

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended June 30, 2017
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2017

**Fiscal Services Division
Accounting Department**

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City of Southfield

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

April 6, 2017

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

RE: 2016-17 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, 2017, 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 eight component units. These units are reported in a separate column to emphasize that they are legally separate from the City. They include the Economic Development Corporation, the Brownfield Re-development Authority, the Joint-Local Development Finance Authority, the Downtown Development Authority, the Tax Increment Finance Authority, the Local Development Finance Authority, the Section 8 Housing Commission, and the Southfield Growth Corporation. Descriptions of each component unit appear in Note 1.

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

Mayor
Kenson J. Siver

Council President
Daniel Brightwell

City Clerk
Sherikia L. Hawkins

City Treasurer
Irv M. Lowenberg

City Council

Myron A. Frasier

Lloyd Crews

Donald F. Fracassi

Michael Ari Mandelbaum

Tawnya Morris

Linnie Taylor

City of Southfield

Letter of Transmittal

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

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

CITY OF SOUTHFIELD, MICHIGAN: MUNICIPAL OVERVIEW

The City of Southfield is comprised of over 26 square miles of abundant natural beauty, well-maintained homes and neighborhoods and majestic skyscrapers. Southfield offers a complete living community, featuring a nationally recognized public school system, several private and parochial schools and numerous colleges and universities. Conveniently located in Oakland County, Southfield is not only the Center of It All™ geographically, but also the business center of southeast Michigan. With a daytime population nearing 175,000, over 27 million square feet of office space, and over seven million square feet of retail and industrial space, Southfield is truly Michigan's business center. In fact, Southfield boasts more office space than the central business districts of Cleveland, Cincinnati, Detroit, Indianapolis or Kansas City. Approximately 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

City of Southfield

Letter of Transmittal

while doing so with unprecedented reductions in property tax revenues, state shared revenues and state road funding (Act 51) as a result of the great recession and a struggling state economy. Despite these major challenges, the City of Southfield stands ready to serve as a leader in the economic comeback of this region and the State of Michigan.

Southfield's large business community dates back to the mid 1950's. Corporations seeking spacious suburban offices were attracted to Southfield, and within a half-decade, dozens of high-profile firms 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

City of Southfield

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certifications in their respective fields. In addition, many have earned special recognition through election to state or national association offices, as instructors for professional seminars, or as guest lecturers at universities.

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

ECONOMIC PROFILE

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 \$50,371. 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 36.8% 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 72.8% funded, the Fire and Police pension plan is 76.2% funded, and the Retiree Health Care Trust Fund is funded at 20.09%. 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:

City of Southfield

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- 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.

INFRASTRUCTURE & CAPITAL CAMPAIGN 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 City levied 2.58 mills in each year subsequent to voter approval. 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.

Nine Mile Road Reconstruction Project

The City of Southfield held a ribbon cutting ceremony to celebrate the completion of the Nine Mile Road reconstruction between Beech and Telegraph Roads last October. This \$2.8 million investment, which included \$1.3 million in federal funding, consisted of upgrading the existing roadway to a three lane asphalt road with new concrete curbs. The additional lane functions as a continuous center left turn lane which greatly improves the safety of the road as well as the capacity.

North Evergreen Road Rehabilitation Project

In the spring of 2017, the city began work on the reconstruction of Evergreen Road between 11 Mile and 13 Mile. The project received Surface Transportation Program (STP) funds for the road and Congestion Mitigation and Air Quality (CMAQ) funds for signal upgrades, including ADA improvements at the intersections. The total project cost will be \$7,238,625 with \$2.5 million in federal funds. The total Federal Aid (STP + CMAQ) cost share will be \$2,488,935. The local project cost will be shared with the City of Lathrup Village (\$800,000) and the Village of Beverly Hills (\$700,000). Southfield shares .5 mile of this corridor with the City of Lathrup Village and .5 mile with the Village of Beverly Hills.

City of Southfield

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The project includes segments of spot concrete repair, asphalt reconstruction and resurfacing work with new concrete curbs, sidewalk gap filling including ADA improvements, drainage improvements, traffic signal upgrades and related work. The project will also increase the paved shoulder widths to accommodate on-street bike lanes on both sides of Evergreen from 12 Mile to 13 Mile in addition to ditch improvements. The reconstruction and upgrades are expected to be completed in the fall of 2017.

Town Hall Meeting on Roads

The City of Southfield also hosted a Town Hall Meeting in June at the Southfield Public Library to discuss Southfield roads. The Town Hall was sponsored by the Mayor and City Council to provide residents with more information regarding how the City's road bond dollars are being spent, as well as an overview of upcoming road construction, water and sewer projects. Panel participants included Mayor Kenson Siver, Councilwoman Tawnya Morris, City Administrator Fred Zorn, City Engineer Leigh Schultz and Public Works Manager of Operations Larry Sirls.

Northwestern Highway Bike Pathway

The City of Southfield and the Southfield City Centre held a ribbon cutting ceremony to celebrate the completion of the new Northwestern Highway Bike Pathway on July 26. The ceremony also included a dedication of the City's new Zagster bike sharing program. The event took place on the pathway located near Northwestern Service Drive and Town Square Drive (north of Civic Center Drive and just south of Corporate Drive) and included remarks from several city officials including Mayor Kenson Siver, City Administrator Fred Zorn and City Planner Terry Croad.

Zagster Bike Share Program

The City of Southfield, in partnership with Zagster, Inc., launched a new bike-share program in June that provides all Southfield residents and visitors with a convenient, affordable and healthy way to get around town.

Twenty-one cruiser bikes, plus two accessible bikes, are now available (spring through fall) at seven stations located throughout the city for riders to use for on-demand, local trips. Riders — who must be 18 or older — can join the program by signing up for \$25 annual memberships; student annual memberships are available for \$10. Rides for members are free for the first hour, then \$2 per hour; rides for non-members cost \$2 per hour with a maximum charge of \$20 per day for both members and non-members. There is no additional cost for membership; however, all riders must register at www.zagster.com/southfield to participate.

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The bike share stations installed throughout the Southfield City Centre, include:

- Lawrence Technological University UTLC, 21000 W. Ten Mile Road;
- Lawrence Technological University's Don Ridler Field House, 21000 W. Ten Mile Road;
- Southfield Municipal Campus South Pavilion, 26000 Evergreen Road;
- Southfield Sports Arena, 26000 Evergreen Road;
- Marriot & Courtyard by Marriot, 27033 Northwestern Highway
- 3000 Town Center South, 3000 Town Center; and
- City Centre II, 25200 Evergreen Road.

Each station houses three to five bikes, as well as empty spaces for bikes to be returned.

The Southfield City Centre Advisory Board is sponsoring a one-year trial period for the bike share program which includes all maintenance and insurance. Southfield's bike share features the Zagster 8, an award-winning bike known for its practical design, comfortable ride and easy handling. The bike includes a spacious basket that's perfect for carrying groceries, takeout, or personal belongings. And because rider safety is a priority, every bike includes automatic lights, a bell, and full reflectors.

Southfield's bike share promises to ease commutes, but it also unlocks vast recreational opportunities for exercise and fun. Unlike big-city bike shares, in which riders must drop off bikes at designated stations for every stop, the built-in lock on every Zagster bike gives users the freedom to ride as long as they want, wherever they want. This hybrid model, which blends dockless locking for mid-trip stops with fixed station locations for beginning and ending rides, allows users to plan their trips around their destinations — and not around station locations.

Riding the Southfield bike share is easy. Bikes can be found via the free Zagster Mobile App — available for iPhone and Android — or online at www.zagster.com/southfield. Each bike has a unique number which riders enter into the app to disengage the ring lock and docking cable at the touch of a button. Alternatively, riders can obtain unlock codes via text message to use with an on-bike keypad. A retractable cable mounted to the bike allows the bike to be secured to any fixed object throughout a trip for mid-ride stops. After the rider returns the bike to a designated Zagster bike station, the rental ends and the bike is available for the next person to enjoy.

ECONOMIC DEVELOPMENT

The City of Southfield signed an official cooperation agreement with the Michigan Economic Development Corporation (MEDC) designed to encourage collaboration, promote economic development and create jobs. The agreement formalizes an already existing partnership between Southfield and the MEDC that ensures collaboration in implementing economic development strategies designed to promote economic growth and to maintain a high quality of life within the region.

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The Southfield Brownfield Redevelopment Authority provides major tools and incentives for businesses to revitalize “brownfields,” which are environmentally contaminated or functionally obsolete properties. These tools include tax increment financing and small business tax credits to potential developers of brownfield properties. The ability to offer brownfield redevelopment incentives enables Southfield to entice new development to areas that may otherwise be overlooked due to the additional costs of redevelopment. The Southfield City Council voted in favor of entering a five-year extension of the Automation Alley Smart Zone at the July 21, 2014 City Council meeting to further foster economic development in Southfield and the metro area. The MEDC is requiring all existing Smart Zones to seek an extension and modify their original agreements to encourage and foster greater regionalization. In 2003, the City of Southfield and the City of Troy entered into an agreement to form the joint relationship. As a result, the Certified Technology Park designations were established within the cities of Southfield and Troy, creating the Automation Alley Smart Zone. The mission of Automation Alley is to grow the innovation cluster of southeast Michigan by providing programs and services to the technology business community that encourage entrepreneurship, increase exporting, attract foreign direct investment, develop high-tech talent, support advanced manufacturing and help technology-driven businesses of all sizes succeed.

Centrepolis SmartZone

To encourage an even greater business boom in Southfield, the City of Southfield and Lawrence Technological University have been working together to launch a new Michigan SmartZone called Southfield Centrepolis. 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 SmartZone 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.

This Southfield SmartZone was in the works beginning in 2003, when a Joint LDFA with the city of Troy created the Automation Alley SmartZone, with both a Troy and a Southfield campus. In 2015, the Joint LDFA Automation Alley SmartZone pursued a 15-year extension to the amendment and expansion of the Southfield LDFA. As a subset of Automation Alley, Centrepolis became recognized as the latest SmartZone in the Michigan SmartZone network, which connects universities, industries, research organizations, government branches, and other community institutions to stimulate the growth of technology-based businesses and jobs. The \$3.6 million Southfield Centrepolis SmartZone space is located adjacent to LTU's Southfield campus—along I-696, Inkster and 11 mile—and spans across five acres. Centrepolis not only creates an educational arena where start-up businesses and aspiring entrepreneurs can learn how to take their ideas to the next level, it also creates more retail, business, and residential opportunities in the heart of Southfield.

The new SmartZone is home to more than 400 businesses and over 4,000 employees with a focus on the areas of professional, scientific and technological services; finance and insurance; administrative and support; and healthcare.

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With plans to not only create an entrepreneurial center, but also a cultural environment, Centrepolis will incorporate community-friendly amenities like new dining establishments and stores, 10-foot wide pathways, roadway improvements, way finding signage, storm water management, and further development of Pebble Creek Park. The Southfield SmartZone will incorporate the Mark Plaza building at 21411-21415 Civic Center Drive and continue to develop over the next 15 years through funding and support from the state of Michigan, Oakland County, Lawrence Technological University, Automation Alley and the City of Southfield.

Redevelopment Ready Communities (RRC) Certification

For establishing a solid foundation to attract private investment and further build on municipality assets, the City of Southfield was again awarded Redevelopment Ready Communities (RRC) certification from the Michigan Economic Development Corporation in December of 2016.

The City of Southfield joins eight other Michigan communities that have qualified as “thoroughly prepared” when it comes to planning and zoning, along with other key features that remove traditional barriers and promote opportunities for prospective investors. Other certified RRC’s include Allegan, Boyne City, Eastpointe, Lathrup Village, Roseville, Ypsilanti, Muskegon and Marshall.

As a RRC participant, the City of Southfield received a comprehensive assessment that measures current community and economic development practices compared to RRC best practice standards. Further, the program evaluates and certifies communities that integrate transparency, predictability and efficiency into economic development practices. Certification status provides a compelling sign that a community has removed development barriers and streamlined processes to be more competitive and attractive to investors.

Planning Department Projects Online

The City of Southfield recently unveiled Planning Department Projects Online, a new interactive tool that will allow residents to view proposed land use cases being considered by the Southfield Planning Commission and City Council. The new online site can be viewed at: <http://maps.cityofsouthfield.com/PlanningProjects/index.html>.

Planning Department Projects Online features an interactive map of scheduled and ongoing development projects overseen by the City of Southfield’s Planning Department. This application allows residents to review locations, site plans and details being considered by the city, as well as information on upcoming meetings and the status of developments. The site provides transparency and 24/7 access to the City of Southfield’s planning and development process.

Planning Department Projects Online provides an illustrative, user-friendly representation for public review. Full plans and documents are also available at the Planning Department front counter during regular business hours, Monday-Friday from 8 a.m. to 5 p.m.

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Oakland County Michigan Works New Southfield Career Center

Southfield Michigan Works relocated in July to the Lawrence Technological University Enterprise Center, 21415 Civic Center Drive, Suite 116. The Lawrence Technological University Enterprise Center is also home to the LTU Collaboratory, a hands-on resource center that fosters business growth. The Michigan Works office offers workshops for both job seekers and businesses to help the community understand their options beyond traditional employment, creating a one-stop shop for job seekers and entrepreneurs.

To further help job seekers, Southfield Michigan Works recently entered a partnership with Cisco Net Academy to offer free access to self-paced computer courses in a variety of technical areas, including cyber security, IT essentials, mobility, entrepreneurship and more. These training courses allow beginner to intermediate technical users to explore and become more familiar with the world of Information Technology.

Southfield Michigan Works is one of eight locations in Oakland County designed to help both job seekers and businesses. For the job seeker, Southfield Michigan Works provides career management and job search assistance, labor market information, information about upcoming job fairs, as well as weekly workshops to assist job seekers with every aspect of their search. Business services include talent recruitment, labor market information and training support.

Michigan's Business Center

More than 350 high-technology, information-technology, and telecommunications firms have a corporate presence in Southfield. An impressive 98 percent of the City is accessible to high-speed fiber optics, broadband and satellite services with several backbones traversing the community. Major telecommunications firms appreciate Southfield's extensive infrastructure, access to a footprint of citywide fiber optics and central location. More than 40 telecommunications firms are represented in Southfield, including 123.net, AT&T, Verizon, Sprint, Comcast, LDML, Level 3 Communications, and MCI. More than 90 software development companies also have a presence in Southfield, including the industry's largest: IBM, Microsoft, UGS Corp., Sun Microsystems, Cisco Systems, and many others.

Other key high-tech industries represented in Southfield include major electronic media and satellite facilities such as Hughes Network Systems, LLC, national affiliates of 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.

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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 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.

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.

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

- Located just north of 8 Mile Road, on 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.

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- 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 eyesore 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 (73,000).
 - 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: 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

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opened as Northland Center in March 1954) to again become a destination for residents and visitors alike. Moreover, the City is concerned with meeting the public's needs and expectations for the Northland redevelopment. To that end, the City held a Northland Public Input Meeting on August 23, 2016 to gain valuable public input on this important project. As the City continues to pave the way for redevelopment of the former Northland Center property, the public was invited to "Imagine the Possibilities" and share their ideas for the future of the former mall site. Representatives from OHM Advisors were on hand to gain input from the community on the redevelopment plans for Northland Center. The firm also presented the latest master plan or vision for the Northland redevelopment. Residents were engaged at the event in visioning activities to consider the opportunities for the site, and identify specific types of activities and uses that will best serve the community at this landmark location. The meeting also included activities and discussion forums in a fun, open and engaging format. Those unable to attend were encouraged to visit the project website to contribute their ideas online at www.ImagineNorthland.com.

Latest Developments

Work continues to progress on the redevelopment of the former Northland Center property as Southfield paves the way for the future of this important project. The environmental assessment of the former Firestone and Target buildings has been successfully completed with demolition slated to take place this fall. As the environmental assessment of the remainder of the mall and other buildings continue, further demolition is expected to begin taking place in the spring of 2018.

Friedman Integrated Real Estate Solutions, one of the nation's leading providers of commercial real estate services, was recently retained as exclusive listing agent for Southfield's 125-acre Northland Redevelopment Site. As one of the largest full-service commercial real estate organizations in the nation, Friedman provides a full range of advisory, property management, and brokerage services. As owners and managers of commercial property for 30 years, Friedman understands what it takes to achieve results that maximize their clients' objectives.

The Southfield City Council approved new master plan is a conceptional, market driven blueprint that outlines the standards and vision for developers of the former mall property. Planning consultants OHM Advisors conducted a thorough technical analysis of the site, examination of the existing buildings/structures, an assessment of environmental factors, and a market analysis to determine the best possible development potential for the former mall. The resulting plan offers a dynamic mix of housing options, R&D, medical, office, retail, entertainment and dining. The new plan also reviewed which buildings, if any, could be reused. The review indicated the former Macy's building had great potential for adaptive reuse and as such has already generated a great deal of interest from local and national developers.

The proposed Master Plan is based on a series of development blocks/districts that collectively create a safe and vibrant mixed-use destination for southeast Michigan residents, businesses, and visitors. The Plan is intended to be highly flexible to adapt to market conditions. While adaptable, the development of the area will stay true to the vision of vibrancy, safety, inclusion, innovation,

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health and wellness, sustainability, and community. High quality architecture and public spaces are essentials to the long-term success of the project. Attention to detail and brand elements will continue to be a key focus of the redevelopment of the area with the goal of creating more than just another new development – Northland will be a place to call home.

The former 125-acre Northland Mall site was also submitted for consideration for the new Amazon HQ2 RFP as part of the regional proposal. The City of Southfield has been actively working with the State of Michigan, Oakland County, Wayne County, the City of Detroit and other regional partners to prepare and present the State's most attractive options to Amazon. While there are several prime sites and facilities throughout Michigan, the former Northland Mall represents the State's—and arguably the entire nation's—best opportunity for HQ2 consideration.

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 was reimbursed 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 *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.

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 Southfield Public Arts Commission launched the 'Free the Bear' development campaign to raise funds for the art from the former Northland Center. The campaign included both a public crowd funding component as well as corporate underwriting. To date, more than \$600,000 has been raised and the loan from the city has been repaid in full. The campaign to raise funds created a final resting place for this great sculpture. Moreover, every contribution received helped to establish a permanent fund for youth art programming, support for local artists, and expanded cultural opportunities in the City of Southfield. 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 also took place last May.

John Piet's "Diversity" Sculpture

The City of Southfield installed artist John Piet's "Diversity" sculpture in the north roundabout on Evergreen Road last October. The piece was donated to the City by the artist.

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The late John Piet was a noted area sculptor, retired Macomb Community Art Professor and was a resident of Southfield for over 35 years. Piet was born in Detroit and received his Bachelor of Fine Arts from the Detroit Institute of Arts before attending Wayne State University where he received his Master of Fine Arts. Piet has been awarded several honors and awards, including the Key to the City of Detroit.

“Diversity” is a steel sculptural piece, painted primary red. The sculpture stands 16 feet tall and sits on a 4-by-6-foot-wide concrete base. The cost of material and installation was funded by the Southfield City Centre Advisory Board.

Red Pole Park

The City of Southfield and the Michigan Economic Development Corporation (MEDC) launched a new crowdfunding campaign through Michigan-based crowdfunding platform Patronicity to raise funds to develop an interactive art installation along the new Northwestern Highway Pathway in Southfield’s City Centre.

Funding raised during this campaign will support the creation of Red Pole Park as a destination that will exemplify Southfield’s redevelopment as a connected and pedestrian friendly community. This redevelopment began with converting an old goat path into a brand new bike-walk accessible greenway to join a growing network of trails and new sidewalks throughout Southfield. The greenway will include a series of outdoor “rooms” or art installations that residents and visitors will experience when using the path, of which Red Pole Park will be the first.

The campaign must reach its crowdfunding goal of \$50,000 by August 4 in order to win a matching grant with funds made possible by MEDC’s Public Spaces Community Places program. For project details and to donate, visit: <http://www.patronicity.com/redpolepark>.

Red Pole Park will give Southfield’s newest bike/walk trail a sense of place and be the first big step towards making it not just a route, but a destination in and of itself. Southfield was built for cars, therefore building appealing places for pedestrians, cyclists, and mobility aid users to get around is an important transformation. The matching grant will make it possible for the City to build this installation at a large enough scale to make it visually interesting.

Public Spaces Community Places is a collaborative effort of the MEDC, MSHDA, the Michigan Municipal League and Patronicity where local residents can use crowdfunding to be part of the development of strategic projects in their communities and be backed with a matching grant from MEDC.

Southfield Public Arts Commission

The Southfield Arts Commission was established in 2015 to advise the City Council on matters affecting public art in the city. The goal of this commission is to create a stimulating environment that reflects and enhances the City’s heritage, diversity and character through public artworks integrated in the architecture, infrastructure and landscape.

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AWARDS & ACCOLADES

Michigan American Society of Landscape Architects (ASLA) Award

The City of Southfield's Evergreen Road corridor pedestrian enhancements won a Merit Award in the 31st annual Michigan American Society of Landscape Architects (ASLA) awards. Mayor Kenson Siver and Planning Director Terry Croad were on-hand to accept the award on September 29 at the 2016 Michigan ASLA annual awards dinner in Grand Rapids, MI in the category of Landscape Architectural Design. The Evergreen Road project was just one of thirteen projects to receive a Michigan ASLA award. The out-of-state panel of judges commented that merit awards are not given out lightly, so receiving this designation is quite an accomplishment.

The Evergreen Road corridor pedestrian enhancements included adding a major mid-block crossing and plaza between the two roundabouts, a wide path from I-696 to Filmore Street with benches and landscaping, as well as decorative street lighting. The project also featured an innovative storm water drainage system that improves water quality before runoff is discharged to the city's storm sewers.

Michigan ASLA is a chapter of the national American Society of Landscape Architects. Promoting the profession of landscape architecture, ASLA aims to advance the practice through advocacy, education, communication and fellowship.

City-County Communications and Marketing Association (3CMA) Savvy Award

The City of Southfield's 2016 Annual Report/Calendar won first place in the 28th annual Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA). This marked the second consecutive year that Southfield's signature marketing tool has received first place national recognition.

The award was announced on September 8 at the 3CMA Annual Conference in San Antonio, TX in the category of Graphic Design – Publications for communities in the population group 50,000-140,000. The City of Southfield's entry was one of more than 700 submitted from municipalities and counties from across the country. The competition judges commented that "The photos within the calendar certainly feature the picturesque views of the City. It's great that businesses can advertise within the calendar and City events are also listed. The photos certainly draw you in, and surely those who have the calendar hanging up can't wait to see next month's image!"

The Southfield 2016 Annual Report/Calendar was produced in-house by the City's Community Relations Department with the theme Southfield Landmarks. The Southfield calendar provides the community with important city information while illustrating the beauty of the City through an array of professional high resolution photographs.

The calendar also includes an advertising insert to provide local businesses the opportunity to reach the community and to help offset production costs. The advertising insert is an excellent way to

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reach more than 73,000 Southfield residents and 10,000 businesses for one extraordinarily low price. The return on an investment in a calendar ad reaps dividends throughout the entire year — providing lasting visibility for every business.

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. 3CMA utilizes volunteer judges who are seasoned public relations professionals from across the United States to review every entry and provide constructive comments on the winning entries.

Keep Michigan Beautiful Awards

The City of Southfield won three Keep Michigan Beautiful Awards sponsored by Keep Michigan Beautiful, Inc. Southfield's Evergreen Road improvement project won top honors with a President's Award, while the Inglenook Park Storm Water project and the Coasting the Baseline Project both earned Michigan Awards.

The awards were announced at the 7th annual Keep Michigan Beautiful Conference and Awards Program on October 21, 2016 in Kalamazoo, MI. The Evergreen Road improvement project won the highest honors, The President's Plaque, in the category of city, county or state government. The Inglenook Park Storm Water project and the city's Coasting the Baseline Project both received Michigan Awards.

The Evergreen Road improvement project involved a complete reconstruction of the one mile segment between 10 and 11 Mile Roads, resulting in a four lane boulevard with roundabouts at Civic Center Drive and the north Municipal Campus driveway. The project also featured several pedestrian improvements, including benches, landscaping and decorative street lighting. Rounding out the project, the City installed an innovative storm water drainage system that improves water quality before runoff is discharged to the city's storm sewers.

The Inglenook Park Storm Water project involved expanding the existing parking lot by 50 spaces using pervious pavers, in addition to installing bioswales in the center of the parking lot. Pervious pavers allow storm water to seep through the surface and into the ground where the water reconnects with the groundwater supply. Bioswales are landscape elements that contain deep-rooted plants that filter pollutants from surface runoff water.

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The Coasting the Baseline Project was one in 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 of property ownership in the state. Michigan was the first state in the nation to be fully surveyed. The project included a 36 square-foot grid that marks the sections of the city of Southfield, as well as benches, landscaping, decorative fencing, brick piers and a granite and brick paver donor walk.

Keep Michigan Beautiful, Inc. is a non-profit, educational organization focused on promoting beautification and restoration projects throughout the state of Michigan. The Annual Keep Michigan Beautiful Awards are hosted by the organization to recognize programs and activities that contribute to environmental improvement, cleanup, beautification, site restoration and historical preservation.

Chamber of Commerce Excellence in Southfield Award

The City of Southfield also won the Sustainability Award in the 2016 Southfield Business Awards hosted by the Southfield Area Chamber of Commerce. The 2016 Business Awards were presented at the Excellence in Southfield Awards and Reception on December 1 at Plum Hollow Country Club.

The City of Southfield was nominated for the Sustainability Award for its Evergreen Road improvement project. The Evergreen Road improvement project involved a complete reconstruction of the one mile segment between 10 and 11 Mile Roads, resulting in a four lane boulevard with roundabouts at Civic Center Drive and the north Municipal Campus driveway. The project also featured several pedestrian improvements, including benches, landscaping and decorative street lighting. Rounding out the project, the city installed an innovative storm water drainage system that improves water quality before runoff is discharged to the city's storm sewers.

The Southfield Business Awards are presented annually to recognize Southfield businesses and individuals who have demonstrated best practices in business leadership and community service. Winners were selected by the Chamber's Awards Selection Committee.

The Southfield Area Chamber of Commerce is a full-service Chamber representing the cities of Southfield and Lathrup Village. The Chamber works collectively to support members and build a healthy economy and improve the quality of life in the greater Southfield community.

Michigan Chronicle's Men of Excellence Awards

Southfield Councilman Dr. Lloyd Crews and Fire Chief Johnny Meniffee both received *Michigan Chronicle's* Men of Excellence awards on June 30 at the Motor City Casino Hotel in Detroit. The annual Men of Excellence awards celebrate African-American men who inspire others through their success in business, community involvement and philanthropy.

City Councilman Dr. Lloyd C. Crews holds a Bachelor and Master of Arts degrees in Political Science from Clark Atlanta University and a Doctor of Philosophy degree in Educational Leadership and Policy Studies from Wayne State University. Dr. Crews has worked in higher education for over 15

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years, beginning his career at Wayne State University followed by a position at Oakland Community College (OCC) where he served as Dean of the Royal Oak and Southfield Campuses. In 2014, he took on a new role as tenured professor of Political Science at OCC to pursue his role as a public servant.

Fire Chief Johnny Meniffee has served the Southfield Fire Department for over two decades, joining as a cadet in 1993. Chief Meniffee earned a Bachelor of Science Degree in Public Safety Studies from Sienna Heights University and graduated summa cum laude with his Master's degree in Information Technology with a concentration in Homeland Security and Emergency Management from Eastern Michigan University. He fulfilled Staff and Command Executive Officer training with honors and has been invited back as a guest instructor at the university level. He is also a graduate of the National Fire Academy in Emmitsburg, Maryland with certification in New Fire Chief II, Administrative Issues, and is an instructor at the Fire Training Institute at Oakland Community College training the next generation of firefighters, where he has been a three time recipient of top instructor.

The *Michigan Chronicle's* Men of Excellence awards celebrate local African American men who inspire others through their vision, leadership, exceptional achievements and participation in community service. The 2017 Men of Excellence class is comprised of 50 honorees that were selected from over 400 nominees.

COMMUNITY ENGAGEMENT, NEIGHBORHOODS, HOUSING & CURB APPEAL

#Southfield Spirit!

The City of Southfield invited the general public to participate in a community photo shoot for the 2017 Southfield calendar on September 19, 2016 on the front lawn of the Municipal Campus. Lawrence Technological University (LTU) provided free brats, veggie dogs and water to participants as part of their homecoming week festivities. The Bigalora Food Truck was also on site offering a variety of wood fired pizza, beverages and gelato for sale.

The Southfield City Centre Advisory Board commissioned the new #SouthfieldSpirit piece in June of 2016. The movable letters are made of aluminum and were painted international orange to match the Gratitude art installation in the south Evergreen roundabout. The letters can be altered to include an interactive component where people can pose for pictures with the sign by completing the 'L' and then post it on social media with the hashtag #SouthfieldSpirit. The letters are frequently moved to various city events and locations throughout the city; however, they are generally located on the Municipal Campus front lawn.

More than 500 Southfield residents came out to show their #SouthfieldSpirit and be a part of this historic photo shoot with the new #SouthfieldSpirit life-size letters. The marketing campaign for the #SouthfieldSpirit hashtag was also very successful, with numerous residents posting on various social media platforms.

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To further promote the #SouthfieldSpirit brand and hashtag, the City also launched a line of new merchandise for sale at the Neighborhood Information Center on the first floor of City Hall. The newly designed merchandise includes Southfield t-shirts, baseball caps, visors, tumblers, magnetic bumper stickers, license plate covers and more all reasonably priced between \$1 and \$15.

Neighborhoods, Housing & Curb Appeal

Southfield residents have 71 homeowners associations and 49 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 2016-17 fiscal year, four entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, over 80 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping from more than 130 nominations through the City's annual Community Pride Awards program. The program was expanded to include several new categories including 'Businesses-Small', 'Businesses-Large' and 'Well-Manicured/Maintained Residential Properties' which is geared for homeowners that maintain curb appeal on a budget. The Southfield Parks & Garden Club, a grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the year.

Neighborhood Revitalization Initiative (NRI)

The Neighborhood Revitalization Initiative (NRI), in partnership with the Southfield Non-Profit Housing Corporation, Habitat for Humanity of Oakland County and the City of Southfield, hosted *Rebuild, Renew, Revitalize: Preserving our Community through Homeownership* on June 24 in the Southfield Parks & Recreation building.

This free workshop provided participants information on a variety of topics, including: improving their credit score, preparing a budget, understanding different mortgage options, and the home buying process. A limited number of free credit reports were also provided to participants on a first come, first served basis. The event shared information on the homes currently offered for sale through the Southfield Neighborhood Revitalization Initiative, LLC, in conjunction with Habitat for Humanity Oakland County. Bus tours were provided at 10 a.m. and 1 p.m. to visit some of the homes under renovation through the initiative. The workshop was free and open to the public and included lunch and prize drawings.

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The Southfield Neighborhood Revitalization Initiative (NRI) is a partnership between the Southfield Nonprofit Housing Corporation, Habitat for Humanity Oakland County and the City of Southfield. The aim of the initiative is to renew Southfield neighborhoods house by house in an effort to improve and maintain property values for all Southfield residents.

Habitat for Humanity's Rock the Block Program

The City of Southfield's Neighborhood Services Committee, in partnership with Habitat for Humanity of Oakland County, sponsored the Rock the Block program in the Bonnie Acres neighborhood October 20-21, 2016.

Rock the Block is a new effort by Habitat for Humanity to help homeowners in specific neighborhoods with minor home repairs, landscaping and more. The Bonnie Acres neighborhood was selected for this pilot program in Southfield.

Projects were approved on a first-come, first-served basis at homes located on Marshall, Everett, Brentwood, Selkirk and Fairfax streets. Interested Bonnie Acres residents were encouraged to submit an application for the program. The program was further expanded in 2017 with plans for even more outreach in 2018.

Mayor Siver's Big Rake Initiative

Mayor Kenson Siver, in partnership with Lowe's Home Improvement of Southfield, hosted The Big Rake on Saturday, October 29, November 5 and November 12, 2016 throughout Southfield. The Big Rake is an effort to help elderly or disabled Southfield residents with fall lawn maintenance. Volunteers were recruited to help rake and bag leaves for those residents that are unable to do so. Lowe's Home Improvement donated the paper yard waste bags for use at the events. More than 250 volunteers helped to clear 75 yards over the three work days.

Safe Routes to School (SRTS) Grant

The City of Southfield was awarded a \$600,000 grant as part of MDOT's Transportation Alternative Program (TAP) for sidewalk installation and repairs near three local schools. The Safe Routes to School program creates safe walking and biking routes for children, including those with disabilities, to bicycle and walk to and from school.

The City of Southfield, with support from the city of Oak Park and Road Commission of Oakland County, will use the funds to improve pathways near Thompson K-8 International Academy, Yeshiva Beth Yehuda, and Beth Jacob. The grant funds will be broken up into five priorities, resulting in new sidewalk infill on Southwood from 10 Mile Road to Lincoln Road on both sides, Sherfield from Kingshire to Pierce on both sides, Fairfax from 10 Mile Road to Goldwin on both sides, as well as new crossings with a pedestrian refuge island at 10 Mile Road west of Fairfax and 11 Mile and Fairfield Roads east of Fairfax. The new 10 Mile Road crossing will have enhanced signals, while the 11 Mile crossing will feature a HAWK signal.

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In addition to the infrastructure improvements, Thompson K-8 International Academy will implement a bike and pedestrian educational program for older students, as well as a biking Wednesday program, a buddy program and a corner captain program. Yeshiva Beth Yehuda and Beth Jacob will focus on bike and pedestrian education, as well as host a walking school bus and implement a buddy program for children to walk to and from school.

The Transportation Alternatives Program is a competitive grant program that uses federal transportation funds designated by Congress for specific activities that enhance the intermodal transportation system and provide a safe alternative transportation process. Approximately \$17 million is available annually through a competitive grant process administered by the Michigan Department of Transportation Office of Economic Development.

Free Curbside Clothing Recycling Program

A free weekly curbside collection program for clothing and small household items was launched in Southfield last February. Single family households received postcards and bags to introduce the Simple Recycling curbside clothing recycling program. Residents are able to fill the bags with unwanted clothing, textiles and other household items and set filled bags out for collection on the same day as their weekly trash and recycling collection. Simple Recycling Inc. collects the full bags and leaves replacement bags behind.

The City of Southfield is the eighth RRRASOC member community to implement the curbside clothing recycling program and joins Farmington, Farmington Hills, South Lyon, Walled Lake, Wixom, the Village of Milford and Milford Township in offering the program to its residents.

The EPA estimates the average person throws away nearly 70 pounds of clothing and textiles each year, resulting in 14.3 million tons of textiles buried in landfills. Textiles include clothing, footwear, accessories, towels, bedding, drapery and other fabric items. When collected for recycling through Simple Recycling's program, textiles are sorted and graded by condition. Top quality materials are sold to local thrift stores and anything deemed not resalable in the U.S. is exported as second-hand clothing. The remainder is recycled into rags, fiber for home insulation, carpet padding and textile applications in the automotive industry.

Residents are encouraged to continue donating unwanted clothing to their favorite charity or thrift shop first. The Simple Recycling program aims to capture the 85% of recyclable textiles still going to landfills.

AARP Age Friendly Community Kickoff

Southfield Human Services and the Commission on Senior Adults (COSA) hosted an AARP Age Friendly Community kickoff event in May at the Southfield Pavilion.

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The event included an overview of the plans for the City of Southfield to be designated an AARP Age Friendly Community. Designation as an AARP Age Friendly Community shows that a community's elected leadership has made the commitment to actively work toward making their city a great place to live for people of all ages. Membership requires a multi-step process of improvement, including conducting a community survey and creating an action plan.

South Korean Sister City Delegation

The City of Southfield hosted a delegation from our Sister City Dongducheon, South Korea May 23-27, 2017. During the visit, the delegation had the opportunity to experience Southfield's business and education community, as well as meet with the mayor and various city staff and officials.

A Sister City Ceremony took place in the Community Room of the Southfield Public Library which included remarks from the Dongducheon Vice Mayor and Southfield Mayor Kenson Siver on friendship relations, as well as reading and signing of the Sister City agreement.

The visit to Southfield also included highlights of the city's business and education communities, including Southfield Public Schools, Lawrence Technological University, Lear, Eaton, BASF and a meeting with Oakland County Economic Development staff. The Dongducheon delegation also attended Southfield's AARP Age Friendly Community Kickoff event and the Southfield and Lathrup Village Memorial Day Ceremony on May 26.

A Sister City agreement creates a cooperative relationship between two cities that fosters cultural, educational, business and technical exchanges. Sister cities form connections between like-minded international communities that are mutually beneficial to both partners.

Dongducheon is located north of the capital city of Seoul and has a population of over 96,500 people and is home to United States military base Camp Casey, which houses several of the main combat units of the Second Infantry Division.

Southfield Community Coalition

The City of Southfield Neighborhood & Information Center (a division of Community Relations) and the Total Living Commission coordinated the creation of the new Southfield Community Coalition which continues to grow. The City reestablished the former Southfield Homeowner's Coalition, which was renamed the Southfield Community Coalition, to reflect the broader scope and inclusion of renters.

The Southfield Community Coalition was established in 2015 as a non-profit organization, comprised of neighborhood and condominium associations and residents citywide. The Coalition aims to unify the Southfield community by bringing together Southfield's active homeowner, condo and renter associations, strengthening these associations, and helping organize those neighborhoods without active associations. By sharing common concerns and best practices for successful associations, sponsoring forums on topics of community interest and increasing

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communication among associations, the Coalition is a resource and advocate for all Southfield residents, whether they rent or own a home, apartment or condo in the city. The Coalition has established a board of directors, adopted new Coalition bylaws, created several working committees and held several community meetings.

Most recently, the City of Southfield, in conjunction with the Southfield Community Coalition, held a citywide Neighborhood and Condo Association Workshop on April 13, 2017 to provide information on recommended best practices in amending associations' governing documents such as the bylaws, master deeds, rules and regulations, and articles of incorporation as well as how to properly enforce those documents. M. Katherine Michael and Brian Harris, Esq. from the Meisner Law Group, P.C., a law practice specializing in real estate, homeowner and condominium association law, facilitated the workshop and answered questions following their presentation.

The Meisner Law Group, P.C., is headquartered in Bingham Farms, Michigan and concentrates exclusively in Community Association Law. The firm represents condominiums, subdivisions, cooperative communities, developers, businesses, corporations, limited liability companies, and individuals. All Southfield neighborhood and condominium association presidents and representatives were invited to attend this free workshop with more than 100 participants in attendance.

Southfield Ambassadors

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

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.

Southfield Spirit Fest & Summer Soulstice Run

The City of Southfield, in conjunction with the Southfield Ambassadors and Run As One Productions, hosted the Southfield Spirit Fest & Summer Soulstice Run on June 17, 2017 from 5-11 p.m. on the front lawn of the Municipal Campus.

The event kicked off with a parade from Lawrence Technological University's Don Ridler Field House to the Southfield Municipal Campus. The parade was led by grand marshals Congresswoman Brenda Lawrence and Mayor Siver and included numerous dignitaries, community organizations, new and

City of Southfield

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classic cars, floats, marching bands and Detroit Lions mascot Roary. Following the parade guests enjoyed inflatables, games, clowns, face painting, and crafts for children on the front lawn of city hall. Several local food trucks were available with a variety of food for purchase as well as a beer tent, music stage and DJ in addition to the Southfield Historical Society offering tours of the adjacent Mary Thompson Farm.

The Southfield Summer Soulstice Run, presented by the City of Southfield and Vibe Credit Union, returned for the fourth year with running, walking, yoga and fun activities for everyone. The Soulstice Run began with a 1/3 Mile Kids' Fun Run followed by a 5K run or walk. The Summer Soulstice Run is the only USATF Certified Course in Southfield and all proceeds benefited Make-A-Wish Michigan, Southfield Oakland Shelter, Friends of the Southfield Police Department, Southfield Firefighters Charities, Southfield Public Arts Commission and Soles4Souls.

2016 Greg Kennedy Community Service Award

The Southfield Ambassadors also assisted with the selection of the 2016 Greg Kennedy Community Service Award. Nominations for this prestigious award are reviewed annually by the City's Total Living Commission (TLC) with recommendations made to City Council. Nominations were due by September 1, 2016 and two qualified candidates were received. Both nominations, Harmen Guenther and Jonathan Adams, are current TLC members. For this reason, the Commission unanimously voted (with Commissioners Guenther and Adams abstaining) to pass the selection process to the newly created Southfield Ambassadors. The Ambassadors reviewed the nominations and each made their respective selection. The candidate selected by the most votes was TLC member and Parks & Garden Club founder/President Jonathan Adams.

The Southfield City Council confirmed the Total Living Commission's recommendation of Jonathan Adams as the 2016 recipient of the Greg Kennedy Community Service Award, which honors residents who are active in community service. Mayor Kenson Siver formally presented Mr. Adams with the Award at the Regular City Council meeting on Monday, December 12. Mr. Adams, a 30 year Southfield resident, serves as the president of the Farmbrooke Neighborhood Association and as a member of the City's Total Living Commission and the Southfield Community Coalition. He founded the Southfield Parks & Garden Club (SP&GC) in February of 2005 as a charitable community service organization comprised of volunteers who work to improve and beautify the city. The Club regularly conducts litter pick-ups, plantings, cleaning up landscapes for elderly residents, and clearing and mapping city park trails. The Club also sponsors the annual Southfield Garden Walk and co-sponsors the annual Community Pride Awards with the City. Under Jon's direction, SP&GC broke ground on the Emmanuel Community Farm in 2008 at Emmanuel Lutheran Church. The all-volunteer farm uses organic seed and agriculturally sustainable farming methods to enable the harvest of a wide variety of produce that is donated to Forgotten Harvest. Since its inception, the Farm has produced and donated more than 22,000 pounds of produce that is distributed to those in need throughout southeastern Michigan.

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The Greg Kennedy Community Service Award was originally established in 1999 to honor the legacy of community activist Greg Kennedy by encouraging other residents to engage in public service. Greg Kennedy was one of Southfield's first residents and demonstrated his commitment to the City throughout his entire lifetime. He established the City's first Southfield Homeowners Coalition and annually sent numerous low-income children to attend the Shriner's Circus. He visited senior homes in Southfield every week to help out, entertain and listen. He was an outspoken advocate for seniors and young people alike and was known for standing up for other people's rights. Since its inception, there have been only three past recipients of the award, including: Samuel P. Havis in 2000; Jacqueline Nelson in 2001; and Muriel Zweigel in 2003.

CODE ENFORCEMENT & PUBLIC WORKS

Code Enforcement

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 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 phone

City of Southfield

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number (248-796-4000) to report potholes. The Streets and Highway Division of Public Works is responsible for maintaining 246 miles of road within the City. The Division handles all street cleaning; snow and ice removal; tree trimming; street signs; right-of-way mowing; and open drain and storm sewer repair. The Division also performs both targeted and generalized pavement repair as part of the City's Pothole Patrol program.

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 2016-17, 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 Thomson Reuters, 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

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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.

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.

Southfield Fire Department

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.

Southfield Police Department

The Southfield Police Department believes in the dignity and worth of all people – providing fair and equal enforcement of the law for all. The department is committed to a professional approach to law enforcement and supporting the needs of our community. The Southfield Police Department works to gain the trust and confidence of the community through community-oriented policing, continual comprehensive training, transparency and by selection and retention of quality personnel who will best represent the police profession.

City of Southfield

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The Southfield Police Department has taken a progressive approach to transparency by making crime data available to the public through numerous channels. The Southfield Police Department is live on CrimeMapping.com. Any person with access to the Internet can map out and analyze recent crime activity in their neighborhood. CrimeMapping.com also offers free Crime Alerts which help keep the community well informed by distributing incident reports via e-mail to anyone that subscribes to the system. Southfield residents can now stay up-to-date regarding what's happening near their home, work or children's school.

The Southfield Police Department, in partnership with Kroger, the Southfield Public Library and Friends of the Southfield Library, hosted Badges & Books on select Thursdays May through September from 4-6 p.m. in the Kroger parking lot located at 23675 Greenfield Road.

The events were hosted in the Police Mobile Command Unit where children, infants through young adults, had the opportunity to come aboard and select a free book donated by the Southfield Public Library and Friends of the Southfield Public Library. Officers also provided tours of the mobile command unit and its many features.

The Police Department also hosted a Community Open House on May 21 from 11 a.m.-3 p.m. at the Southfield Police Department located at city hall. The free family-friendly event featured a Southfield Police K9 demonstrations as well as a child safety puppet shows. Guests were also able to enjoy face painting, a bounce house, car seat safety inspections and a driving simulator. The event featured representatives from several local agencies, including: Southfield 9-1-1 Dispatch, Southfield Emergency Response Team, Detroit Mounted Police, Oakland County Aviation Unit and Southfield Police Recruitment.

The Police Open House was sponsored by the City of Southfield Police Department, Friends of the Southfield Police Department, Detroit BBQ Company, Fuddruckers, Safe Kids Metro Detroit, Take a Bite out of Crime, Kohl's Injury Prevention Program, D&D Bicycles & Hockey, Denso, Thin Blue Line USA and Southfield A&T High School.

Southfield Emergency Management

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.

City of Southfield

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CULTURE & RECREATION

Southfield Parks & 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.

The Southfield City Council unanimously approved the appointment of Teresa Fields as the new Parks & Recreation Director at the August 8 City Council meeting. Ms. Fields previously served as the Chief of Recreation Programs and Services for Oakland County Parks and Recreation since 2009. In this position, she oversaw planning and development of division services and more than 600 programs and events annually. She successfully partnered with local government officials, DDAs, and Chambers of Commerce to bring park and recreation services to area residents. Prior to that, Ms. Fields served as the Recreation Superintendent for West Bloomfield Parks and Recreation from 2000 to 2009 and as the Recreation Activities Coordinator for the city of Wyoming, MI from 1991 to 1999. She holds a Bachelor's degree in Parks and Recreation Management with a minor in Business Management from Eastern Michigan University. Ms. Fields was also recently named the recipient of the 2017 Michigan Recreation and Park Association (mParks) Recreation Leadership Award at the mParks (formerly MRPA) Annual Conference and Trade Show on February 2, 2017. Individual awards are presented to mParks members who reflect the highest standards of the parks and recreation profession. The individual awards are the highest honors that the association awards, and include the Fellowship, Recreation Leadership, Park Resource Leadership and New Professional Awards. The Recreation Leadership Award is presented to a member for outstanding contributions and leadership in the area of recreation programming. Nominees must be a member of mParks in good standing for a minimum of 10 years at the time of the nomination to be eligible.

Southfield's many parks remain extremely popular throughout the entire year, hosting a wide range of athletic competitions and events such as little league games, adult softball, tennis and sand volleyball leagues and soccer games. 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.

The City held a public hearing regarding the updating of the Parks & Recreation Department's Master Plan on December 14, 2016. The community was invited to attend the public hearing to provide input regarding changes or additions that residents would like to implement in the updated Master Plan, current facilities and programs. Upon completion of the public hearing, comments and suggestions were incorporated into the plan draft. The public was given 30 days to review the draft before a second public hearing was held. The final plan was reviewed by the Parks & Recreation Board and City Council for final approval.

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Miracle League of Michigan New Concession Building

The Miracle League of Michigan and Easter Seals of Michigan held a ribbon cutting ceremony for the grand opening of the new Miracle League concession building on June 10 at the Miracle League baseball field located at the north end of the Southfield Municipal Campus.

The 1441-square-foot concession building includes two Americans with Disabilities Act (ADA)-compliant public restrooms as well as a locker room and accessible restroom for the players. The building also provides office space and storage for the Miracle League, and the concession area will be operated by Easter Seals clients.

The Miracle League is a non-profit organization that provides children with physical or cognitive disabilities an opportunity to play baseball as a team member in an organized league. The City of Southfield is home to Michigan's first Miracle League baseball field that is located at the north end of the municipal complex. During each Miracle League game, every child is given an opportunity to hit the ball and score a run. Games are played on special fields designed with a custom synthetic turf and handicapped accessible dugouts, restrooms and drinking fountains. Miracle League team members are assigned "buddies" who assist them in hitting the ball and "running" the bases. Buddies can be fellow schoolmates, parents, college students, business leaders or anyone who wishes to volunteer their time to give a child the gift of baseball.

Southfield Public Library

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 2,200 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 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 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.

City of Southfield

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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.

City of Southfield

Letter of Transmittal

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

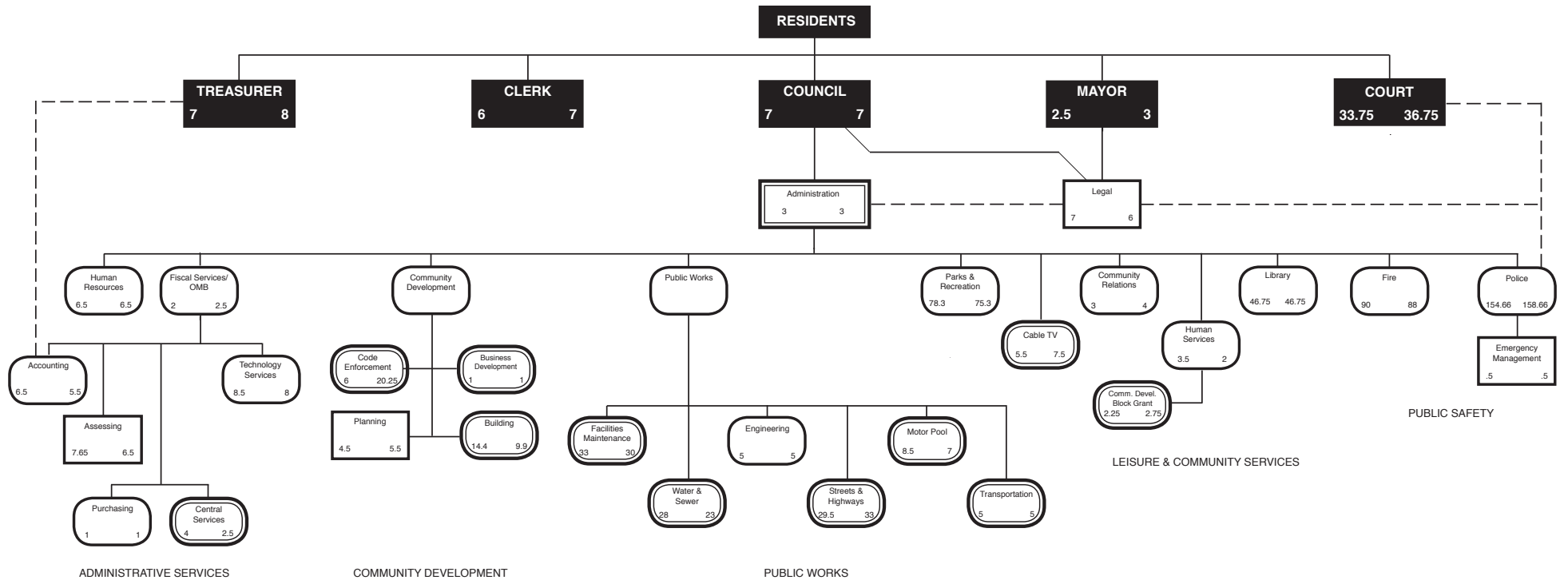
Respectfully submitted,

A handwritten signature in black ink, reading "Frederick E. Zorn, Jr." in a cursive script.

Frederick E. Zorn, Jr., CECD
City Administrator

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Organizational Chart



Number to left of department gives 2015-16 filled positions;
number to right gives 2016-17 complement.

Approved Total 2015-16: 621.76
Approved Total 2016-17: 628.36

KEY TO SYMBOLS

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

CITY OF SOUTHFIELD, MICHIGAN

June 30, 2017

-MAYOR-

Kenson J. Siver

-CITY COUNCIL-

Myron Frasier, President

Daniel Brightwell

Lloyd Crews

Donald F. Fracassi

Michael Ari Mandelbaum

Tawnya Morris

Joan Seymour

-CITY CLERK-

Nancy L. M. Banks

-CITY TREASURER-

Irv M. Lowenberg

-CITY ADMINISTRATOR-

Fred E. Zorn, Jr.

Independent Auditor's Report

To the Mayor and 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, 2017 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.

To the Mayor and City Council
City of Southfield, Michigan

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, 2017 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.

Emphasis of Matter

As demonstrated in Note 3, the financial statements include investments valued at approximately \$101,000,000 (27 percent of net assets of the pension and postemployment benefits trust combined) at June 30, 2017 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 Supplementary 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southfield, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section are presented for 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.

To the Mayor and City Council
City of Southfield, Michigan

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*.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018 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

April 6, 2018

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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, 2017. 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 \$16.7 million from \$157.6 million to \$140.9 million.
- Governmental activities net position decreased by \$17.4 million to \$44.4 million.
- Business-type activities net position increased by \$0.7 million to \$96.5.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$87.2 million, with \$8.7 million being non-spendable, \$32.3 million being restricted, \$12.7 million being committed for specific purposes and \$33.5 million being allocated between assigned or unassigned.
- The fiscal year 2017 governmental funds combined ending fund balance reflects a decrease of \$2.6 million from the prior fiscal year. This combined decrease, however, is made up of an increase in the General Fund ending balance of \$14.6 million, a decrease in the Major Streets ending fund balance of \$0.7 million, a decrease in the Local Streets ending fund balance \$0.05 million, a decrease in Cable Television ending fund balance of \$0.3 million and a decrease in the Road Bond Construction fund in the amount of \$15.6 million. The rest of the change is spread out amongst the various other governmental funds.
- The increase in the General Fund balance was primarily due to a \$12.5 million transfer in from the Local Improvement Revolving Fund for the redevelopment of Northland Mall. The decrease in the Cable Television fund was primarily related to equipment purchases. The decreases in the Major and Local Streets fund balances were primarily due to ongoing road reconstruction projects. 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 \$283.5 million. The City is \$216.6 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 2017. 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 governmental 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 governmental 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 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 as well as budgetary schedules for the non-major special revenue 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 \$16.7 million over the course of this fiscal year's operations. The position of the governmental activities decreased in the amount of \$17.4 million; the net position of the business-type activities increased by \$0.7 million.

The following is a condensed Statement of Net Position for the period ending June 30, 2017:

Net Position June 30, 2017 (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 124.5	\$ 134.3	\$ 16.3	\$ 31.5	\$ 140.8	\$ 165.8
Capital assets	152.0	145.0	102.9	85.9	254.9	230.9
Other long term assets	1.4	1.4			1.4	1.4
Total assets	<u>277.9</u>	<u>280.7</u>	<u>119.2</u>	<u>117.4</u>	<u>397.1</u>	<u>398.1</u>
Deferred outflows	21.5	46.3	0.8	1.7	22.3	48.0
LIABILITIES						
Current liabilities	10.6	22.2	8.9	9.4	19.5	31.6
Other liabilities	243.7	241.7	14.5	13.8	258.2	255.5
Total liabilities	<u>254.3</u>	<u>263.9</u>	<u>23.4</u>	<u>23.2</u>	<u>277.7</u>	<u>287.1</u>
Deferred Inflow	0.7	1.3	0.1	0.1	0.8	1.4
NET POSITION						
Net investment in capital assets	95.7	95.8	93.8	74.7	189.5	170.5
Restricted	30.0	29.8			30.0	29.8
Unrestricted	(81.3)	(63.8)	2.7	21.1	(78.6)	(42.7)
Total Net Position	<u>\$ 44.4</u>	<u>\$ 61.8</u>	<u>\$ 96.5</u>	<u>\$ 95.8</u>	<u>\$ 140.9</u>	<u>\$ 157.6</u>

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

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

Changes in Net Position
for the fiscal year ending June 30, 2017
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES						
Program revenues						
Charges for services	\$ 20.3	\$ 19.8	\$ 42.8	\$ 41.1	\$ 63.1	\$ 60.9
Grants and contributions	12.0	8.9			12.0	8.9
General revenues						
Property taxes	64.5	65.0			64.5	65.0
Unrestricted state shared	7.6	6.6			7.6	6.6
Unrestricted investment earnings (loss)	0.3	2.4		0.4	0.3	2.8
Other	2.1	2.9		0.1	2.1	3.0
Total revenues	<u>106.8</u>	<u>105.6</u>	<u>42.8</u>	<u>41.6</u>	<u>149.6</u>	<u>147.2</u>
EXPENSES						
General government	17.9	16.5			17.9	16.5
Public safety	65.7	63.0			65.7	63.0
Highway and streets	12.2	12.1			12.2	12.1
Public services	2.7	1.6			2.7	1.6
Sanitation	2.8	3.1			2.8	3.1
Community improvement	0.6	0.4			0.6	0.4
Social services	2.0	2.8			2.0	2.8
Culture and recreation	17.9	16.4			17.9	16.4
Water and sewer			42.1	39.3	42.1	39.3
Interest on long term debt	2.4	2.8			2.4	2.8
Total expenses	<u>124.2</u>	<u>118.7</u>	<u>42.1</u>	<u>39.3</u>	<u>166.3</u>	<u>158.0</u>
Increase (decrease) in net position	(17.4)	(13.1)	0.7	2.3	(16.7)	(10.8)
Beginning net position	61.8	74.9	95.8	93.5	157.6	168.4
Ending net position	\$ <u>44.4</u>	\$ <u>61.8</u>	\$ <u>96.5</u>	\$ <u>95.8</u>	\$ <u>140.9</u>	\$ <u>157.6</u>

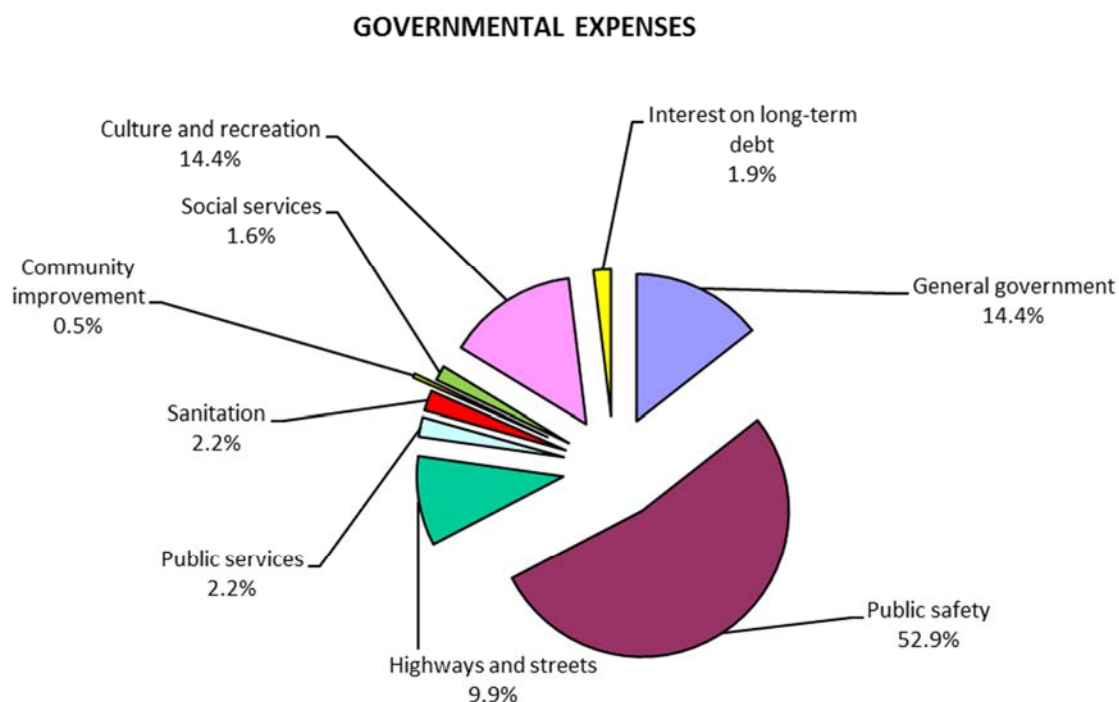
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2017 fiscal year's governmental activity was a decrease of \$17.4 million and an ending net position balance of \$44.4 million. Of this total, \$95.7 million is the net investment in capital assets, \$40.3 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 (\$91.6) 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 \$5.5 million. Public safety is the largest governmental activity, expending \$65.7 million of the governmental activities total expenses of \$124.2 million. It comprises 52.9% of total governmental expenses. This category increased by \$2.7 million. General government is the second largest governmental activity with a total expense of \$17.9 million, expending 14.4% of total governmental expenses. This activity increased by \$1.4 million. Culture and recreation is the third largest governmental activity with total expenses of \$17.9 million, expending 14.4% of total governmental expenses. This activity increased by \$1.5 million. These three categories comprised 81.7% of total governmental activity expenses.

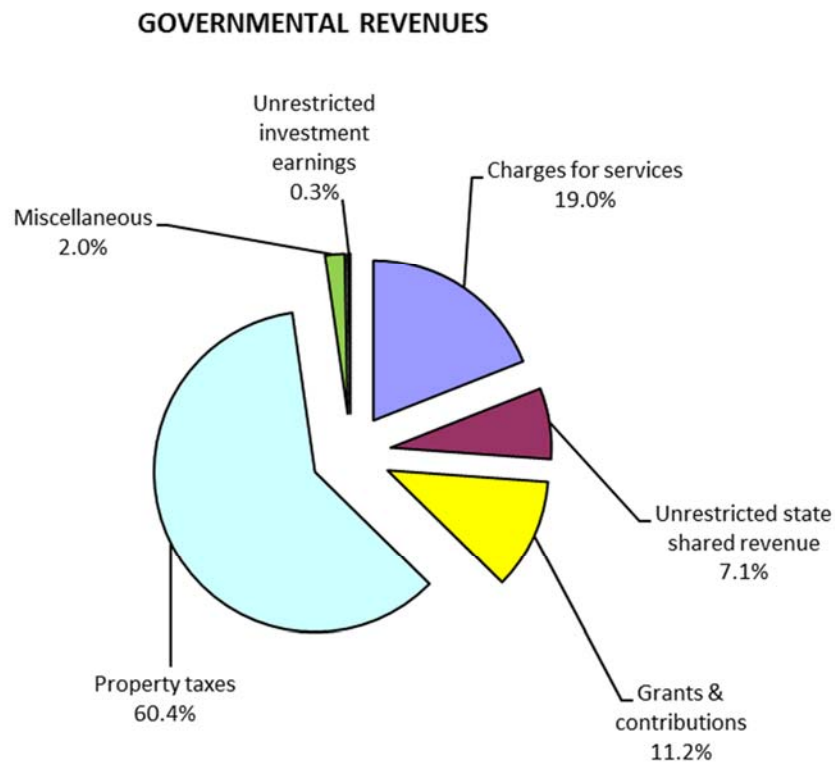
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

In total, governmental revenue had a net increase in fiscal year 2017 by \$1.2 million. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 26.3900 mills. Property tax revenue generated \$64.5 million in 2017, a decrease of \$0.5 million. It represented 60.4% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue at \$20.3 million. It represented 19.0% of all available sources of revenue for governmental activities. This source increased by \$0.5 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 7.1% increasing \$1.0 million to \$7.6 million. The Grants and contributions figure represents 11.2% of all available sources of revenue and increased \$3.1 million. Over 97.7% of the governmental activities are supported by these four revenue sources.

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



City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

Business-Type Activities:

The net position for business-type activities increased by \$0.7 million during fiscal year 2017. Overall, charges for services increased from 2016 by \$1.7 million. Operating expenses increased by \$2.8 million.

Of the total \$96.5 million of net position in the business type activities, \$2.7 million is reported as unrestricted.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

General Fund

The General Fund is the central operating fund of the City of Southfield. Unless otherwise required by statute, contractual agreement or policy, all revenues and expenditures are recorded in the General Fund. As of June 30, 2017, the General Fund reported a fund balance of \$46.0 million. This amount is an increase of \$14.6 million from the prior June 30. Of the total fund balance, \$8.6 million is non-spendable, \$0.7 million is restricted, \$11.3 million is committed and \$25.3 being allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was amended from the originally adopted budget of \$65.8 million to a final budget amount of \$65.9 million. General Fund revenue totaled \$68.9 million. Fees for Licenses and permits exceeded budget projections by \$1.8 million with actual revenues being reported as \$3.8 million. State shared revenue exceeded conservative budget projections of \$6.8 million by \$1.0 million resulting in actual revenue of \$7.9 million reported.

The General Fund expenditure budget was increased for several purposes during fiscal year 2017 including encumbrances of \$.3 million and \$17.5 million for the redevelopment of Northland to a final budget of \$83.4 million. Actual expenditures for fiscal year 2017 were \$66.7 million which was \$16.7 million under budget.

In summary, the fiscal year 2017 final amended budget anticipated using \$5.2 million of prior year's fund balance. The actual net change in fund balance was an increase of \$14.6 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, 2017, the Major Streets fund reported a fund balance of \$0.5 million. This amount is a decrease of \$0.7 million from the prior June 30. The fund balance is classified as restricted.

City of Southfield

Management's Discussion and Analysis

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

Major Streets Budgetary Highlights:

The Major Streets revenue budget was amended from the originally adopted budget by \$2.3 million through Council approved adjustments. This resulted in a final budget amount of \$6.8 million. Actual Major Streets revenue totaled \$5.9 million.

The Major Streets fund expenditure budget was increased for encumbrances in the amount of \$1.7 million and Council approved adjustments of \$0.5 million during fiscal year 2017 for a final budget of \$14.5 million. Actual expenditures for fiscal year 2017 were \$13.4 million which was \$1.1 million under 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 2017 final amended budget anticipated adding \$48,000 to prior year's fund balance. The actual net change in fund balance was a decrease of \$0.7 million.

Local Streets

The Local Streets fund is used to report activity relating to local road and rights of way in the City of Southfield. As of June 30, 2017, the Local Streets fund reported a fund balance of \$7.9 million. This amount is a decrease of \$55,000 from the prior June 30. The fund balance is classified as restricted.

Local Streets Budgetary Highlights:

The Local Streets revenue budget was amended by Council from the originally adopted budget by just under \$360,000. This resulted in a final budget amount of \$4.1 million. Actual Local Streets revenue totaled \$3.8 million.

The Local Streets fund expenditure budget was amended from the originally adopted budget by \$1.3 million including \$1 million in encumbrances and just under \$360,000 in Council approved adjustments. This resulted in a final budget amount of \$21.0 million. Actual Local Street fund expenditures totaled \$12.7 million. Most of these expenditures related to road construction which is being funded by bond proceeds through a transfer to Local Streets.

In summary, the fiscal year 2017 final amended budget anticipated using \$1.0 of prior year's fund balance. The actual net change in fund balance was a decrease of approximately \$55,000.

Cable Television

The Cable Television fund is used to report activity relating to the City's Cable Television transmission. As of June 30, 2017, the Cable Television fund reported a fund balance of \$0.9 million. This amount is a decrease of \$0.3 million from the prior June 30. Of the total fund balance, \$0.3 million is restricted and \$0.6 million is committed.

City of Southfield

Management's Discussion and Analysis

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

Cable Television Budgetary Highlights:

The Cable Television fund revenue budget was not amended, with a final budget amount of \$1.1 million. Actual revenues totaled \$1.0 million.

The Cable Television fund expenditure budget was amended by City Council in the amount of \$0.4 million during fiscal year 2017 for a final budget of \$1.5 million. Actual expenditures for fiscal year 2017 were \$1.3 million which was \$0.2 million under budget.

In summary, the fiscal year 2017 final amended budget anticipated using \$380,000 of prior year's fund balance. The actual net change in fund balance was a decrease of \$325,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2017, the City of Southfield and its component units had invested \$255.1 million, net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$24.1 million from 2016. Refer to Note 6 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2017, the City of Southfield had \$70.3 million and \$9.0 million in bonds outstanding in the governmental and business-type activities, respectively. A more detailed depiction of the City's long-term debt obligations is presented in Note 7 to the financial statements.

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

ECONOMIC OUTLOOK

The United States, State of Michigan and the City of Southfield economies continue to recover from the 2008-2009 recession, generally regarded as the most severe economic contraction in more than 70 years. Property taxable values remain well below their prerecession peaks and could likely take almost twenty years or more to recover, impacting the growth of property tax revenue. Property taxes are the primary source of unrestricted revenue for the City. While property values in the City have been trending upward, property tax growth is limited to the rate of inflation or 5% as a result of the Headlee Amendment and Proposal A.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

Unemployment in the City of Southfield has continued to fall but remains higher than the state and county level. As of September 2017, unemployment in the City was 4.9%, compared to 6.1% at September 2016. Unemployment in the State of Michigan was 4.3% and 5.3% at September 2017 and 2016. Unemployment in Oakland County was 3.4% and 4.5% at September 2017 and 2016. 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 the City of Southfield Fiscal Services Group, at (248) 796-5260.

City of Southfield
Government-Wide Statement of Net Position
June 30, 2017

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3)	\$ 59,198,652	\$ 1,307,196	\$ 60,505,848	\$ 4,931,148
Investments (Note 3)	39,999,436	3,588,842	43,588,278	10,292,237
Receivables, net (Note 5)	6,647,802	13,890,248	20,538,050	201,549
Special assessments	1,736,667		1,736,667	
Property investments				15,000
Prepays and other assets	2,305,468	11,124	2,316,592	95,228
Internal balances (Note 8)	2,750,930	(2,750,930)	-	
Due from primary government				148,514
Due from component units	64,624		64,624	
Due from other governmental units	382,023		382,023	
Land held for resale	7,610,360		7,610,360	
Inventory	865,855	266,731	1,132,586	
Restricted assets: (Note 4)				
Cash and cash equivalents	2,910,718		2,910,718	
Long-term advances to component units (Note 8)	1,401,387		1,401,387	
Capital assets: (Note 6)				
Non-depreciable	13,034,545	1,475,575	14,510,120	
Depreciable-net	139,006,645	101,385,890	240,392,535	192,173
Total assets	<u>277,915,112</u>	<u>119,174,676</u>	<u>397,089,788</u>	<u>15,875,849</u>
Deferred Outflows of Resources (Note 5)				
Deferred charges on refunding	671,063		671,063	
Related to Pensions	20,795,900	839,440	21,635,340	31,805
LIABILITIES				
Accounts payable and other				
current liabilities	7,639,714	8,843,664	16,483,378	100,317
Interest payable	385,335	36,644	421,979	
General insurance & workers' compensation accrual (Note 9)	2,409,849		2,409,849	
Due to primary government				64,624
Due to component units	148,514		148,514	
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)	10,942,334	2,313,185	13,255,519	6,030
Due in more than one year (Note 7)	66,620,705	6,950,563	73,571,268	24,290
Net pension liability (Note 11)	99,748,292	3,666,476	103,414,768	136,383
Net OPEB obligation (Note 12)	66,375,197	1,621,488	67,996,685	
Total liabilities	<u>254,269,940</u>	<u>23,432,020</u>	<u>277,701,960</u>	<u>3,280,660</u>
Deferred Inflows of Resources (Note 5)				
Related to Pensions	706,691	72,096	778,787	2,217
NET POSITION				
Net investment in capital assets	95,674,999	93,842,676	189,517,675	192,173
Restricted:				
Right-of-way funds/ metro authority and sanitation	690,567		690,567	
Highways and streets	9,670,370		9,670,370	
Cable PEG fees	332,075		332,075	
Culture and recreation	10,502,542		10,502,542	
Community improvement	1,289,231		1,289,231	
Social services	84,129		84,129	
Grants (other)	165,947		165,947	
Public safety	850,808		850,808	
Debt service	2,386,639		2,386,639	
Capital projects	1,219,475		1,219,475	
Claims	2,873,588		2,873,588	
Unrestricted	(81,334,926)	2,667,324	(78,667,602)	12,432,604
Total net position	<u>\$ 44,405,444</u>	<u>\$ 96,510,000</u>	<u>\$ 140,915,444</u>	<u>\$ 12,624,777</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, 2017

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Governmental
				Governmental Activities	Business-type Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 17,939,038	\$ 2,041,601		\$ (15,897,437)		\$ (15,897,437)
Public safety	65,696,598	9,629,419	\$ 1,685,859	(54,381,320)		(54,381,320)
Highways and streets	12,249,162		7,912,407	(4,336,755)		(4,336,755)
Public services	2,656,844	666,814	175	(1,989,855)		(1,989,855)
Sanitation	2,782,468	2,523,464		(259,004)		(259,004)
Community improvement	571,835	1,987,860	734,157	2,150,182		2,150,182
Social services	2,026,666		1,494,056	(532,610)		(532,610)
Culture and recreation	17,861,783	3,467,265	192,757	(14,201,761)		(14,201,761)
Interest on long-term debt	2,393,324			(2,393,324)		(2,393,324)
Total governmental activities	<u>124,177,718</u>	<u>20,316,423</u>	<u>12,019,411</u>	<u>(91,841,884)</u>		<u>(91,841,884)</u>
Business-type activities:						
Water and sewer	42,158,425	42,818,241			\$ 659,816	659,816
Total primary government	<u>\$ 166,336,143</u>	<u>\$ 63,134,664</u>	<u>\$ 12,019,411</u>			<u>(91,182,068)</u>
Component units activities:						
Governmental	<u>\$ 1,981,177</u>	<u>\$ -</u>	<u>\$ 1,418,725</u>			<u>\$ (562,452)</u>
General revenues:						
Property taxes				64,457,071		64,457,071
Unrestricted state shared revenues				7,632,236		7,632,236
Unrestricted investment earnings				1,136,782	73,846	1,210,628
Unrestricted investment earnings, fair				(832,153)	(83,433)	(915,586)
Miscellaneous				2,053,590	49,794	2,103,384
Total general revenues and transfers				<u>74,447,526</u>	<u>40,207</u>	<u>74,487,733</u>
Change in net position				(17,394,358)	700,023	(16,694,335)
Net position - beginning				61,799,802	95,809,977	157,609,779
Net position - ending				<u>\$ 44,405,444</u>	<u>\$ 96,510,000</u>	<u>\$ 140,915,444</u>
						<u>\$ 12,624,777</u>

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

City of Southfield

Balance Sheet

Governmental Funds

June 30, 2017

	Major Funds						Non-Major Funds	
	General	Major Streets	Local Streets	Cable Television	Road Bond Construction	Special Assessment Construction	Other Governmental	Total Governmental
ASSETS								
Cash and cash equivalents (Note 3)	\$ 10,669,203	\$ 3,844,792	\$ 6,879,181	\$ 122,395	\$ 10,426,787	\$ 2,989,781	\$ 6,497,206	\$ 41,429,345
Investments (Note 3)	6,409,992	154,168	1,659,279	3,815,285	119,523		16,663,630	28,821,877
Receivables, net (Note 5)	4,271,143	949,750	331,731	255,529		29,081	756,963	6,594,197
Special assessments						1,736,667		1,736,667
Prepays	513,439			17,937			61,236	592,612
Due from other funds (Note 8)	20,971,678	694,204	2,330,738				4,051,818	28,048,438
Due from component units	25,053						39,571	64,624
Due from other governmental units							382,023	382,023
Land held for resale	7,610,360							7,610,360
Inventories	498,262							498,262
Restricted assets: (Note 4)								
Cash and cash equivalents							37,130	37,130
Total assets	<u>\$ 50,969,130</u>	<u>\$ 5,642,914</u>	<u>\$ 11,200,929</u>	<u>\$ 4,211,146</u>	<u>\$ 10,546,310</u>	<u>\$ 4,755,529</u>	<u>\$ 28,489,577</u>	<u>\$ 115,815,535</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,145,062	\$ 446,209	\$ 1,021,342	\$ 246,848	\$ 2,635,055	\$ 143,678	\$ 468,711	\$ 6,106,905
Accrued payroll	241,270			4,335			136,044	381,649
Due to other funds (Note 8)	1,861,260	3,774,429	1,906,180	3,045,105	357,722	81,046	3,102,378	14,128,120
Due to component units	148,514							148,514
Other short-term liabilities	556,601	2,726	22,587				149,064	730,978
Advances from local improvement revolving fund (Note 8)						1,849,862	998,753	2,848,615
Total liabilities	<u>3,952,707</u>	<u>4,223,364</u>	<u>2,950,109</u>	<u>3,296,288</u>	<u>2,992,777</u>	<u>2,074,586</u>	<u>4,854,950</u>	<u>24,344,781</u>
Deferred inflows of resources - unavailable (Note 5)	1,073,696	939,809	316,432	-	-	1,736,667	236,734	4,303,338
Fund balances: (Note 14)								
Non-spendable	8,622,061			17,937			61,236	8,701,234
Restricted	690,567	479,741	7,934,388	332,075	7,553,533	273,029	15,022,875	32,286,208
Committed	11,325,571			564,846		376,130	443,879	12,710,426
Assigned	12,848,733					295,117	7,869,903	21,013,753
Unassigned	12,455,795							12,455,795
Total fund balances	<u>45,942,727</u>	<u>479,741</u>	<u>7,934,388</u>	<u>914,858</u>	<u>7,553,533</u>	<u>944,276</u>	<u>23,397,893</u>	<u>87,167,416</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 50,969,130</u>	<u>\$ 5,642,914</u>	<u>\$ 11,200,929</u>	<u>\$ 4,211,146</u>	<u>\$ 10,546,310</u>	<u>\$ 4,755,529</u>	<u>\$ 28,489,577</u>	<u>\$ 115,815,535</u>

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

City of Southfield

Reconciliation of the Balance Sheet -

Governmental Funds to the Government-Wide

Statement of Net Position

June 30, 2017

Fund balance for governmental activities	\$ 87,167,416
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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.	146,980,552
---------------------------------------------------------------------------------------------------------------------------	-------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	4,303,338
---------------------------------------------------------------------------------------------------------------------------	-----------

Deferred outflows from the difference between projected and actual investment earnings of the pension plan and changes in actuarial assumptions are not reported in the funds	20,016,638
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------

Accrued interest payable on governmental debt is recorded in the statement of activities	(385,335)
------------------------------------------------------------------------------------------	-----------

Deferred charges on bond refunding are amortized over the related bond terms and are not reported in the funds	671,063
----------------------------------------------------------------------------------------------------------------	---------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(70,319,146)
Compensated absences	(6,929,818)

Michigan tax tribunal liability is not reported in the funds	(39,761)
--------------------------------------------------------------	----------

Other post-employment benefits (OPEB) liabilities are not reported in the funds	(64,616,286)
---------------------------------------------------------------------------------	--------------

Deferred inflows from the difference between expected and actual experience of the total pension plan are not reported in the funds	(643,843)
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Net pension liabilities are not due and payable in the current period and are not reported in the funds	(96,364,593)
---------------------------------------------------------------------------------------------------------	--------------

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.	24,565,219
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Government-wide net position of governmental activities	\$ <u>44,405,444</u>
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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, 2017

	Major Funds						Non-Major Funds	
	General	Major Streets	Local Streets	Cable Television	Road Bond Construction	Special Assessment Construction	Other Governmental	Total Governmental
REVENUES								
Property taxes	\$ 44,072,823	\$ 259,468	\$ 2,567,348				\$ 17,011,316	\$ 63,910,955
Special assessments						\$ 463,546	7,686	471,232
Charges for services	3,521,618						2,518,716	6,040,334
Sanitation	2,523,464							2,523,464
Licenses and permits	3,769,054							3,769,054
Fines and forfeitures	3,498,371						42,960	3,541,331
Federal forfeitures							132,371	132,371
Cable franchise fees	1,505,830			\$ 977,966				2,483,796
Intergovernmental:								
Federal	100,996	1,503,164					2,366,135	3,970,295
State	7,875,664	3,903,308	1,170,612				142,485	13,092,069
Other	678,537	111,837						790,374
Contributions and donations							280,980	280,980
Investment earnings	139,507	65,543	96,291	79,610	\$ 340,594	6,285	409,462	1,137,292
Change in fair value of investments	(149,175)	(28,741)	(70,237)	(50,872)	(252,158)	(13,791)	(267,173)	(832,147)
Other	1,404,125	71,476	10,928	15		32,324	206,614	1,725,482
Total revenues	68,940,814	5,886,055	3,774,942	1,006,719	88,436	488,364	22,851,552	103,036,882
EXPENDITURES								
Current:								
General government	8,125,863					703,603	527,740	9,357,206
Public safety	48,399,183						346,446	48,745,629
Highways and streets		4,079,565	3,409,484					7,489,049
Public services	1,402,491							1,402,491
Sanitation	2,782,468							2,782,468
Community improvement							571,835	571,835
Social services							1,597,920	1,597,920
Culture and recreation				976,459			10,987,279	11,963,738
Insurance and bonds	132,930							132,930
Support services	5,282,452							5,282,452
Other							42,615	42,615
Capital outlay	230,106	8,006,462	9,217,829	355,346			1,362,765	19,172,508
Debt service:								
Principal retirement	325,000	1,100,000	83,221				6,534,373	8,042,594
Interest and fiscal charges	46,236	225,979	15,550				2,149,269	2,437,034
Total expenditures	66,726,729	13,412,006	12,726,084	1,331,805		703,603	24,120,242	119,020,469
Excess (deficiency) of revenues over (under) expenditures	2,214,085	(7,525,951)	(8,951,142)	(325,086)	88,436	(215,239)	(1,268,690)	(15,983,587)
OTHER FINANCING SOURCES (USES) (Note 8)								
Transfers in	12,500,000	6,784,482	8,896,217				1,483,708	29,664,407
Transfers out	(154,930)				(15,680,699)		(475,453)	(16,311,082)
Total other financing sources (uses)	12,345,070	6,784,482	8,896,217		(15,680,699)		1,008,255	13,353,325
Net change in fund balances	14,559,155	(741,469)	(54,925)	(325,086)	(15,592,263)	(215,239)	(260,435)	(2,630,262)
Fund balances - beginning	31,383,572	1,221,210	7,989,313	1,239,944	23,145,796	1,159,515	23,658,328	89,797,678
Fund balances - ending	<u>\$ 45,942,727</u>	<u>\$ 479,741</u>	<u>\$ 7,934,388</u>	<u>\$ 914,858</u>	<u>\$ 7,553,533</u>	<u>\$ 944,276</u>	<u>\$ 23,397,893</u>	<u>\$ 87,167,416</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, 2017

Net change in fund balances – total governmental funds	\$ (2,630,262)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however in the statement of activities, these costs are allocated over the estimated useful lives as depreciation:	
Capital outlay and donated assets	17,508,479
Depreciation expense	(9,596,091)
Net book value of assets disposed of	(3,893)
Revenue is recorded in the statement of activities when earned; it is not reported in the 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	3,746,478
Change in accrued interest payable on long-term debt is not reported as expenditures in governmental funds	50,083
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.	(13,151)
Change in Michigan tax tribunal contingency is not reported as expenditures in governmental funds	754,726
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.	8,042,594
The change of premium on bond refunding is not reported as expenditures in governmental funds	334,036
Current year's amortization for discounts payable is not reported as expenditures in governmental funds	(6,373)
The change of the deferred charges on bond refunding balance is not reported as expenditures in governmental funds	(59,467)
Change in other post-employment benefits (OPEB) is not reported as expenditures in governmental funds	(8,940,657)
The change in the net pension liability related does not require the use of current resources and is not reported in the governmental funds	8,233,513
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	(23,029,318)
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.	(11,785,055)
Change in net position government-wide statement of governmental activities	\$ <u>(17,394,358)</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, 2017

	Business-type Activities Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 1,307,196	\$ 17,769,307
Investments (Note 3)	3,588,842	11,177,559
Receivables, net (Note 5)	13,890,248	53,605
Prepays and other assets	11,124	1,712,856
Due from other funds (Note 8)	358,235	5,520,723
Inventory	266,731	367,593
Total current assets	19,422,376	36,601,643
Noncurrent assets:		
Restricted assets: (Note 4)		
Cash and cash equivalents		2,873,588
Long-term advances to other funds (Note 8)		2,848,615
Long-term advances to component units (Note 8)		1,401,387
Capital assets: (Note 6)		
Construction in progress	1,475,575	69,644
Infrastructure	188,729,626	
Equipment and intangibles	4,015,237	26,944,342
Less accumulated depreciation	(91,358,973)	(21,953,348)
Net capital assets	102,861,465	5,060,638
Total noncurrent assets	102,861,465	12,184,228
Total assets	122,283,841	48,785,871
Deferred Outflows of Resources Related to Pensions (Note 5)	839,440	779,262
LIABILITIES		
Current liabilities:		
Accounts payable	8,662,078	410,141
Deposits and escrow	170,936	
Accrued payroll	10,650	10,041
Interest payable	36,644	
Due to other funds (Note 8)	3,109,165	16,690,111
Accrued compensated absences-due within 1 year (Note 7)	88,185	98,753
Revenue bonds payable (Note 7)	2,225,000	
Total current liabilities	14,302,658	17,209,046
Noncurrent liabilities:		
General insurance & workers' compensation accrual		2,409,849
Accrued compensated absences-due more 1 year (Note 7)	156,774	175,561
Net pension liability (Note 11)	3,666,476	3,383,699
Net OPEB obligation (Note 12)	1,621,488	1,758,911
Bonds payable (Note 7)	6,793,789	
Total noncurrent liabilities	12,238,527	7,728,020
Total liabilities	26,541,185	24,937,066
Deferred Inflows of Resources Related to Pensions (Note 5)	72,096	62,848
NET POSITION		
Net investment in capital assets	93,842,676	5,060,638
Restricted for claims		2,873,588
Unrestricted	2,667,324	16,630,993
Total net position	\$ 96,510,000	\$ 24,565,219

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, 2017

	Business-type Activities Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 42,240,666	
Charges to other funds		\$ 17,554,609
Installation charges	219,432	
Interest and penalties	358,143	
Other	49,794	2,227,814
Total operating revenues	<u>42,868,035</u>	<u>19,782,423</u>
OPERATING EXPENSES		
Administration	4,934,462	2,027,633
Health care		8,277,632
Equipment and facility operation		5,421,084
Water purchases	7,523,992	
Transmission and distribution	22,685,127	
Service installation and meter reading	950,697	
Depreciation	5,849,511	1,626,636
Other		967,042
Total operating expenses	<u>41,943,789</u>	<u>18,320,027</u>
Operating income	924,246	1,462,396
NONOPERATING REVENUES (EXPENSES)		
Gain on disposal of assets		14,940
Interest expense	(214,636)	
Investment earnings	73,846	409,612
Change in fair value of investments	(83,433)	(246,047)
Other		(72,631)
Total nonoperating revenues	<u>(224,223)</u>	<u>105,874</u>
Income before transfers	700,023	1,568,270
Transfers out		(13,353,325)
Change in net position	<u>700,023</u>	<u>(11,785,055)</u>
Total net position - beginning	<u>95,809,977</u>	<u>36,350,274</u>
Total net position - ending	<u>\$ 96,510,000</u>	<u>\$ 24,565,219</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, 2017

	Business-type Activities Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 42,206,769	\$ 18,832,225
Cash paid to employees	(2,715,737)	(2,853,206)
Cash paid to suppliers	(30,160,370)	(13,778,781)
Payments received on interfunds	3,448,799	8,343,552
Net cash provided by operating activities	<u>12,779,461</u>	<u>10,543,790</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Retroactive premium adjustments		
Interest	(214,636)	
Payments received on long-term advances		223,200
Transfers out		(13,353,325)
Net cash (used in) noncapital and related financing activities	<u>(214,636)</u>	<u>(13,130,125)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property equipment & adjustments, net of proceeds	(444,447)	(854,812)
System improvements	(22,391,805)	
Payment of revenue bonds	(2,170,000)	
Net cash (used in) capital and related financing activities	<u>(25,006,252)</u>	<u>(854,812)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of proceeds	2,701,606	1,460,670
Investment earnings	69,567	325,412
Net cash provided by investing activities	<u>2,771,173</u>	<u>1,786,082</u>
Net (decrease) in cash, cash equivalents	(9,670,254)	(1,655,065)
Cash, cash equivalents, beginning of year	10,977,450	22,297,960
Cash, cash equivalents, end of year	<u>\$ 1,307,196</u>	<u>\$ 20,642,895</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 1,307,196	\$ 17,769,307
Restricted cash, cash equivalents		2,873,588
Total cash, cash equivalents	<u>\$ 1,307,196</u>	<u>\$ 20,642,895</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 924,246	\$ 1,462,396
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation	5,849,511	1,626,636
Receivables	(588,247)	
Prepays and other assets	6,108	(950,198)
Inventory	(79,127)	(8,307)
Deferred outflow	831,873	1,197,848
Accounts payable	1,843,161	63,466
Deposits	6,000	
Accrued payroll, including compensated absences		
due in less than one year	(69,788)	(66,784)
Interest payable	(31,416)	
General insurance & workers' compensation accrual		465,596
Provision for medical claims		(1,140,846)
Accrued compensated absences	12,975	(3,167)
Net pension liability	(35,544)	(816,963)
Net OPEB obligation	700,092	432,966
Interfunds	3,448,799	8,343,552
Deferred inflow	(39,182)	(62,405)
Net cash provided by operating activities	<u>\$ 12,779,461</u>	<u>\$ 10,543,790</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, 2017

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents (Note 3)	\$ 10,201,484	\$ 4,357,522
Investments, at fair value (Note 3) :		
Government obligations	21,256,910	4,350,966
Corporate bonds	11,091,080	
Common stock	224,907,593	
Real estate and other	103,968,735	
Total investments	361,224,318	4,350,966
Cash and investments held as collateral for securities lending (Note 3) :		
Repurchase agreements	6,038,172	
Certificates of deposit	3,811,583	
Variable rate certificates of deposit	3,523,766	
Time deposits	2,524,399	
Commercial paper	1,748,891	
Agency bonds and notes	1,590,991	
Asset backed commercial paper	315,800	
Sweep vehicles	195,876	
Corporate bonds	171,891	
Treasury notes and bonds	65,958	
Money market mutual funds	3,506,483	
Non-cash collateral	1,441,295	
Total securities lending	24,935,105	-
Receivables, net	18,495,625	15,857
Prepays	1,699,736	
Due from fiduciary		183,133
Total assets	416,556,268	8,907,478
LIABILITIES		
Accounts payable and accrued payroll	13,061,536	836,959
Deposits and escrow		7,604,363
Interest payable		52,636
Due to other governmental units	604,393	413,520
Due to fiduciary	183,133	
Obligations under securities lending agreements	24,935,105	
Total liabilities	38,784,167	8,907,478
NET POSITION		
Restricted for pension benefits	309,714,049	
Restricted for post-retirement health care benefits	68,058,052	
Total net position	\$ 377,772,101	\$ -

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, 2017

	Pension and Other Post-Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 1,844,345
Employer	17,347,991
Total contributions	<u>19,192,336</u>
Investment activity:	
Net increase in fair value of investments	37,072,976
Investment earnings	3,200,792
Dividends	3,324,688
Total investment activity	<u>43,598,456</u>
Less investment expense:	1,528,009
Net investment activity	<u>42,070,447</u>
Total additions, net	<u>61,262,783</u>
DEDUCTIONS	
Benefits	28,240,371
Health care expense	8,742,235
Administrative expense	262,986
Total deductions	<u>37,245,592</u>
Net increase	24,017,191
Net position - beginning	<u>353,754,910</u>
Net position - ending	<u><u>\$ 377,772,101</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, 2017

	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)	\$ 10,871	\$ 756,619	\$ 1,621,471	\$ 1,061,983	\$ (1,225,159)	\$ 1,326,834	\$ 341,682	\$ 1,036,847	\$ 4,931,148
Investments (Note 3)			104,893		7,093,305	3,094,039			10,292,237
Receivables, net (Note 5)		77,172	50,067	32,023	19,791	22,496			201,549
Property investments								15,000	15,000
Prepays							95,228		95,228
Due from primary government						145,761		2,753	148,514
Total current assets	10,871	833,791	1,776,431	1,094,006	5,887,937	4,589,130	436,910	1,054,600	15,683,676
Capital assets, depreciable-net (Note 6)				192,173					192,173
Total assets	10,871	833,791	1,776,431	1,286,179	5,887,937	4,589,130	436,910	1,054,600	15,875,849
Deferred Outflows of Resources									
Related to Pensions (Note 5)							31,805		31,805
LIABILITIES									
Accounts payable and other current liabilities			50,980	32,899			12,367	4,071	100,317
Due to primary government		2,865		100			22,088	39,571	64,624
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 within one year				6,030					6,030
Due in more than one year (Note 7)				24,290					24,290
Net pension liability (Note 11)							136,383		136,383
Total non-current liabilities	-	-	-	30,320	-	-	136,383	-	166,703
Total liabilities	-	106,711	50,980	63,319	1,443,783	1,401,387	170,838	43,642	3,280,660
Deferred Inflows of Resources									
Related to Pensions (Note 5)							2,217		2,217
NET POSITION									
Net investment in capital assets				192,173					192,173
Unrestricted	10,871	727,080	1,725,451	1,030,687	4,444,154	3,187,743	295,660	1,010,958	12,432,604
Total net position	\$ 10,871	\$ 727,080	\$ 1,725,451	\$ 1,222,860	\$ 4,444,154	\$ 3,187,743	\$ 295,660	\$ 1,010,958	\$ 12,624,777

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, 2017

		Net (Expense) Revenue and Changes in Net Position									Totals
	Expenses	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	\$ 6,881			\$ (6,881)							\$ (6,881)
Joint-local development finance authority											
Community improvement	260,019				\$ (260,019)						(260,019)
Downtown development authority											
Community improvement	336,397					\$ (336,397)					(336,397)
Local development finance authority											
Community improvement	11,003							\$ (11,003)			(11,003)
Section 8 housing commission											
Social services	1,361,512	\$ 1,391,766							\$ 30,254		30,254
Southfield growth corporation											
Community improvement	5,365	26,959								\$ 21,594	21,594
Total component units	\$ 1,981,177	\$ 1,418,725									(562,452)
General revenues:											
Property taxes				569,718	734,378	207,065		17,450			1,528,611
Unrestricted investment earnings	\$		28	1,064	31,479	3,128	\$ 114,481	70,676	215	88	221,159
Unrestricted change in fair value of investments			(54)	(301)	(24,154)	(5,414)	(75,100)	(49,552)			(154,575)
Miscellaneous								145,761		5,000	150,761
Total general revenues			(26)	570,481	741,703	204,779	39,381	184,335	215	5,088	1,745,956
Change in net position			(26)	563,600	481,684	(131,618)	39,381	173,332	30,469	26,682	1,183,504
Net position - beginning			10,897	163,480	1,243,767	1,354,478	4,404,773	3,014,411	265,191	984,276	11,441,273
Net position - ending	\$	\$	10,871	727,080	1,725,451	1,222,860	4,444,154	3,187,743	295,660	1,010,958	12,624,777

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 5 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 4 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 15-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.

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 Local Streets Fund is 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.
- 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, estimated fair market value at date of donation. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits and bond interest costs. Certain governmental improvements, including roads, bridges, storm sewers and sidewalks are capitalized as infrastructure. Drain usage rights are capitalized assets relating to City drains that are maintained by Oakland County.

Depreciation is recorded for property and equipment using the straight-line method over the estimated useful lives of the related assets. Assets are depreciated on an individual basis for equipment and buildings.

The estimated useful lives are:

Land improvements	10-50 years
Buildings and improvements	10-50 years
Infrastructure	5-50 years
Intangibles	3-20 years
Drain usage rights	25-50 years
Equipment	2-50 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.

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

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 pensions 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.

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 related to pensions.

(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.

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

(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. 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.

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

- 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.

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) 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)

(n) 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. The amount of encumbrances for governmental funds outstanding at June 30, 2017 is \$12,149,275.

2. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

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

- On or before March 1 – Each department head must submit a departmental budget to the City Administrator.
- On or before April 1- the Administrator shall submit the budget to the Mayor.
- On or before the first regular Council meeting in May - the Mayor shall submit the budget to Council.
- Not later than the third week in June - the Council shall adopt a budget by an affirmative vote of at least five members, at a Special Budget Meeting called for such purposes.
- The City's fiscal year begins July 1.
- The public is kept well informed throughout the budget process through the issuance of press releases, availability of budget documents at both the City Clerk's Office and Southfield Public Library at various stages in the formulation process, and creation of a budget summary videotape which plays periodically on the City's cable television station. Citizens are encouraged to actively participate in all public hearings.
- The individual department head is authorized to transfer budgeted amounts within the respective appropriation unit (e.g., Treasurer's Office), unless the transfer involves personnel or capital line items, in which case, the approval of the Director of Financial Services or the City Administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by City Council. Such budget adjustments took place, as authorized by the City Council, for the year ended June 30, 2017, 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.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Data

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

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

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:			
General government			
Fiscal services	\$ 1,813,876	\$ 1,849,748	\$ (35,872)
Public Safety:			
Police	21,026,890	22,179,036	(1,152,146)
Fire	15,279,470	16,615,998	(1,336,528)
Building and safety engineering	2,552,780	2,725,104	(172,324)
Public Services:			
Planning	566,094	578,423	(12,329)

Fiscal Services: The budget adopted by Council includes amounts for interdepartmental reimbursements for shared services. Those amounts have been removed from the unaudited original and final budgets presented but are included in actual expenditures.

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 2018.

Building and Safety Engineering: The budget adopted by Council includes amounts for interdepartmental reimbursements for shared services. Those amounts have been removed from the unaudited original and final budgets presented but are included in actual expenditures.

Planning: The variance is due to a miscalculation of preliminary budget for employee benefits.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

B. Budget Variances (continued)

	Unaudited Budget	Actual	Variance (Negative)
Drug Law Enforcement			
Expenditures:			
Public Safety	\$ 21,405	\$ 88,556	\$ (67,151)

Public Safety: Previous program year expenditures were not amended in the budget. City Administration will be reviewing and making appropriate adjustments for fiscal year 2018.

	Unaudited Budget	Actual	Variance (Negative)
Donations, Memorial Trusts, and Sponsorships			
Expenditures:			
Public safety	\$ 8,759	\$ 9,127	\$ (368)
Social services	-	31,085	(31,085)
Culture and recreation	-	122,787	(122,787)

Public Safety, Social services, and Culture and recreation: Donations held in trust for prior years exceeded the adopted budget and were not adjusted in fiscal year 2017. City Administration will be reviewing and making appropriate adjustments for fiscal year 2018.

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.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The City has designated 11 financial institutions for the deposit of its funds. The investment policy adopted by the council in accordance with Public Act 196 of 1997 is in accordance with statutory authority; however, the City employs a more conservative investment policy and invests only in the highest rated commercial paper. The City participates only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. Guidelines require that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement.

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

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

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

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 \$44,555,795, of which \$42,466,431 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$4.9 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.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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.

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	\$ 28,780,323	4.52 years
Municipal bonds	29,734,878	5.60 years
Oakland County LGIP Pooled	28,774,031	1.33 years

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

Investments:	Fair Market Value	Weighted Average Maturity
US Government Obligations	\$ 1,738,422	11.30 years
US Federal Agencies	726,220	1.52 years
Mortgage Backed Securities	1,039,177	19.91 years
Collateralized Mortgage Obligations	2,675	5.04 years
Asset Backed Securities	299,293	16.51 years
Corporate Bonds	2,123,965	9.77 years
Foreign Bonds And Notes	137,208	7.43 years
Private Placements	91,773	5.54 years
Open End Mutual Funds	4,710,131	6.05 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
Asset backed securities	\$ 3,197,422	12.65 years
Corporate bonds	6,564,444	6.98 years
Funds - corporate bonds	121,868	Not Available
U.S. government bonds	3,883,656	3.98 years
U.S. government agencies	78,916	4.95 years
U.S. government mortgage backed securities	3,282,130	25.48 years
Municipal bonds	297,823	5.28 years
Other fixed income	18,979,753	Not Available
Non-governmental c.m.o.s	320,456	39.18 years
Commercial mortgage backed	732,908	23.19 years
Bank loans	775,499	5.54 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Natixis Loomis Sayles Inv Gr - Y	\$ 5,744,318	5.29 years
Templeton Global Bond Fund	2,198,730	3.77 years
JP Morgan Strategic Income Opportunities Fund	1,873,777	2.83 years
Comerica Aggreg Bd Index Fd - 584	2,280,803	8.20 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	\$ 19,987,327	0.22 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	\$ 28,780,323	AA+	S&P
Municipal bonds	503,968	AAA	S&P
Municipal bonds	2,204,275	AA+	S&P
Municipal bonds	10,218,547	AA	S&P
Municipal bonds	5,709,246	AA-	S&P
Municipal bonds	3,912,988	A+	S&P
Municipal bonds	7,185,854	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	\$ 299,293	NR	N/A
Corporate bonds	929,674	A	S&P
Corporate bonds	1,194,291	BBB	S&P
Private Placement	91,773	BBB	S&P
Foreign bonds	137,208	BB	S&P
U.S. government agencies	726,220	AA	S&P
Collateralized mortgage obligations	2,675	NR	N/A
Mortgage backed securities	1,039,177	NR	N/A
U.S. treasury notes and bonds	1,738,422	NR	N/A
Mutual funds	1,343,335	AAA	S&P
Mutual funds	339,007	AA	S&P
Mutual funds	539,013	A	S&P
Mutual funds	1,676,884	BBB	S&P
Mutual funds	542,511	BB	S&P
Mutual funds	269,381	B	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	\$ 725,119	Aaa	Moody's
Corporate asset backed securities	575,649	Aa	Moody's
Corporate asset backed securities	201,277	A	Moody's
Corporate asset backed securities	1,695,377	Not rated	N/A
Bank loans	15,423	Baa	Moody's
Bank loans	421,506	Ba	Moody's
Bank loans	213,586	B	Moody's
Bank loans	124,984	Not rated	Moody's
Commercial mortgage-backed	110,213	Aaa	Moody's
Commercial mortgage-backed	33,715	A	Moody's
Commercial mortgage-backed	588,979	Not rated	N/A
Corporate bonds	99,924	Aaa	Moody's
Corporate bonds	166,941	Aa	Moody's
Corporate bonds	977,641	A	Moody's
Corporate bonds	3,466,158	Baa	Moody's
Corporate bonds	536,425	Ba	Moody's
Corporate bonds	541,806	B	Moody's
Corporate bonds	775,548	Not rated	Moody's
Funds - Corporate bonds	121,868	Not rated	Moody's
Other Fixed Income	18,979,753	Not rated	Moody's
U.S. government agencies	78,916	Aaa	Moody's
U.S. government bonds	3,522,877	Aaa	Moody's
U.S. government bonds	46,022	A	Moody's
U.S. government mortgage back securities	253,378	Not rated	N/A
Mortgages	3,420,000	Not rated	N/A
Municipal bonds	80,399	Aaa	Moody's
Municipal bonds	217,423	Not rated	Moody's
Non-governmental backed C.M.O.s	320,456	Aaa	Moody's
U.S. government bonds	314,758	Not rated	N/A
U.S. government mortgage back securities	3,028,752	Eee	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	\$ 786,972	US Treasury - AAA	Moody's
Loomis Sayles Inv Gr - Y	677,830	Aaa	Moody's
Loomis Sayles Inv Gr - Y	51,699	Aa	Moody's
Loomis Sayles Inv Gr - Y	1,424,591	A	Moody's
Loomis Sayles Inv Gr - Y	1,493,523	Baa	Moody's
Loomis Sayles Inv Gr - Y	373,381	Ba	Moody's
Loomis Sayles Inv Gr - Y	143,608	B	Moody's
Loomis Sayles Inv Gr - Y	34,466	Caa or Lower	Moody's
Loomis Sayles Inv Gr - Y	51,699	Not rated/other	Moody's
Loomis Sayles Inv Gr - Y	706,551	Cash	Moody's
Templeton Global Bond Fund-R6	2,198,730	NR	NR
JP Morgan Strategic Income Opportunities	1,873,777	NR	NR
Comerica Aggreg Bd Index Fd - 584	2,280,803	AA1/AA2	S&P

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

FPRS –

Investments:	Fair Value	Rating	Rating Organization
Collateral Pool	\$ 19,987,327	Not available	N/A

Of the total investment disclosures for City accounts, approximately \$10.3 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	\$ 28,780,323	21.83
Municipal bonds	29,734,878	22.55
Oakland County LGIP Pooled	28,774,031	21.82

SERS –

Investments:	Fair Market Value	%
AEW Core Property Trust	\$ 6,164,568	5.51
LSV Asset Management	10,596,705	9.47
Bloomfield Capital Partners III	6,405,710	5.72

FPRS –

Investments:	Fair Market Value	%
NHIT	\$ 18,979,753	9.61
NORTHERN TRUST CORPORATION	18,559,017	9.40
KSTONE ARV LTD	10,627,191	5.38
NANTUCKET	10,533,986	5.34

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

Foreign currency risk:

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

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

SERS –The SERS does not restrict the amount of investments in foreign. There were no securities subject to foreign currency risk at year end.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The following securities are subject to foreign currency risk:

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

Security	Foreign Currency	Fair Value
Cash & Equivalents *	Australian dollars	\$ 263,532
Equities	Canadian dollars	1,191,511
Fixed Income	Canadian dollars	121,513
Cash & Equivalents *	Canadian dollars	435,707
Equities	Swiss franc	884,252
Equities	Euro	256,967
Equities	British pound sterling	11,016,053
Cash & Equivalents *	British pound sterling	854,850
Fixed Income	Mexican peso	86,140
Fixed Income	New Zealand dollar	372,974
Cash & Equivalents *	New Zealand dollar	(363,431)

* Values include pending foreign exchange sales/purchases

RHC –

Security	Foreign Currency	Fair Value
<u>Templeton Global Bond Fund</u>		
Fixed Income	US dollars	\$ 759,441
Fixed Income	Euro	704,033
Fixed Income	Japanese yen	457,336
Fixed Income	Mexican peso	16,271
Fixed Income	Australian Dollar	37,378
Fixed Income	Other currencies	224,270
<u>Loomis Sayles Investment Grade Bond Fund</u>		
Fixed Income	US dollars	4,313,983
Fixed Income	Australia & New Zealand	494,011
Fixed Income	Canadian dollars	465,290
Fixed Income	Developing Countries	304,449
Fixed Income	Non-Euro	109,142
Fixed Income	British pound sterling	40,210
Fixed Income	Euro Countries	17,233

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, 2017, only United States currency was received as collateral.

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

The SERS and the borrower maintain the right to terminate all securities lending transactions on demand. At year end, the SERS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SERS at year end was \$3,506,483 and \$3,554,945, 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, 2017, 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 \$21,428,622 and \$20,934,741, 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, 2017</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	\$ 28,780,323		\$ 28,780,323	
Government/Municipal bonds	<u>29,734,878</u>		<u>29,734,878</u>	
Total debt securities	<u>58,515,201</u>	\$ -	<u>58,515,201</u>	\$ -
Total investments by fair value level	<u>\$ 58,515,201</u>	<u>\$ -</u>	<u>\$ 58,515,201</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Local government investment pool	\$ <u>28,774,031</u>			
Grand total	<u>\$ 87,289,232</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

SERS –

	Balance at June 30, 2017	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	\$ 1,738,422		\$ 1,738,422	
Mutual fund - fixed income	4,710,131		4,710,131	
Mortgage backed securities	1,039,177		1,039,177	
Asset-backed securities	299,293		299,293	
Private placement	91,773		91,773	
Agency bonds	726,220		726,220	
Corporate bonds	2,123,965		2,123,965	
Other debt	139,883		139,883	
Total debt securities	10,868,864	\$ -	10,868,864	\$ -
Equity securities				
Money market fund	6,212,243	6,212,243		
Common and preferred stock	31,313,057	31,313,057		
ADR	7,034,328	7,034,328		
Collective investment fund	22,541,710		22,541,710	
Real estate investment trust	690,249	690,249		
Closely held equity	4,344,449			4,344,449
Total equity securities	72,136,036	45,249,877	22,541,710	4,344,449
Total investments by fair value level	\$ 83,004,900	\$ 45,249,877	\$ 33,410,574	\$ 4,344,449
Investments measured at the net asset value (NAV)				
Partnerships	\$ 2,566,186			
Closely held equity funds	8,503,230			
Collective investment fund	10,596,706			
Real estate investment trust	6,331,633			
Total investments measured at the NAV	\$ 27,997,755			
Grand total	\$ 111,002,655			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	Balance at June 30, 2017	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	\$ 18,979,753		\$ 18,979,753	
Mortgage backed securities	4,015,038		4,015,038	
Asset-backed securities	3,197,422		3,197,422	
Agency bonds	78,916		78,916	
Corporate bonds	6,686,312		6,686,312	
Bank and mortgage loans	4,195,499		775,499	\$ 3,420,000
Government/Municipal bonds	4,181,479		4,181,479	
Non-government backed C.M.O.s	320,456		320,456	
Other debt	62,313		62,313	
Total debt securities	41,717,188	\$ -	38,297,188	3,420,000
Equity securities				
Mutual fund - Equities	19,003,550	19,003,550		
Mutual fund - real estate	154,863	154,863		
Common and preferred stock	54,235,332	54,235,332		
Collective investment fund	18,596,017		18,596,017	
Real estate investment trust	5,181,519			5,181,519
Hedge fund	8,310,566			8,310,566
Total equity securities	105,481,847	73,393,745	18,596,017	13,492,085
Total investments by fair value level	\$ 147,199,035	\$ 73,393,745	\$ 56,893,205	\$ 16,912,085
Investments measured at the net asset value (NAV)				
Hedge funds - Fund of funds	\$ 23,064,788			
Real estate investment trust	17,542,229			
Total investments measured at the NAV	\$ 40,607,017			
Grand total	<u>\$ 187,806,052</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

RHC –

	Balance at June 30, 2017	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	\$ 9,816,825	\$ 9,816,825		
Common trust fund	2,280,803		\$ 2,280,803	
Total debt securities	12,097,628	9,816,825	2,280,803	\$ -
Equity securities				
Money market fund				
Mutual fund - Equities	8,315,368	8,315,368		
Common and preferred stock-Domestic	9,685,435	9,685,435		
ADR	1,638,894	1,638,894		
Collective investment fund	17,233,617		17,233,617	
Real estate investment trust	723,141	723,141		
Closely held equity	4,031,678			4,031,678
Other equity	972,354	972,354		
Total equity securities	42,600,487	21,335,192	17,233,617	4,031,678
Partnerships - publicly traded	829,664	829,664	-	-
Total investments by fair value level	\$ 55,527,779	\$ 31,981,681	\$ 19,514,420	\$ 4,031,678
Investments measured at the net asset value (NAV)				
Partnerships	\$ 1,202,950			
Closely held equity fund	2,592,294			
Collective investment fund	3,092,588			
Total investments measured at the NAV	\$ 6,887,832			
Grand total	\$ 62,415,611			

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 is 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:

City –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Local government investment pool	\$ <u>28,774,031</u>	\$ <u>-</u>	No restrictions	None

SERS –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Partnerships	\$ 2,566,186		Quarterly	65 days
Closely held equity funds	8,503,230		Quarterly	45-65 days
Collective investment fund	10,596,706		Daily	None
Real estate investment trust	6,331,633		None	None
Total investments measured at the NAV	\$ <u>27,997,754</u>	\$ <u>-</u>		

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	\$ 23,064,788		Quarterly	95 days
Real estate investment trust	17,542,229		Quarterly	90 days
Total investments measured at the NAV	\$ 40,607,017	\$ -		

RHC –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Partnerships	\$ 1,202,950	\$ 960,146	Quarterly	95 days
Closely held equity fund	2,592,294		Quarterly	90 days
Collective investment fund	3,092,588		Annually	100 days
Total investments measured at the NAV	\$ 6,887,832	\$ 960,146		

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.

The Local Government Investment Pool (LGIP) is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

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 portfolio 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 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

Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals 2,873,588

Total restricted assets \$ 2,910,718

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	\$ <u>671,063</u>	\$ <u>-</u>	\$ <u>671,063</u>	\$ <u>-</u>	\$ <u>-</u>
Pensions	\$ <u>20,016,638</u>	\$ <u>779,262</u>	\$ <u>20,795,900</u>	\$ <u>839,440</u>	\$ <u>31,805</u>

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	\$ 809,950		\$ 809,950		
Special assessments	1,771,754		1,771,754		
Public Safety	498,148		498,148		
Highways & streets	1,223,486		1,223,486		
Total Deferred Inflows					
- unavailable	\$ <u>4,303,338</u>	\$ <u>-</u>	\$ <u>4,303,338</u>	\$ <u>-</u>	\$ <u>-</u>
Pensions	\$ <u>643,843</u>	\$ <u>62,848</u>	\$ <u>706,691</u>	\$ <u>72,096</u>	\$ <u>2,217</u>

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	\$ 61,596	\$ 819,095	\$ 2,815,035	\$ 575,417	\$ 4,271,143
Major streets			946,075	3,675	949,750
Local streets	15,272	27	280,752	35,680	331,731
Cable television	14,787	240,742			255,529
Special assessment construction		29,081			29,081
Other non-major funds	37,956	25,399	466,921	226,687	756,963
Total governmental funds	129,611	1,114,344	4,508,783	841,459	6,594,197
Associated governmental activities:					
Internal service funds	53,605	-	-	-	53,605
Total governmental activities	<u>\$ 183,216</u>	<u>\$ 1,114,344</u>	<u>\$ 4,508,783</u>	<u>\$ 841,459</u>	<u>\$ 6,647,802</u>
Component units:					
Brownfield re-development authority				\$ 77,172	\$ 77,172
Joint-local development finance authority				50,067	50,067
Downtown development authority				32,023	32,023
Tax increment finance authority	\$ 19,791				19,791
Local development finance authority	11,567			10,929	22,496
Total component units-governmental	<u>\$ 31,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,191</u>	<u>\$ 201,549</u>
Business-type activities:					
Water and sewer fund	<u>\$ 44,603</u>	<u>\$ 13,845,645</u>			<u>\$ 13,890,248</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	\$ 12,049,968
Equipment	187,091
Water system improvements	6,771,901
	<u>\$ 19,008,960</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, 2016	Additions	Disposals & Reduction to CIP	Balance June 30, 2017
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 10,751,797	\$ 504,000		\$ 11,255,797
Construction in progress	5,999,148	998,055	\$ 5,288,099	1,709,104
Total capital assets not being depreciated	<u>16,750,945</u>	<u>1,502,055</u>	<u>5,288,099</u>	<u>12,964,901</u>
Capital assets, being depreciated				
Land improvements	26,390,288			26,390,288
Building and improvements	72,937,390	182,394		73,119,784
Infrastructure	146,670,924	20,826,160		167,497,084
Intangibles	2,250,392			2,250,392
Drain usage rights	11,777,407			11,777,407
Equipment	8,341,678	285,969	31,143	8,596,504
Total capital assets being depreciated	<u>268,368,079</u>	<u>21,294,523</u>	<u>31,143</u>	<u>289,631,459</u>
Less accumulated depreciation:				
Land improvements	15,822,117	873,183		16,695,300
Building and improvements	39,352,803	2,131,871		41,484,674
Infrastructure	75,949,633	5,633,836		81,583,469
Intangibles	1,427,496	118,834		1,546,330
Drain usage rights	6,505,473	461,932		6,967,405
Equipment	6,989,445	376,435	27,250	7,338,630
Total accumulated depreciation	<u>146,046,967</u>	<u>9,596,091</u>	<u>(a) 27,250</u>	<u>155,615,808</u>
Total general capital assets being depreciated, net	<u>122,321,112</u>	<u>11,698,432</u>	<u>3,893</u>	<u>134,015,651</u>
Internal Service				
Capital assets, not being depreciated:				
Construction in progress	-	-	-	-
Capital assets, being depreciated				
Intangibles	334,038			334,038
Equipment	26,619,624	1,210,536	1,219,856	26,610,304
Total capital assets being depreciated	<u>26,953,662</u>	<u>1,210,536</u>	<u>1,219,856</u>	<u>26,944,342</u>
Less accumulated depreciation:				
Intangibles	185,179	171,155		356,334
Equipment	20,878,329	1,455,481	736,796	21,597,014
Total accumulated depreciation	<u>21,063,508</u>	<u>1,626,636</u>	<u>736,796</u>	<u>21,953,348</u>
Total internal service capital assets being depreciated, net	<u>5,890,154</u>	<u>(416,100)</u>	<u>483,060</u>	<u>4,990,994</u>
Governmental activity capital assets depreciable, net	<u>\$ 128,211,266</u>	<u>\$ 11,282,332</u>	<u>\$ 486,953</u>	<u>\$ 139,006,645</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	\$ 1,463,238
Public safety	979,957
Highways and streets	2,392,120
Public services	730,712
Culture and recreation	4,030,064
Total	<u>\$ 9,596,091</u>

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

	Balance July 1, 2016	Additions	Disposals & Reduction to CIP	Balance June 30, 2017
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,838,408	\$ 1,075,529	\$ 4,438,362	\$ 1,475,575
Capital assets, being depreciated:				
Infrastructure	162,974,988	25,754,638		188,729,626
Intangibles	1,507,498			1,507,498
Equipment	2,081,874	444,447	18,582	2,507,739
Total water and sewer fund	<u>166,564,360</u>	<u>26,199,085</u>	<u>18,582</u>	<u>192,744,863</u>
Less accumulated depreciation:				
Infrastructure	83,286,542	5,532,051		88,818,593
Intangibles	900,906	75,904		976,810
Equipment	1,340,596	241,556	18,582	1,563,570
Total accumulated depreciation	<u>85,528,044</u>	<u>5,849,511</u>	<u>18,582</u>	<u>91,358,973</u>
Total capital assets, being depreciated	<u>81,036,316</u>	<u>20,349,574</u>	<u>-</u>	<u>101,385,890</u>
Total capital assets	<u>\$ 85,874,724</u>	<u>\$ 21,425,103</u>	<u>\$ 4,438,362</u>	<u>\$ 102,861,465</u>

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

	Balance July 1, 2016	Additions	Disposals & Reduction to CIP	Balance June 30, 2017
Downtown Development Authority				
Capital assets, being depreciated				
Land improvement	\$ 265,066	\$ -	\$ -	\$ 265,066
Less: accumulated depreciation	59,640	13,253	-	72,893
Total capital assets, being depreciated	<u>\$ 205,426</u>	<u>\$ (13,253)</u>	<u>\$ -</u>	<u>\$ 192,173</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-16	Additions	Deductions	30-Jun-17	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	\$ 5,162,225		612,594	4,549,631	628,847	3,920,784
3.0% to 5.0% Library building authority						
refunding bonds	20,850,000		1,115,000	19,735,000	1,175,000	18,560,000
1.78% -2012 general obligation						
limited tax refunding	2,760,000		325,000	2,435,000	330,000	2,105,000
Other governmental debt						
2.0 to 4.0% -Street Improvement bond UTGO	37,170,000		4,890,000	32,280,000	5,085,000	27,195,000
2.17% Michigan transportation fund bonds	9,050,000		1,100,000	7,950,000	1,130,000	6,820,000
Deferred amounts:						
For issuance premiums	3,729,998		334,036	3,395,962		3,395,962
For issuance discounts	(32,820)	6,373		(26,447)		(26,447)
Total governmental debt	78,689,403	6,373	8,376,630	70,319,146	8,348,847	61,970,299
Other long-term obligations						
Compensated absences	6,916,667	4,318,056	4,304,905	6,929,818	2,494,734	4,435,084
Michigan tax tribunal contingency	794,487		754,726	39,761		39,761
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	283,113	133,398	142,197	274,314	98,753	175,561
Total governmental long-term debt	\$ 86,683,670	4,457,827	13,578,458	77,563,039	10,942,334	66,620,705
BUSINESS-TYPE ACTIVITIES						
State of Michigan water supply and sewage						
disposal bonds series 1999 2.25 to 2.5%	\$ 11,188,789		2,170,000	9,018,789	2,225,000	6,793,789
Other long-term obligations						
Compensated absences	224,685	221,216	200,942	244,959	88,185	156,774
Total business-type long-term debt	\$ 11,413,474	221,216	2,370,942	9,263,748	2,313,185	6,950,563
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	\$ 1,401,387			1,401,387		1,401,387
Compensated absences	13,568	19,372	2,620	30,320	6,030	24,290
Total governmental component units						
long-term debt	\$ 1,414,955	19,372	2,620	1,431,707	6,030	1,425,677
Total debt	\$ 99,512,099	4,698,415	15,952,020	88,258,494	13,261,549	74,996,945

* 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.

The contractual obligations to the State within the Business-type activities in the previous exhibit is 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 \$9,593,000. During the current year, net operating revenues of the system, was \$924,246 compared to the annual debt requirement of \$2,384,636.

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
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	1,632	53	1,685			
Total	\$ 66,949	\$ 11,908	\$ 78,857	\$ 9,019	\$ 574	\$ 9,593

* 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:

	Payable Fund									Total receivable by fund
	General fund	Major streets	Local streets	Cable television	Road bond construction	Special assessment construction	Non-major governmental funds	Internal service funds	Water and sewer fund	
Receivable Fund										
General fund		\$ 2,550,147	\$ 1,342,085	\$ 24,990		\$ 14,451	\$ 1,027,027	\$ 14,857,157	\$ 1,155,821	\$ 20,971,678
Major streets						43,089	100,000		551,115	694,204
Local streets		103,519					100,000	1,562,760	564,459	2,330,738
Other non-major funds	\$ 196,010	115,667	8,335	3,011,292		22,993	384,777	198,763	113,981	4,051,818
Total governmental activities	196,010	2,769,333	1,350,420	3,036,282	\$ -	80,533	1,611,804	16,618,680	2,385,376	28,048,438
Associated governmental activities:										
Internal service funds	1,665,250	1,005,096	555,760	8,823	-	-	1,490,574	71,431	723,789	5,520,723
Water and sewer fund	-	-	-	-	357,722	513	-	-	-	358,235
Total payable by fund	\$ 1,861,260	\$ 3,774,429	\$ 1,906,180	\$ 3,045,105	\$ 357,722	\$ 81,046	\$ 3,102,378	\$ 16,690,111	\$ 3,109,165	\$ 33,927,396

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 In				
	General fund	Major streets	Local streets	Non-major governmental funds	Total transfers out
Transfers Out:					
Governmental activities:					
General fund				\$ 154,930	\$ 154,930
Road bond construction		\$ 6,784,482	\$ 8,896,217		15,680,699
Other non-major funds				475,453	475,453
Total governmental activities	\$ -	6,784,482	8,896,217	630,383	16,311,082
Associated governmental activities:					
Internal service funds	12,500,000	-	-	853,325	13,353,325
Total transfers in	\$ 12,500,000	\$ 6,784,482	\$ 8,896,217	\$ 1,483,708	\$ 29,664,407

For the most part, interfund transfers occur during the normal course of operations to fund capital projects. The \$12.5 million transfer into the General fund from the Local Improvement Revolving fund is related to redevelopment of the former Northland Center Mall.

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS (continued)

In some cases, dedicated millage revenues are recorded in individual special revenue funds and are used by other funds for debt payments.

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

PRIMARY GOVERNMENT

Major governmental

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

Parks & recreation	24,602
Capital improvement	<u>974,151</u>
Total non-major governmental	<u>998,753</u>
Total primary government	\$ <u><u>2,848,615</u></u>

DISCRETELY PRESENTED COMPONENT UNITS

Local development finance authority	\$ <u><u>1,401,387</u></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 \$177 million.

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

City's self-insured retention responsibility:

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

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

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

		2017	2016
Estimated liability - beginning of year	\$	1,944,253	\$ 2,094,891
Estimated claims incurred, including reinsurance premiums and changes in estimates		1,512,889	1,042,782
Claim and insurance premium payments and reinsurance recoveries		(1,047,293)	(1,193,420)
Estimated liability - end of year	\$	<u>2,409,849</u>	<u>\$ 1,944,253</u>

The City estimates that claims incurred but not reported for self-insured medical plan totaled \$330,260 at year end. This liability is recorded as part of the general and medical claims' liability at year end, less the year-end settlement of amounts overpaid during the fiscal year of \$594,421 for a net asset of \$264,161.

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.

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling \$13,030,920 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$343,886 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 \$39,761. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Michigan Tax Tribunal issues its ruling.

10. PROPERTY TAXES AND ABATEMENTS

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, 2016 valuation, was \$2,835,448,725 and the unadjusted taxable value was \$2,400,338,435. 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 26.3900 (excluding the DDA millage). The sum of these rates generated \$61,789,482 in property tax revenues reported on the financial statements net of interest, penalties, and administrative fees.

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 2017 rate of inflation cap of 1.009%, the City of Southfield's 2015-16 State Equalized Evaluation (SEV) of \$2,835,448,725 was capped at a Taxable Assessed Valuation (TAV) of \$2,400,338,435.

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.

Abatements

The City offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the City. The more significant property tax abatements, as defined by GASB 77, Tax Abatement Disclosures that occurred during fiscal year 2017 are as follows:

City of Southfield

Notes to the Financial Statements

10. PROPERTY TAXES AND ABATEMENTS (continued)

The City receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974). Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years. For the fiscal year ended June 30, 2017, the City abated \$89,390 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

The Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to capture property taxes within the Brownfield area and then uses those captures to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the City's tax revenue is reduced as this revenue is captured by the Brownfield. For the fiscal year ended June 30, 2017, the Brownfield captured approximately \$645,000 of city taxes, in addition to captures from other taxing jurisdictions. Additionally, this captured Brownfield revenue must, by agreement, be used in part to reimburse developers. Due to the restricted nature of these agreements, the Brownfield essentially must pass on related tax dollars to the developers and, for the purpose of this pronouncement, reimbursed approximately \$576,000 to developers during the year.

The City uses the New Personal Property Exemption to enter into agreements with businesses located within a specific district in the City, as provided in PA 328 of 1998. Under the program, the City grants reductions of 100 percent of property tax bill for real property for up to 10 years. As a condition of receiving the New Personal Property Exemption, the business agrees to operate the facility for which the certificate is granted for the term of the certificate plus an additional term after the date of expiration of the certificate equal to one year of business residency per abated year. If a business vacates or fails to operate the facility for which the certificate is granted, then it shall be liable for repayment of any property tax savings benefiting the business due to the existence of the certificate, beginning with the initial effective year of the certificate. For the fiscal year ended June 30, 2017, the City abated approximately \$712,000 of taxes under this program.

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:

	SERS	FPRS
Date of member count	6/30/2017	6/30/2017
Inactive plan members or beneficiaries currently receiving benefits	340	329
Inactive plan members entitled to but not yet receiving benefits	43	2
Active employees	269	207
Total	652	538

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, 2017, the average active employee contribution rate was 5.08 percent of pay for SERS and 2.30 percent for FPRS. The City's average contribution rate was 19.23 percent of pay for SERS and 30.99 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 \$2,727,775 and \$6,241,527 for SERS and FPRS, respectively, for the year ended June 30, 2017.

B. Net Pension Liability of the City

The June 30, 2017 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, 2017) for both plans. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of one year earlier, June 30, 2016.

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, 2016	\$ 152,159,455	\$ 104,809,803	\$ 47,349,652
Service cost	1,576,471		1,576,471
Interest on total pension liability	11,070,056		11,070,056
Experience differences	386,982		386,982
Investment earnings		14,825,665	(14,825,665)
Contributions - employer		2,727,775	(2,727,775)
Contributions - employee		720,834	(720,834)
Benefit payments, including refunds	(10,693,898)	(10,693,898)	-
Administrative costs		87,813	(87,813)
Net changes	2,339,611	7,668,189	(5,328,578)
Balance at June 30, 2017	\$ <u>154,499,066</u>	\$ <u>112,477,992</u>	\$ <u>42,021,074</u>

The Plan's fiduciary net position represents 73% of the total pension liability.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

B. Net Pension Liability of the City

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 253,346,417	\$ 188,041,031	\$ 65,305,386
Service cost	2,701,757		2,701,757
Interest on total pension liability	18,445,532		18,445,532
Experience differences	1,787,826		1,787,826
Investment earnings		20,166,668	(20,166,668)
Contributions - employer		6,241,527	(6,241,527)
Contributions - employee		457,293	(457,293)
Benefit payments, including refunds	(17,513,738)	(17,513,738)	-
Administrative costs		(155,064)	155,064
Net changes	5,421,377	9,196,686	(3,775,309)
Balance at June 30, 2017	\$ 258,767,794	\$ 197,237,717	\$ 61,530,077

The Plan's fiduciary net position represents 76% 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, 2016	\$ 405,505,872	\$ 292,850,834	\$ 112,655,038
Service cost	4,278,228		4,278,228
Interest on total pension liability	29,515,588		29,515,588
Experience differences	2,174,808		2,174,808
Investment earnings		34,992,333	(34,992,333)
Contributions - employer		8,969,302	(8,969,302)
Contributions - employee		1,178,127	(1,178,127)
Benefit payments, including refunds	(28,207,636)	(28,207,636)	-
Administrative costs		(67,251)	67,251
Net changes	7,760,988	16,864,875	(9,103,887)
Balance at June 30, 2017	\$ 413,266,860	\$ 309,715,709	\$ 103,551,151

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, \$136,383. Total Primary Government Net Pension Liability is \$103,414,768 for the year ended June 30, 2017. The City recognized pension expense of \$24,866,273 from all plans.

At June 30, 2017, 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	\$ 1,892,055	\$ 781,004
Changes in assumptions	8,379,780	-
Net difference between projected and actual earnings on pension plan investments	<u>11,395,310</u>	<u>-</u>
Total	<u>\$ 21,667,145</u>	<u>\$ 781,004</u>

Pension Plans - Schedule of Investment Returns –

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. 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.

SERS

2017	2016	2015	2014	2013	2012	2011	2010	2009
14.68%	-3.11%	1.15%	26.98%	18.39%	0.33%	30.95%	16.22%	-17.82%

FPRS

2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
11.06%	1.06%	1.25%	16.74%	9.08%	-3.43%	19.42%	12.22%	-20.76%	-0.20%

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		
2018	\$	13,023,920
2019		8,321,693
2020		2,282,188
2021		(2,741,660)
2022		-

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	3.00 percent	3.25 percent
Salary increases (including inflation)	3.0 to 6.0 percent	3.25 to 8.25 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, 2017 measurement date were established by the board after consulting with the actuary. New assumptions were adopted for the June 30, 2016 valuations based on the results of actuarial experience studies dated September 16, 2016 and April 8, 2016, respectively. All actuarial assumptions are based on future expectations, not market measures.

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%	6.70%
International equity	15.50%	7.00%
Domestic bonds	20.00%	2.20%
International bonds	2.00%	1.30%
Real estate	6.00%	5.40%
Alternative assets	8.50%	3.90%

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	48.00%	6.70%
International equity	15.50%	7.00%
Domestic bonds	20.00%	2.20%
International bonds	2.00%	1.30%
Real estate	6.00%	5.40%
Alternative assets	8.50%	3.90%

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	\$57,867,935	\$42,021,074	\$28,514,077
Net Pension Liability for FPRS	\$87,038,605	\$61,530,077	\$40,106,708

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)

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 retirement eligible and freeze their retirement benefits; 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, 2017, the Plan has \$11,497,909 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).

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.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funding progress: For the year ended June 30, 2017, the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2015. 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 as follows:

	SERS	FPRS	Total
Annual required contribution (recommended)	\$ 8,343,051	\$ 9,683,176	\$ 18,026,227
Interest on the prior year's net OPEB obligation	1,370,967	1,814,796	3,185,763
Less: Adjustment to the annual required contribution	<u>(1,228,682)</u>	<u>(1,530,904)</u>	<u>(2,759,586)</u>
Annual OPEB cost	\$ 8,485,336	\$ 9,967,068	\$ 18,452,404
Amounts contributed:			
Advanced funding	\$ 3,445,751	\$ 4,932,938	\$ 8,378,689
Total OPEB contributions	3,445,751	4,932,938	8,378,689
Change in Net OPEB obligation	<u>5,039,585</u>	<u>5,034,130</u>	<u>10,073,715</u>
Beginning year Net OPEB obligation	<u>24,926,675</u>	<u>32,996,295</u>	<u>57,922,970</u>
End of year Net OPEB obligation	<u>\$ 29,966,260</u>	<u>\$ 38,030,425</u>	<u>\$ 67,996,685</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the past three years is as follows:

SERS	2017	2016	2015
Annual OPEB costs	\$ 8,485,336	\$ 7,320,620	\$ 7,329,647
Annual OPEB contributions	3,445,751	3,302,495	3,187,663
As a percentage	40.6%	45.1%	43.5%
Net OPEB obligation	\$ 29,966,260	\$ 24,926,675	\$ 20,926,550
FPRS	2017	2016	2015
Annual OPEB costs	\$ 9,967,068	\$ 9,977,620	\$ 9,995,228
Annual OPEB contributions	4,932,938	5,019,765	4,527,871
As a percentage	49.5%	50.3%	45.3%
Net OPEB obligation	\$ 38,030,425	\$ 32,996,295	\$ 28,038,440
Total	2017	2016	2015
Annual OPEB costs	\$ 18,452,404	\$ 17,298,240	\$ 17,324,875
Annual OPEB contributions	8,378,689	8,322,260	7,715,534
As a percentage	45.4%	48.1%	44.5%
Net OPEB obligation	\$ 67,996,685	\$ 57,922,970	\$ 48,964,990

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

The funding progress of the plan as of the most recent valuation date and 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)		
2017	\$ 17,540,124	\$ 124,345,363	\$ 106,805,239	14.11%	\$ 10,782,952	990.50%
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%

Fire and Police 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)		
2017	\$ 50,600,131	\$ 165,789,140	\$ 115,189,009	30.52%	\$ 16,673,632	690.85%
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%

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

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 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 3.0 percent after ten years. This rate included a 3.25 percent inflation assumption for Fire and Police; while the general employees' is assumed to be 3.0 percent. The actuarial value of assets was determined using market value of assets. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2017 was twenty-four years.

12. OTHER POST-EMPLOYMENT BENEFITS – GASB No. 74

During the year, the City adopted GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer(s) to plan members for benefits provided through the other postemployment benefits (OPEB) plan. As a result, the disclosures within the OPEB plan footnotes have changed considerably, along with the related schedules in the required supplemental information.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS – GASB No. 74 (continued)

Plan Description: The City provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Care Benefits Plan and Trust (the “Trust”) under Section 115 of the Internal Revenue Code of 1986 as amended, a single-employer postemployment benefit plan. The City includes pre-Medicare retirees and their spouses in its insured healthcare plan. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This healthcare benefit plan is closed to new hires. Employees hired subsequent to the plan closing date (which varied by collective bargaining agreement) are enrolled into an individual retiree health savings account. The benefits are provided under the collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

Plan Administration: The City of Southfield, Michigan administers the City of Southfield Retiree Health Care Plan (the “Plan”), a single-employer defined benefit other postemployment benefits (OPEB) plan that is used to provide postemployment benefits other than pensions for most full-time employees of the City upon retirement.

Management of the Plan is vested with the Retiree Health Care Benefits Plan and Trust Board of Trustees, which consists of 11 members – four elected by plan members, three members that serve on the Administrative Civil Service Commission, two appointed representatives that serve on the Board of Trustees of the City of Southfield Fire and Police Retirement System, and the City Treasurer and City Administrator, who serve as ex-officio members.

Plan Membership: At June 30, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	549
Inactive plan members entitled to but not yet receiving benefits	34
Active employees	435
Total	1,018

Benefits Provided – The Plan provides healthcare and prescription drug benefits for retirees and their dependents. Benefits are primarily provided through the City’s self-insurance program, with a small portion being covered by a third-party insurer.

Contributions – Contribution rates are established by the collective bargaining units. For the year ended June 30, 2017, the City contributed \$8,378,689 to the Plan. Active Fire and Police plan members are required to contribute 2% of covered payroll to the Plan. Active Police plan members who entered in the DROP program prior to June 16, 2014 are required to contribute an additional 2% of covered pay (4% total). Those eligible to DROP after June 16, 2014 will contribute an additional 3% (5% total) to the Plan upon entering DROP. DROP is closed to Police employees hired after June 16, 2014.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS – GASB No. 74 (continued)

Non-union employees, AFSCME 329, AFSCME 3636, TPOAM employees, and active PST and PSS employees must contribute 2% of covered pay to the Plan.

OPEB Plan Investments

Investment Policy: The Plan's policy regarding the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. The following was the board's adopted asset allocation policy as of June 30, 2017:

Asset class	Long-term expected real rate of return
Global Equity	45.0%
Fixed Income	25.0%
Hedge Funds	10.0%
Real Estate	10.0%
Private Equity	10.0%

The long term expected rate of return on OPEB 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 investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2017 for each major asset class are included in the target asset allocation summarized in the above table.

Rate of Return: For the year ended June 30, 2017, the annual money weighted rate of return on Plan investments, net of investment expense, was 6.31 percent. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS – GASB No. 74 (continued)

Net OPEB Liability

The City reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning next year, the City will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the City has been measured as of June 30, 2017 and is composed of the following:

Total OPEB Liability	\$ 339,214,579
Plan Fiduciary Net Position	<u>(68,140,255)</u>
Net OPEB Liability	<u>\$ 271,074,324</u>

Plan fiduciary net position as a percentage of the total OPEB liability 20.09%

Actuarial Assumption

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017. The valuation used the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.5 percent to 9.5 percent, including inflation
Healthcare cost trend rate	9.0 percent gradually decreasing to 4.0 percent in year 10
Investment rate of return	7.3 percent, Net of OPEB plan investment expense, including inflation

Mortality rates were based on the following:

Post Retirement: For Fire and Police, the RP-2000 Mortality Table projected to 2015; no provision for future mortality improvement is included in these tables. For SERS, the RP-2000 Mortality RP-2000 Combined Healthy Annuitant Mortality Table projected forward to the year 2015, with a one-year set-forward for males. At the time of the most recent SERS experience study, it was estimated that these rates included a margin for future mortality improvement of approximately 3% for females and no margin for males.

Disabled Retirement: Post Retirement tables assuming a 10-year age set-forward

Pre-Retirement: 50% of the Post Retirement mortality assumptions

Discount Rate: The discount rate used to measure the total OPEB liability was 4.11 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be consistent with the current year.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS – GASB No. 74 (continued)

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.56%. The source of that bond rate was Fidelity Index's 20-Year Municipal GO AA Index as of June 30, 2017. The long term expected rate of return was applied to projected benefit payments from 2018 to 2031 and the municipal bond rate was applied to the remaining periods.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability, calculated using the discount rate of 4.11 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.11 percent) or 1 percentage point higher (5.11 percent) than the current rate:

	1% decrease	Current discount rate	1% increase
	3.11%	4.11%	5.11%
Net OPEB Liability	\$331,773,373	\$271,074,324	\$223,274,301

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 9.0 percent, decreasing to 4.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (8.0 percent, decreasing to 3.0 percent) or 1 percentage point higher (10.0 percent, decreasing to 5.0 percent) than the current rate:

	1% decrease	Current discount rate	1% increase
	8.0%, decreasing to 3.0%	9.0%, decreasing to 4.0%	10.0%, decreasing to 5.0%
Net OPEB Liability	\$220,600,054	\$271,074,324	\$335,248,186

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 CONTSTRAINTS

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

	Major funds					Non-major funds	
	General fund	Major Streets	Local Streets	Cable Television	Road Bond Construction	Special Assessment Construction	Other governmental
Non-spendable							
Prepays	\$ 513,439			\$ 17,937			\$ 61,236
Inventory	498,262						
Land held for resale	7,610,360						
Restricted for:							
Right-of-way funds/metro authority	690,567						
Deposits held with Oakland County							37,130
Deposits held for Lahser road project							447,818
Major streets		\$ 479,741					
Local streets			\$ 7,934,388				
Parks and recreation							3,875,386
Cable PEG fees				332,075			
Block grant							292,789
Drug law enforcement							320,732
Grants							165,947
Library							6,419,341
Michigan works grants							84,129
Auto theft grant							31,928
Donations, memorial trusts & sponsorships							517,476
Road bond debt							650,501
Drains-at-large debt							1,681,070
Library building authority construction							498,628
Special assessment construction						\$ 273,029	
Road bond construction					\$ 7,553,533		
Building authority construction							
Committed to:							
Specific programs (General)							
Dispatch improvements	940,745						
Emergency cleanup	713,550						
Equalization reserve	2,000,000						
Building infrastructure reserve	3,000,000						
Tax base initiatives reserve	3,771,276						
Wage adjustment	900,000						
Specific programs (Cable television)							
Franchise fees – general cable operations				564,846			
Donations, memorial trusts & sponsorships							443,879
Special assessment construction						376,130	
Assigned to:							
* Encumbrances	348,733						
Subsequent year's expenditures	12,500,000						
Capital improvement construction							7,869,903
Special assessment construction						295,117	
Unassigned							
General fund	12,455,795						
	<u>\$ 45,942,727</u>	<u>\$ 479,741</u>	<u>\$ 7,934,388</u>	<u>\$ 914,858</u>	<u>\$ 7,553,533</u>	<u>\$ 944,276</u>	<u>\$ 23,397,893</u>

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

City of Southfield

Notes to the Financial Statements

15. JOINT VENTURE

Southeastern Oakland County Water Authority

The City is a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11-member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2017, the City expensed \$7,523,992 of payments made to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

16. SUBSEQUENT EVENT

Subsequent to year end the City entered into an agreement with Oakland County for repairs related to a sewer collapse within the Evergreen-Farmington sewer disposal system. Under the agreement, the City will pay 60% of the project cost and the County will be responsible for the remaining 40%. The County has agreed to finance the entire project through the issuance of bonds and the City will pay its proportional share of the bond payments over the next 15 years. The final cost to the City is estimated at \$3,558,000. The City expects this project to be completed by end of fiscal year 2018.

17. UPCOMING REPORTING CHANGES

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

City of Southfield

Notes to the Financial Statements

17. UPCOMING REPORTING CHANGES (continued)

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

In March 2017, the Governmental Accounting Standards Board issued Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's fiscal year ending June 30, 2018.

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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, 2017

	Unaudited Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property taxes	\$ 44,220,364	\$ 44,220,364	\$ 44,072,823	\$ (147,541)
Charges for services	3,110,902	3,110,902	3,521,618	410,716
Sanitation	2,773,102	2,773,102	2,523,464	(249,638)
Licenses and permits	1,962,556	1,962,556	3,769,054	1,806,498
Fines and forfeitures	3,976,800	3,976,800	3,498,371	(478,429)
Cable franchise fees	1,000,000	1,000,000	1,505,830	505,830
Intergovernmental:				
Federal	72,423	72,423	100,996	28,573
State	6,844,928	6,844,928	7,875,664	1,030,736
Other	680,905	680,905	678,537	(2,368)
Investment earnings	400,000	400,000	139,507	(260,493)
Change in fair value of investments			(149,175)	(149,175)
Other	752,652	860,652	1,404,125	543,473
Total revenues	65,794,632	65,902,632	68,940,814	3,038,182
EXPENDITURES				
General government:				
Council	188,659	188,659	148,832	39,827
Mayor	200,507	200,507	117,291	83,216
Clerk's	954,817	963,817	767,378	196,439
Treasurer's	739,360	739,360	632,830	106,530
Administration	537,676	537,807	470,505	67,302
Fiscal services	1,813,809	1,813,876	1,849,748	(35,872)
Legal	828,470	828,470	826,440	2,030
Human resources	975,627	975,627	755,315	220,312
Technology & central services	2,373,079	2,423,222	1,967,281	455,941
Community relations	741,473	741,670	590,243	151,427
Total general government	9,353,477	9,413,015	8,125,863	1,287,152
Public Safety:				
Police	20,893,205	21,026,890	22,179,036	(1,152,146)
Fire	15,277,024	15,279,470	16,615,998	(1,336,528)
Building and safety engineering	2,552,495	2,552,780	2,725,104	(172,324)
46th Michigan district court	3,612,050	3,644,921	3,245,730	399,191
Civilian support services	3,722,684	3,728,152	3,633,315	94,837
Total public safety	46,057,458	46,232,213	48,399,183	(2,166,970)
Public Services:				
Planning	566,030	566,094	578,423	(12,329)
Community development	327,873	327,873	293,176	34,697
Sanitation	2,793,502	2,793,502	2,782,468	11,034
Road service administration	1,260,258	1,260,287	530,892	729,395
Total public services	4,947,663	4,947,756	4,184,959	762,797
Other:				
Insurance and bonds	586,815	586,815	132,930	453,885
Support services	3,951,881	21,448,494	5,282,452	16,166,042
Total other	4,538,696	22,035,309	5,415,382	16,619,927
Capital outlay	375,476	439,831	230,106	209,725
Debt service:				
Principal retirement	315,000	315,000	325,000	(10,000)
Interest and fiscal charges	51,932	51,932	46,236	5,696
Total debt	366,932	366,932	371,236	(4,304)
Total expenditures	65,639,702	83,435,056	66,726,729	16,708,327
Excess (deficiency) of revenues ov over expenditures	154,930	(17,532,424)	2,214,085	19,746,509
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in		12,500,000	12,500,000	-
Transfers out	(154,930)	(154,930)	(154,930)	-
Net change in fund balances	-	(5,187,354)	14,559,155	19,746,509
Fund balances - beginning	31,383,572	31,383,572	31,383,572	-
Fund balances - ending	\$ 31,383,572	\$ 26,196,218	\$ 45,942,727	\$ 19,746,509

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, 2017

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 273,842	\$ 273,842	\$ 259,468	\$ (14,374)
Intergovernmental:				
Federal		1,767,500	1,503,164	(264,336)
State	3,781,965	3,781,965	3,903,308	121,343
Other	107,126	107,126	111,837	4,711
Investment earnings	6,328	6,328	65,543	59,215
Change in fair value of investments	-	-	(28,741)	(28,741)
Other	316,944	856,758	71,476	(785,282)
Total revenues	4,486,205	6,793,519	5,886,055	(907,464)
EXPENDITURES				
Highways and streets:				
Administration	158,411	158,411	152,009	6,402
Road maintenance	636,982	1,215,949	1,182,211	33,738
Traffic services	697,775	785,775	781,057	4,718
Snow removal	587,938	1,069,752	807,190	262,562
Appearance	995,898	1,160,898	1,157,098	3,800
Total highways and streets	3,077,004	4,390,785	4,079,565	311,220
Capital outlay	7,755,000	8,700,847	8,006,462	694,385
Debt service:				
Principal	1,183,222	1,183,222	1,100,000	83,222
Interest and fiscal charges	225,979	225,979	225,979	
Total expenditures	12,241,205	14,500,833	13,412,006	1,088,827
Excess (deficiency) of revenues over (under) expenditures	(7,755,000)	(7,707,314)	(7,525,951)	181,363
OTHER FINANCING SOURCES				
Transfers in	7,755,000	7,755,000	6,784,482	(970,518)
Net change in fund balances	-	47,686	(741,469)	(789,155)
Fund balances - beginning	1,221,210	1,221,210	1,221,210	-
Fund balances - ending	<u>\$ 1,221,210</u>	<u>\$ 1,268,896</u>	<u>\$ 479,741</u>	<u>\$ (789,155)</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2017

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,604,585	\$ 2,604,585	\$ 2,567,348	\$ (37,237)
Intergovernmental:				
State	1,133,227	1,133,227	1,170,612	37,385
Investment earnings	6,328	6,328	96,291	89,963
Change in fair value of investments	-	-	(70,237)	(70,237)
Other	31,028	390,873	10,928	(379,945)
Total revenues	3,775,168	4,135,013	3,774,942	(360,071)
EXPENDITURES				
Highways and streets:				
Administration	568,333	568,333	234,035	334,298
Road maintenance	1,323,024	2,231,528	2,203,385	28,143
Traffic services	222,152	222,152	109,165	112,987
Snow removal	718,709	818,554	487,958	330,596
Appearance	792,580	805,580	374,941	430,639
Total highways and streets	3,624,798	4,646,147	3,409,484	1,236,663
Capital outlay	15,997,555	16,252,555	9,217,829	7,034,726
Debt service:				
Principal retirement	83,221	83,221	83,221	
Interest and fiscal charges	29,594	29,594	15,550	14,044
Total expenditures	19,735,168	21,011,517	12,726,084	8,285,433
Excess (deficiency) of revenues over (under) expenditures	(15,960,000)	(16,876,504)	(8,951,142)	7,925,362
OTHER FINANCING SOURCES				
Transfers in	15,960,000	15,960,000	8,896,217	(7,063,783)
Net change in fund balances	-	(916,504)	(54,925)	861,579
Fund balance - beginning	7,989,313	7,989,313	7,989,313	-
Fund balance - ending	<u>\$ 7,989,313</u>	<u>\$ 7,072,809</u>	<u>\$ 7,934,388</u>	<u>\$ 861,579</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, 2017

	Unaudited Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
Cable franchise fees	\$ 1,096,068	\$ 1,096,068	\$ 977,966	\$	(118,102)
Investment earnings	2,813	2,813	79,610		76,797
Change in fair value of investments	-	-	(50,872)		(50,872)
Other	-	-	15		15
Total revenues	1,098,881	1,098,881	1,006,719		(92,162)
EXPENDITURES					
Culture and recreation	1,093,881	1,093,087	976,459		116,628
Capital outlay	5,000	385,794	355,346		30,448
Total expenditures	1,098,881	1,478,881	1,331,805		147,076
Net change in fund balances	-	(380,000)	(325,086)		54,914
Fund balance - beginning	1,239,944	1,239,944	1,239,944		-
Fund balance - ending	\$ 1,239,944	\$ 859,944	\$ 914,858	\$	54,914

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>2017</u>	<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>
Actuarially determined contributions	\$ 2,727,775	\$ 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
Contributions in relation to the actuarially determined contribution	<u>2,727,775</u>	<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>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 13,340,553	\$ 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
Contribution as a Percentage of Covered Employee Payroll	20.45%	21.38%	24.03%	22.11%	16.22%	15.94%	15.75%	15.43%	14.64%	13.76%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/15

Actuarially determined contribution amounts for fiscal year 2017 are calculated based upon results of the June 30, 2015 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage, Closed
Remaining amortization period	25 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, 2017.

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>2017</u>	<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>
Actuarially determined contributions	\$ 6,241,527	\$ 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
Contributions in relation to the actuarially determined contribution	<u>6,241,527</u>	<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>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 18,741,427	\$ 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
Contribution as a Percentage of Covered Employee Payroll	33.30%	30.44%	32.15%	27.93%	26.88%	20.33%	15.60%	15.94%	14.47%	16.48%

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	22 Years for the June 30, 2015 valuation
Asset valuation method	5-year smoothed market
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

City of Southfield

Required Supplementary Information

Schedule of City of Southfield Contributions

Last Ten Fiscal Years

(continued)

Other Post-Employment Benefits Retiree Health Care Benefits Plan & Trust

	<u>2017</u>
Actuarially determined contributions	\$ 18,026,227
Contributions in relation to the actuarially determined contribution	<u>8,378,689</u>
Contribution deficiency	\$ 9,647,538
Covered Employee Payroll	\$ 30,668,765
Contribution as a Percentage of Covered Employee Payroll	27.32%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/15 Actuarially determined contribution rates are calculated as of June 30 of odd number years, which is 24 months prior to the beginning of the fiscal year biennium in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	26 Years
Asset valuation method	Market Value
Investment rate of return	5.5% (net of expenses, including inflation)
Inflation	2.75%
Salary increases	3.5% to 9.5% including wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Post Retirement: For Fire and Police, the RP-2000 Mortality Table projected to 2015; no provision for future mortality improvement is included in these tables. For SERS, the RP-2000 Mortality RP-2000 Combined Healthy Annuitant Mortality Table projected forward to the year 2015, with a one year set-forward for males. At the time of the most recent SERS experience study, it was estimated that these rates included a margin for future mortality improvement of approximately 3% for females and no margin for males. Disabled Retirement: Post Retirement tables assuming a 10-year age set-forward Pre-Retirement: 50% of the Post Retirement mortality assumptions
Health care trend rates	Trend starting at 9.0% and gradually decreasing to an ultimate trend rate of 4.0%
Aging Factor	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health cost.
Expenses	Investments and administrative expenses are net of the investment returns.
Other information	Benefit changes and assumption changes were recognized in the Total Liability as of June 30, 2017.

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 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

Southfield Employee Retirement System pension benefits				
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 1,576,471	\$ 1,587,719	\$ 1,630,427	\$ 1,716,931
Interest	11,070,056	10,797,824	10,698,458	10,496,636
Changes in benefit terms			(29,546)	
Differences between expected and actual experience	386,982	(1,241,195)	(1,085,186)	
Changes in assumptions		12,032,895		
Benefit payments, including refunds	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Net change in total pension liability	<u>2,339,611</u>	<u>12,783,788</u>	<u>1,706,164</u>	<u>2,426,476</u>
Total pension liability – beginning of year	<u>152,159,455</u>	<u>139,375,667</u>	<u>137,669,503</u>	<u>135,243,027</u>
Total pension liability – end of year	<u>\$ 154,499,066</u>	<u>\$ 152,159,455</u>	<u>\$ 139,375,667</u>	<u>\$ 137,669,503</u>
Plan fiduciary net position				
Contributions – employer	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024
Contributions – member	720,834	689,397	711,807	717,449
Net investment income	14,825,665	(3,280,426)	2,770,284	19,846,251
Benefit payments, including refunds	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Other—Pension plan administrative expense	(60,693)	(166,074)	(141,901)	(121,077)
Other	148,506			
Net change in plan fiduciary net position	<u>7,668,189</u>	<u>(10,284,529)</u>	<u>(2,934,595)</u>	<u>13,763,556</u>
Plan fiduciary net position – beginning of year	<u>104,809,803</u>	<u>115,094,332</u>	<u>118,028,927</u>	<u>104,265,371</u>
Plan fiduciary net position – end of year	<u>\$ 112,477,992</u>	<u>\$ 104,809,803</u>	<u>\$ 115,094,332</u>	<u>\$ 118,028,927</u>
City's net pension liability - ending	<u>\$ 42,021,074</u>	<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>72.80%</u>	<u>68.88%</u>	<u>82.58%</u>	<u>85.73%</u>
Covered employee payroll	<u>\$ 13,340,553</u>	<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>314.99%</u>	<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				
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 2,701,757	\$ 2,804,586	\$ 2,803,893	\$ 2,967,577
Interest	18,445,532	17,913,693	17,512,901	17,120,568
Differences between expected and actual experience	1,787,826	1,243,252	781,324	
Changes in assumptions		9,830,854		
Benefit payments, including refunds	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Net change in total pension liability	<u>5,421,377</u>	<u>15,416,173</u>	<u>5,620,442</u>	<u>5,677,916</u>
Total pension liability – beginning of year	<u>253,346,417</u>	<u>237,930,244</u>	<u>232,309,802</u>	<u>226,631,886</u>
Total pension liability – end of year	<u>\$ 258,767,794</u>	<u>\$ 253,346,417</u>	<u>\$ 237,930,244</u>	<u>\$ 232,309,802</u>
Plan fiduciary net position				
Contributions – employer	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046
Contributions – member	457,293	444,861	466,794	475,435
Net investment income	20,166,668	2,221,494	3,099,104	30,545,333
Benefit payments, including refunds	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Other—Pension plan administrative expense	(155,064)	(431,274)	(403,477)	(342,022)
Net change in plan fiduciary net position	<u>9,196,686</u>	<u>(8,476,555)</u>	<u>(6,382,093)</u>	<u>21,524,563</u>
Plan fiduciary net position – beginning of year	<u>188,041,031</u>	<u>196,517,586</u>	<u>202,899,679</u>	<u>181,375,116</u>
Plan fiduciary net position – end of year	<u>\$ 197,237,717</u>	<u>\$ 188,041,031</u>	<u>\$ 196,517,586</u>	<u>\$ 202,899,679</u>
City's net pension liability - ending	<u>\$ 61,530,077</u>	<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>76.22%</u>	<u>74.22%</u>	<u>82.59%</u>	<u>87.34%</u>
Covered employee payroll	<u>\$ 18,741,427</u>	<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>328.31%</u>	<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 Changes in the City's Net OPEB Liability and Related Ratios

Last Ten Fiscal Years

Other Post-Employment Benefits Retiree Health Care Benefits Plan & Trust

	2017
Total OPEB liability	
Service cost	\$ 7,193,640
Interest	12,501,905
Changes in assumptions	(39,136,829)
Benefit payments, including refunds	(8,744,194)
Net change in total OPEB liability	<u>(28,185,478)</u>
Total OPEB liability – beginning of year	<u>367,400,057</u>
Total OPEB liability – end of year	<u><u>\$ 339,214,579</u></u>
Plan fiduciary net position	
Contributions – employer	\$ 8,378,689
Contributions – member	666,218
Net investment income	7,021,541
Benefit payments, including refunds	(8,744,194)
Other—Pension plan administrative expense	(10,404)
Other	42,822
Net change in plan fiduciary net position	<u>7,354,672</u>
Plan fiduciary net position – beginning of year	<u>60,785,583</u>
Plan fiduciary net position – end of year	<u><u>\$ 68,140,255</u></u>
City's net OPEB liability - ending	<u><u>\$ 271,074,324</u></u>
Plan fiduciary net position as a % of total OPEB liability	<u>20.09%</u>
Covered employee payroll	<u><u>\$ 30,668,765</u></u>
City's net OPEB liability as a % of covered employee payroll	<u><u>883.88%</u></u>

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 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

2017	2016	2015	2014	2013	2012	2011	2010	2009
14.68%	-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

2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
11.06%	1.06%	1.25%	16.74%	9.08%	-3.43%	19.42%	12.22%	-20.76%	-0.20%

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
(continued)

Other Post-Employment Benefits Retiree Health Care Benefits Plan & Trust

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

2017

6.31%

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 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	\$ 67,872,121	\$ 67,872,121	\$ 12,891,205	\$ 12,891,205
Transfers		(154,930)	(7,755,000)	
Reimbursements	(2,077,489)	(2,077,489)	(650,000)	(650,000)
Original (as presented)	65,794,632	65,639,702	4,486,205	12,241,205
Approved encumbrances		298,741		1,719,814
Council adjustments	12,608,000	17,496,613	2,307,314	539,814
Other financing sources	(12,500,000)			
Final (as presented)	\$ 65,902,632	\$ 83,435,056	\$ 6,793,519	\$ 14,500,833

	Local Streets		Cable Television	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 20,385,168	\$ 20,385,168	\$ 1,098,881	\$ 1,098,881
Transfers	(15,960,000)			
Reimbursements	(650,000)	(650,000)		
Original (as presented)	3,775,168	19,735,168	1,098,881	1,098,881
Approved encumbrances		916,504		
Council adjustments	359,845	359,845		380,000
Final (as presented)	\$ 4,135,013	\$ 21,011,517	\$ 1,098,881	\$ 1,478,881

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	\$ 6,838,516	\$ 6,838,516	\$ 451,118	\$ 451,118
Transfers		(223,199)		
Reimbursements	(33,275)	(33,275)		
Approved encumbrances		173,345		131,363
Council adjustments	40,000	65,000		
Final (as presented)	<u>\$ 6,845,241</u>	<u>\$ 6,820,387</u>	<u>\$ 451,118</u>	<u>\$ 582,481</u>

	Drug Law Enforcement		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 25,000	\$ 25,000		
Approved encumbrances		6,475		
Council adjustments			\$ 13,000	\$ 13,000
Final (as presented)	<u>\$ 25,000</u>	<u>\$ 31,475</u>	<u>\$ 13,000</u>	<u>\$ 13,000</u>

	Library		Michigan Works Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,279,920	\$ 7,279,920	\$ 2,300,000	\$ 2,300,000
Transfers	(53,240)	(53,240)		
Fund balance draws	(214,654)			
Approved encumbrances		64,998		5,643
Final (as presented)	<u>\$ 7,012,026</u>	<u>\$ 7,291,678</u>	<u>\$ 2,300,000</u>	<u>\$ 2,305,643</u>

	Auto Theft Grant		Donations, Memorial Trusts & Sponsorships	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 301,770	\$ 301,770	\$ 200,000	\$ 200,000
Transfers	(154,930)			
Approved encumbrances				331,744
Council adjustments			100,000	100,000
Final (as presented)	<u>\$ 146,840</u>	<u>\$ 301,770</u>	<u>\$ 300,000</u>	<u>\$ 631,744</u>

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 3,113,045	\$ 2,037,350	\$ 1,346,811	\$ 6,497,206
Investments	11,625,416	248,348	4,789,866	16,663,630
Receivables, net (Note 5)	686,542	55,068	15,353	756,963
Prepays	61,236			61,236
Due from other funds (Note 8)	171,712	107,722	3,772,384	4,051,818
Due from component units	39,571			39,571
Due from other governmental units	382,023			382,023
Restricted assets: (Note 4)				
Cash and cash equivalents			37,130	37,130
Total assets	\$ 16,079,545	\$ 2,448,488	\$ 9,961,544	\$ 28,489,577
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 338,702		\$ 130,009	\$ 468,711
Accrued payroll	136,044			136,044
Due to other funds (Note 8)	3,098,473		3,905	3,102,378
Other short-term liabilities	87,215	\$ 61,849		149,064
Advances from local improvement revolving fund (Note 8)	24,602		974,151	998,753
Total liabilities	3,685,036	61,849	1,108,065	4,854,950
Deferred inflows of resources - unavailable (Note 5)	181,666	55,068	-	236,734
Fund balance: (Note 14)				
Non-spendable	61,236			61,236
Restricted	11,707,728	2,331,571	983,576	15,022,875
Committed	443,879			443,879
Assigned			7,869,903	7,869,903
Total fund balances	12,212,843	2,331,571	8,853,479	23,397,893
Total liabilities, deferred inflows and fund balances	\$ 16,079,545	\$ 2,448,488	\$ 9,961,544	\$ 28,489,577

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, 2017

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 10,592,308	\$ 6,419,008		\$ 17,011,316
Special assessments	7,686			7,686
Charges for services	2,518,716			2,518,716
Fines and forfeitures	42,960			42,960
Federal forfeitures	132,371			132,371
Intergovernmental:				
Federal	2,366,135			2,366,135
State	142,485			142,485
Contributions and donations	280,805		\$ 175	280,980
Investment earnings	249,284	55,586	104,592	409,462
Change in fair value of investments	(157,902)	(37,813)	(71,458)	(267,173)
Other	171,730	4,841	30,043	206,614
Total revenues	16,346,578	6,441,622	63,352	22,851,552
EXPENDITURES				
Current:				
General government	527,740			527,740
Public safety	346,446			346,446
Community improvement	571,835			571,835
Social services	1,597,920			1,597,920
Culture and recreation	10,987,279			10,987,279
Other		42,615		42,615
Capital outlay	530,546		832,219	1,362,765
Debt service:				
Principal retirement	1,115,000	5,419,373		6,534,373
Interest and fiscal charges	970,889	1,178,380		2,149,269
Total expenditures	16,647,655	6,640,368	832,219	24,120,242
Deficiency of revenues under expenditures	(301,077)	(198,746)	(768,867)	(1,268,690)
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	154,930		1,328,778	1,483,708
Transfers out	(475,453)			(475,453)
Total other financing sources (uses)	(320,523)	-	1,328,778	1,008,255
Net change in fund balances	(621,600)	(198,746)	559,911	(260,435)
Fund balances - beginning	12,834,443	2,530,317	8,293,568	23,658,328
Fund balances - ending	<u>\$ 12,212,843</u>	<u>\$ 2,331,571</u>	<u>\$ 8,853,479</u>	<u>\$ 23,397,893</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:

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.

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, 2017

	Parks and Recreation	Block Grant	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS									
Cash and cash equivalents	\$ (195,170)	\$ 457,060	\$ 331,145	\$ 138,814	\$ 1,019,664	\$ 371,804	\$ 20,718	\$ 969,010	\$ 3,113,045
Investments	6,176,606				5,448,810				11,625,416
Receivables, net	154,084	169,443		35,087	327,928				686,542
Prepays	19,501				41,735				61,236
Due from other funds	118,252				25,671		27,789		171,712
Due from component units		5,103		34,468					39,571
Due from other governmental units						382,023			382,023
Total assets	\$ 6,273,273	\$ 631,606	\$ 331,145	\$ 208,369	\$ 6,863,808	\$ 753,827	\$ 48,507	\$ 969,010	\$ 16,079,545
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 235,516	\$ 46,172	\$ 4,822	\$ 7,335	\$ 17,105	\$ 26,993	\$ 50	\$ 709	\$ 338,702
Accrued payroll	70,032	7,512	5,591		9,305	34,020	7,303	2,281	136,044
Due to other funds	1,956,812	285,133			233,952	608,685	9,226	4,665	3,098,473
Other short-term liabilities	34,973				52,242				87,215
Advances from local improvement revolving fund	24,602								24,602
Total liabilities	2,321,935	338,817	10,413	7,335	312,604	669,698	16,579	7,655	3,685,036
Deferred inflows of resources - unavailable	56,451	-	-	35,087	90,128	-	-	-	181,666
Fund balance:									
Non-spendable	19,501				41,735				61,236
Restricted	3,875,386	292,789	320,732	165,947	6,419,341	84,129	31,928	517,476	11,707,728
Committed								443,879	443,879
Total fund balances	3,894,887	292,789	320,732	165,947	6,461,076	84,129	31,928	961,355	12,212,843
Total liabilities, deferred inflows and fund balances	\$ 6,273,273	\$ 631,606	\$ 331,145	\$ 208,369	\$ 6,863,808	\$ 753,827	\$ 48,507	\$ 969,010	\$ 16,079,545

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, 2017

	Parks and Recreation	Block Grant	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES									
Property taxes	\$ 4,073,904				\$ 6,518,404				\$ 10,592,308
Special assessments				\$ 7,686					7,686
Charges for services	2,132,377				386,339				2,518,716
Fines and forfeitures			\$ 42,960						42,960
Federal forfeitures			132,371						132,371
Intergovernmental:									
Federal		\$ 873,011				\$ 1,493,124			2,366,135
State					26,451		\$ 116,034		142,485
Contributions and donations								\$ 280,805	280,805
Investment earnings	105,906		377	358	139,116			3,527	249,284
Change in fair value of investments	(66,022)		(499)	(672)	(84,940)			(5,769)	(157,902)
Other	170,182			615		933			171,730
Total revenues	6,416,347	873,011	175,209	7,987	6,985,370	1,494,057	116,034	278,563	16,346,578
EXPENDITURES									
Current:									
General government								527,740	527,740
Public safety			88,566				248,753	9,127	346,446
Community improvement		559,655		12,180					571,835
Social services						1,566,835		31,085	1,597,920
Culture and recreation	6,051,104				4,813,388			122,787	10,987,279
Capital outlay	383,205		3,596		143,745				530,546
Debt service:									
Principal retirement					1,115,000				1,115,000
Interest and fiscal charges	53,939				916,950				970,889
Total expenditures	6,488,248	559,655	92,162	12,180	6,989,083	1,566,835	248,753	690,739	16,647,655
Excess (deficiency) of revenues over (under) expenditures	(71,901)	313,356	83,047	(4,193)	(3,713)	(72,778)	(132,719)	(412,176)	(301,077)
OTHER FINANCING SOURCES (USES)									
Transfers in							154,930		154,930
Transfers out	(223,199)	(252,254)							(475,453)
Total other financing sources (uses)	(223,199)	(252,254)	-	-	-	-	154,930	-	(320,523)
Net change in fund balances	(295,100)	61,102	83,047	(4,193)	(3,713)	(72,778)	22,211	(412,176)	(621,600)
Fund balances - beginning	4,189,987	231,687	237,685	170,140	6,464,789	156,907	9,717	1,373,531	12,834,443
Fund balances - ending	<u>\$ 3,894,887</u>	<u>\$ 292,789</u>	<u>\$ 320,732</u>	<u>\$ 165,947</u>	<u>\$ 6,461,076</u>	<u>\$ 84,129</u>	<u>\$ 31,928</u>	<u>\$ 961,355</u>	<u>\$ 12,212,843</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, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 4,115,953	\$ 4,073,904	\$ (42,049)
Charges for services	2,099,353	2,132,377	33,024
Investment earnings	25,313	105,906	80,593
Change in fair value of investments		(66,022)	(66,022)
Other	604,622	170,182	(434,440)
Total revenues	6,845,241	6,416,347	(428,894)
EXPENDITURES			
Culture and recreation:			
Administration	1,853,177	1,809,618	43,559
Recreation division	1,121,107	1,114,856	6,251
Cultural arts division	85,734	70,215	15,519
Senior center division	265,327	258,498	6,829
Operations & facilities division	2,118,219	2,075,035	43,184
Golf	767,230	722,882	44,348
Total culture and recreation	6,210,794	6,051,104	159,690
Capital outlay	555,654	383,205	172,449
Debt service:			
Interest and fiscal charges	53,939	53,939	-
Total expenditures	6,820,387	6,488,248	332,139
Excess (deficiency) of revenues over (under) expenditures	24,854	(71,901)	(96,755)
OTHER FINANCING USES			
Transfers out	(223,199)	(223,199)	-
Net change in fund balances	(198,345)	(295,100)	(96,755)
Fund balance - beginning	4,189,987	4,189,987	-
Fund balance - ending	\$ 3,991,642	\$ 3,894,887	\$ (96,755)

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, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 367,890	\$ 873,011	\$ 505,121
Other	83,228		(83,228)
Total revenues	451,118	873,011	421,893
EXPENDITURES			
Community improvement	582,481	559,655	22,826
Excess (deficiency) of revenues over (under) expenditures	(131,363)	313,356	444,719
OTHER FINANCING USES			
Transfers out	-	(252,254)	(252,254)
Net change in fund balances	(131,363)	61,102	192,465
Fund balance - beginning	231,687	231,687	-
Fund balance - ending	<u>\$ 100,324</u>	<u>\$ 292,789</u>	<u>\$ 192,465</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, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 12,000	\$ 42,960	\$ 30,960
Federal forfeitures	12,000	132,371	120,371
Investment earnings	1,000	377	(623)
Change in fair value of investments	-	(499)	(499)
Total revenues	25,000	175,209	150,209
EXPENDITURES			
Public safety	21,405	88,566	(67,161)
Capital outlay	10,070	3,596	6,474
Total expenditures	31,475	92,162	(60,687)
Net change in fund balances	(6,475)	83,047	89,522
Fund balance - beginning	237,685	237,685	-
Fund balance - ending	\$ 231,210	\$ 320,732	\$ 89,522

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, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments	\$ 12,000	\$ 7,686	\$ (4,314)
Investment earnings	-	358	358
Change in fair value of investments	-	(672)	(672)
Other	1,000	615	(385)
Total revenues	13,000	7,987	(5,013)
EXPENDITURES			
Community improvement	13,000	12,180	820
Net change in fund balances	-	(4,193)	(4,193)
Fund balance - beginning	170,140	170,140	-
Fund balance - ending	\$ 170,140	\$ 165,947	\$ (4,193)

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, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,585,525	\$ 6,518,404	\$ (67,121)
Charges for services	299,813	386,339	86,526
Intergovernmental:			
State	45,726	26,451	(19,275)
Investment earnings	80,962	139,116	58,154
Change in fair value of investments	-	(84,940)	(84,940)
Total revenues	<u>7,012,026</u>	<u>6,985,370</u>	<u>(26,656)</u>
EXPENDITURES			
Culture and recreation:			
Administration	1,978,812	1,975,478	3,334
Adult reference	1,001,125	907,162	93,963
Children's division	600,720	574,426	26,294
Support services	687,107	609,760	77,347
Technology division	759,264	746,562	12,702
Total culture and recreation	<u>5,027,028</u>	<u>4,813,388</u>	<u>213,640</u>
Capital outlay	232,700	143,745	88,955
Debt service:			
Principal	1,115,000	1,115,000	-
Interest and fiscal charges	916,950	916,950	-
Total expenditures	<u>7,291,678</u>	<u>6,989,083</u>	<u>302,595</u>
Net change in fund balances	(279,652)	(3,713)	275,939
Fund balance - beginning	<u>6,464,789</u>	<u>6,464,789</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 6,185,137</u></u>	<u><u>\$ 6,461,076</u></u>	<u><u>\$ 275,939</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, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 2,300,000	\$ 1,493,124	\$ (806,876)
Other		933	933
Total revenues	<u>2,300,000</u>	<u>1,494,057</u>	<u>(805,943)</u>
EXPENDITURES			
Social services	<u>2,305,643</u>	<u>1,566,835</u>	<u>738,808</u>
Net change in fund balances	(5,643)	(72,778)	(67,135)
Fund balance - beginning	<u>156,907</u>	<u>156,907</u>	<u>-</u>
Fund balance - ending	<u>\$ 151,264</u>	<u>\$ 84,129</u>	<u>\$ (67,135)</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Auto Theft Grant Fund

For the Year Ended June 30, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 146,277	\$ 116,034	\$ (30,243)
Investment earnings	563		(563)
Total revenues	<u>146,840</u>	<u>116,034</u>	<u>(30,806)</u>
EXPENDITURES			
Public safety	<u>301,770</u>	<u>248,753</u>	<u>53,017</u>
Deficiency of revenues under expenditures	(154,930)	(132,719)	22,211
OTHER FINANCING SOURCES			
Transfers in	<u>154,930</u>	<u>154,930</u>	<u>-</u>
Net change in fund balances	-	22,211	22,211
Fund balances - beginning	<u>9,717</u>	<u>9,717</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,717</u>	<u>\$ 31,928</u>	<u>\$ 22,211</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, 2017

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Contributions	\$ 300,000	\$ 280,805	\$ (19,195)
Investment earnings	-	3,527	3,527
Change in fair value of investments	-	(5,769)	(5,769)
Total revenues	300,000	278,563	(21,437)
EXPENDITURES			
General government	622,985	527,740	95,245
Public safety	8,759	9,127	(368)
Social services	-	31,085	(31,085)
Culture and recreation	-	122,787	(122,787)
Total expenditures	631,744	690,739	(58,995)
Net change in fund balances	(331,744)	(412,176)	(80,432)
Fund balances - beginning	1,373,531	1,373,531	-
Fund balances - ending	\$ 1,041,787	\$ 961,355	\$ (80,432)

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, 2017

	Road Bond Debt	Drains-at- Large	Total
ASSETS			
Cash and cash equivalents	\$ 459,496	\$ 1,577,854	\$ 2,037,350
Investments	141,700	106,648	248,348
Receivables, net	42,830	12,238	55,068
Due from other funds	105,578	2,144	107,722
Total assets	\$ 749,604	\$ 1,698,884	\$ 2,448,488
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Other short-term liabilities	\$ 56,273	\$ 5,576	\$ 61,849
Deferred inflows of resources - unavailable	42,830	12,238	55,068
Fund balance:			
Restricted for debt service	650,501	1,681,070	2,331,571
Total liabilities, deferred inflows and fund balances	\$ 749,604	\$ 1,698,884	\$ 2,448,488

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, 2017

	Road Bond Debt	Drains-at- Large	Total
REVENUES			
Property taxes	\$ 6,077,885	\$ 341,123	\$ 6,419,008
Investment earnings	16,965	38,621	55,586
Change in fair value of investments	(6,543)	(31,270)	(37,813)
Other	4,611	230	4,841
Total revenues	6,092,918	348,704	6,441,622
EXPENDITURES			
Other	42,615		42,615
Debt service:			
Principal retirement	4,890,000	529,373	5,419,373
Interest and fiscal charges	1,067,700	110,680	1,178,380
Total expenditures	6,000,315	640,053	6,640,368
Net change in fund balances	92,603	(291,349)	(198,746)
Fund balances - beginning	557,898	1,972,419	2,530,317
Fund balances - ending	<u>\$ 650,501</u>	<u>\$ 1,681,070</u>	<u>\$ 2,331,571</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, 2017

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Total
ASSETS				
Cash and cash equivalents	\$ 526,401	\$ 820,410		\$ 1,346,811
Investments		4,789,866		4,789,866
Receivables, net		15,353		15,353
Due from other funds		3,310,691	\$ 461,693	3,772,384
Restricted assets:				
Cash and cash equivalents		37,130		37,130
Total assets	<u>\$ 526,401</u>	<u>\$ 8,973,450</u>	<u>\$ 461,693</u>	<u>\$ 9,961,544</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,868	\$ 688	\$ 105,453	\$ 130,009
Due to other funds	3,905			3,905
Advances from local improvement revolving fund		974,151		974,151
Total liabilities	<u>27,773</u>	<u>974,839</u>	<u>105,453</u>	<u>1,108,065</u>
Fund balances:				
Restricted	498,628	484,948		983,576
Assigned		7,513,663	356,240	7,869,903
Total fund balances	<u>498,628</u>	<u>7,998,611</u>	<u>356,240</u>	<u>8,853,479</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 526,401</u>	<u>\$ 8,973,450</u>	<u>\$ 461,693</u>	<u>\$ 9,961,544</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, 2017

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Total
REVENUES				
Contributions and donations		\$ 175	\$	175
Investment earnings	\$ 1,447	103,145		104,592
Change in fair value of investments	(2,807)	(68,651)		(71,458)
Other		30,043		30,043
Total revenues	(1,360)	64,712	\$ -	63,352
EXPENDITURES				
Capital outlay	67,265	15,615	749,339	832,219
Excess (deficiency) of revenues over (under) expenditures	(68,625)	49,097	(749,339)	(768,867)
OTHER FINANCING SOURCES				
Transfers in	-	223,199	1,105,579	1,328,778
Net change in fund balances	(68,625)	272,296	356,240	559,911
Fund balances - beginning	567,253	7,726,315		8,293,568
Fund balances - ending	<u>\$ 498,628</u>	<u>\$ 7,998,611</u>	<u>\$ 356,240</u>	<u>\$ 8,853,479</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, 2017

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
ASSETS							
Current assets:							
Cash and cash equivalents (Note 3)	\$ 2,880,987	\$ 776,377	\$ (2,829,853)	\$ 5,000,039	\$ 218,679	\$ 11,723,078	\$ 17,769,307
Investments (Note 3)		1,160,505	3,729,549	1,173,726	2,981,665	2,132,114	11,177,559
Receivables, net (Note 5)		5,911	13,046	16,254	11,255	7,139	53,605
Prepays and other assets	1,439,335		9,360		264,161		1,712,856
Due from other funds (Note 8)		1,035,309	4,072,281	23,179		389,954	5,520,723
Inventory			367,593				367,593
Total current assets	<u>4,320,322</u>	<u>2,978,102</u>	<u>5,361,976</u>	<u>6,213,198</u>	<u>3,475,760</u>	<u>14,252,285</u>	<u>36,601,643</u>
Noncurrent assets:							
Restricted cash and cash equivalents (Note 4)					2,873,588		2,873,588
Long-term advances to other funds (Note 8)						2,848,615	2,848,615
Long-term advances to component units (Note 8)						1,401,387	1,401,387
Capital assets: (Note 6)							
Construction in progress			69,644				69,644
Equipment and intangibles		423,436	15,778,894	10,742,012			26,944,342
Less accumulated depreciation		(313,690)	(12,603,143)	(9,036,515)			(21,953,348)
Net capital assets	<u>-</u>	<u>109,746</u>	<u>3,245,395</u>	<u>1,705,497</u>	<u>-</u>	<u>-</u>	<u>5,060,638</u>
Total noncurrent assets	<u>-</u>	<u>109,746</u>	<u>3,245,395</u>	<u>1,705,497</u>	<u>2,873,588</u>	<u>4,250,002</u>	<u>12,184,228</u>
Total assets	<u>4,320,322</u>	<u>3,087,848</u>	<u>8,607,371</u>	<u>7,918,695</u>	<u>6,349,348</u>	<u>18,502,287</u>	<u>48,785,871</u>
Deferred Outflows of Resources							
Related to Pensions (Note 5)		405,719	373,543				779,262
LIABILITIES							
Current liabilities:							
Accounts payable		345,864	58,360	5,917			410,141
Accrued payroll		6,072	3,969				10,041
Due to other funds (Note 8)	2,296,854	194,746	75,448	13,143	30,022	14,079,898	16,690,111
Accrued compensated absences- due within 1 year (Note 7)		62,613	36,140				98,753
Total current liabilities	<u>2,296,854</u>	<u>609,295</u>	<u>173,917</u>	<u>19,060</u>	<u>30,022</u>	<u>14,079,898</u>	<u>17,209,046</u>
Noncurrent liabilities:							
General insurance & workers' compensation accrual					2,409,849		2,409,849
Accrued compensated absences- due more 1 year (Note 7)		111,314	64,247				175,561
Net pension liability (Note 11)		1,762,746	1,620,953				3,383,699
Net OPEB obligation (Note 12)		984,658	772,939		1,314		1,758,911
Total noncurrent liabilities	<u>-</u>	<u>2,858,718</u>	<u>2,458,139</u>	<u>-</u>	<u>2,411,163</u>	<u>-</u>	<u>7,728,020</u>
Total liabilities	<u>2,296,854</u>	<u>3,468,013</u>	<u>2,632,056</u>	<u>19,060</u>	<u>2,441,185</u>	<u>14,079,898</u>	<u>24,937,066</u>
Deferred Inflows of Resources							
Related to Pensions (Note 5)		32,921	29,927				62,848
NET POSITION							
Net investment in capital assets		109,746	3,245,395	1,705,497			5,060,638
Restricted for claims					2,873,588		2,873,588
Unrestricted	<u>2,023,468</u>	<u>(117,113)</u>	<u>3,073,536</u>	<u>6,194,138</u>	<u>1,034,575</u>	<u>4,422,389</u>	<u>16,630,993</u>
Total net position (deficit)	<u>\$ 2,023,468</u>	<u>\$ (7,367)</u>	<u>\$ 6,318,931</u>	<u>\$ 7,899,635</u>	<u>\$ 3,908,163</u>	<u>\$ 4,422,389</u>	<u>\$ 24,565,219</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, 2017

	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	\$ 8,821,564	\$ 4,656,701	\$ 4,076,344				\$ 17,554,609
Other	646,052		10,000		\$ 1,405,007	\$ 166,755	2,227,814
Total operating revenue	9,467,616	4,656,701	4,086,344	\$ -	1,405,007	166,755	19,782,423
OPERATING EXPENSES							
Administration		1,552,493	475,140				2,027,633
Health Care	8,277,632						8,277,632
Equipment and facility operation:							
Equipment maintenance			2,518,659	241,309			2,759,968
Communications			387,538				387,538
Maintenance staff		925,431					925,431
Custodial staff		1,348,147					1,348,147
Depreciation		18,020	1,086,290	522,326			1,626,636
Other					967,042		967,042
Total operating expenses	8,277,632	3,844,091	4,467,627	763,635	967,042	-	18,320,027
Operating income (loss)	1,189,984	812,610	(381,283)	(763,635)	437,965	166,755	1,462,396
NONOPERATING REVENUES (EXPENSES)							
Gain on disposal of assets						14,940	14,940
Investment earnings	922	14,035	49,361	16,393	64,101	264,800	409,612
Change in fair value of investments	(3,852)	(9,759)	(34,595)	(50,837)	(42,909)	(104,095)	(246,047)
Other		127	843	(13,143)	(39,724)	(20,734)	(72,631)
Total nonoperating revenues	(2,930)	4,403	15,609	(47,587)	(18,532)	154,911	105,874
Income (loss) before transfers	1,187,054	817,013	(365,674)	(811,222)	419,433	321,666	1,568,270
Transfers out		(853,325)				(12,500,000)	(13,353,325)
Change in net position	1,187,054	(36,312)	(365,674)	(811,222)	419,433	(12,178,334)	(11,785,055)
Total net position - beginning	836,414	28,945	6,684,605	8,710,857	3,488,730	16,600,723	36,350,274
Total net position (deficit) - ending	\$ 2,023,468	\$ (7,367)	\$ 6,318,931	\$ 7,899,635	\$ 3,908,163	\$ 4,422,389	\$ 24,565,219

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

City of Southfield
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from users	\$ 8,782,675	\$ 4,656,701	\$ 4,085,248		\$ 1,140,846	\$ 166,755	\$ 18,832,225
Cash paid to employees		(1,430,737)	(1,208,930)		(213,539)		(2,853,206)
Cash paid to suppliers	(8,277,632)	(2,303,914)	(1,457,939)	\$ (306,842)	(1,432,454)		(13,778,781)
Payments received (made) on interfunds	921,798	(1,008,289)	(3,717,127)	(10,036)	30,022	12,127,184	8,343,552
Net cash provided by (used in) operating activities	1,426,841	(86,239)	(2,298,748)	(316,878)	(475,125)	12,293,939	10,543,790
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments received on long-term advances						223,200	223,200
Transfers out		(853,325)				(12,500,000)	(13,353,325)
Net cash (used in)							
noncapital and related financing activities	-	(853,325)	-	-		(12,276,800)	(13,130,125)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of property equipment & adjustments, net of proceeds		127	(1,024,448)	(268,033)	(39,724)	477,266	(854,812)
Net cash provided by (used in) capital and related financing activities	-	127	(1,024,448)	(268,033)	(39,724)	477,266	(854,812)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of investments, net of proceeds		1,139,261	357,950	196,242	(57,318)	(175,465)	1,460,670
Investment earnings (loss)	(2,422)	4,501	14,940	23,289	21,481	263,623	325,412
Net cash provided by (used in) investing activities	(2,422)	1,143,762	372,890	219,531	(35,837)	88,158	1,786,082
Net increase (decrease) in cash, cash equivalents	1,424,419	204,325	(2,950,306)	(365,380)	(550,686)	582,563	(1,655,065)
Cash, cash equivalents, beginning of year	1,456,568	572,052	120,453	5,365,419	3,642,953	11,140,515	22,297,960
Cash, cash equivalents, end of year	\$ 2,880,987	\$ 776,377	\$ (2,829,853)	\$ 5,000,039	\$ 3,092,267	\$ 11,723,078	\$ 20,642,895
Balance sheet reconciliation of cash & cash equivalents							
Cash, cash equivalents	\$ 2,880,987	\$ 776,377	\$ (2,829,853)	\$ 5,000,039	\$ 218,679	\$ 11,723,078	\$ 17,769,307
Restricted cash, cash equivalents					2,873,588		2,873,588
Total cash, cash equivalents	\$ 2,880,987	\$ 776,377	\$ (2,829,853)	\$ 5,000,039	\$ 3,092,267	\$ 11,723,078	\$ 20,642,895
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 1,189,984	\$ 812,610	\$ (381,283)	\$ (763,635)	\$ 437,965	\$ 166,755	\$ 1,462,396
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation		18,020	1,086,290	522,326			1,626,636
Prepays and other assets	(684,941)		(1,096)		(264,161)		(950,198)
Inventory			(8,307)				(8,307)
Deferred outflow		863,633	334,215				1,197,848
Accounts payable		172,418	(39,718)	(65,533)	(3,701)		63,466
Accrued payroll, including compensated absences due in less than one year		(40,703)	(26,081)				(66,784)
General insurance & workers' compensation accrual					465,596		465,596
Provision for medical claims					(1,140,846)		(1,140,846)
Accrued compensated absences		(3,123)	(44)				(3,167)
Net pension liability		(941,368)	124,405				(816,963)
Net OPEB obligation		88,310	344,656				432,966
Interfunds	921,798	(1,008,289)	(3,717,127)	(10,036)	30,022	12,127,184	8,343,552
Deferred inflow		(47,747)	(14,658)				(62,405)
Net cash provided by (used in) operating activities	\$ 1,426,841	\$ (86,239)	\$ (2,298,748)	\$ (316,878)	\$ (475,125)	\$ 12,293,939	\$ 10,543,790

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, 2017

	Pension		Other Post-Employment Benefits	
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 59,858	\$ 9,608,613	\$ 533,013	\$ 10,201,484
Investments, at fair value:				
Government obligations	3,897,560	7,542,525	9,816,825	21,256,910
Corporate bonds	2,123,965	6,686,312	2,280,803	11,091,080
Common stock	93,231,297	82,081,452	49,594,844	224,907,593
Real estate and other	11,749,833	91,495,763	723,139	103,968,735
Total investments	111,002,655	187,806,052	62,415,611	361,224,318
Cash and investments held as collateral for securities lending:				
Repurchase agreements		6,038,172		6,038,172
Certificates of deposit		3,811,583		3,811,583
Variable rate certificates of deposit		3,523,766		3,523,766
Time deposits		2,524,399		2,524,399
Commercial paper		1,748,891		1,748,891
Agency bonds and notes		1,590,991		1,590,991
Asset backed commercial paper		315,800		315,800
Sweep vehicles		195,876		195,876
Corporate bonds		171,891		171,891
Treasury notes and bonds		65,958		65,958
Money market mutual funds	3,506,483			3,506,483
Non-cash collateral		1,441,295		1,441,295
Total securities lending	3,506,483	21,428,622		24,935,105
Receivables, net	13,689,300	7,337	4,798,988	18,495,625
Prepaid	863,639		836,097	1,699,736
Total assets	129,121,935	218,850,624	68,583,709	416,556,268
LIABILITIES				
Accounts payable and accrued payroll	12,573,092	2,811	485,633	13,061,536
Due to other governmental units	564,369		40,024	604,393
Due to fiduciary		183,133		183,133
Obligations under securities lending agreements	3,506,483	21,428,622		24,935,105
Total liabilities	16,643,944	21,614,566	525,657	38,784,167
NET POSITION				
Restricted for pension benefits	112,477,991	197,236,058		309,714,049
Restricted for post-retirement health care benefits			68,058,052	68,058,052
Total net position	\$ 112,477,991	\$ 197,236,058	\$ 68,058,052	\$ 377,772,101

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, 2017

	Pension		Other Post- Employment Benefits	
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	Totals
ADDITIONS				
Contributions:				
Plan members	\$ 720,834	\$ 457,293	\$ 666,218	\$ 1,844,345
Employer	2,727,775	6,241,527	8,378,689	17,347,991
Total contributions	3,448,609	6,698,820	9,044,907	19,192,336
Investment activity:				
Net increase in fair value of investments	13,938,945	17,663,313	5,470,718	37,072,976
Investment earnings (loss)	320,738	2,894,823	(14,769)	3,200,792
Dividends	979,412	646,104	1,699,172	3,324,688
Total investment activity	15,239,095	21,204,240	7,155,121	43,598,456
Less investment expense:	366,031	1,037,573	124,405	1,528,009
Net investment activity	14,873,064	20,166,667	7,030,716	42,070,447
Total additions, net	18,321,673	26,865,487	16,075,623	61,262,783
DEDUCTIONS				
Benefits	10,693,898	17,546,473		28,240,371
Health care expense		23,539	8,718,696	8,742,235
Administrative expense	108,093	100,448	54,445	262,986
Total deductions	10,801,991	17,670,460	8,773,141	37,245,592
Net increase	7,519,682	9,195,027	7,302,482	24,017,191
Net position - beginning	104,958,309	188,041,031	60,755,570	353,754,910
Net position - ending	\$ 112,477,991	\$ 197,236,058	\$ 68,058,052	\$ 377,772,101

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, 2017

	Imprest Payroll	Deposits and Escrow	46th District Court	Totals
ASSETS				
Cash and cash equivalents	\$ 58,585	\$ 3,553,065	\$ 745,872	\$ 4,357,522
Investments		4,350,966		4,350,966
Receivables, net		15,857		15,857
Due from fiduciary	183,133			183,133
Total assets	<u>\$ 241,718</u>	<u>\$ 7,919,888</u>	<u>\$ 745,872</u>	<u>\$ 8,907,478</u>
LIABILITIES				
Accounts payable	\$ 241,448	\$ 595,511		\$ 836,959
Deposits and escrow		7,272,011	\$ 332,352	7,604,363
Interest payable	270	52,366		52,636
Due to other				
governmental units			413,520	413,520
Total liabilities	<u>\$ 241,718</u>	<u>\$ 7,919,888</u>	<u>\$ 745,872</u>	<u>\$ 8,907,478</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, 2017

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 34,741	\$ 174,736,463	\$ 174,712,619	\$ 58,585
Due from fiduciary	130,065	135,826	82,758	183,133
TOTAL ASSETS	<u>\$ 164,806</u>	<u>\$ 174,872,289</u>	<u>\$ 174,795,377</u>	<u>\$ 241,718</u>
LIABILITIES				
Accounts payable	\$ 164,536	\$ 85,905,054	\$ 85,828,142	\$ 241,448
Interest payable	270			270
TOTAL LIABILITIES	<u>\$ 164,806</u>	<u>\$ 85,905,054</u>	<u>\$ 85,828,142</u>	<u>\$ 241,718</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 774,991	\$ 305,189,536	\$ 302,411,462	\$ 3,553,065
Investments	4,090,152	354,369	93,555	4,350,966
Receivables, net	15,857	22,640	22,640	15,857
TOTAL ASSETS	<u>\$ 4,881,000</u>	<u>\$ 305,566,545</u>	<u>\$ 302,527,657</u>	<u>\$ 7,919,888</u>
LIABILITIES				
Accounts payable	\$ 36,250	\$ 1,948,950	\$ 1,389,689	\$ 595,511
Deposits and escrow	4,816,996	184,824,456	182,369,441	7,272,011
Interest payable	27,754	24,612		52,366
TOTAL LIABILITIES	<u>\$ 4,881,000</u>	<u>\$ 186,798,018</u>	<u>\$ 183,759,130</u>	<u>\$ 7,919,888</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, 2017

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 668,404	\$ 77,468		\$ 745,872
TOTAL ASSETS	<u>\$ 668,404</u>	<u>77,468</u>	<u>\$ -</u>	<u>\$ 745,872</u>
LIABILITIES				
Deposits and escrow	\$ 142,708	\$ 189,644		\$ 332,352
Due to other governmental units	525,696		\$ 112,176	413,520
TOTAL LIABILITIES	<u>\$ 668,404</u>	<u>\$ 189,644</u>	<u>\$ 112,176</u>	<u>\$ 745,872</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,478,136	\$ 480,003,467	\$ 477,124,081	\$ 4,357,522
Investments	4,090,152	354,369	93,555	4,350,966
Receivables, net	15,857	22,640	22,640	15,857
Due from fiduciary	130,065	135,826	82,758	183,133
TOTAL ASSETS	<u>\$ 5,714,210</u>	<u>\$ 480,516,302</u>	<u>\$ 477,323,034</u>	<u>\$ 8,907,478</u>
LIABILITIES				
Accounts payable	\$ 200,786	\$ 87,854,004	\$ 87,217,831	\$ 836,959
Deposits and escrow	4,959,704	185,014,100	182,369,441	7,604,363
Interest payable	28,024	24,612		52,636
Due to other governmental units	525,696		112,176	413,520
TOTAL LIABILITIES	<u>\$ 5,714,210</u>	<u>\$ 272,892,716</u>	<u>\$ 269,699,448</u>	<u>\$ 8,907,478</u>

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

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	176
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	181
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	187
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	190
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	198
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Continuing Disclosure	202
Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	

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

City of Southfield, Michigan

Net Position By Component Last Ten Fiscal Years (in dollars)

	<u>2017</u>	<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>
Governmental activities										
Net investment in capital assets	95,674,999	95,813,554	44,661,333	88,692,768	91,559,223	93,389,840	96,615,975	98,978,617	99,498,443	95,788,777
Restricted	30,065,371	29,819,410	70,089,972	26,288,768	24,842,971	27,527,622	26,807,000	16,985,243	17,184,888	21,381,750
Unrestricted	(81,334,926)	(63,833,162)	(39,862,697)	12,855,588	19,470,703	36,362,533	26,962,026	45,701,194	53,090,157	51,018,061
Total governmental activities net assets	<u>44,405,444</u>	<u>61,799,802</u>	<u>74,888,608</u>	<u>127,837,124</u>	<u>135,872,897</u>	<u>157,279,995</u>	<u>150,385,001</u>	<u>161,665,054</u>	<u>169,773,488</u>	<u>168,188,588</u>
Business-type activities										
Net investment in capital assets	93,842,676	74,685,935	61,656,052	48,161,029	45,424,573	42,942,563	43,508,935	44,233,548	44,285,188	42,298,075
Unrestricted	2,667,324	21,124,042	31,870,522	43,057,372	42,737,431	40,881,674	32,925,387	26,001,817	19,768,774	17,331,934
Total business-type activities net assets	<u>96,510,000</u>	<u>95,809,977</u>	<u>93,526,574</u>	<u>91,218,401</u>	<u>88,162,004</u>	<u>83,824,237</u>	<u>76,434,322</u>	<u>70,235,365</u>	<u>64,053,962</u>	<u>59,630,009</u>
Primary government										
Net investment in capital assets	189,517,675	170,499,489	106,317,385	136,853,797	136,983,796	136,332,403	140,124,910	143,212,165	143,783,631	138,086,852
Restricted	30,065,371	29,819,410	70,089,972	26,288,768	24,842,971	27,527,622	26,807,000	16,985,243	17,184,888	21,381,750
Unrestricted	(78,667,602)	(42,709,120)	(7,992,175)	55,912,960	62,208,134	77,244,207	59,887,413	71,703,011	72,858,931	68,349,995
Total primary government net assets	<u>140,915,444</u>	<u>157,609,779</u>	<u>168,415,182</u>	<u>219,055,525</u>	<u>224,034,901</u>	<u>241,104,232</u>	<u>226,819,323</u>	<u>231,900,419</u>	<u>233,827,450</u>	<u>227,818,597</u>

City of Southfield, Michigan

Changes In Net Position Last Ten Fiscal Years (in dollars)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	17,939,038	16,465,647	15,685,934	19,238,783	13,516,403	14,231,933	18,707,551	20,391,246	13,922,094	19,428,469
Public safety	65,696,598	63,045,761	50,953,807	49,905,628	49,874,106	41,684,855	44,108,179	47,493,784	46,895,967	45,984,377
Highway and streets	12,249,162	12,120,677	10,654,646	10,899,272	10,002,530	9,785,950	8,693,174	11,482,043	10,813,836	9,997,853
Public services	2,656,844	1,565,891	1,492,616	1,505,322	1,469,968	1,388,114	1,218,182	1,389,038	534,227	1,628,937
Sanitation	2,782,468	3,088,287	3,248,297	2,946,305	2,999,397	3,146,562	3,117,337	2,992,795	3,114,136	3,318,995
Community improvement	571,835	435,655	547,084	503,364	378,392	754,452	1,554,893	1,790,413	1,849,575	765,710
Social services	2,026,666	2,848,395	2,257,567	2,151,982	2,608,788	4,802,279	4,765,197	5,769,271	5,820,354	4,260,962
Culture and recreation	17,861,783	16,362,176	14,989,869	15,421,345	14,833,808	15,413,138	15,598,576	17,530,353	15,754,194	16,951,218
Interest on long-term debt	2,393,324	2,789,226	2,211,125	1,846,460	2,228,416	2,246,976	2,346,243	2,296,086	2,485,853	2,526,544
Total governmental activities expenses	124,177,718	118,721,715	102,040,945	104,418,461	97,911,808	93,454,259	100,109,332	111,135,029	101,190,236	104,863,065
Business-type activities:										
Water and sewer	42,158,425	39,297,717	35,239,077	35,004,942	32,946,783	31,348,426	28,956,192	27,331,285	27,080,634	27,583,980
Total primary government expenses	166,336,143	158,019,432	137,280,022	139,423,403	130,858,591	124,802,685	129,065,524	138,466,314	128,270,870	132,447,045
Program revenues										
Charges for services:										
General government	2,041,601	2,201,021	1,144,013	1,377,779	1,923,492	1,157,454	1,193,553	1,151,141	1,185,978	1,217,147
Public safety	9,629,419	9,150,364	9,675,824	8,385,676	8,352,338	8,432,922	8,334,575	7,672,765	7,184,088	7,982,449
Public services	666,814	1,245,286	706,405	482,508	605,056	745,171	633,602	642,088	1,000,017	724,340
Sanitation	2,523,464	3,179,966	3,070,248	3,070,933	3,161,928	3,135,091	3,142,554	3,255,094	2,788,701	3,298,391
Community improvement	1,987,860	376,099	363,381	210,232	149,078	322,502	295,215	469,455	307,361	582,288
Culture and recreation	3,467,265	3,671,531	4,306,858	4,278,961	4,184,976	4,174,246	3,966,195	3,907,991	4,036,391	3,825,297
Operating grants and contributions	12,019,411	8,869,321	9,474,674	11,106,575	9,725,082	13,024,964	11,355,728	14,502,804	11,774,151	8,175,429
Capital grants and contributions		2,075			332,053	74,886		1,100,000	506,150	354,025
Total governmental activities program revenues	32,335,834	28,695,663	28,741,403	28,912,664	28,434,003	31,067,236	28,921,422	32,701,338	28,782,837	26,159,366
Business-type activities:										
Charges for services:										
Water and sewer	42,818,241	41,074,852	37,888,336	36,671,976	38,241,205	38,002,545	35,022,377	33,039,764	30,990,998	32,648,690
Capital grants and contributions				3,345	121,440	161,652				
Total business-type activities program revenues	42,818,241	41,074,852	37,888,336	36,675,321	38,362,645	38,164,197	35,022,377	33,039,764	30,990,998	32,648,690
Total primary government program revenues	75,154,075	69,770,515	66,629,739	65,587,985	66,796,648	69,231,433	63,943,799	65,741,102	59,773,835	58,808,056
Net (Expense)/Revenue										
Governmental activities	(91,841,884)	(90,026,052)	(73,299,542)	(75,505,797)	(69,477,805)	(62,387,023)	(71,187,910)	(78,433,691)	(72,407,399)	(78,703,699)
Business-type activities	659,816	1,777,135	2,649,259	1,670,379	5,415,862	6,815,771	6,066,185	5,708,479	3,910,364	5,064,710
Total primary government net expense	(91,182,068)	(88,248,917)	(70,650,283)	(73,835,418)	(64,061,943)	(55,571,252)	(65,121,725)	(72,725,212)	(68,497,035)	(73,638,989)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	64,457,071	65,040,960	58,038,889	59,325,483	59,510,906	60,710,702	50,811,665	60,128,647	62,427,297	62,138,583
Unrestricted state shared revenues	7,632,236	6,580,135	6,464,147	6,351,775	6,184,435	6,016,116	6,224,989	6,228,151	6,997,030	11,894,554
Unrestricted investment earnings	1,136,782	2,446,327	1,132,298	989,671	301,515	627,531	557,099	1,237,133	2,246,603	4,341,955
Unrestricted investment earnings, fair value	(832,153)									
Gain on sale of capital assets									498,175	
Miscellaneous	2,053,590	2,869,824	2,509,393	1,066,395	628,512	1,870,282	2,259,967	2,674,444	1,769,203	2,204,425
Transfers				(263,300)	986,505	57,386	54,137	56,882	53,991	45,455
Total governmental activities	74,447,526	76,937,246	68,144,727	67,470,024	67,611,873	69,282,017	59,907,857	70,325,257	73,992,299	80,624,972
Business-type activities:										
Unrestricted investment earnings (loss)	73,846	431,341	744,480	914,669	(112,248)	395,840	103,567	346,564	459,454	496,176
Unrestricted investment earnings (loss), fair value	(83,433)									
Miscellaneous	49,794	74,930	73,228	208,049	20,658	235,690	83,342	183,242	108,126	92,626
Transfers				263,300	(986,505)	(57,386)	(54,137)	(56,882)	(53,991)	(45,455)
Total business-type activities	40,207	506,271	817,708	1,386,018	(1,078,095)	574,144	132,772	472,924	513,589	543,347
Total primary government	74,487,733	77,443,517	68,962,435	68,856,042	66,533,778	69,856,161	60,040,629	70,798,181	74,505,888	81,168,319
Change in Net Position										
Governmental activities	(17,394,358)	(13,088,806)	(5,154,815)	(8,035,773)	(1,865,932)	6,894,994	(11,280,053)	(8,108,434)	1,584,900	1,921,273
Business-type activities	700,023	2,283,406	3,466,967	3,056,397	4,337,767	7,389,915	6,198,957	6,181,403	4,423,953	5,608,057
Total primary government	(16,694,335)	(10,805,400)	(1,687,848)	(4,979,376)	2,471,835	14,284,909	(5,081,096)	(1,927,031)	6,008,853	7,529,330

City of Southfield, Michigan

Fund Balances, Governmental Funds Last Ten Fiscal Years (in dollars)

	<u>2017</u>	<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>
General fund										
Non-spendable	8,622,061	6,475,886	4,221,267	943,657	1,126,971	1,087,648	1,148,696			
Restricted	690,567	737,229	281,160	1,274,069	1,682,768	1,520,237	1,285,124			
Committed	11,325,571	15,735,820	13,465,937	10,647,485	9,380,385	6,365,392	6,024,279			
Assigned	12,848,733	224,063	121,944	586,969	2,366,529	2,565,093	45,123			
Unassigned	12,455,795	8,210,574	7,760,254	7,826,124	1,932,931	1,574,840	486,981			
Reserved								1,534,382	1,147,909	1,217,099
Unreserved								14,218,642	14,298,511	16,089,446
Total general fund	45,942,727	31,383,572	25,850,562	21,278,304	16,489,584	13,113,210	8,990,203	15,753,024	15,446,420	17,306,545
Major streets ****										
Restricted	479,741	1,221,210								
Local streets **										
Restricted	7,934,388				1,985,106	3,635,875				
Committed						254,651				
Total local streets	7,934,388				1,985,106	3,890,526				
Cable Television ***										
Non-spendable	17,937	11,610								
Restricted	332,075	657,161								
Committed	564,846	571,173								
Total cable television	914,858	1,239,944								
Road Bond Construction ***										
Restricted	7,553,533	23,145,796	43,064,130							
Capital Improvement **										
Restricted						665,137	684,676	2,150,270	1,345,019	403,056
Assigned						635,242	343,604			
Total capital improvement						1,300,379	1,028,280	2,150,270	1,345,019	403,056
Special assessment construction ****										
Restricted	273,029	383,163								
Committed	376,130	330,378								
Assigned	295,117	445,974								
Total special assessment construction	944,276	1,159,515								
Other Governmental Funds										
Non-spendable	61,236	61,460	111,969	249,055	100,832	112,180	158,289			
Restricted	15,022,875	23,489,423	22,178,484	21,436,016	17,767,970	18,171,039	22,181,680			
Committed	443,879	857,837	4,417,821	5,057,228	3,817,656	3,396,257	2,545,386			
Assigned	7,869,903	7,238,921	5,879,087	3,849,932	3,610,924	1,534,454	1,568,063			
Unassigned				(162,584)	(140,715)	(706,268)	(1,130,144)			
Reserved								6,716,141	7,025,900	9,488,625
Unreserved, reported in:										
Special revenue funds								19,231,796	17,854,293	16,124,569
Total other governmental funds	23,397,893	31,647,641	32,587,361	30,429,647	25,156,667	22,507,662	25,323,274	25,947,937	24,880,193	25,613,194

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 201:

*** Road Bond Construction major fund 2015-2016 entered 3/26/18 entered 3/27/17 entered 12/18/1 entered 12/30/14 updated 2/13

**** Major Street Fund major fund 2016

City of Southfield, Michigan

Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years (in dollars)

	<u>2017</u>	<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>
Revenues										
Property taxes	63,910,955	64,893,949	58,299,529	59,427,443	59,318,129	60,710,702	50,811,665	64,076,424	58,479,539	62,138,582
Special assessments	471,232	376,100	363,379	210,234	337,955	322,503	295,215	469,453	307,360	582,286
Program earnings						46,432	89,708	266,303		
Charges for services	6,040,334	6,672,822	5,726,183	5,553,689	5,855,958	5,805,936	5,701,533	5,543,522	5,962,325	5,773,170
Sanitation	2,523,464	3,179,966	3,070,248	3,070,933	3,161,928	3,135,091	3,142,554	3,255,094	2,788,701	3,298,391
Licenses and permits	3,769,054	2,695,547	3,626,811	2,465,614	2,062,659	2,133,162	2,143,357	2,047,212	1,929,428	2,303,092
Fines and forfeitures	3,541,331	4,305,908	4,579,780	4,550,607	4,562,075	4,940,172	4,725,666	4,363,309	4,301,060	4,630,338
Federal forfeitures	132,371	63,471	15,640	27,631	60,531					
Cable royalties	2,483,796	2,630,954	1,910,925	1,907,580	1,550,192	1,630,516	1,557,363	1,419,934	1,241,083	1,042,624
Intergovernmental:										
Federal	3,970,295	2,033,805	2,464,286	4,000,451	3,566,630	6,530,716	5,358,682	8,294,298	5,720,885	5,140,874
State	13,092,069	12,378,566	12,026,566	12,058,538	11,515,990	11,120,784	11,275,646	11,216,633	15,974,466	10,822,057
Other	790,374	844,810	1,301,666	725,760	771,331	1,253,776	677,982	899,853	792,977	842,908
Contributions and donations	280,980	648,277	120,060	442,991	80,855	164,257	340,387	153,873	122,515	163,091
Net investment earnings	1,137,292	2,493,770	1,132,298	989,664	301,516	627,531	557,100	1,237,125	2,246,593	4,341,970
Net investment earnings, fair value	(832,147)									
Other	1,725,482	2,441,090	2,556,041	1,255,103	628,518	1,695,658	2,098,278	3,674,444	1,868,587	2,199,173
Total revenues	103,036,882	105,659,035	97,193,412	96,686,238	93,774,267	100,117,236	88,775,136	106,917,477	101,735,519	103,278,556
Expenditures										
General government	9,357,206	8,846,432	7,970,532	7,631,283	8,118,011	8,704,424	9,572,707	10,207,779	10,987,723	10,087,795
Public safety	48,745,629	46,348,737	44,094,992	44,843,468	43,909,381	44,213,881	46,209,990	46,186,698	45,968,224	46,039,407
Highways and streets	7,489,049	5,871,047	6,173,142	6,205,694	5,841,206	6,294,730	8,981,332	10,774,737	12,277,818	9,979,749
Public services	1,402,491	901,302	692,765	677,969	609,558	696,105	820,990	766,661	839,089	1,016,601
Sanitation	2,782,468	3,088,287	3,248,297	2,946,305	2,999,397	3,146,562	3,117,337	2,992,795	3,114,136	3,318,995
Community improvement	571,835	435,655	547,084	503,364	378,392	755,660	1,555,446	1,534,952	1,849,947	766,041
Social services	1,597,920	1,728,259	1,871,601	2,047,022	2,435,970	4,556,490	4,707,580	5,710,361	5,559,894	4,044,774
Culture and recreation	11,963,738	11,911,344	12,024,450	12,017,523	11,980,291	13,202,079	15,262,884	14,853,419	14,986,054	15,337,823
Insurance and bonds	132,930	76,853	56,250	49,951	529,432	529,578	558,454	603,227	592,966	601,949
Support services	5,282,452	4,932,507	5,120,037	4,724,481	5,678,180	4,998,157	4,340,936	4,788,658	3,399,010	5,075,993
Other	42,615	46,975	575,505	468,123	387,455	556,950	1,464,158	3,057,515	1,440,274	2,162,297
Capital outlay	19,172,508	24,746,624	8,622,672	3,219,766	3,912,443	3,273,984				
Debt service										
Principal retirement	8,042,594	7,229,538	2,944,647	2,707,625	2,335,790	2,352,075	2,218,042	2,434,284	2,247,151	3,113,402
Interest and fiscal charges	2,437,034	2,882,536	1,996,487	1,924,616	2,201,538	2,258,317	2,359,384	2,305,876	2,401,280	2,648,689
Total expenditures	119,020,469	119,046,096	95,938,461	89,967,190	91,317,044	95,538,992	101,169,240	106,216,962	105,663,566	104,193,515
Excess of revenues over (under) expenditures	(15,983,587)	(13,387,061)	1,254,951	6,719,048	2,457,223	4,578,244	(12,394,104)	700,515	(3,928,047)	(914,959)
Other Financing Sources (Uses)										
Bond/Loan proceeds									792,290	932,958
Sale of capital assets						174,627		498,175		
Transfers in	29,664,407	27,084,718	8,493,780	3,932,251	4,552,193	3,923,927	7,642,338	6,162,236	5,444,907	6,614,191
Proceeds on long-term debt			73,275,000		3,430,000					
Premium on proceeds			4,064,034							
Bond issuance cost					(42,139)					
Transfers out	(16,311,082)	(25,402,029)	(8,008,665)	(2,574,705)	(2,985,552)	(3,206,778)	(3,757,708)	(4,683,152)	(4,458,488)	(5,143,401)
Payment to escrow fund for refunding			(29,284,999)		(3,387,861)					
Total other financing sources (uses)	13,353,325	1,682,689	48,539,150	1,357,546	1,566,641	891,776	3,884,630	1,479,084	2,276,884	2,403,748
Net change in fund balances	(2,630,262)	(11,704,372)	49,794,101	8,076,594	4,023,864	5,470,020	(8,509,474)	2,179,599	(1,651,163)	1,488,789

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	
2017		\$ 12,455,795	\$ 66,726,729	37.6	%
2016		8,210,574	64,129,257	12.8	
2015		7,760,254	61,331,202	12.7	
2014		7,826,124	61,004,444	12.8	
2013		1,932,931	62,397,410	3.1	
2012		1,574,840	62,374,108	2.5	
2011*		486,981	64,128,702	0.8	
2010	\$ 1,282,152		65,064,386	2.0	
2009	4,274,837		64,249,281	7.0	
2008	5,980,632		66,073,509	9.1	

Notes:

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

City of Southfield, Michigan

General Governmental Tax Revenue By Source Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Funds						
	Major Funds			Non-Major Funds			
	<u>General Fund</u>	<u>Major Streets</u>	<u>Local Streets</u>	Special Revenue			Debt Service
				<u>Municipal Fund</u>	<u>Parks & Recreation</u>	<u>Library</u>	<u>Drains-at-Large</u>
2017	17.8926	0.1148	0.1059		1.7500	2.8000	0.1467
2016	17.9205	0.1148	1.1059		1.7500	2.8000	0.4873
2015	17.9730	0.1148	1.1059		1.7500	2.8000	0.4873
2014	18.2431	0.1148	1.1059		1.7500	2.8000	0.4873
2013	17.4638	0.1148	1.1059		1.7500	2.8000	0.4873
2012	16.5004	0.1324	1.0883		1.7500	2.8000	0.3591
2011	11.3115	0.0854	1.0260	*	1.6524	2.0934	0.1741
2010	11.1419		0.9440	0.3370	1.6524	2.0934	0.1741
2009	11.1364		0.9440	0.3322	1.6524	2.0934	0.1844
2008	11.2091		0.9440	0.2539	1.6524	2.0934	0.1900

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>
2017	\$ 62,437,580	\$ 59,523,884	95.3 %	\$ 2,605,735	\$ 39,326	62,168,945	99.6 %	\$ 268,293	0.4 %
2016	63,538,323	60,383,675	95.0	2,784,743	29,222	63,197,640	99.5	287,178	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
2014	57,440,691	54,652,864	95.1	2,725,509	41,405	57,419,778	100.0	263,855	0.5
2013	58,239,005	54,583,381	93.7	3,321,912	71,291	57,976,584	99.5	261,021	0.4
2012	58,366,953	54,778,491	93.9	3,207,968	47,337	58,033,796	99.4	333,157	0.6
2011	48,073,059	44,762,478	93.1	3,103,510	118,769	47,984,757	99.8	83,409	0.2
2010	57,966,394	53,960,012	93.1	3,712,273	81,942	57,754,227	99.6	210,996	0.4
2009	59,875,490	56,077,575	93.7	3,520,784	46,599	59,644,958	99.6	225,257	0.4
2008	59,298,870	55,100,862	92.9	3,913,538	203,884	59,218,284	99.9	77,138	0.1

City Of Southfield, Michigan

Largest Taxpayers Last Ten Fiscal Years

2017 Rank	Taxpayer	2017 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total	2006 Rank
1	SL TOWN ETAL	\$ 77,457,360	3.2 %	\$ 110,172,230	3.2 %	1
2	Verizon Wireless	27,957,330	1.2	28,731,480	0.8	4
3	Hartman & Tyner	35,638,860	1.5			
4	Galleria Properties	34,245,020	1.4	15,428,990	0.4	7
5	DTE Electronic Company	27,308,480	1.1	19,696,730	0.6	6
6	Denso International America	34,189,930	1.4	54,441,620	1.6	2
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 2017 --> \$		2,400,338,435		\$ 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 June 30		Real Property(AV)		Personal Property(AV)		Total Property(SEV)		TV		Increase/ Decrease	
2017	\$	2,481,509,745	\$	353,938,980	\$	2,835,448,725	\$	2,400,338,435		0.4	%
2016		2,364,896,300		374,246,720		2,739,143,020		2,417,356,855		1.1	
2015		2,241,104,571		364,732,760		2,605,837,331		2,391,992,576		(1.9)	
2014		2,220,124,940		378,198,940		2,598,323,880		2,437,203,620		(3.4)	
2013		2,289,025,280		377,756,530		2,666,781,810		2,522,981,550		(6.4)	
2012		2,466,923,090		392,400,400		2,859,323,490		2,695,302,360		(13.2)	
2011	(4)	2,885,022,310		411,235,320		3,296,257,630		3,105,202,030		(15.1)	
2010		3,534,176,302		431,331,530	(4)	3,965,507,832	(4)	3,656,625,252		(2.6)	(3)
2009		3,879,379,890		431,953,600	(4)	4,311,333,490	(4)	3,752,556,640		0.7	
2008		3,928,252,190		443,694,640		4,371,946,830		3,725,952,640		3.4	

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 FY2008 - 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 Fund	Capital Projects Fund
	Operating	Public Safety Expansion	PA 59 of 2012	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains- At- Large	UTGO Road Bond	Total All Rates	
2017	6.609	6.891	0.021	4.371	1.750	2.800	1.000	0.221	0.147	2.580	26.390	
2016	6.609	6.891	0.023	4.397	1.750	2.800	1.000	0.221	0.487	2.580	26.759	
2015	6.609	6.891	0.023	4.450	1.750	2.800	1.000	0.221	0.487		24.231	
2014	6.609	6.891	0.023	4.720	1.750	2.800	1.000	0.221	0.487		24.501	
2013	6.609	6.891	0.021	3.942	1.750	2.800	1.000	0.221	0.487		23.722	
2012	6.609	6.891		3.000	1.750	2.800	1.000	0.221	0.359		22.630	
2011	6.609	2.833		1.869	1.652	2.093	0.944	0.167	0.174		16.342	
2010	6.609	2.833		1.700	1.652	2.093	0.944	0.337	0.174		16.342	
2009	6.609	2.833		1.695	1.652	2.093	0.944	0.332	0.184		16.342	
2008	6.609	2.833		1.767	1.652	2.093	0.944	0.254	0.190		16.341	

ALL OVERLAPPING GOVERNMENTS												
Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Total City	Southfield Public School * *	Oakland County Intermediate	Oakland County Operating Levy + +	Oakland County Community College	Total *	City % of Total	Birmingham Public School +	Oak Park Public School +
2017	17.893	5.771	0.147	23.810	25.987	3.340	5.785	1.571	60.492	39.4 %	17.395	15.459
2016	17.921	5.771	0.487	24.179	25.987	3.363	6.230	1.582	61.340	39.4	18.627	15.500
2015	17.973	5.771	0.487	24.231	27.077	3.369	4.646	1.584	60.908	39.8	19.224	15.500
2014	18.243	5.771	0.487	24.501	26.487	3.369	5.536	1.584	61.477	39.9	19.983	16.500
2013	17.464	5.771	0.487	23.722	26.487	3.369	5.536	1.584	60.698	39.1	19.460	16.500
2012	16.500	5.771	0.359	22.630	26.487	3.369	5.336	1.584	59.406	38.1	19.024	15.000
2011	11.311	4.857	0.174	16.342	25.287	3.369	5.336	1.584	51.918	31.5	18.079	13.200
2010	11.142	5.026	0.174	16.342	25.247	3.369	5.336	1.584	51.878	31.5	17.375	12.970
2009	11.137	5.021	0.184	16.342	22.204	3.369	5.336	1.584	48.835	33.5	16.742	12.970
2008	11.208	4.943	0.190	16.341	27.250	3.369	5.236	1.584	53.780	30.4	17.160	12.970

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	Actual	New	Adjusted	Rollback				
	TAV	-	Losses	X	CPI	=	Ceiling	TAV	-	TAV	=	TAV	Ratio (1)	Factor (2)	
2017 \$	2,417,356,855	\$	45,983,621		1.009	\$	2,392,715,593	\$	2,400,338,435	\$	81,765,852	\$	2,318,572,583	1.0171	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
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
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
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
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
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
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
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
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
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

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, 2017

			Principal Amount Outstanding	Debt Principal Per Capita (1) (Pop. 71,739)	% Of State Equalized Value \$ 2,835,448,725
DIRECT AND INDIRECT DEBT					
<u>Direct Debt</u>					
General Obligation Bonds-Limited Tax		\$	32,280,000		
General Obligation Bonds-Limited Tax-Refunding			2,435,000		
Building Authority Bonds			19,735,000		
Water & Sewer Revenue Bonds			9,018,789		
Michigan Transportation Fund Bonds			7,950,000		
Direct Debt			71,418,789	\$ 995.54	2.52 %
<u>Indirect Debt</u>					
Oakland County Contractual Obligations:					
Drains-At-Large		\$	4,549,631		
Indirect Debt			4,549,631	63.42	0.16
Gross Debt			75,968,420	1,058.96	2.68
<u>OVERLAPPING DEBT (2)</u>					
Southfield School District	94.69%	\$	48,296,635		
Oak Park School District	19.80		2,098,616		
Birmingham School District	1.84		3,661,968		
Oakland County at Large	4.43		16,488,375		
Oakland County Intermediate School District	4.45		2,024,528		
Oakland County Community College	4.47		36,654		
Total Overlapping Debt			72,606,776	1,012.10	2.56
		\$	148,575,196	\$ 2,071.05	5.24 %

Notes:

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

(2) Overlapping debt figures as of 6/30/2017 supplied by the Michigan Advisory Council, Detroit, Michigan.

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2017

	Debt Margin Calculation			
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Applicable Percentage
State Equalized Value at 12/31/16				100% \$ 2,835,448,725
Debt Subject to Statutory Limitation				
General Obligation Bonds-Limited Tax	\$ 32,280,000		\$ 32,280,000	
General Obligation Bonds-Limited Tax-Refunding	2,435,000		2,435,000	
Building Authority Bonds	19,735,000		19,735,000	
Oakland County Contractual Obligations-Drains	4,549,631		4,549,631	
Restricted Indebtedness	\$ 58,999,631		58,999,631	10%
Michigan Transportation Fund Bond	7,950,000		7,950,000	
Emergency Bonds				3.75%
Special Assessment Bonds				12%
Total	66,949,631		\$ 66,949,631	\$ 634,431,652
State of Michigan Water Supply and Sewage Disposal Revenue Bonds				
Series to 6/30/02				
1998A (LTGO) 2.25%	232,048			
1998B (LTGO) 2.50%	3,230,000			
1999 (LTGO) 2.50%	3,546,741			
2000 (LTGO) 2.50%	2,010,000			
Total Water and Sewage Disposal Revenue Bonds		\$ 9,018,789		
Gross City Debt		\$ 75,968,420		

Notes:

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

City Of Southfield, Michigan

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

Fiscal Year Ending				Less Funds Available In Debt	Net	Ratio Of Net Bonded Debt To Taxable	Net Bonded Debt Per Capita
<u>June 30</u>	<u>Population</u> (2)	<u>Taxable Value</u>	<u>Bonded Debt</u> (1)	<u>Service Funds</u>	<u>Bonded Debt</u>	<u>Value</u>	<u>Capita</u>
2017	71,739	2,400,338,435	66,949,631	2,331,571	64,618,060	2.69	900.74
2016	71,739	2,417,356,855	74,992,225	2,530,317	72,461,908	3.00	1,010.08
2015	71,739	2,391,992,576	82,221,763	1,464,207	80,757,556	3.38	1,125.71
2014	71,739	2,437,203,620	40,386,411	1,073,226	39,313,185	1.61	548.00
2013	71,739	2,522,981,550	43,094,036	550,347	42,543,689	1.69	593.03
2012	71,739	2,695,302,360	45,429,826		45,429,826	1.69	633.27
2011	71,739	3,105,202,030	47,781,901		47,781,901	1.54	666.05
2010	71,739	3,656,625,252	49,999,942	236,960	49,762,982	1.36	635.58
2009	78,296 (2a)	3,752,219,740	52,822,465	544,301	52,278,164	1.39	667.70
2008	78,296	3,725,952,640	55,114,960	626,862	54,488,098	1.46	695.92

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

Fiscal Year Ending	Debt Service Requirements			Total General	Ratio Of Debt Service To
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Expenditures (3)</u>	<u>Expenditures</u>
2017	8,042,594	2,383,095	10,425,689	114,361,278	9.24
2016	7,229,538	2,734,021	9,963,559	114,758,571	8.68
2015	2,944,647	1,332,524	4,277,171	99,669,163	4.29
2014	2,707,625	1,770,415	4,478,040	92,877,415	4.82
2013	2,335,790 (4)	2,051,732	4,387,522	94,468,782	4.64
2012	2,352,075	2,063,617	4,415,692	98,871,731	4.47
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.34
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.01
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.24
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.53

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)
2017	71,739	\$ 29,045	42.5	9,584	4.2 %	\$ *
2016	71,739	28,788	41.6	9,429	6.6	*
2015	71,739	26,944	42.1	9,429	10.3	*
2014	71,739	28,635	42.3	9,429	10.3	*
2013	71,739	28,850	42.0	9,429	11.1	2,165,700
2012	71,739	28,692	42.4	9,191	11.2	*
2011	71,739	26,928	42.0	9,917	14.0	*
2010	71,739	29,816	40.1	8,188	13.6	*
2009	78,296	*	38.3	8,854	18.1	*
2008	78,296	*	38.0	9,205	9.5	*

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.Con

(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	2017 Employees	Percentage of Total	Rank	Taxpayer 2007*	2007* Employees	Percentage of Total
1	St. John Providence Hospital	3,600	3.13%	1	St. John Providence Hospital	3,600	2.78%
2	Lear Corporation	1,500	1.12	2	Blue Cross Blue Shield	2,750	2.13
3	DENSO	1,500	0.85	3	IBM	1,700	1.31
4	Credit Acceptance Corporation	1,200	0.77	4	Lear Corporation	1,600	1.24
5	Blue Care Network	1,000	0.73	5	Blue Care Network	1,000	0.77
6	COMAU	925	0.62	6	Real Estate One	943	0.73
7	Federal Mogul	800	0.56	7	Federal Mogul	900	0.70
8	International Automotive Components	720	0.52	8	DENSO	800	0.62
9	Autoliv	650	0.50	9	Plante Moran	778	0.60
10	BASF	600	0.50	10	Credit Acceptance Corporation	685	0.53

Southeast Michigan Council of Governments estimate of jobs in 2015 for City of Southfield --> **114,969**

* 2008 data not available

City Of Southfield, Michigan

Construction And Property Value Last Ten Calendar Years

Annual Construction By Category

--- Commercial & Industrial---

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

---- Single Family ----

Calendar Year	Number Of Units	Value	Number Of Units	Value	Number Of Units	Value
2017	15	\$ 31,099,574	12	\$ 54,088,085	5	\$ 1,372,481
2016	1	1,257,402			12	3,591,449
2015	5	21,435,020			7	2,123,858
2014	6	6,740,662			0	
2013	3	1,675,000			1	214,560
2012	6	3,583,500			1	20,000
2011	3	3,095,020			2	356,712
2010	4	3,845,800			6	3,738,388
2009	9	17,433,423			5	970,728
2008 ⁽¹⁾	13	21,505,836	5	5,165,383	17	3,654,450

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2017	\$ 1,269,247,250	\$ 52,421,390	\$ 1,159,841,105
2016	1,287,316,130	50,353,100	1,027,227,070
2015	1,277,553,525	50,930,480	912,620,566
2014	1,294,577,850	52,971,310	872,575,780
2013	1,345,088,070	57,254,790	886,682,420
2012	1,447,107,940	63,315,040	956,500,110
2011	1,623,189,400	82,740,070	1,179,092,840
2010	1,789,855,022	96,125,570	1,648,195,710
2009	1,819,991,830	79,359,210	1,980,028,850
2008	1,807,018,700	78,808,770	2,042,424,720

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, 2017

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>
2017	1083	\$ 156,214,594	2012	994	\$ 54,775,981
2016	1500	182,287,712	2011	712	35,753,539
2015	1341	134,296,693	2010	973	42,675,431
2014	1482	90,085,594	2009	1,034	67,130,316
2013	1017	69,344,365	2008	1,008	75,367,575

WATER & SEWER SERVICES

Users/Consumers: 18,956 Water and Sewer combined; 177 Sewer only and 1,273 Water only.
 Use & Consumption: 438,810,160 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: 4,178
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 - 5,434
 Group B Offenses - 1,216

Traffic Violations: 13,469

Incidents Handled: 50,193

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 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 Motor City Wheelz Wheelchair Basketball team.

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is focused to providing quality, fun special events for families, including the *Daddy Daughter Dinner & Dance*, *EGGS'travaganza*, *Family Fun & Safety Night* (in partnership with the Southfield Police and Fire Departments), and *Boo Bash*. 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.

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.

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.

Economic and Statistical History (continued)

LIBRARY (continued)

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

	<u>2017</u>	<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>
Function/Program										
<u>Election Data</u> (1)										
Registered voters	60,775	59,648	61,739	60,747	60,451	58,328	57,150	56,317	62,816	59,617
Absentee voters	13,308	5,309	8,375	5,240	14,020	4,683	7,084	5,251	14,100	4,536
Percent voting	71.02	21.27	49.08	18.67	72.67	16.05	49.50	22.48	68.79	14.66
<u>District Court</u>										
Number of Court Cases	40,917	47,118	52,209	54,354	57,305	54,155	57,582	49,807	50,268	53,978
<u>Police</u> (2) (#)										
Offenses-Group A (3)	4,929	4,547	5,081	5,081	5,434	5,574	6,148	7,443	6,263	7,849
Offenses-Group B (4)	992	1,253	1,414	1,414	1,216	1,743	3,833	4,297	3,347	1,892
Traffic Violations	8,566	10,367	13,469	13,469	10,054	12,366	10,966	12,169	17,383	24,114
Incidents Handled	51,637	54,185	50,193	50,193	49,933	53,876	60,985	60,862	60,300	64,701
<u>Fire</u>										
Medical Emergencies	12,116	12,155	11,295	11,114	11,538	10,410	10,504	9,850	9,251	9,361
Fire Runs	2,139	1,977	2,072	1,620	1,978	1,772	1,948	1,853	2,108	1,709
<u>Library</u>										
Circulation	348,543	386,275	383,549	445,316	496,851	644,380	701,976	712,060	644,133	551,307
Collection Volume	259,344	315,318	297,916	291,728	291,168	288,949	314,778	289,404	286,931	270,885

Notes:

- (1) All election data is for the prior calendar year.
 - (2) Southfield Police Department uses NET RMS program from Oakland County CLEMIS for reporting incidents and calls for service.
Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines:
 - (#) Starting 2015 data collected is for 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
 - * Information not available
- Source: City of Southfield

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<u>2017</u>	<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>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	34	34	34	34	34	41	38	38	36	33
<u>Police</u>										
Stations	2	3	3	3	3	3	3	3	3	3
Vehicles	93	92	92	94	94	95	109	109	122	119
<u>Streets</u>										
Miles on major street system **	64.71	64.71	64.71	64.71	64.71	64.71	61.53	64.71	64.71	64.71
Total miles of streets	246.40	246.40	246.40	246.40	246.40	246.40	246.85	245.73	245.73	245.73
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	12	12	10	10	10	10	10	10	10	10
<u>Street Lights</u>										
Detroit Edison owned	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221
City owned	190	190	190	190	190	190	190	190	190	190
<u>Water</u>										
Annual distribution in million cubic feet	438,810,160	455,849,664	446,876,200	456,744,655	484,436,900	510,329,700	505,012,300	449,737,200	482,841,900	523,052,200
Miles of watermain **	375.50	375.50	375.32	375.32	375.32	375.32	375.32	397.73	397.73	397.73
Number of hydrants **	4,178	4,165	4,838	4,048	4,038	4,038	4,038	4,026	4,026	4,026
<u>Sewers</u>										
Miles sanitary **	237.50	237.50	237.23	237.23	237.23	237.23	237.23	272.46	272.46	272.46
Miles storm	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09
Miles combined **	42.94	42.94	42.94	42.94	42.94	42.94	42.94	54.47	54.47	54.47
<u>Parks and Recreation *</u>										
Number of developed parks	20	20	20	20	20	20	20	20	20	20
Acres of public parks	775	775	775	775	775	775	775	775	775	775
Number of tennis courts	18	16	16	16	16	16 ⁽⁴⁾	19	19 ⁽³⁾	16	16 ⁽²⁾
Outdoor education center/farm							1	1	1	1
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:

⁽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 to: *

Data updated to: **

Source: City of Southfield

City of Southfield, Michigan

Authorized Full-Time Positions

Last Ten Fiscal Years

Department	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Accounting	5.50	6.50	6.00	4.50	5.50	5.50	6.50	7.50	7.50	7.50
Administration	3.00	3.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00	2.00
Assessing	6.50	7.65	7.65	7.65	7.00	7.00	6.90	9.65	9.65	9.65
Building	9.90	14.40	15.40	15.40	16.40	17.50	20.00	20.00	20.00	20.00
Cable TV	7.50	5.50	6.00	6.50	5.50	5.50	5.25	7.00	6.50	7.00
Central Services	2.50	4.00	4.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00
City Clerk	7.00	6.00	6.00	6.00	7.00	7.00	7.00	11.00	11.00	11.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Community Develop. Admin.	21.25	7.00	8.00	8.00	8.00	8.00	8.00	10.00	12.00	13.00
Community Relations	4.00	3.00	3.00	3.00	4.00	5.00	5.25	5.50	6.00	6.00
District Court	36.75	33.75	36.25	36.25	38.25	37.50	38.00	39.50	39.50	39.50
Emergency Management	0.50	0.50	0.50	0.50	0.50	0.50	1.50	1.00	1.00	1.00
Engineering	5.00	5.00	5.00	5.00	6.00	6.00	6.00	11.00	11.00	11.00
Facilities Maintenance	30.00	33.00	33.00	33.00	26.00	31.00	32.00	42.26	42.26	42.26
Fire	88.00	90.00	94.00	94.00	93.00	101.00	102.50	113.00	113.00	113.00
Fiscal Services/OMB	2.50	2.00	1.00	1.00	2.00	2.00	2.00	4.00	4.00	4.00
Human Resources ⁽¹⁾	6.50	6.50	6.50	6.50	6.00	6.50	9.50	10.00	10.00	8.50
Human Services	2.00	3.50	3.50	3.50	4.00	3.00	4.00	4.50	4.50	4.50
Labor Relations ⁽¹⁾										1.00
Legal	6.00	7.00	6.75	6.75	7.50	7.50	7.50	8.00	8.00	8.00
Library	46.75	46.75	46.75	46.75	54.25	50.00	52.00	61.50	61.50	61.50
Mayor	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	7.00	8.50	9.50	9.50	12.25	13.25	13.25	14.75	14.75	15.00
Parks and Recreation	75.30	78.30	79.30	79.30	81.05	80.90	80.05	91.05	91.05	92.80
Planning	5.50	4.50	4.50	4.50	4.50	4.00	4.50	6.00	6.00	6.00
Police	158.66	154.66	158.66	158.66	169.16	172.66	187.66	202.16	202.16	201.66
Public Works Admin.						1.50	3.00	5.00	6.00	6.00
Purchasing	1.00	1.00	1.50	1.00	2.00	2.50	2.50	2.50	2.50	3.00
Streets And Highways	33.00	29.50	25.50	25.50	25.00	25.00	25.00	36.62	36.62	36.62
Technology Services ⁽²⁾	8.00	8.50	8.50	8.50	9.00	9.00	10.00	11.00	11.00	11.00
Transportation	5.00	5.00	5.00	5.00	3.00	3.00	3.00	4.76	4.76	4.76
Treasurer	8.00	7.00	6.50	6.50	7.50	7.50	8.50	8.50	8.50	8.50
Water And Sewer	23.00	28.00	24.00	24.00	17.00	17.00	19.50	31.08	30.08	30.08
Totals	625.61	619.51	623.76	622.26	637.86	653.31	689.36	797.33	798.33	801.33

Notes:

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

⁽²⁾ 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, 2017

<p>Grade T, \$94,612 - \$128,006 Deputy City Administrator</p>
<p>Grade S, \$90,326 - \$122,211 Director of Public Works Director of Fiscal Services Police Chief</p>
<p>Grade R, \$84,227 - \$113,953 Director of Human Resources Fire Chief City Planner</p>
<p>Grade Q, \$80,016 - \$108,258 City Librarian City Controller/Deputy Director, Fiscal Services Director of Technology Services Director of Parks and Recreation</p>
<p>Grade P, \$76,374 - \$103,328 Attorney IV Building Official Business Development Director City Assessor City Engineer</p>
<p>Grade O, \$69,604 - \$94,167 Community Relations Director</p>
<p>Grade N, \$63,659 - \$86,127 Deputy City Assessor Deputy City Clerk Deputy City Treasurer Purchasing Agent</p>
<p>Grade M, \$58,541 - \$79,206 Attorney II Manager, HR Operations</p>
<p>Grade L, \$54,027 - \$73,097 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
2017	\$ 6,726,478
2016	6,411,745
2015	6,416,997
2014	6,304,301
2013	6,138,572
2012	5,973,225
2011	6,182,693
2010	6,182,706
2009	7,476,776
2008	8,383,945

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	
2017	\$ 3,903,308	\$ 1,170,612	\$ 5,073,920
2016	4,208,737	1,261,884	5,470,621
2015	3,995,734	1,197,306	5,193,040
2014	3,914,898	1,172,520	5,087,418
2013	3,799,468	1,136,566	4,936,034
2012	3,782,991	1,132,407	4,915,398
2011	3,753,339	1,129,517	4,882,856
2010	3,699,879	1,111,526	4,811,405
2009	6,023,732	1,809,212	7,832,944
2008	1,647,039	495,743	2,142,782

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	6/30/2018	60
AFSCME Supervisors	6/30/2018	23
Technical, Professional, and Office Worker Association TPOAM	6/30/2018	114
Southfield Fire Fighters Association SFFA	6/30/2018	79
Southfield Police Officers Association SPOA	6/30/2017 *	92
Michigan Association of Police (MAP) Public Safety Communication Supervisors	12/31/2017 *	5
Police Officers Association of Michigan POAM	6/30/2016 *	14
Southfield Police Command Officers' Association SPCOA	6/30/2015 *	23
Southfield Deputy Chiefs Association SPDC	6/30/2012 *	2
Administrative Civil Service ACS		14
Management Group		23

Notes:

* Contracts have expired.

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