSTRAINTS (continued)

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

		Non-major funds
		<u>Other governmental</u>
Council approved earmarks on restricted assets:		
Specific programs (Major streets)		
Equalization reserves	\$	16,000
Specific programs (Local streets)		
Equalization reserves		154,200
Specific programs (Parks and recreation)		
Equalization reserves		243,400
Bedford woods		182,202
SMART programs		31,552
Specific programs (Library)		
Equalization reserves		350,000
Specific programs (Drains-at-large)		
Equalization reserves		50,000

15. SUBSEQUENT EVENT

Subsequent to year end on December 17, 2015, the City purchased the Northland Center for \$2.4 million. The Northland Center is a 159-acre shopping mall in the City that closed in 2015. The City plans to hold it for resale to facilitate residential and or commercial development.

16. REPORTING CHANGE – RESTATEMENT OF BEGINNING OF YEAR NET POSITION

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for the unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension footnotes (Note 11) for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended June 30, 2014 have been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was a decrease in net position to record the net pension liability at June 30, 2014.

As a result of implementing this statement, the beginning net position of the governmental activities and business-type activities, including the Water and Sewer Fund, have been restated on the following page:

City of Southfield

Notes to the Financial Statements

16. REPORTING CHANGE – RESTATEMENT OF BEGINNING OF YEAR NET POSITION (continued)

	Governmental Activities	Associated Governmental Internal Service Funds	Total Governmental Activities	Business-type Activities - Water and Sewer Fund	Component Units
Net position - June 30, 2014, as previously reported	\$ 88,793,800	\$ 39,043,324	\$ 127,837,124	\$ 91,218,401	\$ 11,975,646
Adjustment for implementation of GASB 68 - FPRS	(29,410,122)	-	(29,410,122)	-	-
Adjustment for implementation of GASB 68 - SERS	(16,694,489)	(1,689,090)	(18,383,579)	(1,158,794)	(98,203)
Net position as restated - beginning	<u>\$ 42,689,189</u>	<u>\$ 37,354,234</u>	<u>\$ 80,043,423</u>	<u>\$ 90,059,607</u>	<u>\$ 11,877,443</u>

17. UPCOMING REPORTING CHANGES

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2015-2016 fiscal year.

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2016-2017 fiscal year.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2015

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 43,013,489	\$ 43,013,489	\$ 43,740,071	\$ 726,582
Charges for services	3,250,920	3,400,920	3,330,251	(70,669)
Sanitation	3,826,339	3,826,339	3,070,248	(756,091)
Licenses and permits	2,213,126	3,163,126	3,626,811	463,685
Fines and forfeitures	4,460,000	4,460,000	4,443,433	(16,567)
Intergovernmental:				
Federal	133,979	133,979	209,438	75,459
State	6,725,749	6,725,749	6,620,697	(105,052)
Other	616,201	616,201	679,964	63,763
Net investment earnings	200,000	200,000	578,999	378,999
Other	666,402	666,402	772,380	105,978
Total revenues	65,106,205	66,206,205	67,072,292	866,087
EXPENDITURES				
General government:				
Council	166,454	166,454	150,018	16,436
Mayor	201,934	201,934	154,047	47,887
Administration	513,838	513,838	359,887	153,951
Legal	895,055	895,062	864,935	30,127
Clerk's	896,214	896,214	756,670	139,544
Human resources	801,429	801,429	699,378	102,051
Finance/OMB	754,322	754,392	642,633	111,759
Other - unclassified	4,733,136	4,773,231	4,342,964	430,267
Total general government	8,962,382	9,002,554	7,970,532	1,032,022
Public Safety:				
Police	19,952,308	20,061,655	19,793,816	267,839
Fire	14,955,977	14,956,390	14,585,769	370,621
Building and safety engineering	2,718,313	2,729,857	2,684,107	45,750
46th Michigan district court	3,472,019	3,472,751	3,086,632	386,119
Civilian support services	3,452,037	3,452,335	3,361,844	90,491
Total public safety	44,550,654	44,672,988	43,512,168	1,160,820
Public Services:				
Community development	199,214	199,214	195,839	3,375
Sanitation	3,859,139	3,859,225	3,248,297	610,928
Road service administration	644,702	653,502	496,926	156,576
Total public services	4,703,055	4,711,941	3,941,062	770,879
Social services	299,466	299,466	209,774	89,692
Other:				
Insurance and bonds	586,815	586,815	56,250	530,565
Support services	2,539,976	6,041,589	5,120,037	921,552
Total other	3,126,791	6,628,404	5,176,287	1,452,117
Capital outlay	3,353,885	3,353,885	153,885	3,200,000
Debt service				
Principal retirement	310,000	310,000	310,000	-
Interest and fiscal charges	88,590	88,590	57,494	31,096
Total debt	398,590	398,590	367,494	31,096
Total expenditures	65,394,823	69,067,828	61,331,202	7,736,626
Excess of revenues over expenditures	(288,618)	(2,861,623)	5,741,090	8,602,713
OTHER FINANCING USES (Note 8)				
Transfers out	(168,831)	(1,168,831)	(1,168,831)	-
Net change in fund balances	(457,449)	(4,030,454)	4,572,259	8,602,713
Fund balances - beginning	21,278,303	21,278,303	21,278,303	-
Fund balances - ending	\$ 20,820,854	\$ 17,247,849	\$ 25,850,562	\$ 8,602,713

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

City of Southfield
Required Supplementary Information
Schedule of City of Southfield Contributions
Last Ten Fiscal Years

Southfield Employee Retirement System pension benefits

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contributions	3,233,204	3,108,024	2,498,235	2,677,559	2,804,144	2,885,356	2,809,926	2,697,591	2,962,888	2,575,412
Contributions in relation to the actuarially determined contribution	<u>3,233,204</u>	<u>3,108,024</u>	<u>2,498,235</u>	<u>2,677,559</u>	<u>2,804,144</u>	<u>2,885,356</u>	<u>2,809,926</u>	<u>2,697,591</u>	<u>2,962,888</u>	<u>2,575,412</u>
Contribution deficiency	-	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	13,455,647	14,054,199	15,400,000	16,800,000	17,800,000	18,700,000	19,200,000	19,600,000	19,900,000	19,900,000
Contribution as a Percentage of Covered Employee Payroll	24.03%	22.11%	16.22%	15.94%	15.75%	15.43%	14.64%	13.76%	14.89%	12.94%

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage, Closed
Remaining amortization period	27 years
Asset valuation method	5- year smoothed market
Inflation	3.50% wage inflation; no explicit price inflation assumption is used in this valuation
Investment rate of return	8.00% (net of investment and administrative expenses)
Salary increases	3.50% to 9.50% including wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Mortality Combined Healthy Tables, projected to 2015, with a 1 year set-forward for males
Other information	None

City of Southfield
Required Supplementary Information
Schedule of City of Southfield Contributions
Last Ten Fiscal Years
(continued)

Fire and Police Retirement System pension benefits

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contributions	5,933,162	5,256,046	5,107,319	4,004,031	3,229,416	3,330,660	3,066,652	3,311,991	3,318,326	3,559,734
Contributions in relation to the actuarially determined contribution	<u>5,933,162</u>	<u>5,256,046</u>	<u>5,107,319</u>	<u>4,004,031</u>	<u>3,229,416</u>	<u>3,330,660</u>	<u>3,066,652</u>	<u>3,311,991</u>	<u>3,318,326</u>	<u>3,559,734</u>
Contribution deficiency	-	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	18,452,501	18,819,454	19,000,000	19,700,000	20,700,000	20,900,000	21,200,000	20,100,000	19,800,000	19,600,000
Contribution as a Percentage of Covered Employee Payroll	32.15%	27.93%	26.88%	20.33%	15.60%	15.94%	14.47%	16.48%	16.76%	18.16%

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Percent, Closed
Remaining amortization period	24 Years
Asset valuation method	5-year smoothed market, starting June 30, 2012 4-year smoothed market, prior to June 30, 2012
Investment rate of return	7.75% (net of investment and administrative expenses)
Inflation	4.0% wage inflation; no explicit price inflation assumption is used in this valuation
Salary increases	4.0% to 9.0% including wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2000 Mortality Combine Health Tables projected to 2015
Other information	The Plan Fiduciary Net Position includes the following balances as of June 30, 2015; DROP Account Balances - \$7,934,656, Reserve for Inflation Equity - \$2,115,290, and Retiree Account Balances to be Disbursed - \$5,902,324

City of Southfield

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios Last Ten Fiscal Years

Southfield Employee Retirement System pension benefits

	2015	2014
Total pension liability		
Service cost	\$ 1,630,427	\$ 1,716,931
Interest	10,698,458	10,496,636
Changes in benefit terms	(29,546)	-
Differences between expected and actual experience	(1,085,186)	-
Benefit payments, including refunds	(9,507,989)	(9,787,091)
Net change in total pension liability	<u>1,706,164</u>	<u>2,426,476</u>
Total pension liability – beginning of year	<u>137,669,503</u>	<u>135,243,027</u>
Total pension liability – end of year	<u><u>139,375,667</u></u>	<u><u>137,669,503</u></u>
Plan fiduciary net position		
Contributions – employer	3,233,204	3,108,024
Contributions – member	711,807	717,449
Net investment income	2,770,284	19,846,251
Benefit payments, including refunds	(9,507,989)	(9,787,091)
Other—Pension plan administrative expense	(141,901)	(121,077)
Net change in plan fiduciary net position	<u>(2,934,595)</u>	<u>13,763,556</u>
Plan fiduciary net position – beginning of year	<u>118,028,927</u>	<u>104,265,371</u>
Plan fiduciary net position – end of year	<u><u>115,094,332</u></u>	<u><u>118,028,927</u></u>
City's net pension liability - ending	<u>24,281,335</u>	<u>19,640,576</u>
Plan fiduciary net position as a % of total pension liability	<u>82.58%</u>	<u>85.73%</u>
Covered employee payroll	<u>13,455,647</u>	<u>14,054,199</u>
City's net pension liability as a % of covered employee payroll	<u><u>180.45%</u></u>	<u><u>139.75%</u></u>

GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added each of the succeeding years until 10 years of such information is available.

City of Southfield

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Ten Fiscal Years

(continued)

Fire and Police Retirement System pension benefits			2015	2014
Total pension liability				
Service cost	\$	2,803,893	\$	2,967,577
Interest		17,512,901		17,120,568
Differences between expected and actual experience		781,324		-
Benefit payments, including refunds		(15,477,676)		(14,410,229)
Net change in total pension liability		<u>5,620,442</u>		<u>5,677,916</u>
Total pension liability – beginning of year		<u>232,309,802</u>		<u>226,631,886</u>
Total pension liability – end of year		<u><u>237,930,244</u></u>		<u><u>232,309,802</u></u>
Plan fiduciary net position				
Contributions – employer		5,933,162		5,256,046
Contributions – member		466,794		475,435
Net investment income		3,099,104		30,545,333
Benefit payments, including refunds		(15,477,676)		(14,410,229)
Other—Pension plan administrative expense		(403,477)		(342,022)
Net change in plan fiduciary net position		<u>(6,382,093)</u>		<u>21,524,563</u>
Plan fiduciary net position – beginning of year		<u>202,899,679</u>		<u>181,375,116</u>
Plan fiduciary net position – end of year		<u><u>196,517,586</u></u>		<u><u>202,899,679</u></u>
City's net pension liability - ending		<u>41,412,658</u>		<u>29,410,123</u>
Plan fiduciary net position as a % of total pension liability		<u>82.59%</u>		<u>87.34%</u>
Covered employee payroll		<u>18,452,501</u>		<u>18,819,454</u>
City's net pension liability as a % of covered employee payroll		<u><u>224.43%</u></u>		<u><u>156.28%</u></u>

GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added each of the succeeding years until 10 years of such information is available.

City of Southfield
Required Supplementary Information
Schedule of Investment Returns
Last Ten Fiscal Years

Southfield Employee Retirement System pension benefits

	2015	2014
Annual money-weighted rate of return, net of investment expense	1.15%	26.99%

Fire and Police Retirement System pension benefits

	2015	2014
Annual money-weighted rate of return, net of investment expense	-0.93%	17.72%

GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added each of the succeeding years until 10 years of such information is available.

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation

While the City does not 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 City's adopted budget, as approved annually by the City Council on a non-GAAP basis, with these schedules which are presented in the CAFR on a GAAP basis. The major modifications are derived from transfers, expenditure reimbursements and fund balance draws being budgeted as revenues and expenditures.

	MAJOR FUND		NON-MAJOR FUND	
	General Fund		Major Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 66,786,272	\$ 66,786,272	\$ 10,342,300	\$ 10,342,300
Transfers		(168,831)	(4,507,116)	
Reimbursements	(1,222,618)	(1,222,618)	(831,417)	(831,417)
Fund balance draws	(457,449)		(1,000,000)	
Original (as presented)	65,106,205	65,394,823		
Approved encumbrances		129,519		2,511,970
Council adjustments	1,100,000	4,543,486	650,000	1,303,818
Other financing uses		(1,000,000)		
Final (as presented)	\$ 66,206,205	\$ 69,067,828	\$ 4,653,767	\$ 13,326,671

NON-MAJOR FUNDS

	Local Streets		Parks and Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 4,284,540	\$ 4,284,540	\$ 7,335,395	\$ 7,335,395
Transfers		(181,419)		(798,646)
Reimbursements	(650,000)	(650,000)		
Fund balance draws			(1,025,176)	
Approved encumbrances		839,682		13,144
Council adjustments		3,915,369		
Final (as presented)	\$ 3,634,540	\$ 8,208,172	\$ 6,310,219	\$ 6,549,893

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation

(continued)

NON-MAJOR FUNDS

	Cable Television		Block Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,394,528	\$ 1,394,528	\$ 415,485	\$ 415,485
Transfers				(70,000)
Fund balance draws	(200,000)			
Approved encumbrances		80,654		
Council adjustments		373,000		250,000
Final (as presented)	<u>\$ 1,194,528</u>	<u>\$ 1,848,182</u>	<u>\$ 415,485</u>	<u>\$ 595,485</u>
	Drug Law Enforcement		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 420,685	\$ 420,685		
Fund balance draws	(225,747)			
Approved encumbrances		18,737		
Council adjustments			\$ 20,000	\$ 20,000
Final (as presented)	<u>\$ 194,938</u>	<u>\$ 439,422</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
	Library		Michigan Works Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,673,931	\$ 7,673,931	\$ 3,300,000	\$ 3,300,000
Fund balance draws	(1,164,888)			
Approved encumbrances		12,809		1,443
Council adjustments		160,013		
Final (as presented)	<u>\$ 6,509,043</u>	<u>\$ 7,846,753</u>	<u>\$ 3,300,000</u>	<u>\$ 3,301,443</u>
	Auto Theft Grant		Donations, Memorial Trusts & Sponsorships	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 309,950	\$ 309,950	\$ 200,000	\$ 200,000
Transfers	(154,694)			
Final (as presented)	<u>\$ 155,256</u>	<u>\$ 309,950</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 18,272,702	\$ 1,464,207	\$ 5,139,630	\$ 24,876,539
Investments	5,965,459		2,623,649	8,589,108
Receivables: (Note 5)				
Special assessments			308,049	308,049
Other	2,425,220	4,422	12,315	2,441,957
Prepays	111,969			111,969
Due from other funds (Note 8)	1,473,895		2,062,009	3,535,904
Due from component units	34,468			34,468
Due from other governmental units	338,748			338,748
Restricted assets: (Note 4)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 28,622,461</u>	<u>\$ 1,468,629</u>	<u>\$ 10,182,782</u>	<u>\$ 40,273,872</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,815,118		\$ 634,655	\$ 2,449,773
Accrued payroll	330,804			330,804
Due to other funds (Note 8)	2,659,287	\$ 2,537	6,218	2,668,042
Other short-term liabilities	150,566	10,893		161,459
Advances from local improvement revolving fund (Note 8)	24,602		1,666,847	1,691,449
Total liabilities	<u>4,980,377</u>	<u>13,430</u>	<u>2,307,720</u>	<u>7,301,527</u>
Deferred inflows of resources - unavailable (Note 5)	<u>68,456</u>	<u>2,162</u>	<u>314,366</u>	<u>384,984</u>
Fund balance: (Note 14)				
Non-spendable	111,969			111,969
Restricted	19,285,123	1,453,037	1,440,324	22,178,484
Committed	4,176,536		241,285	4,417,821
Assigned			5,879,087	5,879,087
Total fund balances	<u>23,573,628</u>	<u>1,453,037</u>	<u>7,560,696</u>	<u>32,587,361</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 28,622,461</u>	<u>\$ 1,468,629</u>	<u>\$ 10,182,782</u>	<u>\$ 40,273,872</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, 2015

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 13,427,405	\$ 1,132,053		\$ 14,559,458
Special assessments	18,027		\$ 345,352	363,379
Charges for services	2,395,932			2,395,932
Fines and forfeitures	136,347			136,347
Federal forfeitures	15,640			15,640
Cable royalties	1,910,925			1,910,925
Intergovernmental:				
Federal	2,254,848			2,254,848
State	5,405,869			5,405,869
Other	621,702			621,702
Contributions and donations	120,060			120,060
Net investment earnings	314,153	9,425	99,305	422,883
Other	1,702,304		81,357	1,783,661
Total revenues	<u>28,323,212</u>	<u>1,141,478</u>	<u>526,014</u>	<u>29,990,704</u>
EXPENDITURES				
Current:				
Public safety	582,824			582,824
Highways and streets	6,173,142			6,173,142
Community improvement	547,084			547,084
Social services	1,661,827			1,661,827
Culture and recreation	12,024,450			12,024,450
Other		114,898	460,607	575,505
Capital outlay	7,602,336		866,056	8,468,392
Debt service:				
Principal retirement	2,143,221	491,426		2,634,647
Interest and fiscal charges	1,196,178	155,344	15,331	1,366,853
Total expenditures	<u>31,931,062</u>	<u>761,668</u>	<u>1,341,994</u>	<u>34,034,724</u>
Excess (deficiency) of revenues over (under) expenditures	(3,607,850)	379,810	(815,980)	(4,044,020)
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	5,947,535		2,546,245	8,493,780
Proceeds on long-term debt	27,305,000			27,305,000
Premium on proceeds	2,171,013			2,171,013
Payment to escrow fund for refunding	(29,284,999)			(29,284,999)
Transfers out	(2,483,062)			(2,483,062)
Total other financing sources (uses)	<u>3,655,487</u>	<u>-</u>	<u>2,546,245</u>	<u>6,201,732</u>
Net change in fund balances	47,637	379,810	1,730,265	2,157,712
Fund balances - beginning	23,525,991	1,073,227	5,830,431	30,429,649
Fund balances - ending	<u>\$ 23,573,628</u>	<u>\$ 1,453,037</u>	<u>\$ 7,560,696</u>	<u>\$ 32,587,361</u>

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

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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

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.

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.

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).

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.

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 & 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, 2015

	Major Streets	Local Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement
ASSETS						
Cash and cash equivalents	\$ 1,864,704	\$ 4,474,397	\$ 4,518,001	\$ 893,141	\$ 265,380	\$ 243,398
Investments				4,260,916		
Receivables, net	1,273,705	196,896	112,747	511,170	76,563	327
Prepays			26,820	19,259	2,044	11,336
Due from other funds	1,042,357	118,832	146,699	26,919	8,135	9,453
Total assets	<u>\$ 4,180,766</u>	<u>\$ 4,790,125</u>	<u>\$ 4,804,267</u>	<u>\$ 5,711,405</u>	<u>\$ 352,122</u>	<u>\$ 264,514</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,350,627	\$ 69,973	\$ 97,066	\$ 21,070	\$ 43,419	\$ 41,956
Accrued payroll			175,568	24,474	5,885	5,591
Due to other funds	20,317		599,049	1,506,875	26,836	
Other short-term liabilities	3,390	29,632	46,348			
Advances from local improvement revolving fund			24,602			
Total liabilities	<u>1,374,334</u>	<u>99,605</u>	<u>942,633</u>	<u>1,552,419</u>	<u>76,140</u>	<u>47,547</u>
Deferred inflows of resources - unavailable	<u>564</u>	<u>5,928</u>	<u>8,798</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:						
Non-spendable			26,820	19,259	2,044	11,336
Restricted	2,805,868	4,684,592	3,826,016	423,948	273,938	205,631
Committed				3,715,779		
Total fund balances	<u>2,805,868</u>	<u>4,684,592</u>	<u>3,852,836</u>	<u>4,158,986</u>	<u>275,982</u>	<u>216,967</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,180,766</u>	<u>\$ 4,790,125</u>	<u>\$ 4,804,267</u>	<u>\$ 5,711,405</u>	<u>\$ 352,122</u>	<u>\$ 264,514</u>

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, 2015

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS						
Cash and cash equivalents	\$ 131,259	\$ 4,228,922	\$ 377,981		\$ 1,275,519	\$ 18,272,702
Investments		1,704,543				5,965,459
Receivables, net	30,613	221,045			2,154	2,425,220
Prepays		52,510				111,969
Due from other funds		103,154		\$ 18,346		1,473,895
Due from component units	34,468					34,468
Due from other governmental units			338,748			338,748
Total assets	<u>\$ 196,340</u>	<u>\$ 6,310,174</u>	<u>\$ 716,729</u>	<u>\$ 18,346</u>	<u>\$ 1,277,673</u>	<u>\$ 28,622,461</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable		\$ 155,363	\$ 32,058		\$ 3,586	\$ 1,815,118
Accrued payroll		74,644	33,581	\$ 7,075	3,986	330,804
Due to other funds			506,210			2,659,287
Other short-term liabilities		71,196				150,566
Advances from local improvement revolving fund						24,602
Total liabilities	<u>\$ -</u>	<u>301,203</u>	<u>571,849</u>	<u>7,075</u>	<u>7,572</u>	<u>4,980,377</u>
Deferred inflows of resources - unavailable	39,458	13,708	-	-	-	68,456
Fund balance:						
Non-spendable		52,510				111,969
Restricted	156,882	5,942,753	144,880	11,271	809,344	19,285,123
Committed					460,757	4,176,536
Total fund balances	<u>156,882</u>	<u>5,995,263</u>	<u>144,880</u>	<u>11,271</u>	<u>1,270,101</u>	<u>23,573,628</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 196,340</u>	<u>\$ 6,310,174</u>	<u>\$ 716,729</u>	<u>\$ 18,346</u>	<u>\$ 1,277,673</u>	<u>\$ 28,622,461</u>

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, 2015

	Major Streets	Local Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement
REVENUES						
Property taxes	\$ 266,896	\$ 2,572,988	\$ 4,072,156			
Charges for services			2,046,031			
Fines and forfeitures						\$ 136,347
Federal forfeitures						15,640
Cable royalties				\$ 1,910,925		
Intergovernmental:						
Federal			10,280		\$ 563,078	
State	4,006,803	1,204,383				
Other	621,702					
Net investment earnings	21,268	35,573	67,556	81,335	10	2,863
Other	1,271,859	9,550	194,159		225,251	287
Total revenues	<u>6,188,528</u>	<u>3,822,494</u>	<u>6,390,182</u>	<u>1,992,260</u>	<u>788,339</u>	<u>155,137</u>
EXPENDITURES						
Current:						
Public safety						312,375
Highways and streets	3,737,982	2,435,160				
Community improvement					530,894	
Culture and recreation			5,974,461	1,287,640		
Capital outlay	3,466,932	3,915,369	72,634	70,168		13,082
Debt service:						
Principal retirement	1,050,000	83,221				
Interest and fiscal charges	296,368	29,947	78,492			
Total expenditures	<u>8,551,282</u>	<u>6,463,697</u>	<u>6,125,587</u>	<u>1,357,808</u>	<u>530,894</u>	<u>325,457</u>
Excess (deficiency) of revenues over (under) expenditures	(2,362,754)	(2,641,203)	264,595	634,452	257,445	(170,320)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,622,818	3,915,371	4,652		250,000	
Proceeds on long-term debt	5,540,000					
Payment to escrow fund for refunding	(5,508,999)					
Transfers out		(181,419)	(725,889)	(1,506,875)	(68,879)	
Total other financing sources (uses)	<u>1,653,819</u>	<u>3,733,952</u>	<u>(721,237)</u>	<u>(1,506,875)</u>	<u>181,121</u>	<u>-</u>
Net change in fund balances	(708,935)	1,092,749	(456,642)	(872,423)	438,566	(170,320)
Fund balances (deficit) - beginning	3,514,803	3,591,843	4,309,478	5,031,409	(162,584)	387,287
Fund balances - ending	<u>\$ 2,805,868</u>	<u>\$ 4,684,592</u>	<u>\$ 3,852,836</u>	<u>\$ 4,158,986</u>	<u>\$ 275,982</u>	<u>\$ 216,967</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, 2015

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES						
Property taxes		\$ 6,515,365				\$ 13,427,405
Special assessments	18,027					18,027
Charges for services		349,901				2,395,932
Fines and forfeitures						136,347
Federal forfeitures						15,640
Cable royalties						1,910,925
Intergovernmental:						
Federal			\$ 1,681,490			2,254,848
State		68,261		\$ 126,422		5,405,869
Other						621,702
Contributions and donations					\$ 120,060	120,060
Net investment earnings	\$ 1,077	93,420	12		11,039	314,153
Other	1,198					1,702,304
Total revenues	<u>20,302</u>	<u>7,026,947</u>	<u>1,681,502</u>	<u>126,422</u>	<u>131,099</u>	<u>28,323,212</u>
EXPENDITURES						
Current:						
Public safety				270,449		582,824
Highways and streets						6,173,142
Community improvement	16,190					547,084
Social services			1,627,424		34,403	1,661,827
Culture and recreation		4,673,351			88,998	12,024,450
Capital outlay		30,364	500		33,287	7,602,336
Debt service:						
Principal retirement		1,010,000				2,143,221
Interest and fiscal charges		791,371				1,196,178
Total expenditures	<u>16,190</u>	<u>6,505,086</u>	<u>1,627,924</u>	<u>270,449</u>	<u>156,688</u>	<u>31,931,062</u>
Excess (deficiency) of revenues over (under) expenditures	4,112	521,861	53,578	(144,027)	(25,589)	(3,607,850)
OTHER FINANCING SOURCES (USES)						
Transfers in				154,694		5,947,535
Proceeds on long-term debt		21,765,000				27,305,000
Premium on proceeds		2,171,013				2,171,013
Payment to escrow fund for refunding		(23,776,000)				(29,284,999)
Transfers out						(2,483,062)
Total other financing sources (uses)	<u>-</u>	<u>160,013</u>	<u>-</u>	<u>154,694</u>	<u>-</u>	<u>3,655,487</u>
Net change in fund balances	4,112	681,874	53,578	10,667	(25,589)	47,637
Fund balances - beginning	152,770	5,313,389	91,302	604	1,295,690	23,525,991
Fund balances - ending	<u>\$ 156,882</u>	<u>\$ 5,995,263</u>	<u>\$ 144,880</u>	<u>\$ 11,271</u>	<u>\$ 1,270,101</u>	<u>\$ 23,573,628</u>

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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 247,898	\$ 266,896	\$ 18,998
Intergovernmental:			
State	3,652,545	4,006,803	354,258
Other	96,996	621,702	524,706
Net investment earnings	6,328	21,268	14,940
Other	650,000	1,271,859	621,859
Total revenues	4,653,767	6,188,528	1,534,761
EXPENDITURES			
Highways and streets:			
Administration	341,838	339,544	2,294
Road maintenance	5,329,716	1,136,714	4,193,002
Traffic services	858,995	633,182	225,813
Snow removal	844,609	695,427	149,182
Appearance	1,002,306	933,115	69,191
Total highways and streets	8,377,464	3,737,982	4,639,482
Capital outlay	3,466,932	3,466,932	-
Debt service:			
Principal	1,155,127	1,050,000	105,127
Interest and fiscal charges	327,148	296,368	30,780
Total expenditures	13,326,671	8,551,282	4,775,389
Excess (deficiency) of revenues over (under) expenditures	(8,672,904)	(2,362,754)	6,310,150
OTHER FINANCING SOURCES (USES)			
Transfers in	5,129,934	1,622,818	(3,507,116)
Proceeds on long-term debt	5,540,000	5,540,000	-
Payment to escrow fund for refunding	(5,508,999)	(5,508,999)	-
Total other financing sources	5,160,935	1,653,819	(3,507,116)
Net change in fund balances	(3,511,969)	(708,935)	2,803,034
Fund balances - beginning	3,514,803	3,514,803	-
Fund balances - ending	\$ 2,834	\$ 2,805,868	\$ 2,803,034

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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 2,524,107	\$ 2,572,988	\$ 48,881
Intergovernmental:			
State	1,094,105	1,204,383	110,278
Net investment earnings	6,328	35,573	29,245
Other	10,000	9,550	(450)
Total revenues	<u>3,634,540</u>	<u>3,822,494</u>	<u>187,954</u>
EXPENDITURES			
Highways and streets:			
Administration	352,979	276,131	76,848
Road maintenance	2,511,016	1,508,579	1,002,437
Traffic services	199,370	64,291	135,079
Snow removal	669,140	391,862	277,278
Appearance	437,289	194,297	242,992
Total highways and streets	<u>4,169,794</u>	<u>2,435,160</u>	<u>1,734,634</u>
Capital outlay	3,915,369	3,915,369	-
Debt service:			
Principal retirement	83,221	83,221	-
Interest and fiscal charges	39,788	29,947	9,841
Total expenditures	<u>8,208,172</u>	<u>6,463,697</u>	<u>1,744,475</u>
Excess (deficiency) of revenues over (under) expenditures	(4,573,632)	(2,641,203)	1,932,429
OTHER FINANCING SOURCES (USES)			
Transfers in	3,915,371	3,915,371	-
Transfers out	(181,419)	(181,419)	-
Total other financing sources (uses)	<u>3,733,952</u>	<u>3,733,952</u>	<u>-</u>
Net change in fund balances	(839,680)	1,092,749	1,932,429
Fund balance - beginning	<u>3,591,843</u>	<u>3,591,843</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,752,163</u>	<u>\$ 4,684,592</u>	<u>\$ 1,932,429</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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 3,994,201	\$ 4,072,156	\$ 77,955
Charges for services	2,134,705	2,046,031	(88,674)
Intergovernmental:			
Federal		10,280	10,280
Net investment earnings	25,313	67,556	42,243
Other	156,000	194,159	38,159
Total revenues	<u>6,310,219</u>	<u>6,390,182</u>	<u>79,963</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,154,374	2,069,681	84,693
Recreation division	1,040,732	1,039,811	921
Cultural arts division	94,314	77,503	16,811
Senior center division	273,379	241,719	31,660
Operations & facilities division	2,151,205	1,952,274	198,931
Golf	684,763	593,473	91,290
Total culture and recreation	<u>6,398,767</u>	<u>5,974,461</u>	<u>424,306</u>
Capital outlay	72,634	72,634	-
Debt service:			
Interest and fiscal charges	78,492	78,492	-
Total expenditures	<u>6,549,893</u>	<u>6,125,587</u>	<u>424,306</u>
Excess (deficiency) of revenues over (under) expenditures	(239,674)	264,595	504,269
OTHER FINANCING SOURCES (USES)			
Transfers in		4,652	4,652
Transfers out	(818,646)	(725,889)	92,757
Total other financing sources (uses)	<u>(818,646)</u>	<u>(721,237)</u>	<u>97,409</u>
Net change in fund balances	(1,058,320)	(456,642)	601,678
Fund balance - beginning	<u>4,309,478</u>	<u>4,309,478</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,251,158</u>	<u>\$ 3,852,836</u>	<u>\$ 601,678</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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Cable royalties	\$ 1,191,675	\$ 1,910,925	\$ 719,250
Net investment earnings	2,813	81,335	78,522
Other	40		(40)
Total revenues	<u>1,194,528</u>	<u>1,992,260</u>	<u>797,732</u>
EXPENDITURES			
Culture and recreation	1,778,014	1,287,640	490,374
Capital outlay	<u>70,168</u>	<u>70,168</u>	-
Total expenditures	<u>1,848,182</u>	<u>1,357,808</u>	<u>490,374</u>
Excess (deficiency) of revenues over (under) expenditures	(653,654)	634,452	1,288,106
OTHER FINANCING USES			
Transfers out	<u>(1,500,000)</u>	<u>(1,506,875)</u>	<u>(6,875)</u>
Net change in fund balances	(2,153,654)	(872,423)	1,281,231
Fund balance - beginning	<u>5,031,409</u>	<u>5,031,409</u>	-
Fund balance - ending	<u>\$ 2,877,755</u>	<u>\$ 4,158,986</u>	<u>\$ 1,281,231</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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 415,485	\$ 563,078	\$ 147,593
Net investment earnings		10	10
Other		225,251	225,251
Total revenues	<u>415,485</u>	<u>788,339</u>	<u>372,854</u>
EXPENDITURES			
Community improvement	<u>595,485</u>	<u>530,894</u>	<u>64,591</u>
Excess (deficiency) of revenues over (under) expenditures	(180,000)	257,445	437,445
OTHER FINANCING SOURCES (USES)			
Transfers in	250,000	250,000	
Transfers out	(70,000)	(68,879)	1,121
Total other financing sources (uses)	<u>180,000</u>	<u>181,121</u>	<u>1,121</u>
Net change in fund balances	-	438,566	438,566
Fund balance (deficit) - beginning	<u>(162,584)</u>	<u>(162,584)</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ (162,584)</u>	<u>\$ 275,982</u>	<u>\$ 438,566</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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 100,000	\$ 136,347	\$ 36,347
Federal forfeitures	80,000	15,640	(64,360)
Net investment earnings	3,938	2,863	(1,075)
Other	11,000	287	(10,713)
Total revenues	194,938	155,137	(39,801)
EXPENDITURES			
Public safety	426,340	312,375	113,965
Capital outlay	13,082	13,082	-
Total expenditures	439,422	325,457	113,965
Net change in fund balances	(244,484)	(170,320)	74,164
Fund balance - beginning	387,287	387,287	-
Fund balance - ending	\$ 142,803	\$ 216,967	\$ 74,164

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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments	\$ 18,000	\$ 18,027	\$ 27
Net investment earnings	1,000	1,077	77
Other	1,000	1,198	198
Total revenues	20,000	20,302	302
EXPENDITURES			
Community improvement	20,000	16,190	3,810
Net change in fund balances	-	4,112	4,112
Fund balance - beginning	152,770	152,770	-
Fund balance - ending	\$ 152,770	\$ 156,882	\$ 4,112

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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,046,292	\$ 6,515,365	\$ 469,073
Charges for services	345,313	349,901	4,588
Intergovernmental:			
State	19,000	68,261	49,261
Net investment earnings	98,438	93,420	(5,018)
Total revenues	6,509,043	7,026,947	517,904
EXPENDITURES			
Culture and recreation:			
Administration	2,225,246	1,899,509	325,737
Adult reference	848,662	746,853	101,809
Children's division	610,908	552,217	58,691
Support services	991,375	919,423	71,952
Technology division	747,685	555,349	192,336
Total culture and recreation	5,423,876	4,673,351	750,525
Capital outlay	30,364	30,364	-
Debt service:			
Principal	1,010,000	1,010,000	-
Interest and fiscal charges	1,382,513	791,371	591,142
Total expenditures	7,846,753	6,505,086	1,341,667
Excess (deficiency) of revenues over (under) expenditures	(1,337,710)	521,861	1,859,571
OTHER FINANCING SOURCES (USES)			
Proceeds on long-term debt	21,765,000	21,765,000	-
Premium on proceeds	2,171,013	2,171,013	-
Payment to escrow fund for refunding	(23,776,000)	(23,776,000)	-
Total other financing sources (uses)	160,013	160,013	
Net change in fund balances	(1,177,697)	681,874	1,859,571
Fund balance - beginning	5,313,389	5,313,389	-
Fund balance - ending	\$ 4,135,692	\$ 5,995,263	\$ 1,859,571

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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 3,300,000	\$ 1,681,490	\$ (1,618,510)
Net investment earnings		12	12
Total revenues	<u>3,300,000</u>	<u>1,681,502</u>	<u>(1,618,498)</u>
EXPENDITURES			
Social services	3,300,943	1,627,424	1,673,519
Capital outlay	<u>500</u>	<u>500</u>	<u>-</u>
Total expenditures	<u>3,301,443</u>	<u>1,627,924</u>	<u>1,673,519</u>
Net change in fund balances	(1,443)	53,578	55,021
Fund balance - beginning	<u>91,302</u>	<u>91,302</u>	<u>-</u>
Fund balance - ending	<u>\$ 89,859</u>	<u>\$ 144,880</u>	<u>\$ 55,021</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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 154,693	\$ 126,422	\$ (28,271)
Net investment earnings	563		(563)
Total revenues	155,256	126,422	(28,834)
EXPENDITURES			
Public safety	309,950	270,449	39,501
Excess (deficiency) of revenues over (under) expenditures	(154,694)	(144,027)	10,667
OTHER FINANCING SOURCES			
Transfers in	154,694	154,694	-
Net change in fund balances	-	10,667	10,667
Fund balances - beginning	604	604	-
Fund balances - ending	\$ 604	\$ 11,271	\$ 10,667

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, 2015

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Contributions	\$ 200,000	\$ 120,060	\$ (79,940)
Net investment earnings		11,039	11,039
Total revenues	<u>200,000</u>	<u>131,099</u>	<u>(68,901)</u>
EXPENDITURES			
Public safety	2,500		2,500
Social services	35,000	34,403	597
Culture and recreation	127,500	88,998	38,502
Capital outlay	35,000	33,287	1,713
Total expenditures	<u>200,000</u>	<u>156,688</u>	<u>43,312</u>
Net change in fund balances	-	(25,589)	(25,589)
Fund balances - beginning	<u>1,295,690</u>	<u>1,295,690</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 1,295,690</u></u>	<u><u>\$ 1,270,101</u></u>	<u><u>\$ (25,589)</u></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, 2015

	<u>Drains-at- Large</u>
ASSETS	
Cash and cash equivalents	\$ 1,464,207
Receivables, net	<u>4,422</u>
Total assets	<u><u>\$ 1,468,629</u></u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Due to other funds	\$ 2,537
Other short-term liabilities	<u>10,893</u>
Deferred inflows of resources - unavailable	2,162
Fund balance:	
Restricted for debt service	<u>1,453,037</u>
Total fund balance	<u><u>1,453,037</u></u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 1,468,629</u></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

Debt Service Funds

For the Year Ended June 30, 2015

	Drains-at- Large
	<hr/>
REVENUES	
Property taxes	\$ 1,132,053
Net investment earnings	9,425
Total revenues	<hr/> 1,141,478
 EXPENDITURES	
Other	114,898
Debt service:	
Principal retirement	491,426
Interest and fiscal charges	155,344
Total expenditures	<hr/> 761,668
 Net change in fund balances	 379,810
 Fund balances - beginning	 <hr/> 1,073,227
Fund balances - ending	\$ <hr/><hr/>1,453,037

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

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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 CONSTRUCTION

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.

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 or under the superintending control of the Building Authority.

BUILDING AUTHORITY CONSTRUCTION

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.

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, 2015

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Special Assessment Construction	Total
ASSETS					
Cash and cash equivalents	\$ 599,669	\$ 1,616,067		\$ 2,923,894	\$ 5,139,630
Investments		2,623,649			2,623,649
Receivables:					
Special assessments				308,049	308,049
Other	946	7,233		4,136	12,315
Due from other funds		1,500,000	\$ 562,009		2,062,009
Restricted assets:					
Cash and cash equivalents		37,130			37,130
Total assets	<u>\$ 600,615</u>	<u>\$ 5,784,079</u>	<u>\$ 562,009</u>	<u>\$ 3,236,079</u>	<u>\$ 10,182,782</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 1,686	\$ 562,009	\$ 70,960	\$ 634,655
Due to other funds	\$ 290			5,928	6,218
Advances from local improvement revolving fund		1,395,996		270,851	1,666,847
Total liabilities	<u>290</u>	<u>1,397,682</u>	<u>562,009</u>	<u>347,739</u>	<u>2,307,720</u>
Deferred inflows of resources - unavailable	-	-	-	314,366	314,366
Fund balances:					
Restricted	600,325	490,094		349,905	1,440,324
Committed				241,285	241,285
Assigned		3,896,303		1,982,784	5,879,087
Total fund balances	<u>600,325</u>	<u>4,386,397</u>	<u>-</u>	<u>2,573,974</u>	<u>7,560,696</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 600,615</u>	<u>\$ 5,784,079</u>	<u>\$ 562,009</u>	<u>\$ 3,236,079</u>	<u>\$ 10,182,782</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, 2015

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Special Assessment Construction	Total
REVENUES					
Special assessments				\$ 345,352	\$ 345,352
Net investment earnings	\$ 6,068	\$ 69,638		23,599	99,305
Other		31,581		49,776	81,357
Total revenues	<u>6,068</u>	<u>101,219</u>	\$ -	<u>418,727</u>	<u>526,014</u>
EXPENDITURES					
Construction and other costs	123,969	5,041	18,015	313,582	460,607
Capital outlay	50,609		815,447		866,056
Debt service:					
Interest and fiscal charges				15,331	15,331
Total expenditures	<u>174,578</u>	<u>5,041</u>	<u>833,462</u>	<u>328,913</u>	<u>1,341,994</u>
Excess (deficiency) of revenues over (under) expenditures	(168,510)	96,178	(833,462)	89,814	(815,980)
OTHER FINANCING SOURCES					
Transfers in		1,698,646	833,462	14,137	2,546,245
Net change in fund balances	(168,510)	1,794,824	-	103,951	1,730,265
Fund balances - beginning	768,835	2,591,573	-	2,470,023	5,830,431
Fund balances - ending	<u>\$ 600,325</u>	<u>\$ 4,386,397</u>	<u>\$ -</u>	<u>\$ 2,573,974</u>	<u>\$ 7,560,696</u>

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

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INTERNAL SERVICE FUNDS

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

FACILITIES MAINTENANCE

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, which could include the purchase and sale of property where appropriate. Most monies loaned to other funds are to be repaid with interest.

City of Southfield
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
ASSETS						
Current assets:						
Cash and cash equivalents (Note 3)	\$ 3,398,902	\$ 4,109,615	\$ 1,585,989	\$ 1,105,331	\$ 11,101,613	\$ 21,301,450
Investments (Note 3)			5,384,066	2,442,727	1,445,307	9,272,100
Receivables, net (Note 5)	2,125	3,395	9,883	5,579	4,541	25,523
Prepays		17,237				17,237
Due from other funds (Note 8)	776,813	93,778				870,591
Inventory		366,442				366,442
Total current assets	4,177,840	4,590,467	6,979,938	3,553,637	12,551,461	31,853,343
Noncurrent assets:						
Restricted cash and cash equivalents (Note 4)				4,442,044		4,442,044
Long-term advances to other funds (Note 8)					1,691,450	1,691,450
Long-term advances to component units (Note 8)					1,401,386	1,401,386
Capital assets: (Note 6)						
Construction in progress		23,729				23,729
Equipment and intangibles	399,555	15,919,557	10,369,006		498,000	27,186,118
Less accumulated depreciation	(277,933)	(12,431,387)	(7,971,145)		(4,980)	(20,685,445)
Net capital assets	121,622	3,511,899	2,397,861	-	493,020	6,524,402
Total noncurrent assets	121,622	3,511,899	2,397,861	4,442,044	3,585,856	14,059,282
Total assets	4,299,462	8,102,366	9,377,799	7,995,681	16,137,317	45,912,625
Deferred Outflows of Resources Related to Pensions (Note 5)	314,459	128,877	-	-	-	443,336
LIABILITIES						
Current liabilities:						
Accounts payable	299,270	870,879	10,956	21,178		1,202,283
Accrued payroll	66,962	26,285				93,247
Provision for medical claims				1,563,482		1,563,482
Due to other funds (Note 8)	536,256			864		537,120
Accrued compensated absences-due within 1 year (Note 7)	100,686	50,576				151,262
Total current liabilities	1,003,174	947,740	10,956	1,585,524	-	3,547,394
Noncurrent liabilities:						
General insurance & workers' compensation accrual				2,094,891		2,094,891
Accrued compensated absences-due more 1 year (Note 7)	178,994	89,911				268,905
Net pension liability (Note 11)	1,481,161	607,033				2,088,194
Net OPEB obligation (Note 12)	701,947	336,315		1,314		1,039,576
Total noncurrent liabilities	2,362,102	1,033,259	-	2,096,205	-	5,491,566
Total liabilities	3,365,276	1,980,999	10,956	3,681,729	-	9,038,960
Deferred Inflows of Resources Related to Pensions (Note 5)	48,926	20,052	-	-	-	68,978
NET POSITION						
Net investment in capital assets	121,622	3,511,899	2,397,861		493,020	6,524,402
Restricted for claims				4,442,044		4,442,044
Unrestricted	1,078,097	2,718,293	6,968,982	(128,092)	15,644,297	26,281,577
Total net position	\$ 1,199,719	\$ 6,230,192	\$ 9,366,843	\$ 4,313,952	\$ 16,137,317	\$ 37,248,023

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

City of Southfield

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

Internal Service Funds

For the Year Ended June 30, 2015

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
OPERATING REVENUES						
Charges for consumption and service:						
Charges to other funds	\$ 4,747,701	\$ 3,768,425				\$ 8,516,126
Other				\$ 178,948	\$ 330,222	509,170
Total operating revenue	4,747,701	3,768,425	\$ -	178,948	330,222	9,025,296
OPERATING EXPENSES						
Administration	1,820,460	26,361				1,846,821
Equipment and facility operation:						
Equipment maintenance		2,385,072	33,031			2,418,103
Communications		253,681				253,681
Maintenance staff	1,036,650					1,036,650
Custodial staff	1,709,881					1,709,881
Depreciation	16,031	1,016,555	730,561		4,980	1,768,127
Other					8,825	8,825
Total operating expenses	4,583,022	3,681,669	763,592	-	13,805	9,042,088
Operating income (loss)	164,679	86,756	(763,592)	178,948	316,417	(16,792)
NONOPERATING REVENUES						
Gain on disposal of assets		18,200				18,200
Net investment earnings	18,162	29,194	114,416	64,972	147,150	373,894
Other	2,677	925				3,602
Total nonoperating revenues	20,839	48,319	114,416	64,972	147,150	395,696
Income (loss) before transfers	185,518	135,075	(649,176)	243,920	463,567	378,904
Transfers in	563,176				10,280	573,456
Transfers out	(685,406)			(90,616)	(282,549)	(1,058,571)
Change in net position	63,288	135,075	(649,176)	153,304	191,298	(106,211)
Total net position as restated						
- beginning (Note 16)	1,136,431	6,095,117	10,016,019	4,160,648	15,946,019	37,354,234
Total net position - ending	<u>\$ 1,199,719</u>	<u>\$ 6,230,192</u>	<u>\$ 9,366,843</u>	<u>\$ 4,313,952</u>	<u>\$ 16,137,317</u>	<u>\$ 37,248,023</u>

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, 2015

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from users	\$ 4,747,701	\$ 3,760,840		\$ 178,948	\$ 330,222	\$ 9,017,711
Cash paid to employees	(1,756,866)	(847,426)		(89,747)		(2,694,039)
Cash received (paid to) from suppliers	(2,503,626)	(1,136,357)	\$ (32,685)	683,875	(8,825)	(2,997,618)
Net cash provided by (used in) operating activities	487,209	1,777,057	(32,685)	773,076	321,397	3,326,054
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments received (made) on interfunds	(177,005)	71,084	(2,642)	(34,408)	(1,525,872)	(1,668,843)
Payments received on long-term advances					183,315	183,315
Payments received on long-term advances to component units					1,284,083	1,284,083
Transfers in	563,176				10,280	573,456
Transfers out	(685,406)			(90,616)	(282,549)	(1,058,571)
Net cash provided by (used in) noncapital and related financing activities	(299,235)	71,084	(2,642)	(125,024)	(330,743)	(686,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of and adjustments to property and equipment		(2,455,402)	(155,525)		(498,000)	(3,108,927)
Other	2,677	925				3,602
Proceeds on disposal of assets		18,200				18,200
Net cash provided by (used in) capital and related financing activities	2,677	(2,436,277)	(155,525)	-	(498,000)	(3,087,125)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments, net of proceeds			(2,619,738)	(611,643)	(28,547)	(3,259,928)
Investment earnings	17,471	27,481	120,820	69,828	151,720	387,320
Net cash provided by (used in) investing activities	17,471	27,481	(2,498,918)	(541,815)	123,173	(2,872,608)
Net increase (decrease) in cash, cash equivalents	208,122	(560,655)	(2,689,770)	106,237	(384,173)	(3,320,239)
Cash, cash equivalents, beginning of year	3,190,780	4,670,270	4,275,759	5,441,138	11,485,786	29,063,733
Cash, cash equivalents, end of year	\$ 3,398,902	\$ 4,109,615	\$ 1,585,989	\$ 5,547,375	\$ 11,101,613	\$ 25,743,494
Balance sheet reconciliation of cash & cash equivalents						
Cash, cash equivalents	\$ 3,398,902	\$ 4,109,615	\$ 1,585,989	\$ 1,105,331	\$ 11,101,613	\$ 21,301,450
Restricted cash, cash equivalents				4,442,044		4,442,044
Total cash, cash equivalents	\$ 3,398,902	\$ 4,109,615	\$ 1,585,989	\$ 5,547,375	\$ 11,101,613	\$ 25,743,494
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 164,679	\$ 86,756	\$ (763,592)	\$ 178,948	\$ 316,417	\$ (16,792)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	16,031	1,016,555	730,561		4,980	1,768,127
Prepays		(7,585)				(7,585)
Inventory		51,295				51,295
Accounts payable	18,196	510,029	346	(19,362)		509,209
Accrued payroll, including compensated absences due in less than one year	21,182	13,941		(8,284)		26,839
General insurance & workers' compensation accrual				(891,992)		(891,992)
Provision for medical claims				1,513,766		1,513,766
Accrued compensated absences	2,563	11,406				13,969
Net pension liability	37,193	(12,447)				24,746
Net OPEB obligation	227,365	107,107				334,472
Net cash provided by (used in) operating activities	\$ 487,209	\$ 1,777,057	\$ (32,685)	\$ 773,076	\$ 321,397	\$ 3,326,054

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 Southfield Employee Retirement System and the Fire & Police Retirement System.

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 Position

Pension and Other Post-Employment Benefits Trust Funds

June 30, 2015

	Pension		Other Post-Employment Benefits	
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 172,039	\$ 5,659,620	\$ 51,437	\$ 5,883,096
Investments, at fair value:				
Government obligations	4,326,823	8,483,876	11,475,983	24,286,682
Corporate bonds	4,883,536	9,660,222	2,236,837	16,780,595
Common stock	94,914,670	88,365,553	39,262,393	222,542,616
Real estate and other	11,526,496	84,434,399	1,174,707	97,135,602
Total investments	115,651,525	190,944,050	54,149,920	360,745,495
Cash and investments held as collateral for securities lending:				
Certificates of deposit		6,119,406		6,119,406
Repurchase agreements		10,007,099		10,007,099
Time deposits		1,234,565		1,234,565
Agency bonds and notes		3,101,251		3,101,251
Commercial paper		2,751,062		2,751,062
Variable rate certificates of deposit		3,558,277		3,558,277
Asset backed commercial paper		967,472		967,472
Variable rate notes/bonds		1,454,175		1,454,175
Medium term notes		103,870		103,870
Corporate bonds		59,354		59,354
Sweep vehicles		320,512		320,512
Non-cash collateral		1,105,490		1,105,490
Money market mutual funds	3,050,968			3,050,968
Total securities lending	3,050,968	30,782,533	-	33,833,501
Receivables, net	211,095	7,338	3,631,082	3,849,515
Prepaid			691,960	691,960
Due from other governmental units			1,281,849	1,281,849
Total assets	119,085,627	227,393,541	59,806,248	406,285,416
LIABILITIES				
Accounts payable and accrued payroll	321,255	4,714	54,603	380,572
Due to other governmental units	501,835			501,835
Due to fiduciary		84,932		84,932
Obligations under securities lending agreements	3,199,472	30,782,533		33,982,005
Total liabilities	4,022,562	30,872,179	54,603	34,949,344
NET POSITION				
Restricted for pension benefits	115,063,065	196,521,362		311,584,427
Restricted for post-retirement health care benefits			59,751,645	59,751,645
Total net position	\$ 115,063,065	\$ 196,521,362	\$ 59,751,645	\$ 371,336,072

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

City of Southfield

Combining Statement of Changes in Fiduciary Net Position Pension and Other Post-Employment Benefits Trust Funds For the Year Ended June 30, 2015

	Pension		Other Post-Employment Benefits	
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	Totals
ADDITIONS				
Contributions:				
Plan members	\$ 711,807	\$ 466,794	\$ 645,869	\$ 1,824,470
Employer	3,233,204	5,933,162	7,715,534	16,881,900
Total contributions	3,945,011	6,399,956	8,361,403	18,706,370
Investment activity:				
Net increase (decrease) in fair value of investments	1,847,924	583,619	(1,708,829)	722,714
Investment earnings (loss)	472,343	2,440,501	(22,003)	2,890,841
Dividends	906,842	982,531	1,621,063	3,510,436
Other	160,101			160,101
Total investment activity	3,387,210	4,006,651	(109,769)	7,284,092
Less investment expense:	654,256	776,726	117,333	1,548,315
Net investment activity	2,732,954	3,229,925	(227,102)	5,735,777
Total additions, net	6,677,965	9,629,881	8,134,301	24,442,147
DEDUCTIONS				
Benefits	9,507,989	15,485,612		24,993,601
Health care expense		14,103	7,856,842	7,870,945
Administrative expense	104,572	508,485	67,901	680,958
Total deductions	9,612,561	16,008,200	7,924,743	33,545,504
Net increase (decrease)	(2,934,596)	(6,378,319)	209,558	(9,103,357)
Net position - beginning	117,997,661	202,899,681	59,542,087	380,439,429
Net position - ending	\$ 115,063,065	\$ 196,521,362	\$ 59,751,645	\$ 371,336,072

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

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FIDUCIARY FUNDS

AGENCY

IMPREST PAYROLL

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

DEPOSITS AND ESCROW

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

46TH DISTRICT COURT

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

City of Southfield

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2015

	Imprest Payroll	Deposits and Escrow	46th District Court	Totals
ASSETS				
Cash and cash equivalents	\$ 351,946	\$ 1,779,353	\$ 729,065	\$ 2,860,364
Investments		2,773,728		2,773,728
Receivables, net		3,725		3,725
Due from fiduciary	84,932			84,932
Total assets	\$ 436,878	\$ 4,556,806	\$ 729,065	\$ 5,722,749
LIABILITIES				
Accounts payable	\$ 436,606	\$ 52,400		\$ 489,006
Deposits and escrow		4,475,793	\$ 148,191	4,623,984
Interest payable	272	28,613		28,885
Due to other				
governmental units			580,874	580,874
Total liabilities	\$ 436,878	\$ 4,556,806	\$ 729,065	\$ 5,722,749

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, 2015

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 198,181	\$ 142,742,652	\$ 142,588,887	\$ 351,946
Due from fiduciary		163,286	78,354	84,932
TOTAL ASSETS	<u>\$ 198,181</u>	<u>\$ 142,905,938</u>	<u>\$ 142,667,241</u>	<u>\$ 436,878</u>
LIABILITIES				
Accounts payable	\$ 197,822	\$ 83,258,793	\$ 83,020,009	\$ 436,606
Interest payable	359	882	969	272
TOTAL LIABILITIES	<u>\$ 198,181</u>	<u>\$ 83,259,675</u>	<u>\$ 83,020,978</u>	<u>\$ 436,878</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 2,311,821	\$ 308,909,645	\$ 309,442,113	\$ 1,779,353
Investments	2,000,411	2,781,095	2,007,778	2,773,728
Receivables, net	3,170	6,589	6,034	3,725
TOTAL ASSETS	<u>\$ 4,315,402</u>	<u>\$ 311,697,329</u>	<u>\$ 311,455,925</u>	<u>\$ 4,556,806</u>
LIABILITIES				
Accounts payable	\$ 6,119	\$ 2,279,950	\$ 2,233,669	\$ 52,400
Deposits and escrow	4,282,915	199,930,345	199,737,467	4,475,793
Interest payable	26,368	46,413	44,168	28,613
TOTAL LIABILITIES	<u>\$ 4,315,402</u>	<u>\$ 202,256,708</u>	<u>\$ 202,015,304</u>	<u>\$ 4,556,806</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, 2015

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 772,453		\$ 43,388	\$ 729,065
TOTAL ASSETS	<u>\$ 772,453</u>	<u>\$ -</u>	<u>\$ 43,388</u>	<u>\$ 729,065</u>
LIABILITIES				
Deposits and escrow	\$ 213,423		\$ 65,232	\$ 148,191
Due to other governmental units	559,030	\$ 21,844		580,874
TOTAL LIABILITIES	<u>\$ 772,453</u>	<u>\$ 21,844</u>	<u>\$ 65,232</u>	<u>\$ 729,065</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 3,282,455	\$ 451,652,297	\$ 452,074,388	\$ 2,860,364
Investments	2,000,411	2,781,095	2,007,778	2,773,728
Receivables, net	3,170	6,589	6,034	3,725
Due from fiduciary		163,286	78,354	84,932
TOTAL ASSETS	<u>\$ 5,286,036</u>	<u>\$ 454,603,267</u>	<u>\$ 454,166,554</u>	<u>\$ 5,722,749</u>
LIABILITIES				
Accounts payable	\$ 203,941	\$ 85,538,743	\$ 85,253,678	\$ 489,006
Deposits and escrow	4,496,338	199,930,345	199,802,699	4,623,984
Interest payable	26,727	47,295	45,137	28,885
Due to other governmental units	559,030	21,844		580,874
TOTAL LIABILITIES	<u>\$ 5,286,036</u>	<u>\$ 285,538,227</u>	<u>\$ 285,101,514</u>	<u>\$ 5,722,749</u>

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

(continued)

City of Southfield, Michigan

Statistical Section

June 30, 2015

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.

<u>Contents</u>	<u>Page</u>
Financial Trends	155
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	160
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	166
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.	
Demographic and Economic Information	169
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	177
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.	
Continuing Disclosure	181
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.	

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 Position By Component Last Five Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 96,615,975	\$ 93,389,840	\$ 91,559,223	\$ 88,692,768	\$ 44,661,333
Restricted	26,807,000	27,527,622	24,842,971	26,288,768	70,089,972
Unrestricted	26,962,026	36,362,533	19,470,703	12,855,588	(39,862,697)
Total governmental activities net assets	<u>\$ 150,385,001</u>	<u>\$ 157,279,995</u>	<u>\$ 135,872,897</u>	<u>\$ 127,837,124</u>	<u>\$ 74,888,608</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 43,508,935	\$ 42,942,563	\$ 45,424,573	\$ 48,161,029	\$ 61,656,052
Restricted					
Unrestricted	32,925,387	40,881,674	42,737,431	43,057,372	31,870,522
Total business-type activities net assets	<u>\$ 76,434,322</u>	<u>\$ 83,824,237</u>	<u>\$ 88,162,004</u>	<u>\$ 91,218,401</u>	<u>\$ 93,526,574</u>
Primary government					
Invested in capital assets, net of related debt	\$ 140,124,910	\$ 136,332,403	\$ 136,983,796	\$ 136,853,797	\$ 106,317,385
Restricted	26,807,000	27,527,622	24,842,971	26,288,768	70,089,972
Unrestricted	59,887,413	77,244,207	62,208,134	55,912,960	(7,992,175)
Total primary government net assets	<u>\$ 226,819,323</u>	<u>\$ 241,104,232</u>	<u>\$ 224,034,901</u>	<u>\$ 219,055,525</u>	<u>\$ 168,415,182</u>

Note:

* During fiscal year 2015, the City implemented GASB 68. Prior year balances have not been restated for the changes. See footnote 16.

City Of Southfield, Michigan

Changes In Net Position Last Five Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Governmental activities:					
General government	\$ 18,707,551	\$ 14,231,933	\$ 13,516,403	\$ 19,238,783	\$ 15,685,934
Public safety	44,108,179	41,684,855	49,874,106	49,905,628	50,953,807
Highway and streets	8,693,174	9,785,950	10,002,530	10,899,272	10,654,646
Public services	1,218,182	1,388,114	1,469,968	1,505,322	1,492,616
Sanitation	3,117,337	3,146,562	2,999,397	2,946,305	3,248,297
Community improvement	1,554,893	754,452	378,392	503,364	547,084
Social services	4,765,197	4,802,279	2,608,788	2,151,982	2,257,567
Culture and recreation	15,598,576	15,413,138	14,833,808	15,421,345	14,989,869
Interest on long-term debt	2,346,243	2,246,976	2,228,416	1,846,460	2,211,125
Total governmental activities expenses	<u>100,109,332</u>	<u>93,454,259</u>	<u>97,911,808</u>	<u>104,418,461</u>	<u>102,040,945</u>
Business-type activities:					
Water and sewer	28,956,192	31,348,426	32,946,783	35,004,942	35,239,077
Total primary government expenses	<u>\$ 129,065,524</u>	<u>\$ 124,802,685</u>	<u>\$ 130,858,591</u>	<u>\$ 139,423,403</u>	<u>\$ 137,280,022</u>
Program revenues					
Charges for services:					
General government	\$ 1,193,553	\$ 1,157,454	\$ 1,923,492	\$ 1,377,779	\$ 1,144,013
Public safety	8,334,575	8,432,922	8,352,338	8,385,676	9,675,824
Highways and streets	-	-	-	-	-
Public services	633,602	745,171	605,056	482,508	706,405
Sanitation	3,142,554	3,135,091	3,161,928	3,070,933	3,070,248
Community improvement	295,215	322,502	149,078	210,232	363,381
Social Services	-	-	-	-	-
Culture and recreation	3,966,195	4,174,246	4,184,976	4,278,961	4,306,858
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	11,355,728	13,024,964	9,725,082	11,106,575	9,474,674
Capital grants and contributions	-	74,886	332,053	-	-
Total governmental activities program revenues	<u>28,921,422</u>	<u>31,067,236</u>	<u>28,434,003</u>	<u>28,912,664</u>	<u>28,741,403</u>
Business-type activities:					
Charges for services:					
Water and sewer	35,022,377	38,002,545	38,241,205	36,671,976	37,888,336
Operating grants and contributions	-	-	-	-	0
Capital grants and contributions	-	161,652	121,440	3,345	-
Total business-type activities program revenues	<u>35,022,377</u>	<u>38,164,197</u>	<u>38,362,645</u>	<u>36,675,321</u>	<u>37,888,336</u>
Total primary government program revenues	<u>\$ 63,943,799</u>	<u>\$ 69,231,433</u>	<u>\$ 66,796,648</u>	<u>\$ 65,587,985</u>	<u>\$ 66,629,739</u>
Net (Expense)/Revenue					
Governmental activities	\$ (71,187,910)	\$ (62,387,023)	\$ (69,477,805)	\$ (75,505,797)	\$ (73,299,542)
Business-type activities	6,066,185	6,815,771	5,415,862	1,670,379	2,649,259
Total primary government net expense	<u>\$ (65,121,725)</u>	<u>\$ (55,571,252)</u>	<u>\$ (64,061,943)</u>	<u>\$ (73,835,418)</u>	<u>\$ (70,650,283)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 50,811,665	\$ 60,710,702	\$ 59,510,906	\$ 59,325,483	\$ 58,038,889
Unrestricted state shared revenues	6,224,989	6,016,116	6,184,435	6,351,775	6,464,147
Unrestricted investment earnings	557,099	627,531	301,515	989,671	1,132,298
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	2,259,967	1,870,282	628,512	1,066,395	2,509,393
Transfers	54,137	57,386	986,505	(263,300)	-
Total governmental activities	<u>59,907,857</u>	<u>69,282,017</u>	<u>67,611,873</u>	<u>67,470,024</u>	<u>68,144,727</u>
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings (loss)	103,567	395,840	(112,248)	914,669	744,480
Miscellaneous	83,342	235,690	20,658	208,049	73,228
Transfers	(54,137)	(57,386)	(986,505)	263,300	-
Total business-type activities	<u>132,772</u>	<u>574,144</u>	<u>(1,078,095)</u>	<u>1,386,018</u>	<u>817,708</u>
Total primary government	<u>\$ 60,040,629</u>	<u>\$ 69,856,161</u>	<u>\$ 66,533,778</u>	<u>\$ 68,856,042</u>	<u>\$ 68,962,435</u>
Change in Net Position					
Governmental activities	\$ (11,280,053)	\$ 6,894,994	\$ (1,865,932)	\$ (8,035,773)	\$ (5,154,815)
Business-type activities	6,198,957	7,389,915	4,337,767	3,056,397	3,466,967
Total primary government	<u>\$ (5,081,096)</u>	<u>\$ 14,284,909</u>	<u>\$ 2,471,835</u>	<u>\$ (4,979,376)</u>	<u>\$ (1,687,848)</u>

City of Southfield, Michigan

Fund Balances, Governmental Funds Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	*	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund											
Non-spendable						\$	1,148,696	\$ 1,087,648	\$ 1,126,971	\$ 943,657	\$ 4,221,267
Restricted							1,285,124	1,520,237	1,682,768	1,274,069	281,160
Committed							6,024,279	6,365,392	9,380,385	10,647,485	13,465,937
Assigned							45,123	2,565,093	2,366,529	586,969	121,944
Unassigned							486,981	1,574,840	1,932,931	7,826,124	7,760,254
Reserved	\$ 550,489	\$ 525,041	\$ 1,217,099	\$ 1,147,909	\$ 1,534,382						
Unreserved	<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>\$ 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>	<u>\$ 16,489,584</u>	<u>\$ 21,278,304</u>	<u>\$ 25,850,562</u>
Local Street Fund **											
Non-spendable											
Restricted							\$	3,635,875	\$ 1,985,106		
Committed								254,651			
Assigned											
Unassigned											
Total local street fund							\$	<u>3,890,526</u>	<u>\$ 1,985,106</u>		
Road Bond Construction ***											
Non-spendable											
Restricted										\$	43,064,130
Committed											
Assigned											
Unassigned											
Total road bond construction										\$	<u>43,064,130</u>
Capital Improvement Fund **											
Non-spendable											
Restricted	\$ 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>\$ 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											
Non-spendable						\$	158,289	\$ 112,180	\$ 100,832	\$ 249,055	\$ 111,969
Restricted							22,181,680	18,171,039	17,767,970	21,436,016	22,178,484
Committed							2,545,386	3,396,257	3,817,656	5,057,228	4,417,821
Assigned							1,568,063	1,534,454	3,610,924	3,849,932	5,879,087
Unassigned							(1,130,144)	(706,268)	(140,715)	(162,584)	
Reserved	\$ 9,284,327	\$ 7,805,333	\$ 9,488,625	\$ 7,025,900	\$ 6,716,141						
Unreserved, reported in:											
Special revenue funds	16,311,683	19,117,959	16,124,569	17,854,293	19,231,796						
Total other governmental funds	<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>	<u>\$ 25,156,667</u>	<u>\$ 30,429,647</u>	<u>\$ 32,587,361</u>

Notes:

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

** Local Street Fund non-major fund years 2004-2011 2014-2015, Capital Improvement Fund non-major fund year 2013

*** Road Bond Construction major fund 2015

City of Southfield, Michigan

Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years

	2006	2007	2008	2009	2010 *	2011	2012	2013	2014	2015
Revenues										
Property taxes	\$ 57,438,780	\$ 59,906,757	\$ 62,138,582	\$ 58,479,539	\$ 64,076,424	\$ 50,811,665	\$ 60,710,702	\$ 59,318,129	\$ 59,427,443	\$ 58,299,529
Special assessments	351,650	391,334	582,286	307,360	469,453	295,215	322,503	337,955	210,234	363,379
Program earnings	-	-	-	-	266,303	89,708	46,432	-	-	-
Charges for services	6,105,995	6,161,016	5,773,170	5,962,325	5,543,522	5,701,533	5,805,936	5,855,958	5,553,689	5,726,183
Sanitation	3,174,219	3,288,850	3,298,391	2,788,701	3,255,094	3,142,554	3,135,091	3,161,928	3,070,933	3,070,248
Licenses and permits	2,415,319	2,266,707	2,303,092	1,929,428	2,047,212	2,143,357	2,133,162	2,062,659	2,465,614	3,626,811
Fines and forfeitures	4,541,759	4,676,288	4,630,338	4,301,060	4,363,309	4,725,666	4,940,172	4,562,075	4,550,607	4,579,780
Federal forfeitures	-	-	-	-	-	-	-	60,531	27,631	15,640
Cable royalties	796,165	933,968	1,042,624	1,241,083	1,419,934	1,557,363	1,630,516	1,550,192	1,907,580	1,910,925
Intergovernmental:										
Federal	3,425,270	5,262,829	5,140,874	5,720,885	8,294,298	5,358,682	6,530,716	3,566,630	4,000,451	2,464,286
State	13,460,688	11,591,002	10,822,057	15,974,466	11,216,633	11,275,646	11,120,784	11,515,990	12,058,538	12,026,566
Other	1,865,718	877,146	842,908	792,977	899,853	677,982	1,253,776	771,331	725,760	1,301,666
Contributions and donations	153,597	200,330	163,091	122,515	153,873	340,387	164,257	80,855	442,991	120,060
Net investment earnings	2,128,092	3,718,849	4,341,970	2,246,593	1,237,125	557,100	627,531	301,516	989,664	1,132,298
Proceeds on long-term debt	-	-	-	-	-	-	-	-	-	-
Other	1,497,722	2,072,421	2,199,173	1,868,587	3,674,444	2,098,278	1,695,658	628,518	1,255,103	2,556,041
Total revenues	97,354,974	101,347,497	103,278,556	101,735,519	106,917,477	88,775,136	100,117,236	93,774,267	96,686,238	97,193,412
Expenditures										
General government	12,902,435	14,237,883	10,087,795	10,987,723	10,207,779	9,572,707	8,704,424	8,118,011	7,631,283	7,970,532
Public safety	43,448,812	43,818,743	46,039,407	45,968,224	46,186,698	46,209,990	44,213,881	43,909,381	44,843,468	44,094,992
Highways and streets	15,962,775	11,224,023	9,979,749	12,277,818	10,774,737	8,981,332	6,294,730	5,841,206	6,205,694	6,173,142
Public services	1,141,958	1,244,991	1,016,601	839,089	766,661	820,990	696,105	609,558	677,969	692,765
Sanitation	3,005,450	3,135,037	3,318,995	3,114,136	2,992,795	3,117,337	3,146,562	2,999,397	2,946,305	3,248,297
Community improvement	688,469	983,888	766,041	1,849,947	1,534,952	1,555,446	755,660	378,392	503,364	547,084
Social services	3,059,036	3,626,144	4,044,774	5,559,894	5,710,361	4,707,580	4,556,490	2,435,970	2,047,022	1,871,601
Culture and recreation	15,200,412	14,754,784	15,337,823	14,986,054	14,853,419	15,262,884	13,202,079	11,980,291	12,017,523	12,024,450
Insurance and bonds	685,698	700,088	601,949	592,966	603,227	558,454	529,578	529,432	49,951	56,250
Support services	4,586,846	3,685,933	5,075,993	3,399,010	4,788,658	4,340,936	4,998,157	5,678,180	4,724,481	5,120,037
Other	1,913,946	1,505,418	2,162,297	1,440,274	3,057,515	1,464,158	556,950	387,455	468,123	575,505
Capital outlay	-	-	-	-	-	-	3,273,984	3,912,443	3,219,766	8,622,672
Debt service										
Principal retirement	1,150,655	1,486,950	3,113,402	2,247,151	2,434,284	2,218,042	2,352,075	2,335,790	2,707,625	2,944,647
Interest and fiscal charges	2,522,495	2,442,607	2,648,689	2,401,280	2,305,876	2,359,384	2,258,317	2,201,538	1,924,616	1,996,487
Total expenditures	106,268,987	102,846,489	104,193,515	105,663,566	106,216,962	101,169,240	95,538,992	91,317,044	89,967,190	95,938,461
Excess of revenues over (under) expenditures	(8,914,013)	(1,498,992)	(914,959)	(3,928,047)	700,515	(12,394,104)	4,578,244	2,457,223	6,719,048	1,254,951
Other Financing Sources (Uses)										
Bond/Loan proceeds	-	-	932,958	792,290	-	-	-	-	-	-
Sale of capital assets	-	-	-	498,175	-	-	174,627	-	-	-
Transfers in	14,918,362	8,811,134	6,614,191	5,444,907	6,162,236	7,642,338	3,923,927	4,552,193	3,932,251	8,493,780
Proceeds on long-term debt	-	-	-	-	-	-	-	3,430,000	-	73,275,000
Premium on proceeds	-	-	-	-	-	-	-	-	-	4,064,034
Bond issuance cost	-	-	-	-	-	-	-	(42,139)	-	-
Transfers out	(13,706,042)	(6,000,960)	(5,143,401)	(4,458,488)	(4,683,152)	(3,757,708)	(3,206,778)	(2,985,552)	(2,574,705)	(8,008,665)
Payment to escrow fund for refunding	-	-	-	-	-	-	-	(3,387,861)	-	(29,284,999)
Total other financing sources (uses)	1,212,320	2,810,174	2,403,748	2,276,884	1,479,084	3,884,630	891,776	1,566,641	1,357,546	48,539,150
Net change in fund balances	\$ (7,701,693)	\$ 1,311,182	\$ 1,488,789	\$ (1,651,163)	\$ 2,179,599	\$ (8,509,474)	\$ 5,470,020	\$ 4,023,864	\$ 8,076,594	\$ 49,794,101

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	
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	62,374,108	2.5	
2013			1,932,931	62,397,410	3.1	
2014			7,826,124	61,004,444	12.8	
2015			7,760,254	61,331,202	12.7	

Notes:

* 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

Fiscal Year Ending June 30	Governmental Funds							
	Major Funds		Non-Major Funds					
	General Fund	Municipal Fund	Special Revenue					Debt Service
			Parks & Recreation	Library	Local Streets	Major Streets	Capital	Drains-at-Large
2006	11.1515	0.4227	1.6524	2.0934	0.9440		-	0.0788
2007	11.1191	0.3361	1.6524	2.0934	0.9440		-	0.1978
2008	11.2091	0.2539	1.6524	2.0934	0.9440		-	0.1900
2009	11.1364	0.3322	1.6524	2.0934	0.9440		-	0.1844
2010	11.1419	0.3370	1.6524	2.0934	0.9440		-	0.1741
2011	11.3115	*	1.6524	2.0934	1.0260	0.0854	-	0.1741
2012	16.5004	-	1.7500	2.8000	1.0883	0.1324	-	0.3591
2013	17.4638	-	1.7500	2.8000	1.1059	0.1148	-	0.4873
2014	18.2431	-	1.7500	2.8000	1.1059	0.1148	-	0.4873
2015	17.9730	-	1.7500	2.8000	0.9440	0.0560	-	0.4873

Notes:

* 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

Fiscal Year Ending June 30	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Real Tax Reimburse	Delinquent Personal Tax Collections	Total Tax Collections	Percent Of Total Tax Collect. To Tax Levy	Out- standing Delinq. Personal Taxes	Percent of Delinq. Taxes To Tax Levy
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
2013	58,239,005	54,583,381	93.7	3,321,912	71,291	57,976,584	99.5	261,021	0.4
2014	57,440,691	54,652,864	95.1	2,725,509	41,405	57,419,778	100.0	263,855	0.5
2015	57,054,765	53,923,027	94.5	2,911,453	41,203	56,875,683	99.7	230,646	0.4

City Of Southfield, Michigan

Largest Taxpayers Last Ten Fiscal Years

2013 Rank	Taxpayer	2015 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total	2006 Rank
1	SL TOWN ETAL	\$ 76,507,990	3.2 %	\$ 110,172,230	3.2 %	1
2	Verizon Wireless	40,716,510	1.7	-		
3	Hartman & Tyner	35,256,340	1.5	15,428,990	0.4	7
4	Galleria Properties	34,245,020	1.4	54,441,620	1.6	2
5	DTE Electronic Company	26,851,170	1.1	28,731,480	0.8	4
6	Denso International America	26,539,650	1.1	19,696,730	0.6	6
7	Lear Corporation	24,405,150	1.0	14,726,807	0.4	8
8	ALLIED Phase One Venture	22,718,410	0.9	32,835,460	0.9	3
9	Ramco Gershenson Properties	21,434,690	0.9	23,236,410	0.7	5
10	AT&T Services	19,541,710	0.8	17,473,650	0.5	9
Total taxable value 2015 -->		\$ 2,391,992,576		\$ 3,482,684,152	<-- Total taxable value 2006	

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	Real	Personal	Total			Increase/ Decrease
June 30	Property(AV)	Property(AV)	Property(SEV)	TV		
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)
2013	2,289,025,280	377,756,530	2,666,781,810	2,522,981,550	TV	(6.4)
2014	2,220,124,940	378,198,940	2,598,323,880	2,437,203,620	TV	(3.4)
2015	2,241,104,571	364,732,760	2,605,837,331	2,391,992,576	TV	(1.9)

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			
	Operating	Public Safety Expansion	PA 59 of 2012	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains- At- Large	Building Authority	Total All Rates
2006	6.609	2.833	0.000	1.710	1.652	2.093	0.944	0.423	0.079	0.000	16.343
2007	6.609	2.833	0.000	1.677	1.652	2.093	0.944	0.336	0.198	0.000	16.342
2008	6.609	2.833	0.000	1.767	1.652	2.093	0.944	0.254	0.190	0.000	16.341
2009	6.609	2.833	0.000	1.695	1.652	2.093	0.944	0.332	0.184	0.000	16.342
2010	6.609	2.833	0.000	1.700	1.652	2.093	0.944	0.337	0.174	0.000	16.342
2011	6.609	2.833	0.000	1.869	1.652	2.093	0.944	0.167	0.174	0.000	16.342
2012	6.609	6.891	0.000	3.000	1.750	2.800	1.000	0.221	0.359	0.000	22.630
2013	6.609	6.891	0.021	3.942	1.750	2.800	1.000	0.221	0.487	0.000	23.722
2014	6.609	6.891	0.023	4.720	1.750	2.800	1.000	0.221	0.487	0.000	24.501
2015	6.609	6.891	0.023	4.450	1.750	2.800	1.000	0.221	0.487	0.000	24.231

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 +
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
2013	17.464	5.771	0.487	23.722	26.487	3.369	5.536	1.584	60.698	39.1	19.460	16.500
2014	18.243	5.771	0.487	24.501	26.487	3.369	5.536	1.584	61.477	39.9	19.983	16.500
2015	17.973	5.771	0.487	24.231	27.077	3.369	4.646	1.584	60.907	39.8	19.224	15.500

Notes:

* Southfield Public Schools are used in the example because their portion of taxable assessed valuation 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, Zoo Authority, and Art Institute.

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)
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	3,482,084,152		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
2013	2,695,302,360		65,017,432		1.027		2,701,302,621	2,523,872,910		90,161,072		2,433,711,838	1.1100	0.9440
2014	2,523,872,910		43,020,605		1.024		2,540,392,760	2,437,203,620		87,681,220		2,349,522,400	1.0812	0.9440
2015	2,437,203,620		52,195,164		1.016		2,423,168,591	2,391,992,576		75,432,640		2,316,559,936	1.0460	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: City of Southfield, Assessing Department

City Of Southfield, Michigan

Computation of Direct and Overlapping Debt at June 30, 2015

			<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 71,739)</u>	<u>% Of State Equalized Value \$ 2,605,837,331</u>
DIRECT AND INDIRECT DEBT					
<u>Direct Debt</u>					
General Obligation Bonds-Limited Tax			\$ 41,510,000		
General Obligation Bonds-Limited Tax-Refunding			3,075,000		
Building Authority Bonds			21,765,000		
Water & Sewer Revenue Bonds			13,308,789		
Michigan Transportation Fund Bonds			10,115,000		
Direct Debt			89,773,789	\$ 1,251.39	3.45 %
<u>Indirect Debt</u>					
Oakland County Contractual Obligations:					
Drains-At-Large	\$ 5,756,763				
Indirect Debt			5,756,763	80.25	0.22
Gross Debt			95,530,552	1,331.64	3.67
<u>OVERLAPPING DEBT (2)</u>					
Southfield School District	94.91%	\$ 63,285,988			
Oak Park School District	24.59	4,090,736			
Birmingham School District	1.91	3,769,194			
Oakland County at Large	4.78	20,381,740			
Oakland County Intermediate School District	4.79	2,612,466			
Oakland County Community College	4.81	113,276			
Overlapping Debt			94,253,400	1,313.84	3.62
			\$ 189,783,952	\$ 2,645.48	7.29 %

Notes:

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

(2) Overlapping debt figures as of 6/30/2015 supplied by the Michigan Advisory Council, Detroit, Michigan.

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2015

	Debt Margin Calculation			
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Applicable Percentage
State Equalized Value at 12/31/11				100% \$ 2,605,837,331
Debt Subject to Statutory Limitation				
General Obligation Bonds-Limited Tax	\$ 41,510,000		\$ 41,510,000	
General Obligation Bonds-Limited Tax-Refunding	3,075,000		3,075,000	
Building Authority Bonds	21,765,000		21,765,000	
Oakland County Contractual Obligations-Drains	5,756,763		5,756,763	
Restricted Indebtedness	\$ 72,106,763		72,106,763	10%
Michigan Transportation Fund Bond	10,115,000		10,115,000	
Emergency Bonds				3.75%
Special Assessment Bonds				12%
Total	82,221,763		\$ 82,221,763	\$ 583,056,103
State of Michigan Water Supply and Sewage Disposal Revenue Bonds				
Series to 6/30/02				
1998A (LTGO) 2.25%	462,048			
1998B (LTGO) 2.50%	4,730,000			
1999 (LTGO) 2.50%	4,851,741			
2000 (LTGO) 2.50%	3,265,000			
Total Water and Sewage Disposal Revenue Bonds		\$ 13,308,789		
Gross City Debt		\$ 95,530,552		

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				Less Funds Available In Debt	Net	Ratio Of Net Bonded Debt To Taxable	Net Bonded Debt Per
June 30	Population (2)	Taxable Value	Bonded Debt (1)	Service Funds	Bonded Debt	Value	Capita
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 (2a)	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
2013	71,739	2,522,981,550	43,094,036	550,347	42,543,689	1.69	593.03
2014	71,739	2,437,203,620	40,386,411	1,073,226	39,313,185	1.61	548.00
2015	71,739	2,391,992,576	82,221,763	1,464,207	80,757,556	3.38	1,125.71

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 General	Ratio Of Debt Service To
June 30	Principal	Interest	Total	Expenditures (3)	Expenditures
2006	1,790,844	2,510,103	4,300,947	99,838,380	4.31
2007	2,108,334	2,440,043	4,548,377	102,474,054	4.44
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.53
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.24
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.01
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.34
2012	2,352,075	2,063,617	4,415,692	98,871,731	4.47
2013	2,335,790 (4)	2,051,732	4,387,522	94,468,782	4.64
2014	2,707,625	1,770,415	4,478,040	92,877,415	4.82
2015	2,944,647	1,332,524	4,277,171	99,669,163	4.29

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) Excludes refunding

City Of Southfield, Michigan

Demographic Statistics Last Ten Fiscal Years

Fiscal Year Ending Jun 30	Population (1)	Per Capita Income (2)(5)	Median Age (2)(5)	School Enrollment (3)	Unemployment Rate Percentage (4)	Retail Sales (000) (2)(6)
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	*
2013	71,739	28,850	42.0	9,429	11.1	2,165,700
2014	71,739	28,635	42.3	9,429	10.3	*
2015	71,739	26,944	42.1	9,429	10.3	*

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

(6) Business demographics from combination of U.S. Census, American Community Surveys, www.BiggestUsCities.com

* Information not available

City Of Southfield, Michigan

Principal Employers Last Ten Calendar Years

Rank	Taxpayer 2015	2015 Employees	Percentage of Total	Rank	Taxpayer 2006*	2006 Employees	Percentage of Total
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	DENSO	1,100	0.85	3	IBM	1,700	1.31
4	Blue Care Network	1,000	0.77	4	Lear Corporation	1,600	1.24
5	Credit Acceptance Corporation	940	0.73	5	Blue Care Network	1,000	0.77
6	Federal-Mogul Corporation	800	0.62	6	Real Estate One	943	0.73
7	COMAU	725	0.56	7	Federal Mogul	900	0.70
8	Metropolitan Life Insurance	675	0.52	8	DENSO	800	0.62
9	Comcast	650	0.50	9	Plante Moran	778	0.60
10	International Automotive Components	650	0.50	10	Credit Acceptance Corporation	685	0.53

Southeast Michigan Council of Governments estimate of jobs in 2006 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 ----

<u>Calendar</u> <u>Year</u>	<u>Number</u> <u>Of Units</u>	<u>Value</u>	<u>Number</u> <u>Of Units</u>	<u>Value</u>	<u>Number</u> <u>Of Units</u>	<u>Value</u>
2006	4	\$ 12,496,655	4	\$ 2,634,073	39	\$ 7,884,206
2007	16	25,352,632	3	2,820,569	42	9,688,170
2008 ⁽¹⁾	13	21,505,836	5	5,165,383	17	3,654,450
2009	9	17,433,423	0	-	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
2013	3	1,675,000	0	-	1	214,560
2014	6	6,740,662	0	-	0	0
2015	5	21,435,020	0	-	7	2,123,858

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
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
2013	1,345,088,070	57,254,790	886,682,420
2014	1,294,577,850	52,971,310	872,575,780
2015	1,277,553,525	50,930,480	912,620,566

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, 2015

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>
2006	1,259	\$ 80,260,782	2011	712	\$ 35,753,539
2007	1,030	100,553,384	2012	994	54,775,981
2008	1,008	75,367,575	2013	1,017	69,344,365
2009	1,034	67,130,316	2014	1,482	90,085,594
2010	973	42,675,431	2015	1,341	134,296,693

WATER & SEWER SERVICES

Users/Consumers: 18,956 Water and Sewer combined; 177 Sewer only and 1,273 Water only.
 Use & Consumption: 446,876,200 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: 4,838
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 st Line/ Fire Reserve
Cars	1	67	9/0
Trucks	0	0	9/2
Life Support	0	0	4/2
Vans, 4WD, etc.	0	25	8/0
Total	1	92*	30/4

*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 - 5,434
 Group B Offenses - 1,216

Traffic Violations: 13,469

Incidents Handled: 50,193

FIRE PROTECTION

Alarms Answered: 13,367 runs
Medical Emergency: 11,295 runs
Fire Runs: 2,072 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 19th 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 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; 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. 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*. Two new events for adults only; *Sips & Sounds*, a wine tasting, and *Brew at the Burgh*, a craft beer tasting, have proved to be popular additions to the department's event programming. 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. In October of 2012, the City of Southfield received the President's Award from Keep Michigan Beautiful for the Carpenter Lake Nature Preserve at their annual meeting in Dearborn. This award represents the organization's highest honor which is awarded to communities throughout Michigan.

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 1,000 guests daily to utilize our collection of over 290,000 books, movies, music and more. There are more than 170 public use computers in the library and free Wi-Fi is available throughout the building. Visit our website at 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.

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Election Data (1)</u>										
Registered voters	60,755	60,534	59,617	62,816	56,317	57,150	58,328	60,451	60,747	61,739
Absentee voters	4,868	7,236	4,536	14,100	5,251	7,084	4,683	14,020	5,240	8,375
Percent voting	22.74	53.34	14.66	68.79	22.48	49.50	16.05	72.67	18.67	49.08
<u>District Court</u>										
Number of Court Cases	60,579	61,709	53,978	50,268	49,807	57,582	54,155	57,305	54,354	52,209
<u>Police (2)</u>										
Offenses-Group A (3)	8,674	8,583	7,849	6,263	7,443	6,148	5,574	5,434	*	*
Offenses-Group B (4)	3,821	4,263	1,892	3,347	4,297	3,833	1,743	1,216	*	*
Traffic Violations	23,568	32,780	24,114	17,383	12,169	10,966	12,366	10,054	13,469	*
Incidents Handled	72,928	86,361	64,701	60,300	60,862	60,985	53,876	49,933	50,193	*
<u>Fire</u>										
Medical Emergencies	9,549	8,774	9,361	9,251	9,850	10,504	10,410	11,538	11,114	11,295
Fire Runs	1,561	2,024	1,709	2,108	1,853	1,948	1,772	1,978	1,620	2,072
<u>Library</u>										
Circulation	588,696	556,961	551,307	644,133	712,060	701,976	644,380	496,851	445,316	383,549
Collection Volume	263,857	271,462	270,885	286,931	289,404	314,778	288,949	291,168	291,728	297,916

Notes:

- (1) For general elections only during that fiscal 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
- * Information not available
Source: City of Southfield

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	36	33	33	36	38	38	41	34	34	34
<u>Police</u>										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	119	116	119	122	109	109	95	94	94	92
<u>Streets</u>										
Miles on major street system **	64.71	64.71	64.71	64.71	64.71	61.53	64.71	64.71	64.71	64.71
Total miles of streets	245.73	245.73	245.73	245.73	245.73	246.85	246.40	246.40	246.40	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	576,499,344	504,851,000	523,052,200	482,841,900	449,737,200	505,012,300	510,329,700	484,436,900	456,744,655	446,876,200
Miles of watermain **	397.73	397.73	397.73	397.73	397.73	375.32	375.32	375.32	375.32	375.32
Number of hydrants **	4,026	4,026	4,026	4,026	4,026	4,038	4,038	4,038	4,048	4,838
<u>Sewers</u>										
Miles sanitary **	272.46	272.46	272.46	272.46	272.46	237.23	237.23	237.23	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	42.94	42.94	42.94	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	800	775 ⁽¹⁾	775	775	775	775	775	775	775	775
Number of tennis courts	20	20	16 ⁽²⁾	16	19 ⁽³⁾	19	16 ⁽⁴⁾	16	16	16
Outdoor education center/farm	1	1	1	1	1	1	0	0	0	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:

⁽¹⁾ Deducted 25 acres, now managed by Oakland County Parks & Recreation

⁽²⁾ Removed 4 tennis courts at Beech Woods (Some to be replaced at a later date)

⁽³⁾ 3 New Tennis Courts at Beech Woods (Completed in 2011)

⁽⁴⁾ 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Accounting	8.40	7.50	7.50	7.50	7.50	6.50	5.50	5.50	4.50	6.00
Administration	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00	2.00
Assessing	10.65	10.65	9.65	9.65	9.65	6.90	7.00	7.00	7.65	7.65
Building	21.00	21.00	20.00	20.00	20.00	20.00	17.50	16.40	15.40	15.40
Cable TV	7.00	7.00	7.00	6.50	7.00	5.25	5.50	5.50	6.50	6.00
Central Services	7.00	7.00	6.00	6.00	6.00	6.00	4.00	4.00	4.00	4.00
City Clerk	11.00	11.00	11.00	11.00	11.00	7.00	7.00	7.00	6.00	6.00
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 ⁽¹⁾	24.00	24.00	-	-	-	-	-	-	-	-
Community Develop. Admin.	13.00	13.00	13.00	12.00	10.00	8.00	8.00	8.00	8.00	8.00
Community Relations	6.00	6.00	6.00	6.00	5.50	5.25	5.00	4.00	3.00	3.00
District Court	39.00	39.50	39.50	39.50	39.50	38.00	37.50	38.25	36.25	36.25
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.50	0.50	0.50	0.50	0.50
Engineering	11.00	10.00	11.00	11.00	11.00	6.00	6.00	6.00	5.00	5.00
Facilities Maintenance	44.26	42.26	42.26	42.26	42.26	32.00	31.00	26.00	33.00	33.00
Fire	113.00	113.00	113.00	113.00	113.00	102.50	101.00	93.00	94.00	94.00
Fiscal Services/OMB	3.00	3.00	4.00	4.00	4.00	2.00	2.00	2.00	1.00	1.00
Human Resources ⁽²⁾	9.00	9.00	8.50	10.00	10.00	9.50	6.50	6.00	6.50	6.50
Human Services	4.50	4.50	4.50	4.50	4.50	4.00	3.00	4.00	3.50	3.50
Labor Relations ⁽³⁾	1.00	1.00	1.00	-	-	-	-	-	-	-
Legal	9.00	8.00	8.00	8.00	8.00	7.50	7.50	7.50	6.75	6.75
Library	64.50	61.50	61.50	61.50	61.50	52.00	50.00	54.25	46.75	46.75
Mayor	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	15.00	15.00	15.00	14.75	14.75	13.25	13.25	12.25	9.50	9.50
Parks and Recreation	93.80	92.80	92.80	91.05	91.05	80.05	80.90	81.05	79.30	79.30
Planning	7.00	7.00	6.00	6.00	6.00	4.50	4.00	4.50	4.50	4.50
Police ⁽¹⁾	182.89	177.66	201.66	202.16	202.16	187.66	172.66	169.16	158.66	158.66
Public Works Admin.	7.00	6.00	6.00	6.00	5.00	3.00	1.50	-	-	-
Purchasing	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.00	1.00	1.50
Streets And Highways	36.62	36.62	36.62	36.62	36.62	25.00	25.00	25.00	25.50	25.50
Technology Services ⁽³⁾	11.50	11.00	11.00	11.00	11.00	10.00	9.00	9.00	8.50	8.50
Transportation	4.76	4.76	4.76	4.76	4.76	3.00	3.00	3.00	5.00	5.00
Treasurer	8.60	8.50	8.50	8.50	8.50	8.50	7.50	7.50	6.50	6.50
Water And Sewer	31.08	30.08	30.08	30.08	31.08	19.50	17.00	17.00	24.00	24.00
Totals	820.06	803.83	801.33	798.33	797.33	689.36	653.31	637.86	622.26	623.76

Notes:

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

⁽²⁾ Effective July 1, 2008, Labor Relations budget became part of Human Resources budget.

⁽³⁾ 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 Personnel Salary Schedule June, 2015

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

Notes:

Source: City of Southfield, Human Resources

City of Southfield, Michigan

State Shared Revenues Last Ten Fiscal Years

Fiscal Year Ending June 30		State Shared Revenue
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
2013		6,138,572
2014		6,304,301
2015		6,416,997

Gas and Weight Taxes Last Ten Fiscal Years

Fiscal Year Ending June 30		Type of Street			Total Gas and Weight Tax (Act 51) Receipts
		Major Road		Local Road	
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
2013		3,799,468		1,136,566	4,936,034
2014		3,914,898		1,172,520	5,087,418
2015		3,995,734		1,197,306	5,193,040

Notes:

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 *	62
AFSCME Supervisors	6/30/2012 *	22
Technical, Professional, and Office Worker Association TPOAM	6/30/2012 *	116
Southfield Fire Fighters Association SFFA	6/30/2012 *	88
Southfield Police Officers Association SPOA	6/30/2017	94
Michigan Association of Police (MAP) Public Safety Communication Supervisors	12/31/2017	5
Police Officers Association of Michigan POAM	6/30/2016	15
Southfield Police Command Officers' Association SPCOA	6/30/2015	24
Southfield Deputy Chiefs Association SPDC	6/30/2012 *	2
Administrative Civil Service ACS		13
Management Group		22

Notes:

* Contracts have expired.

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