



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended June 30, 2018
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2018

**Fiscal Services Division
Accounting Department**

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City of Southfield

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

December 18, 2018

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

RE: 2017-18 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, 2018, 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
Dr. Lloyd Crews

City Clerk
Sherikia L. Hawkins

City Treasurer
Irv M. Lowenberg

City Council

Daniel Brightwell

Myron A. Frasier

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 in conformity with 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 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.

City of Southfield

Letter of Transmittal

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

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

City of Southfield

Letter of Transmittal

Southfield is served by many long-tenured elected officials and administrative staff. City Council members average more than 10 years of service while the Mayor, City Treasurer and City Clerk typically average even longer terms. The average tenure of the City's management groups is more than 20 years, providing stability and proven leadership for City operations. Within the group, many hold advanced academic degrees, numerous professional designations and professional certifications in their respective fields. In addition, many have earned special recognition through election to state or national association offices, as instructors for professional seminars, or as guest lecturers at universities.

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

ECONOMIC PROFILE

The City of Southfield is home to seven colleges, universities and technical schools, including Lawrence Technological University, Oakland Community College, Central Michigan University, Spring Arbor 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 73,100 residents in Southfield in the 2016 census estimate, making the City of Southfield one of the top three most populous cities in Oakland County. The median household income of our residents is \$49,664. 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 37% 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 76% of the City's long-term liabilities. The SERS pension plan is 74% funded, the Fire and Police pension plan is 75% funded, and the Retiree Health Care Trust Fund is funded at 20%. 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, 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.

City of Southfield

Letter of Transmittal

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

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

INFRASTRUCTURE & CAPITAL IMPROVEMENT CAMPAIGNS

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 constructing street improvements throughout the City, consisting of paving, repaving, reconstructing and improving streets, including curb, gutter and drainage improvements and all necessary appurtenances.

The City of Southfield makes every effort to maintain and repair all roads within the City's jurisdiction in a timely manner. Thanks in part to the passage of the \$99 million Southfield Streets Improvement Bond, the City of Southfield has lead nearly every community in Oakland County in active road construction projects the past four years. A detailed overview of all construction projects taking place throughout the city as well as construction updates is provided on the City's website at www.cityofsouthfield.com. The City also launched a special hotline at (248) 796-4000 for residents to directly report any potholes or other road issues.

Eleven Mile Road Reconstruction Project

In the spring of 2018, the city began work on the reconstruction of Eleven Mile Road from Bell Road to Arlington Drive. The project involves road reconstruction in both concrete and asphalt, widening from 2-lanes to 3-lanes with addition of curbs, east of Bell Road. Work also includes filling in sidewalk gaps and other appurtenances. The road remained open during construction with reduced lanes available. The project investment was approximately \$3.5 million paid for with Southfield Streets Improvement Bond funds and \$1.2 million in federal funds. Construction is expected be completed in late November of 2018.

City of Southfield

Letter of Transmittal

Northbound Northwestern Service Drive Reconstruction Project

Work began on the Northbound Northwestern Service Drive reconstruction project between Southfield Road and Lahser Road in late May of 2018. The project involves concrete patching and four-inch asphalt overlay in addition to full concrete reconstruction at the intersections of Mt. Vernon and at Evergreen. One travel lane between Mt. Vernon and Civic Center Drive will also be eliminated to add an on-street bike lane. Additionally, traffic signal upgrades including ADA improvements and filling in sidewalk gaps will take place. The service drive remained open during construction with reduced lanes available. The Mt. Vernon bridge was completely closed during Phase I of the project schedule. The overall project investment was approximately \$7.6 million funded by the Southfield Streets Improvement Bond, in addition to \$1.7 million in federal funds and a \$60,000 contribution from the City Centre Advisory Board toward the new sidewalk and bike path extension. Construction is expected to be completed in late November of 2018.

Nine Mile Reconstruction Project

The Nine Mile Reconstruction Project between Telegraph Road and Lahser Road began on June 18, 2018 and is expected to be completed in mid-June of 2019. The project involves the removal and replacement of the bridge over the Evans Branch of the Rouge River in addition to raising the bridge elevation eight feet to improve site distance for Nine Mile Road traffic. Additionally, Nine Mile will be changed to a three-lane road with one lane in each direction and a center left turn lane as well as pavement rehabilitation with 5.5 inches of new asphalt and new concrete curbs. As part of the project, 200 feet of 16-inch water main will be relocated due to the bridge work and 548 feet of 10-inch sanitary sewer will be replaced east of Plum Hollow Street. The \$8 million project will be funded with \$4.73 million in federal and state funds and \$3.4 million from city funds.

Local Street Improvements

A number of other local street improvements projects also took place in FY2017-18 throughout the city, including: Bedford Woods and Pinewood Manor subdivisions, Evergreen Trail subdivision, and the 12 Mile intersection near Lockdale Street and Case Avenue. These projects include road reconstructions, water main replacements, roundabout installation and filling in sidewalk gaps for a total of more than \$23 million in infrastructure investment throughout the city.

Safe Routes to School Grant Improves Southfield Sidewalks

The City of Southfield was awarded a \$600,000 Safe Routes to School (SRTS) 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.

City of Southfield

Letter of Transmittal

The City of Southfield, with support from the city of Oak Park and Road Commission of Oakland County, used the funds to improve pathways near Thompson K-8 Schools, Yeshiva Beth Yehuda, and Beth Jacob. The grant funds were 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.

In addition to the infrastructure improvements, Thompson K-8 Schools implemented 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 focused on bike and pedestrian education in addition to hosting a walking school bus and 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.

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.

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.

City of Southfield

Letter of Transmittal

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 an 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, while also creating 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.

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.

LTU Collaboratory

The Lawrence Technological University (LTU) Collaboratory is on a mission to accelerate the growth of southeast Michigan's small manufacturers and hardware entrepreneurs by providing access to key resources specific to their unique needs. The Collaboratory provides leaders of these businesses with access to mentors, workshops, cutting-edge technologies, corporate connections, college students, events, workspace, and a collaborative community of peers.

City of Southfield

Letter of Transmittal

Additionally, Collaboratory clients will soon have access to a state-of-the-art, 6,200-square-foot facility adjacent to the Southfield office of Oakland County's Michigan Works featuring additional workspace, training facilities, and a premier manufacturing technology lab. Among the Collaboratory's programs are Scale-Up For Success and Hardware Massive.

The Collaboratory is working to build awareness and trust with target markets through relevant events such as the Small Manufacturing Roundtable (quarterly meeting), Tech Tuesdays (quarterly technology-based workshops), Augmented & Virtual Reality Association (monthly meetings), Design Thinking (monthly meetings & innovation workshops) and Customer Discovery Workshops (bi-monthly). To date, these events have reached 325 participants at events, engaged six key corporate partners and developed four federal labs or program relationships. Moreover, eighteen new companies have been created with twenty-four full-time employees hired with an \$67,000 average salary, fifteen jobs retained, \$3.7 million follow-on in new capital from client companies, three products commercialized, two new patents and one trademark issued.

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 continues to utilize the Planning Department Projects Online, an interactive tool that allows residents to view proposed land use cases being considered by the Southfield Planning Commission and City Council. The online site can be viewed at: <http://maps.cityofsouthfield.com/PlanningProjects/index.html>.

City of Southfield

Letter of Transmittal

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.

Oakland County Michigan Works New Southfield Career Center

Southfield Michigan Works relocated in July of 2017 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. 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 monthly workshops to assist job seekers with every aspect of their search. Business services include talent recruitment, labor market information and training support.

The relocation to the LTU Enterprise Center has exceeded expectations regarding the number of customers serviced and assistance provided direct employee training to 145 people. In FY2017-18, twelve Southfield companies were also granted Skilled Trades Training Funds (STTF) receiving over \$185,000 awarded to the companies.

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, LDMI, Level 3 Communications, and MCI. More than 90 software development companies also have a presence in

City of Southfield

Letter of Transmittal

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.

New Business Catalyst Portal helps companies to succeed in Southfield

Southfield Business Development launched the new Business Catalyst web portal in January of 2018 as a new online resource that provides entrepreneurs and small businesses access to information about the local economy, customers and competition. View the Business Catalyst portal at: <https://southfield.ecdev.org>.

The interactive toolbox features a wide variety of market data that is easily accessible, clear and up-to-date. Entrepreneurs can access all the information they need for effective business decision-making, including: business climate, industry trends, customers, competition, local opportunities, zoning controls, workforce and available properties.

The new web tools were developed by technology firm, Localintel. A Calgary-based tech startup, Localintel harnesses the potential of big data to help communities promote their strengths, share market intelligence and support local business growth. Localintel was recently awarded the 2017 Innovation Alley Award from the Smart Cities Council.

Southfield named 4th best small city in U.S. to start a small business by Verizon

The City of Southfield was named the fourth best small city in the United States to start a small business by Verizon business this summer. Verizon gathered data from nearly 300 cities across the country, focusing on certain factors that would categorize them as "small" without dipping below the mark to "town" status. These elements also indicated the financial climate of each city and an overview of its demographics. They based their rankings on small cities, as defined by the U.S. Census, using the following factors: population; education; travel time to work; income per capita; broadband access; loans per capita; and tax scores.

City of Southfield

Letter of Transmittal

Beaumont Health Relocation

Beaumont Health purchased the First Center building in Southfield in October of 2017 to consolidate shared services employees currently working in 16 owned or leased buildings in three counties across metro Detroit.

Beaumont evaluated 45 properties in metro Detroit before deciding to purchase the First Center building on Northwestern Highway near Lahser Road. The 686,000-square-foot, multi-tenant building was built in 1984 and sits on 31 acres of land.

Beaumont will initially occupy 360,000-square-feet in the building. Existing tenant leases will remain and will be evaluated going forward. The building will be renamed and branded as a Beaumont facility along with existing tenant signage. Southfield City Council also approved changing the street name from First Center Drive to Beaumont Boulevard.

Approximately 2,500-3,000 Beaumont employees will be relocated to the building in phases by the end of 2018. Beaumont's financial services team will lead the way, relocating in early 2018, once building renovations are complete. Details of what other departments will move and when are still being determined, but could include functions such as compliance, legal affairs, information technology, human resources and others. The building's open floor plan will include meeting rooms, shared amenity areas and collaborative spaces. Work teams will have input in customizing their work areas. The building will also include a first-floor conference center for large Beaumont business meetings. Neumann/Smith of Southfield is the architectural and design firm working with Beaumont on the design and renovation of office space.

Beaumont began its search for a shared services location in mid-2015 after looking at where its shared services employees live and identifying Southfield as a central location that would minimize additional drive time for many employees affected by the move.

Beaumont Health is Michigan's largest health care system, based on inpatient admissions and net patient revenue. A not-for-profit organization, it was formed in 2014 by Beaumont Health System, Botsford Health Care and Oakwood Healthcare to provide patients with the benefit of greater access to extraordinary, compassionate care, no matter where they live in Southeast Michigan. Beaumont Health has total net revenue of \$4.4 billion and consists of eight hospitals with 3,429 beds, 174 outpatient sites, nearly 5,000 physicians, 38,000 employees and 3,500 volunteers. In 2016, Beaumont Health had 177,508 inpatient discharges, 17,536 births and 567,658 emergency visits.

123.Net

123.Net, Inc. has made a \$89 million investment to house a 85,000-square-foot data center at 24700 Northwestern Highway. The investment will go toward expansion of their information technology infrastructure, renovation of facilities and installation of new fiber. The company is also hiring up to 250 additional staff over five years at a rate of 50 employees per year. 123.Net initially had 93 employees, with an additional 45 employees hired in 2016.

City of Southfield

Letter of Transmittal

The City of Southfield has empowered 123.Net to become "the center of internet connectivity." Located right in the heart of Southfield, 123.Net built and operates the largest data center in metro Detroit. It is also home to the Detroit Internet Exchange. The Detroit IX is the 40th largest Internet exchange point in the world. Paired with its high capacity network, 123.Net has created an Internet nucleus for technology, attracting global titans like Google, Netflix and Twitter, and local automotive giants driving the mobility future of Michigan.

123.Net provides data center, network, and voice technology to over a dozen fortune 500 companies and is growing at a rate of 20 percent annually. The company continues to hire local talent to fill the demand as they have built southeast Michigan's largest data center and carrier hotel. This data center has a power capacity of 20 megawatts- enough to power 20,000 households- and is home to over 25 different Internet providers. The company is also driving the mobility movement to Southfield by partnering with multiple Tier 1 automotive companies to deliver over one Terabit per second connections via the 123.Net fiber network. These developments continue to reinforce Southfield as the Internet hub of Michigan by attracting high tech businesses to the area.

DENSO

Leading auto supplier DENSO has continued to make significant investment in their North American headquarters in Southfield. In FY2017-18, the company has made a \$75 million investment and will fill 120 new jobs over the next three years. The investment will go towards expansion and renovation of their R&D facilities to support future mobility focusing on connected, automated, safe and electrified auto components as well as expansion of testing facilities and new testing equipment. DENSO has expanded their Southfield footprint by 44 percent over the past five years with the purchase of two additional buildings and a vehicle test strip to support sales, engineering and R&D activities.

DENSO is a leading supplier of advanced automotive technology, systems and components for major automakers. The company is committed to making the world a better place through development of world-first products and technologies.

Village Green Corporate Office Relocation

Village Green, one of the nation's premier apartment property management companies, relocated their corporate headquarters to Southfield in November of 2017. Following one of the largest years of growth in the company's history, Village Green moved its 160 associates to a sophisticated and modern space that boasts the latest technology and a highly collaborative environment. The new office, located in the One Northwestern Plaza building at 28411 Northwestern Highway, Suite 400, unifies associates in the region and promotes Village Green under a single roof.

The 40,000-square-foot office space expands over two floors, each housing communal areas and a free-flowing walkway that facilitates a natural loop of interaction and engagement among associates. Workspaces, huddle alcoves and conference rooms are all enabled with cloud-computing and feature the best in collaborative technology.

City of Southfield

Letter of Transmittal

The office is also ecologically minded and designed to be paperless. Just like Village Green's many properties, the space is a hospitable and modern environment aimed at helping its employees reach their full potential.

With this new foothold in the Southfield community, Village Green will continue to grow its portfolio of managed properties and enhance its offerings at existing holdings. Looking ahead, the company plans to expand its expertise in distinctive, hospitality-driven living experiences to properties on the West Coast.

Credit Acceptance Corporation Expansion

Credit Acceptance Corporation will make a \$46 million investment and create 574 jobs at their North American headquarters and service center locations in Southfield over the next five years. Currently, Credit Acceptance Corporation is one of the largest employers in Southfield with 1,037 people; CAC has an additional 561 employees outside of Michigan.

The investment will go toward improvements and expansion of its North American headquarters and service center locations in Southfield over the next eight years as well as expansion of testing facilities and new testing equipment.

Stefanini Expansion

Stefanini will make an approximately \$1 million investment in their U.S. headquarters in Southfield while also hiring an additional 75 employees. The company currently has 700 employees in Southfield. The investment will go towards the development of the first innovation center in the U.S., which will aid the company in achieving its goal of growing 25 percent by 2020 in the region. Stefanini is focusing on acting as a digital transformation agent for companies. To assist its customers in the digital transformation process, Stefanini brings together the latest in cognitive intelligence, loyalty platforms, robotics and BPO, among other solutions.

Stefanini is a global IT company with 30 years of experience in the market, offering a robust selection of services such as automation, cloud, Internet of Things (IoT) and user experience (UX). They provide a broad portfolio of solutions, combining innovative consulting, marketing, mobility, personalized campaigns and artificial intelligence services with traditional solutions such as service desk, field service, and outsourcing (BPO).

Comau Investment

Comau, an Italian multinational company and subsidiary of automaker Fiat Chrysler Automobiles, will make a \$1.5 investment towards improvements and expansion at all of their Southfield based facilities. Comau is an integrated company in the industrial automation field with an international network of 35 operative centers, 15 manufacturing plants and five innovation centers worldwide.

City of Southfield

Letter of Transmittal

Autoliv New Engineering & Office Facility

Autoliv Inc. is the world's largest automotive safety supplier with sales to all leading car manufacturers worldwide. Together with its joint ventures, Autoliv has over 66,000 employees in 27 countries, of whom 5,300 are involved in research, development and engineering. The company will make \$32 million investment in Southfield to build an 180,000-square-foot engineering and office facility in addition to hiring up to 250 additional staff over the next three years.

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 increase taxes to purchase and ultimately demolish and remediate the property; nor did it increase taxes to replenish the funds that were spent on the project.

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

City of Southfield

Letter of Transmittal

Why Northland Center is 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.
- 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.

City of Southfield

Letter of Transmittal

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 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.

The Northland redevelopment master plan is a conceptual, 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, 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.

City of Southfield

Letter of Transmittal

Latest Northland Developments

Demolition of the Target building at Northland was completed last fall followed by demolition of the Firestone building this past spring by Dore & Associates of Bay City, Michigan. As the environmental assessment and remediation of the remainder of the mall and other buildings continues, further demolition is expected to take place in the coming months.

The former Northland Center site was included as a potential location for the new Amazon HQ2 as part of the regional proposal submitted by the city of Detroit and other partners last fall. While the site nor the region was ultimately selected, the proposal garnered a significant amount of local and regional media coverage and increased interest in the property.

Numerous developers have submitted letters of intent and the City has entered in to due diligence agreements with several developers who have expressed a strong interest in the property. The City is currently in continued discussions with San Diego-based Pacific Medical Buildings (PMB), one of the country's preeminent full-service healthcare real estate developers. PMB is proposing to build a mixed-use medical development on 25-30 acres on the northeast side of the property directly across from Providence Hospital. General Development Corporation (GDC), a Southfield-based commercial real estate development firm which specializes in built-to-suit office, industrial and R&D projects, has also expressed interest in developing 20 acres of the property on the southwest side.

As each developer has progressed to various stages of their respective due diligence process, a continuing point of discussion relates to the cost of infrastructure improvements required to support the proposed developments. To facilitate and expedite progress, the Southfield City Council recently approved expenditures to perform infrastructure improvements at the site. These expenditures are delineated among sanitary sewer, water, storm sewer, road improvement (JL Hudson Drive-Greenfield to Providence), and further demolition beginning on the northern portion of the mall. The City's infrastructure expenditures will be repaid through the sale or lease of the Northland property and the Tax Increment Finance Authority. Repayment is predicated on a taxable development taking place at the property.

Friedman Integrated Real Estate Solutions, one of the nation's leading providers of commercial real estate services, continues to serve as the exclusive listing agent for the property. 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.

PUBLIC ART

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.

City of Southfield

Letter of Transmittal

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.

Red Pole Park

The City of Southfield is nearing completion of Red Pole Park, an interactive art installation located along the Northwestern Highway Shared-Use Pathway and Greenway in Southfield's City Centre District. The project was funded through Michigan-based crowdfunding platform Patronicity – receiving a \$50,000 matching grant from the Michigan Economic Development Corporation's (MEDC) Public Spaces and Community Places program. No taxpayer money was used on this project.

Red Pole Park is the first installation in a series of outdoor "rooms" or art installations planned along the Northwestern Highway Shared-Use Pathway and Greenway. Currently, 47 poles have been installed, with plans to install an additional 18 poles this summer. Once complete, dots will be painted along the pathway following the grid pattern of the poles. The various heights of the poles represent Southfield's history, present goals, accomplishments and future growth.

Moving forward, the city submitted a grant to fund the purchase of blue, flashing, marine-grade lights to be installed on top of the poles, creating an interesting nighttime display. An additional 1,000 feet of sidewalk will also be added to the pathway this summer, extending the pathway to Lahser Road.

City of Southfield

Letter of Transmittal

The Northwestern Highway Shared-Use Pathway and Greenway was created by converting an old goat path into a bike-walk accessible greenway to join a growing network of trails and sidewalks throughout Southfield. The pathway currently runs between Civic Center Drive and Corporate Drive. The ten-foot-wide pathway includes over one mile of paved surface area for bikers, walkers and runners as well as extensive landscaping and other pedestrian amenities, filling in a key gap in the City's pathway system.

The City of Southfield and the MEDC successfully raised over \$55,000 to create Red Pole Park. The campaign surpassed its crowdfunding goal of \$50,000 by August 4, 2017—earning the project a matching grant with funds made possible by MEDC's Public Spaces Community Places program. Additional funds were provided by the Southfield City Centre and city of Southfield's Metro Act funds.

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 Photo Prize

The City of Southfield sponsored the 2nd annual Southfield Photo Prize last summer to showcase the natural and architectural beauty throughout the city while also creating an exciting public art exhibition. Due to the success of last year's inaugural competition, this year's program was expanded from 20 to 25 finalists.

More than 200 entries were received for the 2018 Southfield Photo Prize competition. Submissions were initially reviewed by the Total Living Commission that selected the top 25 entries that were eligible for public voting. The finalists were enlarged and displayed outside on city hall and the parks & recreation building for public viewing. The community was encouraged to visit all the entries and to vote on their favorite installation. Photo finalists were also posted on a special Southfield Photo Prize section of the City's Web site (www.cityofsouthfield.com) for judging by the public from June 13 – August 31. The winners were announced at an awards ceremony in September and the photo that received the most overall votes will be featured in the City's 2019 calendar. The other finalists may also be featured in the calendar and other city marketing materials.

AWARDS & ACCOLADES

Michigan Chronicle's Men of Excellence Awards

Southfield Councilman Dr. Lloyd Crews and Fire Chief Johnny Menifee both received *Michigan Chronicle's* Men of Excellence awards at an induction ceremony on June 30, 2017. The annual Men of Excellence awards celebrate African-American men who inspire others through their success in business, community involvement and philanthropy.

City of Southfield

Letter of Transmittal

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 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. Dr. Crews has been actively involved in matters of diversity and inclusion, coordinating the first Dr. Martin Luther King, Jr. Day Convocation at OCC in addition to creating SAFE Zones on campus for LGBT students. As a past chairperson of the OCC Sustainability Committee, he was awarded the Cultural Diversity Award by the Michigan College Personnel Association, the Diversity Award from the Bloomfield/Birmingham Diversity Taskforce and 40 under 40 Awards from both Oakland County and the *Michigan Chronicle*. Dr. Crews also served on the boards of the Boys and Girls Club of South Oakland County (Field Zone), American Red Cross of Southeastern Michigan, and as past President of the Southfield Rotary Club. He is a member of the Southfield Partnership Council, Kappa Alpha Psi Fraternity, Inc. MLK Jr. Diversity Taskforce, and is past president of the Michigan College Personnel Association.

Fire Chief Johnny Menifee has served the Southfield Fire Department for over two decades, joining as a cadet in 1993. Chief Menifee 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 on a 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. Chief Menifee established a mentoring program to improve grades and build leadership skills for students in the Southfield School District. The Chief is also involved with various non-profits, including: Goodfellows, Shop with a Hero, Axemen motorcycle club and Children's ToothFairy Foundation. Each year, he and his wife conduct the Menifee Family Holiday gift drive to donate toys to children during the holidays.

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.

Michigan Chronicle's Women of Excellence Award

City Clerk Sherikia L. Hawkins was named one of the *Michigan Chronicle's* Women of Excellence for 2018 at an exclusive induction ceremony March 23, 2018.

City of Southfield

Letter of Transmittal

The *Michigan Chronicle* Women of Excellence Awards celebrate local African American women who inspire others through their vision and leadership, exceptional achievements, and participation in community service. They are women who exemplify extraordinary stature, poise and grace. These women do it all while maintaining the delicate balance of filling the roles of helpmate, mother, teacher and professional.

City Clerk Hawkins was nominated by the *Chronicle's* readership and selected for her success in public service as an elected official. She was chosen from hundreds of nominees and will be joining a group comprised of metro Detroit's most influential women. City Clerk Hawkins, a Certified Municipal Clerk, has worked in public administration for over 13 years. She holds an undergraduate degree in Communication from Oakland University and a master's degree from Eastern Illinois in political science with a specialization in public administration. Mrs. Hawkins was elected as Southfield's City Clerk in November of 2017. Public service has been a hallmark of Sherikia's life from the time she was very young. The daughter of a military veteran, she quickly understood the merits of selflessly contributing to a cause above and beyond one's household.

A firm believer in giving back, City Clerk Hawkins is involved in several civic organizations including, Sigma Gamma Rho Sorority Inc., The National Congress of Black Woman, The International Institute of Municipal Clerks, Women's Official Network, Michigan Municipal Association of Clerks and Oakland County Clerk's Association. She is also a member of the Cranbrook Village North Neighborhood Association. Sherikia's comprehensive involvement throughout the metropolitan area illustrates a strong commitment to the edification of all residents. As such, she was recognized as one of Oakland County's Elite 40 under 40 and Michigan Chronicle's 40 under 40.

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

The City of Southfield's 2017 Annual Report/Calendar won 'Award of Excellence' in the 29th annual Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA). This marked the third consecutive year that Southfield's signature marketing tool has received national recognition.

The award was announced on September 7 at the 3CMA Annual Conference in Anaheim, CA in the category of Photography - Published Multi-Image for communities in the population group 50,000-140,000. The City of Southfield's entry was one of almost 750 submitted from municipalities and counties from across the country. The competition judges commented that the publication is an "Attractive, informative calendar that is clearly valued by the community. The images are topnotch and the calendar is packed with great information to serve as a valuable resource for community information."

The Southfield 2017 Annual Report/Calendar was produced in-house by the City's Community Relations Department with the theme Southfield Spirit. 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.

City of Southfield

Letter of Transmittal

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 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.

COMMUNITY ENGAGEMENT, NEIGHBORHOODS, HOUSING & CURB APPEAL

Neighborhoods, Housing & Curb Appeal

Southfield residents have 74 home owners associations and 50 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 2017-18 fiscal year, five entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, over 70 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping from almost 160 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.

City of Southfield

Letter of Transmittal

Neighborhood Revitalization Initiative (NRI)

The City of Southfield has continued to experience great success with the Southfield Neighborhood Revitalization Initiative (NRI), LLC. The NRI is a partnership between the Southfield Nonprofit Housing Corporation (SNHC), 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.

The role and mission of the Southfield Neighborhood Revitalization Initiative is to stabilize Southfield's neighborhoods by acquiring and investing in tax-foreclosed properties and reducing the number of rentals in our neighborhoods. The City of Southfield was hit hard by the housing and economic collapse of 2008. As a result, a record number of foreclosures flooded Southfield, many of which were bought by investors and then turned in to rentals. Many of these properties have been neglected and were not registered as rentals with the city, which is required by ordinance. In an effort to maintain and improve Southfield's residential property values, the Southfield Neighborhood Revitalization Initiative was created in partnership with Southfield Non-profit Housing Corporation to accomplish this objective.

Foreclosed properties are seized by the county, not the city, which are then sold at auction to the highest bidder with no concern about their future use. The City of Southfield exercises its right of first refusal to purchase and rehabilitate (as needed) these properties to bring them up to market value. The Southfield Non-Profit Housing Corporation provides the capital to acquire the tax-foreclosed properties from Oakland County Treasurer's office and any necessary renovations are performed in conjunction with Habitat for Humanity of Oakland County. The rehabilitated homes are then listed on the Multiple Listing Service (MLS) and sold to qualified buyers as owner occupants. Any party interested in purchasing one of the NRI properties currently available should contact a local licensed real estate agent.

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 September 9, 11 and 12, 2017.

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 2018 with plans for even more outreach in 2019.

City of Southfield

Letter of Transmittal

Almost Home Animal Shelter Renovations

The City of Southfield recently completed extensive renovations on Almost Home Animal Rescue located at 25503 Clara Lane. Improvements were made to retrofit the facility to better suit the needs of the rescue.

Renovations to the facility included a complete overhaul of the kennel area as well as upgrades to the main office. Each kennel now includes privacy walls on each side along with doors leading to a covered and fenced outdoor area. With this new improvement, dogs can now go in and out of their kennels independently without leashes. The kennel area also received a brand-new epoxy floor, sanitary drains and freshly painted walls. Upgrades to the main office included a new floor, paint and drywall. In addition to the interior improvements, Almost Home received new sidewalks, outdoor dog runs and fencing. The outdoor area is also now equipped with concrete and sanitary drains for easy cleanup.

Almost Home Animal Rescue is a 501 (c)(3) no-kill animal rescue that also serves as the city of Southfield's animal shelter.

Mayor Siver's Big Rake Initiative

Mayor Kenson Siver, in partnership with Lowe's Home Improvement and Home Depot of Southfield, hosted The Big Rake on Saturday, November 4, 11, 18 and December 2, 2017 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 and Home Depot donated the paper yard waste bags for use at the events. Almost 300 volunteers helped to clear over 70 yards over the four work days.

AARP Age Friendly Community

Southfield Human Services and the Commission on Senior Adults (COSA) hosted an AARP Age Friendly Community kickoff event in May of 2016. The event served as the official launch of the city's campaign which 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.

The City has continued to make great strides towards achieving this designation with several additional public information and action plan meetings throughout FY2017-18 with plans for more activity to reach this goal.

City of Southfield

Letter of Transmittal

Southfield Community Coalition

The Southfield Community Coalition was established in 2015 as a non-profit organization comprised of neighborhood and condominium associations and residents citywide. The purpose of the Coalition is to strengthen existing associations throughout the city through information sharing on best practices and other resources. Additionally, the Coalition aims to unify Southfield by strengthening existing associations and helping to organize those neighborhoods without active associations. The Coalition is also a resource and advocate for all other Southfield residents, whether they rent or own a home, apartment or condo in the city.

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 has been successful in gaining new HOA and condo associations members throughout the past year. Additionally, they have held several very informative workshops and other public meetings designed to grow and strengthen homeowner and condo associations throughout the city. By sharing common concerns and best practices for successful associations, sponsoring forums on topics of community interest and increasing 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 also hosted their first annual Community Yard Sale last August to increase their financial position while also creating an exciting community event.

2017 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, 2017 and four qualified candidates were received. The candidate selected by the most votes was former school board member and current Southfield Community Coalition President Roger Goolsby.

The Southfield City Council confirmed the Total Living Commission's recommendation of Roger Goolsby as the 2017 recipient of the Greg Kennedy Community Service Award, which honors residents who are active in community service. Mayor Kenson Siver formally presented Mr. Goolsby with the Award at the Regular City Council meeting on December 18.

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.

City of Southfield

Letter of Transmittal

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 five recipients of the award, including: Samuel P. Havis in 2000; Jacqueline Nelson in 2001; Muriel Zweigel in 2003; and Jon Adams in 2016.

Zagster Bike Share Program

The City of Southfield, in partnership with Zagster, Inc., continued the new bike-share program that was introduced in June of 2016 to provide 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 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.

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.

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. 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.

Southfield 60th Anniversary Celebration

The City of Southfield is a community with a long and rich history. Well known for being diverse, inclusive, progressive and *the Center of It All™* — both the major business center and geographic center of southeast Michigan. The City of Southfield celebrated an important community milestone this year. On April 28, 2018, Southfield celebrated its 60th anniversary of incorporation as a city. The City of Southfield was officially incorporated in 1958 following a favorable incorporation vote and approval of a City Charter by local voters. Before that time, Southfield was largely an undeveloped township of approximately 15,000 residents.

City of Southfield

Letter of Transmittal

Today, Southfield has grown to be one of the premier business and residential addresses in Michigan. With a residential population of over 73,000, and a daytime population of more than 175,000, Southfield is truly the business and residential *Center of It All™*. Few other metropolitan areas can boast such a beautiful skyline, replete with magnificent skyscrapers and high rises located just minutes away from quaint, tree-lined neighborhoods.

The City of Southfield hosted the 60th Anniversary Community Celebration on Sunday, April 29, 2018 at the Southfield Municipal Campus to commemorate this historic milestone. Attendees were welcomed with food, fun and entertainment for the whole family including free admission, parking and all activities.

The Passport to Southfield program took place in the Southfield Pavilion where guests were able to visit with city departments, neighborhood associations and community groups to learn more about our unique and vibrant community. Every attendee that received five or more stamps on their passport were given a special 60th anniversary swag bag full of fun and useful items. There were also activities to keep the kids entertained in the Pavilion including free face painting, a caricature artist, stilt walker who also made balloon animals, and of course anniversary cake and cupcakes. Additionally, a free commemorative Southfield 60th Anniversary coloring book, sponsored by the City Centre Advisory Board, was available for children young and old to color and enjoy.

The celebration continued on the city hall front lawn with the Windjammers professional kite flying team demonstrating their amazing techniques. The front lawn activities also included strolling performers such as clowns, more face painters, caricature artists, rock climbing tower and live entertainment provided by the Main Element Motown Band. Delicious food and drink were available for purchase from some of the area's best food trucks, including Bigalora wood-fired pizzas; SoupDive soups and salads; and Hero or Villain Deli featuring a wide variety of gourmet sandwiches. Children's activities included a number of inflatables from a giant obstacle course to a fun bounce house. Free ice skating was available in the Southfield Sports Arena as well. The Southfield Fire Department offered tours of the Fire Safety House, a fire truck and EMS unit in the circle drive in front of the Southfield Public library. The Southfield Police Department was also on hand with police cruiser displays, the Mobile Command Unit and the Police Department's K-9 Division will conduct demonstrations. It was a celebration 60 years in the making and the event was very well received and attended by the community.

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.

City of Southfield

Letter of Transmittal

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.

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 350 tons of cold patch in repairing pot holes. Last winter, the City went through more than 480 tons of cold patch. Southfield also established a special hotline (248-796-4000) to report potholes.

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

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 2017-18, 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.

City of Southfield

Letter of Transmittal

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 relocation of the Northland Bus Transit Center. The DDA has also continued to work with the thriving St. John Providence Hospital campus, which has invested more than \$45 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 became part of Ascension, the largest Catholic health system in the world and the largest non-profit health system in the United States with facilities in 23 states and the District of Columbia. Ascension'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. Thomson Reuters recognizes hospitals that achieve or exceed national benchmark scores for hospital-wide performance. Providence was the only hospital in Michigan to be selected in the Major Teaching Hospital category of Thomson's 100 Top Hospital's list, marking Providence's fifth appearance on the list. Providence was also one of only 23 hospitals in the country to be named a winner of a Thomson's Everest Award. The award honors an elite special group of national award winners who 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.

City of Southfield

Letter of Transmittal

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 Fire Department received a Class 2 rating in the latest Public Protection Classification (PPC) program sponsored by the Insurance Services Office (ISO). Southfield previously held a Class 3 rating.

Southfield joins just four other cities in Michigan with a Class 2 rating. The new rating, which took effect May 1, 2018, places Southfield in the top 0.5 percent of 1,887 rated Michigan communities and the top four percent of the entire nation.

ISO's Public Protection Classification (PPC) program helps to establish fire insurance premiums for residential and commercial properties by analyzing relevant data using a Fire Suppression Rating Schedule. Classifications are assigned from 1 to 10, with Class 1 representing exemplary public protection and Class 10 indicating that a municipality's fire protection program doesn't meet minimum standards.

The Class 2 rating for Southfield's Fire Department may lower insurance rates for property owners in both Southfield and Lathrup Village, where the Department also provides full fire and EMS service. Insurance policy holders for properties within the Southfield Fire Department's service area can contact their insurance provider to determine how the new classification may impact premiums.

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

Letter of Transmittal

Violent crime and property crimes are on the decline throughout Southfield according to new statistics recently released by the FBI. According to the data, Southfield had 151 violent crimes last year, which was 44 fewer than in 2016 and a decrease of 22.56 percent. Research shows that the drop is largely due to the proactive relationship between the Police Department and Southfield residents. Property crime in Southfield also decreased last year. According to the data, in 2016, there were 2,158 property crimes reported in Southfield. In 2017, there were 2,032 property crimes reported – representing a 5.83 percent decrease. Another significant decrease was in the robbery category. In 2016, there were 52 robberies in Southfield, while in 2017, there were 37 – representing 28.84 percent decrease.

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, continued to sponsor 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.

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

Letter of Transmittal

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.

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 of Southfield also invested more than \$2.5 million to extensively renovate and modernize the Beech Woods Recreation Center, located at 22200 Beech Road, over the last year. These improvements have made the recreation center ADA compliant and include modern updates that greatly enhance the facility.

Renovations began September 1, 2017 and concluded in late March of 2018. Improvements for the recreation center included a new elevator, renovated office space and lobby, new gymnasium flooring, updated locker rooms and an expanded wellness center. Beech Woods Recreation Center is the home of the southeast Michigan Jr. wheelchair basketball program—making the new elevator a welcome addition.

Recreation programs and offices were temporarily relocated to the John Grace Community Center during the renovation. The Southfield City Council approved a \$2.5 million budget for renovations in January of 2017. The Southfield Parks & Recreation Department also received a Recreation Passport Grant, state-funded through the sale of recreation passports, that will help fund phase two of the project. Phase two will consist of repairing the handicap-accessible ramp that provides access to the picnic area of Beech Woods from the upper level of the recreation center and improving the picnic area of the park.

The City of Southfield held a ribbon cutting ceremony to celebrate the completion of the Pebble Creek Park (26355 American Drive) play area renovation on October 27, 2017.

The former play equipment at Pebble Creek was over 20 years old and in need of replacement. The City successfully applied for a \$100,000 matching grant from the Land and Water Conservation Fund through the Michigan Department of Natural Resources.

City of Southfield

Letter of Transmittal

Environmental Consulting & Technology, Inc. assisted in the design of the playlot and Rolar Property Services was the main contractor for the project. The playlot equipment was purchased from Playworld Play Equipment, a recognized leader in innovative commercial playground equipment. The new play structures meet all standards for access and safety, including a rubberized "mat" that completely surrounds the structure.

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, 2017 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 2,300 visitors daily. During these difficult economic times, the Library has grown in importance as a source of information and entertainment for families who increasingly find themselves with 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.

City of Southfield

Letter of Transmittal

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 250 students from 12 different schools and numerous coaches participating in 2017. Several other library programs such as the Jazz & Blues series, Poetry, Pages & Scribes and the Local Author Book Fairs also continue to be very popular.

Diverse Community and International City

Southfield remains a model of multiculturalism as the home to large concentrations of African-American, Armenian, Chaldean (Catholic Iraqi), Jewish, Korean and Russian Orthodox residents. Southfield is one of the most diverse communities in Michigan and perhaps the Midwest. Its large international business population, including significant numbers of Asian, Middle Eastern, African and European businesses, helps position it as a cosmopolitan center. Japanese businesses are prominent in the community, over 50 in total, including the North American headquarters of Denso International, Toyota Industries, Panasonic Automotive Electronics, Mitsubishi International and Mitsui & Co., among others. Southfield is also the corporate home of Wagon Engineering, an English-based division of Wagon Automotive; as well as Autoliv Electronics America, a Swedish corporation; and ThyssenKrupp, a German steel conglomerate.

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

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

Southfield's modern infrastructure, diverse mix of residential and business cultures, focus on beautification and appearance and excellent City services have created a statewide model of a successful community that has helped to provide a solid foundation for the City's continued long-term sustainability.

City of Southfield

Letter of Transmittal

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

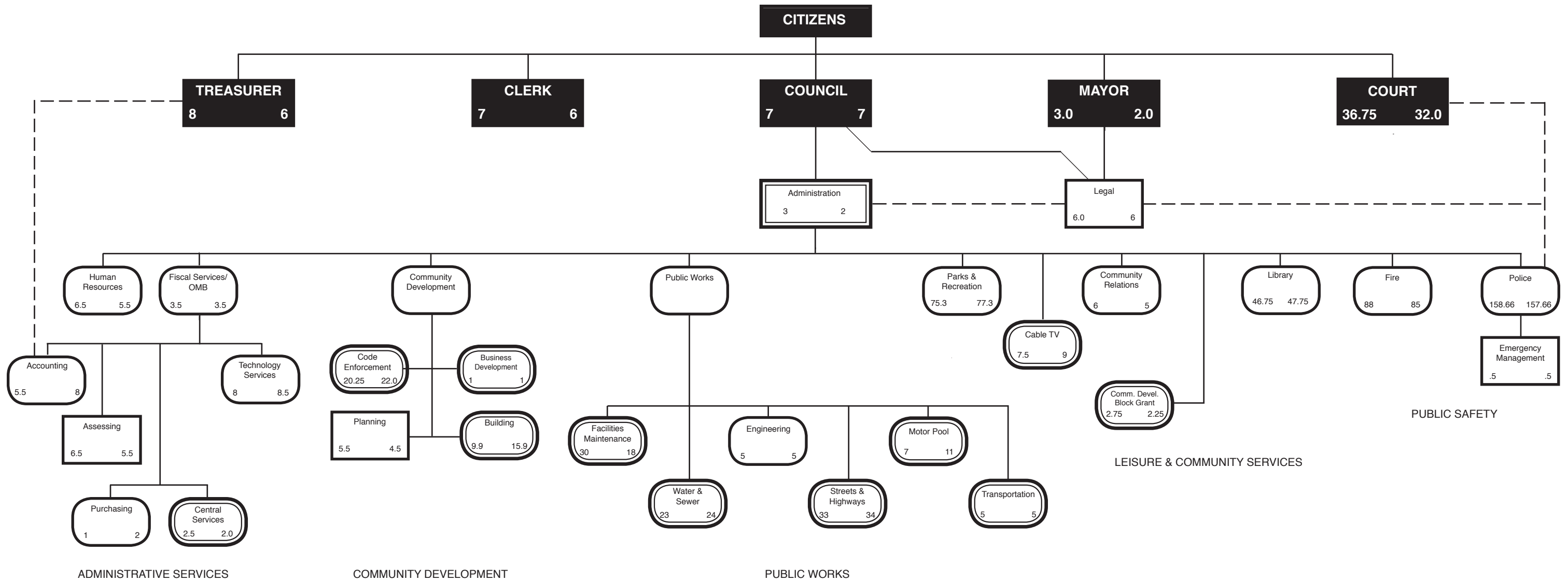
The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality. Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's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

Respectfully submitted,



Frederick E. Zorn, Jr., CEcD
City Administrator

Organizational Chart



Number to left of department gives 2016-17 filled positions;
number to right gives 2017-18 complement.

Approved Total 2016-17: 629.36
Approved Total 2017-18: 620.86

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, 2018

-MAYOR-

Kenson J. Siver

-CITY COUNCIL-

Daniel Brightwell, President

Myron Frasier

Lloyd Crews

Donald F. Fracassi

Michael Ari Mandelbaum

Tawnya Morris

Linnie Taylor

-CITY CLERK-

Sherikia L. Hawkins

-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, 2018 and the related notes to the financial statements, which collectively comprise the City of Southfield, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan as of June 30, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Mayor and City Council
City of Southfield, Michigan

Emphasis of Matter

As described in Note 17 to the financial statements, during the year ended June 30, 2018, the City adopted new accounting guidance of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes accounting and financial reporting standards for other postemployment benefit plans provided to the employees of governmental entities. Our opinion is not modified with respect to this matter.

As demonstrated in Note 3, the financial statements include investments valued at approximately \$101,000,000 (26 percent of net assets of the pension and other postemployment benefits trust funds) at June 30, 2018, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by investment managers, general partners, financial advisors, and other means.

Other Matters

Required Supplemental Information

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

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion 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 schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them. The City has included most, but not all, of the information required by GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

To the Mayor and City Council
City of Southfield, Michigan

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 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

December 18, 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, 2018. 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 \$211.2 million from \$140.9 million to \$(70.3) million. This is primarily attributable to the implementation of GASB 75 (see note 17).
- Governmental activities net position decreased by \$206.5 million to \$(162.1) million.
- Business-type activities net position decreased by \$4.7 million to \$91.8.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$116.3 million, with \$13.4 million being non-spendable, \$59.8 million being restricted, \$20.5 million being committed for specific purposes and \$22.7 million being allocated between assigned or unassigned.
- The fiscal year 2018 governmental funds combined ending fund balance reflects an increase of \$29.1 million from the prior fiscal year. This combined increase is made up of an increase in the General Fund ending balance of \$3.1 million, a decrease in the Major Streets ending fund balance of \$0.2 million, an increase in the Road Bond Construction fund in the amount of \$28.1 million, and an increase in the Special Assessment Construction fund of \$0.3 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 general increase in overall revenues of approximately \$2.4 million while decreasing overall expenditures by approximately \$0.2 million. The increases in the Major fund balance was primarily due to an increase in state funding of \$3.2 million, offset by increased road construction costs of \$2.1 million and reduced transfers in. The increase in the Road Bond Construction fund was due to issuing bond debt of approximately \$31 million offset by a myriad of projects that have been started and or completed this fiscal year. The increase in the Special Assessment Construction fund is due to additional assessments attributable to the City Centre district and reduced capital expenditures.

Capital and Long-term Debt Activities:

- The City's statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$242.1 million. The City is \$179.8 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 2018. 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, 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 \$211.2 million over the course of this fiscal year's operations. The position of the governmental activities decreased in the amount of \$206.5 million; the net position of the business-type activities decreased by \$4.7 million.

The following is a condensed Statement of Net Position for the period ending June 30, 2018:

	Net Position					
	June 30, 2018					
	(in millions of dollars)					
	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 152.7	\$ 124.5	\$ 12.6	\$ 16.3	\$ 165.3	\$ 140.8
Capital assets	159.2	152.0	105.7	102.9	264.9	254.9
Other long term assets	1.4	1.4			1.4	1.4
Total assets	<u>313.3</u>	<u>277.9</u>	<u>118.3</u>	<u>119.2</u>	<u>431.6</u>	<u>397.1</u>
Deferred outflows	31.0	21.5	0.9	0.8	31.9	22.3
LIABILITIES						
Current liabilities	7.0	10.6	3.1	8.9	10.1	19.5
Other liabilities	<u>486.1</u>	<u>243.7</u>	<u>23.9</u>	<u>14.5</u>	<u>510.0</u>	<u>258.2</u>
Total liabilities	<u>493.1</u>	<u>254.3</u>	<u>27.0</u>	<u>23.4</u>	<u>520.1</u>	<u>277.7</u>
Deferred Inflow	13.3	0.7	0.4	0.1	13.7	0.8
NET POSITION						
Net investment in capital assets	101.0	95.7	98.9	93.8	199.9	189.5
Restricted	25.2	30.0			25.2	30.0
Unrestricted	<u>(288.3)</u>	<u>(81.3)</u>	<u>(7.1)</u>	<u>2.7</u>	<u>(295.4)</u>	<u>(78.6)</u>
Total Net Position	<u>\$ (162.1)</u>	<u>\$ 44.4</u>	<u>\$ 91.8</u>	<u>\$ 96.5</u>	<u>\$ (70.3)</u>	<u>\$ 140.9</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, 2018
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues						
Charges for services	\$ 22.0	\$ 20.3	\$ 44.2	\$ 42.8	\$ 66.2	\$ 63.1
Grants and contributions	13.5	12.0			13.5	12.0
General revenues						
Property taxes	64.5	64.5			64.5	64.5
Unrestricted state shared	8.1	7.6			8.1	7.6
Unrestricted investment earnings (loss)	1.8	0.3			1.8	0.3
Other	0.5	2.1			0.5	2.1
Total revenues	<u>110.4</u>	<u>106.8</u>	<u>44.2</u>	<u>42.8</u>	<u>154.6</u>	<u>149.6</u>
EXPENSES						
General government	15.1	17.9			15.1	17.9
Public safety	68.1	65.7			68.1	65.7
Highway and streets	14.5	12.2			14.5	12.2
Public services	3.0	2.7			3.0	2.7
Sanitation	2.5	2.8			2.5	2.8
Community improvement	0.5	0.6			0.5	0.6
Social services	2.5	2.0			2.5	2.0
Culture and recreation	12.8	17.9			12.8	17.9
Water and sewer			41.6	42.1	41.6	42.1
Interest on long term debt	2.2	2.4			2.2	2.4
Total expenses	<u>121.2</u>	<u>124.2</u>	<u>41.6</u>	<u>42.1</u>	<u>162.8</u>	<u>166.3</u>
Increase (decrease) in net position	(10.8)	(17.4)	2.6	0.7	(8.2)	(16.7)
Beginning net position, as restated	<u>(151.3)</u>	<u>61.8</u>	<u>89.2</u>	<u>95.8</u>	<u>(62.1)</u>	<u>157.6</u>
Ending net position	<u>\$ (162.1)</u>	<u>\$ 44.4</u>	<u>\$ 91.8</u>	<u>\$ 96.5</u>	<u>\$ (70.3)</u>	<u>\$ 140.9</u>

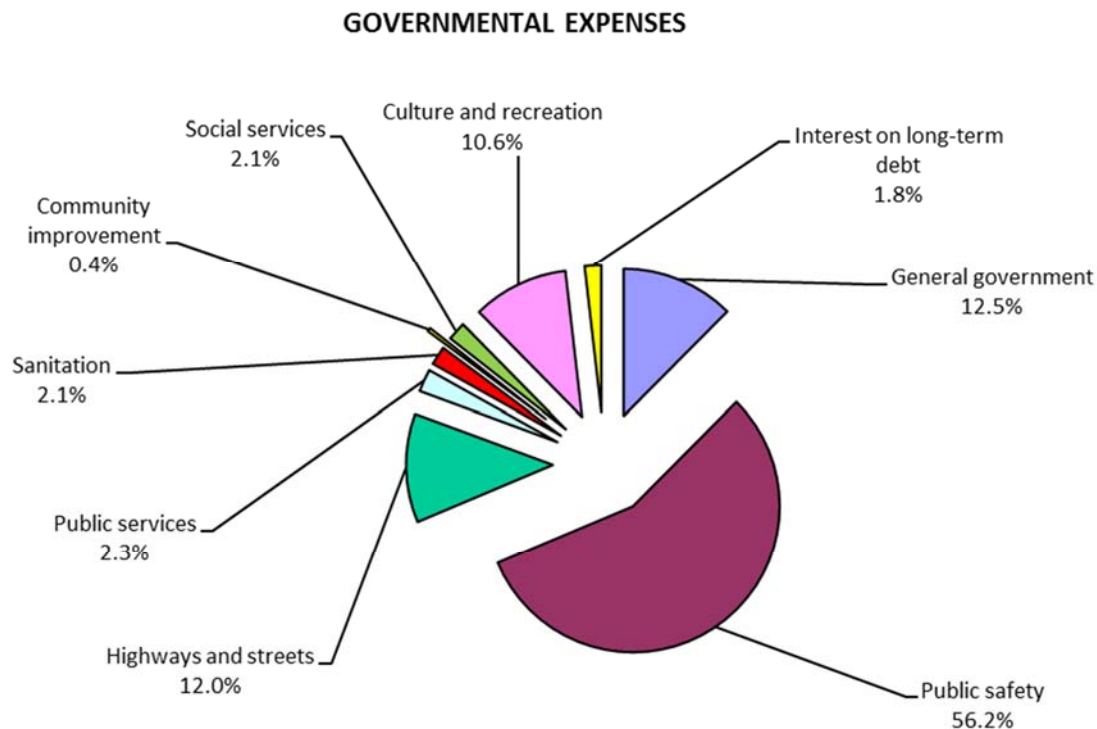
City of Southfield

Management’s Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2018 fiscal year’s governmental activity was a decrease of \$10.8 million and an ending net position balance of \$(162.1) million. Of this total, \$101.0 million is the net investment in capital assets, \$25.2 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the government. The balance of \$(288.3) million is listed as unrestricted, having no legal commitment.

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



Governmental activity expenses for the fiscal year decreased by \$3.0 million. Public safety continues to be the largest governmental activity, expending \$68.1 million of the governmental activities total expenses of \$121.2 million. It comprises 56.2% of total governmental expenses. This category increased by \$2.4 million. General government is the second largest governmental activity with a total expense of \$15.1 million, expending 12.5% of total governmental expenses. This activity decreased by \$2.8 million. Highways and Streets is the third largest governmental activity with total expenses of \$14.5 million, expending 12.0% of total governmental expenses. This activity increased by \$2.3 million. These three categories comprised 79.3% of total governmental activity expenses.

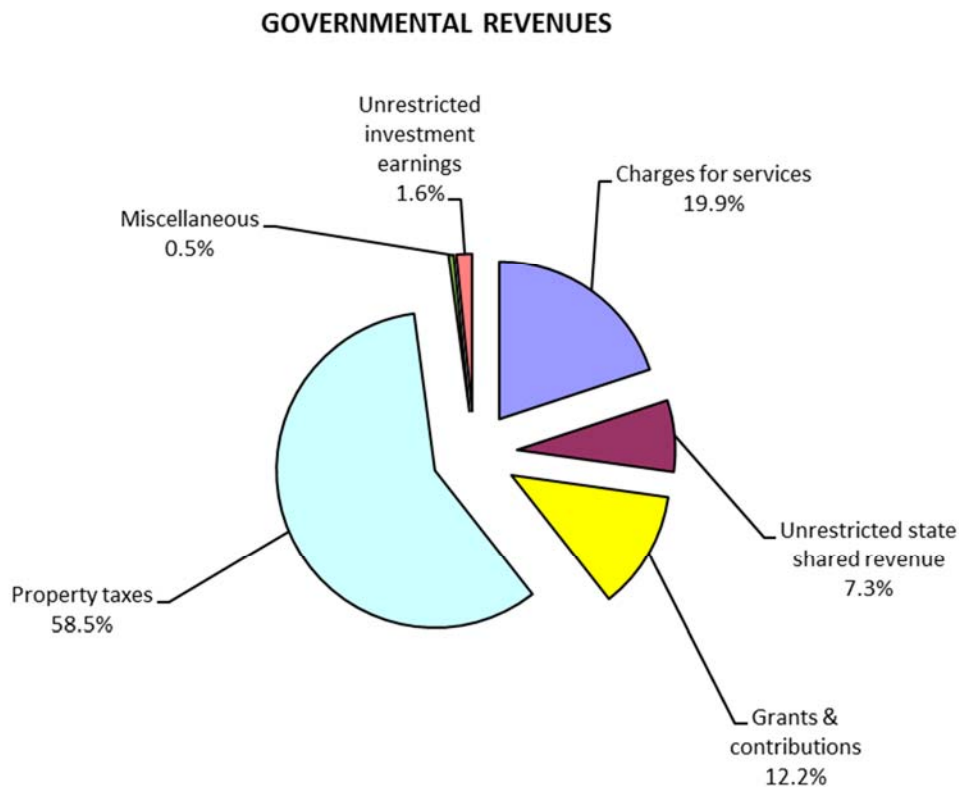
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

In total, governmental revenue had a net increase in fiscal year 2018 by \$3.6 million. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 26.4231 mills. Property tax revenue generated \$64.5 million in 2018, consistent with the prior year. It represented 58.5% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue at \$22.0 million. It represented 19.9% of all available sources of revenue for governmental activities. This source increased by \$1.7 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 7.3% increasing \$0.5 million to \$8.1 million. The Grants and contributions figure represents 12.2% of all available sources of revenue and increased \$1.5 million. Approximately 98% 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 decreased by \$4.7 million during fiscal year 2018. Overall, charges for services increased from 2017 by \$1.4 million. Operating expenses decreased by \$0.5 million.

Of the total \$91.8 million of net position in the business type activities, \$(7.1) million is reported as unrestricted.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

General Fund

The General Fund is the central operating fund of the City of Southfield. Unless otherwise required by statute, contractual agreement or policy, all revenues and expenditures are recorded in the General Fund. As of June 30, 2018, the General Fund reported a fund balance of \$49.1 million. This amount is an increase of \$3.1 million from the prior June 30. Of the total fund balance, \$13.3 million is non-spendable, \$1.0 million is restricted, \$19.5 million is committed and \$15.2 being allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was amended from the originally adopted budget of \$67.9 million to a final budget amount of \$69.7 million. General Fund revenue totaled \$71.3 million. Charges for services exceeded budget projections by \$1.9 million with actual revenues being reported as \$5.4 million. Fees for Licenses and permits exceeded budget projections by \$1.5 million with actual revenues being reported as \$4.1 million. State shared revenue exceeded conservative budget projections of \$7.4 million by \$0.9 million resulting in actual revenue of \$8.3 million reported.

The General Fund expenditure budget was increased for several purposes during fiscal year 2018 including encumbrances of \$12.8 million, primarily for the redevelopment of Northland, to a final budget of \$85.0 million. Actual expenditures for fiscal year 2018 were \$66.5 million which was \$18.4 million under budget.

In summary, the fiscal year 2018 final amended budget anticipated using \$15.2 million of prior year's fund balance. The actual net change in fund balance was an increase of \$3.1 million; 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, 2018, the Major Streets fund reported a fund balance of \$0.2 million. This amount is a decrease of \$0.2 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 not amended from the originally adopted budget of \$5.6 million. Actual Major Streets revenue totaled \$10.0 million.

The Major Streets fund expenditure budget was increased for encumbrances in the amount of \$6.5 million and Council approved adjustments of \$75,000 during fiscal year 2018 for a final budget of \$24.4 million. Actual expenditures for fiscal year 2018 were \$15.5 million which was \$8.9 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 2018 final amended budget anticipated using \$6.5 million of prior year's fund balance. The actual net change in fund balance was a decrease of \$0.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2018, the City of Southfield and its component units had invested \$265.1 million, net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$10.0 million from 2017. Refer to Note 6 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2018, the City of Southfield had \$94.5 million and \$6.8 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 2018, unemployment in the City was 4.1%, compared to 4.9% at September 2017. Unemployment in the State of Michigan was 4.0% and 4.3% at September 2018 and 2017. Unemployment in Oakland County was 3.0% and 3.4% at September 2018 and 2017. 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.

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City of Southfield
Government-Wide Statement of Net Position
June 30, 2018

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3)	\$ 55,349,327	\$ 1,308,747	\$ 56,658,074	\$ 10,342,511
Investments (Note 3)	28,894,229	600,288	29,494,517	5,457,217
Receivables, net (Note 5)	6,303,845	15,884,634	22,188,479	174,254
Special assessments	1,420,568		1,420,568	
Property investments			-	15,000
Prepays and other assets	2,203,347	7,411	2,210,758	124,698
Internal balances (Note 8)	5,431,506	(5,431,506)	-	
Due from primary government			-	2,753
Due from component units	48,938		48,938	
Due from other governmental units	665,163		665,163	
Land held for resale	12,221,761		12,221,761	
Inventory	631,634	245,176	876,810	
Restricted assets: (Note 4)				
Cash and cash equivalents	35,435,227		35,435,227	
Investments	4,086,600		4,086,600	
Receivables, net	29,483		29,483	
Long-term advances to component units (Note 8)	1,401,387		1,401,387	
Capital assets: (Note 6)				
Non-depreciable	17,055,425	1,946,638	19,002,063	
Depreciable-net	142,138,892	103,798,776	245,937,668	178,920
Total assets	<u>313,317,332</u>	<u>118,360,164</u>	<u>431,677,496</u>	<u>16,295,353</u>
Deferred Outflows of Resources				
Deferred charges on refunding	611,596		611,596	
Related to Pensions	10,118,007	372,012	10,490,019	6,641
Related to OPEB	20,264,940	572,954	20,837,894	
LIABILITIES				
Accounts payable and other				
current liabilities	5,528,021	3,081,021	8,609,042	84,288
Interest payable	355,147	41,541	396,688	
Due to primary government			-	48,938
Due to component units	2,753		2,753	
Liabilities to be paid from restricted assets	1,141,330		1,141,330	
Noncurrent liabilities:				
General insurance & workers' compensation accrual (Note 9)	2,107,513		2,107,513	
Due to other governmental units		3,730,336	3,730,336	1,547,629
Long-term advances from primary government (Note 8)			-	1,401,387
Due within one year (Note 7)	10,503,040	2,374,851	12,877,891	9,856
Due in more than one year (Note 7)	91,255,309	4,718,394	95,973,703	17,521
Net pension liability (Note 11)	103,124,639	3,852,673	106,977,312	130,216
Net OPEB liability (Note 12)	279,024,954	9,243,225	288,268,179	
Total liabilities	<u>493,124,581</u>	<u>27,042,041</u>	<u>520,166,622</u>	<u>3,239,835</u>
Deferred Inflows of Resources				
Related to Pensions	748,590	80,450	829,040	2,330
Related to OPEB	12,553,442	352,213	12,905,655	
NET POSITION				
Net investment in capital assets	101,005,048	98,951,625	199,956,673	178,920
Restricted:				
Right-of-way funds/				
metro authority and sanitation	1,000,439		1,000,439	
Highways and streets	7,350,426		7,350,426	
Cable PEG fees	281,831		281,831	
Culture and recreation	11,012,204		11,012,204	
Community improvement	1,150,932		1,150,932	
Social services	31,024		31,024	
Grants (other)	158,474		158,474	
Public safety	694,972		694,972	
Debt service	2,054,965		2,054,965	
Capital projects	948,843		948,843	
Claims	522,004		522,004	
Unrestricted	(288,325,900)	(7,121,199)	(295,447,099)	12,880,909
Total net position	<u>\$ (162,114,738)</u>	<u>\$ 91,830,426</u>	<u>\$ (70,284,312)</u>	<u>\$ 13,059,829</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, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Governmental
					Governmental Activities	Business-type Activities	Total	Component Units
Functions/programs								
Primary government:								
Governmental activities:								
General government	\$ 15,004,501	\$ 3,355,275			\$ (11,649,226)		\$ (11,649,226)	
Public safety	68,115,664	9,613,579	\$ 1,395,103		(57,106,982)		(57,106,982)	
Highways and streets	14,584,864	1,300,000	9,815,314		(3,469,550)		(3,469,550)	
Public services	2,970,380	1,315,538			(1,654,842)		(1,654,842)	
Sanitation	2,549,858	2,675,041			125,183		125,183	
Community improvement	535,271	541,309	452,134	\$ 14,250	472,422		472,422	
Social services	2,482,797		1,685,399		(797,398)		(797,398)	
Culture and recreation	12,812,976	3,160,789	88,117	100,000	(9,464,070)		(9,464,070)	
Interest on long-term debt	2,176,109				(2,176,109)		(2,176,109)	
Total governmental activities	<u>121,232,420</u>	<u>21,961,531</u>	<u>13,436,067</u>	<u>114,250</u>	<u>(85,720,572)</u>		<u>(85,720,572)</u>	
Business-type activities:								
Water and sewer	41,557,721	44,183,759				\$ 2,626,038	2,626,038	
Total primary government	<u>\$ 162,790,141</u>	<u>\$ 66,145,290</u>	<u>\$ 13,436,067</u>	<u>\$ 114,250</u>			<u>(83,094,534)</u>	
Component units activities:								
Governmental	<u>\$ 2,534,750</u>	<u>\$ -</u>	<u>\$ 1,586,378</u>	<u>\$ -</u>				<u>\$ (948,372)</u>
General revenues:								
Property taxes					64,459,301		64,459,301	1,180,552
Unrestricted state shared revenues					8,130,949		8,130,949	
Unrestricted investment earnings					1,114,275	47,455	1,161,730	300,865
Unrestricted investment earnings, fair value					705,968	(44,854)	661,114	(155,146)
Miscellaneous					540,828	18,496	559,324	57,153
Total general revenues and transfers					<u>74,951,321</u>	<u>21,097</u>	<u>74,972,418</u>	<u>1,383,424</u>
Change in net position					(10,769,251)	2,647,135	(8,122,116)	435,052
Net position, as restated - beginning					(151,345,487)	89,183,291	(62,162,196)	12,624,777
Net position - ending					<u>\$ (162,114,738)</u>	<u>\$ 91,830,426</u>	<u>\$ (70,284,312)</u>	<u>\$ 13,059,829</u>

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

City of Southfield
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds				Non-Major Funds	
	General	Major Streets	Road Bond Construction	Special Assessment Construction	Other Governmental	Total Governmental
ASSETS						
Cash and cash equivalents (Note 3)	\$ 21,964,765	\$ 1,285,154	\$ 32,686,705	\$ 2,882,659	\$ 17,502,442	\$ 76,321,725
Investments (Note 3)	8,644,345	111,702	4,086,600		13,039,508	25,882,155
Receivables, net (Note 5)	3,500,121	1,210,047	29,483	9,269	1,456,722	6,205,642
Special assessments				1,420,568		1,420,568
Prepays	842,490				71,434	913,924
Due from other funds (Note 8)	4,304,354	26,660			166,408	4,497,422
Due from component units	1,919				47,019	48,938
Due from other governmental units					665,163	665,163
Land held for resale	12,221,761					12,221,761
Inventories	237,873					237,873
Restricted assets: (Note 4)						
Cash and cash equivalents					37,130	37,130
Investments						
Total assets	<u>\$ 51,717,628</u>	<u>\$ 2,633,563</u>	<u>\$ 36,802,788</u>	<u>\$ 4,312,496</u>	<u>\$ 32,985,826</u>	<u>\$ 128,452,301</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 850,396	\$ 1,753,288	\$ 1,141,330	\$ 121,474	\$ 811,120	\$ 4,677,608
Accrued payroll	726,696				134,998	861,694
Due to other funds (Note 8)	330,810	475,858			1,044,965	1,851,633
Due to component units	2,753					2,753
Other short-term liabilities	299,072	1,099			66,544	366,715
Advances from local improvement revolving fund (Note 8)				1,521,258	762,162	2,283,420
Total liabilities	<u>2,209,727</u>	<u>2,230,245</u>	<u>1,141,330</u>	<u>1,642,732</u>	<u>2,819,789</u>	<u>10,043,823</u>
Deferred inflows of resources - unavailable (Note 5)	423,391	171,198	-	1,429,837	77,694	2,102,120
Fund balances: (Note 14)						
Non-spendable	13,302,124				71,434	13,373,558
Restricted	1,000,439	232,120	35,661,458	248,221	22,627,824	59,770,062
Committed	19,542,663				920,433	20,463,096
Assigned	348,733			991,706	6,468,652	7,809,091
Unassigned	14,890,551					14,890,551
Total fund balances	<u>49,084,510</u>	<u>232,120</u>	<u>35,661,458</u>	<u>1,239,927</u>	<u>30,088,343</u>	<u>116,306,358</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 51,717,628</u>	<u>\$ 2,633,563</u>	<u>\$ 36,802,788</u>	<u>\$ 4,312,496</u>	<u>\$ 32,985,826</u>	<u>\$ 128,452,301</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, 2018

Fund balance for governmental activities	\$ 116,306,358
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.	154,109,365
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,102,120
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	9,939,869
Deferred outflows from the difference between projected and actual investment earnings of the opeb plan and changes in actuarial assumptions are not reported in the funds	19,746,752
Accrued interest payable on governmental debt is recorded in the statement of activities	(355,147)
Deferred charges on bond refunding are amortized over the related bond terms and are not reported in the funds	611,596
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(94,499,453)
Compensated absences	(6,922,545)
Michigan tax tribunal liability is not reported in the funds	(27,812)
Other post-employment benefits (OPEB) liabilities are not reported in the funds	(270,665,232)
Deferred inflows from the difference between expected and actual experience of the total pension plan are not reported in the funds	(666,121)
Deferred inflows from the difference between expected and actual experience of the total other post-employment benefits (OPEB) plan are not reported in the funds	(12,234,897)
Net pension liabilities are not due and payable in the current period and are not reported in the funds	(100,233,833)
Internal service funds are used by management to charge the costs of maintaining facilities equipment and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>20,674,242</u>
Government-wide net position of governmental activities	<u>\$ (162,114,738)</u>

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

City of Southfield

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2018

	Major Funds				Non-Major Funds	
	General	Major Streets	Road Bond Construction	Special Assessment Construction	Other Governmental	Total Governmental
REVENUES						
Property taxes	\$ 44,921,514	\$ 271,910			\$ 19,637,042	\$ 64,830,466
Special assessments				\$ 822,754	325,131	1,147,885
Charges for services	5,386,777	650,000			2,916,147	8,952,924
Sanitation	2,675,041					2,675,041
Licenses and permits	4,073,723					4,073,723
Fines and forfeitures	3,066,118				104,743	3,170,861
Federal forfeitures					189,393	189,393
Cable franchise fees	1,447,773				894,640	2,342,413
Intergovernmental:						
Federal	161,289	36,090			2,221,905	2,419,284
State	8,284,624	7,147,880			2,338,842	17,771,346
Other	689,139	1,524,641				2,213,780
Contributions and donations				14,250	331,358	345,608
Investment earnings	412,270	5,135	\$ 121,929	7,773	803,782	1,350,889
Change in fair value of investments	(206,649)	180,339	(72,864)		444,335	345,161
Other	407,693	196,539		10,139	221,231	835,602
Total revenues	71,319,312	10,012,534	49,065	854,916	30,428,549	112,664,376
EXPENDITURES						
Current:						
General government	9,143,756				50,070	9,193,826
Public safety	49,016,803				192,817	49,209,620
Highways and streets		4,657,350	118,907		3,374,481	8,150,738
Public services	2,457,165					2,457,165
Sanitation	2,549,858					2,549,858
Community improvement					535,271	535,271
Social services					1,773,621	1,773,621
Culture and recreation					11,916,827	11,916,827
Insurance and bonds	127,107					127,107
Support services	2,681,503					2,681,503
Other					4,088	4,088
Capital outlay	180,573	9,540,128	2,135	401,908	7,109,109	17,233,853
Debt service:						
Principal retirement	330,000	1,130,000			6,888,847	8,348,847
Interest and fiscal charges	40,406	172,515			1,987,006	2,199,927
Total expenditures	66,527,171	15,499,993	121,042	401,908	33,832,137	116,382,251
Excess (deficiency) of revenues over (under) expenditures	4,792,141	(5,487,459)	(71,977)	453,008	(3,403,588)	(3,717,875)
OTHER FINANCING SOURCES (USES)						
Transfers in	222,750	5,239,838	50,000	23,562	6,004,262	11,540,412
Par amount of long-term debt (Note 8)			30,885,000			30,885,000
Premium on bond issuance			1,971,817			1,971,817
Transfers out	(1,873,108)		(4,726,915)	(180,919)	(4,759,470)	(11,540,412)
Total other financing sources (uses)	(1,650,358)	5,239,838	28,179,902	(157,357)	1,244,792	32,856,817
Net change in fund balances	3,141,783	(247,621)	28,107,925	295,651	(2,158,796)	29,138,942
Fund balances - beginning	45,942,727	479,741	7,553,533	944,276	32,247,139	87,167,416
Fund balances - ending	\$ 49,084,510	\$ 232,120	\$ 35,661,458	\$ 1,239,927	\$ 30,088,343	\$ 116,306,358

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, 2018

Net change in fund balances – total governmental funds	\$ 29,138,942
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	17,567,406
Depreciation expense	(10,068,562)
Net book value of assets disposed of	(370,034)
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	(2,201,210)
Change in accrued interest payable on long-term debt is not reported as expenditures in governmental funds	30,188
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.	7,273
Change in Michigan tax tribunal contingency is not reported as expenditures in governmental funds	11,949
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.	8,348,847
Proceeds from long-term debt including premium are reported as revenue in the governmental funds	(32,856,817)
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	(16,176,272)
The change in the net pension liability related does not require the use of current resources and is not reported in the governmental funds	(3,869,241)
The change in deferred inflows and outflows related to opeb does not require the use of current resources and is not reported in the governmental funds	7,252,029
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	(10,099,051)
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.	2,247,106
Change in net position government-wide statement of governmental activities	<u>\$ (10,769,251)</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, 2018

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 1,308,747	\$ 11,714,307
Investments (Note 3)	600,288	7,098,674
Receivables, net (Note 5)	15,884,634	127,686
Prepays and other assets	7,411	1,289,423
Due from other funds (Note 8)		2,785,717
Inventory	245,176	393,761
Total current assets	<u>18,046,256</u>	<u>23,409,568</u>
Noncurrent assets:		
Restricted assets: (Note 4)		
Cash and cash equivalents		2,711,392
Long-term advances to other funds (Note 8)		2,283,420
Long-term advances to component units (Note 8)		1,401,387
Capital assets: (Note 6)		
Construction in progress	1,946,638	
Infrastructure	196,518,827	
Equipment and intangibles	3,386,728	23,734,202
Less accumulated depreciation	(96,106,779)	(18,649,250)
Net capital assets	<u>105,745,414</u>	<u>5,084,952</u>
Total noncurrent assets	<u>105,745,414</u>	<u>11,481,151</u>
Total assets	<u>123,791,670</u>	<u>34,890,719</u>
Deferred Outflows of Resources		
Related to Pensions	372,012	178,138
Related to OPEB	572,954	518,188
LIABILITIES		
Current liabilities:		
Accounts payable	3,052,310	754,766
Deposits and escrow	10,000	
Accrued payroll	18,711	8,568
Interest payable	41,541	
Due to other funds (Note 8)	5,431,506	
Accrued compensated absences-due within 1 year (Note 7)	107,803	111,073
Revenue bonds payable (Note 7)	2,267,048	
Total current liabilities	<u>10,928,919</u>	<u>874,407</u>
Noncurrent liabilities:		
General insurance & workers' compensation accrual		2,107,513
Medical claims		81,875
Accrued compensated absences-due more 1 year (Note 7)	191,653	197,466
Due to other governmental units	3,730,336	
Net pension liability (Note 11)	3,852,673	2,890,806
Net OPEB liability (Note 12)	9,243,225	8,359,722
Bonds payable (Note 7)	4,526,741	
Total noncurrent liabilities	<u>21,544,628</u>	<u>13,637,382</u>
Total liabilities	<u>32,473,547</u>	<u>14,511,789</u>
Deferred Inflows of Resources		
Related to Pensions	80,450	82,469
Related to OPEB	352,213	318,545
NET POSITION		
Net investment in capital assets	98,951,625	5,084,952
Restricted for claims		522,004
Unrestricted	(7,121,199)	15,067,286
Total net position	<u>\$ 91,830,426</u>	<u>\$ 20,674,242</u>

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

City of Southfield

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2018

	Business-type Activities <u>Enterprise Fund Water and Sewer</u>	Associated Governmental <u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 42,635,297	
Charges to other funds		\$ 18,655,298
Installation charges	108,442	
Interest and penalties	399,950	
Other	18,496	1,245,156
Total operating revenues	<u>43,162,185</u>	<u>19,900,454</u>
OPERATING EXPENSES		
Administration	4,448,728	1,712,842
Health care		7,647,248
Equipment and facility operation		5,569,337
Water purchases	7,407,610	
Transmission and distribution	23,307,515	
Service installation and meter reading	819,641	
Depreciation	5,376,315	1,574,372
Other		435,550
Total operating expenses	<u>41,359,809</u>	<u>16,939,349</u>
Operating income	1,802,376	2,961,105
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	403,869	9,713
Intergovernmental-federal	636,201	
Interest expense	(197,912)	
Investment earnings	47,455	581,941
Change in fair value of investments	(44,854)	(1,114,514)
Other		(191,139)
Total nonoperating revenues	<u>844,759</u>	<u>(713,999)</u>
Change in net position	<u>2,647,135</u>	<u>2,247,106</u>
Total net position - beginning, as restated	<u>89,183,291</u>	<u>18,427,136</u>
Total net position - ending	<u>\$ 91,830,426</u>	<u>\$ 20,674,242</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, 2018

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 41,148,462	\$ 20,059,726
Cash paid to employees	(2,817,131)	(2,864,746)
Cash paid to suppliers	(34,403,010)	(11,714,385)
Payments received (paid) on interfunds	2,680,576	(13,955,105)
Net cash provided by (used in) operating activities	<u>6,608,897</u>	<u>(8,474,510)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest	(197,912)	
Payments received on long-term advances		565,195
Net cash provided by (used in) noncapital and related financing activities	<u>(197,912)</u>	<u>565,195</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property equipment & adjustments, net of proceeds		(1,780,114)
Intergovernmental - Federal	1,040,070	
System improvements	(8,260,264)	
Payment of revenue bonds	(2,225,000)	
Net cash (used in) capital and related financing activities	<u>(9,445,194)</u>	<u>(1,780,114)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments, net of purchases	2,988,554	4,078,885
Investment earnings (loss)	47,206	(606,654)
Net cash provided by investing activities	<u>3,035,760</u>	<u>3,472,231</u>
Net increase (decrease) in cash, cash equivalents	1,551	(6,217,198)
Cash, cash equivalents, beginning of year	1,307,196	20,642,897
Cash, cash equivalents, end of year	<u>\$ 1,308,747</u>	<u>\$ 14,425,699</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 1,308,747	\$ 11,714,307
Restricted cash, cash equivalents		2,711,392
Total cash, cash equivalents	<u>\$ 1,308,747</u>	<u>\$ 14,425,699</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 1,802,376	\$ 2,961,105
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation	5,376,315	1,574,372
Receivables	(2,038,991)	
Prepays and other assets	3,713	159,272
Inventory	21,555	(26,168)
Deferred outflow	(105,526)	82,936
Accounts payable	(5,609,768)	344,625
Deposits	(160,936)	
Accrued payroll, including compensated absences		
due in less than one year	27,679	10,847
Interest payable	4,897	
General insurance & workers' compensation accrual		(302,336)
Provision for medical claims		346,036
Accrued compensated absences	34,879	21,905
Due to other governmental units	3,730,336	
Net pension liability	186,197	(492,893)
Net OPEB obligation	295,028	462,728
Interfunds	2,680,576	(13,955,105)
Deferred inflow	360,567	338,166
Net cash provided by (used in) operating activities	<u>\$ 6,608,897</u>	<u>\$ (8,474,510)</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, 2018

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
	<u>Trust Funds</u>	<u>Funds</u>
ASSETS		
Cash and cash equivalents (Note 3)	\$ 1,367,367	\$ 3,338,471
Investments, at fair value (Note 3) :		
Debt securities	72,754,173	3,152,482
Equity securities	292,889,016	
Short-term investments	12,714,661	
Other investments	5,977,070	
Total investments	<u>384,334,920</u>	<u>3,152,482</u>
Cash and investments held as collateral for securities lending (Note 3) :		
Repurchase agreements	7,484,173	
Certificates of deposit	3,118,219	
Variable rate certificates of deposit	6,725,265	
Time deposits	1,278,983	
Commercial paper	2,493,236	
Agency bonds and notes	267,850	
Asset backed commercial paper	758,908	
Sweep vehicles	194,191	
Money market mutual funds	6,074,358	
Non-cash collateral	4,582,741	
Total securities lending	<u>32,977,924</u>	<u>-</u>
Receivables, net	444,169	15,857
Prepays	1,869,711	
Due from fiduciary		219,177
Total assets	<u>420,994,091</u>	<u>6,725,987</u>
LIABILITIES		
Accounts payable and accrued payroll	114,055	223,211
Deposits and escrow		5,895,241
Interest payable		218,989
Due to other governmental units	645,666	388,546
Due to fiduciary	219,177	
Obligations under securities lending agreements	32,977,924	
Total liabilities	<u>33,956,822</u>	<u>6,725,987</u>
NET POSITION		
Restricted for pension benefits	314,925,117	
Restricted for post-retirement health care benefits	72,112,152	
Total net position	<u>\$ 387,037,269</u>	<u>\$ -</u>

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

City of Southfield
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Pension and Other Post-Employment Benefits Trust Funds
	<hr/>
ADDITIONS	
Contributions:	
Plan members	\$ 1,775,254
Employer	19,059,065
Total contributions	<hr/> 20,834,319
Investment activity:	
Net increase in fair value of investments	22,019,991
Investment earnings	3,304,667
Dividends	3,339,514
Total investment activity	<hr/> 29,997,713
Less investment expense:	1,729,684
Net investment activity	<hr/> 28,268,029
Total additions, net	<hr/> <hr/> 49,102,348
DEDUCTIONS	
Benefits	29,213,240
Health care expense	10,251,265
Administrative expense	372,675
Total deductions	<hr/> 39,837,180
Net increase	9,265,168
Net position - beginning	<hr/> 377,772,101
Net position - ending	\$ <u><u>387,037,269</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, 2018

	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)	\$ 11,026	\$ 1,594,641	\$ 1,423,504	\$ 986,134	\$ 2,779,200	\$ 2,374,511	\$ 118,387	\$ 1,055,108	\$ 10,342,511
Investments (Note 3)			76,000		3,139,438	2,241,779			5,457,217
Receivables, net (Note 5)	63	2,119	75,566	6,741	19,791	69,974			174,254
Property investments								15,000	15,000
Prepays							124,698		124,698
Due from primary government								2,753	2,753
Total current assets	11,089	1,596,760	1,575,070	992,875	5,938,429	4,686,264	243,085	1,072,861	16,116,433
Capital assets, depreciable-net (Note 6)				178,920					178,920
Total assets	11,089	1,596,760	1,575,070	1,171,795	5,938,429	4,686,264	243,085	1,072,861	16,295,353
Deferred Outflows of Resources									
Related to Pensions							6,641		6,641
LIABILITIES									
Accounts payable and other current liabilities			39,104	31,550			9,882	3,752	84,288
Due to primary government							1,918	47,020	48,938
Noncurrent liabilities:									
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
Due within one year				9,856					9,856
Due in more than one year (Note 7)				17,521					17,521
Net pension liability (Note 11)							130,216		130,216
Total liabilities	-	103,846	39,104	58,927	1,443,783	1,401,387	142,016	50,772	3,239,835
Deferred Inflows of Resources									
Related to Pensions							2,330		2,330
NET POSITION									
Net investment in capital assets				178,920					178,920
Unrestricted	11,089	1,492,914	1,535,966	933,948	4,494,646	3,284,877	105,380	1,022,089	12,880,909
Total net position	\$ 11,089	\$ 1,492,914	\$ 1,535,966	\$ 1,112,868	\$ 4,494,646	\$ 3,284,877	\$ 105,380	\$ 1,022,089	\$ 13,059,829

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, 2018

	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	\$ 85,141			\$ (85,141)							\$ (85,141)
Joint-local development finance authority											
Community improvement	334,820			\$ (334,820)							(334,820)
Downtown development authority											
Community improvement	329,720				\$ (329,720)						(329,720)
Local development finance authority											
Community improvement	312						\$ (312)				(312)
Section 8 housing commission											
Social services	1,777,443	\$ 1,586,275						\$ (191,168)			(191,168)
Southfield growth corporation											
Community improvement	7,314	103							\$ (7,211)		(7,211)
Total component units	\$ 2,534,750	\$ 1,586,378									(948,372)
General revenues:											
Property taxes			844,102		121,242	200,229		14,979			1,180,552
Unrestricted investment earnings	\$	249	7,662		17,654	21,740	\$ 150,015	102,566	888	91	300,865
Unrestricted change in fair value of investments		(31)	(789)		6,439	(2,241)	(99,523)	(59,001)			(155,146)
Miscellaneous								38,902		18,251	57,153
Total general revenues		218	850,975		145,335	219,728	50,492	97,446	888	18,342	1,383,424
Change in net position		218	765,834		(189,485)	(109,992)	50,492	97,134	(190,280)	11,131	435,052
Net position - beginning		10,871	727,080		1,725,451	1,222,860	4,444,154	3,187,743	295,660	1,010,958	12,624,777
Net position - ending	\$	11,089	1,492,914	\$	1,535,966	1,112,868	4,494,646	3,284,877	105,380	1,022,089	13,059,829

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, 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 are segregated from the primary government in the combined financial statements. Each blended and discretely presented component unit’s financial information has been included based upon a June 30 year-end.

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

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

The City of Southfield Library Building Authority board consists of 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 12-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.

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 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). The City has contracted with Oakland County for indirect repayment of bonds issued for sewers.

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 Health Care, 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 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 funds account for the payment of interest and principal on long-term bonded debt for Drains-at-Large and Road Bond debt. 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.

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 or estimated fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of other investments is based on periodic appraisals as well as the judgement of independent advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the plan's management. 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 roads, 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 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 three 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 and third items report deferred outflows in the government-wide statement of net position and proprietary statement of net position is related to pensions and OPEB. These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB.

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 deferred inflows of resources related to pensions and other post-employment benefits (OPEB) 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 and OPEB.

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

(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 City Council to be used for specific purposes, but are not restricted or committed.
- Unassigned – Residual amounts available for use at the discretion of City Council and Management 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, 2018 is \$6,173,069.

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 Fiscal 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, 2018, 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:

Local streets	Grants
Parks and recreation	Library
Cable television	Michigan works grants
Block grant	Auto theft grant
Drug law enforcement	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. The significant variances are as follows:

	Unaudited Budget	Actual	Variance Positive (Negative)
General Fund			
Expenditures:			
General government			
Fiscal services	\$ 2,311,707	\$ 2,361,456	\$ (49,749)
Public Safety:			
Police	21,367,253	21,451,182	(83,929)
Building and safety engineering	2,786,747	2,935,209	(148,462)
Other financing uses			
Transfers out	125,000	1,873,108	(1,748,108)

Fiscal Services, Police, and 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.

Transfers out: Primarily relates to use of fund balance to Council approved use of fund balance to fund various Building Authority projects.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Data

	Unaudited Budget	Actual	Variance Positive (Negative)
Major Streets Fund			
Expenditures:			
Road maintenance	1,062,933	1,434,007	(371,074)
Snow removal	922,011	1,158,831	(236,820)

Road Maintenance: 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.

Snow removal: Actual amounts exceeded budget related to additional unanticipated personnel costs. City Administration will be reviewing and making appropriate adjustments for fiscal year 2019.

The major streets fund adopted an annual budget, which included a deficit. This fund did not comply with the Uniform Budget Act. Going forward, the City will continue to evaluate the availability of fund balance, including components earmarked for encumbrances when the City's budget is both adopted and amended.

	Unaudited Budget	Actual	Variance Positive (Negative)
Local Streets Fund			
Expenditures:			
Road maintenance	1,509,259	1,856,752	(347,493)

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

	Unaudited Budget	Actual	Variance Positive (Negative)
Donations, Memorial Trusts & Sponsorships			
Expenditures:			
Culture and recreation	13,000	124,865	(111,865)
Other financing uses			
Transfers out	-	111,664	(111,664)

Culture and recreation and transfers out: Donations held in trust for prior years exceeded the adopted budget and were not adjusted in fiscal year 2018. City Administration will be reviewing and making appropriate adjustments for fiscal year 2019.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

The City has designated 10 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:

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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 \$36,222,208, of which \$34,212,485 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$10.3 million. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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	\$ 15,138,151	1.01 years
Municipal bonds	27,261,616	3.05 years
Oakland County LGIP Pooled	69,601,745	1.03 years

City of Southfield

Notes to the Financial Statements

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

Investments:	Fair Market Value	Weighted Average Maturity
US Government Obligations	\$ 2,521,821	11.11 years
US Federal Agencies	725,488	0.52 years
Mortgage Backed Securities	849,315	18.89 years
Collateralized Mortgage Obligations	1,854	4.04 years
Asset Backed Securities	291,147	15.51 years
Corporate Bonds	2,921,390	9.23 years
Foreign Bonds And Notes	137,533	6.43 years
Open End Mutual Funds	7,349,008	6.26 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Asset backed securities	\$ 2,547,280	9.95 years
Corporate bonds	5,799,546	6.04 years
Funds - corporate bonds	100,615	Not Available
U.S. government bonds	2,070,262	7.56 years
U.S. government agencies	73,662	3.96 years
U.S. government mortgage backed securities	5,147,967	26.66 years
Municipal bonds	274,710	4.29 years
Non-governmental c.m.o.s	666,769	29.39 years
Commerical mortgage backed	1,044,491	26.21 years
Bank loans	1,144,911	6.05 years
Index linked government bonds	193,678	9.05 years
Other fixed income	18,932,777	Not Available

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

Investments:	Fair Market Value	Weighted Average Maturity
Natixis Loomis Sayles Inv Gr - Y	\$ 9,188,829	4.65 years
Templeton Global Bond Fund	2,649,878	3.08 years
JP Morgan Strategic Income Opportunities Fund-I	2,713,372	2.29 years
Comerica Aggreg Bd Index Fd - 584	1,922,438	8.20 years

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	\$ 6,222,863	Not Available

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	\$ 22,320,825	0.28 years

Credit risk:

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

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

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

Investments:	Fair Value	Rating	Rating Organization
U.S. government agencies	\$ 15,138,151	AA+	S&P
Municipal bonds	1,411,231	AA+	S&P
Municipal bonds	9,762,189	AA	S&P
Municipal bonds	5,175,958	AA-	S&P
Municipal bonds	3,845,444	A+	S&P
Municipal bonds	7,066,797	NR	S&P
Local Governmental Investment Pool	69,601,745	Not rated	N/A

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 291,147	NR	N/A
Corporate bonds	90,571	AA	S&P
Corporate bonds	1,151,399	A	S&P
Corporate bonds	1,679,420	BBB	S&P
Foreign bonds	137,533	BB	S&P
U.S. government agencies	725,488	AA	S&P
Collateralized mortgage obligations	1,854	NR	N/A
Mortgage backed securities	849,315	NR	N/A
U.S. treasury notes and bonds	2,521,821	NR	N/A
Mutual funds	3,370,127	AAA	S&P
Mutual funds	265,557	AA	S&P
Mutual funds	535,423	A	S&P
Mutual funds	2,346,258	BBB	S&P
Mutual funds	504,846	BB	S&P
Mutual funds	326,796	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	\$ 746,710	Aaa	Moody's
Corporate asset backed securities	312,280	Aa	Moody's
Corporate asset backed securities	1,488,289	Not rated	N/A
Bank loans	38,665	Baa	Moody's
Bank loans	556,734	Ba	Moody's
Bank loans	91,813	B	Moody's
Bank loans	457,700	Not rated	N/A
Commercial mortgage-backed	581,279	Aaa	Moody's
Commercial mortgage-backed	180,713	Aa	Moody's
Commercial mortgage-backed	104,714	A	Moody's
Commercial mortgage-backed	177,786	Not rated	N/A
Corporate bonds	319,931	Aa	Moody's
Corporate bonds	1,120,577	A	Moody's
Corporate bonds	2,887,133	Baa	Moody's
Corporate bonds	722,898	Ba	Moody's
Corporate bonds	381,813	B	Moody's
Corporate bonds	367,194	Not rated	N/A
Funds - Corporate bonds	100,615	Not rated	N/A
Other Fixed Income	18,932,777	Not rated	N/A
U.S. government agencies	73,662	Aaa	Moody's
U.S. government bonds	2,028,006	Aaa	Moody's
U.S. government bonds	42,256	A	Moody's
U.S. government mortgage back securities	179,249	Not rated	N/A
Mortgages	3,420,000	Not rated	N/A
Municipal bonds	73,543	Aaa	N/A
Municipal bonds	201,168	Not rated	N/A
Index linked government bonds	193,678	Aaa	Moody's
Non-governmental backed C.M.O.s	666,769	Aaa	Moody's
Real estate mortgage	(3,420,000)	Not rated	N/A
U.S. government mortgage back securities	4,968,719	Not Available	N/A

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Loomis Sayles Inv Gr - Y	\$ 1,148,604	US Treasury - AAA	Moody's
Loomis Sayles Inv Gr - Y	790,239	Aaa	Moody's
Loomis Sayles Inv Gr - Y	9,189	Aa	Moody's
Loomis Sayles Inv Gr - Y	1,883,710	A	Moody's
Loomis Sayles Inv Gr - Y	1,920,465	Baa	Moody's
Loomis Sayles Inv Gr - Y	487,008	Ba	Moody's
Loomis Sayles Inv Gr - Y	229,721	B	Moody's
Loomis Sayles Inv Gr - Y	55,133	Caa or Lower	Moody's
Loomis Sayles Inv Gr - Y	73,511	Not rated	Moody's
Loomis Sayles Inv Gr - Y	2,591,250	Cash	Moody's
Templeton Global Bond Fund-R6	407,816	AAA	Moody's/S&P/Fitch'
Templeton Global Bond Fund-R6	172,242	AA	Moody's/S&P/Fitch'
Templeton Global Bond Fund-R6	445,444	A	Moody's/S&P/Fitch'
Templeton Global Bond Fund-R6	932,492	BBB	Moody's/S&P/Fitch'
Templeton Global Bond Fund-R6	420,006	BB	Moody's/S&P/Fitch'
Templeton Global Bond Fund-R6	271,877	B	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	301,184	AAA	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	995,808	A-1/P-1	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	78,688	AA	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	160,089	A	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	200,790	BBB	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	244,203	BBB	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	390,726	B	Moody's/S&P/Fitch'
JP Morgan Strategic Income Opportunities Fund-I	341,885	CCC & Lower/Other	Moody's/S&P/Fitch'
Comerica Aggreg Bd Index Fd - 584	1,922,438	AA	S&P

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

SERS –

Investments:	Fair Value	Rating	Rating Organization
Collateral Pool	\$ 6,222,863	Not available	N/A

FPRS –

Investments:	Fair Value	Rating	Rating Organization
Collateral Pool	\$ 22,320,825	Not available	N/A

Of the total investment disclosures for City accounts, approximately \$5.5 million relate to discretely presented governmental component units which were combined with the City's investment account balance for purposes of this disclosure.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk:

City –

Investments:	Fair Market Value	%
U.S. government agencies	\$ 15,138,151	10.21
Municipal bonds	27,261,616	18.39
Oakland County LGIP Pooled	69,601,745	46.96

SERS –

Investments:	Fair Market Value	%
AEW Core Property Trust	\$ 6,465,538	5.64
LSV Asset Management	6,726,513	5.87
QMA US Mid Cap Core Equity	9,706,244	8.47
Bloomfield Capital Partners III	7,551,028	6.59

FPRS –

Investments:	Fair Market Value	%
NHIT	\$ 18,932,777	9.47
NANTUCKET	12,792,066	6.40
KSTONE ARV LTD	11,110,382	5.56

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.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The following securities are subject to foreign currency risk:

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

Security	Foreign Currency	Fair Value
Fixed Income	US dollars	\$ 1,123,720
Fixed Income	Euro	1,031,670
Fixed Income	Japanese yen	634,800
Fixed Income	Mexican peso	20,385
Fixed Income	Australian dollar	53,829
Fixed Income	Other currencies	320,744

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

Security	Foreign Currency	Fair Value
Cash & Equivalents *	Australian dollars	\$ 282,376
Equities	Canadian dollars	896,186
Fixed Income	Canadian dollars	100,315
Cash & Equivalents	Canadian dollars	502,541
Equities	Swiss franc	1,139,854
Cash & Equivalents	Swiss franc	6,684
Equities	Euro	293,009
Equities	British pound sterling	12,839,201
Cash & Equivalents *	British pound sterling	375,433
Fixed Income	Mexican peso	77,058
Fixed Income	New Zealand dollar	344,891
Cash & Equivalents	New Zealand dollar	22

* Values include pending foreign exchange sales/purchases

RHC –

Security	Foreign Currency	Fair Value
<u>Templeton Global Bond Fund</u>		
Fixed Income	US dollars	\$ 934,877
Fixed Income	Euro	858,295
Fixed Income	Japanese yen	528,121
Fixed Income	Mexican peso	16,959
Fixed Income	Australian Dollar	44,783
Fixed Income	Other currencies	266,843

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Security	Foreign Currency	Fair Value
<u>Loomis Sayles Investment Grade Bond Fund</u>		
Fixed Income	US dollars	\$ 7,599,162
Fixed Income	Australia & New Zealand	670,785
Fixed Income	Canadian dollars	450,253
Fixed Income	Developing Countries	202,154
Fixed Income	Non-Euro	192,965
Fixed Income	British pound sterling	64,322
Fixed Income	Euro Countries	9,189

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, 2018, only United States currency was received as collateral.

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

The SERS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2018, the SERS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SERS as of June 30, 2018 was \$6,074,358 and \$6,068,620, 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, 2018, 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.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The FPRS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2018, 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 as of June 30, 2018 was \$26,903,566 and \$26,217,854, respectively.

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, 2018</u>	<u>Quoted Prices in Active Markets for Identical Assets</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	\$ 15,138,151		\$ 15,138,151	
Government/Municipal bonds	<u>27,261,616</u>		<u>27,261,616</u>	
Total debt securities	42,399,767	\$ -	42,399,767	\$ -
Total investments by fair value level	<u>\$ 42,399,767</u>	<u>\$ -</u>	<u>\$ 42,399,767</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Local government investment pool	\$ <u>69,601,745</u>			
Total investments measured at the NAV	<u>\$ 69,601,745</u>			
Grand total	<u>\$ 112,001,512</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

SERS –

	Balance at June 30, 2018	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	\$ 2,521,821	\$ 2,521,821		
Mutual fund - fixed income	7,349,008		\$ 7,349,008	
Mortgage backed securities	849,315		849,315	
Asset-backed securities	291,147		291,147	
Agency bonds	725,488		725,488	
Corporate bonds	2,921,390		2,921,390	
Other debt	139,386		139,386	
Total debt securities	<u>14,797,555</u>	<u>2,521,821</u>	<u>12,275,734</u>	\$ -
Equity securities				
Money market fund	2,523,437		2,523,437	
Common and preferred stock	24,698,050	24,698,050		
ADR	6,772,354	6,772,354		
Foreign Stock	2,665,531	2,665,531		
Total equity securities	<u>36,659,372</u>	<u>34,135,935</u>	<u>2,523,437</u>	-
Total investments by fair value level	<u>\$ 51,456,927</u>	<u>\$ 36,657,756</u>	<u>\$ 14,799,171</u>	\$ -
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	5,349,207			
Collective investment funds	41,039,177			
Real estate investment trust	16,823,854			
Total investments measured at the NAV	<u>\$ 63,212,238</u>			
 Grand total	 <u>\$ 114,669,165</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	<u>Balance at June 30, 2018</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt Securities				
Mutual fund - fixed income	\$ 2,030,903	\$ 2,030,903		
Mortgage backed securities	6,192,459		\$ 6,192,459	
Asset-backed securities	2,547,280		2,547,280	
Agency bonds	73,662		73,662	
Corporate bonds	5,900,161	100,615	5,799,546	
Bank and mortgage loans	4,564,911		1,144,911	\$ 3,420,000
Government/Municipal bonds	507,747		507,747	
Non-government backed C.M.O.s	666,769		666,769	
Total debt securities	<u>22,483,892</u>	<u>2,131,518</u>	<u>16,932,374</u>	<u>3,420,000</u>
Equity securities				
Money market fund	4,081,394		4,081,394	
Mutual fund - Equities	20,611,715	20,611,715		
Mutual fund - real estate	151,252	151,252		
Common and preferred stock	76,084,333	76,084,333		
Total equity securities	<u>100,928,694</u>	<u>96,847,300</u>	<u>4,081,394</u>	<u>-</u>
Total investments by fair value level	<u>\$ 123,412,587</u>	<u>\$ 98,978,818</u>	<u>\$ 21,013,768</u>	<u>\$ 3,420,000</u>
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	23,839,307			
Collective investment fund	27,336,123			
Real estate investment trust	24,043,150			
Total investments measured at the NAV	<u>\$ 75,218,580</u>			
Grand total	<u>\$ 198,631,167</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

RHC –

	Balance at June 30, 2018	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	\$ 14,552,078	\$ 14,552,078		
Common trust fund - fixed income	1,922,438		\$ 1,922,438	
Total debt securities	16,474,516	14,552,078	1,922,438	\$ -
Equity securities				
Money market fund	6,109,830		6,109,830	
Mutual fund - Equities	11,049,618	11,049,618		
Common stock	15,770,653	15,770,653		
ADR	936,747	936,747		
Common trust fund - equity	8,078,010		8,078,010	
Real estate investment trusts	998,654	998,654		
Foreign stock	1,598,597	1,598,597		
Total equity securities	44,542,109	30,354,269	14,187,840	-
Partnerships	645,161	352,516	-	292,645
Total investments by fair value level	\$ 61,661,786	\$ 45,258,863	\$ 16,110,278	\$ 292,645
Investments measured at the net asset value (NAV)				
Private Equity	3,312,505			
Infrastructure	961,177			
Hedge funds - Fund of funds	3,486,916			
Real estate investment trust	1,612,204			
Total investments measured at the NAV	\$ 9,372,802			
Grand total	\$ 71,034,588			

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.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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	\$ 69,601,745	\$ -	No restrictions	None
Total investments measured at the NAV	\$ 69,601,745	\$ -		

SERS –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Hedge funds - Fund of funds	5,349,207	-	Quarterly	95 Days
Collective investment fund	41,039,176	-	Daily - Monthly	None - 15 Days
Real estate investment trust	16,823,854	-	None - Quarterly	None - 95 Days
Total investments measured at the NAV	\$ 63,212,237	\$ -		

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>
Multi-Strategy Hedge Funds	\$ 23,839,307	-	None - Semi Annual	None - 180 Days
Collective investment fund	27,336,123	-	Daily - Monthly	Daily - 30 Days
Real estate investment trust	24,043,150	\$ 12,312,468	None-Quarterly	None - 90 Days
Total investments measured at the NAV	\$ 75,218,580	\$ 12,312,468		

RHC –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Private Equity	\$ 3,312,505	\$ 269,811	None	None
Infrastrucute	961,177	784,226	None	None
Hedge funds - Fund of funds	3,486,916	-	None - Quarterly	None - 100 Days
Real estate investment trust	1,612,204	400,000	None	None
Total investments measured at the NAV	\$ 9,372,802	\$ 1,454,037		

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:

Unspent bond proceeds	36,802,788
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Funds held by Oakland County drain commissioner to be used for construction and maintenance of drains	37,130
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Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals	<u>2,711,392</u>
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Total restricted assets	\$ <u><u>39,551,310</u></u>
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5. DEFERRED INFLOWS AND RECEIVABLES

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

Unavailable	<u>Governmental Funds</u>
Property taxes	\$ 611,316
Special assessments	1,475,177
Community improvement	15,627
Total Deferred Inflows	
- unavailable	<u><u>\$ 2,102,120</u></u>

City of Southfield

Notes to the Financial Statements

5. DEFERRED INFLOWS AND RECEIVABLES (continued)

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

	Accrued interest		Accrued revenue	Allowance for uncollectable taxes	Delinquent taxes	Total
Governmental activities:						
General fund	\$ 71,558	\$ 803,324	\$ 2,497,784	(432,991)	\$ 560,446	\$ 3,500,121
Major streets			1,209,216	(3,380)	4,211	1,210,047
Road Construction	29,483					29,483
Special assessment construction		9,269				9,269
Other non-major funds	192,421	266,876	936,458	(180,162)	241,129	1,456,722
Total governmental funds	293,462	1,079,469	4,643,458	(616,533)	805,786	6,205,642
Associated governmental activities:						
Internal service funds	127,686					127,686
Total governmental activities	\$ 421,148	\$ 1,079,469	\$ 4,643,458	\$ (616,533)	\$ 805,786	\$ 6,333,328
Component units:						
Economic development corporation	\$ 63					\$ 63
Brownfield re-development authority	1,967				\$ 152	2,119
Joint-local development finance authority	3,999				71,567	75,566
Downtown development authority	5,593				1,148	6,741
Tax increment finance authority	19,791					19,791
Local development finance authority	21,207				48,767	69,974
Total component units-governmental	\$ 52,620	\$ -	\$ -	\$ -	\$ 121,634	\$ 174,254
Business-type activities:						
Water and sewer fund	\$ -	\$ 15,884,634				\$ 15,884,634

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	\$ 5,598,158
Equipment	587,202
Water system improvements	1,275,158
	<u>\$ 7,460,518</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, 2017	Additions	Disposals & Reduction to CIP	Balance June 30, 2018
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 11,255,797	\$ 8,500	11,500	\$ 11,252,797
Construction in progress	1,709,103	4,452,056	\$ 358,534	5,802,625
Total capital assets not being depreciated	<u>12,964,900</u>	<u>4,460,556</u>	<u>370,034</u>	<u>17,055,422</u>
Capital assets, being depreciated				
Land improvements	26,390,288	308,060	443,375	26,254,973
Building and improvements	73,119,784	1,415,705	223,154	74,312,335
Infrastructure	167,497,084	11,210,656		178,707,740
Intangibles	2,250,392		91,788	2,158,604
Drain usage rights	11,777,407			11,777,407
Equipment	8,596,504	172,426	592,344	8,176,586
Total capital assets being depreciated	<u>289,631,459</u>	<u>13,106,847</u>	<u>1,350,661</u>	<u>301,387,645</u>
Less accumulated depreciation:				
Land improvements	16,695,300	885,116	443,375	17,137,041
Building and improvements	41,484,674	2,183,084	223,154	43,444,604
Infrastructure	81,583,469	6,069,017		87,652,486
Intangibles	1,546,330	110,013	91,788	1,564,555
Drain usage rights	6,967,405	461,932		7,429,337
Equipment	7,338,626	359,400	592,344	7,105,682
Total accumulated depreciation	<u>155,615,804</u>	<u>10,068,562</u>	<u>(a) 1,350,661</u>	<u>164,333,705</u>
Total general capital assets being depreciated, net	<u>134,015,655</u>	<u>3,038,285</u>	<u>-</u>	<u>137,053,940</u>
Internal Service				
Capital assets, not being depreciated:				
Construction in progress	69,644	-	69,644	-
Capital assets, being depreciated				
Intangibles	334,039			334,039
Equipment	26,610,303	1,668,329	4,878,469	23,400,163
Total capital assets being depreciated	<u>26,944,342</u>	<u>1,668,329</u>	<u>4,878,469</u>	<u>23,734,202</u>
Less accumulated depreciation:				
Intangibles	210,684	18,633		229,317
Equipment	21,742,664	1,555,738	4,878,469	18,419,933
Total accumulated depreciation	<u>21,953,348</u>	<u>1,574,371</u>	<u>4,878,469</u>	<u>18,649,250</u>
Total internal service capital assets being depreciated, net	<u>4,990,994</u>	<u>93,958</u>	<u>-</u>	<u>5,084,952</u>
Governmental activity capital assets depreciable, net	\$ <u>139,006,649</u>	\$ <u>3,132,243</u>	\$ <u>-</u>	\$ <u>142,138,892</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	\$	523,763
Public safety		415,994
Highways and streets		6,069,016
Public services		640,342
Culture and recreation		<u>2,419,447</u>
Total	\$	<u><u>10,068,562</u></u>

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

	Balance July 1, 2017	Additions	Disposals & Reduction to CIP	Balance June 30, 2018
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ <u>1,475,575</u>	\$ <u>1,188,870</u>	\$ <u>717,807</u>	\$ <u>1,946,638</u>
Capital assets, being depreciated:				
Infrastructure	188,729,625	7,789,202		196,518,827
Intangibles	1,507,498			1,507,498
Equipment	<u>2,507,739</u>	<u>-</u>	<u>628,509</u>	<u>1,879,230</u>
Total water and sewer fund	<u>192,744,862</u>	<u>7,789,202</u>	<u>628,509</u>	<u>199,905,555</u>
Less accumulated depreciation:				
Infrastructure	88,818,593	5,125,713		93,944,306
Intangibles	976,810	73,705		1,050,515
Equipment	<u>1,563,570</u>	<u>176,897</u>	<u>628,509</u>	<u>1,111,958</u>
Total accumulated depreciation	<u>91,358,973</u>	<u>5,376,315</u>	<u>628,509</u>	<u>96,106,779</u>
Total capital assets, being depreciated	<u>101,385,889</u>	<u>2,412,887</u>	<u>-</u>	<u>103,798,776</u>
Total capital assets	\$ <u><u>102,861,464</u></u>	\$ <u><u>3,601,757</u></u>	\$ <u><u>717,807</u></u>	\$ <u><u>105,745,414</u></u>

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

	Balance July 1, 2017	Additions	Disposals & Reduction to CIP	Balance June 30, 2018
Downtown Development Authority				
Capital assets, being depreciated				
Land improvement	\$ <u>265,066</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>265,066</u>
Less: accumulated depreciation	<u>72,893</u>	<u>13,253</u>	<u>-</u>	<u>86,146</u>
Total capital assets, being depreciated	\$ <u><u>192,173</u></u>	\$ <u><u>(13,253)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>178,920</u></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-17	Additions	Deductions	30-Jun-18	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	\$ 4,549,631		628,847	3,920,784	634,851	3,285,933
3.0% to 5.0% Library building authority refunding bonds	19,735,000		1,175,000	18,560,000	1,230,000	17,330,000
1.78% -2012 general obligation limited tax refunding	2,435,000		330,000	2,105,000	335,000	1,770,000
Other governmental debt						
3.0 to 4.0% 2018 Street Improvement bond UTGO		30,885,000		30,885,000	515,000	30,370,000
2.0 to 4.0% -Street Improvement bond UTGO	32,280,000		5,085,000	27,195,000	4,020,000	23,175,000
2.17% Michigan transportation fund bonds	7,950,000		1,130,000	6,820,000	1,165,000	5,655,000
Deferred amounts:						
For issuance premiums	3,395,962	1,971,817	334,036	5,033,743		5,033,743
For issuance discounts	(26,447)	6,373		(20,074)		(20,074)
Total governmental debt	<u>70,319,146</u>	<u>32,863,190</u>	<u>8,682,883</u>	<u>94,499,453</u>	<u>7,899,851</u>	<u>86,599,602</u>
Other long-term obligations						
Compensated absences	6,929,818	3,620,654	3,627,927	6,922,545	2,492,116	4,430,429
Michigan tax tribunal contingency	39,761		11,949	27,812		27,812
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	274,314	177,956	143,731	308,539	111,073	197,466
Total governmental long-term debt	<u>\$ 77,563,039</u>	<u>36,661,800</u>	<u>12,466,490</u>	<u>101,758,349</u>	<u>10,503,040</u>	<u>91,255,309</u>
BUSINESS-TYPE ACTIVITIES						
State of Michigan water supply and sewage disposal bonds series 1999 2.25 to 2.5%	\$ 9,018,789		2,225,000	6,793,789	2,267,048	4,526,741
Other long-term obligations						
Compensated absences	244,959	262,816	208,319	299,456	107,803	191,653
Total business-type long-term debt	<u>\$ 9,263,748</u>	<u>262,816</u>	<u>2,433,319</u>	<u>7,093,245</u>	<u>2,374,851</u>	<u>4,718,394</u>
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	\$ 1,401,387			1,401,387		1,401,387
Compensated absences	30,320	932	3,875	27,377	9,856	17,521
Total governmental component units long-term debt	<u>\$ 1,431,707</u>	<u>932</u>	<u>3,875</u>	<u>1,428,764</u>	<u>9,856</u>	<u>1,418,908</u>
Total debt	<u>\$ 88,258,494</u>	<u>36,925,548</u>	<u>14,903,684</u>	<u>110,280,358</u>	<u>12,887,747</u>	<u>97,392,611</u>

* 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 \$7,148,000. During the current year, net operating revenues of the system, was \$1,854,321 compared to the annual debt requirement of \$2,418,015.

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
2019	\$ 7,900	\$ 2,928	\$ 10,828	\$ 2,267	\$ 166	\$ 2,433
2020	8,194	2,881	11,075	2,215	111	2,326
2021	8,457	2,623	11,080	1,565	58	1,623
2022	8,438	2,356	10,794	747	19	766
2023	8,629	2,087	10,716			
2024	8,982	1,812	10,794			
2025	6,932	1,490	8,422			
2026	7,388	1,207	8,595			
2027	7,378	923	8,301			
2028	7,633	646	8,279			
2029	7,923	356	8,279			
2030	1,632	53	1,685			
Total	\$ 89,486	\$ 19,362	\$ 108,848	\$ 6,794	\$ 354	\$ 7,148

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS

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

Receivable Fund	Payable Fund				Total receivable by fund
	General fund	Major streets	Non-major governmental funds	Water and sewer fund	
General fund		\$ 332,975	\$ 697,214	\$ 3,274,165	\$ 4,304,354
Major streets				26,660	26,660
Non-major governmental funds	\$ 153,533	840	2,389	9,646	166,408
Total governmental activities	153,533	333,815	699,603	3,310,471	4,497,422
Associated governmental activities:					
Internal service funds	177,277	142,043	345,362	2,121,035	2,785,717
Total receivable fund	\$ 330,810	\$ 475,858	\$ 1,044,965	\$ 5,431,506	\$ 7,283,139

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

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

Transfers Out:	Transfers In:					Total transfers out
	General fund	Major streets	Road construction	Special assessment	Non-major governmental funds	
Governmental activities:						
General fund				\$ 23,562	\$ 1,849,546	\$ 1,873,108
Road construction		\$ 2,239,838			2,487,077	4,726,915
Special assessment	\$ 111,086		\$ 50,000		19,833	180,919
Other non-major funds	111,664	3,000,000			1,647,806	4,759,470
Total governmental activities	222,750	5,239,838	50,000	23,562	6,004,262	11,540,412

For the most part, interfund transfers occur during the normal course of operations to fund capital projects.

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	<u>1,521,258</u>
Non-major governmental	
Parks & recreation	24,602
Capital improvement	<u>737,560</u>
Total non-major governmental	<u>762,162</u>
Total primary government	<u>\$ 2,283,420</u>
DISCRETELY PRESENTED COMPONENT UNITS	
Local development finance authority	<u>\$ 1,401,387</u>

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:

	2018	2017
Estimated liability - beginning of year	\$ 2,409,850	\$ 1,944,253
Estimated claims incurred, including reinsurance premiums and changes in estimates	413,198	1,512,889
Claim and insurance premium payments and reinsurance recoveries	<u>(715,535)</u>	<u>(1,047,293)</u>
Estimated liability - end of year	<u>\$ 2,107,513</u>	<u>\$ 2,409,849</u>

The City estimates that claims incurred but not reported for self-insured medical plan totaled \$534,892 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 \$453,017 for a net liability of \$81,875.

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 \$2,519,750 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$66,580 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 approximately \$28,000. 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, 2017 valuation, was \$2,999,680,430 and the unadjusted taxable value was \$2,427,593,700. 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 26.4232 (excluding the DDA millage). The sum of these rates generated \$63,312,147 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 2018 rate of inflation cap of 1.021%, the City of Southfield's 2016-17 State Equalized Evaluation (SEV) of \$2,999,680,430 was capped at a Taxable Assessed Valuation (TAV) of \$2,427,593,700.

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 2018 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, 2018, the City abated \$101,725 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, 2018, the Brownfield captured approximately \$916,000 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 \$842,000 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, 2018, the City abated approximately \$455,000 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	342	350
Inactive plan members entitled to but not yet receiving benefits	45	2
Active employees	270	199
Total	657	551

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, 2018, the average active employee contribution rate was 5.09 percent of pay for SERS and 2.28 percent for FPRS. The City's average contribution rate was 25.57 percent of pay for SERS and 35.40 percent for FPRS. These rates were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Plan from the City were \$3,668,687 and \$6,638,423 for SERS and FPRS, respectively, for the year ended June 30, 2018.

B. Net Pension Liability of the City

The June 30, 2018 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, 2018) for both plans. The June 30, 2018 total pension liability was determined by an actuarial valuation performed as of one year earlier, June 30, 2017.

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, 2017	\$ 154,499,066	\$ 112,477,992	\$ 42,021,074
Service cost	1,567,183		1,567,183
Interest on total pension liability	11,229,219		11,229,219
Experience differences	(835,066)		(835,066)
Investment earnings		9,449,992	(9,449,992)
Contributions - employer		3,668,687	(3,668,687)
Contributions - employee		729,155	(729,155)
Benefit payments, including refunds	(11,119,463)	(11,119,463)	-
Administrative costs		(33,827)	33,827
Net changes	841,873	2,694,544	(1,852,671)
Balance at June 30, 2018	\$ 155,340,939	\$ 115,172,536	\$ 40,168,403

The Plan's fiduciary net position represents 74% 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, 2017	\$ 258,767,794	\$ 197,237,717	\$ 61,530,077
Service cost	2,640,321		2,640,321
Interest on total pension liability	18,828,204		18,828,204
Experience differences	4,577,169		4,577,169
Investment earnings		13,854,087	(13,854,087)
Contributions - employer		6,638,423	(6,638,423)
Contributions - employee		453,274	(453,274)
Benefit payments, including refunds	(18,090,480)	(18,090,480)	-
Administrative costs		(309,138)	309,138
Net changes	7,955,214	2,546,166	5,409,048
Balance at June 30, 2018	\$ 266,723,008	\$ 199,783,883	\$ 66,939,125

The Plan's fiduciary net position represents 75% 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, 2017	\$ 413,266,860	\$ 309,715,709	\$ 103,551,151
Service cost	4,207,504		4,207,504
Interest on total pension liability	30,057,423		30,057,423
Experience differences	3,742,103		3,742,103
Investment earnings		23,304,079	(23,304,079)
Contributions - employer		10,307,110	(10,307,110)
Contributions - employee		1,182,429	(1,182,429)
Benefit payments, including refunds	(29,209,943)	(29,209,943)	-
Administrative costs		(342,965)	342,965
Net changes	8,797,087	5,240,710	3,556,377
Balance at June 30, 2018	\$ 422,063,947	\$ 314,956,419	\$ 107,107,528

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, \$130,216. Total Primary Government Net Pension Liability is \$106,977,313 for the year ended June 30, 2018. The City recognized pension expense of \$25,084,340 from all plans.

At June 30, 2018, 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	\$ 3,730,649	\$ 807,493
Changes in assumptions	1,932,050	23,877
Net difference between projected and actual earnings on pension plan investments	<u>4,833,961</u>	<u>-</u>
Total	<u>\$ 10,496,660</u>	<u>\$ 831,370</u>

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 June 30	Amount
2019	\$ 9,507,951
2020	3,361,971
2021	(3,054,077)
2022	(150,555)
2023	-

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

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	2.75 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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience studies dated September 16, 2016 and April 8, 2016, respectively.

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

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

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%	6.30%
International equity	15.50%	7.00%
Domestic bonds	20.00%	2.20%
International bonds	2.00%	1.10%
Real estate	6.00%	5.20%
Alternative assets	8.50%	4.10%

FPRS	Target Allocation	Long-term expected real rate of return
Domestic equity	34.00%	6.30%
International equity	16.00%	7.00%
Domestic bonds	20.00%	2.20%
International bonds	0.00%	0.00%
Real estate	14.00%	5.20%
Alternative assets	16.00%	4.10%

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

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	\$55,945,088	\$40,168,403	\$26,711,463
Net Pension Liability for FPRS	\$92,856,369	\$66,939,125	\$45,279,663

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.

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, 2018, the Plan has \$13,116,040 accumulated in DROP accounts.

12. OTHER POST-EMPLOYMENT BENEFITS

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 (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.

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.

Employees Covered by Benefit Terms: At June 30, 2017, plan membership consisted of the following:

	OPEB
Inactive plan members or beneficiaries currently receiving benefits	582
Inactive plan members entitled to but not yet receiving benefits	35
Active employees	350
Total	967

Contributions – Contribution rates are established by the collective bargaining units. For the year ended June 30, 2018, the City contributed \$8,751,955 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.

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

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The Trust has chosen to use June 30, 2018 as its measurement date for the net OPEB liability. The June 30, 2018 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2018 measurement date. The June 30, 2018 OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, which used update procedures to roll forward the estimated liability to June 30, 2018.

Changes in the net OPEB liability during the measurement year for the SERS plan on the following page were:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 144,956,425	\$ 17,540,124	\$ 127,416,301
Service cost	1,982,894		1,982,894
Interest on total OPEB liability	5,907,894		5,907,894
Experience differences	13,041,392		13,041,392
Changes of assumptions	(7,884,776)		(7,884,776)
Investment earnings		1,479,456	(1,479,456)
Contributions - employer		3,586,484	(3,586,484)
Contributions - employee		212,701	(212,701)
Benefit payments, including refunds	(4,406,993)	(4,406,993)	-
Administrative costs		(9,917)	9,917
Other		3,231,791	(3,231,791)
Net changes	8,640,411	4,093,522	4,546,889
Balance at June 30, 2018	\$ <u>153,596,836</u>	\$ <u>21,633,646</u>	\$ <u>131,963,190</u>

The Plan's fiduciary net position represents 14.1% of the total OPEB liability.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 194,258,154	\$ 50,600,131	\$ 143,658,023
Service cost	3,219,574		3,219,574
Interest on total OPEB liability	7,930,469		7,930,469
Experience differences	19,220,326		19,220,326
Changes of assumptions	(12,020,065)		(12,020,065)
Investment earnings		3,484,496	(3,484,496)
Contributions - employer		5,165,471	(5,165,471)
Contributions - employee		380,124	(380,124)
Benefit payments, including refunds	(5,824,963)	(5,824,963)	-
Administrative costs		(12,760)	12,760
Other		(3,313,993)	3,313,993
Net changes	12,525,341	(121,625)	12,646,966
Balance at June 30, 2018	\$ 206,783,495	\$ 50,478,506	\$ 156,304,989

The Plan's fiduciary net position represents 24.4% of the total OPEB liability.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 339,214,579	\$ 68,140,255	\$ 271,074,324
Service cost	5,202,468		5,202,468
Interest on total OPEB liability	13,838,363		13,838,363
Experience differences	32,261,718		32,261,718
Changes of assumptions	(19,904,841)		
Investment earnings		4,963,952	(4,963,952)
Contributions - employer		8,751,955	(8,751,955)
Contributions - employee		592,825	(592,825)
Benefit payments, including refunds	(10,231,956)	(10,231,956)	-
Administrative costs		(22,677)	22,677
Other		(82,202)	82,202
Net changes	21,165,752	3,971,897	17,193,855
Balance at June 30, 2018	\$ 360,380,331	\$ 72,112,152	\$ 288,268,179

The Plan's fiduciary net position represents 20.0% of the total OPEB liability.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$18,013,569.

At June 30, 2018, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,775,742	\$ -
Changes in assumptions	-	(12,822,764)
Net difference between projected and actual earnings on OPEB plan investments	<u>62,152</u>	<u>(82,891)</u>
Total	<u>\$ 20,837,894</u>	<u>\$ (12,905,655)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending	Amount
June 30	Amount
2019	\$ 4,398,712
2020	3,543,900
2021	(5,185)
2022	(5,188)
2023	-

Actuarial Assumption

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The valuation used the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent	
Healthcare cost trend rate	9.0 percent	Gradually decreasing to an ultimate rate of 3.0 percent in year 10
Salary increases	3.0 percent to 8.25 percent Including inflation	
Investment rate of return	7.3 percent	Net of OPEB plan investment expense, including inflation

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Mortality rates were based on the following:

Healthy Pre-Retirement: The RPH-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements assumed each year using scale MP-2015. For Fire and Police, 50% of deaths-in-service are assumed to be duty related.

Healthy Post-Retirement: The RPH-2014 Healthy Annuitant Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements assumed each year using scale MP-2015.

Disability Retirement: The RPH-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements assumed each year using scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.07 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be equal to the average amount contributed over the past five fiscal years.

Based on those assumptions, the Trust's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees beyond the year 2030. Therefore, the discount rate was determined by blending the long-term expected rate of return on OPEB plan investments of 7.3 percent with the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, which currently stands at 3.62 percent (as referenced in Fidelity Index's "20-Year Municipal GO AA Index").

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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, 2018:

Asset class	Target Allocation	Long-term expected real rate of return
US Equities	30.0%	6.0%
International Equities	10.0%	6.0%
Emerging Markets Equities	5.0%	8.1%
Fixed Income	25.0%	1.5%
Equity Hedge Assets	10.0%	2.5%
Private Equity	10.0%	8.4%
Real Assets	2.0%	3.5%
Private Real Estate	8.0%	3.2%

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, 2018 for each major asset class are included in the target asset allocation summarized in the above table.

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 4.07 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 (3.07 percent) or 1 percentage point higher (5.07 percent) than the current rate:

	1% decrease	Current discount rate	1% increase
	3.07%	4.07%	5.07%
Net OPEB Liability	\$343,536,246	\$288,268,179	\$241,105,087

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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	Cost trend rate	1% increase
	8.0%, decreasing to 3.0%	9.0%, decreasing to 4.0%	10.0%, decreasing to 5.0%
Net OPEB Liability	\$238,048,990	\$288,268,179	\$351,092,701

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	Road Bond Construction	Special Assessment Construction	Other governmental
Non-spendable					
Prepays	\$ 842,490				\$ 71,434
Inventory	237,873				
Land held for resale	12,221,761				
Restricted for:					
Right-of-way funds/metro authority	141,625				
Sanitation reserve	858,814				
Deposits held with Oakland County					486,888
Major streets		\$ 232,120			
Local streets					6,945,777
Parks and recreation					3,247,562
Cable PEG fees					281,831
Block grant					266,926
Drug law enforcement					583,166
Grants					158,474
Library					7,698,366
Michigan works grants					31,024
Auto theft grant					111,806
Donations, memorial trusts & sponsorships					520,566
Road bond debt					893,698
Drains-at-large debt					1,150,876
Library building authority construction					250,864
Special assessment construction				\$ 248,221	
Road bond construction			\$ 35,661,458		
Committed to:					
Specific programs (General)					
Dispatch improvements	994,254				
Emergency cleanup	730,594				
Equalization reserve	1,000,000				
Local improvement revolving - Northland	10,146,539				
Building infrastructure reserve	2,000,000				
Tax base initiatives reserve	3,000,000				
Wage adjustment	1,671,276				
Specific programs (Cable television)					
Franchise fees – general cable operations					572,620
Donations, memorial trusts & sponsorships					347,813
Assigned to:					
* Encumbrances	348,733				
Capital improvement construction					6,468,652
Special assessment construction				991,706	
Unassigned					
General fund	14,890,551				
	<u>\$ 49,084,510</u>	<u>\$ 232,120</u>	<u>\$ 35,661,458</u>	<u>\$ 1,239,927</u>	<u>\$ 30,088,343</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, 2018, the City expensed \$7,407,609 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

During the year, 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 \$3,557,400. The project was completed by end of fiscal year 2018 but the bonds were not issued by the County until subsequent to year end but prior to the date of issuance of this report. The City's portion of the related debt is included as a long-term liability, due to other governmental units, in the Water and Sewer fund activity as of June 30, 2018.

17. REPORTING CHANGE – CHANGE IN ACCOUNTING PRINCIPLE

During the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for the unfunded portion of the City's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended June 30, 2017 have been restated in order to adopt GASB Statement No. 75. The effect of this new accounting standard was a decrease in net position to record the net OPEB liability at June 30, 2017.

City of Southfield

Notes to the Financial Statements

17. REPORTING CHANGE – CHANGE IN ACCOUNTING PRINCIPLE (continued)

As a result of implementing this statement, the beginning net position of the governmental activities, internal service funds, business-type activities, including the Water and Sewer Fund, have been restated as follows:

	Governmental Activities - Excluding Internal Service Funds	Governmental Internal Service Funds	Total Governmental Activities	Business-type Activities - Water and Sewer Fund
Net position - June 30, 2017 - as previously reported	\$ 19,840,225	\$ 24,565,219	\$ 44,405,444	\$ 96,510,000
Adjustment for GASB 45 Net OPEB Obligation	64,616,286	1,758,911	66,375,197	1,621,488
Adjustment for implementation of GASB 75 - FPRS	(143,658,024)	-	(143,658,024)	-
Adjustment for implementation of GASB 75 - SERS	(110,571,110)	(7,896,994)	(118,468,104)	(8,948,197)
Net position - June 30, 2017 - as restated	\$ (169,772,623)	\$ 18,427,136	\$ (151,345,487)	\$ 89,183,291

	Facilities Maintenance - Internal Service Fund	Motor Pool - Internal Service Fund	Insurance Risk Retention - Internal Service Fund	Governmental Internal Service Funds
Net position - June 30, 2017 - as previously reported	\$ (7,367)	\$ 6,318,931	\$ 3,908,163	\$ 24,565,219
Adjustment for GASB 45 Net OPEB Obligation	984,658	772,939	1,314	1,758,911
Adjustment for implementation of GASB 75 - FPRS	-	-	-	-
Adjustment for implementation of GASB 75 - SERS	(6,179,375)	(1,717,619)	-	(7,896,994)
Net position - June 30, 2017 - as restated	\$ (5,202,084)	\$ 5,374,251	\$ 3,909,477	\$ 18,427,136

18. UPCOMING REPORTING CHANGES

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. 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 fiscal year ending June 30, 2019.

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 fiscal year ending June 30, 2020.

City of Southfield

Notes to the Financial Statements

18. UPCOMING REPORTING CHANGES (continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. 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 fiscal year ending June 30, 2021.

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. 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, 2019.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the City's financial statements for the June 30, 2021 fiscal year.

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, Majority Equity Interests. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The City is currently evaluating the impact this standard will have on the financial statements when adopted for the year ending June 30, 2020.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2018

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 45,501,518	\$ 45,501,518	\$ 44,921,514	\$ (580,004)
Charges for services	3,287,802	3,469,136	5,386,777	1,917,641
Sanitation	2,708,217	2,708,217	2,675,041	(33,176)
Licenses and permits	2,551,926	2,551,926	4,073,723	1,521,797
Fines and forfeitures	3,533,000	3,533,000	3,066,118	(466,882)
Cable franchise fees	1,400,000	1,400,000	1,447,773	47,773
Intergovernmental:				
Federal	72,423	89,795	161,289	71,494
State	7,416,231	7,416,231	8,284,624	868,393
Other	678,905	678,905	689,139	10,234
Investment earnings	700,000	700,000	412,270	(287,730)
Change in fair value of investments			(206,649)	(206,649)
Other	13,269	1,657,107	407,693	(1,249,414)
Total revenues	<u>67,863,291</u>	<u>69,705,835</u>	<u>71,319,312</u>	<u>1,613,477</u>
EXPENDITURES				
General government:				
Council	181,854	181,854	147,003	34,851
Mayor	216,198	216,198	112,602	103,596
Clerk's	1,180,677	1,180,677	776,690	403,987
Treasurer's	785,178	785,178	730,518	54,660
Administration	610,902	610,902	455,700	155,202
Fiscal services	2,245,069	2,311,707	2,361,456	(49,749)
Legal	857,221	857,221	837,116	20,105
Human resources	993,994	993,994	880,185	113,809
Technology & central services	2,623,212	2,676,028	2,231,005	445,023
Community relations	631,329	631,329	611,481	19,848
Total general government	<u>10,325,634</u>	<u>10,445,088</u>	<u>9,143,756</u>	<u>1,301,332</u>
Public Safety:				
Police	21,360,398	21,367,253	21,451,182	(83,929)
Fire	15,927,793	17,418,327	17,356,091	62,236
Building and safety engineering	2,786,747	2,786,747	2,935,209	(148,462)
46th Michigan district court	3,536,210	3,569,397	3,455,096	114,301
Civilian support services	4,266,198	4,279,601	3,819,225	460,376
Total public safety	<u>47,877,346</u>	<u>49,421,325</u>	<u>49,016,803</u>	<u>404,522</u>
Public Services:				
Planning	685,693	1,005,693	809,223	196,470
Community development	381,303	381,303	285,730	95,573
Sanitation	2,999,628	2,999,628	2,549,858	449,770
Road service administration	1,391,486	1,423,760	1,362,212	61,548
Total public services	<u>5,458,110</u>	<u>5,810,384</u>	<u>5,007,023</u>	<u>803,361</u>
Other:				
Insurance and bonds	586,815	586,815	127,107	459,708
Support services	3,034,959	17,745,808	2,681,503	15,064,305
Total other	<u>3,621,774</u>	<u>18,332,623</u>	<u>2,808,610</u>	<u>15,524,013</u>
Capital outlay	445,679	580,306	180,573	399,733
Debt service:				
Principal retirement	330,000	330,000	330,000	-
Interest and fiscal charges	40,406	40,406	40,406	-
Total debt	<u>370,406</u>	<u>370,406</u>	<u>370,406</u>	<u>-</u>
Total expenditures	<u>68,098,949</u>	<u>84,960,132</u>	<u>66,527,171</u>	<u>18,432,961</u>
Excess (deficiency) of revenues ov over expenditures	(235,658)	(15,254,297)	4,792,141	20,046,438
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in		220,000	222,750	2,750
Transfers out	(125,000)	(125,000)	(1,873,108)	(1,748,108)
Total other financing sources (uses)	<u>(125,000)</u>	<u>95,000</u>	<u>(1,650,358)</u>	<u>(1,745,358)</u>
Net change in fund balances	(360,658)	(15,159,297)	3,141,783	18,301,080
Fund balances - beginning	45,942,727	45,942,727	45,942,727	-
Fund balances - ending	<u>\$ 45,582,069</u>	<u>\$ 30,783,430</u>	<u>\$ 49,084,510</u>	<u>\$ 18,301,080</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2018

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 275,845	\$ 275,845	\$ 271,910	\$ (3,935)
Charges for services			650,000	650,000
Intergovernmental:				
Federal	-	-	36,090	36,090
State	5,247,400	5,247,400	7,147,880	1,900,480
Other	109,272	109,272	1,524,641	1,415,369
Investment earnings	6,328	6,328	5,135	(1,193)
Change in fair value of investments	-	-	180,339	180,339
Other	-	-	196,539	196,539
Total revenues	<u>5,638,845</u>	<u>5,638,845</u>	<u>10,012,534</u>	<u>4,373,689</u>
EXPENDITURES				
Highways and streets:				
Administration	158,410	158,410	151,453	6,957
Road maintenance	685,484	1,062,933	1,434,007	(371,074)
Traffic services	698,937	698,937	633,043	65,894
Snow removal	910,461	922,011	1,158,831	(236,820)
Appearance	1,276,001	1,292,001	1,280,016	11,985
Total highways and streets	<u>3,729,293</u>	<u>4,134,292</u>	<u>4,657,350</u>	<u>(523,058)</u>
Capital outlay	12,556,400	18,702,726	9,540,128	9,162,598
Debt service:				
Principal	1,331,764	1,331,764	1,130,000	201,764
Interest and fiscal charges	207,151	207,151	172,515	34,636
Total expenditures	<u>17,824,608</u>	<u>24,375,933</u>	<u>15,499,993</u>	<u>8,875,940</u>
Excess (deficiency) of revenues over (under) expenditures	(12,185,763)	(18,737,088)	(5,487,459)	13,249,629
OTHER FINANCING SOURCES				
Transfers in	12,185,763	12,185,763	5,239,838	(6,945,925)
Total other financing sources	<u>12,185,763</u>	<u>12,185,763</u>	<u>5,239,838</u>	<u>(6,945,925)</u>
Net change in fund balances	-	(6,551,325)	(247,621)	6,303,704
Fund balances - beginning	<u>479,741</u>	<u>479,741</u>	<u>479,741</u>	<u>-</u>
Fund balances - ending	<u>\$ 479,741</u>	<u>\$ (6,071,584)</u>	<u>\$ 232,120</u>	<u>\$ 6,303,704</u>

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

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

Southfield Employee Retirement System pension benefits

	<u>2018</u>	<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>
Actuarially determined contributions	\$ 3,668,687	\$ 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
Contributions in relation to the actuarially determined contribution	<u>3,668,687</u>	<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>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 13,548,441	\$ 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
Contribution as a Percentage of Covered Employee Payroll	27.08%	20.45%	21.38%	24.03%	22.11%	16.22%	15.94%	15.75%	15.43%	14.64%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/16

Actuarially determined contribution amounts for fiscal year 2018 are calculated based upon results of the June 30, 2016 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage, Closed
Remaining amortization period	30 years for the June 30, 2016 valuation
Asset valuation method	5- year smoothed market
Inflation	2.75% wage inflation; no explicit price inflation assumption is used in this valuation
Investment rate of return	7.50% (net of investment and administrative expenses)
Salary increases	3.00% to 6.00% including wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality Post-Retirement: RP-2014 Healthy Annuitant Generational Mortality Tables with blue collar adjustments and extended via cubic spline. Pre-Retirement: RP-2014 Employee Generational Mortality Tables with blue collar adjustments and extended via cubic spline. Post-Retirement Disabled: RP-2014 Disabled Mortality Tables extended via cubic spline. All tables are adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 is utilized with future mortality improvements assumed each year using scale MP-2015.
Other information	None

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

Fire and Police Retirement System pension benefits

	<u>2018</u>	<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>
Actuarially determined contributions	\$ 6,638,423	\$ 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
Contributions in relation to the actuarially determined contribution	<u>6,638,423</u>	<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>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 18,904,937	\$ 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
Contribution as a Percentage of Covered Employee Payroll	35.11%	33.30%	30.44%	32.15%	27.93%	26.88%	20.33%	15.60%	15.94%	14.47%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/16 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 30 Years for the June 30, 2016 valuation
Asset valuation method 5-year smoothed market
Investment rate of return 7.50% (net of investment and administrative expenses)
Inflation 3.25% wage inflation; no explicit price inflation assumption is used in this valuation
Salary increases 3.25% to 8.25% including wage inflation
Retirement age Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Healthy retirees: RP-2014 Blue Collar Healthy Annuitant mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale.
 Disabled retirees: RP-2014 Disabled Annuitant mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale.
 Employees: RP-2014 Blue Collar Employees mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale

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>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 17,857,831	\$ 18,026,227
Contributions in relation to the actuarially determined contribution	<u>8,751,955</u>	<u>8,378,689</u>
Contribution deficiency	\$ 9,105,876	\$ 9,647,538
Covered Employee Payroll	\$ 27,456,584	\$ 30,668,765
Contribution as a Percentage of Covered Employee Payroll	31.88%	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	25 Years
Asset valuation method	Market Value
Investment rate of return	5.50% (net of expenses, including inflation)
Inflation	2.75%
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	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

None

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					
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,567,183	\$ 1,576,471	\$ 1,587,719	\$ 1,630,427	\$ 1,716,931
Interest	11,229,219	11,070,056	10,797,824	10,698,458	10,496,636
Changes in benefit terms				(29,546)	
Differences between expected and actual experience	(835,066)	386,982	(1,241,195)	(1,085,186)	
Changes in assumptions			12,032,895		
Benefit payments, including refunds	(11,119,463)	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Net change in total pension liability	<u>841,873</u>	<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>154,499,066</u>	<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>\$ 155,340,939</u>	<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	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024
Contributions – member	729,155	720,834	689,397	711,807	717,449
Net investment income	9,449,992	14,825,665	(3,280,426)	2,770,284	19,846,251
Benefit payments, including refunds	(11,119,463)	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Other—Pension plan administrative expense	(33,827)	(60,693)	(166,074)	(141,901)	(121,077)
Other	(1)	148,506			
Net change in plan fiduciary net position	<u>2,694,543</u>	<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>112,477,992</u>	<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>\$ 115,172,535</u>	<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>\$ 40,168,404</u>	<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>74.14%</u>	<u>72.80%</u>	<u>68.88%</u>	<u>82.58%</u>	<u>85.73%</u>
Covered employee payroll	<u>\$ 13,548,441</u>	<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>296.48%</u>	<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				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 2,640,321	\$ 2,701,757	\$ 2,804,586	\$ 2,803,893	\$ 2,967,577
Interest	18,828,204	18,445,532	17,913,693	17,512,901	17,120,568
Differences between expected and actual experience	4,577,169	1,787,826	1,243,252	781,324	
Changes in assumptions			9,830,854		
Benefit payments, including refunds	<u>(18,090,480)</u>	<u>(17,513,738)</u>	<u>(16,376,212)</u>	<u>(15,477,676)</u>	<u>(14,410,229)</u>
Net change in total pension liability	<u>7,955,214</u>	<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>258,767,794</u>	<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>\$ 266,723,008</u>	<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	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046
Contributions – member	453,274	457,293	444,861	466,794	475,435
Net investment income	13,854,087	20,166,668	2,221,494	3,099,104	30,545,333
Benefit payments, including refunds	(18,090,480)	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Other—Pension plan administrative expense	(307,479)	(155,064)	(431,274)	(403,477)	(342,022)
Other	<u>(1,660)</u>				
Net change in plan fiduciary net position	<u>2,546,165</u>	<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>197,237,717</u>	<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>\$ 199,783,882</u>	<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>\$ 66,939,126</u>	<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>74.90%</u>	<u>76.22%</u>	<u>74.22%</u>	<u>82.59%</u>	<u>87.34%</u>
Covered employee payroll	<u>\$ 18,904,937</u>	<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>354.08%</u>	<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

	2018	2017
Total OPEB liability		
Service cost	\$ 5,202,468	\$ 7,193,640
Interest	13,838,363	12,501,905
Differences between expected and actual experience	32,261,718	-
Changes in assumptions	(19,904,841)	(39,136,829)
Benefit payments, including refunds	<u>(10,231,956)</u>	<u>(8,744,194)</u>
Net change in total OPEB liability	<u>21,165,752</u>	<u>(28,185,478)</u>
Total OPEB liability – beginning of year	<u>339,214,579</u>	<u>367,400,057</u>
Total OPEB liability – end of year	<u>\$ 360,380,331</u>	<u>\$ 339,214,579</u>
Plan fiduciary net position		
Contributions – employer	\$ 8,751,955	\$ 8,378,689
Contributions – member	592,825	666,218
Net investment income	4,963,952	7,021,541
Benefit payments, including refunds	(10,231,956)	(8,744,194)
Other—Pension plan administrative expense	(22,677)	(10,404)
Other	<u>(82,202)</u>	<u>42,822</u>
Net change in plan fiduciary net position	<u>3,971,897</u>	<u>7,354,672</u>
Plan fiduciary net position – beginning of year	<u>68,140,255</u>	<u>60,785,583</u>
Plan fiduciary net position – end of year	<u>\$ 72,112,152</u>	<u>\$ 68,140,255</u>
City's net OPEB liability - ending	<u>\$ 288,268,179</u>	<u>\$ 271,074,324</u>
Plan fiduciary net position as a % of total OPEB liability	<u>20.01%</u>	<u>20.09%</u>
Covered employee payroll	<u>\$ 27,456,584</u>	<u>\$ 30,668,765</u>
City's net OPEB liability as a % of covered employee payroll	<u>1049.91%</u>	<u>883.88%</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

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
7.85%	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

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
7.19%	11.06%	1.06%	1.25%	16.74%	9.08%	-3.43%	19.42%	12.22%	-20.76%

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

2018	2017
7.43%	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 - Unaudited

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	\$ 70,393,180	\$ 70,393,180	\$ 18,476,592	\$ 18,476,592
Transfers		(125,000)	(12,185,763)	
Reimbursements	(2,169,231)	(2,169,231)	(651,984)	(651,984)
Fund balance draws	(360,658)			
Original (as presented)	<u>67,863,291</u>	<u>68,098,949</u>	<u>5,638,845</u>	<u>17,824,608</u>
Approved encumbrances		12,848,733		6,476,556
Council adjustments	1,622,544	4,012,450		74,769
Other financing sources	220,000			
Final (as presented)	<u>\$ 69,705,835</u>	<u>\$ 84,960,132</u>	<u>\$ 5,638,845</u>	<u>\$ 24,375,933</u>

NON-MAJOR FUNDS

	Local Streets		Parks and Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 9,764,479	\$ 9,764,479	\$ 7,243,682	\$ 7,243,682
Transfers		(3,000,000)	(125,000)	(236,591)
Reimbursements	(667,283)	(667,283)		
Approved encumbrances		196,709		
Council adjustments		34,892		300,001
Final (as presented)	<u>\$ 9,097,196</u>	<u>\$ 6,328,797</u>	<u>\$ 7,118,682</u>	<u>\$ 7,307,092</u>

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation - Unaudited

(continued)

NON-MAJOR FUNDS

	Cable Television		Block Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,098,881	\$ 1,098,881	\$ 451,118	\$ 451,118
Approved encumbrances				71,503
Council adjustments		14,143		
Final (as presented)	<u>\$ 1,098,881</u>	<u>\$ 1,113,024</u>	<u>\$ 451,118</u>	<u>\$ 522,621</u>
	Drug Law Enforcement		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 25,000	\$ 25,000	\$ 26,000	\$ 26,000
Council adjustments		28,350		
Final (as presented)	<u>\$ 25,000</u>	<u>\$ 53,350</u>	<u>\$ 26,000</u>	<u>\$ 26,000</u>
	Library		Michigan Works Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,613,326	\$ 7,613,326	\$ 2,300,000	\$ 2,300,000
Approved encumbrances				43,248
Final (as presented)	<u>\$ 7,613,326</u>	<u>\$ 7,613,326</u>	<u>\$ 2,300,000</u>	<u>\$ 2,343,248</u>
	Auto Theft Grant		Donations, Memorial Trusts & Sponsorships	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 310,140	\$ 310,140	\$ 200,000	\$ 200,000
Transfers	(154,789)			
Fund balance draws		13,761		7,698
Council adjustments	1,393	1,393		
Final (as presented)	<u>\$ 156,744</u>	<u>\$ 325,294</u>	<u>\$ 200,000</u>	<u>\$ 207,698</u>

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 14,122,730	\$ 1,944,529	\$ 1,435,183	\$ 17,502,442
Investments	6,389,751	77,271	6,572,486	13,039,508
Receivables, net (Note 5)	1,373,712	57,801	25,209	1,456,722
Prepays	71,434			71,434
Due from other funds (Note 8)	159,588		6,820	166,408
Due from component units	47,019			47,019
Due from other governmental units	665,163			665,163
Restricted assets: (Note 4)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 22,829,397</u>	<u>\$ 2,079,601</u>	<u>\$ 8,076,828</u>	<u>\$ 32,985,826</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 679,333		\$ 131,787	\$ 811,120
Accrued payroll	133,921		1,077	134,998
Due to other funds (Note 8)	1,044,965			1,044,965
Other short-term liabilities	41,908	\$ 24,636		66,544
Advances from local improvement revolving fund (Note 8)	24,602		737,560	762,162
Total liabilities	<u>1,924,729</u>	<u>24,636</u>	<u>870,424</u>	<u>2,819,789</u>
Deferred inflows of resources - unavailable (Note 5)	67,303	10,391	-	77,694
Fund balance: (Note 14)				
Non-spendable	71,434			71,434
Restricted	19,845,498	2,044,574	737,752	22,627,824
Committed	920,433			920,433
Assigned			6,468,652	6,468,652
Total fund balances	<u>20,837,365</u>	<u>2,044,574</u>	<u>7,206,404</u>	<u>30,088,343</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,829,397</u>	<u>\$ 2,079,601</u>	<u>\$ 8,076,828</u>	<u>\$ 32,985,826</u>

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

City of Southfield

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

Non-major Governmental Funds

For the Year Ended June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 13,411,165	\$ 6,225,877		\$ 19,637,042
Special assessments	15,131		\$ 310,000	325,131
Charges for services	2,916,147			2,916,147
Fines and forfeitures	104,743			104,743
Federal forfeitures	189,393			189,393
Intergovernmental:				
Federal	2,221,905			2,221,905
State	2,338,842			2,338,842
Contributions and donations	202,183		129,175	331,358
Investment earnings	719,575	146,386	(62,179)	803,782
Change in fair value of investments	450,816	(5,380)	(1,101)	444,335
Other	178,542	42,689		221,231
Total revenues	<u>23,643,082</u>	<u>6,409,572</u>	<u>375,895</u>	<u>30,428,549</u>
EXPENDITURES				
Current:				
General government	50,070			50,070
Public safety	192,817			192,817
Community improvement	535,271			535,271
Social services	1,773,621			1,773,621
Culture and recreation	11,916,827			11,916,827
Other		3,439	649	4,088
Capital outlay	3,160,197		3,948,912	7,109,109
Debt service:				
Principal retirement	1,261,515	5,627,332		6,888,847
Interest and fiscal charges	921,208	1,065,798		1,987,006
Total expenditures	<u>23,186,007</u>	<u>6,696,569</u>	<u>3,949,561</u>	<u>33,832,137</u>
Deficiency of revenues under expenditures	457,075	(286,997)	(3,573,666)	(3,403,588)
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	2,666,456		3,337,806	6,004,262
Transfers out	(3,348,255)		(1,411,215)	(4,759,470)
Total other financing sources (uses)	<u>(681,799)</u>		<u>1,926,591</u>	<u>1,244,792</u>
Net change in fund balances	(224,724)	(286,997)	(1,647,075)	(2,158,796)
Fund balances - beginning	21,062,089	2,331,571	8,853,479	32,247,139
Fund balances - ending	<u>\$ 20,837,365</u>	<u>\$ 2,044,574</u>	<u>\$ 7,206,404</u>	<u>\$ 30,088,343</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

LOCAL STREETS: Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads, roadsides, and storm sewers. Snow removal and traffic control are also supported by this funding source. Local streets, which primarily service the residential community, are maintained by the City through a one-mill City tax levy for residential street maintenance and to a lesser degree by Act 51 funding. Additional funds are provided through Public Act 298 of 1917 for all local streets mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City.

PARKS AND RECREATION

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

CABLE TELEVISION

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

BLOCK GRANT

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

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.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

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, 2018

	Local Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS											
Cash and cash equivalents	\$ 7,038,059	\$ 2,808,266	\$ (130,690)	\$ 523,144	\$ 587,037	\$ 123,301	\$ 2,493,396	\$ (186,043)	\$ (33,700)	\$ 899,960	\$ 14,122,730
Investments	202,227	475,246	764,356				4,947,922				6,389,751
Receivables, net	363,600	348,556	236,293	51,118	2,071	46,045	325,412			617	1,373,712
Prepays		16,952	10,163				44,319				71,434
Due from other funds	4,360			1,695					153,533		159,588
Due from component units				12,551		34,468					47,019
Due from other governmental units								665,163			665,163
Total assets	\$ 7,608,246	\$ 3,649,020	\$ 880,122	\$ 588,508	\$ 589,108	\$ 203,814	\$ 7,811,049	\$ 479,120	\$ 119,833	\$ 900,577	\$ 22,829,397
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 267,611	\$ 281,408	\$ 12,998	\$ 29,031	\$ 351	\$	\$ 35,756	\$ 23,500	\$	\$ 28,678	\$ 679,333
Accrued payroll		63,106	2,510	6,714	5,591		9,839	37,110	7,226	1,825	133,921
Due to other funds	384,773			270,210				387,486	801	1,695	1,044,965
Other short-term liabilities	8,753	13,466					19,689				41,908
Advances from local improvement revolving fund		24,602									24,602
Total liabilities	661,137	382,582	15,508	305,955	5,942		65,284	448,096	8,027	32,198	1,924,729
Deferred inflows of resources - unavailable	1,332	1,924		15,627		45,340	3,080				67,303
Fund balance:											
Non-spendable		16,952	10,163				44,319				71,434
Restricted	6,945,777	3,247,562	281,831	266,926	583,166	158,474	7,698,366	31,024	111,806	520,566	19,845,498
Committed			572,620							347,813	920,433
Total fund balances	6,945,777	3,264,514	864,614	266,926	583,166	158,474	7,742,685	31,024	111,806	868,379	20,837,365
Total liabilities, deferred inflows and fund balances	\$ 7,608,246	\$ 3,649,020	\$ 880,122	\$ 588,508	\$ 589,108	\$ 203,814	\$ 7,811,049	\$ 479,120	\$ 119,833	\$ 900,577	\$ 22,829,397

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, 2018

	Local Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES											
Property taxes	\$ 2,622,331	\$ 4,149,489					\$ 6,639,345				\$ 13,411,165
Special assessments						\$ 15,131					15,131
Charges for services	650,000	1,910,653					355,494				2,916,147
Fines and forfeitures					\$ 104,743						104,743
Federal forfeitures					189,393						189,393
Cable franchise fees			\$ 894,640								894,640
Intergovernmental:											
Federal		100,000		\$ 436,506			\$ 1,685,399				2,221,905
State	2,157,660						84,317	\$ 96,865			2,338,842
Contributions and donations									\$ 202,183		202,183
Investment earnings	204,940	176,368	79,900		8,079	2,742	241,446			6,100	719,575
Change in fair value of investments	(85,940)	(93,809)	(62,037)		(830)	(282)	688,730			4,984	450,816
Other	5,330	80,649	510	46,978		860	28,202	16,013			178,542
Total revenues	5,554,321	6,323,350	913,013	483,484	301,385	18,451	8,037,534	1,701,412	96,865	213,267	23,643,082
EXPENDITURES											
Current:											
General government										50,070	50,070
Public safety					20,501				171,776	540	192,817
Highways and streets	3,374,481										3,374,481
Community improvement				509,347		25,924					535,271
Social services								1,754,517		19,104	1,773,621
Culture and recreation		6,134,878	945,335				4,711,749			124,865	11,916,827
Capital outlay	2,549,552	566,297	17,922		18,450		7,976				3,160,197
Debt service:											
Principal retirement	86,515	-					1,175,000				1,261,515
Interest and fiscal charges	19,461	40,547					861,200				921,208
Total expenditures	6,030,009	6,741,722	963,257	509,347	38,951	25,924	6,755,925	1,754,517	171,776	194,579	23,186,007
Excess (deficiency) of revenues over (under) expenditures	(475,688)	(418,372)	(50,244)	(25,863)	262,434	(7,473)	1,281,609	(53,105)	(74,911)	18,688	457,075
OTHER FINANCING SOURCES (USES)											
Transfers in	2,487,077	24,590							154,789		2,666,456
Transfers out	(3,000,000)	(236,591)								(111,664)	(3,348,255)
Total other financing sources (use)	(512,923)	(212,001)	-	-	-	-	-	-	154,789	(111,664)	(681,799)
Net change in fund balances	(988,611)	(630,373)	(50,244)	(25,863)	262,434	(7,473)	1,281,609	(53,105)	79,878	(92,976)	(224,724)
Fund balances - beginning	7,934,388	3,894,887	914,858	292,789	320,732	165,947	6,461,076	84,129	31,928	961,355	21,062,089
Fund balances - ending	\$ 6,945,777	\$ 3,264,514	\$ 864,614	\$ 266,926	\$ 583,166	\$ 158,474	\$ 7,742,685	\$ 31,024	\$ 111,806	\$ 868,379	\$ 20,837,365

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, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 2,657,291	\$ 2,622,331	\$ (34,960)
Charges for services		650,000	650,000
Intergovernmental:			
State	1,565,072	2,157,660	592,588
Investment earnings	6,328	204,940	198,612
Change in fair value of investments	-	(85,940)	(85,940)
Other	4,868,505	5,330	(4,863,175)
Total revenues	<u>9,097,196</u>	<u>5,554,321</u>	<u>(3,542,875)</u>
EXPENDITURES			
Highways and streets:			
Administration	253,571	230,226	23,345
Road maintenance	1,509,259	1,856,752	(347,493)
Traffic services	223,264	117,273	105,991
Snow removal	701,252	510,071	191,181
Appearance	815,036	660,159	154,877
Total highways and streets	<u>3,502,382</u>	<u>3,374,481</u>	<u>127,901</u>
Capital outlay	2,708,855	2,549,552	159,303
Debt service:			
Principal retirement	91,544	86,515	5,029
Interest and fiscal charges	26,016	19,461	6,555
Total expenditures	<u>6,328,797</u>	<u>6,030,009</u>	<u>298,788</u>
Excess (deficiency) of revenues over (under) expenditures	2,768,399	(475,688)	(3,244,087)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,487,077	2,487,077
Transfers out	(3,000,000)	(3,000,000)	-
Total other financing sources (uses)	<u>(3,000,000)</u>	<u>(512,923)</u>	<u>2,487,077</u>
Net change in fund balances	(231,601)	(988,611)	(757,010)
Fund balance - beginning	<u>7,934,388</u>	<u>7,934,388</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 7,702,787</u></u>	<u><u>\$ 6,945,777</u></u>	<u><u>\$ (757,010)</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Parks and Recreation Fund

For the Year Ended June 30, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 4,204,955	\$ 4,149,489	\$ (55,466)
Charges for services	2,153,946	1,910,653	(243,293)
Intergovernmental:			
Federal	425,000	100,000	(325,000)
Investment earnings	50,000	176,368	126,368
Change in fair value of investments	-	(93,809)	(93,809)
Other	284,781	80,649	(204,132)
Total revenues	<u>7,118,682</u>	<u>6,323,350</u>	<u>(795,332)</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,287,675	1,913,096	374,579
Recreation division	1,082,512	1,037,314	45,198
Cultural arts division	90,917	69,626	21,291
Senior center division	261,819	269,191	(7,372)
Operations & facilities division	2,204,025	2,263,520	(59,495)
Golf	679,345	582,131	97,214
Total culture and recreation	<u>6,606,293</u>	<u>6,134,878</u>	<u>471,415</u>
Capital outlay	660,252	566,297	93,955
Debt service:			
Interest and fiscal charges	40,547	40,547	-
Total expenditures	<u>7,307,092</u>	<u>6,741,722</u>	<u>565,370</u>
Deficiency of revenues under expenditures	(188,410)	(418,372)	(229,962)
OTHER FINANCING SOURCES (USES)			
Transfers in	125,000	24,590	(100,410)
Transfers out	(236,591)	(236,591)	-
Total other financing sources (uses)	<u>(111,591)</u>	<u>(212,001)</u>	<u>(100,410)</u>
Net change in fund balances	(300,001)	(630,373)	(330,372)
Fund balance - beginning	<u>3,894,887</u>	<u>3,894,887</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,594,886</u>	<u>\$ 3,264,514</u>	<u>\$ (330,372)</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, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Cable franchise fees	\$ 1,096,068	\$ 894,640	\$ (201,428)
Investment earnings	2,813	79,900	77,087
Change in fair value of investments	-	(62,037)	(62,037)
Other	-	510	510
Total revenues	<u>1,098,881</u>	<u>913,013</u>	<u>(185,868)</u>
EXPENDITURES			
Culture and recreation	1,098,881	945,335	153,546
Capital outlay	14,143	17,922	(3,779)
Total expenditures	<u>1,113,024</u>	<u>963,257</u>	<u>149,767</u>
Net change in fund balances	(14,143)	(50,244)	(36,101)
Fund balance - beginning	<u>914,858</u>	<u>914,858</u>	<u>-</u>
Fund balance - ending	<u>\$ 900,715</u>	<u>\$ 864,614</u>	<u>\$ (36,101)</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Block Grant Fund

For the Year Ended June 30, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 451,118	\$ 436,506	\$ (14,612)
Other	-	46,978	46,978
Total revenues	<u>451,118</u>	<u>483,484</u>	<u>32,366</u>
EXPENDITURES			
Community improvement	<u>522,621</u>	<u>509,347</u>	<u>13,274</u>
Net change in fund balances	(71,503)	(25,863)	45,640
Fund balance - beginning	<u>292,789</u>	<u>292,789</u>	<u>-</u>
Fund balance - ending	<u>\$ 221,286</u>	<u>\$ 266,926</u>	<u>\$ 45,640</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, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 12,000	\$ 104,743	\$ 92,743
Federal forfeitures	12,000	189,393	177,393
Investment earnings	1,000	8,079	7,079
Change in fair value of investments	-	(830)	(830)
Total revenues	<u>25,000</u>	<u>301,385</u>	<u>276,385</u>
EXPENDITURES			
Public safety	34,900	20,501	14,399
Capital outlay	18,450	18,450	-
Total expenditures	<u>53,350</u>	<u>38,951</u>	<u>14,399</u>
Net change in fund balances	(28,350)	262,434	290,784
Fund balance - beginning	<u>320,732</u>	<u>320,732</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 292,382</u></u>	<u><u>\$ 583,166</u></u>	<u><u>\$ 290,784</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 - Grants Fund

For the Year Ended June 30, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments	\$ 16,000	\$ 15,131	\$ (869)
Investment earnings	-	2,742	2,742
Change in fair value of investments	-	(282)	(282)
Other	10,000	860	(9,140)
Total revenues	<u>26,000</u>	<u>18,451</u>	<u>(7,549)</u>
EXPENDITURES			
Community improvement	<u>26,000</u>	<u>25,924</u>	<u>76</u>
Net change in fund balances	-	(7,473)	(7,473)
Fund balance - beginning	<u>165,947</u>	<u>165,947</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 165,947</u></u>	<u><u>\$ 158,474</u></u>	<u><u>\$ (7,473)</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Library Fund

For the Year Ended June 30, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,727,928	\$ 6,639,345	\$ (88,583)
Charges for services	362,812	355,494	(7,318)
Intergovernmental:			
State	50,000	84,317	34,317
Investment earnings	80,962	241,446	160,484
Change in fair value of investments	-	688,730	688,730
Other	391,624	28,202	(363,422)
Total revenues	<u>7,613,326</u>	<u>8,037,534</u>	<u>424,208</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,009,208	1,832,287	176,921
Adult reference	1,152,647	838,724	313,923
Children's division	735,865	576,898	158,967
Support services	817,522	818,214	(692)
Technology division	811,460	645,626	165,834
Total culture and recreation	<u>5,526,702</u>	<u>4,711,749</u>	<u>814,953</u>
Capital outlay	50,424	7,976	42,448
Debt service:			
Principal	1,175,000	1,175,000	-
Interest and fiscal charges	861,200	861,200	-
Total expenditures	<u>7,613,326</u>	<u>6,755,925</u>	<u>857,401</u>
Net change in fund balances	-	1,281,609	1,281,609
Fund balance - beginning	<u>6,461,076</u>	<u>6,461,076</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 6,461,076</u></u>	<u><u>\$ 7,742,685</u></u>	<u><u>\$ 1,281,609</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, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 2,300,000	\$ 1,685,399	\$ (614,601)
Other	-	16,013	16,013
Total revenues	<u>2,300,000</u>	<u>1,701,412</u>	<u>(598,588)</u>
EXPENDITURES			
Social services	<u>2,343,248</u>	<u>1,754,517</u>	<u>588,731</u>
Net change in fund balances	(43,248)	(53,105)	(9,857)
Fund balance - beginning	<u>84,129</u>	<u>84,129</u>	<u>-</u>
Fund balance - ending	\$ <u><u>40,881</u></u>	\$ <u><u>31,024</u></u>	\$ <u><u>(9,857)</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 - Auto Theft Grant Fund

For the Year Ended June 30, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 156,181	\$ 96,865	\$ (59,316)
Investment earnings	563	-	(563)
Total revenues	<u>156,744</u>	<u>96,865</u>	<u>(59,879)</u>
EXPENDITURES			
Public safety	<u>325,294</u>	<u>171,776</u>	<u>153,518</u>
Excess (deficiency) of revenues over (under) expenditures	(168,550)	(74,911)	93,639
OTHER FINANCING SOURCES			
Transfers in	<u>154,789</u>	<u>154,789</u>	<u>-</u>
Net change in fund balances	(13,761)	79,878	93,639
Fund balances - beginning	<u>31,928</u>	<u>31,928</u>	<u>-</u>
Fund balances - ending	\$ <u><u>18,167</u></u>	\$ <u><u>111,806</u></u>	\$ <u><u>93,639</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Donations, Memorial Trusts & Sponsorships For the Year Ended June 30, 2018

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Contributions	\$ 200,000	\$ 202,183	\$ 2,183
Investment earnings	-	6,100	6,100
Other	-	4,984	4,984
Total revenues	<u>200,000</u>	<u>213,267</u>	<u>13,267</u>
EXPENDITURES			
General government	194,148	50,070	144,078
Public safety	550	540	10
Social services	-	19,104	(19,104)
Culture and recreation	13,000	124,865	(111,865)
Total expenditures	<u>207,698</u>	<u>194,579</u>	<u>13,119</u>
Excess (deficiency) of revenues over (under) expenditures	(7,698)	18,688	26,386
OTHER FINANCING USES			
Transfers out	-	(111,664)	(111,664)
Net change in fund balances	(7,698)	(92,976)	(85,278)
Fund balances - beginning	<u>961,355</u>	<u>961,355</u>	<u>-</u>
Fund balances - ending	<u>\$ 953,657</u>	<u>\$ 868,379</u>	<u>\$ (85,278)</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

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

ROAD BOND DEBT

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

DRAINS-AT-LARGE

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

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Debt Service Funds
June 30, 2018

	Road Bond Debt	Drains-at- Large	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 878,115	\$ 1,066,414	\$ 1,944,529
Investments		77,271	77,271
Receivables, net	48,184	9,617	57,801
Total assets	<u>\$ 926,299</u>	<u>\$ 1,153,302</u>	<u>\$ 2,079,601</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Other short-term liabilities	\$ 22,210	\$ 2,426	\$ 24,636
Deferred inflows of resources - unavailable	10,391		10,391
Fund balance:			
Restricted for debt service	893,698	1,150,876	2,044,574
Total liabilities, deferred inflows and fund balances	<u>\$ 926,299</u>	<u>\$ 1,153,302</u>	<u>\$ 2,079,601</u>

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

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Governmental Funds Debt Service Funds For the Year Ended June 30, 2018

	Road Bond Debt	Drains-at- Large	Total
REVENUES			
Property taxes	\$ 6,162,387	\$ 63,490	\$ 6,225,877
Investment earnings	113,876	32,510	146,386
Change in fair value of investments	(12,017)	6,637	(5,380)
Other	36,756	5,933	42,689
Total revenues	<u>6,301,002</u>	<u>108,570</u>	<u>6,409,572</u>
EXPENDITURES			
Other	2,905	534	3,439
Debt service:			
Principal retirement	5,085,000	542,332	5,627,332
Interest and fiscal charges	969,900	95,898	1,065,798
Total expenditures	<u>6,057,805</u>	<u>638,764</u>	<u>6,696,569</u>
Excess (deficiency) of revenues over (under) expenditures	243,197	(530,194)	(286,997)
OTHER FINANCING SOURCES			
Transfers in	<u> </u>	<u>-</u>	<u> </u>
Net change in fund balances	243,197	(530,194)	(286,997)
Fund balances - beginning	650,501	1,681,070	2,331,571
Fund balances - ending	<u>\$ 893,698</u>	<u>\$ 1,150,876</u>	<u>\$ 2,044,574</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, 2018

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Total
ASSETS				
Cash and cash equivalents	\$ 248,115	\$ 1,055,209	\$ 131,859	\$ 1,435,183
Investments		6,572,486		6,572,486
Receivables, net	2,749	22,460		25,209
Due from other funds		6,820		6,820
Restricted assets:				
Cash and cash equivalents		37,130		37,130
Total assets	<u>\$ 250,864</u>	<u>\$ 7,694,105</u>	<u>\$ 131,859</u>	<u>\$ 8,076,828</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable		\$ 1,005	\$ 130,782	\$ 131,787
Due to other funds			1,077	1,077
Advances from local improvement revolving fund		737,560		737,560
Total liabilities	<u>\$ -</u>	<u>738,565</u>	<u>131,859</u>	<u>870,424</u>
Fund balances:				
Restricted	250,864	486,888		737,752
Assigned		6,468,652		6,468,652
Total fund balances	<u>250,864</u>	<u>6,955,540</u>	<u>-</u>	<u>7,206,404</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 250,864</u>	<u>\$ 7,694,105</u>	<u>\$ 131,859</u>	<u>\$ 8,076,828</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, 2018

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Total
REVENUES				
Charges for services		\$ 310,000		\$ 310,000
Contributions and donations		129,175		129,175
Investment earnings	\$ 10,676	(72,855)		(62,179)
Change in fair value of investments	(1,101)			(1,101)
Total revenues	<u>9,575</u>	<u>366,320</u>	\$ -	<u>375,895</u>
EXPENDITURES				
Construction and other costs	181	468		649
Capital outlay	257,158	234,299	3,457,455	3,948,912
Total expenditures	<u>257,339</u>	<u>234,767</u>	<u>3,457,455</u>	<u>3,949,561</u>
Excess (deficiency) of revenues over (under) expenditures	(247,764)	131,553	(3,457,455)	(3,573,666)
OTHER FINANCING SOURCES				
Transfers in		236,591	3,101,215	3,337,806
Transfers out		(1,411,215)		(1,411,215)
Total other financing sources (uses)	-	<u>(1,174,624)</u>	<u>3,101,215</u>	<u>1,926,591</u>
Net change in fund balances	(247,764)	(1,043,071)	(356,240)	(1,647,075)
Fund balances - beginning	498,628	7,998,611	356,240	8,853,479
Fund balances - ending	<u>\$ 250,864</u>	<u>\$ 6,955,540</u>	<u>\$ -</u>	<u>\$ 7,206,404</u>

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

INTERNAL SERVICE FUNDS

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

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, 2018

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
ASSETS							
Current assets:							
Cash and cash equivalents (Note 3)	\$ 4,111,907	\$ 1,175,581	\$ 2,213,156	\$ 1,383,185	\$ 1,708,189	\$ 1,122,289	\$ 11,714,307
Investments (Note 3)		840,841	2,702,236	2,350,421	1,160,358	44,818	7,098,674
Receivables, net (Note 5)				44,853	14,187	68,646	127,686
Prepays and other assets	1,280,280		9,143				1,289,423
Due from other funds (Note 8)		431,229	334,789	2,000,000		19,699	2,785,717
Inventory			393,761				393,761
Total current assets	<u>5,392,187</u>	<u>2,447,651</u>	<u>5,653,085</u>	<u>5,778,459</u>	<u>2,882,734</u>	<u>1,255,452</u>	<u>23,409,568</u>
Noncurrent assets:							
Restricted cash and cash equivalents (Note 4)					2,711,392		2,711,392
Long-term advances to other funds (Note 8)						2,283,420	2,283,420
Long-term advances to component units (Note 8)						1,401,387	1,401,387
Capital assets: (Note 6)							
Equipment and intangibles		423,436	13,606,144	9,704,622			23,734,202
Less accumulated depreciation		(330,290)	(10,179,345)	(8,139,615)			(18,649,250)
Net capital assets	-	<u>93,146</u>	<u>3,426,799</u>	<u>1,565,007</u>	-	-	<u>5,084,952</u>
Total noncurrent assets	-	<u>93,146</u>	<u>3,426,799</u>	<u>1,565,007</u>	<u>2,711,392</u>	<u>3,684,807</u>	<u>11,481,151</u>
Total assets	<u>5,392,187</u>	<u>2,540,797</u>	<u>9,079,884</u>	<u>7,343,466</u>	<u>5,594,126</u>	<u>4,940,259</u>	<u>34,890,719</u>
Deferred Outflows of Resources							
Related to Pensions			178,138				178,138
Related to OPEB		394,829	123,359				518,188
LIABILITIES							
Current liabilities:							
Accounts payable		404,135	285,473	65,158			754,766
Accrued payroll		4,853	3,715				8,568
Accrued compensated absences- due within 1 year (Note 7)		64,685	46,388				111,073
Total current liabilities	-	<u>473,673</u>	<u>335,576</u>	<u>65,158</u>	-	-	<u>874,407</u>
Noncurrent liabilities:							
General insurance & workers' compensation accrual					2,107,513		2,107,513
Medical claims					81,875		81,875
Accrued compensated absences- due more 1 year (Note 7)		114,998	82,468				197,466
Net pension liability (Note 11)		1,042,050	1,848,756				2,890,806
Net OPEB liability (Note 12)		6,369,620	1,990,102				8,359,722
Total noncurrent liabilities	-	<u>7,526,668</u>	<u>3,921,326</u>	-	<u>2,189,388</u>	-	<u>13,637,382</u>
Total liabilities	-	<u>8,000,341</u>	<u>4,256,902</u>	<u>65,158</u>	<u>2,189,388</u>	-	<u>14,511,789</u>
Deferred Inflows of Resources							
Related to Pensions		45,931	36,538				82,469
Related to OPEB		242,713	75,832				318,545
NET POSITION							
Net investment in capital assets		93,146	3,426,799	1,565,007			5,084,952
Restricted for claims					522,004		522,004
Unrestricted	<u>5,392,187</u>	<u>(5,446,505)</u>	<u>1,585,310</u>	<u>5,713,301</u>	<u>2,882,734</u>	<u>4,940,259</u>	<u>15,067,286</u>
Total net position (deficit)	<u>\$ 5,392,187</u>	<u>\$ (5,353,359)</u>	<u>\$ 5,012,109</u>	<u>\$ 7,278,308</u>	<u>\$ 3,404,738</u>	<u>\$ 4,940,259</u>	<u>\$ 20,674,242</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, 2018

	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	\$ 10,043,376	\$ 4,487,701	\$ 4,124,221				\$ 18,655,298
Other	968,140	70				\$ 276,946	1,245,156
Total operating revenue	11,011,516	4,487,771	4,124,221	\$ -	\$ -	276,946	19,900,454
OPERATING EXPENSES							
Administration		1,686,760	26,082				1,712,842
Health Care	7,647,248						7,647,248
Equipment and facility operation:							
Equipment maintenance			2,899,536	280,551			3,180,087
Communications			397,206				397,206
Maintenance staff		814,069					814,069
Custodial staff		1,177,975					1,177,975
Depreciation		16,600	1,106,730	451,042			1,574,372
Other					435,550		435,550
Total operating expenses	7,647,248	3,695,404	4,429,554	731,593	435,550	-	16,939,349
Operating income (loss)	3,364,268	792,367	(305,333)	(731,593)	(435,550)	276,946	2,961,105
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental		9,713					9,713
Investment earnings	4,451	18,727	67,075	135,873	73,598	282,217	581,941
Change in fair value of investments		(972,082)	(63,874)	(18,564)	(41,090)	(18,904)	(1,114,514)
Other			(60,010)	(7,043)	(101,697)	(22,389)	(191,139)
Total nonoperating revenues	4,451	(943,642)	(56,809)	110,266	(69,189)	240,924	(713,999)
Change in net position	3,368,719	(151,275)	(362,142)	(621,327)	(504,739)	517,870	2,247,106
Total net position - beginning, as restated	2,023,468	(5,202,084)	5,374,251	7,899,635	3,909,477	4,422,389	18,427,136
Total net position (deficit) - ending	\$ 5,392,187	\$ (5,353,359)	\$ 5,012,109	\$ 7,278,308	\$ 3,404,738	\$ 4,940,259	\$ 20,674,242

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, 2018

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from users	\$ 11,170,571	\$ 4,487,771	\$ 4,124,438			\$ 276,946	\$ 20,059,726
Cash paid to employees		(1,440,059)	(1,227,878)		\$ (196,809)		(2,864,746)
Cash paid to suppliers	(7,647,248)	(2,439,775)	(1,211,011)	\$ (221,310)	(195,041)		(11,714,385)
Payments received (made) on interfunds	(2,296,854)	409,334	3,662,044	(1,989,964)	(30,022)	(13,709,643)	(13,955,105)
Net cash provided by (used in) operating activities:	<u>1,226,469</u>	<u>1,017,271</u>	<u>5,347,593</u>	<u>(2,211,274)</u>	<u>(421,872)</u>	<u>(13,432,697)</u>	<u>(8,474,510)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments received on long-term advances						565,195	565,195
Net cash provided by noncapital and related financing activities:	-	-	-	-	-	565,195	565,195
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of property equipment & adjustments, net of proceeds		9,713	(1,348,144)	(317,597)	(101,697)	(22,389)	(1,780,114)
Net cash provided by (used in) capital and related financing activities:	-	9,713	(1,348,144)	(317,597)	(101,697)	(22,389)	(1,780,114)
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale (purchases) of investments, net of proceeds		319,664	1,027,313	(1,176,695)	1,821,307	2,087,296	4,078,885
Investment earnings (loss)	4,451	(947,444)	16,247	88,710	29,576	201,806	(606,654)
Net cash provided by (used in) investing activities:	<u>4,451</u>	<u>(627,780)</u>	<u>1,043,560</u>	<u>(1,087,985)</u>	<u>1,850,883</u>	<u>2,289,102</u>	<u>3,472,231</u>
Net increase (decrease) in cash, cash equivalents:	1,230,920	399,204	5,043,009	(3,616,856)	1,327,314	(10,600,789)	(6,217,198)
Cash, cash equivalents, beginning of year	2,880,987	776,377	(2,829,853)	5,000,041	3,092,267	11,723,078	20,642,897
Cash, cash equivalents, end of year	<u>\$ 4,111,907</u>	<u>\$ 1,175,581</u>	<u>\$ 2,213,156</u>	<u>\$ 1,383,185</u>	<u>\$ 4,419,581</u>	<u>\$ 1,122,289</u>	<u>\$ 14,425,699</u>
Balance sheet reconciliation of cash & cash equivalents							
Cash, cash equivalents	\$ 4,111,907	\$ 1,175,581	\$ 2,213,156	\$ 1,383,185	\$ 1,708,189	\$ 1,122,289	\$ 11,714,307
Restricted cash, cash equivalents					2,711,392		2,711,392
Total cash, cash equivalents	<u>\$ 4,111,907</u>	<u>\$ 1,175,581</u>	<u>\$ 2,213,156</u>	<u>\$ 1,383,185</u>	<u>\$ 4,419,581</u>	<u>\$ 1,122,289</u>	<u>\$ 14,425,699</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 3,364,268	\$ 792,367	\$ (305,333)	\$ (731,593)	\$ (435,550)	\$ 276,946	\$ 2,961,105
Adjustments to reconcile operating income to net cash provided by (used in) operating activities							
Depreciation		16,600	1,106,730	451,042			1,574,372
Prepays and other assets	159,055		217				159,272
Inventory			(26,168)				(26,168)
Deferred outflow		10,890	72,046				82,936
Accounts payable		58,271	227,113	59,241			344,625
Accrued payroll, including compensated absences due in less than one year		853	9,994				10,847
General insurance & workers' compensation accrual					(302,336)		(302,336)
Provision for medical claims					346,036		346,036
Accrued compensated absences		3,684	18,221				21,905
Net pension liability		(720,696)	227,803				(492,893)
Net OPEB obligation		190,245	272,483				462,728
Interfunds	(2,296,854)	409,334	3,662,044	(1,989,964)	(30,022)	(13,709,643)	(13,955,105)
Deferred inflow		255,723	82,443				338,166
Net cash provided by (used in) operating activities:	<u>\$ 1,226,469</u>	<u>\$ 1,017,271</u>	<u>\$ 5,347,593</u>	<u>\$ (2,211,274)</u>	<u>\$ (421,872)</u>	<u>\$ (13,432,697)</u>	<u>\$ (8,474,510)</u>

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

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS

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, 2018

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ASSETS				
Cash and cash equivalents		\$ 1,367,367		\$ 1,367,367
Investments:				
Debt securities	\$ 14,797,555	41,482,102	\$ 16,474,516	72,754,173
Equity securities	94,706,074	151,985,818	46,197,124	292,889,016
Short-term investments	2,523,437	4,081,394	6,109,830	12,714,661
Other investments	2,642,099	1,081,853	2,253,118	5,977,070
Total investments	<u>114,669,165</u>	<u>198,631,167</u>	<u>71,034,588</u>	<u>384,334,920</u>
Cash and investments held as collateral for securities lending:				
Repurchase agreements		7,484,173		7,484,173
Certificates of deposit		3,118,219		3,118,219
Variable rate certificates of deposit		6,725,265		6,725,265
Time deposits		1,278,983		1,278,983
Commercial paper		2,493,236		2,493,236
Agency bonds and notes		267,850		267,850
Asset backed commercial paper		758,908		758,908
Sweep vehicles		194,191		194,191
Money market mutual funds	6,074,358			6,074,358
Non-cash collateral		4,582,741		4,582,741
Total securities lending	<u>6,074,358</u>	<u>26,903,566</u>	<u>-</u>	<u>32,977,924</u>
Receivables, net	222,918	7,337	213,914	444,169
Prepaid	863,639		1,006,072	1,869,711
Total assets	<u>121,830,080</u>	<u>226,909,437</u>	<u>72,254,574</u>	<u>420,994,091</u>
LIABILITIES				
Accounts payable and accrued payroll	18,819	2,844	92,392	114,055
Due to other governmental units	595,636		50,030	645,666
Due to fiduciary		219,177		219,177
Obligations under securities lending agreements	6,074,358	26,903,566		32,977,924
Total liabilities	<u>6,688,813</u>	<u>27,125,587</u>	<u>142,422</u>	<u>33,956,822</u>
NET POSITION				
Restricted for pension benefits	115,141,267	199,783,850		314,925,117
Restricted for post-retirement health care benefits			72,112,152	72,112,152
Total net position	<u>\$ 115,141,267</u>	<u>\$ 199,783,850</u>	<u>\$ 72,112,152</u>	<u>\$ 387,037,269</u>

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, 2018

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ADDITIONS				
Contributions:				
Plan members	\$ 729,155	\$ 453,274	\$ 592,825	\$ 1,775,254
Employer	3,668,687	6,638,423	8,751,955	19,059,065
Total contributions	4,397,842	7,091,697	9,344,780	20,834,319
Investment activity:				
Net increase in fair value of investments	7,346,929	11,266,218	3,406,844	22,019,991
Investment earnings (loss)	288,601	2,948,811	67,255	3,304,667
Dividends	981,720	633,647	1,724,147	3,339,514
Other	1,333,541			1,333,541
Total investment activity	9,950,791	14,848,676	5,198,246	29,997,713
Less investment expense:	500,800	994,590	234,294	1,729,684
Net investment activity	9,449,991	13,854,086	4,963,952	28,268,029
Total additions, net	13,847,833	20,945,783	14,308,732	49,102,348
DEDUCTIONS				
Benefits	11,119,463	18,093,777		29,213,240
Health care expense		48,126	10,203,139	10,251,265
Administrative expense	65,094	256,088	51,493	372,675
Total deductions	11,184,557	18,397,991	10,254,632	39,837,180
Net increase	2,663,276	2,547,792	4,054,100	9,265,168
Net position - beginning	112,477,991	197,236,058	68,058,052	377,772,101
Net position - ending	\$ 115,141,267	\$ 199,783,850	\$ 72,112,152	\$ 387,037,269

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, 2018

	Imprest Payroll	Deposits and Escrow	46th District Court	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ (12,602)	\$ 2,796,416	\$ 554,657	\$ 3,338,471
Investments		3,152,482		3,152,482
Receivables, net		15,857		15,857
Due from fiduciary	219,177			219,177
Total assets	<u>\$ 206,575</u>	<u>\$ 5,964,755</u>	<u>\$ 554,657</u>	<u>\$ 6,725,987</u>
LIABILITIES				
Accounts payable	\$ 206,575	\$ 16,636		\$ 223,211
Deposits and escrow		5,729,130	\$ 166,111	5,895,241
Interest payable		218,989		218,989
Due to other				
governmental units			388,546	388,546
Total liabilities	<u>\$ 206,575</u>	<u>\$ 5,964,755</u>	<u>\$ 554,657</u>	<u>\$ 6,725,987</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, 2018

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 58,585	\$ 172,808,645	\$ 172,879,832	\$ (12,602)
Due from fiduciary	183,133	133,265	97,221	219,177
TOTAL ASSETS	<u>\$ 241,718</u>	<u>\$ 172,941,910</u>	<u>\$ 172,977,053</u>	<u>\$ 206,575</u>
LIABILITIES				
Accounts payable	\$ 241,448	\$ 86,433,824	\$ 86,468,697	\$ 206,575
Interest payable	270	170,779	171,049	-
TOTAL LIABILITIES	<u>\$ 241,718</u>	<u>\$ 86,604,603</u>	<u>\$ 86,639,746</u>	<u>\$ 206,575</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 3,553,065	\$ 370,040,457	\$ 370,797,106	\$ 2,796,416
Investments	4,350,966		1,198,484	3,152,482
Receivables, net	15,857			15,857
TOTAL ASSETS	<u>\$ 7,919,888</u>	<u>\$ 370,040,457</u>	<u>\$ 371,995,590</u>	<u>\$ 5,964,755</u>
LIABILITIES				
Accounts payable	\$ 595,511	\$ 3,924,058	\$ 4,502,933	\$ 16,636
Deposits and escrow	7,272,011	178,098,996	179,641,877	5,729,130
Interest payable	52,366	170,920	4,297	218,989
TOTAL LIABILITIES	<u>\$ 7,919,888</u>	<u>\$ 182,193,974</u>	<u>\$ 184,149,107</u>	<u>\$ 5,964,755</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, 2018

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 745,872		\$ 191,215	\$ 554,657
TOTAL ASSETS	<u>\$ 745,872</u>	<u>\$ -</u>	<u>\$ 191,215</u>	<u>\$ 554,657</u>
LIABILITIES				
Deposits and escrow	\$ 332,352		\$ 166,241	\$ 166,111
Due to other governmental units	413,520		24,974	388,546
TOTAL LIABILITIES	<u>\$ 745,872</u>	<u>\$ -</u>	<u>\$ 191,215</u>	<u>\$ 554,657</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 4,357,522	\$ 542,849,102	\$ 543,868,153	\$ 3,338,471
Investments	4,350,966		1,198,484	3,152,482
Receivables, net	15,857			15,857
Due from fiduciary	183,133	133,265	97,221	219,177
TOTAL ASSETS	<u>\$ 8,907,478</u>	<u>\$ 542,982,367</u>	<u>\$ 545,163,858</u>	<u>\$ 6,725,987</u>
LIABILITIES				
Accounts payable	\$ 836,959	\$ 90,357,882	\$ 90,971,630	\$ 223,211
Deposits and escrow	7,604,363	178,098,996	179,808,118	5,895,241
Interest payable	52,636	341,699	175,346	218,989
Due to other governmental units	413,520		24,974	388,546
TOTAL LIABILITIES	<u>\$ 8,907,478</u>	<u>\$ 268,798,577</u>	<u>\$ 270,980,068</u>	<u>\$ 6,725,987</u>

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

City of Southfield, Michigan

Statistical Section June 30, 2018

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	178
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	183
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	189
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	192
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	201
Continuing Disclosure Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	205

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>2018 **</u>	<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>
Governmental activities										
Net investment in capital assets	101,005,048	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
Restricted	25,206,114	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
Unrestricted	<u>(288,325,900)</u>	<u>(81,334,926)</u>	<u>(63,833,162)</u>	<u>(39,862,697)</u>	<u>12,855,588</u>	<u>19,470,703</u>	<u>36,362,533</u>	<u>26,962,026</u>	<u>45,701,194</u>	<u>53,090,157</u>
Total governmental activities net position	<u>(162,114,738)</u>	<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>
Business-type activities										
Net investment in capital assets	98,951,625	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
Unrestricted	<u>(7,121,199)</u>	<u>2,667,324</u>	<u>21,124,042</u>	<u>31,870,522</u>	<u>43,057,372</u>	<u>42,737,431</u>	<u>40,881,674</u>	<u>32,925,387</u>	<u>26,001,817</u>	<u>19,768,774</u>
Total business-type activities net position	<u>91,830,426</u>	<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>
Primary government										
Net investment in capital assets	199,956,673	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
Restricted	25,206,114	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
Unrestricted	<u>(295,447,099)</u>	<u>(78,667,602)</u>	<u>(42,709,120)</u>	<u>(7,992,175)</u>	<u>55,912,960</u>	<u>62,208,134</u>	<u>77,244,207</u>	<u>59,887,413</u>	<u>71,703,011</u>	<u>72,858,931</u>
Total primary government net position	<u>(70,284,312)</u>	<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>

Notes:

* Net position calculation adjusted to reflect retroactive implementation of GASB 68

** Net position calculation adjusted to reflect retroactive implementation of GASB 75

City of Southfield, Michigan

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	15,004,501	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
Public safety	68,115,664	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
Highway and streets	14,584,864	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
Public services	2,970,380	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
Sanitation	2,549,858	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
Community improvement	535,271	571,835	435,655	547,084	503,364	378,392	754,452	1,554,893	1,790,413	1,849,575
Social services	2,482,797	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
Culture and recreation	12,812,976	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
Interest on long-term debt	2,176,109	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
Total governmental activities expenses	121,232,420	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
Business-type activities:										
Water and sewer	41,557,721	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
Total primary government expenses	162,790,141	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
Program revenues										
Charges for services:										
General government	3,355,275	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
Public safety	9,613,579	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
Highways and streets	1,300,000									
Public services	1,315,538	666,814	1,245,286	706,405	482,508	605,056	745,171	633,602	642,088	1,000,017
Sanitation	2,675,041	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
Community improvement	541,309	1,987,860	376,099	363,381	210,232	149,078	322,502	295,215	469,455	307,361
Culture and recreation	3,160,789	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
Operating grants and contributions	13,436,067	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
Capital grants and contributions	114,250		2,075			332,053	74,886		1,100,000	506,150
Total governmental activities program revenues	35,511,848	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
Business-type activities:										
Charges for services:										
Water and sewer	44,183,759	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
Capital grants and contributions					3,345	121,440	161,652			
Total business-type activities program revenues	44,183,759	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
Total primary government program revenues	79,695,607	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
Net (Expense)/Revenue										
Governmental activities	(85,720,572)	(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)
Business-type activities	2,626,038	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
Total primary government net expense	(83,094,534)	(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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	64,459,301	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
Unrestricted state shared revenues	8,130,949	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
Unrestricted investment earnings	1,114,275	1,136,782	2,446,327	1,132,298	989,671	301,515	627,531	557,099	1,237,133	2,246,603
Unrestricted investment earnings, fair value	705,968	(832,153)								498,175
Gain on sale of capital assets										
Miscellaneous	540,828	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
Transfers				(263,300)	986,505	57,386	54,137	56,882	53,991	
Total governmental activities	74,951,321	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
Business-type activities:										
Unrestricted investment earnings (loss)	47,455	73,846	431,341	744,480	914,669	(112,248)	395,840	103,567	346,564	459,454
Unrestricted investment earnings (loss), fair value	(44,854)	(83,433)								
Miscellaneous	18,496	49,794	74,930	73,228	208,049	20,658	235,690	83,342	183,242	108,126
Transfers					263,300	(986,505)	(57,386)	(54,137)	(56,882)	(53,991)
Total business-type activities	21,097	40,207	506,271	817,708	1,386,018	(1,078,095)	574,144	132,772	472,924	513,589
Total primary government	74,972,418	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
Change in Net Position										
Governmental activities	(10,769,251)	(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
Business-type activities	2,647,135	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
Total primary government	(8,122,116)	(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

City of Southfield, Michigan

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

	<u>2018</u>	<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>
General fund										
Non-spendable	13,302,124	8,622,061	6,475,886	4,221,267	943,657	1,126,971	1,087,648	1,148,696		
Restricted	1,000,439	690,567	737,229	281,160	1,274,069	1,682,768	1,520,237	1,285,124		
Committed	19,542,663	11,325,571	15,735,820	13,465,937	10,647,485	9,380,385	6,365,392	6,024,279		
Assigned	348,733	12,848,733	224,063	121,944	586,969	2,366,529	2,565,093	45,123		
Unassigned	14,890,551	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
Unreserved									14,218,642	14,298,511
Total general fund	<u>49,084,510</u>	<u>45,942,727</u>	<u>31,383,572</u>	<u>25,850,562</u>	<u>21,278,304</u>	<u>16,489,584</u>	<u>13,113,210</u>	<u>8,990,203</u>	<u>15,753,024</u>	<u>15,446,420</u>
Major streets ****										
Restricted	232,120	479,741	1,221,210							
Total major street fund	<u>232,120</u>	<u>479,741</u>	<u>1,221,210</u>							
Local streets **										
Restricted		7,934,388				1,985,106	3,635,875			
Committed							254,651			
Total local streets		<u>7,934,388</u>				<u>1,985,106</u>	<u>3,890,526</u>			
Cable Television *****										
Non-spendable		17,937	11,610							
Restricted		332,075	657,161							
Committed		564,846	571,173							
Total cable television		<u>914,858</u>	<u>1,239,944</u>							
Road Bond Construction ***										
Restricted	35,661,458	7,553,533	23,145,796	43,064,130						
Total road bond construction	<u>35,661,458</u>	<u>7,553,533</u>	<u>23,145,796</u>	<u>43,064,130</u>						
Capital Improvement **										
Restricted							665,137	684,676	2,150,270	1,345,019
Assigned							635,242	343,604		
Total capital improvement							<u>1,300,379</u>	<u>1,028,280</u>	<u>2,150,270</u>	<u>1,345,019</u>
Special assessment construction ****										
Restricted	248,221	273,029	383,163							
Committed		376,130	330,378							
Assigned	991,706	295,117	445,974							
Total special assessment construction	<u>1,239,927</u>	<u>944,276</u>	<u>1,159,515</u>							
Other Governmental Funds										
Non-spendable	71,434	61,236	61,460	111,969	249,055	100,832	112,180	158,289		
Restricted	22,627,824	15,022,875	23,489,423	22,178,484	21,436,016	17,767,970	18,171,039	22,181,680		
Committed	920,433	443,879	857,837	4,417,821	5,057,228	3,817,656	3,396,257	2,545,386		
Assigned	6,468,652	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
Unreserved, reported in:										
Special revenue funds									19,231,796	17,854,293
Total other governmental funds	<u>30,088,343</u>	<u>23,397,893</u>	<u>31,647,641</u>	<u>32,587,361</u>	<u>30,429,647</u>	<u>25,156,667</u>	<u>22,507,662</u>	<u>25,323,274</u>	<u>25,947,937</u>	<u>24,880,193</u>

Notes:

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

** Local Street Fund non-major fund years 2004-2011, 2014-2015 and 2018, Capital Improvement Fund non-major fund year 2013 and 2018

*** Road Bond Construction major fund 2015-2016

**** Major Street Fund major fund 2016

***** Cable Television Fund non-major fund year 2018

City of Southfield, Michigan

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

	<u>2018</u>	<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>
Revenues										
Property taxes	64,830,466	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
Special assessments	1,147,885	471,232	376,100	363,379	210,234	337,955	322,503	295,215	469,453	307,360
Program earnings							46,432	89,708	266,303	
Charges for services	8,952,924	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
Sanitation	2,675,041	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
Licenses and permits	4,073,723	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
Fines and forfeitures	3,170,861	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
Federal forfeitures	189,393	132,371	63,471	15,640	27,631	60,531				
Cable franchise fees	2,342,413	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
Intergovernmental:										
Federal	2,419,284	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
State	17,771,346	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
Other	2,213,780	790,374	844,810	1,301,666	725,760	771,331	1,253,776	677,982	899,853	792,977
Contributions and donations	345,608	280,980	648,277	120,060	442,991	80,855	164,257	340,387	153,873	122,515
Net investment earnings	1,350,889	1,137,292	2,493,770	1,132,298	989,664	301,516	627,531	557,100	1,237,125	2,246,593
Net investment earnings, fair value	345,161	(832,147)								
Other	835,602	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
Total revenues	112,664,376	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
Expenditures										
General government	9,193,826	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
Public safety	49,209,620	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
Highways and streets	8,150,738	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
Public services	2,457,165	1,402,491	901,302	692,765	677,969	609,558	696,105	820,990	766,661	839,089
Sanitation	2,549,858	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
Community improvement	535,271	571,835	435,655	547,084	503,364	378,392	755,660	1,555,446	1,534,952	1,849,947
Social services	1,773,621	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
Culture and recreation	11,916,827	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
Insurance and bonds	127,107	132,930	76,853	56,250	49,951	529,432	529,578	558,454	603,227	592,966
Support services	2,681,503	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
Other	4,088	42,615	46,975	575,505	468,123	387,455	556,950	1,464,158	3,057,515	1,440,274
Capital outlay	17,233,853	19,172,508	24,746,624	8,622,672	3,219,766	3,912,443	3,273,984			
Debt service										
Principal retirement	8,348,847	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
Interest and fiscal charges	2,199,927	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
Total expenditures	116,382,251	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
Excess of revenues over (under) expenditures	(3,717,875)	(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)
Other Financing Sources (Uses)										
Bond/Loan proceeds										792,290
Sale of capital assets							174,627			498,175
Transfers in	11,540,412	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
Proceeds on long-term debt	30,885,000			73,275,000		3,430,000				
Premium on bond issuance	1,971,817			4,064,034						
Bond issuance cost						(42,139)				
Transfers out	(11,540,412)	(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)
Payment to escrow fund for refunding				(29,284,999)		(3,387,861)				
Total other financing sources (uses)	32,856,817	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
Net change in fund balances	29,138,942	(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)

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
2018		\$ 14,890,551	\$ 66,527,171	22.4 %
2017		12,455,795	66,726,729	18.7
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	6.7

Notes:

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

City of Southfield, Michigan

General Governmental Tax Revenue By Source Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Funds						
	Major Funds			Non-Major Funds			
	General Fund	Major Streets	Local Streets	Special Revenue			Debt Service
				Municipal Fund	Parks & Recreation	Library	Drains-at-Large
2018	18.0452	0.0560	0.9440		1.7500	2.8000	0.0267
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

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>
2018	\$ 63,537,132	\$ 60,631,367	95.4 %	\$ 2,623,779	\$ 40,152	63,295,298	99.6 %	\$ 239,665	0.4 %
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

City Of Southfield, Michigan

Largest Taxpayers Last Ten Fiscal Years

2018 Rank	Taxpayer	2018 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total	2006 Rank
1	SL TOWN ETAL	\$ 76,566,120	3.2 %	\$ 110,172,230	3.2 %	1
2	Hartman & Tyner	36,338,240	1.5	-	-	-
3	DTE Electronic Company	28,345,400	1.2	19,696,730	0.6	6
4	Verizon Wireless	28,128,880	1.2	28,731,480	0.8	4
5	Southfield Galleria	24,715,210	1.0	15,428,990	0.4	7
6	Ramco Gershenson Properties	22,168,520	0.9	23,236,410	0.7	5
7	AT&T Services	18,289,400	0.8	17,473,650	0.5	9
8	Beaumont Health	17,781,470	0.7	-	-	-
9	ALLIED Phase One Venture	15,922,560	0.7	32,835,460	0.9	3
10	Denso International	15,115,200	0.6	54,441,620	1.6	2
Total taxable value 2018 -->		\$ 2,427,593,700		\$ 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
2018	\$ 2,639,081,480	\$ 360,598,950	\$ 2,999,680,430	\$ 2,427,593,700	1.1 %
2017	2,481,509,745	353,938,980	2,835,448,725	2,400,338,435	(0.7)
2016	2,364,896,300	374,246,720	2,739,143,020	2,417,356,855	1.0
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	(3.5)
2013	2,289,025,280	377,756,530	2,666,781,810	2,522,981,550	(6.8)
2012	2,466,923,090	392,400,400	2,859,323,490	2,695,302,360	(15.2)
2011	(4) 2,885,022,310	411,235,320	3,296,257,630	3,105,202,030	(17.8)
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

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	Total All Rates
	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	
2018	6.609	6.891	0.020	4.525	1.750	2.800	1.000	0.221	0.027	2.580	26.423
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		16.341
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

ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project 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 +
2018	18.045	5.771	0.027	2.580	26.423	25.987	3.308	5.771	1.556	63.045	41.9 %	18.073	15.000
2017	17.893	5.771	0.147	2.580	26.390	25.987	3.340	5.785	1.571	63.072	41.8	17.395	15.459
2016	17.921	5.771	0.487	2.580	26.759	25.987	3.363	6.230	1.582	63.920	41.9	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

Notes:

* Southfield Public Schools are used in the example because their portion of taxable assessed valuation is the largest in the City. Comparative rates are presented for Birmingham and Oak Park Schools.

* * Rate includes 6 mills for state education.

+ Homestead rate used.

+ + Includes Suburban Mobility Authority Regional Transportation (S.M.A.R.T) tax, Zoo Authority, and Art Institute.

Source: Southfield Treasurer's Office

City Of Southfield, Michigan

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

Fiscal Year Ending June 30	Preceding Year's TAV	-	Losses	X	CPI	=	TAV Ceiling	-	Actual TAV	-	New TAV	=	Adjusted TAV	Ratio (1)	Rollback Factor (2)
2018	\$ 2,400,338,435	\$	43,625,861		1.021		\$ 2,406,203,538	\$	2,427,593,700	\$	80,801,282	\$	2,346,792,418	1.0253	0.9910
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

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, 2018

		<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 71,739)</u>	<u>% Of State Equalized Value \$ 2,420,807,840</u>
DIRECT AND INDIRECT DEBT				
<u>Direct Debt</u>				
General Obligation Bonds-Limited Tax	\$	30,885,000		
General Obligation Bonds-Limited Tax-Refunding		2,105,000		
Building Authority Bonds		18,560,000		
Water & Sewer Revenue Bonds		6,793,789		
Michigan Transportation Fund Bonds		<u>6,820,000</u>		
Direct Debt		65,163,789	\$ 908.35	2.69 %
<u>Indirect Debt</u>				
Oakland County Contractual Obligations:				
Drains-At-Large	\$	<u>3,920,784</u>		
Indirect Debt		<u>3,920,784</u>	<u>54.65</u>	<u>0.16</u>
Gross Debt		69,084,573	963.00	2.85
<u>OVERLAPPING DEBT (2)</u>				
Southfield School District	94.59%	\$ 44,107,317		
Oak Park School District	18.88	1,508,512		
Birmingham School District	1.82	3,625,076		
Oakland County at Large	4.33	14,756,458		
Oakland County Intermediate School District	4.34	1,939,763		
Total Overlapping Debt		<u>65,937,126</u>	<u>919.13</u>	<u>2.72</u>
		<u>\$ 135,021,699</u>	<u>\$ 1,882.12</u>	<u>5.57 %</u>

Notes:

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

(2) Overlapping debt figures as of 6/30/2018 supplied by the Michigan Advisory Council, Detroit, Michigan.

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2017

	Debt Margin Calculation			Applicable Percentage	Statutory Limit
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness		
State Equalized Value at 12/31/17				100%	\$ 2,420,807,840
Debt Subject to Statutory Limitation					
General Obligation Bonds-Limited Tax	\$ 30,885,000		\$ 30,885,000		
General Obligation Bonds-Limited Tax-Refunding	2,105,000		2,105,000		
Building Authority Bonds	18,560,000		18,560,000		
Oakland County Contractual Obligations-Drains	3,920,784		3,920,784		
Restricted Indebtedness	\$ 55,470,784		55,470,784	10%	242,080,784
Michigan Transportation Fund Bond	6,820,000		6,820,000		
Emergency Bonds				3.75%	9,078,029
Special Assessment Bonds				12%	290,496,941
Total	62,290,784		\$ 62,290,784		\$ 541,655,754
State of Michigan Water Supply and Sewage Disposal Revenue Bonds					
Series to 6/30/02					
1998A (LTGO) 2.25%	112,048				
1998B (LTGO) 2.50%	2,450,000				
1999 (LTGO) 2.50%	2,871,741				
2000 (LTGO) 2.50%	1,360,000				
Total Water and Sewage Disposal Revenue Bonds		\$ 6,793,789			
Gross City Debt		\$ 69,084,573			

Notes:

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

City Of Southfield, Michigan

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

Fiscal Year Ending <u>June 30</u>	<u>Population</u> (2)	<u>Taxable Value</u>	<u>Bonded Debt</u> (1)	Less Funds Available In Debt <u>Service Funds</u>	Net <u>Bonded Debt</u>	Ratio Of	Net Bonded Debt Per <u>Capita</u>
						Net Bonded Debt To Taxable <u>Value</u>	
2018	71,739	\$ 2,427,593,700	\$ 62,290,784	\$ 5,044,574	\$ 57,246,210	2.36	% \$ 797.98
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

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

Fiscal Year Ending <u>June 30</u>	Debt Service Requirements			Total General Expenditures (3)	Ratio Of Debt Service To
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Expenditures</u>
2018	\$ 8,348,847	\$ 2,199,927	\$ 10,548,774	\$ 124,720,432	8.46
2017	8,042,594	2,383,095	10,425,689	114,361,278	9.12
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

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)
2018	73,208 \$	29,361	42.5	6,228	4.8 %	\$ *
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/2018 data from mischooldata.org
 - (4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as MI Empl Sec Comm/2010 City-Data.Com
 - (5) U.S. Census American Community Survey (For FY2007 and 2008)/2010 U.S. Census Fact Finder 2 as of June 2011
 - (6) Business demographics from combination of U.S. Census, American Community Surveys, www.BiggestUsCities.com
- * Information not available

City Of Southfield, Michigan

Principal Employers Last Ten Calendar Years

Rank	Taxpayer 2018	2018 Employees	Percentage of Total	Rank	Taxpayer 2007*	2007* Employees	Percentage of Total
1	Ascension Health/St. John Providence Hospital	4,000	3.48 %	1	St. John Providence Hospital	3,600	2.78 %
2	Beaumont Health	2,500	2.17	2	Blue Cross Blue Shield	2,750	2.13
3	Credit Acceptance Corporation	2,000	1.74	3	IBM	1,700	1.31
4	Denso	1,250	1.09	4	Lear Corporation	1,600	1.24
5	Lear	1,250	1.09	5	Blue Care Network	1,000	0.77
6	Blue Care Network	1,000	0.87	6	Real Estate One	943	0.73
7	Veoneer	850	0.74	7	Federal Mogul	900	0.70
8	Doner	700	0.61	8	DENSO	800	0.62
9	Federal Mogul (Tennaco)	700	0.61	9	Plante Moran	778	0.60
10	BASF	500	0.43	10	Credit Acceptance Corporation	685	0.53

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

* 2009 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 ----

<u>Calendar Year</u>	<u>Number Of Units</u>	<u>Value</u>	<u>Number Of Units</u>	<u>Value</u>	<u>Number Of Units</u>	<u>Value</u>
2018	5	\$ 34,241,847	50	\$ 9,285,568	7	\$ 1,818,009
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

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2018	\$ 1,300,355,590	\$ 53,732,990	\$ 1,284,992,900
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

Notes:

Source: City of Southfield Building and Assessing Departments

City Of Southfield, Michigan

Economic and Statistical History

June 30, 2018

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>Buliding</u>	<u>Mechanical</u>	<u>Value</u>
	<u>Permits</u>	<u>Permits</u>	
2018	1904	5023	\$ 154,881,718
2017	1083	5782	156,214,594
2016	1500	1912	182,287,712
2015	1341	2334	134,296,693
2014	1482	2917	95,052,712
2013	1017	3063	69,344,365
2012	994	3116	56,599,910
2011	712	2335	39,091,462
2010	973	761	43,858,241
2009	1,034	2702	67,130,316

Economic and Statistical History (continued)

WATER & SEWER SERVICES

Users/Consumers:	18,956 Water and Sewer combined; 177 Sewer only and 1,273 Water only.
Use & Consumption:	454,021,390 cubic feet purchased
System Capacity:	34 million gallons per day (MGD)
Distribution System:	Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.
Water Mains:	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	0	60	9/0
Trucks	0	0	9/2
Life Support	0	0	4/2
Vans, 4WD, etc.	0	37	8/0
Total	0	97*	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

The 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:

Index Crimes: Includes eight offenses: murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft and arson. Chosen because of their seriousness and frequency of occurrence to serve as indicators of crime.

Economic and Statistical History (continued)

POLICE PROTECTION (continued)

Non-Index Crimes: All reported criminal offenses of negligent manslaughter, non-aggravated assault, forgery & counterfeiting, fraud, embezzlement, stolen property, vandalism, weapons, prostitution & common law vice, sex offenses, narcotic laws, gambling, offenses against family & children, driving under the influence, liquor laws, disorderly conduct and all other crimes not listed here or in index crimes.

Murder (Homicide) - The willful killing of one human being by another. Deaths caused by negligence, attempts to kill, assaults to kill, suicides, accidental deaths, and justifiable homicides are excluded from this category.

Rape - The carnal knowledge of a person, forcibly and against his/her will, or where the victim is incapable of giving consent because of his/her temporary or permanent mental or physical incapacity. Assault to rape and attempted rapes are included in this classification. Other types of sexual penetration are not included.

Robbery- Robbery is the taking or attempting to take anything of value from the care, custody, or control of a person or persons by force or threat of force or violence and/or putting the victim in fear.

Aggravated Assault - An unlawful attack by one person upon another for the purpose of inflicting severe or aggravated bodily injury. This type of assault is usually accompanied by the use of a weapon or by means likely to produce death or great bodily harm.

Burglary - The unlawful entry of a structure to commit a felony or a theft. Breaking and entering into motor vehicles is not included in this classification, it is included in larceny.

Larceny - The unlawful taking, carrying, leading, or riding away of property from the possession or constructive possession of another.

Motor Vehicle Theft- The theft or attempted theft of a self-propelled vehicle that runs on land and not on rails. "Joy riding" is included in this classification. Carjacking is not included in this classification; it is classified as a robber

Arson - The willful or malicious burning or attempt to burn, with or without intent to defraud a dwelling, public building, motor vehicle, aircraft or personal property of another.

Law Violations:	Index Crimes -	2,208
	Non-Index Crimes -	3,219

Traffic Violations: 5,740

Incidents Handled: 52,321

Economic and Statistical History (continued)

POLICE PROTECTION (continued)

Year	Murder	Rape	Robbery	Aggravated Assault	Burglary	Larceny	Motor Vehicle Theft	Arson	Index Crimes	Non-Index Crimes	Total Crimes
2017	1	12	37	92	317	1,479	263	7	2,208	3,219	5,427

FIRE PROTECTION

Alarms Answered: 14,255 runs
Medical Emergency: 12,116 runs
Fire Runs: 2,139 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 numerous 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.

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.

Economic and Statistical History (continued)

PARKS & RECREATION (continued)

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is focused on providing quality, fun special events for families, including the *Daddy Daughter Dinner & Dance*, *EGGS'travaganza*, *Family Fun & Safety Night* (in partnership with the Southfield Police and Fire Departments), and *Boo 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 many guests daily to utilize our collection of over 310,000 books, movies, music and more. There are more than 100 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.

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.

Economic and Statistical History (continued)

LIBRARY (continued)

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

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

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

City of Southfield, Michigan

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	<u>2018</u>	<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>Election Data (1)</u>										
Registered voters	60,015	60,775	59,648	61,739	60,747	60,451	58,328	57,150	56,317	62,816
Absentee voters	5,220	13,308	5,309	8,375	5,240	14,020	4,683	7,084	5,251	14,100
Percent voting	18.84	71.02	21.27	49.08	18.67	72.67	16.05	49.50	22.48	68.79
<u>District Court</u>										
Number of Court Cases	38,022	40,917	47,118	52,209	54,354	57,305	54,155	57,582	49,807	50,268
<u>Police (2) (#)</u>										
Offenses-Group A (3)	-	4,929	4,547	5,081	5,081	5,434	5,574	6,148	7,443	6,263
Offenses-Group B (4)	-	992	1,253	1,414	1,414	1,216	1,743	3,833	4,297	3,347
Index Crimes (5)	2,208									
Non-Index Crimes(6)	3,219									
Traffic Violations	5,740	8,566	10,367	13,469	13,469	10,054	12,366	10,966	12,169	17,383
Incidents Handled	52,321	51,637	54,185	50,193	50,193	49,933	53,876	60,985	60,862	60,300
<u>Fire</u>										
Medical Emergencies	12,116	12,116	12,155	11,295	11,114	11,538	10,410	10,504	9,850	9,251
Fire Runs	2,139	2,139	1,977	2,072	1,620	1,978	1,772	1,948	1,853	2,108
<u>Library</u>										
Circulation	441,040	348,543	386,275	383,549	445,316	496,851	644,380	701,976	712,060	644,133
Collection Volume	312,308	259,344	315,318	297,916	291,728	291,168	288,949	314,778	289,404	286,931

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 (data collected 2009-2017)
 - (4) Group B offenses include fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic (data collected 2009-2017)
 - * Information not available
 - (5) Index Crimes includes murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft and arson.
 - (6) Non-Index Crimes include all reported criminal offenses of negligent manslaughter, non-aggravated assault, forgery & counterfeiting, fraud, embezzlement, stolen property, vandalism, weapons, prostitution & common law vice, sex offenses, narcotic laws, gambling, offenses against family & children, driving under the influence, liquor laws, disorderly conduct and all other crimes not listed here or in index crimes.
- Source: City of Southfield
Source: Michigan Incident Crime Reporting (MICR)

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	33	34	34	34	34	34	41	38	38	36
<u>Police</u>										
Stations	2	2	3	3	3	3	3	3	3	3
Vehicles	97	93	92	92	94	94	95	109	109	122
<u>Streets</u>										
Miles on major street system **	64.71	64.71	64.71	64.71	64.71	64.71	64.71	61.53	64.71	64.71
Total miles of streets	246.40	246.40	246.40	246.40	246.40	246.40	246.40	246.85	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	12	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	454,021,390	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
Miles of watermains **	375.5	375.50	375.50	375.32	375.32	375.32	375.32	375.32	397.73	397.73
Number of hydrants **	4,178	4,178	4,165	4,838	4,048	4,038	4,038	4,038	4,026	4,026
<u>Sewers</u>										
Miles sanitary **	237.5	237.50	237.50	237.23	237.23	237.23	237.23	237.23	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	42.94	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	12	18	16	16	16	16	16 ⁽²⁾	19	19 ⁽¹⁾	16
Outdoor education center/farm	-	-	-	-	-	-	-	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:

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

⁽²⁾ Removed Tennis Courts at Bedford Woods (in 2011)

* Data updated by City of Southfield Parks & Recreation

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

Source: City of Southfield

City of Southfield, Michigan

Authorized Full-Time Positions

Last Ten Fiscal Years

Department	2018 ⁽¹⁾	2017	2016	2015	2014	2013	2012	2011	2010	2009
Accounting	9.00	5.50	6.50	6.00	4.50	5.50	5.50	6.50	7.50	7.50
Administration	5.00	3.00	3.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00
Assessing	8.50	6.50	7.65	7.65	7.65	7.00	7.00	6.90	9.65	9.65
Building	20.90	9.90	14.40	15.40	15.40	16.40	17.50	20.00	20.00	20.00
Cable TV	9.00	7.50	5.50	6.00	6.50	5.50	5.50	5.25	7.00	6.50
Central Services	2.50	2.50	4.00	4.00	4.00	4.00	4.00	6.00	6.00	6.00
City Clerk	10.00	7.00	6.00	6.00	6.00	7.00	7.00	7.00	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.	23.50	21.25	7.00	8.00	8.00	8.00	8.00	8.00	10.00	12.00
Community Develop. Block Grant ⁽²⁾	2.25	-	-	-	-	-	-	-	-	-
Community Relations ⁽³⁾	5.00	6.00	3.00	3.00	3.00	4.00	5.00	5.25	5.50	6.00
District Court	38.75	36.75	33.75	36.25	36.25	38.25	37.50	38.00	39.50	39.50
Downtown Development Authority ⁽²⁾	2.00	-	-	-	-	-	-	-	-	-
Emergency Management	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.50	1.00	1.00
Engineering	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	11.00	11.00
Facilities Maintenance	27.00	30.00	33.00	33.00	33.00	26.00	31.00	32.00	42.26	42.26
Fire	92.00	88.00	90.00	94.00	94.00	93.00	101.00	102.50	113.00	113.00
Fiscal Services/OMB	4.50	2.50	2.00	1.00	1.00	2.00	2.00	2.00	4.00	4.00
Human Resources	7.50	6.50	6.50	6.50	6.50	6.00	6.50	9.50	10.00	10.00
Human Services ⁽³⁾	-	-	3.50	3.50	3.50	4.00	3.00	4.00	4.50	4.50
Legal	6.00	6.00	7.00	6.75	6.75	7.50	7.50	7.50	8.00	8.00
Library	50.75	46.75	46.75	46.75	46.75	54.25	50.00	52.00	61.50	61.50
Mayor	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	14.50	7.00	8.50	9.50	9.50	12.25	13.25	13.25	14.75	14.75
Parks and Recreation	85.30	75.30	78.30	79.30	79.30	81.05	80.90	80.05	91.05	91.05
Planning	5.50	5.50	4.50	4.50	4.50	4.50	4.00	4.50	6.00	6.00
Police	182.16	158.66	154.66	158.66	158.66	169.16	172.66	187.66	202.16	202.16
Public Works Admin.	-	-	-	-	-	-	1.50	3.00	5.00	6.00
Retirement Administration ⁽³⁾	-	-	-	-	-	-	-	-	-	-
Streets And Highways	38.00	33.00	29.50	25.50	25.50	25.00	25.00	25.00	36.62	36.62
Support Services	-	-	-	-	-	-	-	-	-	-
Support Services ⁽²⁾	0.50	-	-	-	-	-	-	-	-	-
Technology Services	12.00	8.00	8.50	8.50	8.50	9.00	9.00	10.00	11.00	11.00
Transportation	5.00	5.00	5.00	5.00	5.00	3.00	3.00	3.00	4.76	4.76
Treasurer	10.00	8.00	7.00	6.50	6.50	7.50	7.50	8.50	8.50	8.50
Water And Sewer	35.00	23.00	28.00	24.00	24.00	17.00	17.00	19.50	31.08	30.08
Totals	732.11	625.61	619.51	623.76	622.26	637.86	653.31	689.36	797.33	798.33

Notes:

⁽¹⁾ Prior to 2018, position count was configured using Employees on Staff totals

⁽²⁾ Prior to 2018, this department was not included in the count

⁽³⁾ As of 2017, Human Services was moved to Community Relations

Source: City of Southfield Office of Management & Budget

City of Southfield, Michigan

Management Group Personnel Salary Schedule June, 2018

<p>Grade T, \$95,558 - \$129,286 Deputy City Administrator</p>
<p>Grade S, \$91,229 - \$123,433 Director of Public Works Director of Fiscal Services Police Chief</p>
<p>Grade R, \$85,069 - \$115,093 Director of Human Resources Fire Chief City Planner</p>
<p>Grade Q, \$80,816 - \$109,341 City Librarian City Controller/Deputy Director, Fiscal Services Director of Technology Services Director of Parks and Recreation</p>
<p>Grade P, \$77,138 - \$104,361 Attorney IV Building Official Business Development Director City Assessor City Engineer</p>
<p>Grade O, \$70,300 - \$95,109 Community Relations Director</p>
<p>Grade N, \$64,296 - \$86,988 Deputy City Assessor Deputy City Clerk Deputy City Treasurer Purchasing Agent</p>
<p>Grade M, \$59,126 - \$79,998 Attorney II Manager, HR Operations</p>
<p>Grade L, \$54,567 - \$73,828 Attorney I</p>

Notes:

Source: City of Southfield, Human Resources

City of Southfield, Michigan

State Shared Revenues Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>State Shared Revenue</u>
2018	\$ 6,934,690
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

Gas and Weight Taxes Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>Type of Street</u>		<u>Total Gas and Weight Tax (Act 51) Receipts</u>
	<u>Major Road</u>	<u>Local Road</u>	
2018	\$ 7,147,880	\$ 2,157,660	\$ 9,305,540
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

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	67
AFSCME Supervisors	6/30/2018	28
Technical, Professional, and Office Worker Association TPOAM	6/30/2018	117
Southfield Fire Fighters Association SFFA	6/30/2018	85
Southfield Police Officers Association SPOA	6/30/2017 *	95
Michigan Association of Police (MAP) Public Safety Communication Supervisors	12/31/2017 *	5
Police Officers Association of Michigan POAM	6/30/2016 *	12
Southfield Police Command Officers' Association SPCOA	6/30/2015 *	23
Southfield Deputy Chiefs Association SPDC	6/30/2012 *	2
Administrative Civil Service ACS		13
Management Group		26

Notes:

* Contracts have expired.