

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended June 30, 2016
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2016

**Fiscal Services Division
Accounting Department**

Table of Contents

PAGE

I. INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
ORGANIZATIONAL CHART	23
ELECTED OFFICIALS AND CITY ADMINISTRATOR	24

II. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	25
MANAGEMENT'S DISCUSSION AND ANALYSIS	29

BASIC FINANCIAL STATEMENTS:

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Statement of Net Position	41
Statement of Activities	42

GOVERNMENTAL FUNDS:

Balance Sheet-Governmental Funds	43
Reconciliation of the Balance Sheet – Governmental Funds to the Government-Wide Statement of Net Position	44
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	45
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	46

PROPRIETARY FUNDS:

Statement of Net Position	47
Statement of Revenues, Expenses, and Changes in Net Position	48
Statement of Cash Flows	49

FIDUCIARY FUNDS:

Statement of Fiduciary Net Position	51
Statement of Changes in Fiduciary Net Position	52

DISCRETELY PRESENTED COMPONENT UNITS:

Statement of Net Position	53
Statement of Activities	54

NOTES TO THE FINANCIAL STATEMENTS:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	55
A. Reporting Entity	55
B. Measurement Focus, Basis of Accounting and Financial Statement Presentation	58
C. Assets, Liabilities, Deferred Outflows, Inflows of Resources and Fund Balance	63
2. COMPLIANCE AND ACCOUNTABILITY	69
A. Budgetary Data	69
B. Budget Variances	71
3. DEPOSITS AND INVESTMENTS	72
4. RESTRICTED ASSETS	89
5. DEFERRED OUTFLOWS, INFLOWS AND RECEIVABLES	89
6. CAPITAL ASSETS	90

Table of Contents

	PAGE
<u>NOTES TO THE FINANCIAL STATEMENTS (continued):</u>	
7. LONG-TERM DEBT AND OTHER OBLIGATIONS.....	93
8. INTERFUND BALANCES AND TRANSFERS.....	95
9. COMMITMENTS AND CONTINGENCIES	96
10. PROPERTY TAXES	98
11. PENSION TRUSTS.....	98
A. Pension Plan Description.....	98
B. Net Pension Liability of the City	100
C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.....	102
12. OTHER POST-EMPLOYMENT BENEFITS.....	106
13. DEFERRED COMPENSATION PLAN	110
14. FUND BALANCE CONSTRAINTS	111
15. SUBSEQUENT EVENT.....	112
16. UPCOMING REPORTING CHANGES.....	113
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	115
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Streets Fund	116
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Cable Television Fund	117
Schedule of City of Southfield Contributions	118
Schedule of Changes in the City’s Net Pension Liability & Related Ratios	120
Schedule of Investment Returns	122
Schedule of the Adopted Budget to Final Presentation Reconciliation	123
<u>OTHER SUPPLEMENTAL INFORMATION:</u>	
<u>NON-MAJOR GOVERNMENTAL FUNDS:</u>	
<i>Combining Fund Statements and Schedules:</i>	
Combining Balance Sheet – Non-major Governmental Funds.....	125
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	126
<i>Individual Fund Statements and Schedules:</i>	
Combining Balance Sheet – Non-major Governmental Funds – Special Revenue Funds.....	129
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Special Revenue Funds.....	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds – Final Budget and Actual:	
Local Streets	133
Parks and Recreation.....	134
Block Grant	135
Drug Law Enforcement.....	136
Grants	137

Table of Contents

PAGE

OTHER SUPPLEMENTAL INFORMATION: (continued):

Library.....	138
Michigan Works.....	139
Auto Theft.....	140
Donations, Memorial Trusts & Sponsorships.....	141
Combining Balance Sheet – Non-major Governmental Funds – Debt Service Funds	143
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Debt Service Funds.....	144
Combining Balance Sheet – Non-major Governmental Funds – Capital Project Funds.....	146
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Capital Project Funds	147

INTERNAL SERVICE FUNDS:

Combining Statement of Net Position.....	150
Combining Statement of Revenues, Expenses and Changes in Net Position.....	151
Combining Statement of Cash Flows.....	152

FIDUCIARY FUNDS:

Trust:

Combining Statement of Fiduciary Net Position – Pension and Other Post Employment Benefits Trust Funds	154
Combining Statement of Changes in Fiduciary Net Position – Pension and Other Post Employment Benefits Trust Funds	155

Agency:

Combining Statement of Fiduciary Net Position	158
Combining Statement of Changes in Assets and Liabilities.....	159

III. STATISTICAL SECTION

FINANCIAL TRENDS:

Net Position by Component	162
Changes in Net Position.....	163
Fund Balances, Governmental Funds	164
Changes in Fund Balances, Governmental Funds.....	165
General Fund Balance Compared to Annual Expenditures.....	166

REVENUE CAPACITY:

General Governmental Tax Revenue by Source.....	167
Property Tax Levies and Collections	168
Largest Taxpayers	169
Assessed Value of Taxable Property.....	170

Table of Contents

	PAGE
REVENUE CAPACITY (continued):	
Property Tax Rates.....	171
History of Constitutional Tax Rate Rollback Factors Required Under Proposal E (The “Headlee” Amendment).....	172
DEBT CAPACITY:	
Computation of Direct and Overlapping Debt	173
Statement of Legal Debt Margin	174
Ratio of Net General Debt to Taxable Value and Net Bonded Debt Per Capita	175
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	175
DEMOGRAPHIC AND ECONOMIC INFORMATION:	
Demographic Statistics	176
Principal Employers	177
Construction and Property Value	178
Economic and Statistical History	179
OPERATING INFORMATION:	
Operating Indicators by Function/Program	184
Capital Assets Statistics by Function/Program	185
Authorized Full-Time Positions.....	186
Management Group (Exempt) Personnel Salary Schedule	187
CONTINUING DISCLOSURE:	
State Shared Revenues and Gas & Weight Taxes.....	188
Labor Agreements	189

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City of Southfield

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

March 27, 2017

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

RE: 2015-16 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, 2016, 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 Local Development Finance Authority, the Tax Increment Finance Authority, the Economic Development Corporation, Cornerstone Development Authority, Brownfield Redevelopment Authority and the Non-Profit Housing Authority. Descriptions of each component unit appear in Note 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

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 10,000 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 73,000 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.

City of Southfield

Letter of Transmittal

Southfield's large business community dates back to the mid 1950's. Corporations seeking spacious suburban offices were attracted to Southfield, and within a half-decade, dozens of high-profile firms called Southfield home. Growth was spurred by the nation's first regional shopping center, Northland Center, which opened in Southfield in 1954. 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

City of Southfield

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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

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 over 52% have a bachelor's degree or higher, 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 it 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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INFRASTRUCTURE 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.

The City of Southfield held a ribbon cutting ceremony to celebrate the completion of the Evergreen Road Improvement Project on October 19, 2015. 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. After much initial groundwork securing funding and developing plans, the Evergreen Road Improvement Project officially began in June of 2014. 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 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

City of Southfield

Letter of Transmittal

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.

Reconstruction of Evergreen Road from Eight Mile Road to Nine Mile Road was also completed last fall. The project widened the road to a continuous three lane cross section, including new concrete pavement with curbs, storm sewer, water main, sidewalk on both sides of the road, traffic signal upgrades and other related work. The total construction cost was \$5,095,100, with a Federal Aid cost share of \$3,293,800 and the City of Southfield's estimated cost share was \$1,801,300. Funding for the City's portion of the project came from the fiscal year 2013-14 water & sewer budget (\$1,600,000) and the Local Improvement Revolving Fund (LIRF) (\$201,300).

The northbound Service Drive to Northwestern Highway between 8 Mile Road and 9 Mile Road was reconstructed last year. The project represented a \$4 million investment, which is part of the City's overall \$100 million infrastructure investment in roads throughout the city over the next ten years.

The project included the complete rehabilitation of the roadway as well as improvements to sidewalks to enhance pedestrian access across Northwestern Highway. The City of Southfield began planning for the project in 2011 when it applied for and successfully received approximately \$1.3 million in federal State Transportation Program (STP) funds administered through the Oakland County Federal Aid Committee. Since 2013, more than \$12.5 million in road and infrastructure improvements have already been completed in the Southfield Downtown Development Authority (DDA) area, with an additional \$2.2 million planned for Northland Drive in 2016.

The City has been able to leverage funding through the voter-approved Street Improvements Bond in addition to other federal and state programs as part of a ten-year, \$100 million investment in the City's roads. In the next two years, the City will invest \$50 million in roads and water main improvements on major and local roads throughout the city.

The Northwestern Service Drive is among 13 different projects totaling a \$39 million infrastructure investment in roads and water main improvements throughout the city in just the 2015 construction season alone. Reconstruction of Providence Drive between J.L. Hudson Drive and Greenfield Road began in June and was completed in November. The project widened the two lane

City of Southfield

Letter of Transmittal

road to three lanes with a continuous center left turn lane and concrete curbs. Major construction was completed in 2016. Additionally, local street and water main improvements have taken place throughout multiple Southfield neighborhoods, with aggressive plans for more work throughout next year.

The City of Southfield held a ribbon cutting ceremony to celebrate the completion of Providence Drive on November 24, 2015. The project represented a \$4 million investment in the City's Downtown Development Authority (DDA) area. Partial funding for Providence Drive reconstruction from J.L. Hudson Drive to 9 Mile Road was provided by Michigan Department of Transportation's (MDOT) Priority Roads Investment Program (PRIP) in the amount of \$650,000. The total project cost of \$3,999,648 included reconstruction of Providence Drive to Greenfield Road with the remaining funds coming from the City's Street Improvement Bond - Major Streets and the Water & Sewer Fund.

The project consisted of complete concrete reconstruction of Providence Drive from J.L. Hudson Drive to Greenfield Road, with new curbs, sidewalk improvements and the replacement of aged sections of water main. Minor improvements were also made to the road geometrics to comply with current standards. Construction began in June of 2015 and was completed in November, 2015.

ECONOMIC DEVELOPMENT

Michigan Economic Development Corporation (MEDC) designed the Michigan SmartZone Network to connect universities, industry, research organizations, government and other community institutions to stimulate the growth of technology based businesses and jobs. 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.

Our successful efforts with Automation Alley have led to continued support by the MEDC when we received 15 year extension in August 2014. Southfield City Council voted in favor of the 15 year extension for joint efforts with Automation Alley, additionally, Southfield City Council took steps to further foster economic development in Southfield and the metro area by establishing a business and technological business center/accelerate on the campus of Lawrence Technological University, called Southfield Centropolis.

As Southfield is the 15th largest city in Michigan, and considered Michigan's business center with more than 100 Fortune 500 companies and 10,000 businesses, some are considering its growth and initiatives parallel to the rebirth of Detroit. The City believes this new component of the SmartZone

City of Southfield

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is the region's next step towards success and that the entire SmartZone program will inspire and assist with the growth of neighboring businesses around the state.

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, LDMI, Level 3 Communications, and MCI. More than 90 software development companies also have a presence in Southfield, including the industry's largest: IBM, Microsoft, UGS Corp., Sun Microsystems, Cisco Systems, and many others.

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

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.

The Southfield Brownfield Redevelopment Authority provides major tools and incentives for businesses to revitalize "brownfields," which are environmentally contaminated or functionally obsolete properties. These tools include tax increment financing and small business tax credits to potential developers of brownfield properties. The ability to offer brownfield redevelopment incentives enables Southfield to entice new development to areas that may otherwise be overlooked due to the additional costs of redevelopment.

As part of the City of Southfield's ongoing economic development initiatives, the Southfield City Council approved a request from New Zealand investment group Kiwi Hospitality Detroit LLC for a Commercial Exemption Certificate to assist in the redevelopment of the former Holiday Inn Hotel located at 26555 Telegraph Road.

The iconic 190-room hotel, which has been closed since 2009, was purchased by Kiwi Hospitality. It is one of Southfield's most recognizable landmarks with its unique architecture and prime location. The company will undergo a complete renovation of the property from the floor to ceiling in addition to preserving the hotel's iconic round tower.

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The complex sits on 7.32 acres of land and includes three hotel buildings comprised of a sixteen story tower, five story building, two story building, and 600 space parking area. Kiwi Hospitality proposes to completely renovate and redevelop the property as three separate hotels in order to offer consumers with multiple options relative to price and comfort level. The three hotels have a total of 417 rooms comprised of a total of approximately 144,000 square feet. The proposed renovations will also offer convention and event spaces of approximately 12,700 square feet and 5,700 square feet of banquet rooms. Restaurant space of approximately 4000 square feet will also be renovated on the ground floor of the hotel which includes a 6350 square foot industrial kitchen. The 4000 square foot roof top restaurant will be also be completely renovated and will offer patrons scenic views of the City of Southfield.

The Project includes approximately \$12,100,000 worth of private sector investment, which will result in the addition of up to 71 new jobs. The company will work with the Southfield Michigan Works Department to fill the positions that will include nine managerial/professional roles, 15 technical jobs, four sales positions, three clerical jobs, 20 positions for unskilled laborers and 10 service industry jobs. The hotels will provide employees with healthcare, heavily discounted on-site meals, uniform allowance, employee/friends and family subsidized lodging, flexible schedules, paid vacations and paid sick leave.

The Southfield City Council approved a request from Sandler & Travis Trade Advisory Services, Inc (STTAS) for the City of Southfield to partner with them, in the form of personal property abatement pursuant to Public Act 328, to facilitate the relocation of their new corporate headquarters to Southfield. P.A. 328 permits a 100 percent personal property tax exemption on new personal property for a number of years to be assigned by the local government. STTAS provides global trade compliance management and import-export consulting services to clients around the world. They have 950+ trade professionals worldwide throughout Asia, Europe, the Middle East, North America and South America helping clients comply with rules, regulations and laws related to international trade. Services include: import compliance, export compliance, duty saving optimization/duty & tax recovery services and entry/exit process support.

STTAS occupies 38,773 square feet of formerly vacant space in the Galleria OfficeCentre, 400 Galleria Suites 103 and 400. In addition to significant investment in the real property, STTAS made a significant investment of approximately \$950,000 of information technology, furniture and fixtures and leasehold improvements. STTAS relocated 260 employees from the City of Farmington Hills to their new Southfield facility, and hire an additional 40 new full time positions over the next three years.

Southfield City Council established a similar partnership with NuArx Inc., a global provider of managed payment, compliance, security and connectivity solutions to help companies work together in a secure and effective manner. NuArx, formed in 2016, operated as the compliance business unit of ANX for over 15 years. As a member of the U.S. Secret Service Electronic Crimes Task Force, NuArx is a recognized industry leader in PCI compliance. NuArx is also certified by the PCI Security Standards Council as a Qualified Security Assessor (QSA) and an Approved Scanning

City of Southfield

Letter of Transmittal

Vendor (ASV). In addition, NuArx works with a wide variety of restaurants and franchisees, such as Little Caesars, Five Guys, and Jimmy John's, to provide secure network connections and to help protect their customer's credit card information.

NuArx renovated 16,000 square feet of 3000 Town Center Suite 2700 and 2900 with their 70 employees. They made an investment of approximately \$650,000 in technology, furniture and fixtures, and leasehold improvements. NuArx hopes to continue conducting business in the city of Southfield. Based on NuArx's projected growth, they plan to add up to 30 employees over the next 3 years.

As a condition of City approval of these request, companies entered into a tax abatement agreement with the City for the term of their abatement that they will provide for the refund of any abated tax dollars in the event that the company leaves their space prior to expiration of the approved tax exemption period. Additionally, the City of Southfield will utilize this district as a tool to attract other prospective tenants to the location.

City Visioning

The future of the City of Southfield was up for discussion during a "Visioning Session" with Southfield elected officials and administration at the Southfield Public Library last December. Participants including the Mayor, City Council, City Clerk, City Treasurer, City Administrator, City Attorney and City Planner held the first in a series of Visioning Sessions to set priorities and to determine goals and objectives for the coming year and beyond.

The Visioning Session was facilitated by Project Innovations Founder and President Charlie Fleetham. With more than 25 years of experience and a clientele that spans multiple industries, Project Innovations assists business and government leaders as they navigate through uncertainty and make tough decisions. As a successful management consultant, author, speaker, and trainer, Mr. Fleetham has a storehouse of expertise in assisting government and corporate leaders to work through the obstacles that often block change and growth.

Elected officials and staff broke into several small groups to talk about City goals and objectives for the coming years. They conducted several team building exercises to refine focus and create unity and cohesion in the visioning process.

In 2004, Southfield updated the City's strategic plan, including detailed Mission and Core Beliefs that remain in place. At the Visioning Session, Mayor Siver outlined the following five target areas for city leaders to consider for the City of Southfield:

- 1) Roads & Infrastructure
- 2) Redevelopment
- 3) Housing Renewal
- 4) Code Enforcement
- 5) Leveraging Staff Talent & Energy

City of Southfield

Letter of Transmittal

The Visioning Session also included additional breakout sessions with small groups designed to further develop plans and focus for 2016 and beyond. Participants each prepared and outlined their respective vision statements and further group discussion followed. Action items, goals and next steps were identified by City Council before the meeting was adjourned that will be implemented by the respective city departments and staff. The results of the Visioning Session will also be incorporated into Sustainable Southfield, the City's comprehensive Master Plan update, which will be reviewed and adopted by Council in the first quarter of 2016.

NORTHLAND CENTER ACQUISITION

The City of Southfield purchased the former Northland Center mall at Eight Mile Road and the Lodge Freeway in October of 2015 from the court-ordered receiver for \$2.4 million and plans to demolish, remediate, and sell the property to a qualified developer.

The City of Southfield purchased the 114-acre property to protect, maintain, and ultimately increase the property values for Southfield's home and business owners. The city does not intend to develop or own the property. The plan is to demolish it and clean it up so it can be sold to a qualified property developer who will build a new, revitalized mixed-use development containing office, retail and residential space on the site.

In addition to the \$2.4 million the City spent to purchase Northland, Southfield also anticipates spending an additional \$8-\$10 million on the demolition and remediation of the property. There was a \$31 million mortgage lien on the property that was extinguished upon the City's purchase of the property.

The Mayor, City Council, and City Administration were 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 were 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 did not have to increase taxes to purchase and ultimately demolish and remediate the property; nor did it have to increase taxes to replenish the funds that were spent on the project.

The City plans to hire a private company — through a competitive bidding process — to demolish, and clean up the site. Simultaneously, the City is seeking grants to underwrite part or all of the cost of the demolition and clean-up, which is anticipated to take about a year for the demolition and remediation process.

City of Southfield

Letter of Transmittal

Why Northland Center is so important to the City of Southfield:

- Located just north of 8 Mile Road, the border between Detroit and Southfield, it is the important southern entryway into Southfield from Michigan's largest city.
- It is adjacent to the Lodge Freeway (M-10), which goes northwest from downtown Detroit through Southfield to West Bloomfield, six miles north of the Detroit/Southfield border.
- The Lodge connects with two other major expressways, the Southfield Freeway and I-696 a few miles north of Northland Center.
- About 140,000 vehicles pass the site daily on the Lodge.
- Northland Center is located just south of City's marquee cluster of five golden skyscrapers known as the "Golden Triangle" that form the contemporary Southfield Town Center office complex with the Westin Hotel and conference center.
- If the site is not demolished and re-developed into a revitalized mixed-use site, it could become an eye-sore that brings down property values for homes and businesses throughout Southfield.

Background on Northland Center:

- Northland Center was the largest shopping mall in the world when it opened in March 1954. The mall was enclosed 20 years later in 1974.
- Northland led the way for Southfield to become a major commercial, business and residential center in metropolitan Detroit.
 - When the original center was completed, Southfield's population was only 25,000. Fifteen years later, the population had grown to 69,000, which is about what it is today (72,000).
 - In addition to its population growth, the Center helped foster enormous office expansion. Today, Southfield boasts more than 27 million square feet of office space, making it one of Michigan's leading business centers.
- Over the past decade, due to a struggling economy and an aging facility, many Northland Center stores closed. In August of 2014, the mall went into receivership and in March of 2015 the remaining stores were closed.

In May of 2015, the City of Southfield selected OHM Advisors, an integrated architecture, engineering and planning firm with offices in Michigan, Ohio and Tennessee, as master planner for the redevelopment of the former Northland Center mall.

Through a published competitive bidding process, Southfield selected OHM Advisors from a field of seven finalists to develop a conceptual market-driven master redevelopment plan. The firm was founded in Detroit in 1962, and in recent years has diversified and expanded its footprint with clients that include Fortune 20 companies, cities and townships, retailers and private developers nationally.

OHM Advisors assembled a team that not only understands the history of the Northland Center site, but also brings a unique perspective to its development potential. Team members include:

City of Southfield

Letter of Transmittal

OHM – project management, planning & development, civil & transportation engineering; AKT Peerless – environmental engineering; Arcadis – structural engineering; Callison/RTKL – architecture/planning; The Danter Company – market analysis & assessment; Edna Bell – public relations; Ice Miller LLP – economic development incentives/municipal finance; Moncur – branding; and Tom Carter – mixed-use development advisor.

The City of Southfield is committed to finding developers who share its vision for making the site with the storied history of being the first and largest shopping mall in the nation (when it originally opened as Northland Center in March 1954) to again become a destination for residents and visitors alike.

To keep the site safe and secure throughout this process, an eight-foot fence was erected around the perimeter of the existing site; however, the Regional Bus Transit Center and the City's Downtown Police Sub Station will remain open and accessible.

PUBLIC ART

Northland Public Art Acquisition

The City of Southfield also purchased the public art that was located at Northland Center for \$500,000 in April 2015 as a loan from the City that will be recouped by a fundraising campaign. Of this amount, \$300,000 was provided by the Southfield Public Library and the Friends of the Library. The acquisition included the iconic the *Boy and Bear* 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 the 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 *Boy and Bear* sculpture was carved in limestone and the boy is cast in bronze and is gold-plated. All of the art acquired from Northland has been safely removed and relocated to secure locations within the City's Municipal Complex.

The Southfield Public Arts Commission launched the 'Free the Bear' development campaign to raise funds for the art from the former Northland Center. The campaign includes both a public crowd funding component as well as corporate underwriting.

The Southfield Public Arts Commission identified a permanent home for the *Boy and Bear* sculpture at the Southfield Public Library. The Library receives thousands of visitors per week, and Marshall Fredericks would have been pleased to know his work will continue reaching so many people each day. The campaign to raise funds creates a final resting place for this great sculpture. Moreover, every contribution will help to establish a permanent fund for youth art programming, support local artists, and expand cultural opportunities in the City of Southfield.

City of Southfield

Letter of Transmittal

Donated “Gratitude” Sculpture

The Southfield Public Arts Commission hosted a VIP unveiling reception of Marshall Fredericks’ famed the *Boy and Bear* sculpture for the ‘Free the Bear’ fundraising campaign donors on May 19, 2016 at the Southfield Public Library. A public reception took place on May 23.

The City of Southfield installed artist Jay Lefkowitz’s “Gratitude” sculpture, which was donated to the City by resident Skip Davis, in the south roundabout on Evergreen Road at Civic Center Drive on May 25, 2016.

Jay Lefkowitz is a highly-respected abstract artist who works in a wide variety of media and styles. Originally from Southfield, Lefkowitz attended the Columbus College of Art and Design in Ohio graduating with a BFA in sculpture. Upon graduation he moved to Paris and soon settled in Carrara, Italy joining the many prominent sculptors working in marble. Returning to the U.S. years later, he then received his MFA in printmaking. His artwork is in private and corporate collections and museums throughout the world.

The *Gratitude* sculpture serves as a unique and aesthetically-pleasing landmark that signals motorists’ arrival to the heart of Southfield. It will also serve as a catalyst for additional public art placement and further strengthens the City’s ‘placemaking’ efforts. The steel image is abstract, but it clearly expresses hope and optimism with its soaring, upward spiral and shapes as it points skyward toward the future. Prior to installation, the sculpture was completely restored and repainted to ‘International Orange’ so that it will present a visible beacon to the Southfield Municipal Campus and the Southfield City Centre. It measures 16’ high with a 5’ x 6’ base. Funding for the refurbishment and relocation was provided from the City Centre Advisory Board and the Barbara J. Davis Memorial Art Fund.

Coasting the Baseline Obelisk

The City of Southfield, in conjunction with the Southfield Downtown Development Authority and the Southfield Historical Society, hosted a dedication ceremony for the Coasting the Baseline Obelisk on June 10, 2016 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. Michigan was the first state in the nation to be fully surveyed using modern surveying practices. Known as the Public Land Survey System (PLSS) or the rectangular survey system, it is a mathematically designed and based method of measuring land.

The Southfield Coasting the Baseline Obelisk became the 4th marker to 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 created from alternating blocks of black and white granite. The obelisk shape was chosen because it was commonly used by early surveyors

City of Southfield

Letter of Transmittal

to mark significant geographical points. The site selected for Southfield's Coasting the Baseline marker is at Eight Mile and Rutland on city owned property.

The Southfield Coasting the Baseline Obelisk was erected through private and corporate sponsors. No tax dollars were used for this community project. The Southfield Coasting the Baseline Committee raised funds for the project, including the obelisk and landscaping. The Southfield Coasting the Baseline Committee is also selling engraved brick pavers to support the completion of project amenities.

AWARDS & ACCOLADES

The City of Southfield's 2015 Annual Report/Calendar won first place in the nation in the 27th annual Savvy Awards competition sponsored by the City-County Communications and Marketing Association (3CMA).

The award was announced on September 10, 2015 at the 3CMA Annual Conference in Atlanta, GA in the category of Printed Publications - Calendars for communities in the population group 16,000-78,296. The competition judges commented that the "Southfield Annual Report/Calendar is a really phenomenal product. Beautiful and useful. It accomplishes so much in one publication. Great layout and attention to detail. If I were a resident, I'd be calling in November to reserve a copy!"

The Southfield 2015 Annual Report/Calendar was produced in-house by the City's Community Relations Department. The City of Southfield's entry was one of more than 700 submitted from municipalities and counties from across the country.

The City sponsored the 2015 Southfield Calendar Cover Photo Contest to offer the community the opportunity to submit amateur digital photographs of Southfield to be considered for the 2015 cover. More than 80 submissions were received and initially reviewed by an independent panel of judges. The judges then selected the top 20 finalists that were eligible for voting online by the public. The photo that received the most overall votes was used as the cover photo for the City's 2015 calendar. The runner-up photo was used as the back cover and the top 10 finalists were included as a special photo montage. Many of the winning entries, as well as some of those that didn't make the final cut, were also used throughout the calendar.

The Savvy Awards are held annually in cooperation with the National League of Cities to recognize outstanding local government achievements in communications, public sector marketing and citizen-government relationships. The Savvies salute skilled and effective city, county, agency or district professionals who have creatively planned and carried out successful innovations in communications and marketing. Each year the number of entries in 3CMA's Savvy Awards competition continues to increase in quantity, quality and scope of programs submitted. The program reflects the growing skills of communications professionals, as more local governments and agencies embrace and employ the concepts of enhanced marketing and communication with citizens. More than 700 entries in 36 categories were received this year. 3CMA utilized volunteer

City of Southfield

Letter of Transmittal

judges who are seasoned public relations professionals from across the United States to review every entry and provide constructive comments on the winning entries.

The City of Southfield won the Special Innovation Award in the 2016 Concrete Awards from the Michigan Concrete Association on February 25, 2016. The Award was presented for the Evergreen Road Improvement Project between 10 Mile and 11½ Mile Road.

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.

COMMUNITY ENGAGEMENT, NEIGHBORHOODS & CURB APPEAL

Marketing Southfield

The City of Southfield re-launched the City's free app, formerly known as Spot Southfield, as the new Southfield Connect – with a new design and several new features to make it an even more useful tool. The new version of the app is available for download on both Apple and Android smart phones and tablets.

The new Southfield Connect app now features the ability for users to report issues directly to the city with ease, including potholes or other public works concerns, code or appearance issues, dead animals or nuisance complaints, general concerns or complaints and more. The 'Tell Us' feature also allows users to submit the issue along with a photo or video and the exact location from the interactive map. Additionally, the Southfield Connect app provides users with detailed information on the go in numerous categories, including:

- 'Dining' – a breakdown of various dining options throughout the city;
- 'Shop' – from automotive to florists and everything in between;
- 'Events' – everything to do in the city in one convenient spot;
- '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;
- 'Local' – a collection of everything the out of town guest (or 30 year resident) might need to know, from schools and churches to city facilities and hospitals;
- 'Services' – allows users to connect with every city department or services with ease; and
- 'Tell Us' – the convenient report it feature that allows users to submit issues directly to the city.

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 content to multiple platforms easier.

City of Southfield

Letter of Transmittal

Neighborhoods and Curb Appeal

Southfield residents have 71 homeowners associations and 48 condominium associations representing their collective interests. The community offers over 17,000 single-family homes and nearly 17,000 multi-family apartments and townhouses. Within Southfield's 26.7 square miles, residential zoning comprises 64 percent of land use, yet 65 percent of the community's tax revenues are generated from business properties. Though considered nearly fully developed, Southfield continues to evolve to meet the ever-changing needs of the community.

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 2015-16 fiscal year, over 10 entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, more than 75 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.

Southfield Homeowners' Coalition

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 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. The Coalition has since established a board of directors, adopted new Coalition bylaws, created several working committees and held several community meetings.

Southfield Ambassadors

The City of Southfield Total Living Commission (TLC) launched the Southfield Ambassadors program, a new community engagement fellowship designed to connect the community, last spring.

The Southfield Ambassadors Program is a collective of talented residents that strive to stimulate progress within Southfield's civic, community, business and economic development landscapes. Ambassadors work to connect with fellow residents and surrounding cities to promote Southfield and raise awareness of its many events and activities. This select group of volunteers has committed to participate in an active two-year leadership development program while networking with Southfield officials, organizations and businesses to raise public awareness of key programs and projects for the city. The Southfield Ambassadors are diverse in their work and life experiences as well as their demographic backgrounds. Their willingness to share their time and effort for the benefit and welfare of the Southfield community is a common core value that they each share.

City of Southfield

Letter of Transmittal

Code Enforcement

The City of Southfield continues to increase its code enforcement efforts with a new initiative aimed to maintain the City's curb appeal. The City launched the new Neighborhood Walks program last summer in the John Grace neighborhood followed by a different neighborhood each Saturday through September 12.

Residents were invited to come out and walk with elected officials and city staff to canvass their neighborhood and to interact with city officials. The walks focused on identifying any potential code or appearance issues in each respective neighborhood that were later addressed by the appropriate city department.

In addition to canvassing the City, code enforcement officers regularly meet with residents at neighborhood association meetings where they offer general guidance on code-related matters and further strengthen the rapport between the city and neighborhoods. The department also coordinates the A.C.T.I.O.N. (Active Citizens Together in Our Neighborhoods) where members of neighborhood associations help to maintain appearance standards throughout their area. Association officers mail a postcard to homeowners with obvious code violations to inform them of the issue and how to correct it. The program has proven very successful in many neighborhoods and the department plans to further promote it throughout Southfield.

Southfield Mayor Ken Siver and the City Council also held a Code Enforcement Community Dialogue on April 14, 2016 to provide an overview of present city codes and ordinances as well as code enforcement procedures and policies. Staff were on hand to answer questions and collect resident input for improvements at breakout sessions following the presentation.

Public Works

Curb appeal is important in maintaining the City's image, character and infrastructure as well. 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.

City of Southfield

Letter of Transmittal

The Division also performs both targeted and generalized pavement repair as part of the City's Pothole Patrol program.

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 2015-16, 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 only 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.

City of Southfield

Letter of Transmittal

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.

The Southfield City Council unanimously approved the appointment of Southfield Fire Captain Johnny Menifee as the new Fire Chief at the July 11, 2016 City Council meeting. Chief Menifee has a proven track record and a great deal of experience in protecting and serving the public in the City of Southfield. He has been with the Southfield Fire Department for 23 years, beginning in November of 1993 as a fire cadet/firefighter. He has served in progressively-responsible supervisory positions throughout the department, including as an acting battalion chief, captain, lieutenant, EMT/paramedic, and as the department's training and safety officer.

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, 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

City of Southfield

Letter of Transmittal

events such as little league games, adult softball, tennis and sand volleyball leagues and soccer games. Thousands of residents and visitors enjoyed the Southfield Sports Arena pool from June through August, while many more visited the Sports Arena to participate in hockey games and practices, ice skating lessons and general ice skating from September through March. Golf also continues to be very popular at both Beech Woods and Evergreen Hills Golf Courses, as well as the new addition of foot golf at Beech Woods last spring.

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 2,300 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. The Library's annual Battle of the Books programs continue to be very popular, with over 230 students from 11 different schools and numerous coaches participating in 2016. 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 Automotive; as well as Autoliv Electronics America, a Swedish corporation; and ThyssenKrupp, a German steel conglomerate.

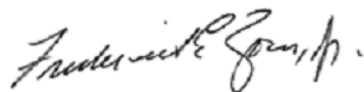
Southfield's many diverse cultures are supported by educational institutions, chambers of commerce, foreign trade offices and others, including Language Center International, American Academy of International Education, Dr. Martin Luther King, Jr. Task Force Committee, Focus on American and Arab Interests & 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.

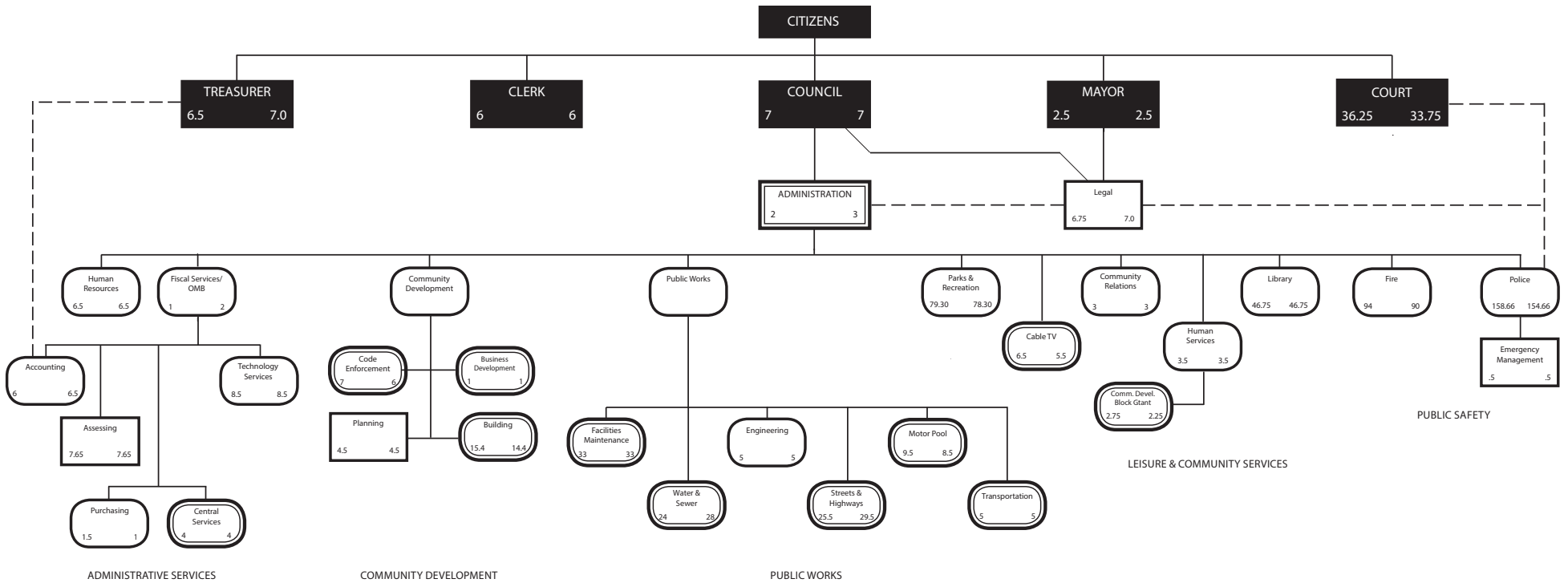
The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality. Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's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

Organizational Chart



Number to left of department gives 2014-15 filled positions;
 number to right gives 2015-16 complement.

Approved Total 2014-15: 627.01
 Approved Total 2015-16: 621.76

KEY TO SYMBOLS

- Black box**: Elected officials
- Box with double border**: Appointed by Council
- Box with solid border**: Head appointed by Mayor with confirmation by Council
- Box with rounded corners**: Head appointed by Administrative Civil Service Commission
- Box with dashed border**: Head appointed by Administrator with confirmation by Council
- Solid line**: Line of command and/or policy coordination
- Dashed line**: Related function, or serves in conjunction with

CITY OF SOUTHFIELD, MICHIGAN

June 30, 2016

-MAYOR-

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-CITY COUNCIL-

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-CITY ADMINISTRATOR-

Fred E. Zorn, Jr.

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, 2016, 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, 2016, 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 demonstrated in Note 3, the financial statements include investments valued at approximately \$87,000,000 (25 percent of net assets of the pension and postemployment benefits trust combined) at June 30, 2016, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by investment managers, general partners, financial advisors, and other means.

Other Matters

Required Supplemental Information

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

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 the purpose 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 March 24, 2017 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 & Moran, PLLC

March 27, 2017

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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, 2016. 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 \$10.8 million from \$168.4 million to \$157.6 million.
- Governmental activities net position decreased by \$13.1 million to \$61.8 million.
- Business-type activities net position increased by \$2.3 million to \$95.8.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$89.8 million, with \$6.5 million being non-spendable, \$49.6 million being restricted, \$17.5 million being committed for specific purposes and \$16.1 million being allocated between assigned or unassigned.
- The fiscal year 2016 governmental funds combined ending fund balance reflects a decrease of \$11.7 million from the prior fiscal year. This combined decrease, however, is made up of an increase in the General Fund ending balance of \$5.5 million, an increase in the Local Streets fund ending balance \$3.3 million and a decrease in the Road Bond Construction fund in the amount of \$19.9 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 and its conservative revenue projections. The increase in Local Streets fund balance was primarily due to transfer to prefund a special assessment project. The decrease in the Road Bond Construction fund was due to a myriad of projects that have been started and or completed this fiscal year.

Capital and Long-term Debt Activities:

- The City's statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$273.9 million. The City is \$208.0 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 2016. 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.

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.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

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

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

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

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.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 \$10.8 million over the course of this fiscal year's operations. The position of the governmental activities decreased in the amount of \$13.1 million; the net position of the business-type activities increased by \$2.3 million.

The following is a condensed Statement of Net Position for the period ending June 30, 2016:

	Net Position					
	June 30, 2016					
	(in millions of dollars)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$ 134.3	\$ 147.5	\$ 31.5	\$ 48.1	\$ 165.8	\$ 195.6
Capital assets	145.0	130.9	85.9	75.0	230.9	205.9
Other long term assets	1.4	1.4			1.4	1.4
Total assets	280.7	279.8	117.4	123.1	398.1	402.9
Deferred outflows	46.3	15.9	1.7	0.4	48.0	16.3
LIABILITIES						
Current liabilities	22.2	13.4	9.4	14.0	31.6	27.4
Other liabilities	241.7	206.6	13.8	15.9	255.5	222.5
Total liabilities	263.9	220.0	23.2	29.9	287.1	249.9
Deferred Inflow	1.3	0.8	0.1	0.1	1.4	0.9
NET POSITION						
Net investment in capital assets	95.8	44.7	74.7	61.6	170.5	106.3
Restricted	29.8	70.0			29.8	70.0
Unrestricted	(63.8)	(39.8)	21.1	31.9	(42.7)	(7.9)
Total Net Position	\$ 61.8	\$ 74.9	\$ 95.8	\$ 93.5	\$ 157.6	\$ 168.4

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, 2016
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ 19.8	\$ 19.3	\$ 41.1	\$ 37.8	\$ 60.9	\$ 57.1
Grants and contributions	8.9	9.5			8.9	9.5
General revenues						
Property taxes	65.0	58.0			65.0	58.0
Unrestricted state shared	6.6	6.5			6.6	6.5
Unrestricted investment earnings (loss)	2.4	1.1	0.4	0.7	2.8	1.8
Other	2.9	2.5	0.1	0.1	3.0	2.6
Total revenues	<u>105.6</u>	<u>96.9</u>	<u>41.6</u>	<u>38.6</u>	<u>147.2</u>	<u>135.5</u>
EXPENSES						
General government	16.5	15.7			16.5	15.7
Public safety	63.0	50.9			63.0	50.9
Highway and streets	12.1	10.7			12.1	10.7
Public services	1.6	1.5			1.6	1.5
Sanitation	3.1	3.2			3.1	3.2
Community improvement	0.4	0.5			0.4	0.5
Social services	2.8	2.3			2.8	2.3
Culture and recreation	16.4	15.0			16.4	15.0
Water and sewer			39.3	35.2	39.3	35.2
Interest on long term debt	2.8	2.2			2.8	2.2
Total expenses	<u>118.7</u>	<u>102.0</u>	<u>39.3</u>	<u>35.2</u>	<u>158.0</u>	<u>137.2</u>
Increase (decrease) in net position	(13.1)	(5.1)	2.3	3.4	(10.8)	(1.7)
Beginning net position, as restated	<u>74.9</u>	<u>80.0</u>	<u>93.5</u>	<u>90.1</u>	<u>168.4</u>	<u>170.1</u>
Ending net position	<u>\$ 61.8</u>	<u>\$ 74.9</u>	<u>\$ 95.8</u>	<u>\$ 93.5</u>	<u>\$ 157.6</u>	<u>\$ 168.4</u>

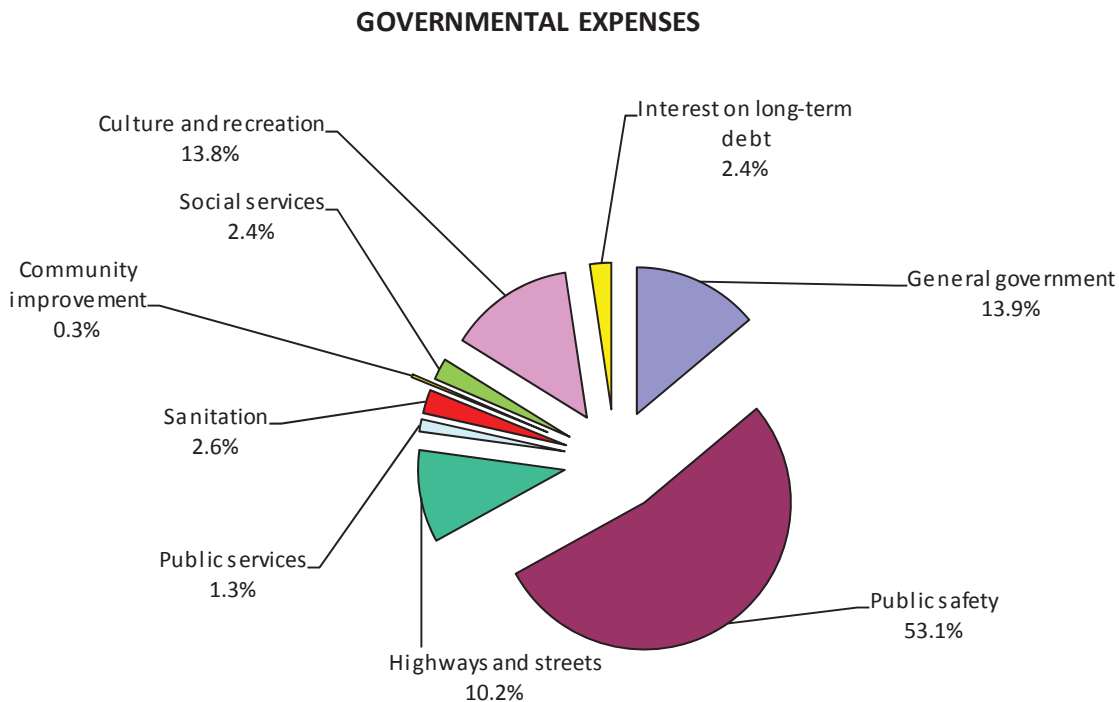
City of Southfield

Management’s Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2016 fiscal year’s governmental activity was a decrease of \$13.1 million and an ending net position balance of \$61.8 million. Of this total, \$95.8 million is the net investment in capital assets, \$53.0 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 (\$87.0) 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 increased by \$16.7 million. Public safety is the largest governmental activity, expending \$63.0 million of the governmental activities total expenses of \$118.7 million. It comprises 53.1% of total governmental expenses. This category increased by \$12.1 million. General government is the second largest governmental activity with a total expense of \$16.5 million, expending 13.9% of total governmental expenses. This activity increased by \$.8 million. Culture and recreation is the third largest governmental activity with total expenses of \$16.4 million, expending 13.9% of total governmental expenses. This activity increased by \$1.4 million. These three categories comprised 80.8% of total governmental activity expenses.

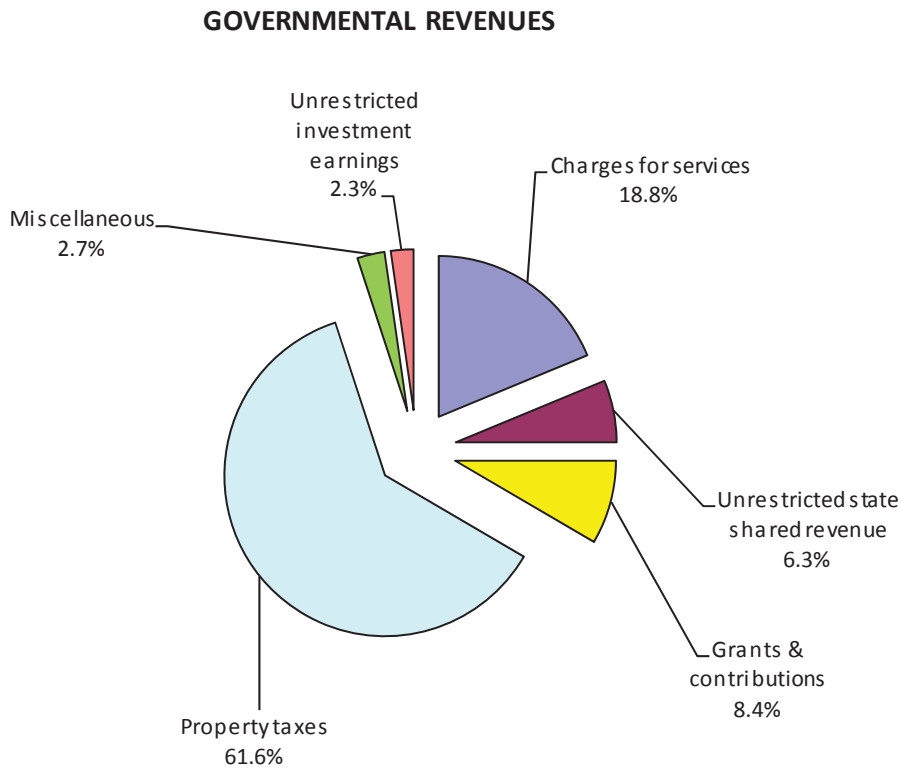
City of Southfield

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 2016 by \$8.7 million. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 26.7558 mills. Property tax revenue generated \$65.0 million in 2016. It represented 61.6% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue at \$19.8 million. It represented 18.8% of all available sources of revenue for governmental activities. This source increased by \$.5 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 6.3% increase slightly to \$6.6 million. The Grants and contributions figure represents 8.4% of all available sources of revenue and decreased \$.6 million. Over 95.0% 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 \$2.3 million during fiscal year 2016. Overall charges for services increased from 2015 by \$3.3 million. Operating expenses increased by \$4.1 million.

Of the total \$95.8 million of net position in the business type activities, \$21.1 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, 2016 the General Fund reported a fund balance of \$31.4 million. This amount is an increase of \$5.5 million from the prior June 30. Of the total fund balance, \$6.5 million is non-spendable, \$0.7 million is restricted, \$15.7 million is committed and \$8.4 being allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was not amended, with a final budget amount of \$66.0 million. General Fund revenue totaled \$69.8 million. Charges for services exceeded budget projection by \$0.9 million with actual revenues being reported as \$4.0 million. Fees for Licenses and permits exceeded budget projections by \$1.2 million with actual revenues being reported as \$2.7 million. Net investment earnings exceeded budget projections by \$0.9 million.

The General Fund expenditure budget was increased for several purposes during fiscal year 2016 including encumbrances of \$0.1 million and \$5.5 to purchase land held for resale to a final budget of \$71.4 million. Actual expenditures for fiscal year 2016 were \$64.1 million which was \$7.3 million under budget.

In summary, the fiscal year 2016 final amended budget anticipated using \$5.6 million of prior year's fund balance. The actual net change in fund balance was an increase of \$5.5 million; greatly outperforming original projections.

Major Streets

The Major Streets fund is used to report activity relating to major road and rights of way in the City of Southfield. As of June 30, 2016 the Major Streets fund reported a fund balance of \$1.2 million. This amount is a decrease of \$1.6 million from the prior June 30. The fund balance is classified as restricted.

Major Streets Budgetary Highlights:

The Major Streets revenue budget was not amended, with a final budget amount of \$4.1 million.

City of Southfield

Management's Discussion and Analysis

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

Major Streets revenue totaled \$5.5 million. Additional distributions from the State of Michigan recorded in the Other Revenue category were \$.9 million with no adjustment to the final budget.

The Major Streets fund expenditure budget was increased for encumbrances in the amount of \$3.1 million during fiscal year 2016 for a final budget of \$17.2 million. Actual expenditures for fiscal year 2016 were \$20.5 million which was \$3.3 million over budget. Most of these expenditures related to road construction which is being funded by bond proceeds through a transfer to Major Streets.

In summary, the fiscal year 2016 final amended budget anticipated using \$4.7 million of prior year's fund balance. The actual net change in fund balance was a decrease of \$1.6 million.

Cable Television

The Cable Television fund is used to report activity relating to the City's Cable Television transmission. As of June 30, 2016 the Cable Television fund reported a fund balance of \$1.2 million. This amount is a decrease of \$2.9 million from the prior June 30. Of the total fund balance, \$.6 million is restricted and \$.6 million is committed.

Cable Television Budgetary Highlights:

The Cable Television fund revenue budget was not amended, with a final budget amount of \$1.2 million. Actual revenues totaled \$1.2 million.

The Cable Television fund expenditure budget was amended by City Council in the amount of \$.6 million during fiscal year 2016 for a final budget of \$1.9 million. Actual expenditures for fiscal year 2016 were \$1.1 million which was \$.8 million under budget.

In summary, the fiscal year 2016 final amended budget including operating transfer out in the amount of \$3 million anticipated using \$3.7 million of prior year's fund balance. The actual net change in fund balance was a decrease of \$2.9 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2016, the City of Southfield had invested \$230.8 million, net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$24.9 million from 2015. Refer to Note 6 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2016, the City of Southfield had \$86.2 million in bonds outstanding. The amount of bonds with limited taxing authority in 2016 is \$60.8 million. A more detailed depiction of the City's long-term debt obligations is presented in Note 7 to the financial statements.

City of Southfield

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

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 2016, unemployment in the City was 6.1%, compared to 6.6% at September 2015. Unemployment in the State of Michigan was 5.3% and 4.7% at September 2016 and 2015. 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.

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, 2016

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3)	\$ 84,211,604	\$ 10,977,450	\$ 95,189,054	\$ 5,629,133
Investments (Note 3)	33,349,682	6,290,448	39,640,130	8,641,175
Receivables, net (Note 5)	5,615,115	13,381,155	18,996,270	205,202
Special assessments	224,548		224,548	
Property investments				15,000
Prepays	1,078,084	17,232	1,095,316	844
Internal balances (Note 8)	(606,365)	606,365	-	
Due from primary government				2,753
Due from component units	42,250		42,250	
Due from other governmental units	574,594		574,594	
Land held for resale	5,907,222		5,907,222	
Inventory	685,594	279,108	964,702	
Restricted assets: (Note 4)				
Cash and cash equivalents	3,226,046		3,226,046	
Long-term advances to component units (Note 8)	1,401,386		1,401,386	
Capital assets: (Note 6)				
Non-depreciable	16,750,945	4,838,408	21,589,353	
Depreciable-net	128,211,266	81,036,316	209,247,582	205,426
Total assets	<u>280,671,971</u>	<u>117,426,482</u>	<u>398,098,453</u>	<u>14,699,533</u>
Deferred Outflows of Resources (Note 5)				
Deferred charges on refunding	730,530		730,530	
Related to Pensions	45,549,929	1,671,313	47,221,242	78,259
LIABILITIES				
Accounts payable and other current liabilities	7,849,387	7,071,590	14,920,977	172,907
Interest payable	435,418	68,060	503,478	
General insurance & workers' compensation accrual	1,944,253		1,944,253	
Provision for medical claims	1,140,846		1,140,846	
Due to primary government				42,250
Due to component units	2,753		2,753	
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)	10,787,570	2,250,886	13,038,456	
Due in more than one year (Note 7)	75,896,100	9,162,588	85,058,688	13,568
Net pension liability (Note 11)	108,798,768	3,702,020	112,500,788	154,250
Net OPEB obligation (Note 12)	57,001,574	921,396	57,922,970	
Total liabilities	<u>263,856,669</u>	<u>23,176,540</u>	<u>287,033,209</u>	<u>3,331,991</u>
Deferred Inflows of Resources (Note 5)				
Related to Pensions	1,295,959	111,278	1,407,237	4,528
NET POSITION				
Net investment in capital assets	95,813,554	74,685,935	170,499,489	205,426
Restricted:				
Right-of-way funds/				
metro authority and sanitation	737,229		737,229	
Highways and streets	9,217,123		9,217,123	
Cable PEG fees	657,161		657,161	
Culture and recreation	10,690,846		10,690,846	
Community improvement	815,858		815,858	
Social services	156,907		156,907	265,997
Grants (other)	170,140		170,140	
Public safety	247,402		247,402	
Debt service	2,537,148		2,537,148	
Capital projects	1,400,680		1,400,680	
Claims	3,188,916		3,188,916	
Unrestricted	(63,833,162)	21,124,042	(42,709,120)	10,969,850
Total net position	<u>\$ 61,799,802</u>	<u>\$ 95,809,977</u>	<u>\$ 157,609,779</u>	<u>\$ 11,441,273</u>

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, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Governmental Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Functions/programs								
Primary government:								
Governmental activities:								
General government	\$ 16,465,647	\$ 2,201,021	\$ 677		\$ (14,263,949)	\$ (14,263,949)		
Public safety	63,045,761	9,150,364	1,227,230		(52,668,167)	(52,668,167)		
Highways and streets	12,120,677		5,575,184		(6,545,493)	(6,545,493)		
Public services	1,565,891	1,245,286		\$ 75	(320,530)	(320,530)		
Sanitation	3,088,287	3,179,966			91,679	91,679		
Community improvement	435,655	376,099	386,752	2,000	329,196	329,196		
Social services	2,848,395		1,500,524		(1,347,871)	(1,347,871)		
Culture and recreation	16,362,176	3,671,531	178,954		(12,511,691)	(12,511,691)		
Interest on long-term debt	2,789,226				(2,789,226)	(2,789,226)		
Total governmental activities	<u>118,721,715</u>	<u>19,824,267</u>	<u>8,869,321</u>	<u>2,075</u>	<u>(90,026,052)</u>	<u>(90,026,052)</u>		
Business-type activities:								
Water and sewer	39,297,717	41,074,852				\$ 1,777,135	1,777,135	
Total primary government	<u>\$ 39,297,717</u>	<u>\$ 41,074,852</u>				<u>\$ 1,777,135</u>	<u>1,777,135</u>	
Component units activities:								
Governmental	<u>\$ 3,260,154</u>	<u>\$ 1,500</u>	<u>\$ 1,369,462</u>	<u>\$ -</u>			<u>\$ (1,889,192)</u>	
General revenues:								
Property taxes					65,040,960	65,040,960	1,198,978	
Unrestricted state shared revenues					6,580,135	6,580,135		
Unrestricted investment earnings					2,446,327	431,341	2,877,668	
Miscellaneous					2,869,824	74,930	2,944,754	
Total general revenues and transfers					<u>76,937,246</u>	<u>506,271</u>	<u>1,965,393</u>	
Change in net position					(13,088,806)	2,283,406	(10,805,400)	
Net position - beginning					74,888,608	93,526,571	168,415,179	
Net position - ending					<u>\$ 61,799,802</u>	<u>\$ 95,809,977</u>	<u>\$ 157,609,779</u>	
							<u>\$ 11,441,273</u>	

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

City of Southfield
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds					Non-Major Funds	
	General	Major Streets	Cable Television	Road Bond Construction	Special Assessment Construction	Other Governmental	Total Governmental
ASSETS							
Cash and cash equivalents (Note 3)	\$ 20,695,881	\$ 1,275,824	\$ 726,907	\$ 25,806,438	\$ 3,073,730	\$ 13,523,779	\$ 65,102,559
Investments (Note 3)	2,951,818		3,273,157			14,486,478	20,711,453
Receivables, net (Note 5)	3,402,093	899,030	270,812	17,340	1,796	808,592	5,399,663
Special assessments					224,548		224,548
Prepays	242,356		11,610			61,460	315,426
Due from other funds (Note 8)	2,408,038	26,762				5,193,368	7,628,168
Due from component units	2,679					39,571	42,250
Due from other governmental units						574,594	574,594
Land held for resale	5,907,222						5,907,222
Inventories	326,308						326,308
Restricted assets: (Note 4)							
Cash and cash equivalents						37,130	37,130
Total assets	\$ 35,936,395	\$ 2,201,616	\$ 4,282,486	\$ 25,823,778	\$ 3,300,074	\$ 34,724,972	\$ 106,269,321
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,431,794	\$ 250,251	\$ 16,027	\$ 2,642,993	\$ 34,703	\$ 759,964	\$ 5,135,732
Accrued payroll	1,562,615		19,606			240,842	1,823,063
Due to other funds (Note 8)	988,923	727,468	3,006,909	34,989	31,445	618,963	5,408,697
Due to component units	2,753						2,753
Other short-term liabilities	340,795	2,065				129,864	472,724
Advances from local improvement revolving fund (Note 8)					1,849,862	1,221,952	3,071,814
Total liabilities	<u>4,326,880</u>	<u>979,784</u>	<u>3,042,542</u>	<u>2,677,982</u>	<u>1,916,010</u>	<u>2,971,585</u>	<u>15,914,783</u>
Deferred inflows of resources - unavailable (Note 5)	225,943	622	-	-	224,549	105,746	556,860
Fund balances: (Note 14)							
Non-spendable	6,475,886		11,610			61,460	6,548,956
Restricted	737,229	1,221,210	657,161	23,145,796	383,163	23,489,423	49,633,982
Committed	15,735,820		571,173		330,378	857,837	17,495,208
Assigned	224,063				445,974	7,238,921	7,908,958
Unassigned	8,210,574						8,210,574
Total fund balances	<u>31,383,572</u>	<u>1,221,210</u>	<u>1,239,944</u>	<u>23,145,796</u>	<u>1,159,515</u>	<u>31,647,641</u>	<u>89,797,678</u>
Total liabilities, deferred inflows and fund balances	\$ 35,936,395	\$ 2,201,616	\$ 4,282,486	\$ 25,823,778	\$ 3,300,074	\$ 34,724,972	\$ 106,269,321

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, 2016

Fund balance for governmental activities	\$ 89,797,678
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.	139,072,057
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	556,860
Deferred outflows from the difference between projected and actual investment earnings of the pension plan and changes in actuarial assumptions	43,572,819
Accrued interest payable on governmental debt is recorded in the statement of activities	(435,418)
Deferred charges on bond refunding are amortized over the related bond terms, and are not reported in the funds	730,530
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(78,689,403)
Compensated absences	(6,916,667)
Michigan tax tribunal liability	(794,487)
Other post-employment benefits (OPEB)	(55,675,629)
Deferred inflows from the difference between expected and actual experience of the total pension plan	(1,170,706)
Net pension liabilities are not due and payable in the current period and are not reported in the funds	(104,598,106)
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.	<u>36,350,274</u>
Government-wide net position of governmental activities	<u>\$ 61,799,802</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, 2016

	Major Funds					Non-Major Funds	
	General	Major Streets	Cable Television	Road Bond Construction	Special Assessment Construction	Other Governmental	Total Governmental
REVENUES							
Property taxes	\$ 44,198,880	\$ 268,067				\$ 20,427,002	\$ 64,893,949
Special assessments					\$ 352,430	23,670	376,100
Charges for services	4,025,784					2,647,038	6,672,822
Sanitation	3,179,966						3,179,966
Licenses and permits	2,695,547						2,695,547
Fines and forfeitures	4,225,004					80,904	4,305,908
Federal forfeitures						63,471	63,471
Cable franchise fees	1,578,724		\$ 1,052,230				2,630,954
Intergovernmental:							
Federal	146,527					1,887,278	2,033,805
State	6,731,780	4,208,737				1,438,049	12,378,566
Other	740,247	104,563					844,810
Contributions and donations					2,000	646,277	648,277
Net investment earnings	1,058,260	8,582	109,778	\$ 492,852	35,854	788,444	2,493,770
Other	1,255,325	900,702			37,854	247,209	2,441,090
Total revenues	<u>69,836,044</u>	<u>5,490,651</u>	<u>1,162,008</u>	<u>492,852</u>	<u>428,138</u>	<u>28,249,342</u>	<u>105,659,035</u>
EXPENDITURES							
Current:							
General government	8,516,435				282,435	47,562	8,846,432
Public safety	45,947,262					401,475	46,348,737
Highways and streets		3,652,325				2,218,722	5,871,047
Public services	901,302						901,302
Sanitation	3,088,287						3,088,287
Community improvement						435,655	435,655
Social services	180,429					1,547,830	1,728,259
Culture and recreation			1,048,851			10,862,493	11,911,344
Insurance and bonds	76,853						76,853
Support services	4,932,507						4,932,507
Other						46,975	46,975
Capital outlay	119,250	15,545,220	32,198			9,049,956	24,746,624
Debt service:							
Principal retirement	315,000	1,065,000				5,849,538	7,229,538
Interest and fiscal charges	51,932	266,928			16,251	2,547,425	2,882,536
Total expenditures	<u>64,129,257</u>	<u>20,529,473</u>	<u>1,081,049</u>		<u>298,686</u>	<u>33,007,631</u>	<u>119,046,096</u>
Excess (deficiency) of revenues over (under) expenditures	5,706,787	(15,038,822)	80,959	492,852	129,452	(4,758,289)	(13,387,061)
OTHER FINANCING SOURCES (USES) (Note 8)							
Transfers in		13,454,165			18,850	13,611,703	27,084,718
Transfers out	(173,780)		(3,000,000)	(20,411,187)	(1,562,760)	(254,302)	(25,402,029)
Total other financing sources (uses)	<u>(173,780)</u>	<u>13,454,165</u>	<u>(3,000,000)</u>	<u>(20,411,187)</u>	<u>(1,543,910)</u>	<u>13,357,401</u>	<u>1,682,689</u>
Net change in fund balances	5,533,007	(1,584,657)	(2,919,041)	(19,918,335)	(1,414,458)	8,599,112	(11,704,372)
Fund balances - beginning	25,850,565	2,805,867	4,158,985	43,064,131	2,573,973	23,048,529	101,502,050
Fund balances - ending	<u>\$ 31,383,572</u>	<u>\$ 1,221,210</u>	<u>\$ 1,239,944</u>	<u>\$ 23,145,796</u>	<u>\$ 1,159,515</u>	<u>\$ 31,647,641</u>	<u>\$ 89,797,678</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, 2016

Net change in fund balances – total governmental funds	\$ (11,704,372)
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	24,391,466
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.	(9,665,814)
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	(26,128)
Change in accrued interest payable on long-term debt	99,685
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.	71,198
Change in Michigan tax tribunal contingency	(16,285)
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.	7,229,538
The change of premium on bond refunding	334,036
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	(59,469)
Change in other post-employment benefits (OPEB)	(8,448,984)
The change in the net pension liability related does not require the use of current resources and is not reported in the governmental funds	(42,789,125)
The change in deferred inflows and outflows related to pension amounts does not require the use of current resources and is not reported in the governmental funds	28,399,571
Internal Service funds are used by management to charge the costs of certain activities, such as motor pool, and equipment replacement, to individual funds. The net activity of the internal service funds is reported with governmental activities.	<u>(897,750)</u>
Change in net position government-wide statement of governmental activities	<u>\$ (13,088,806)</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, 2016

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 10,977,450	\$ 19,109,044
Investments (Note 3)	6,290,448	12,638,229
Receivables, net (Note 5)	13,381,155	215,452
Prepays	17,232	762,658
Due from other funds (Note 8)	696,488	297,241
Inventory	279,108	359,286
Total current assets	<u>31,641,881</u>	<u>33,381,910</u>
Noncurrent assets:		
Restricted assets: (Note 4)		
Cash and cash equivalents		3,188,916
Long-term advances to other funds (Note 8)		3,071,815
Long-term advances to component units (Note 8)		1,401,386
Capital assets: (Note 6)		
Construction in progress	4,838,408	
Infrastructure	162,974,988	
Equipment and intangibles	3,589,372	26,953,662
Less accumulated depreciation	(85,528,044)	(21,063,508)
Net capital assets	<u>85,874,724</u>	<u>5,890,154</u>
Total noncurrent assets	<u>85,874,724</u>	<u>13,552,271</u>
Total assets	<u>117,516,605</u>	<u>46,934,181</u>
Deferred Outflows of Resources Related to Pensions (Note 5)	1,671,313	1,977,110
LIABILITIES		
Current liabilities:		
Accounts payable	6,818,917	346,675
Deposits and escrow	164,936	
Accrued payroll	87,737	71,193
Interest payable	68,060	
Provision for medical claims		1,140,846
Due to other funds (Note 8)	90,123	3,123,077
Accrued compensated absences-due within 1 year (Note 7)	80,886	101,920
Revenue bonds payable (Note 7)	2,170,000	
Total current liabilities	<u>9,480,659</u>	<u>4,783,711</u>
Noncurrent liabilities:		
General insurance & workers' compensation accrual		1,944,253
Accrued compensated absences-due more 1 year (Note 7)	143,799	181,193
Net pension liability (Note 11)	3,702,020	4,200,662
Net OPEB obligation (Note 12)	921,396	1,325,945
Bonds payable (Note 7)	9,018,789	
Total noncurrent liabilities	<u>13,786,004</u>	<u>7,652,053</u>
Total liabilities	<u>23,266,663</u>	<u>12,435,764</u>
Deferred Inflows of Resources Related to Pensions (Note 5)	111,278	125,253
NET POSITION		
Net investment in capital assets	74,685,935	5,890,154
Restricted for claims		3,188,916
Unrestricted	21,124,042	27,271,204
Total net position	<u>\$ 95,809,977</u>	<u>\$ 36,350,274</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, 2016

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Associated Governmental <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 40,754,585	
Charges to other funds		\$ 9,543,488
Installation charges	69,253	
Interest and penalties	251,014	
Other	74,930	331,232
Total operating revenues	<u>41,149,782</u>	<u>9,874,720</u>
OPERATING EXPENSES		
Administration	5,193,488	1,882,335
Equipment and facility operation		5,266,357
Water purchases	7,344,015	
Transmission and distribution	19,498,022	
Service installation and meter reading	1,474,879	
Depreciation	5,498,795	1,850,487
Other		925,240
Total operating expenses	<u>39,009,199</u>	<u>9,924,419</u>
Operating income (loss)	2,140,583	(49,699)
NONOPERATING REVENUES (EXPENSES)		
Gain on disposal of assets		172,467
Interest expense	(288,518)	
Net investment earnings	431,341	597,292
Other		64,879
Total nonoperating revenues	<u>142,823</u>	<u>834,638</u>
Income before transfers	2,283,406	784,939
Transfers out		(1,682,689)
Change in net position	<u>2,283,406</u>	<u>(897,750)</u>
Total net position - beginning	<u>93,526,571</u>	<u>37,248,024</u>
Total net position - ending	<u>\$ 95,809,977</u>	<u>\$ 36,350,274</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, 2016

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 40,620,809	\$ 9,129,299
Cash paid to employees	(1,424,484)	(1,891,242)
Cash paid to suppliers	(28,522,826)	(6,842,186)
Payments received on interfunds	3,366,579	3,159,307
Net cash provided by operating activities	<u>14,040,078</u>	<u>3,555,178</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest	(288,518)	
Payments made on long-term advances		(1,380,365)
Transfers out		(1,682,689)
Net cash used in noncapital and related financing activities	<u>(288,518)</u>	<u>(3,063,054)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of and adjustments to property and equipment	(334,545)	(1,151,360)
Proceeds on disposal of assets		172,467
System improvements	(25,474,136)	
Payment of revenue bonds	(2,120,000)	
Net cash used in capital and related financing activities	<u>(27,928,681)</u>	<u>(978,893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of proceeds	16,557,261	(3,366,129)
Investment earnings	431,341	407,363
Net cash provided by (used in) investing activities	<u>16,988,602</u>	<u>(2,958,766)</u>
Net increase (decrease) in cash, cash equivalents	2,811,481	(3,445,535)
Cash, cash equivalents, beginning of year	8,165,969	25,743,495
Cash, cash equivalents, end of year	<u>\$ 10,977,450</u>	<u>\$ 22,297,960</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 10,977,450	\$ 19,109,044
Restricted cash, cash equivalents		3,188,916
Total cash, cash equivalents	<u>\$ 10,977,450</u>	<u>\$ 22,297,960</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ 2,140,583	\$ (49,699)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	5,498,795	1,850,487
Receivables	(558,454)	
Prepays	337	(745,421)
Inventory	29,144	7,156
Deferred outflow	(1,310,458)	(1,533,774)
Accounts payable	2,642,025	(855,608)
Deposits	(20,000)	
Accrued payroll, including compensated absences due in less than one year	(12,849)	(109,766)
Interest payable	(9,303)	
General insurance & workers' compensation accrual		(150,638)
Provision for medical claims		(422,636)
Accrued compensated absences	(8,264)	(49,342)
Net pension liability	2,002,327	2,112,468
Net OPEB obligation	224,483	286,369
Interfunds	3,366,579	3,159,307
Deferred inflow	55,133	56,275
Net cash provided by operating activities	<u>\$ 14,040,078</u>	<u>\$ 3,555,178</u>

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

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City of Southfield
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents (Note 3)	\$ 5,096,864	\$ 1,478,136
Investments, at fair value (Note 3) :		
Government obligations	17,926,526	4,090,152
Corporate bonds	15,174,453	
Common stock	207,824,071	
Real estate and other	104,142,082	
Total investments	<u>345,067,132</u>	<u>4,090,152</u>
Cash and investments held as collateral for securities lending (Note 3) :		
Certificates of deposit	5,019,457	
Repurchase agreements	7,531,547	
Time deposits	2,859,154	
Agency bonds and notes	1,416,592	
Commercial paper	2,174,468	
Variable rate certificates of deposit	2,889,847	
Asset backed commercial paper	949,117	
Variable rate notes/bonds	9,444	
Corporate bonds	87,356	
Sweep vehicles	597,330	
Treasury notes and bonds	75,552	
Money market mutual funds	8,525,712	
Non-cash collateral	549,527	
Total securities lending	<u>32,685,103</u>	<u>-</u>
Receivables, net	4,809,530	15,857
Prepays	726,558	
Due from fiduciary		130,065
Total assets	<u>388,385,187</u>	<u>5,714,210</u>
LIABILITIES		
Accounts payable and accrued payroll	1,251,988	200,786
Deposits and escrow		4,959,704
Interest payable		28,024
Due to other governmental units	563,120	525,696
Due to fiduciary	130,066	
Obligations under securities lending agreements	32,685,103	
Total liabilities	<u>34,630,277</u>	<u>5,714,210</u>
NET POSITION		
Restricted for pension benefits	292,999,340	
Restricted for post-retirement health care benefits	60,755,570	
Total net position	<u>\$ 353,754,910</u>	<u>\$ -</u>

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

City of Southfield
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Pension and Other Post-Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 1,789,299
Employer	16,852,866
Total contributions	<u>18,642,165</u>
Investment activity:	
Net decrease in fair value of investments	(5,414,683)
Investment earnings	4,534,434
Dividends	1,524,478
Other	368,593
Total investment activity	<u>1,012,822</u>
Less investment expense:	1,395,734
Net investment activity	<u>(382,912)</u>
Total additions, net	<u>18,259,253</u>
DEDUCTIONS	
Benefits	26,841,340
Health care expense	8,324,475
Administrative expense	674,600
Total deductions	<u>35,840,415</u>
Net decrease	(17,581,162)
Net position - beginning	<u>371,336,072</u>
Net position - ending	<u><u>\$ 353,754,910</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, 2016

	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)	\$ 10,890	\$ 190,033	\$ 1,317,007	\$ 1,160,563	\$ 303,849	\$ 1,275,135	\$ 362,110	\$ 1,009,546	\$ 5,629,133
Investments (Note 3)					5,524,583	3,116,592			8,641,175
Receivables, net (Note 5)	7	77,293	50,911	32,791	20,124	24,071	5		205,202
Property investments								15,000	15,000
Prepays				844					844
Due from primary government								2,753	2,753
Total current assets	10,897	267,326	1,367,918	1,194,198	5,848,556	4,415,798	362,115	1,027,299	14,494,107
Capital assets, depreciable-net: (Note 6)				205,426					205,426
Total assets	10,897	267,326	1,367,918	1,399,624	5,848,556	4,415,798	362,115	1,027,299	14,699,533
Deferred Outflows of Resources									
Related to Pensions (Note 5)							78,259		78,259
LIABILITIES									
Accounts payable and other current liabilities			124,151	31,546			13,758	3,452	172,907
Due to primary government				32			2,647	39,571	42,250
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)				13,568					13,568
Net pension liability (Note 11)							154,250		154,250
Total non-current liabilities	-	-	-	13,568	-	-	154,250	-	167,818
Total liabilities	-	103,846	124,151	45,146	1,443,783	1,401,387	170,655	43,023	3,331,991
Deferred Inflows of Resources									
Related to Pensions (Note 5)							4,528		4,528
NET POSITION									
Net investment in capital assets				205,426					205,426
Restricted							265,997		265,997
Unrestricted	10,897	163,480	1,243,767	1,149,052	4,404,773	3,014,411	(806)	984,276	10,969,850
Total net position	\$ 10,897	\$ 163,480	\$ 1,243,767	\$ 1,354,478	\$ 4,404,773	\$ 3,014,411	\$ 265,191	\$ 984,276	\$ 11,441,273

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, 2016

	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	\$ 685,115	\$ 1,500			\$ (683,615)							\$ (683,615)
Joint-local development finance authority												
Community improvement	272,150					\$ (272,150)						(272,150)
Downtown development authority												
Community improvement	300,898						\$ (300,898)					(300,898)
Local development finance authority												
Community improvement	130,900							\$ (130,900)				(130,900)
Section 8 housing commission												
Social services	1,388,861	\$ 1,369,462							\$ (19,399)			(19,399)
Southfield growth corporation												
Community improvement	482,230										\$ (482,230)	(482,230)
Total component units	\$ 3,260,154	\$ 1,500	\$ 1,369,462									(1,889,192)
General revenues:												
Property taxes					558,505	233,691	34,391		372,391			1,198,978
Unrestricted investment earnings	\$			140	2,371	16,455	1,995	\$ 143,351	94,171	214	489	259,186
Miscellaneous					130,900		60,000				316,329	507,229
Total general revenues				140	691,776	250,146	96,386	143,351	466,562	214	316,818	1,965,393
Change in net position				140	8,161	(22,004)	(204,512)	143,351	335,662	(19,185)	(165,412)	76,201
Net position - beginning				10,757	155,319	1,265,771	1,558,990	4,261,422	2,678,749	284,376	1,149,688	11,365,072
Net position - ending	\$	\$	\$	10,897	163,480	1,243,767	1,354,478	4,404,773	3,014,411	265,191	984,276	11,441,273

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 (continued)

A. Reporting Entity

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 (continued)

A. Reporting Entity

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 (continued)

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 (continued)

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

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 (continued)

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

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 (continued)

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

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 Major Streets Fund is Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads. Snow removal and traffic control are also supported by this funding source. 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.
- 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.
- The Road Bond Construction Fund is used to account for proceeds used for construction of City roads.
- The Special Assessment Construction 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.

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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- 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.

(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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, acquisition value. 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 (continued)

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 (continued)

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 (continued)

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:

- Nonspendable – 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 (continued)

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 (continued)

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 year, the City adopted GASB Statement No. 72, Fair Value Measurement and Application. As a result, the notes to the financial statements now include enhanced disclosures about fair value, the level of fair value hierarchy, and valuation techniques.

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.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Data

- 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, 2016, and the budgetary data reflects the effect of those amendments.
- Appropriations for the fiscal year lapse every June 30. Council may re-appropriate any amount at its discretion.
- Budgets are legally adopted on an activity basis for the General and Special Revenue Funds. These budgets are presented on the same basis of accounting as used for actual results. They are adopted by Council on a non-GAAP basis. A 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 \$3,075,842.

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

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

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

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			
Expenditures:			
Public Safety:			
Police	20,513,142	21,444,480	(931,338)
Fire	15,079,155	15,450,959	(371,804)
Other:			
Support Services	10,298,592	4,932,507	5,366,085

Police and Fire: Due to vacancies, both Police and Fire exceeded their budget by use of overtime. City Council Finance is currently reviewing this overtime and the budget will be amended for fiscal year 2017.

Support services: A mid-year budget adjustment for the purchase of Northland properties where the expenditures were reclassified into the balance as Land held for resale.

	Unaudited Budget	Actual	Variance (Negative)
CDBG			
Expenditures:			
Community Development:	368,425	422,830	(54,405)

Community Development: Previous program year expenditures were not amended in the budget. City Administration will be reviewing and making appropriate adjustments for fiscal year 2017.

	Unaudited Budget	Actual	Variance (Negative)
Donations, Memorial Trusts & Sponsorships			
Expenditures:			
General government	35,000	47,562	(12,562)
Public safety	27,036	29,822	(2,786)

General government and Public Safety: Donations held in trust for prior years exceeded the adopted budget and were not adjusted in fiscal year 2016. City Administration will be reviewing and making appropriate adjustments for fiscal year 2017.

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.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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.

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 \$43,536,774, of which \$41,269,807 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$5.6 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
U.S. government agencies	\$ 28,134,525	0.72 years
Municipal bonds	24,558,278	1.35 years
Oakland County LGIP Pooled	52,333,631	1.06 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	\$ 301,838	17.51 years
Corporate bonds	3,478,874	9.24 years
Foreign bonds	403,893	8.05 years
U.S. government agencies	201,818	2.46 years
U.S. government collateralized mortgage obligations	3,511	6.04 years
U.S. government mortgage backed securities	1,330,268	20.81 years
U.S. treasury notes and bonds	1,741,138	8.02 years
Corporate Private Placement	92,624	6.54 years
Mutual Funds	2,315,162	6.65 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	\$ 1,970,140	6.05 years
Corporate bonds	8,542,398	6.33 years
Corporate bonds	88,012	Not Available
U.S. government bonds	579,186	7.27 years
U.S. government agencies	301,628	7.03 years
U.S. government mortgage backed securities	4,088,197	23.91 years
U.S. government issued commercial mortgage backed securities	172,997	5.58 years
Municipal bonds	417,833	6.63 years
Fixed income mutual funds	17,832,936	Not Available
Non-governmental c.m.o.s	360,080	14.30 years
Commerical mortgage backed	656,747	22.39 years
Bank loans	727,945	5.08 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Loomis Sayles Inv Gr - Y	\$ 6,707,464	6.67 years
Franklin Templeton Global Bond Fund	1,988,026	3.26 years
Comerica Aggreg Bd Index Fd - 584	3,065,169	7.60 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	\$ 23,609,863	0.24 years

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
U.S. government agencies	\$ 28,134,525	AA+	S&P
Municipal bonds	514,888	AAA	S&P
Municipal bonds	3,110,060	AA+	S&P
Municipal bonds	7,549,885	AA	S&P
Municipal bonds	4,357,014	AA-	S&P
Municipal bonds	9,026,431	NR	S&P

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

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 301,838	NR	N/A
Corporate bonds	1,410,394	A	S&P
Corporate bonds	1,812,631	BBB	S&P
Corporate bonds	255,850	BB	S&P
Private Placement	92,624	BB	S&P
Foreign bonds	278,955	A	S&P
Foreign bonds	124,937	BB	S&P
U.S. government agencies	201,818	AA	S&P
Collateralized mortgage obligations	3,511	NR	N/A
Mortgage backed securities	1,330,268	NR	N/A
U.S. treasury notes and bonds	1,741,138	NR	N/A
Mutual funds	1,557,024	AAA	S&P
Mutual funds	64,286	AA	S&P
Mutual funds	693,851	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	\$ 824,424	Aaa	Moody's
Corporate asset backed securities	477,854	Aa	Moody's
Corporate asset backed securities	338,214	A	Moody's
Corporate asset backed securities	329,648	Not rated	N/A
Bank loans	356,358	Ba	Moody's
Bank loans	371,587	B	Moody's
Commercial mortgage-backed	262,717	Aaa	Moody's
Commercial mortgage-backed	394,030	Not rated	N/A
Corporate bonds	140,372	Aaa	Moody's
Corporate bonds	375,454	Aa	Moody's
Corporate bonds	1,358,329	A	Moody's
Corporate bonds	4,421,482	Baa	Moody's
Corporate bonds	859,157	Ba	Moody's
Corporate bonds	372,973	B	Moody's
Corporate bonds	24,865	Caa	Moody's
Corporate bonds	989,767	Not rated	N/A
Corporate bonds	88,012	Not rated	N/A
U.S. government agencies	79,161	Aaa	Moody's
U.S. government agencies	139,136	Aa	Moody's
U.S. government agencies	83,331	Baa	Moody's
U.S. government bonds	515,573	Aaa	Moody's
U.S. government bonds	46,082	A	Moody's
U.S. government bonds	17,531	Baa	Moody's
U.S. government mortgage back securities	425,801	Not rated	N/A
U.S. government issued mortgage backed securities	172,997	Aaa	Moody's
Municipal bonds	80,567	Aaa	Moody's
Municipal bonds	118,588	Aa	Moody's
Municipal bonds	218,677	Not rated	Moody's
Non-governmental backed C.M.O.s	109,731	Aaa	Moody's
Non-governmental backed C.M.O.s	250,349	Not rated	N/A
Fixed income mutual funds	17,832,936	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	\$ 1,837,845	Aaa	Moody's
Loomis Sayles Inv Gr - Y	140,857	Aa	Moody's
Loomis Sayles Inv Gr - Y	1,878,090	A	Moody's
Loomis Sayles Inv Gr - Y	2,173,218	Baa	Moody's
Loomis Sayles Inv Gr - Y	389,033	Ba	Moody's
Loomis Sayles Inv Gr - Y	214,639	B	Moody's
Loomis Sayles Inv Gr - Y	6,707	Caa or Lower	Moody's
Loomis Sayles Inv Gr - Y	67,075	Not rated/other	Moody's
Templeton Global Bond Fund-R6	1,988,026	3 star	Morningstar
Comerica Aggreg Bd Index Fd - 584	3,065,169	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	\$ 23,609,863	Not available	N/A

Of the total investment disclosures for City accounts, approximately \$5.6 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	%
U.S. government agencies	\$ 28,134,525	17.72
Municipal bonds	24,558,278	15.47
Oakland County LGIP Pooled	52,333,631	32.97

SERS –

Investments:	Fair Market Value	%
AEW Core Property Trust	\$ 5,782,733	5.49
LSV Asset Management	10,189,716	9.68

FPRS –

Investments:	Fair Market Value	%
LOOMIS CORE PLUS FULL DISCRETION	\$ 17,832,936	9.48
MFB NT COLLECTIVE S&P 400	17,140,136	9.11
CF FINTAN PARTNERS INSTITUTIONAL F	9,962,064	5.29
CF NANTUCKET INSTITUTIONAL	9,447,389	5.02

RHC –

Investments:	Fair Market Value	%
Comerica Aggregate bond	\$ 3,065,169	5.11

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	\$ 82,649
Fixed Income	Australian dollars	303,977
Cash & Equivalents	Australian dollars	20,620
Equities	Canadian dollars	1,223,056
Fixed Income	Canadian dollars	146,565
Cash & Equivalents	Canadian dollars	18,717
Equities	Swiss franc	525,225
Equities	Euro	251,364
Equities	British pound sterling	8,187,253
Cash & Equivalents	British pound sterling	25,093
Fixed Income	Mexican peso	86,713
Fixed Income	New Zealand dollar	373,943
Cash & Equivalents	New Zealand dollar	24

RHC –

Security	Foreign Currency	Fair Value
<u>Templeton Global Bond Fund</u>		
Fixed Income	US dollars	\$ 642,927
Fixed Income	Euro	611,715
Fixed Income	Japanese yen	488,259
Fixed Income	Mexican peso	13,717
Fixed Income	Australian Dollar	28,429
Fixed Income	Malasian Ringgit	7,157
Fixed Income	Other currencies	195,821
<u>Loomis Sayles Investment Grade Bond Fund</u>		
Fixed Income	US dollars	\$ 4,400,097
Fixed Income	Canadian dollars	1,073,194
Fixed Income	Australia & New Zealand	637,209
Fixed Income	Developing Countries	321,958
Fixed Income	Non-Euro	228,054
Fixed Income	British pound sterling	40,245
Fixed Income	Euro Countries	13,415

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, 2016, 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 \$8,525,712 and \$8,575,539, 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, 2016, 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 24,159,391 and \$23,795,644, respectively.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City has the following recurring fair value measurements as of June 30:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

City –

	<u>Balance at June 30, 2016</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt Securities				
Agency bonds	\$ 28,027,627	\$ 28,027,627		
Government/Municipal bonds	<u>24,374,787</u>	<u> </u>	\$ 24,374,787	
Total debt securities	52,402,414	28,027,627	24,374,787	\$ -
Partnerships - publicly traded	<u>199,144</u>	<u>199,144</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	\$ <u>52,601,558</u>	\$ <u>28,226,771</u>	\$ <u>24,374,787</u>	\$ <u>-</u>
Investments measured at the net asset value (NAV)				
Local government investment pool	\$ <u>44,800,342</u>			
Grand total	<u>\$ 97,401,900</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

SERS –

	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S. Treasury securities	\$ 1,741,137		\$ 1,741,137	
Mutual fund - fixed income	2,315,162	\$ 2,315,162		
Mortgage backed securities	1,330,268		1,330,268	
Asset-backed securities	301,838		301,838	
Private placement	92,624		92,624	
Agency bonds	201,818		201,818	
Corporate bonds	3,478,874		3,478,874	
Other debt	407,404		407,404	
Total debt securities	9,869,125	2,315,162	7,553,963	\$ -
Equity securities				
Money market fund	5,647,237	5,647,237		
Mutual fund - Equities	382,484	382,484		
Common and preferred stock	29,502,434	29,502,434		
ADR	6,902,380	6,902,380		
Collective investment fund	24,625,806		24,625,806	
Real estate investment trust	959,860	959,860	-	
Closely held equity	5,287,916			5,287,916
Total equity securities	73,308,117	43,394,395	24,625,806	5,287,916
Total investments by fair value level	\$ 83,177,242	\$ 45,709,557	\$ 32,179,769	\$ 5,287,916
Investments measured at the net asset value (NAV)				
Partnerships	\$ 2,478,221			
Closely held equity funds	3,530,373			
Collective investment fund	10,189,716			
Real estate investment trust	5,782,733			
Total investments measured at the NAV	\$ 21,981,043			
Grand total	\$ 105,158,285			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	<u>Balance at June 30, 2016</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt Securities				
Mutual fund - fixed income	\$ 17,920,948	\$ 88,012	\$ 17,832,936	
Mortgage backed securities	4,917,940		4,917,940	
Asset-backed securities	1,970,140		1,970,140	
Agency bonds	301,628		301,628	
Corporate bonds	8,542,398		8,542,398	
Bank and mortgage loans	4,147,945		727,945	\$ 3,420,000
Government/Municipal bonds	997,018		997,018	
Non-government backed C.M.O.s	360,080		360,080	
Total debt securities	<u>39,158,097</u>	<u>88,012</u>	<u>35,650,085</u>	<u>3,420,000</u>
Equity securities				
Money market fund	3,098,682		3,098,682	
Mutual fund - Equities	31,674,476	14,420,890	17,253,586	
Mutual fund - real estate	152,749	152,749		
Common and preferred stock	51,680,342	51,675,203	5,139	
Real estate investment trust	6,091,810		6,091,810	
Hedge fund	5,072,285			5,072,285
Total equity securities	<u>97,770,344</u>	<u>66,248,842</u>	<u>26,449,217</u>	<u>5,072,285</u>
Total investments by fair value level	<u>\$ 136,928,441</u>	<u>\$ 66,336,854</u>	<u>\$ 62,099,302</u>	<u>\$ 8,492,285</u>
Investments measured at the net asset value (NAV)				
Hedge funds - Fund of funds	\$ 29,137,572			
Real estate investment trust	20,986,673			
Total investments measured at the NAV	<u>\$ 50,124,245</u>			
Grand total	<u>\$ 187,052,686</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

RHC –

	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
Mutual fund - fixed income	\$ 8,695,490	\$ 8,695,490		
Common trust fund	<u>3,065,169</u>		\$ 3,065,169	
Total debt securities	11,760,659	8,695,490	3,065,169	\$ -
Equity securities				
Money market fund	18,756,688	3,989,537	14,767,151	
Mutual fund - Equities	7,875,384	7,875,384		
Mutual fund - real estate	2,138,289			2,138,289
Common and preferred stock	10,108,368	10,108,368		
ADR	1,359,394	1,359,394		
Real estate investment trust	<u>1,990,248</u>	<u>1,151,981</u>		838,267
Total equity securities	42,228,371	24,484,664	14,767,151	2,976,556
Partnerships - publicly traded	<u>199,144</u>	<u>199,144</u>		
Total investments by fair value level	\$ <u>54,188,174</u>	\$ <u>33,379,298</u>	\$ <u>17,832,320</u>	\$ <u>2,976,556</u>
Investments measured at the net asset value (NAV)				
Partnerships	\$ 414,180			
Hedge funds - Fund of funds	<u>5,294,978</u>			
Total investments measured at the NAV	\$ <u>5,709,158</u>			
Grand total	\$ <u>59,897,332</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of municipal, corporate, and agency bonds, U.S. Treasury securities, mortgage and asset-backed securities, private placement debt, ADR's, mutual funds and other debt securities at June 30 was determined primarily based on level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of real estate investment trusts, rest estate mutual funds, and mortgage loans at June 30 was determined primarily based on level 3 inputs. The City estimates the fair value of these investments using the City's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies at where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended June 30, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

SERS –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Partnerships	\$ 2,478,221		Monthly/Quarterly	30-90 days
Closely held equity funds	3,530,373	\$ 375,348	Monthly/Quarterly	15-90 days
Collective investment fund	10,189,716		Daily	None
Real estate investment trust	5,782,733		Quarterly	45 days
Total investments measured at the NAV	\$ 21,981,043	\$ 375,348		

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Hedge funds - Fund of funds	\$ 29,137,572		Monthly/Quarterly/ Annually	30-95 days
Real estate investment trust	20,986,673		Daily/Quarterly	0-90 days
Total investments measured at the NAV	\$ 50,124,245	\$ -		

RHC –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Partnerships	\$ 414,180	\$ 1,617,407	Quarterly	95 days
Hedge funds - Fund of funds	5,294,978		Quarterly/Annually	90-100 days
Total investments measured at the NAV	\$ 5,709,158	\$ 1,617,407		

Partnerships investment class within SERS contain portfolio funds for which the fund has the ability to liquidate its investments periodically in accordance with the provisions of the respective portfolio funds offering documents. The portfolio funds include the following investments by strategy: commodities relative value, credit relative value, distressed, equity volatility relative value, fixed income arbitrage, long/short equity, multi-strategy, statistical arbitrage, and trading securities.

Partnerships investment class within RHC actively manages its investments in portfolios by allocating capital among portfolios and subscribing into and redeeming out of investment portfolios. The portfolio may utilize a variety of financial instruments in their trading strategies and invest in U.S. and non- U.S. securities, including equities and equity-related securities, debt securities, options, warrants, ABS, private placements, foreign currency contracts, swap contracts and other derivatives and generally carry their investments at fair value.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The closely held equity funds includes two investment funds:

- The first fund invests in partnerships for which those underlying funds invest in office, apartment, retail, industrial, or other commercial real estate, or in real estate related securities within the U.S., Europe, and Asia.
- The second fund own marketable and may own nonmarketable securities, derivatives, and other investment instruments, both directly and indirectly. Such investments are valued by the investment managers of the underlying Investment Funds at fair value, as described in their respective financial statements and offering memoranda.

The hedge funds class includes the following:

- A fund-of-funds investment portfolios whose objectives are to seek above market risk adjusted returns with low correlations to the equity and fixed income markets.
- A fund that carries its investments in investment funds at fair value based on financial data supplied by the investee funds. The fund trades in securities and invests in pooled investment vehicles that employ a diversified mix of strategies.
- The investment objectives of the third fund are to generate capital appreciation over full market cycles while attempting to preserve capital and reduce volatility and correlation to the broader market indices.

The real estate investment trusts includes several real estate funds that invest primarily in U.S. commercial real estate. The funds record real estate investments at fair value. The fair value of real estate investments is estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. The fair value of real estate investments does not reflect the transaction sale costs of the Fund, which may be incurred upon disposition of the real estate investments.

The collective fund was established to provide for the collective investment of assets of domestic tax-exempt pensions, profit-sharing plans and trusts. The Trust's investment objective is to outperform the MSCI EAFE Index, net of dividend withholding taxes, by investing in a portfolio of non-U.S., developed market equities.

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>3,188,916</u>
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Total restricted assets	<u>\$ 3,226,046</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	\$ 730,530	\$ -	\$ 730,530	\$ -	\$ -
Pensions	\$ 43,572,819	\$ 1,977,110	\$ 45,549,929	\$ 1,671,313	\$ 78,259

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	\$ 263,834		\$ 263,834		
Special assessments	224,549		224,549		
Other deferred inflows	68,477		68,477		
Total Deferred Inflows					
- unavailable	<u>\$ 556,860</u>	<u>\$ -</u>	<u>\$ 556,860</u>	<u>\$ -</u>	<u>\$ -</u>
Pensions	\$ 1,170,706	\$ 125,253	\$ 1,295,959	\$ 111,278	\$ 4,528

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:

	Accrued interest	Accounts	Accrued revenue	Delinquent taxes	Total
Governmental activities:					
General fund	\$ 246,003	\$ 881,723	\$ 2,175,864	\$ 98,503	\$ 3,402,093
Major streets	211		897,183	1,636	899,030
Cable television	15,102		255,710		270,812
Road bond construction	17,340				17,340
Special assessment construction	1,796				1,796
Other non-major funds	<u>131,347</u>	<u>27,279</u>	<u>589,863</u>	<u>60,103</u>	<u>808,592</u>
Total governmental funds	411,799	909,002	3,918,620	160,242	5,399,663
Associated governmental activities:					
Internal service funds	<u>215,452</u>				<u>215,452</u>
Total governmental activities	<u>\$ 627,251</u>	<u>\$ 909,002</u>	<u>\$ 3,918,620</u>	<u>\$ 160,242</u>	<u>\$ 5,615,115</u>
Component units:					
Economic development corporation	\$ 7			\$ 7	
Brownfield re-development authority	121			\$ 77,172	77,293
Joint-local development finance authority	844			50,067	50,911
Downtown development authority	745			32,046	32,791
Tax increment finance authority	20,124				20,124
Local development finance authority	12,369			11,702	24,071
Section 8	<u>5</u>				<u>5</u>
Total component units-governmental	<u>\$ 34,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,987</u>	<u>\$ 205,202</u>
Business-type activities:					
Water and sewer fund	<u>\$ 123,760</u>	<u>\$ 13,257,395</u>			<u>\$ 13,381,155</u>

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:

Street construction	\$ 11,290,344
Equipment	93,954
Water system improvements	<u>13,647,708</u>
	<u>\$ 25,032,006</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, 2015	Additions	Disposals & Reduction to CIP	Balance June 30, 2016
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 10,751,797			\$ 10,751,797
Construction in progress	10,120,701	\$ 22,737,539	\$ 26,859,092	5,999,148
Total capital assets not being depreciated	<u>20,872,498</u>	<u>22,737,539</u>	<u>26,859,092</u>	<u>16,750,945</u>
Capital assets, being depreciated				
Land improvements	26,213,366	176,922		26,390,288
Building and improvements	70,888,136	2,049,254		72,937,390
Infrastructure	120,432,153	26,238,771		146,670,924
Intangibles	2,234,421	15,971		2,250,392
Drain usage rights	11,777,407			11,777,407
Equipment	8,309,577	87,101	55,000	8,341,678
Total capital assets being depreciated	<u>239,855,060</u>	<u>28,568,019</u>	<u>55,000</u>	<u>268,368,079</u>
Less accumulated depreciation:				
Land improvements	14,950,079	872,038		15,822,117
Building and improvements	37,263,145	2,089,658		39,352,803
Infrastructure	70,261,879	5,687,754		75,949,633
Intangibles	1,302,442	125,054		1,427,496
Drain usage rights	6,043,541	461,932		6,505,473
Equipment	6,560,067	472,592	43,214	6,989,445
Total accumulated depreciation	<u>136,381,153</u>	<u>9,709,028 (a)</u>	<u>43,214</u>	<u>146,046,967</u>
Total general capital assets being depreciated, net	<u>103,473,907</u>	<u>18,858,991</u>	<u>11,786</u>	<u>122,321,112</u>
Internal Service				
Capital assets, not being depreciated:				
Construction in progress	23,729	-	23,729	-
Capital assets, being depreciated				
Intangibles	280,858	53,180		334,038
Equipment	26,905,260	1,188,153	1,473,789	26,619,624
Total capital assets being depreciated	<u>27,186,118</u>	<u>1,241,333</u>	<u>1,473,789</u>	<u>26,953,662</u>
Less accumulated depreciation:				
Intangibles	156,604	28,575		185,179
Equipment	20,528,841	1,821,909	1,472,421	20,878,329
Total accumulated depreciation	<u>20,685,445</u>	<u>1,850,484</u>	<u>1,472,421</u>	<u>21,063,508</u>
Total internal service capital assets being depreciated, net	<u>6,500,673</u>	<u>(609,151)</u>	<u>1,368</u>	<u>5,890,154</u>
Governmental activity capital assets depreciable, net	<u>\$ 109,974,580</u>	<u>\$ 18,249,840</u>	<u>\$ 13,154</u>	<u>\$ 128,211,266</u>

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	\$ 511,442
Public safety	444,792
Highways and streets	5,690,418
Public services	627,118
Culture and recreation	<u>2,435,258</u>
Total	<u>\$ 9,709,028</u>

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

	Balance July 1, 2015	Additions	Disposals & Reduction to CIP	Balance June 30, 2016
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ 19,268,624	\$ 12,896,927	\$ 27,327,143	\$ 4,838,408
Capital assets, being depreciated:				
Infrastructure	132,470,635	30,504,353		162,974,988
Intangibles	1,507,498			1,507,498
Equipment	<u>1,752,667</u>	<u>334,542</u>	<u>5,335</u>	<u>2,081,874</u>
Total water and sewer fund	<u>135,730,800</u>	<u>30,838,895</u>	<u>5,335</u>	<u>166,564,360</u>
Less accumulated depreciation:				
Infrastructure	78,004,939	5,281,604		83,286,543
Intangibles	824,999	75,904		900,903
Equipment	<u>1,204,645</u>	<u>141,288</u>	<u>5,335</u>	<u>1,340,598</u>
Total accumulated depreciation	<u>80,034,583</u>	<u>5,498,796</u>	<u>5,335</u>	<u>85,528,044</u>
Total capital assets, being depreciated	<u>55,696,217</u>	<u>25,340,099</u>	<u>-</u>	<u>81,036,316</u>
Total capital assets	<u>\$ 74,964,841</u>	<u>\$ 38,237,026</u>	<u>\$ 27,327,143</u>	<u>\$ 85,874,724</u>

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

	Balance July 1, 2015	Additions	Disposals & Reduction to CIP	Balance June 30, 2016
Downtown Development Authority				
Capital assets, being depreciated				
Land improvement	\$ 265,066			\$ 265,066
Less: accumulated depreciation	<u>46,386</u>	<u>\$ 13,254</u>		<u>59,640</u>
Total capital assets, being depreciated	<u>\$ 218,680</u>	<u>\$ (13,254)</u>	<u>\$ -</u>	<u>\$ 205,426</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-15	Additions	Deductions	30-Jun-16	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	\$ 5,756,763		594,538	5,162,225	607,258	4,554,967
4.75% to 5.5% Library building authority general obligation limited tax				-		
3.0% to 5.0% Library building authority refunding bonds	21,765,000		915,000	20,850,000	1,115,000	19,735,000
1.78% -2012 general obligation limited tax refunding	3,075,000		315,000	2,760,000	325,000	2,435,000
Other governmental debt						
2.0 to 4.0% -Street Improvement bond UTGO	41,510,000		4,340,000	37,170,000	4,890,000	32,280,000
2.17% Michigan transportation fund bonds	9,915,000		865,000	9,050,000	1,100,000	7,950,000
3.25% to 4.0% Michigan transportation fund bonds	200,000		200,000	-		
Deferred amounts:						
For issuance premiums	4,064,034		334,036	3,729,998		3,729,998
For issuance discounts	(39,193)	6,373		(32,820)		(32,820)
Total governmental debt	86,246,604	6,373	7,563,574	78,689,403	8,037,258	70,652,145
Other long-term obligations						
Capital lease	2,616		2,616	-		
Compensated absences	6,987,865	2,928,963	3,000,161	6,916,667	2,648,392	4,268,275
Michigan tax tribunal contingency	778,202	584,053	567,768	794,487		794,487
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	420,167	58,239	195,293	283,113	101,920	181,193
Total governmental long-term debt	\$ 94,435,454	3,577,628	11,329,412	86,683,670	10,787,570	75,896,100
BUSINESS-TYPE ACTIVITIES						
State of Michigan water supply and sewage disposal bonds series 1999 2.25 to 2.5%	\$ 13,308,789		2,120,000	11,188,789	2,170,000	9,018,789
Other long-term obligations						
Compensated absences	237,598	52,276	65,189	224,685	80,886	143,799
Total business-type long-term debt	\$ 13,546,387	52,276	2,185,189	11,413,474	2,250,886	9,162,588
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	\$ 1,401,387			1,401,387		1,401,387
Compensated absences	14,357	5,818	6,607	13,568		13,568
Michigan tax tribunal contingency	36,649		36,649	-		
Total governmental component units long-term debt	\$ 1,452,393	5,818	43,256	1,414,955		1,414,955
Total debt	\$ 109,434,234	3,635,722	13,557,857	99,512,099	13,038,456	86,473,643

* 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 \$ 2,739,143,020. The City has issued and outstanding \$28,772,225 of general obligation bonds, subject to a limit of \$273,914,302.

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 \$12,035,000. During the current year, net operating revenues of the system, was \$2,140,583 compared to the annual debt requirement of \$2,408,518.

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
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	1,638	53	1,691			
2031						
Total	\$ 74,992	\$ 14,286	\$ 89,278	\$ 11,189	\$ 846	\$ 12,035

* Deferred amounts are not included above in principal governmental activities.

City of Southfield

Notes to the Financial Statements

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:

Receivable Fund	Payable Fund								
	General fund	Major streets	Cable television	Road bond construction	Special assessment construction	Non-major governmental funds	Internal service funds	Water and sewer fund	Total payable fund
General fund		\$ 474,157	\$ 34		\$ 2,584	\$ 555,494	\$ 1,375,769		\$ 2,408,038
Major streets					25,647			\$ 1,115	26,762
Other non-major funds	\$ 154,253	200,598	3,006,875		3,061	18,739	1,747,308	62,534	5,193,368
Total governmental activities	154,253	674,755	3,006,909	\$ -	31,292	574,233	3,123,077	63,649	7,628,168
Associated governmental activities:									
Internal service funds	173,324	52,713				44,730		26,474	297,241
Water and sewer fund	661,346			34,989	153				696,488
Total receivable fund	\$ 988,923	\$ 727,468	\$ 3,006,909	\$ 34,989	\$ 31,445	\$ 618,963	\$ 3,123,077	\$ 90,123	\$ 8,621,897

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

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

Transfers Out:	Transfers In			
	Major streets	Special assessment construction	Non-major governmental funds	Total transfers out
Governmental activities:				
General fund		\$ 18,850	\$ 154,930	\$ 173,780
Cable television			3,000,000	3,000,000
Road bond construction	\$ 13,454,165		6,957,022	20,411,187
Special assessment construction			1,562,760	1,562,760
Other non-major funds			254,302	254,302
Total governmental activities	13,454,165	18,850	11,929,014	25,402,029
Associated governmental activities:				
Internal service funds			1,682,689	1,682,689
Total transfers in	\$ 13,454,165	\$ 18,850	\$ 13,611,703	\$ 27,084,718

For the most part, interfund transfers occur during the normal course of operations to fund capital projects. In some cases dedicated millage revenues are recorded in individual special revenue funds and are used by other funds for debt payments.

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS (continued)

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

PRIMARY GOVERNMENT

Major governmental

Special assessment construction	\$ 1,849,862
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Non-major governmental

Parks & recreation	24,602
Capital improvement	1,197,350
Total non-major governmental	<u>1,221,952</u>
Total primary government	<u>\$ 3,071,814</u>

DISCRETELY PRESENTED COMPONENT UNITS

Local development finance authority	<u>\$ 1,401,387</u>
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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 up to \$250,000 per occurrence and for workers' compensation claims up to \$600,000 per occurrence. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MMRMA program is approved and regulated by the Michigan Insurance Bureau and provides coverage of \$15 million per occurrence, with the first \$250,000 self-insured retention being the responsibility of the City for all liability claims. For property damage claim coverage, the MMRMA provides combined property coverage of \$167 million, with the City's self-insured retention responsibility being as follows:

	City's Self Insured Retention
Vehicle Damage	\$1,000 per vehicle for any vehicle with a value greater than \$15,000. Fully responsible for vehicles with a value under \$15,000.
Property and Crime	\$2,500 deductible
Sewage System Outflow	\$500,000 per occurrence

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

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

	2016	2015
Estimated liability - beginning of year	\$ 2,094,891	\$ 2,986,883
Estimated claims incurred, including		
reinsurance premiums and changes in estimates	1,042,782	446,502
Claim and insurance premium payments		
and reinsurance recoveries	<u>(1,193,420)</u>	<u>(1,338,494)</u>
Estimated liability - end of year	<u>\$ 1,944,253</u>	<u>\$ 2,094,891</u>

The City estimates that claims incurred but not reported for the self-insured medical plan totaled \$810,584 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 \$330,262 for net liability of \$1,140,846.

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 \$48,297,567 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$1,292,258 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 \$865,813. 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.

City of Southfield

Notes to the Financial Statements

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, 2015 valuation, was \$2,739,143,020 and the unadjusted taxable value was \$2,407,149,171. 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 26.7558 (excluding the DDA millage). The sum of these rates generated \$63,194,823 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 1.003%, the City of Southfield's 2014-15 State Equalized Evaluation (SEV) of \$2,739,143,020 was capped at a Taxable Assessed Valuation (TAV) of \$2,417,356,855.

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.

11. PENSION TRUSTS

A. Pension Plan description

Plan description –

The City of Southfield provides a monthly retirement benefit to all permanent full-time employees that meet the eligibility requirements, including age and years of service. The benefits are provided through the General Employees' Pension Plan, a single employer plan, administered by the Southfield Employees' Retirement System (SERS); and Southfield Fire & Police Retirement Plan, a single employer plan, administered by the Fire & Police Retirement System (FPRS). The financial statements of the pension systems are included in these financial statements as pension and other employee benefit trust funds (fiduciary funds).

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

A. Pension Plan description

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, and one appointed by the Mayor. There is also one Alternative Member, who serves as an alternate only to the three members appointed by City Council. 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.

Benefits provided –

The Plans provide retirement, disability, and death benefits. The SERS Regular retirement benefits are calculated as 2.5% of the employee’s final average compensation (using the highest three consecutive years of the last five) times the employee’s years of service. To be eligible, employees must have a combined number of years of service plus age equaling 82, or an age of 65 with 5 years of service. The FPRS regular retirement benefits are calculated as 2.5% to 2.8% of the highest 3 to 5 year average in the last 10 years, times the years of service up to 25 years. Employees are eligible after 20 years of service regardless of age. Both plans also include non-duty disability benefits and disability retirement benefits, in limited situations. An employee who leaves City service may withdraw his or her contributions, plus any accumulated interest. In fiscal year 2000, the FPRS provided an ad hoc post-retirement benefit increase.

Benefit terms are generally established and amended by authority of the city council and in the case of FPRS, by Public act 345 of 1937. Specific benefit provisions are generally subject to negotiations with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

Employees covered by benefit terms –

The following members were covered by the benefit terms:

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

	SERS	FPRS
Date of member count	6/30/2016	6/30/2016
Inactive plan members or beneficiaries currently receiving benefits	340	329
Inactive plan members entitled to but not yet receiving benefits	43	
Active employees	269	207
Total	652	536

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

A. Pension Plan description

Contributions –

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on amounts agreed upon by City Council and in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2016, the average active employee contribution rate was 5.08 percent of pay for SERS and 2.28 percent for FPRS. The City's average contribution rate was 19.23 percent of pay for SERS and 35.40 percent for FPRS. These rates were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Plan from the City were \$2,866,029 and \$5,664,576 for SERS and FPRS, respectively, for the year ended June 30, 2016.

B. Net Pension Liability of the City

The June 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the current date (June 30, 2016) for both plans. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of one year earlier, June 30, 2015.

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, 2015	\$ 139,375,667	\$ 115,094,332	\$ 24,281,335
Service cost	1,587,719		1,587,719
Interest on total pension liability	10,797,824		10,797,824
Experience differences	(1,241,195)		(1,241,195)
Benefit payments, including refunds	12,032,895		12,032,895
Investment earnings		(3,280,426)	3,280,426
Contributions - employer		2,866,029	(2,866,029)
Contributions - employee		689,397	(689,397)
Benefit payments, including refunds	(10,393,455)	(10,393,455)	-
Administrative costs		(166,074)	166,074
Net changes	12,783,788	(10,284,529)	23,068,317
Balance at June 30, 2016	\$ 152,159,455	\$ 104,809,803	\$ 47,349,652

The Plan's fiduciary net position represents 69% of the total pension liability.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

B. Net Pension Liability of the City

The net pension liability of the City has been measured as of June 30, 2016 and is composed of the following for the FPRS plan:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 237,930,244	\$ 196,517,586	\$ 41,412,658
Service cost	2,804,586		2,804,586
Interest on total pension liability	17,913,693		17,913,693
Experience differences	1,243,252		1,243,252
Benefit payments, including refunds	9,830,854		9,830,854
Investment earnings		2,221,494	(2,221,494)
Contributions - employer		5,664,576	(5,664,576)
Contributions - employee		444,861	(444,861)
Benefit payments, including refunds	(16,376,212)	(16,376,212)	-
Administrative costs		(431,274)	431,274
Net changes	15,416,173	(8,476,555)	23,892,728
Balance at June 30, 2016	<u>\$ 253,346,417</u>	<u>\$ 188,041,031</u>	<u>\$ 65,305,386</u>

The Plan's fiduciary net position represents 74% of the total pension liability.

Changes in the net pension liability during the measurement year were as follows for all plans:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 377,305,911	\$ 311,611,918	\$ 65,693,993
Service cost	4,392,305	-	4,392,305
Interest on total pension liability	28,711,517	-	28,711,517
Experience differences	2,057	-	2,057
Benefit payments, including refunds	21,863,749	-	21,863,749
Investment earnings	-	(1,058,932)	1,058,932
Contributions - employer	-	8,530,605	(8,530,605)
Contributions - employee	-	1,134,258	(1,134,258)
Benefit payments, including refunds	(26,769,667)	(26,769,667)	-
Administrative costs	-	(597,348)	597,348
Net changes	28,199,961	(18,761,084)	46,961,045
Balance at June 30, 2016	<u>\$ 405,505,872</u>	<u>\$ 292,850,834</u>	<u>\$ 112,655,038</u>

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Total Pension Liability includes component units, \$154,250. Total Primary Government Net Pension Liability is \$112,500,700 for the year ended June 30, 2016. The City recognized pension expense of \$24,302,935 from all plans.

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,114,999	\$ 1,411,765
Changes in assumptions	15,121,764	-
Net difference between projected and actual earnings on pension plan investments	<u>31,062,738</u>	<u>-</u>
Total	<u>\$ 47,299,501</u>	<u>\$ 1,411,765</u>

Pension Plans - Schedule of Investment Returns –

Last Ten Fiscal Years

SERS

2016	2015	2014	2013	2012	2011	2010	2009
-3.11%	1.15%	26.98%	18.39%	0.33%	30.95%	16.22%	-17.82%

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.

FPRS

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
1.06%	1.25%	16.74%	9.08%	-3.43%	19.42%	12.22%	-20.76%	-0.20%	18.45%

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability, and therefore will not be included in future pension expense):

Years ending	Amount
June 30	Amount
2017	\$ 15,479,707
2018	15,035,523
2019	10,412,132
2020	4,960,374

Actuarial assumptions –

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SERS	FPRS
Inflation	3.5 percent	4.0 percent
Salary increases (including inflation)	3.5 to 9.5 percent	4.0 to 9.0 percent
Investment rate of return (net of investment expenses)	7.5 percent	7.5 percent
Mortality rates	RP-2014 Mortality Table, with adjustments to more closely reflect our experience study	RP-2014 Mortality Table, with adjustments to more closely reflect our experience study

For SERS & FPRS plan the actuarial assumptions used for the June 30, 2016 measurement date were based on the results of an actuarial experience studies dated September 16, 2016 and April 8, 2016, respectively. For SERS the period covered is 2010 through 2015. The results of these studies are reflected in the Total Pension Liability at June 30, 2016.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Discount rate –

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plan’s fiduciary net position to make all projected future benefit payments of current active and inactive employees:

	SERS	FPRS
Assumed investment rate of return	7.5 percent	7.5 percent
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure TPL	7.5 percent	7.5 percent

Investment rate of return –

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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

SERS	Target Allocation	Long-term expected real rate of return
Domestic equity	48.00%	7.50%
International equity	15.50%	8.50%
U.S. fixed income	20.00%	2.50%
Global fixed income	2.00%	3.50%
Real estate	6.00%	4.50%
Timberland	-	4.50%
Hedge Fund	8.50%	5.00%

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

FPRS	Target Allocation	Long-term expected real rate of return
Domestic equity	34.00%	7.92%
International equity	16.00%	6.12%
U.S. fixed income	20.00%	2.10%
Real estate	14.00%	5.88%
Hedge fund	16.00%	3.91%

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

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% decrease	Current discount rate	1% increase
Net Pension Liability for SERS	\$63,259,449	\$47,349,652	\$33,802,875
Net Pension Liability for FPRS	\$91,773,221	\$65,305,386	\$44,324,098

Pension plan fiduciary net position –

The pension plans’ fiduciary net position has been determined on the same basis used by the pension plan. The Plans use the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS

C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Assumption changes –

The 2016 measurement date applied several assumption changes made as a result of an experience study performed for each plan during the year. The SERS plan changed its assumed investment rate of return from 8.0% to 7.5%; modified its rate of salary increases, and updated its mortality assumptions to RP-2014 Mortality Table, with adjustments to more closely reflect our experience study. The net impact of all assumption changes was to increase the SERS net pension liability by \$12 million and the FPRS net position by \$9.8 million.

Rate of return –

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (3.11) percent for SERS, and 1.06 percent for FPRS. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program –

The City's FPRS plan offers certain employees the ability to continue services 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 of either 4% or 2% depending on union after the employee has fully retired (discontinued providing employee services to the City. At June 30, 2016 the Plan has \$12,237,919 accumulated in DROP accounts.

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, 2015 the most recent valuation prepared, the SERS Trust and the FPRS Trust plans have 537 and 481 members respectively (including employees in active service, terminated employees' not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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, 2013, the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2016. 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:

	SERS	FPRS	Total
Annual required contribution (recommended)	\$ 7,153,708	\$ 9,696,635	\$ 16,850,343
Interest on the prior year's net OPEB obligation	1,150,960	1,542,114	2,693,074
Less: Adjustment to the annual required contribution	<u>(1,002,048)</u>	<u>(1,261,129)</u>	<u>(2,263,177)</u>
Annual OPEB cost	\$ 7,302,620	\$ 9,977,620	\$ 17,280,240
Amounts contributed:			
Advanced funding	\$ 3,302,495	\$ 5,019,765	\$ 8,322,260
Total OPEB contributions	<u>3,302,495</u>	<u>5,019,765</u>	<u>8,322,260</u>
Change in Net OPEB obligation	<u>4,000,125</u>	<u>4,957,855</u>	<u>8,957,980</u>
Beginning year Net OPEB obligation	<u>20,926,550</u>	<u>28,038,440</u>	<u>48,964,990</u>
End of year Net OPEB obligation	<u>\$ 24,926,675</u>	<u>\$ 32,996,295</u>	<u>\$ 57,922,970</u>

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

SERS	2016	2015	2014
Annual OPEB costs	\$ 7,302,620	\$ 7,329,647	\$ 7,058,975
Percentage contributed	<u>45.2%</u>	<u>43.5%</u>	<u>38.9%</u>
Net OPEB obligation	\$ 24,926,675	\$ 20,926,550	\$ 16,784,566
FPRS	2016	2015	2014
Annual OPEB costs	\$ 9,977,620	\$ 9,995,228	\$ 9,569,887
Percentage contributed	<u>50.3%</u>	<u>45.3%</u>	<u>46.2%</u>
Net OPEB obligation	\$ 32,996,295	\$ 28,038,440	\$ 22,571,083
Total	2016	2015	2014
Annual OPEB costs	\$ 17,280,240	\$ 17,324,875	\$ 16,628,862
Percentage contributed	<u>48.2%</u>	<u>44.5%</u>	<u>43.1%</u>
Net OPEB obligation	\$ 57,922,970	\$ 48,964,990	\$ 39,355,649

The funding progress of the plan as of the most recent valuation date and three 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	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2015	\$ 15,265,279	\$ 103,739,273	\$ 88,473,994	14.72%	\$ 12,789,010	691.80%
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%

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Fire and Police Retirement System OPEB Benefits							
Valuation date	Actuarial value of assets	Actuarial liability ("AAL")	Unfunded actuarial liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll	
June 30,	(a)	(b)	(b-a)	(a/b)			
2015	\$ 43,204,515	\$ 142,322,476	\$ 99,117,961	30.36%	\$ 17,879,755	554.36%	
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

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.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

In the June 30, 2015 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 percent initially, reduced by decrements to an ultimate rate of 4.0 percent after ten years. This rate 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, 2016 was twenty-six 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				Special	Non-major funds
	General fund	Major Streets	Cable Television	Road Bond Construction	Assessment Construction	Other governmental
Non-spendable						
Prepays	\$ 242,356		\$ 11,610			\$ 61,460
Inventory	326,308					
Land held for resale	5,907,222					
Restricted for:						
Right-of-way funds/metro authority	461,783					
Sanitation reserve	275,446					
Deposits held with Oakland County						37,130
Deposits held for Lahser road project						450,264
Major streets		\$ 1,221,210				
Local streets						7,989,313
Parks and recreation						4,174,983
Cable PEG fees			657,161			
Block grant						231,687
Drug law enforcement						232,589
Grants						170,140
Library						6,423,429
Michigan works grants						156,907
Auto theft grant						9,717
Donations, memorial trusts & sponsorships						515,694
Road bond debt						557,898
Drains-at-large debt						1,972,419
Library building authority construction						567,253
Special assessment construction					\$ 383,163	
Road bond construction				\$ 23,145,796		
Committed to:						
Specific programs (General)						
Dispatch improvements	889,314					
Emergency cleanup	696,506					
Equalization reserve	2,000,000					
Building infrastructure reserve	3,000,000					
Tax base initiatives reserve	8,250,000					
Wage adjustment	900,000					
Specific programs (Cable television)						
Franchise fees – general cable operations			571,173			
Donations, memorial trusts & sponsorships						857,837
Special assessment construction					330,378	
Assigned to:						
* Encumbrances	224,063					
Capital improvement construction						7,238,921
Special assessment construction					445,974	
Unassigned						
General fund	8,210,574					
	<u>\$ 31,383,572</u>	<u>\$ 1,221,210</u>	<u>\$ 1,239,944</u>	<u>\$ 23,145,796</u>	<u>\$ 1,159,515</u>	<u>\$ 31,647,641</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 CONSTRAINTS (continued)

Of the amounts restricted for Local streets, Parks and recreation and Library, 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 (Local streets)	
Equalization reserves	\$ 154,200
Specific programs (Parks and recreation)	
Equalization reserves	243,400
Bedford woods	195,793
SMART programs	31,552
Specific programs (Library)	
Equalization reserves	350,000

15. SUBSEQUENT EVENT

The City has continued to make substantial progress with the street improvements project. Subsequent to year-end, the Road Bond Construction fund spent another \$10.4 million and encumbered another \$8.5 million for project related costs. The City expects this phase to be completed by the end of calendar 2017. The next phase of approximately \$14.0 million in bonds is scheduled for April 2018.

City of Southfield

Notes to the Financial Statements

16. UPCOMING REPORTING CHANGES

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 supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 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 Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 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 2017 fiscal year.

In January 2016, the Governmental Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units. The requirements of this Statement enhance the comparability of financial statements among governments by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 80 is required to be adopted for years beginning after June 15, 2016. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017 fiscal year.

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City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2016

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 44,177,639	\$ 44,177,639	\$ 44,198,880	\$ 21,241
Charges for services	3,095,352	3,095,352	4,025,784	930,432
Sanitation	3,308,737	3,308,737	3,179,966	(128,771)
Licenses and permits	1,483,500	1,483,500	2,695,547	1,212,047
Fines and forfeitures	4,128,400	4,128,400	4,225,004	96,604
Cable franchise fees	1,000,000	1,000,000	1,578,724	578,724
Intergovernmental:				
Federal	122,332	122,332	146,527	24,195
State	6,897,364	6,897,364	6,731,780	(165,584)
Other	616,201	616,201	740,247	124,046
Net investment earnings	200,000	200,000	1,058,260	858,260
Other	925,156	925,156	1,255,325	330,169
Total revenues	<u>65,954,681</u>	<u>65,954,681</u>	<u>69,836,044</u>	<u>3,881,363</u>
EXPENDITURES				
General government:				
Council	173,454	173,504	137,793	35,711
Mayor	201,934	201,934	131,750	70,184
Administration	611,399	611,399	513,813	97,586
Legal	924,734	924,734	809,920	114,814
Clerk's	1,049,629	1,049,629	799,057	250,572
Treasurer's	707,626	710,945	649,029	61,916
Human resources	815,144	815,144	752,655	62,489
Finance/OMB	1,073,510	1,073,510	967,465	106,045
Other - unclassified	4,348,057	4,386,165	3,754,953	631,212
Total general government	<u>9,905,487</u>	<u>9,946,964</u>	<u>8,516,435</u>	<u>1,430,529</u>
Public Safety:				
Police	20,458,264	20,513,142	21,444,480	(931,338)
Fire	15,067,315	15,079,155	15,450,959	(371,804)
Building and safety engineering	2,955,664	2,957,892	2,389,762	568,130
46th Michigan district court	3,447,855	3,449,581	3,310,686	138,895
Civilian support services	3,544,694	3,549,079	3,351,375	197,704
Total public safety	<u>45,473,792</u>	<u>45,548,849</u>	<u>45,947,262</u>	<u>(398,413)</u>
Public Services:				
Community development	308,590	308,619	265,306	43,313
Sanitation	3,329,137	3,329,137	3,088,287	240,850
Road service administration	637,072	637,072	635,996	1,076
Total public services	<u>4,274,799</u>	<u>4,274,828</u>	<u>3,989,589</u>	<u>285,239</u>
Social services	299,464	299,466	180,429	119,037
Other:				
Insurance and bonds	586,815	586,815	76,853	509,962
Support services	4,773,212	10,298,592	4,932,507	5,366,085
Total other	<u>5,360,027</u>	<u>10,885,407</u>	<u>5,009,360</u>	<u>5,876,047</u>
Capital outlay	119,250	119,250	119,250	-
Debt service:				
Principal retirement	315,000	315,000	315,000	-
Interest and fiscal charges	51,932	51,932	51,932	-
Total debt	<u>366,932</u>	<u>366,932</u>	<u>366,932</u>	<u>-</u>
Total expenditures	<u>65,799,751</u>	<u>71,441,696</u>	<u>64,129,257</u>	<u>7,312,439</u>
Excess (deficiency) of revenues ov over expenditures	154,930	(5,487,015)	5,706,787	11,193,802
OTHER FINANCING USES (Note 8)				
Transfers out	(154,930)	(154,930)	(173,780)	(18,850)
Net change in fund balances	-	(5,641,945)	5,533,007	11,174,952
Fund balances - beginning	25,850,565	25,850,565	25,850,565	-
Fund balances - ending	<u>\$ 25,850,565</u>	<u>\$ 20,208,620</u>	<u>\$ 31,383,572</u>	<u>\$ 11,174,952</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2016

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 272,960	\$ 272,960	\$ 268,067	\$ (4,893)
State	3,703,054	3,703,054	4,208,737	505,683
Other	104,173	104,173	104,563	390
Net investment earnings	6,328	6,328	8,582	2,254
Other			900,702	900,702
Total revenues	<u>4,086,515</u>	<u>4,086,515</u>	<u>5,490,651</u>	<u>1,404,136</u>
EXPENDITURES				
Highways and streets:				
Administration	162,509	352,509	343,431	9,078
Road maintenance	734,682	1,239,368	830,909	408,459
Traffic services	798,945	648,989	611,074	37,915
Snow removal	821,615	721,615	649,282	72,333
Appearance	1,166,244	1,226,244	1,217,629	8,615
Total highways and streets	<u>3,683,995</u>	<u>4,188,725</u>	<u>3,652,325</u>	<u>536,400</u>
Capital outlay	8,918,000	11,546,497	15,545,220	(3,998,723)
Debt service:				
Principal	1,188,159	1,188,159	1,065,000	123,159
Interest and fiscal charges	266,928	266,928	266,928	-
Total expenditures	<u>14,057,082</u>	<u>17,190,309</u>	<u>20,529,473</u>	<u>(3,339,164)</u>
Deficiency of revenues under expenditures	(9,970,567)	(13,103,794)	(15,038,822)	(1,935,028)
OTHER FINANCING SOURCES				
Transfers in	<u>8,418,000</u>	<u>8,418,000</u>	<u>13,454,165</u>	<u>5,036,165</u>
Net change in fund balances	(1,552,567)	(4,685,794)	(1,584,657)	3,101,137
Fund balances - beginning	<u>2,805,867</u>	<u>2,805,867</u>	<u>2,805,867</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,253,300</u>	<u>\$ (1,879,927)</u>	<u>\$ 1,221,210</u>	<u>\$ 3,101,137</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, 2016

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Cable franchise fees	\$ 1,178,104	\$ 1,178,104	\$ 1,052,230	\$ (125,874)
Net investment earnings	2,813	2,813	109,778	106,965
Other	40	40		(40)
Total revenues	<u>1,180,957</u>	<u>1,180,957</u>	<u>1,162,008</u>	<u>(18,949)</u>
EXPENDITURES				
Culture and recreation	1,279,685	1,873,031	1,048,851	824,180
Capital outlay	<u>32,198</u>	<u>32,198</u>	<u>32,198</u>	<u>-</u>
Total expenditures	<u>1,311,883</u>	<u>1,905,229</u>	<u>1,081,049</u>	<u>824,180</u>
Excess (deficiency) of revenues over (under) expenditures	(130,926)	(724,272)	80,959	805,231
OTHER FINANCING USES				
Transfers out		<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>
Net change in fund balances	(130,926)	(3,724,272)	(2,919,041)	805,231
Fund balance - beginning	<u>4,158,985</u>	<u>4,158,985</u>	<u>4,158,985</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,028,059</u>	<u>\$ 434,713</u>	<u>\$ 1,239,944</u>	<u>\$ 805,231</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contributions	\$ 2,866,029	\$ 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
Contributions in relation to the actuarially determined contribution	<u>2,866,029</u>	<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>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 13,407,323	\$ 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
Contribution as a Percentage of Covered Employee Payroll	21.38%	24.03%	22.11%	16.22%	15.94%	15.75%	15.43%	14.64%	13.76%	14.89%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/15 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	26 years for the June 30, 2015 valuation
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	Assumption changes as a result of an experience study for the period 2010 through 2015 have been adopted by the Southfield Retirement System for use in the annual valuations beginning with the June 30, 2016 valuation. These assumptions are reflected in the Total Pension Liability as of June 30, 2016.

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

Fire and Police Retirement System pension benefits

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contributions	\$ 5,664,576	\$ 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
Contributions in relation to the actuarially determined contribution	<u>5,664,576</u>	<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>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 18,610,174	\$ 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
Contribution as a Percentage of Covered Employee Payroll	30.44%	32.15%	27.93%	26.88%	20.33%	15.60%	15.94%	14.47%	16.48%	16.76%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/15

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	23 Years for the June 30, 2014 valuation
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, 2016; DROP Account Balances - \$7,855,498, Reserve for Inflation Equity - \$2,026,961, and Retiree Account Balances to be Disbursed - \$7,920,230

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

	2016	2015	2014
Total pension liability			
Service cost	\$ 1,587,719	\$ 1,630,427	\$ 1,716,931
Interest	10,797,824	10,698,458	10,496,636
Changes in benefit terms	-	(29,546)	-
Differences between expected and actual experience	(1,241,195)	(1,085,186)	-
Changes in assumptions	12,032,895	-	-
Benefit payments, including refunds	(10,393,455)	(9,507,989)	(9,787,091)
Net change in total pension liability	<u>12,783,788</u>	<u>1,706,164</u>	<u>2,426,476</u>
Total pension liability – beginning of year	<u>139,375,667</u>	<u>137,669,503</u>	<u>135,243,027</u>
Total pension liability – end of year	<u>\$ 152,159,455</u>	<u>\$ 139,375,667</u>	<u>\$ 137,669,503</u>
Plan fiduciary net position			
Contributions – employer	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024
Contributions – member	689,397	711,807	717,449
Net investment income	(3,280,426)	2,770,284	19,846,251
Benefit payments, including refunds	(10,393,455)	(9,507,989)	(9,787,091)
Other—Pension plan administrative expense	(166,074)	(141,901)	(121,077)
Net change in plan fiduciary net position	<u>(10,284,529)</u>	<u>(2,934,595)</u>	<u>13,763,556</u>
Plan fiduciary net position – beginning of year	<u>115,094,332</u>	<u>118,028,927</u>	<u>104,265,371</u>
Plan fiduciary net position – end of year	<u>\$ 104,809,803</u>	<u>\$ 115,094,332</u>	<u>\$ 118,028,927</u>
City's net pension liability - ending	<u>\$ 47,349,652</u>	<u>\$ 24,281,335</u>	<u>\$ 19,640,576</u>
Plan fiduciary net position as a % of total pension liability	<u>68.88%</u>	<u>82.58%</u>	<u>85.73%</u>
Covered employee payroll	<u>\$ 13,407,323</u>	<u>\$ 13,455,647</u>	<u>\$ 14,054,199</u>
City's net pension liability as a % of covered employee payroll	<u>353.16%</u>	<u>180.45%</u>	<u>139.75%</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

	2016	2015	2014
Total pension liability			
Service cost	\$ 2,804,586	\$ 2,803,893	\$ 2,967,577
Interest	17,913,693	17,512,901	17,120,568
Differences between expected and actual experience	1,243,252	781,324	-
Changes in assumptions	9,830,854	-	-
Benefit payments, including refunds	(16,376,212)	(15,477,676)	(14,410,229)
Net change in total pension liability	<u>15,416,173</u>	<u>5,620,442</u>	<u>5,677,916</u>
Total pension liability – beginning of year	<u>237,930,244</u>	<u>232,309,802</u>	<u>226,631,886</u>
Total pension liability – end of year	<u>\$ 253,346,417</u>	<u>\$ 237,930,244</u>	<u>\$ 232,309,802</u>
Plan fiduciary net position			
Contributions – employer	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046
Contributions – member	444,861	466,794	475,435
Net investment income	2,221,494	3,099,104	30,545,333
Benefit payments, including refunds	(16,376,212)	(15,477,676)	(14,410,229)
Other—Pension plan administrative expense	(431,274)	(403,477)	(342,022)
Net change in plan fiduciary net position	<u>(8,476,555)</u>	<u>(6,382,093)</u>	<u>21,524,563</u>
Plan fiduciary net position – beginning of year	<u>196,517,586</u>	<u>202,899,679</u>	<u>181,375,116</u>
Plan fiduciary net position – end of year	<u>\$ 188,041,031</u>	<u>\$ 196,517,586</u>	<u>\$ 202,899,679</u>
City's net pension liability - ending	<u>\$ 65,305,386</u>	<u>\$ 41,412,658</u>	<u>\$ 29,410,123</u>
Plan fiduciary net position as a % of total pension liability	<u>74.22%</u>	<u>82.59%</u>	<u>87.34%</u>
Covered employee payroll	<u>\$ 18,610,174</u>	<u>\$ 18,452,501</u>	<u>\$ 18,819,454</u>
City's net pension liability as a % of covered employee payroll	<u>350.91%</u>	<u>224.43%</u>	<u>156.28%</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

Annual money-weighted rate of return, net of investment expense

2016	2015	2014	2013	2012	2011	2010	2009
-3.11%	1.15%	26.98%	18.39%	0.33%	30.95%	16.22%	-17.82%

Fire and Police Retirement System pension benefits

Annual money-weighted rate of return, net of investment expense

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
1.06%	1.25%	16.74%	9.08%	-3.43%	19.42%	12.22%	-20.76%	-0.20%	18.45%

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 FUNDS

	General Fund		Major Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 67,398,751	\$ 67,398,751	\$ 14,707,082	\$ 14,707,082
Transfers		(154,930)	(8,418,000)	
Reimbursements	(1,444,070)	(1,444,070)	(650,000)	(650,000)
Fund balance draws			(1,552,567)	
Original (as presented)	<u>65,954,681</u>	<u>65,799,751</u>	<u>4,086,515</u>	<u>14,057,082</u>
Approved encumbrances		121,945		3,133,227
Council adjustments		5,520,000		
Final (as presented)	<u>\$ 65,954,681</u>	<u>\$ 71,441,696</u>	<u>\$ 4,086,515</u>	<u>\$ 17,190,309</u>

MAJOR FUND

NON-MAJOR FUND

	Cable Television		Local Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,311,883	\$ 1,311,883	\$ 12,746,094	\$ 12,746,094
Transfers			(8,340,000)	
Reimbursements			(690,000)	(690,000)
Fund balance draws	(130,926)			
Original (as presented)	<u>1,180,957</u>	<u>1,311,883</u>		
Approved encumbrances		6,503		784,559
Council adjustments		586,843		
Final (as presented)	<u>\$ 1,180,957</u>	<u>\$ 1,905,229</u>	<u>\$ 3,716,094</u>	<u>\$ 12,840,653</u>

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation

(continued)

NON-MAJOR FUNDS

	Parks and Recreation		Block Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 6,931,196	\$ 6,931,196	\$ 424,081	\$ 424,081
Transfers		(210,565)		(55,656)
Reimbursements	(34,500)	(34,500)		
Fund balance draws	(463,755)			
Approved encumbrances		25,793		
Council adjustments		130,460		
Final (as presented)	<u>\$ 6,432,941</u>	<u>\$ 6,842,384</u>	<u>\$ 424,081</u>	<u>\$ 368,425</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		15,219		
Council adjustments			\$ 25,000	\$ 25,000
Final (as presented)	<u>\$ 194,938</u>	<u>\$ 435,904</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
	Library		Michigan Works Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,210,166	\$ 7,210,166	\$ 2,500,000	\$ 2,500,000
Transfers	(52,500)	(52,500)		
Fund balance draws	(111,959)			
Approved encumbrances		9,398		4,398
Council adjustments		126,669		
Final (as presented)	<u>\$ 7,045,707</u>	<u>\$ 7,293,733</u>	<u>\$ 2,500,000</u>	<u>\$ 2,504,398</u>
	Auto Theft Grant		Donations, Memorial Trusts & Sponsorships	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 310,422	\$ 310,422	\$ 200,000	\$ 200,000
Transfers	(154,930)			
Approved encumbrances				8,220
Council adjustments			300,000	335,000
Final (as presented)	<u>\$ 155,492</u>	<u>\$ 310,422</u>	<u>\$ 500,000</u>	<u>\$ 543,220</u>

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 9,869,751	\$ 2,446,140	\$ 1,207,888	\$ 13,523,779
Investments	9,252,967		5,233,511	14,486,478
Receivables, net (Note 5)	761,443	31,037	16,112	808,592
Prepays	61,460			61,460
Due from other funds (Note 8)	1,875,484	107,722	3,210,162	5,193,368
Due from component units	39,571			39,571
Due from other governmental units	574,594			574,594
Restricted assets: (Note 4)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 22,435,270</u>	<u>\$ 2,584,899</u>	<u>\$ 9,704,803</u>	<u>\$ 34,724,972</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 546,079		\$ 213,885	\$ 759,964
Accrued payroll	240,842			240,842
Due to other funds (Note 8)	618,963			618,963
Other short-term liabilities	82,113	\$ 47,751		129,864
Advances from local improvement revolving fund (Note 8)	24,602		1,197,350	1,221,952
Total liabilities	<u>1,512,599</u>	<u>47,751</u>	<u>1,411,235</u>	<u>2,971,585</u>
Deferred inflows of resources - unavailable (Note 5)	98,915	6,831	-	105,746
Fund balance: (Note 14)				
Non-spendable	61,460			61,460
Restricted	19,904,459	2,530,317	1,054,647	23,489,423
Committed	857,837			857,837
Assigned			7,238,921	7,238,921
Total fund balances	<u>20,823,756</u>	<u>2,530,317</u>	<u>8,293,568</u>	<u>31,647,641</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,435,270</u>	<u>\$ 2,584,899</u>	<u>\$ 9,704,803</u>	<u>\$ 34,724,972</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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 13,221,035	\$ 7,205,967		\$ 20,427,002
Special assessments	23,670			23,670
Charges for services	2,647,038			2,647,038
Fines and forfeitures	80,904			80,904
Federal forfeitures	63,471			63,471
Intergovernmental:				
Federal	1,887,278			1,887,278
State	1,438,049			1,438,049
Contributions and donations	646,277			646,277
Net investment earnings	615,898	48,031	\$ 124,515	788,444
Other	217,091		30,118	247,209
Total revenues	<u>20,840,711</u>	<u>7,253,998</u>	<u>154,633</u>	<u>28,249,342</u>
EXPENDITURES				
Current:				
General government	47,562			47,562
Public safety	401,475			401,475
Highways and streets	2,218,722			2,218,722
Community improvement	435,655			435,655
Social services	1,547,830			1,547,830
Culture and recreation	10,862,493			10,862,493
Other		542	46,433	46,975
Capital outlay	7,311,612		1,738,344	9,049,956
Debt service:				
Principal retirement	998,221	4,851,317		5,849,538
Interest and fiscal charges	1,222,567	1,324,858		2,547,425
Total expenditures	<u>25,046,137</u>	<u>6,176,717</u>	<u>1,784,777</u>	<u>33,007,631</u>
Excess (deficiency) of revenues over (under) expenditures	(4,205,426)	1,077,281	(1,630,144)	(4,758,289)
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	8,674,713		4,936,990	13,611,703
Transfers out	(254,302)			(254,302)
Total other financing sources (uses)	<u>8,420,411</u>	<u>-</u>	<u>4,936,990</u>	<u>13,357,401</u>
Net change in fund balances	4,214,985	1,077,281	3,306,846	8,599,112
Fund balances - beginning	16,608,771	1,453,036	4,986,722	23,048,529
Fund balances - ending	<u>\$ 20,823,756</u>	<u>\$ 2,530,317</u>	<u>\$ 8,293,568</u>	<u>\$ 31,647,641</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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.

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).

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.

SPECIAL REVENUE FUNDS
(continued)

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, 2016

	Local Streets	Parks and Recreation	Block Grant	Drug Law Enforcement	Grants
ASSETS					
Cash and cash equivalents	\$ 5,390,385	\$ 1,287,629	\$ 269,131	\$ 174,199	\$ 138,334
Investments	932,943	3,116,417			
Receivables, net	284,377	77,721	80,876	64	30,665
Prepays		15,004		5,096	
Due from other funds	1,683,247	23,321		88,431	
Due from component units			5,103		34,468
Due from other governmental units	-	-	-	-	-
Total assets	<u>\$ 8,290,952</u>	<u>\$ 4,520,092</u>	<u>\$ 355,110</u>	<u>\$ 267,790</u>	<u>\$ 203,467</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 252,223	\$ 136,720	\$ 47,692	\$ 24,514	\$ 2,750
Accrued payroll		111,329	7,764	5,591	
Due to other funds	26,486	21,796	30,067		
Other short-term liabilities	16,952	26,209			
Advances from local improvement revolving fund		24,602			
Total liabilities	<u>295,661</u>	<u>320,656</u>	<u>85,523</u>	<u>30,105</u>	<u>2,750</u>
Deferred inflows of resources - unavailable	<u>5,978</u>	<u>9,449</u>	<u>37,900</u>	<u>-</u>	<u>30,577</u>
Fund balance:					
Non-spendable		15,004		5,096	
Restricted	7,989,313	4,174,983	231,687	232,589	170,140
Committed	-	-	-	-	-
Total fund balances	<u>7,989,313</u>	<u>4,189,987</u>	<u>231,687</u>	<u>237,685</u>	<u>170,140</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,290,952</u>	<u>\$ 4,520,092</u>	<u>\$ 355,110</u>	<u>\$ 267,790</u>	<u>\$ 203,467</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, 2016

	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS					
Cash and cash equivalents	\$ 1,030,761	\$ 181,620	\$ 19,735	\$ 1,377,957	\$ 9,869,751
Investments	5,203,607				9,252,967
Receivables, net	286,816			924	761,443
Prepays	41,360				61,460
Due from other funds	80,485				1,875,484
Due from component units					39,571
Due from other governmental units		574,594			574,594
Total assets	<u>\$ 6,643,029</u>	<u>\$ 756,214</u>	<u>\$ 19,735</u>	<u>\$ 1,378,881</u>	<u>\$ 22,435,270</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 55,979	\$ 22,901	\$ 50	\$ 3,250	\$ 546,079
Accrued payroll	68,298	36,501	9,259	2,100	240,842
Due to other funds		539,905	709		618,963
Other short-term liabilities	38,952				82,113
Advances from local improvement revolving fund					24,602
Total liabilities	<u>163,229</u>	<u>599,307</u>	<u>10,018</u>	<u>5,350</u>	<u>1,512,599</u>
Deferred inflows of resources - unavailable	<u>15,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,915</u>
Fund balance:					
Non-spendable	41,360				61,460
Restricted	6,423,429	156,907	9,717	515,694	19,904,459
Committed				857,837	857,837
Total fund balances	<u>6,464,789</u>	<u>156,907</u>	<u>9,717</u>	<u>1,373,531</u>	<u>20,823,756</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,643,029</u>	<u>\$ 756,214</u>	<u>\$ 19,735</u>	<u>\$ 1,378,881</u>	<u>\$ 22,435,270</u>

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

(continued)

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2016

	Local Streets	Parks and Recreation	Block Grant	Drug Law Enforcement	Grants
REVENUES					
Property taxes	\$ 2,592,899	\$ 4,081,399			
Special assessments					\$ 23,670
Charges for services		2,189,892			
Fines and forfeitures				\$ 80,904	
Federal forfeitures				63,471	
Intergovernmental:					
Federal			\$ 386,753		
State	1,261,884				
Contributions and donations	-	-	-	-	-
Net investment earnings	214,919	125,271	47,443	1,501	1,730
Other	737	215,462		209	683
Total revenues	<u>4,070,439</u>	<u>6,612,024</u>	<u>434,196</u>	<u>146,085</u>	<u>26,083</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety				89,849	
Highways and streets	2,218,722				
Community improvement			422,830		12,825
Social services	-	-	-	-	-
Culture and recreation		5,871,929			
Capital outlay	6,957,023	125,805		35,519	
Debt service:					
Principal retirement	83,221				
Interest and fiscal charges	26,535	78,492			
Total expenditures	<u>9,285,501</u>	<u>6,076,226</u>	<u>422,830</u>	<u>125,368</u>	<u>12,825</u>
Excess (deficiency) of revenues over (under) expenditures	(5,215,062)	535,798	11,366	20,717	13,258
OTHER FINANCING SOURCES (USES)					
Transfers in	8,519,783				
Transfers out		(198,646)	(55,656)		
Total other financing sources (uses)	<u>8,519,783</u>	<u>(198,646)</u>	<u>(55,656)</u>	-	-
Net change in fund balances	3,304,721	337,152	(44,290)	20,717	13,258
Fund balances - beginning	<u>4,684,592</u>	<u>3,852,835</u>	<u>275,977</u>	<u>216,968</u>	<u>156,882</u>
Fund balances - ending	<u>\$ 7,989,313</u>	<u>\$ 4,189,987</u>	<u>\$ 231,687</u>	<u>\$ 237,685</u>	<u>\$ 170,140</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, 2016

	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES					
Property taxes	\$ 6,546,737				\$ 13,221,035
Special assessments					23,670
Charges for services	457,146				2,647,038
Fines and forfeitures					80,904
Federal forfeitures					63,471
Intergovernmental:					
Federal		\$ 1,500,525			1,887,278
State	50,856		\$ 125,309		1,438,049
Contributions and donations				\$ 646,277	646,277
Net investment earnings	209,304		10	15,720	615,898
Other					217,091
Total revenues	<u>7,264,043</u>	<u>1,500,525</u>	<u>125,319</u>	<u>661,997</u>	<u>20,840,711</u>
EXPENDITURES					
Current:					
General government				47,562	47,562
Public safety			281,804	29,822	401,475
Highways and streets					2,218,722
Community improvement					435,655
Social services		1,488,497		59,333	1,547,830
Culture and recreation	4,587,029			403,535	10,862,493
Capital outlay	174,949			18,316	7,311,612
Debt service:					
Principal retirement	915,000				998,221
Interest and fiscal charges	1,117,540				1,222,567
Total expenditures	<u>6,794,518</u>	<u>1,488,497</u>	<u>281,804</u>	<u>558,568</u>	<u>25,046,137</u>
Excess (deficiency) of revenues over (under) expenditures	469,525	12,028	(156,485)	103,429	(4,205,426)
OTHER FINANCING SOURCES (USES)					
Transfers in			154,930		8,674,713
Transfers out					(254,302)
Total other financing sources (uses)		-	154,930	-	8,420,411
Net change in fund balances	469,525	12,028	(1,555)	103,429	4,214,985
Fund balances - beginning	5,995,264	144,879	11,272	1,270,102	16,608,771
Fund balances - ending	<u>\$ 6,464,789</u>	<u>\$ 156,907</u>	<u>\$ 9,717</u>	<u>\$ 1,373,531</u>	<u>\$ 20,823,756</u>

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

(continued)

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 2,599,998	\$ 2,592,899	\$ (7,099)
Intergovernmental:			
State	1,109,768	1,261,884	152,116
Net investment earnings	6,328	214,919	208,591
Other		737	737
Total revenues	<u>3,716,094</u>	<u>4,070,439</u>	<u>354,345</u>
EXPENDITURES			
Highways and streets:			
Administration	234,870	226,092	8,778
Road maintenance	2,091,384	1,292,359	799,025
Traffic services	217,852	85,782	132,070
Snow removal	670,649	242,867	427,782
Appearance	1,169,588	371,622	797,966
Total highways and streets	<u>4,384,343</u>	<u>2,218,722</u>	<u>2,165,621</u>
Capital outlay	8,340,000	6,957,023	1,382,977
Debt service:			
Principal retirement	83,221	83,221	-
Interest and fiscal charges	33,089	26,535	6,554
Total expenditures	<u>12,840,653</u>	<u>9,285,501</u>	<u>3,555,152</u>
Excess (deficiency) of revenues over (under) expenditures	(9,124,559)	(5,215,062)	3,909,497
OTHER FINANCING SOURCES			
Transfers in	<u>8,340,000</u>	<u>8,519,783</u>	<u>179,783</u>
Net change in fund balances	(784,559)	3,304,721	4,089,280
Fund balance - beginning	<u>4,684,592</u>	<u>4,684,592</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 3,900,033</u></u>	<u><u>\$ 7,989,313</u></u>	<u><u>\$ 4,089,280</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Parks and Recreation Fund

For the Year Ended June 30, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 4,126,470	\$ 4,081,399	\$ (45,071)
Charges for services	2,006,728	2,189,892	183,164
Net investment earnings	25,313	125,271	99,958
Other	274,430	215,462	(58,968)
Total revenues	<u>6,432,941</u>	<u>6,612,024</u>	<u>179,083</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,129,588	1,772,381	357,207
Recreation division	1,053,653	1,052,525	1,128
Cultural arts division	83,226	79,984	3,242
Senior center division	250,452	249,201	1,251
Operations & facilities division	2,417,978	2,016,792	401,186
Golf	703,190	701,046	2,144
Total culture and recreation	<u>6,638,087</u>	<u>5,871,929</u>	<u>766,158</u>
Capital outlay	125,805	125,805	-
Debt service:			
Interest and fiscal charges	78,492	78,492	-
Total expenditures	<u>6,842,384</u>	<u>6,076,226</u>	<u>766,158</u>
Excess (deficiency) of revenues over (under) expenditures	(409,443)	535,798	945,241
OTHER FINANCING USES			
Transfers out	(198,646)	(198,646)	-
Net change in fund balances	(608,089)	337,152	945,241
Fund balance - beginning	<u>3,852,835</u>	<u>3,852,835</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,244,746</u>	<u>\$ 4,189,987</u>	<u>\$ 945,241</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, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental:			
Federal	\$ 424,081	\$ 386,753	\$ (37,328)
Other		47,443	47,443
Total revenues	<u>424,081</u>	<u>434,196</u>	<u>10,115</u>
EXPENDITURES			
Community improvement	<u>368,425</u>	<u>422,830</u>	<u>(54,405)</u>
Excess (deficiency) of revenues over (under) expenditures	55,656	11,366	(44,290)
OTHER FINANCING USES			
Transfers out	<u>(55,656)</u>	<u>(55,656)</u>	<u>-</u>
Net change in fund balances	-	(44,290)	(44,290)
Fund balance - beginning	<u>275,977</u>	<u>275,977</u>	<u>-</u>
Fund balance - ending	<u>\$ 275,977</u>	<u>\$ 231,687</u>	<u>\$ (44,290)</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, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 100,000	\$ 80,904	\$ (19,096)
Federal forfeitures	80,000	63,471	(16,529)
Net investment earnings	3,938	1,501	(2,437)
Other	11,000	209	(10,791)
Total revenues	<u>194,938</u>	<u>146,085</u>	<u>(48,853)</u>
EXPENDITURES			
Public safety	400,385	89,849	310,536
Capital outlay	35,519	35,519	-
Total expenditures	<u>435,904</u>	<u>125,368</u>	<u>310,536</u>
Net change in fund balances	(240,966)	20,717	261,683
Fund balance - beginning	<u>216,968</u>	<u>216,968</u>	<u>-</u>
Fund balance - ending	\$ <u>(23,998)</u>	\$ <u>237,685</u>	\$ <u>261,683</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Grants Fund

For the Year Ended June 30, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments	\$ 24,000	\$ 23,670	\$ (330)
Net investment earnings		1,730	1,730
Other	1,000	683	(317)
Total revenues	<u>25,000</u>	<u>26,083</u>	<u>1,083</u>
EXPENDITURES			
Community improvement	<u>25,000</u>	<u>12,825</u>	<u>12,175</u>
Net change in fund balances	-	13,258	13,258
Fund balance - beginning	<u>156,882</u>	<u>156,882</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 156,882</u></u>	<u><u>\$ 170,140</u></u>	<u><u>\$ 13,258</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Library Fund

For the Year Ended June 30, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,606,456	\$ 6,546,737	\$ (59,719)
Charges for services	300,813	457,146	156,333
Intergovernmental:			
State	40,000	50,856	10,856
Net investment earnings	98,438	209,304	110,866
Total revenues	<u>7,045,707</u>	<u>7,264,043</u>	<u>218,336</u>
EXPENDITURES			
Culture and recreation:			
Administration	1,999,311	1,871,451	127,860
Adult reference	928,361	888,770	39,591
Children's division	640,643	533,274	107,369
Support services	768,246	544,960	223,286
Technology division	749,683	748,574	1,109
Total culture and recreation	<u>5,086,244</u>	<u>4,587,029</u>	<u>499,215</u>
Capital outlay	174,949	174,949	-
Debt service:			
Principal	915,000	915,000	-
Interest and fiscal charges	1,117,540	1,117,540	-
Total expenditures	<u>7,293,733</u>	<u>6,794,518</u>	<u>499,215</u>
Net change in fund balances	(248,026)	469,525	717,551
Fund balance - beginning	<u>5,995,264</u>	<u>5,995,264</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 5,747,238</u></u>	<u><u>\$ 6,464,789</u></u>	<u><u>\$ 717,551</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Michigan Works Grants Fund For the Year Ended June 30, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 2,500,000	\$ 1,500,525	\$ (999,475)
EXPENDITURES			
Social services	2,504,398	1,488,497	1,015,901
Net change in fund balances	(4,398)	12,028	16,426
Fund balance - beginning	144,879	144,879	-
Fund balance - ending	\$ 140,481	\$ 156,907	\$ 16,426

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, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 154,929	\$ 125,309	\$ (29,620)
Net investment earnings	563	10	(553)
Total revenues	<u>155,492</u>	<u>125,319</u>	<u>(30,173)</u>
EXPENDITURES			
Public safety	<u>310,422</u>	<u>281,804</u>	<u>28,618</u>
Deficiency of revenues under expenditures	(154,930)	(156,485)	(1,555)
OTHER FINANCING SOURCES			
Transfers in	<u>154,930</u>	<u>154,930</u>	<u>-</u>
Net change in fund balances	-	(1,555)	(1,555)
Fund balances - beginning	<u>11,272</u>	<u>11,272</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 11,272</u></u>	<u><u>\$ 9,717</u></u>	<u><u>\$ (1,555)</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Donations, Memorial Trusts & Sponsorships For the Year Ended June 30, 2016

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Contributions	\$ 500,000	\$ 646,277	\$ 146,277
Net investment earnings		15,720	15,720
Total revenues	<u>500,000</u>	<u>661,997</u>	<u>161,997</u>
EXPENDITURES			
General government	35,000	47,562	(12,562)
Public safety	27,036	29,822	(2,786)
Social services	59,333	59,333	-
Culture and recreation	403,535	403,535	-
Capital outlay	18,316	18,316	-
Total expenditures	<u>543,220</u>	<u>558,568</u>	<u>(15,348)</u>
Net change in fund balances	(43,220)	103,429	146,649
Fund balances - beginning	<u>1,270,102</u>	<u>1,270,102</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,226,882</u>	<u>\$ 1,373,531</u>	<u>\$ 146,649</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.

ROAD BOND DEBT

Voter approved tax levy recording the repayment of debt service for bonds sold for the purpose of repairing Major and Local Streets.

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, 2016

	Road Bond Debt	Drains-at- Large	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 471,759	\$ 1,974,381	\$ 2,446,140
Receivables, net	27,335	3,702	31,037
Due from other funds	105,578	2,144	107,722
Total assets	<u>\$ 604,672</u>	<u>\$ 1,980,227</u>	<u>\$ 2,584,899</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Other short-term liabilities	\$ 42,425	\$ 5,326	\$ 47,751
Deferred inflows of resources - unavailable	4,349	2,482	6,831
Fund balance:			
Restricted for debt service	<u>557,898</u>	<u>1,972,419</u>	<u>2,530,317</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 604,672</u>	<u>\$ 1,980,227</u>	<u>\$ 2,584,899</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, 2016

	Road Bond Debt	Drains-at- Large	Total
REVENUES			
Property taxes	\$ 6,060,979	\$ 1,144,988	\$ 7,205,967
Net investment earnings	25,988	22,043	48,031
Total revenues	<u>6,086,967</u>	<u>1,167,031</u>	<u>7,253,998</u>
EXPENDITURES			
Other	500	42	542
Debt service:			
Principal retirement	4,340,000	511,317	4,851,317
Interest and fiscal charges	<u>1,188,569</u>	<u>136,289</u>	<u>1,324,858</u>
Total expenditures	5,529,069	647,648	6,176,717
Net change in fund balances	557,898	519,383	1,077,281
Fund balances - beginning	-	1,453,036	1,453,036
Fund balances - ending	<u>\$ 557,898</u>	<u>\$ 1,972,419</u>	<u>\$ 2,530,317</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

LIBRARY BUILDING AUTHORITY 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.

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Capital Project Funds
June 30, 2016

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Total
ASSETS				
Cash and cash equivalents	\$ 570,452	\$ 637,436		\$ 1,207,888
Investments		5,233,511		5,233,511
Receivables, net	366	15,746		16,112
Due from other funds		3,000,724	\$ 209,438	3,210,162
Restricted assets:				
Cash and cash equivalents		37,130		37,130
Total assets	<u>\$ 570,818</u>	<u>\$ 8,924,547</u>	<u>\$ 209,438</u>	<u>\$ 9,704,803</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,565	\$ 882	\$ 209,438	\$ 213,885
Advances from local improvement revolving fund		1,197,350		1,197,350
Total liabilities	<u>3,565</u>	<u>1,198,232</u>	<u>209,438</u>	<u>1,411,235</u>
Fund balances:				
Restricted	567,253	487,394		1,054,647
Assigned		7,238,921		7,238,921
Total fund balances	<u>567,253</u>	<u>7,726,315</u>	<u>-</u>	<u>8,293,568</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 570,818</u>	<u>\$ 8,924,547</u>	<u>\$ 209,438</u>	<u>\$ 9,704,803</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, 2016

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Total
REVENUES				
Net investment earnings	\$ 7,414	\$ 117,101		\$ 124,515
Other		30,118		30,118
Total revenues	<u>7,414</u>	<u>147,219</u>	\$ -	<u>154,633</u>
EXPENDITURES				
Construction and other costs	40,486	5,947		46,433
Capital outlay			1,738,344	1,738,344
Total expenditures	<u>40,486</u>	<u>5,947</u>	<u>1,738,344</u>	<u>1,784,777</u>
Excess (deficiency) of revenues over (under) expenditures	(33,072)	141,272	(1,738,344)	(1,630,144)
OTHER FINANCING SOURCES				
Transfers in		3,198,646	1,738,344	4,936,990
Net change in fund balances	(33,072)	3,339,918	-	3,306,846
Fund balances - beginning	600,325	4,386,397	-	4,986,722
Fund balances - ending	<u>\$ 567,253</u>	<u>\$ 7,726,315</u>	<u>\$ -</u>	<u>\$ 8,293,568</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.

HEALTH CARE

This fund accounts for the payment of health benefits for all active City employees.

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, 2016

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
ASSETS							
Current assets:							
Cash and cash equivalents (Note 3)	\$ 1,456,568	\$ 572,053	\$ 120,453	\$ 5,365,417	\$ 454,037	\$ 11,140,516	\$ 19,109,044
Investments (Note 3)		2,299,766	4,087,499	1,369,968	2,924,347	1,956,649	12,638,229
Receivables, net (Note 5)	508	6,136	13,220	73,987	11,544	110,057	215,452
Prepays	754,394		8,264				762,658
Due from other funds (Note 8)		17,535	279,706				297,241
Inventory			359,286				359,286
Total current assets	<u>2,211,470</u>	<u>2,895,490</u>	<u>4,868,428</u>	<u>6,809,372</u>	<u>3,389,928</u>	<u>13,207,222</u>	<u>33,381,910</u>
Noncurrent assets:							
Restricted cash and cash equivalents (Note 4)					3,188,916		3,188,916
Long-term advances to other funds (Note 8)						3,071,815	3,071,815
Long-term advances to component units (Note 8)						1,401,386	1,401,386
Capital assets: (Note 6)							
Equipment and intangibles		423,435	15,545,103	10,487,124		498,000	26,953,662
Less accumulated depreciation		(295,670)	(12,238,709)	(8,514,189)		(14,940)	(21,063,508)
Net capital assets	<u>-</u>	<u>127,765</u>	<u>3,306,394</u>	<u>1,972,935</u>	<u>-</u>	<u>483,060</u>	<u>5,890,154</u>
Total noncurrent assets	<u>-</u>	<u>127,765</u>	<u>3,306,394</u>	<u>1,972,935</u>	<u>3,188,916</u>	<u>4,956,261</u>	<u>13,552,271</u>
Total assets	<u>2,211,470</u>	<u>3,023,255</u>	<u>8,174,822</u>	<u>8,782,307</u>	<u>6,578,844</u>	<u>18,163,483</u>	<u>46,934,181</u>
Deferred Outflows of Resources							
Related to Pensions (Note 5)		1,269,352	707,758				1,977,110
LIABILITIES							
Current liabilities:							
Accounts payable		173,446	98,078	71,450	3,701		346,675
Accrued payroll		41,222	29,971				71,193
Provision for medical claims					1,140,846		1,140,846
Due to other funds (Note 8)	1,375,056	185,261				1,562,760	3,123,077
Accrued compensated absences- due within 1 year (Note 7)		65,736	36,184				101,920
Total current liabilities	<u>1,375,056</u>	<u>465,665</u>	<u>164,233</u>	<u>71,450</u>	<u>1,144,547</u>	<u>1,562,760</u>	<u>4,783,711</u>
Noncurrent liabilities:							
General insurance & workers' compensation accrual					1,944,253		1,944,253
Accrued compensated absences- due more 1 year (Note 7)		116,867	64,326				181,193
Net pension liability (Note 11)		2,704,114	1,496,548				4,200,662
Net OPEB obligation (Note 12)		896,348	428,283		1,314		1,325,945
Total noncurrent liabilities	<u>-</u>	<u>3,717,329</u>	<u>1,989,157</u>	<u>-</u>	<u>1,945,567</u>	<u>-</u>	<u>7,652,053</u>
Total liabilities	<u>1,375,056</u>	<u>4,182,994</u>	<u>2,153,390</u>	<u>71,450</u>	<u>3,090,114</u>	<u>1,562,760</u>	<u>12,435,764</u>
Deferred Inflows of Resources							
Related to Pensions (Note 5)		80,668	44,585				125,253
NET POSITION							
Net investment in capital assets		127,765	3,306,394	1,972,935		483,060	5,890,154
Restricted for claims					3,188,916		3,188,916
Unrestricted	836,414	(98,820)	3,378,211	6,737,922	299,814	16,117,663	27,271,204
Total net position	<u>\$ 836,414</u>	<u>\$ 28,945</u>	<u>\$ 6,684,605</u>	<u>\$ 8,710,857</u>	<u>\$ 3,488,730</u>	<u>\$ 16,600,723</u>	<u>\$ 36,350,274</u>

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

City of Southfield
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
OPERATING REVENUES							
Charges for consumption and service:							
Charges to other funds	\$ 829,207	\$ 4,747,701	\$ 3,966,580				\$ 9,543,488
Other		90				\$ 331,142	331,232
Total operating revenue	829,207	4,747,791	3,966,580	\$ -	\$ -	331,142	9,874,720
OPERATING EXPENSES							
Administration		1,845,174	37,161				1,882,335
Equipment and facility operation:							
Equipment maintenance			2,380,425	191,752			2,572,177
Communications			232,894				232,894
Maintenance staff		934,688					934,688
Custodial staff		1,526,598					1,526,598
Depreciation		17,737	1,165,815	656,975		9,960	1,850,487
Other					910,630	14,610	925,240
Total operating expenses		4,324,197	3,816,295	848,727	910,630	24,570	9,924,419
Operating income (loss)	829,207	423,594	150,285	(848,727)	(910,630)	306,572	(49,699)
NONOPERATING REVENUES							
Gain on disposal of assets			172,467				172,467
Net investment earnings	7,207	48,333	106,771	192,739	85,408	156,834	597,292
Other		39,989	24,890				64,879
Total nonoperating revenues	7,207	88,322	304,128	192,739	85,408	156,834	834,638
Income (loss) before transfers	836,414	511,916	454,413	(655,988)	(825,222)	463,406	784,939
Transfers out		(1,682,689)					(1,682,689)
Change in net position	836,414	(1,170,773)	454,413	(655,988)	(825,222)	463,406	(897,750)
Total net position - beginning		1,199,718	6,230,192	9,366,845	4,313,952	16,137,317	37,248,024
Total net position - ending	\$ 836,414	\$ 28,945	\$ 6,684,605	\$ 8,710,857	\$ 3,488,730	\$ 16,600,723	\$ 36,350,274

City of Southfield
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Health	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from users	\$ 74,813	\$ 4,747,791	\$ 3,975,553			\$ 331,142	\$ 9,129,299
Cash received from (paid to) employees	41,281	(1,273,061)	(496,550)		\$ (162,912)		(1,891,242)
Cash paid to suppliers	(41,281)	(2,787,837)	(2,528,731)	\$ (131,258)	(1,338,469)	(14,610)	(6,842,186)
Payments received (made) on interfunds	1,375,056	408,283	(185,928)		(864)	1,562,760	3,159,307
Net cash provided by (used in) operating activities	1,449,869	1,095,176	764,344	(131,258)	(1,502,245)	1,879,292	3,555,178
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments made on long-term advances						(1,380,365)	(1,380,365)
Transfers out		(1,682,689)					(1,682,689)
Net cash provided by (used in) noncapital and related financing activities		(1,682,689)				(1,380,365)	(3,063,054)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of property equipment & adjustments, net of proceeds		16,109	(935,420)	(232,049)			(1,151,360)
Proceeds on disposal of assets			172,467				172,467
Net cash provided by (used in) capital and related financing activities	-	16,109	(762,953)	(232,049)	-	-	(978,893)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of investments, net of proceeds		(2,299,766)	(4,087,499)	4,014,098	(481,620)	(511,342)	(3,366,129)
Investment earnings	6,699	44,322	96,946	128,635	79,443	51,318	407,363
Net cash provided by (used in) investing activities	6,699	(2,255,444)	(3,990,553)	4,142,733	(402,177)	(460,024)	(2,958,766)
Net increase (decrease) in cash, cash equivalents	1,456,568	(2,826,848)	(3,989,162)	3,779,426	(1,904,422)	38,903	(3,445,535)
Cash, cash equivalents, beginning of year		3,398,901	4,109,615	1,585,991	5,547,375	11,101,613	25,743,495
Cash, cash equivalents, end of year	\$ 1,456,568	\$ 572,053	\$ 120,453	\$ 5,365,417	\$ 3,642,953	\$ 11,140,516	\$ 22,297,960
Balance sheet reconciliation of cash & cash equivalents							
Cash, cash equivalents	\$ 1,456,568	\$ 572,053	\$ 120,453	\$ 5,365,417	\$ 454,037	\$ 11,140,516	\$ 19,109,044
Restricted cash, cash equivalents					3,188,916		3,188,916
Total cash, cash equivalents	\$ 1,456,568	\$ 572,053	\$ 120,453	\$ 5,365,417	\$ 3,642,953	\$ 11,140,516	\$ 22,297,960
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 829,207	\$ 423,594	\$ 150,285	\$ (848,727)	\$ (910,630)	\$ 306,572	\$ (49,699)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation		17,737	1,165,815	656,975		9,960	1,850,487
Prepays	(754,394)		8,973				(745,421)
Inventory			7,156				7,156
Deferred outflow		(954,893)	(578,881)				(1,533,774)
Accounts payable		(125,824)	(772,801)	60,494	(17,477)		(855,608)
Accrued payroll, including compensated absences due in less than one year		(87,867)	(21,899)				(109,766)
General insurance & workers' compensation accrual					(150,638)		(150,638)
Provision for medical claims					(422,636)		(422,636)
Accrued compensated absences		(34,950)	(14,392)				(49,342)
Net pension liability		1,222,953	889,515				2,112,468
Net OPEB obligation		194,401	91,968				286,369
Interfunds	1,375,056	408,283	(185,928)		(864)	1,562,760	3,159,307
Deferred inflow		31,742	24,533				56,275
Net cash provided by (used in) operating activities	\$ 1,449,869	\$ 1,095,176	\$ 764,344	\$ (131,258)	\$ (1,502,245)	\$ 1,879,292	\$ 3,555,178

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, 2016

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ASSETS				
Cash and cash equivalents	\$ 59,272	\$ 4,163,859	\$ 873,733	\$ 5,096,864
Investments, at fair value:				
Government obligations	3,671,196	5,559,840	8,695,490	17,926,526
Corporate bonds	3,478,874	8,630,410	3,065,169	15,174,453
Common stock	88,682,061	76,146,854	42,995,156	207,824,071
Real estate and other	9,326,152	93,663,949	1,151,981	104,142,082
Total investments	105,158,283	184,001,053	55,907,796	345,067,132
Cash and investments held as collateral for securities lending:				
Certificates of deposit		5,019,457		5,019,457
Repurchase agreements		7,531,547		7,531,547
Time deposits		2,859,154		2,859,154
Agency bonds and notes		1,416,592		1,416,592
Commercial paper		2,174,468		2,174,468
Variable rate certificates of deposit		2,889,847		2,889,847
Asset backed commercial paper		949,117		949,117
Variable rate notes/bonds		9,444		9,444
Corporate bonds		87,356		87,356
Sweep vehicles		597,330		597,330
Treasury notes and bonds		75,552		75,552
Money market mutual funds	8,525,712			8,525,712
Non-cash collateral		549,527		549,527
Total securities lending	8,525,712	24,159,391	-	32,685,103
Receivables, net	641,029	7,337	4,161,164	4,809,530
Prepaid			726,558	726,558
Total assets	114,384,296	212,331,640	61,669,251	388,385,187
LIABILITIES				
Accounts payable and accrued payroll	367,173	1,152	883,663	1,251,988
Due to other governmental units	533,102		30,018	563,120
Due to fiduciary		130,066		130,066
Obligations under securities lending agreements	8,525,712	24,159,391		32,685,103
Total liabilities	9,425,987	24,290,609	913,681	34,630,277
NET POSITION				
Restricted for pension benefits	104,958,309	188,041,031		292,999,340
Restricted for post-retirement health care benefits			60,755,570	60,755,570
Total net position	\$ 104,958,309	\$ 188,041,031	\$ 60,755,570	\$ 353,754,910

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, 2016

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ADDITIONS				
Contributions:				
Plan members	\$ 689,397	\$ 444,861	\$ 655,041	\$ 1,789,299
Employer	2,866,029	5,664,576	8,322,261	16,852,866
Total contributions	3,555,426	6,109,437	8,977,302	18,642,165
Investment activity:				
Net decrease in fair value of investments	(4,230,547)	(414,204)	(769,932)	(5,414,683)
Investment earnings	411,596	2,739,274	1,383,564	4,534,434
Dividends	857,579	666,899		1,524,478
Other	368,593			368,593
Total investment activity	(2,592,779)	2,991,969	613,632	1,012,822
Less investment expense:	578,518	669,677	147,539	1,395,734
Net investment activity	(3,171,297)	2,322,292	466,093	(382,912)
Total additions, net	384,129	8,431,729	9,443,395	18,259,253
DEDUCTIONS				
Benefits	10,393,455	16,447,885		26,841,340
Health care expense		20,955	8,303,520	8,324,475
Administrative expense	95,430	443,220	135,950	674,600
Total deductions	10,488,885	16,912,060	8,439,470	35,840,415
Net increase (decrease)	(10,104,756)	(8,480,331)	1,003,925	(17,581,162)
Net position - beginning	115,063,065	196,521,362	59,751,645	371,336,072
Net position - ending	\$ 104,958,309	\$ 188,041,031	\$ 60,755,570	\$ 353,754,910

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, 2016

	Imprest Payroll	Deposits and Escrow	46th District Court	Totals
ASSETS				
Cash and cash equivalents	\$ 34,741	\$ 774,991	\$ 668,404	\$ 1,478,136
Investments		4,090,152		4,090,152
Receivables, net		15,857		15,857
Due from fiduciary	130,065			130,065
Total assets	\$ 164,806	\$ 4,881,000	\$ 668,404	\$ 5,714,210
LIABILITIES				
Accounts payable	\$ 164,536	\$ 36,250		\$ 200,786
Deposits and escrow		4,816,996	\$ 142,708	4,959,704
Interest payable	270	27,754		28,024
Due to other				
governmental units			525,696	525,696
Total liabilities	\$ 164,806	\$ 4,881,000	\$ 668,404	\$ 5,714,210

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, 2016

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 351,946	\$ 145,183,513	\$ 145,500,718	\$ 34,741
Due from fiduciary	84,932	124,922	79,789	130,065
TOTAL ASSETS	<u>\$ 436,878</u>	<u>\$ 145,308,435</u>	<u>\$ 145,580,507</u>	<u>\$ 164,806</u>
LIABILITIES				
Accounts payable	\$ 436,606	\$ 84,841,237	\$ 85,113,307	\$ 164,536
Interest payable	272		2	270
TOTAL LIABILITIES	<u>\$ 436,878</u>	<u>\$ 84,841,237</u>	<u>\$ 85,113,309</u>	<u>\$ 164,806</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 1,779,353	\$ 328,713,221	\$ 329,717,583	\$ 774,991
Investments	2,773,728	4,090,056	2,773,632	4,090,152
Receivables, net	3,725	29,300	17,168	15,857
TOTAL ASSETS	<u>\$ 4,556,806</u>	<u>\$ 332,832,577</u>	<u>\$ 332,508,383</u>	<u>\$ 4,881,000</u>
LIABILITIES				
Accounts payable	\$ 52,400	\$ 1,920,210	\$ 1,936,360	\$ 36,250
Deposits and escrow	4,475,793	184,943,689	184,602,486	4,816,996
Interest payable	28,613	24,653	25,512	27,754
TOTAL LIABILITIES	<u>\$ 4,556,806</u>	<u>\$ 186,888,552</u>	<u>\$ 186,564,358</u>	<u>\$ 4,881,000</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, 2016

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 729,065		\$ 60,661	\$ 668,404
TOTAL ASSETS	<u>\$ 729,065</u>	<u>\$ -</u>	<u>\$ 60,661</u>	<u>\$ 668,404</u>
LIABILITIES				
Deposits and escrow	\$ 148,191		\$ 5,483	\$ 142,708
Due to other governmental units	580,874		55,178	525,696
TOTAL LIABILITIES	<u>\$ 729,065</u>	<u>\$ -</u>	<u>\$ 60,661</u>	<u>\$ 668,404</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,860,364	\$ 473,896,734	\$ 475,278,962	\$ 1,478,136
Investments	2,773,728	4,090,056	2,773,632	4,090,152
Receivables, net	3,725	29,300	17,168	15,857
Due from fiduciary	84,932	124,922	79,789	130,065
TOTAL ASSETS	<u>\$ 5,722,749</u>	<u>\$ 478,141,012</u>	<u>\$ 478,149,551</u>	<u>\$ 5,714,210</u>
LIABILITIES				
Accounts payable	\$ 489,006	\$ 86,761,447	\$ 87,049,667	\$ 200,786
Deposits and escrow	4,623,984	184,943,689	184,607,969	4,959,704
Interest payable	28,885	24,653	25,514	28,024
Due to other governmental units	580,874		55,178	525,696
TOTAL LIABILITIES	<u>\$ 5,722,749</u>	<u>\$ 271,729,789</u>	<u>\$ 271,738,328</u>	<u>\$ 5,714,210</u>

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

(continued)

City of Southfield, Michigan

Statistical Section June 30, 2016

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 These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	162
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	167
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	173
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	176
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	184
Continuing Disclosure Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	188

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net investment in capital assets	\$ 93,389,840	\$ 91,559,223	\$ 88,692,768	\$ 44,661,333	\$ 95,813,554
Restricted	27,527,622	24,842,971	26,288,768	70,089,972	29,819,410
Unrestricted	36,362,533	19,470,703	12,855,588	(39,862,697)	(63,833,162)
Total governmental activities net assets	<u>\$ 157,279,995</u>	<u>\$ 135,872,897</u>	<u>\$ 127,837,124</u>	<u>\$ 74,888,608</u>	<u>\$ 61,799,802</u>
Business-type activities					
Net investment in capital assets	\$ 42,942,563	\$ 45,424,573	\$ 48,161,029	\$ 61,656,052	\$ 74,685,935
Unrestricted	40,881,674	42,737,431	43,057,372	31,870,522	21,124,042
Total business-type activities net assets	<u>\$ 83,824,237</u>	<u>\$ 88,162,004</u>	<u>\$ 91,218,401</u>	<u>\$ 93,526,574</u>	<u>\$ 95,809,977</u>
Primary government					
Net investment in capital assets	\$ 136,332,403	\$ 136,983,796	\$ 136,853,797	\$ 106,317,385	\$ 170,499,489
Restricted	27,527,622	24,842,971	26,288,768	70,089,972	29,819,410
Unrestricted	77,244,207	62,208,134	55,912,960	(7,992,175)	(42,709,120)
Total primary government net assets	<u>\$ 241,104,232</u>	<u>\$ 224,034,901</u>	<u>\$ 219,055,525</u>	<u>\$ 168,415,182</u>	<u>\$ 157,609,779</u>

City Of Southfield, Michigan

Changes In Net Position Last Five Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 14,231,933	\$ 13,516,403	\$ 19,238,783	\$ 15,685,934	\$ 16,465,647
Public safety	41,684,855	49,874,106	49,905,628	50,953,807	63,045,761
Highway and streets	9,785,950	10,002,530	10,899,272	10,654,646	12,120,677
Public services	1,388,114	1,469,968	1,505,322	1,492,616	1,565,891
Sanitation	3,146,562	2,999,397	2,946,305	3,248,297	3,088,287
Community improvement	754,452	378,392	503,364	547,084	435,655
Social services	4,802,279	2,608,788	2,151,982	2,257,567	2,848,395
Culture and recreation	15,413,138	14,833,808	15,421,345	14,989,869	16,362,176
Interest on long-term debt	2,246,976	2,228,416	1,846,460	2,211,125	2,789,226
Total governmental activities expenses	<u>93,454,259</u>	<u>97,911,808</u>	<u>104,418,461</u>	<u>102,040,945</u>	<u>118,721,715</u>
Business-type activities:					
Water and sewer	31,348,426	32,946,783	35,004,942	35,239,077	39,297,717
Total primary government expenses	<u>\$ 124,802,685</u>	<u>\$ 130,858,591</u>	<u>\$ 139,423,403</u>	<u>\$ 137,280,022</u>	<u>\$ 158,019,432</u>
Program revenues					
Charges for services:					
General government	\$ 1,157,454	\$ 1,923,492	\$ 1,377,779	\$ 1,144,013	\$ 2,201,021
Public safety	8,432,922	8,352,338	8,385,676	9,675,824	9,150,364
Public services	745,171	605,056	482,508	706,405	1,245,286
Sanitation	3,135,091	3,161,928	3,070,933	3,070,248	3,179,966
Community improvement	322,502	149,078	210,232	363,381	376,099
Culture and recreation	4,174,246	4,184,976	4,278,961	4,306,858	3,671,531
Operating grants and contributions	13,024,964	9,725,082	11,106,575	9,474,674	8,869,321
Capital grants and contributions	74,886	332,053	-	-	2,075
Total governmental activities program revenues	<u>31,067,236</u>	<u>28,434,003</u>	<u>28,912,664</u>	<u>28,741,403</u>	<u>28,695,663</u>
Business-type activities:					
Charges for services:					
Water and sewer	38,002,545	38,241,205	36,671,976	37,888,336	41,074,852
Capital grants and contributions	161,652	121,440	3,345	-	-
Total business-type activities program revenues	<u>38,164,197</u>	<u>38,362,645</u>	<u>36,675,321</u>	<u>37,888,336</u>	<u>41,074,852</u>
Total primary government program revenues	<u>\$ 69,231,433</u>	<u>\$ 66,796,648</u>	<u>\$ 65,587,985</u>	<u>\$ 66,629,739</u>	<u>\$ 69,770,515</u>
Net (Expense)/Revenue					
Governmental activities	\$ (62,387,023)	\$ (69,477,805)	\$ (75,505,797)	\$ (73,299,542)	\$ (90,026,052)
Business-type activities	6,815,771	5,415,862	1,670,379	2,649,259	1,777,135
Total primary government net expense	<u>\$ (55,571,252)</u>	<u>\$ (64,061,943)</u>	<u>\$ (73,835,418)</u>	<u>\$ (70,650,283)</u>	<u>\$ (88,248,917)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 60,710,702	\$ 59,510,906	\$ 59,325,483	\$ 58,038,889	\$ 65,040,960
Unrestricted state shared revenues	6,016,116	6,184,435	6,351,775	6,464,147	6,580,135
Unrestricted investment earnings	627,531	301,515	989,671	1,132,298	2,446,327
Miscellaneous	1,870,282	628,512	1,066,395	2,509,393	2,869,824
Transfers	57,386	986,505	(263,300)	-	-
Total governmental activities	<u>69,282,017</u>	<u>67,611,873</u>	<u>67,470,024</u>	<u>68,144,727</u>	<u>76,937,246</u>
Business-type activities:					
Grants and contributions not restricted to specific programs					
Unrestricted investment earnings (loss)	395,840	(112,248)	914,669	744,480	431,341
Miscellaneous	235,690	20,658	208,049	73,228	74,930
Transfers	(57,386)	(986,505)	263,300	-	-
Total business-type activities	<u>574,144</u>	<u>(1,078,095)</u>	<u>1,386,018</u>	<u>817,708</u>	<u>506,271</u>
Total primary government	<u>\$ 69,856,161</u>	<u>\$ 66,533,778</u>	<u>\$ 68,856,042</u>	<u>\$ 68,962,435</u>	<u>\$ 77,443,517</u>
Change in Net Position					
Governmental activities	\$ 6,894,994	\$ (1,865,932)	\$ (8,035,773)	\$ (5,154,815)	\$ (13,088,806)
Business-type activities	7,389,915	4,337,767	3,056,397	3,466,967	2,283,406
Total primary government	<u>\$ 14,284,909</u>	<u>\$ 2,471,835</u>	<u>\$ (4,979,376)</u>	<u>\$ (1,687,848)</u>	<u>\$ (10,805,400)</u>

City of Southfield, Michigan

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

	<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>2016</u>
General Fund											
Non-spendable					\$	1,148,696	\$ 1,087,648	\$ 1,126,971	\$ 943,657	\$ 4,221,267	\$ 6,475,886
Restricted						1,285,124	1,520,237	1,682,768	1,274,069	281,160	737,229
Committed						6,024,279	6,365,392	9,380,385	10,647,485	13,465,937	15,735,820
Assigned						45,123	2,565,093	2,366,529	586,969	121,944	224,063
Unassigned						486,981	1,574,840	1,932,931	7,826,124	7,760,254	8,210,574
Reserved	\$ 525,041	\$ 1,217,099	\$ 1,147,909	\$ 1,534,382							
Unreserved	14,455,735	16,089,446	14,298,511	14,218,642							
Total general fund	<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>	<u>\$ 31,383,572</u>
Major Street Fund ****											
Restricted											\$ 1,221,210
Total local street fund											<u>\$ 1,221,210</u>
Local Street Fund **											
Restricted						\$ 3,635,875	\$ 1,985,106				
Committed						254,651					
Total local street fund						<u>\$ 3,890,526</u>	<u>\$ 1,985,106</u>				
Cable Television ***											
Non-spendable											\$ 11,610
Restricted											657,161
Committed											571,173
Total road bond construction											<u>\$ 1,239,944</u>
Road Bond Construction ***											
Restricted									\$ 43,064,130	\$ 23,145,796	
Total road bond construction									<u>\$ 43,064,130</u>	<u>\$ 23,145,796</u>	
Capital Improvement Fund **											
Restricted	\$ (70,062)	\$ 403,056	\$ 1,345,019	\$ 2,150,270	\$	684,676	\$ 665,137				
Assigned						343,604	635,242				
Total capital improvement fund	<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>				
Special Assessment Construction Fund ****											
Restricted											\$ 383,163
Committed											330,378
Assigned											445,974
Total local street fund											<u>\$ 1,159,515</u>
Other Governmental Funds											
Non-spendable					\$	158,289	\$ 112,180	\$ 100,832	\$ 249,055	\$ 111,969	\$ 61,460
Restricted						22,181,680	18,171,039	17,767,970	21,436,016	22,178,484	23,489,423
Committed						2,545,386	3,396,257	3,817,656	5,057,228	4,417,821	857,837
Assigned						1,568,063	1,534,454	3,610,924	3,849,932	5,879,087	7,238,921
Unassigned						(1,130,144)	(706,268)	(140,715)	(162,584)		
Reserved	\$ 7,805,333	\$ 9,488,625	\$ 7,025,900	\$ 6,716,141							
Unreserved, reported in:											
Special revenue funds	19,117,959	16,124,569	17,854,293	19,231,796							
Total other governmental funds	<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>	<u>\$ 31,647,641</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 2015-2016
- **** Major Street Fund major fund 2016

City of Southfield, Michigan

Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years

	<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>2016</u>
Revenues										
Property taxes	\$ 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	\$ 64,893,949
Special assessments	391,334	582,286	307,360	469,453	295,215	322,503	337,955	210,234	363,379	376,100
Program earnings	-	-	-	266,303	89,708	46,432	-	-	-	-
Charges for services	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	6,672,822
Sanitation	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	3,179,966
Licenses and permits	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	2,695,547
Fines and forfeitures	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	4,305,908
Federal forfeitures	-	-	-	-	-	-	60,531	-	27,631	63,471
Cable royalties	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	2,630,954
Intergovernmental:										
Federal	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	2,033,805
State	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	12,378,566
Other	877,146	842,908	792,977	899,853	677,982	1,253,776	771,331	725,760	1,301,666	844,810
Contributions and donations	200,330	163,091	122,515	153,873	340,387	164,257	80,855	442,991	120,060	648,277
Net investment earnings	3,718,849	4,341,970	2,246,593	1,237,125	557,100	627,531	301,516	989,664	1,132,298	2,493,770
Other	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	2,441,090
Total revenues	<u>101,347,497</u>	<u>103,278,556</u>	<u>101,735,519</u>	<u>106,917,477</u>	<u>88,775,136</u>	<u>100,117,236</u>	<u>93,774,267</u>	<u>96,686,238</u>	<u>97,193,412</u>	<u>105,659,035</u>
Expenditures										
General government	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	8,846,432
Public safety	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	46,348,737
Highways and streets	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	5,871,047
Public services	1,244,991	1,016,601	839,089	766,661	820,990	696,105	609,558	677,969	692,765	901,302
Sanitation	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	3,088,287
Community improvement	983,888	766,041	1,849,947	1,534,952	1,555,446	755,660	378,392	503,364	547,084	435,655
Social services	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	1,728,259
Culture and recreation	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	11,911,344
Insurance and bonds	700,088	601,949	592,966	603,227	558,454	529,578	529,432	49,951	56,250	76,853
Support services	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	4,932,507
Other	1,505,418	2,162,297	1,440,274	3,057,515	1,464,158	556,950	387,455	468,123	575,505	46,975
Capital outlay	-	-	-	-	-	3,273,984	3,912,443	3,219,766	8,622,672	24,746,624
Debt service										
Principal retirement	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	7,229,538
Interest and fiscal charges	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	2,882,536
Total expenditures	<u>102,846,489</u>	<u>104,193,515</u>	<u>105,663,566</u>	<u>106,216,962</u>	<u>101,169,240</u>	<u>95,538,992</u>	<u>91,317,044</u>	<u>89,967,190</u>	<u>95,938,461</u>	<u>119,046,096</u>
Excess of revenues over (under) expenditures	(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	(13,387,061)
Other Financing Sources (Uses)										
Bond/Loan proceeds	-	932,958	792,290	-	-	-	-	-	-	-
Sale of capital assets	-	-	498,175	-	-	174,627	-	-	-	-
Transfers in	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	27,084,718
Proceeds on long-term debt	-	-	-	-	-	-	3,430,000	-	73,275,000	-
Premium on proceeds	-	-	-	-	-	-	-	-	4,064,034	-
Bond issuance cost	-	-	-	-	-	-	(42,139)	-	-	-
Transfers out	(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)	(25,402,029)
Payment to escrow fund for refunding	-	-	-	-	-	-	(3,387,861)	-	(29,284,999)	-
Total other financing sources (uses)	<u>2,810,174</u>	<u>2,403,748</u>	<u>2,276,884</u>	<u>1,479,084</u>	<u>3,884,630</u>	<u>891,776</u>	<u>1,566,641</u>	<u>1,357,546</u>	<u>48,539,150</u>	<u>1,682,689</u>
Net change in fund balances	<u>\$ 1,311,182</u>	<u>\$ 1,488,789</u>	<u>\$ (1,651,163)</u>	<u>\$ 2,179,599</u>	<u>\$ (8,509,474)</u>	<u>\$ 5,470,020</u>	<u>\$ 4,023,864</u>	<u>\$ 8,076,594</u>	<u>\$ 49,794,101</u>	<u>\$ (11,704,372)</u>

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
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
2016		8,210,574	64,129,257	12.8

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

Governmental Funds								
Fiscal Year Ending June 30	Major Funds			Non-Major Funds				
	<u>General Fund</u>	<u>Major Streets</u>	Special Revenue					<u>Debt Service</u>
	<u>General Fund</u>	<u>Major Streets</u>	<u>Municipal Fund</u>	<u>Parks & Recreation</u>	<u>Library</u>	<u>Local Streets</u>	<u>Capital</u>	<u>Drains-at-Large</u>
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	0.0854	-	1.6524	2.0934	1.0260	-	0.1741
2012	16.5004	0.1324	-	1.7500	2.8000	1.0883	-	0.3591
2013	17.4638	0.1148	-	1.7500	2.8000	1.1059	-	0.4873
2014	18.2431	0.1148	-	1.7500	2.8000	1.1059	-	0.4873
2015	17.9730	0.0560	-	1.7500	2.8000	0.9440	-	0.4873
2016	17.8926	0.0560	-	1.7500	2.8000	0.9440	-	0.1467

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

<u>Fiscal Year Ending June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Real Tax Reimburse</u>	<u>Delinquent Personal Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent Of Total Tax Collect. To Tax Levy</u>	<u>Out-standing Delinq. Personal Taxes</u>	<u>Percent of Delinq. Taxes To Tax Levy</u>
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
2016	63,538,323	60,383,675	95.0	2,784,743	29,222	63,197,641	99.5	287,178	0.5

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	
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)
2016	2,364,896,300	374,246,720	2,739,143,020	2,417,356,855	TV 1.1

Notes:

(1) In accordance with the 1970 State of Michigan Constitution, SEV is 50% of appraised or estimated fair market value.

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

(3) Assessing department provided corrected data to realign data by fiscal year for FY2002 - FY2010.

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

City of Southfield, Michigan

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

Fiscal Year Ending June 30	General Fund			Special Revenue Funds				Debt Service Funds			Total All Rates
	Public	Fire &	PA 59 of 2012	Parks &	Street	Public	Drains-	Building	Total		
	Safety	Police		Rec.		Library	Act 298 of 1917			At- Large	
	<u>Operating</u>	<u>Expansion</u>		<u>Retirement</u>			<u>Maint.</u>			<u>Authority</u>	
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
2016	6.609	6.891	0.021	4.371	1.750	2.800	1.000	0.221	0.147	0.000	23.810

ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Total City	Southfield	Oakland	Oakland	Oakland	City % of Total	Birmingham Public School +	Oak Park Public School +
					Public School * *	County Intermediate	County Operating Levy + +	County Community College			
2007	11.119	5.025	0.198	16.342	27.893	3.369	5.236	1.584	30.0 %	17.818	12.890
2008	11.208	4.943	0.190	16.341	27.250	3.369	5.236	1.584	30.4	17.160	12.970
2009	11.137	5.021	0.184	16.342	22.204	3.369	5.336	1.584	33.5	16.742	12.970
2010	11.142	5.026	0.174	16.342	25.247	3.369	5.336	1.584	31.5	17.375	12.970
2011	11.311	4.857	0.174	16.342	25.287	3.369	5.336	1.584	31.5	18.079	13.200
2012	16.500	5.771	0.359	22.630	26.487	3.369	5.336	1.584	38.1	19.024	15.000
2013	17.464	5.771	0.487	23.722	26.487	3.369	5.536	1.584	39.1	19.460	16.500
2014	18.243	5.771	0.487	24.501	26.487	3.369	5.536	1.584	39.9	19.983	16.500
2015	17.973	5.771	0.487	24.231	27.077	3.369	4.646	1.584	39.8	19.224	15.500
2016	17.893	5.771	0.147	23.810	25.987	3.363	6.230	1.582	39.1	18.627	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
2016	2,391,992,576		66,018,984		1.016		2,363,189,169		2,417,356,855		94,215,581		2,323,141,274	1.0172	0.9440

Notes:

(1) Ratio of TAV ceiling to adjusted TAV.

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

Source: Assessing Department Data

City Of Southfield, Michigan

Computation of Direct and Overlapping Debt at June 30, 2016

			<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 71,739)</u>	<u>% Of State Equalized Value \$ 2,739,143,020</u>
DIRECT AND INDIRECT DEBT					
<u>Direct Debt</u>					
General Obligation Bonds-Limited Tax		\$	37,170,000		
General Obligation Bonds-Limited Tax-Refunding			2,760,000		
Building Authority Bonds			20,850,000		
Water & Sewer Revenue Bonds			11,188,789		
Michigan Transportation Fund Bonds			9,050,000		
Direct Debt			81,018,789	\$ 1,129.35	2.96 %
<u>Indirect Debt</u>					
Oakland County Contractual Obligations:					
Drains-At-Large	\$	5,162,225			
Indirect Debt			5,162,225	71.96	0.19
Gross Debt			86,181,014	1,201.31	3.15
<u>OVERLAPPING DEBT (2)</u>					
Southfield School District	94.78%	\$	59,337,019		
Oak Park School District	21.35		2,975,653		
Birmingham School District	1.85		3,911,825		
Oakland County at Large	4.54		18,312,148		
Oakland County Intermediate School District	4.56		2,128,608		
Oakland County Community College	4.58		73,509		
Overlapping Debt			86,738,762	1,209.09	3.17
			\$ 172,919,776	\$ 2,410.40	6.32 %

Notes:

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

(2) Overlapping debt figures as of 6/30/2016 supplied by the Michigan Advisory Council, Detroit, Michigan.

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2016

	Debt Margin Calculation				
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Applicable Percentage	Statutory Limit
State Equalized Value at 12/31/14				100%	\$ 2,739,143,020
Debt Subject to Statutory Limitation					
General Obligation Bonds-Limited Tax	\$ 37,170,000		\$ 37,170,000		
General Obligation Bonds-Limited Tax-Refunding	2,760,000		2,760,000		
Building Authority Bonds	20,850,000		20,850,000		
Oakland County Contractual Obligations-Drains	5,162,225		5,162,225		
Restricted Indebtedness	65,942,225		65,942,225	10%	273,914,302
Michigan Transportation Fund Bond	9,050,000		9,050,000		
Emergency Bonds				3.75%	10,271,786
Special Assessment Bonds				12%	328,697,162
Total	\$ 74,992,225		\$ 74,992,225		\$ 612,883,251
State of Michigan Water Supply and Sewage Disposal Revenue Bonds					
Series to 6/30/02					
1998A (LTGO) 2.25%	347,048				
1998B (LTGO) 2.50%	3,990,000				
1999 (LTGO) 2.50%	4,206,741				
2000 (LTGO) 2.50%	2,645,000				
Total Water and Sewage Disposal Revenue Bonds		\$ 11,188,789			
Gross City Debt		\$ 86,181,014			

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 <u>June 30</u>	<u>Population</u> (2)	<u>Taxable Value</u>	<u>Bonded Debt</u> (1)	Less Funds Available In Debt		<u>Ratio of Net Bonded Debt To Taxable Value %</u>	<u>Net Bonded Debt Per Capita</u>
				<u>Service Funds</u>	<u>Net Bonded Debt</u>		
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
2016	71,739	2,417,356,855	74,992,225	2,530,317	72,461,908	3.00	1,010.08

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

Fiscal Year Ending <u>June 30</u>	Debt Service Requirements			<u>Total General Expenditures (3)</u>	<u>Ratio Of Debt Service To Expenditures %</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
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
2016	7,229,538	2,734,021	9,963,559	114,758,571	8.68

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)
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	*
2016	71,739	28,788	41.6	9,429	6.6	*

Notes:

- (1) 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 2016	2016 Employees	Percentage of Total	Rank	Taxpayer 2007*	2007 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 2007 for City of Southfield --> **129,320**

* Estimated figures

City Of Southfield, Michigan

Construction And Property Value Last Ten Calendar Years

Annual Construction By Category

--- Commercial & Industrial---

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

---- Single Family ----

Calendar Year	Commercial & Industrial		Multi-Family		Single Family	
	Number Of Units	Value	Number Of Units	Value	Number Of Units	Value
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
2016	1	1,257,402	0	-	12	3,591,449

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
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
2016	1,287,316,130	50,353,100	1,027,227,070

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, 2016

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>
2007	1,030	\$ 100,553,384	2012	994	\$ 54,775,981
2008	1,008	75,367,575	2013	1017	69,344,365
2009	1,034	67,130,316	2014	1482	90,085,594
2010	973	42,675,431	2015	1341	134,296,693
2011	712	35,753,539	2016	1500	182,287,712

WATER & SEWER SERVICES

Users/Consumers: 18,956 Water and Sewer combined; 177 Sewer only and 1,273 Water only.
 Use & Consumption: 455,849,664 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: 375.50 miles
Fire Hydrants: 4,165
Sewer Mains: 237.50 miles sanitary; 284.09 miles storm; 42.94 miles combined.

STREET FACILITIES

Streets: Total 246.40 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 twelve 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 - 4,929
 Group B Offenses - 992

Traffic Violations: 8,566

Incidents Handled: 51,637

FIRE PROTECTION

Alarms Answered: 14,132 runs
Medical Emergency: 12,155 runs
Fire Runs: 1,977 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 on 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 310,000 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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Election Data (1)</u>										
Registered voters	60,534	59,617	62,816	56,317	57,150	58,328	60,451	60,747	61,739	59,648
Absentee voters	7,236	4,536	14,100	5,251	7,084	4,683	14,020	5,240	8,375	5,309
Percent voting	53.34	14.66	68.79	22.48	49.50	16.05	72.67	18.67	49.08	21.27
<u>District Court</u>										
Number of Court Cases	61,709	53,978	50,268	49,807	57,582	54,155	57,305	54,354	52,209	47,118
<u>Police (2) (#)</u>										
Offenses-Group A (3)	8,583	7,849	6,263	7,443	6,148	5,574	5,434	5,081	4,547	4,929
Offenses-Group B (4)	4,263	1,892	3,347	4,297	3,833	1,743	1,216	1,414	1,253	992
Traffic Violations	32,780	24,114	17,383	12,169	10,966	12,366	10,054	13,469	10,367	8,566
Incidents Handled	86,361	64,701	60,300	60,862	60,985	53,876	49,933	n/a	54,185	51,637
<u>Fire</u>										
Medical Emergencies	8,774	9,361	9,251	9,850	10,504	10,410	11,538	11,114	11,295	12,155
Fire Runs	2,024	1,709	2,108	1,853	1,948	1,772	1,978	1,620	2,072	1,977
<u>Library</u>										
Circulation	556,961	551,307	644,133	712,060	701,976	644,380	496,851	445,316	383,549	386,275
Collection Volume	271,462	270,885	286,931	289,404	314,778	288,949	291,168	291,728	297,916	315,318

Notes:

- (1) All election data is for the prior calendar year.
 - (2) Southfield Police Department uses NET RMS program from Oakland Country CLEMIS for reporting incidents and calls for service. Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines
 - (#) Starting 2014 data collected is for the prior calendar year.
 - (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
- Source: City of Southfield

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<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>2016</u>
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	33	33	36	38	38	41	34	34	34	34
<u>Police</u>										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	116	119	122	109	109	95	94	94	92	92
<u>Streets</u>										
Miles on major street system **	64.71	64.71	64.71	64.71	61.53	64.71	64.71	64.71	64.71	64.71
Total miles of streets	245.73	245.73	245.73	245.73	246.85	246.40	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	12
<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	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	455,849,664
Miles of watermains **	397.73	397.73	397.73	397.73	375.32	375.32	375.32	375.32	375.32	375.50
Number of hydrants **	4,026	4,026	4,026	4,026	4,038	4,038	4,038	4,048	4,838	4,165
<u>Sewers</u>										
Miles sanitary **	272.46	272.46	272.46	272.46	237.23	237.23	237.23	237.23	237.23	237.50
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	42.94	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	775 ⁽¹⁾	775	775	775	775	775	775	775	775	775
Number of tennis courts	20	16 ⁽²⁾	16	19 ⁽³⁾	19	16 ⁽⁴⁾	16	16	16	16
Outdoor education center/farm	1	1	1	1	1	0	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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Accounting	7.50	7.50	7.50	7.50	6.50	5.50	5.50	4.50	6.00	6.50
Administration	2.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00	2.00	3.00
Assessing	10.65	9.65	9.65	9.65	6.90	7.00	7.00	7.65	7.65	7.65
Building	21.00	20.00	20.00	20.00	20.00	17.50	16.40	15.40	15.40	14.40
Cable TV	7.00	7.00	6.50	7.00	5.25	5.50	5.50	6.50	6.00	5.50
Central Services	7.00	6.00	6.00	6.00	6.00	4.00	4.00	4.00	4.00	4.00
City Clerk	11.00	11.00	11.00	11.00	7.00	7.00	7.00	6.00	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	-	-	-	-	-	-	-	-	-
Community Develop. Admin.	13.00	13.00	12.00	10.00	8.00	8.00	8.00	8.00	8.00	7.00
Community Relations	6.00	6.00	6.00	5.50	5.25	5.00	4.00	3.00	3.00	3.00
District Court	39.50	39.50	39.50	39.50	38.00	37.50	38.25	36.25	36.25	33.75
Emergency Management	1.00	1.00	1.00	1.00	1.50	0.50	0.50	0.50	0.50	0.50
Engineering	10.00	11.00	11.00	11.00	6.00	6.00	6.00	5.00	5.00	5.00
Facilities Maintenance	42.26	42.26	42.26	42.26	32.00	31.00	26.00	33.00	33.00	33.00
Fire	113.00	113.00	113.00	113.00	102.50	101.00	93.00	94.00	94.00	90.00
Fiscal Services/OMB	3.00	4.00	4.00	4.00	2.00	2.00	2.00	1.00	1.00	2.00
Human Resources ⁽²⁾	9.00	8.50	10.00	10.00	9.50	6.50	6.00	6.50	6.50	6.50
Human Services	4.50	4.50	4.50	4.50	4.00	3.00	4.00	3.50	3.50	3.50
Labor Relations ⁽²⁾	1.00	1.00	-	-	-	-	-	-	-	-
Legal	8.00	8.00	8.00	8.00	7.50	7.50	7.50	6.75	6.75	7.00
Library	61.50	61.50	61.50	61.50	52.00	50.00	54.25	46.75	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	14.75	14.75	13.25	13.25	12.25	9.50	9.50	8.50
Parks and Recreation	92.80	92.80	91.05	91.05	80.05	80.90	81.05	79.30	79.30	78.30
Planning	7.00	6.00	6.00	6.00	4.50	4.00	4.50	4.50	4.50	4.50
Police ⁽¹⁾	177.66	201.66	202.16	202.16	187.66	172.66	169.16	158.66	158.66	154.66
Public Works Admin.	6.00	6.00	6.00	5.00	3.00	1.50	-	-	-	-
Purchasing	3.00	3.00	2.50	2.50	2.50	2.50	2.00	1.00	1.50	1.00
Streets And Highways	36.62	36.62	36.62	36.62	25.00	25.00	25.00	25.50	25.50	29.50
Technology Services ⁽³⁾	11.00	11.00	11.00	11.00	10.00	9.00	9.00	8.50	8.50	8.50
Transportation	4.76	4.76	4.76	4.76	3.00	3.00	3.00	5.00	5.00	5.00
Treasurer	8.50	8.50	8.50	8.50	8.50	7.50	7.50	6.50	6.50	7.00
Water And Sewer	30.08	30.08	30.08	31.08	19.50	17.00	17.00	24.00	24.00	28.00
Totals	803.83	801.33	798.33	797.33	689.36	653.31	637.86	622.26	623.76	619.51

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, 2016

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

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
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
2016	6,411,745

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	
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
2016	4,208,737	1,261,884	5,470,621

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 *	23
Technical, Professional, and Office Worker Association TPOAM	6/30/2012 *	101
Southfield Fire Fighters Association SFFA	6/30/2012 *	86
Southfield Police Officers Association SPOA	6/30/2017	95
Michigan Association of Police (MAP) Public Safety Communication Supervisors	12/31/2017	5
Police Officers Association of Michigan POAM	6/30/2016 *	13
Southfield Police Command Officers' Association SPCOA	6/30/2015 *	26
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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