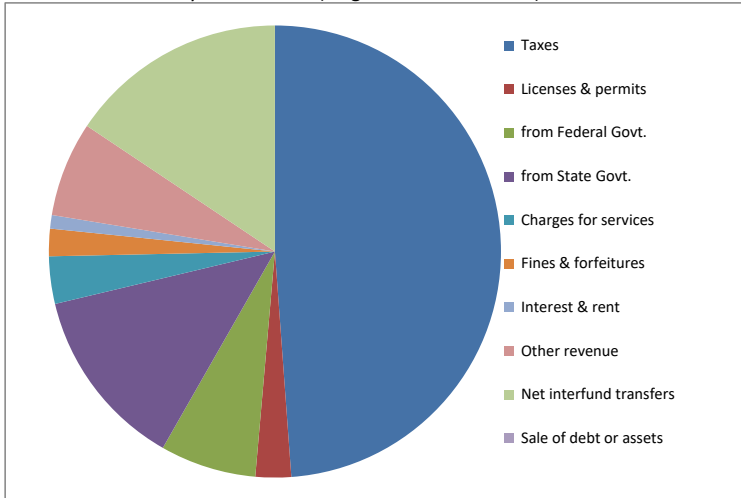


**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Southfield**

REVENUES - ALL

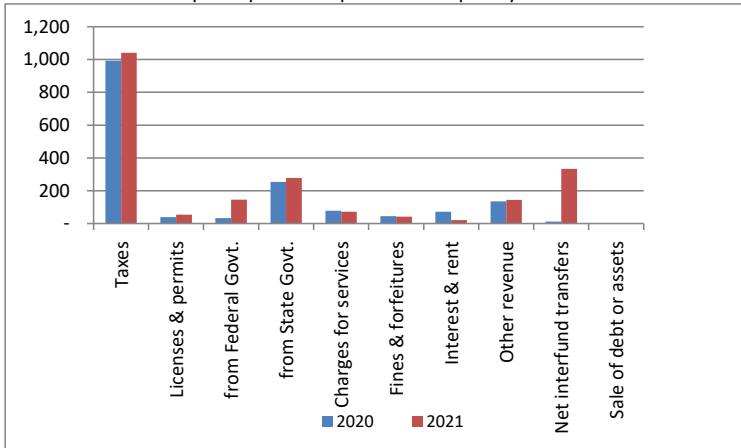
1. Where our money comes from (all governmental funds)



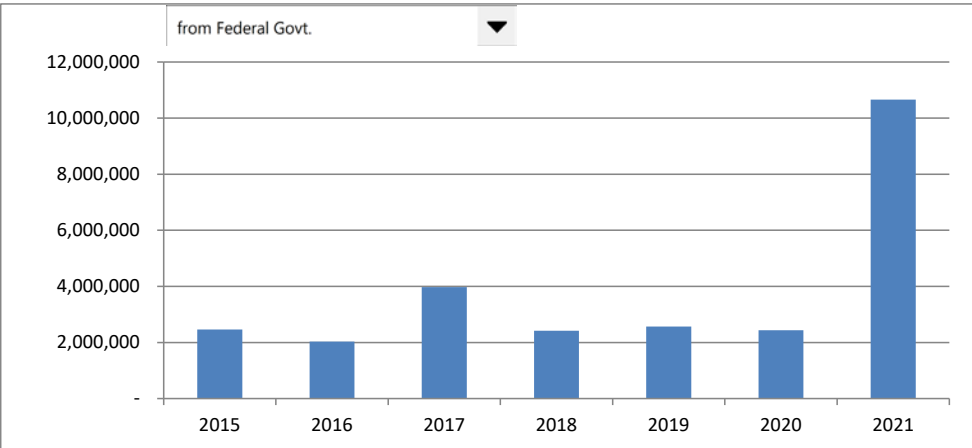
2. Compared to the prior year

	2020	2021	% change	% total - all
Taxes	\$ 72,241,184	75,802,672	5%	49%
Licenses & permits	\$ 2,849,931	3,950,460	39%	3%
from Federal Govt.	\$ 2,438,642	10,660,953	337%	7%
from State Govt.	\$ 18,431,094	20,205,762	10%	13%
Charges for services	\$ 5,676,021	5,257,058	-7%	3%
Fines & forfeitures	\$ 3,253,068	3,040,397	-7%	2%
Interest & rent	\$ 5,250,253	1,494,696	-72%	1%
Other revenue	\$ 9,870,113	10,542,620	7%	7%
Net interfund transfers	\$ 916,703	24,246,494	2545%	16%
Sale of debt or assets	\$ -	-	n/a	0%
<b>Total</b>	<b>\$ 120,927,009</b>	<b>\$ 155,201,112</b>	<b>28%</b>	<b>100%</b>

3. Revenue sources per capita - compared to the prior year



4. Historical trends of individual sources



Commentary: This page represents data related to the City's combined governmental funds revenue sources for the periods presented. Pursuant to governmental accounting rules, these funds use the current financial resources measurement focus and the modified accrual basis of accounting. As such, revenue is not simply recognized when earned, but also when available for use (typically if collected within 60 days of year-end of the year in which it is earned). If it is not collected within that period, it is deferred and recognized as revenue in the subsequent period, which can cause trend data to be skewed.

Property tax revenue continues to be the largest source of revenue for the City, comprising 49% of annual recurring revenues for all governmental funds in 2021 followed by 16% for net interfund transfers and 13% State Government revenue, with the remaining 22% being spread over various other recurring elements shown above. The fiscal year ended June 30, 2010 is the first year (in recent history) that the City began to see declines in property tax revenue (a drop of 3% in that year), which continued into the fiscal year ended June 30, 2011, where a significant drop in property tax revenue of 21% was experienced from June 30, 2010 property tax revenue. However, in May 2011, the City received the public support in obtaining a millage increase through a special election. As a result, the City's revenue levels climbed back up in 2012 with property tax revenue in particular returning to where they were in 2008 and 2009 before the market decline. Property tax revenues declined modestly from fiscal year ended June 30, 2012 (essentially due to commercial valuation appeals) to fiscal year ended June 30, 2015, however, property tax revenues increased 11% in fiscal year ended June 30, 2016, largely due to an increase in taxable values. As shown above, Property tax revenue increased 5% in fiscal year ending June 30, 2020.

Interest and rent significantly increased in from 2019 to 2020 resulting from an improved market performance ultimately increasing returns on the City's investments in fiscal year ended June 30, 2020.

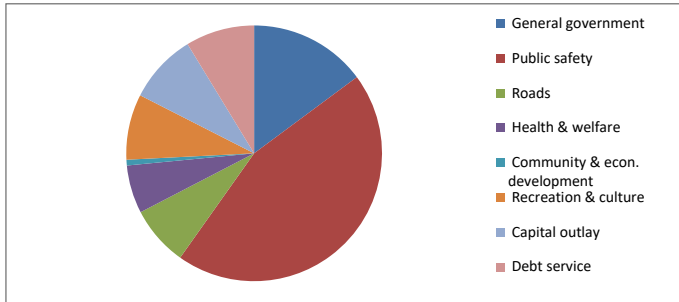
The decrease in Charges for Services is primarily related to the global pandemic.

The significant interfund transfers in Fiscal 2019 and Fiscal 2020 were primarily related to the use of funding provided by the road improvement bonds issued in Fiscal 2018.

**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Southfield**

**EXPENDITURES**

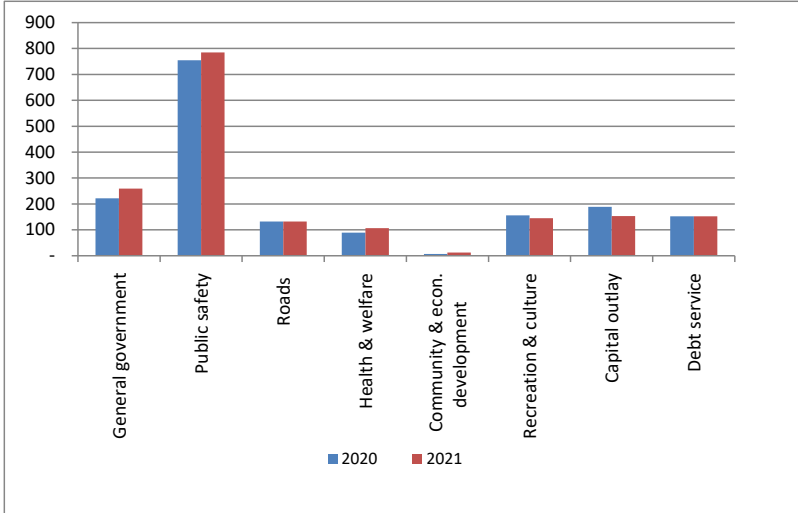
**1. Where we spend our money (all governmental funds)**



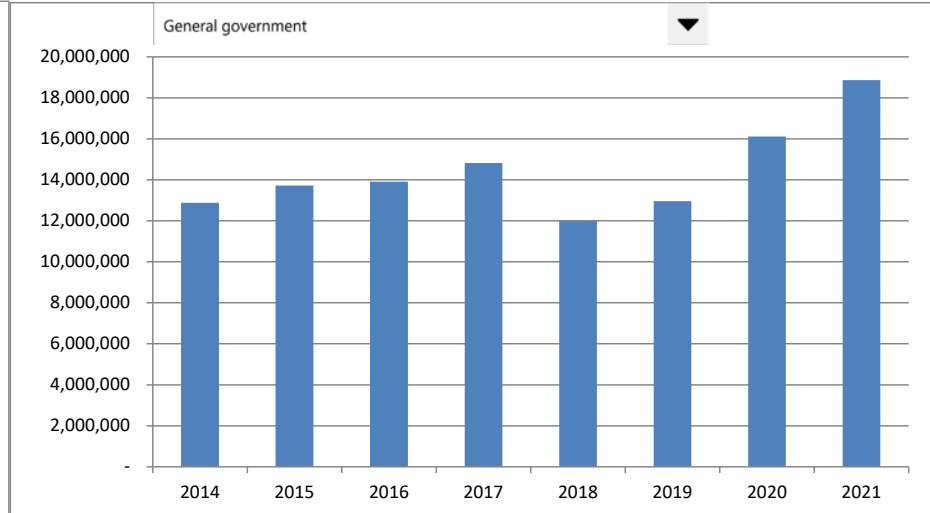
**2. Compared to the prior year**

	2020	2021	% change	% total
General government	\$ 16,118,013	18,865,827	17%	15%
Public safety	\$ 54,901,909	57,151,409	4%	45%
Roads	\$ 9,640,613	9,623,956	0%	8%
Health & welfare	\$ 6,491,963	7,738,879	19%	6%
Community & econ. development	\$ 497,972	920,214	85%	1%
Recreation & culture	\$ 11,323,683	10,537,315	-7%	8%
Capital outlay	\$ 13,747,920	11,175,692	-19%	9%
Debt service	\$ 11,096,752	11,073,591	0%	9%
<b>total expenditures</b>	<b>\$ 123,818,825</b>	<b>\$ 127,086,883</b>	<b>3%</b>	<b>100%</b>

**3. Spending per capita - compared to the prior year**



**4. Historical trends of individual departments:**



Commentary: This page represents data related to the City's combined governmental funds expenditures for the periods presented. Pursuant to governmental accounting rules, these funds use the current financial resources measurement focus and the modified accrual basis of accounting. As such, expenditures are generally recorded when a liability is incurred, as under accrual accounting, however debt service expenditures, expenditures relating to compensated absences, and claims and judgments against the City are recorded only when payment is due.

As noted above, public safety continues to represent the most significant portion of the City's governmental expenditures, comprising approximately 45% of the overall budget, followed by general government, capital outlay, debt service, roads and recreation & culture, which comprise approximately 13%, 11%, 9% and 9%, respectively, of the annual budget.

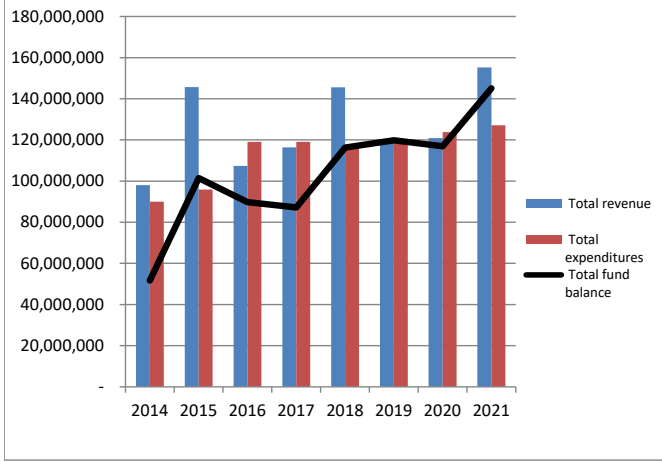
For the fiscal years spanning 2011-2014, governmental expenditures were on a steady (modest) downward trend, attributable to the City's five year plan which involved a hiring freeze that was implemented in 2007-2010 and remained in effect for a few years subsequent to that. The downward trend during fiscal years 2011-2014 was attributed to several factors, most notably, the decreases were realized by reducing major and local streets capital road projects during fiscal years 2011 through 2014 with the rest being spread out over various other general governmental expenditures. Due to the significant revenue decline in 2011, the City was also required to further decrease expenditures, from 2010 and prior periods. Despite passage of the Police & Fire millage in May of 2011; continuing tax base declines required that the City maintain its cost containment focus, as noted above, and into the 2014 fiscal year specifically, while striving to restore fund balance reserves. As revenues began to rebound, the City was able to realign City expenditures, including filling certain key positions which had been vacant for several years.

As noted above, the City has reported a 3% increase in overall governmental expenditures in 2020 as compared to 2019. The stability of governmental expenditures can be attributed to insignificant changes to each classification of expense that net to an increase of \$3.6 million. During November 2014, the City received the public support in obtaining a millage increase to pay for road construction bonds. The bonds are paying for the cost of acquiring and constructing street improvements throughout the City, consisting of paving, repaving, reconstructing and improving streets, including curb, gutter and drainage improvements and all necessary appurtenances and attachments. A substantial portion of these projects, along with the additional debt service payments occurred in fiscal year 2016. The City's other governmental expenditures remained relatively stable over this period.

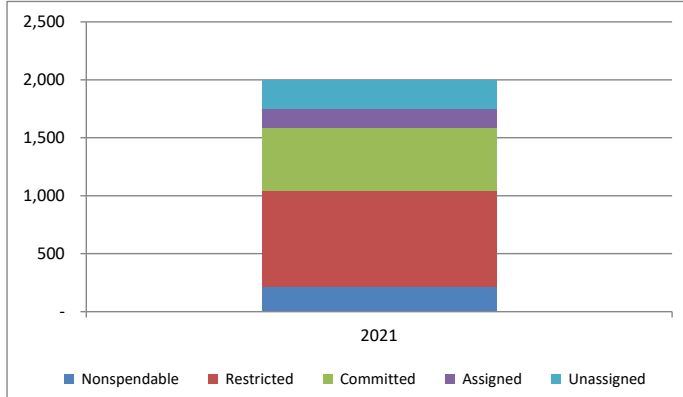
For more information on our City's finances, contact the Fiscal Services Group at (248) 796-5260.

**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Southfield**

**1. How have we managed our governmental fund resources (fund balance)?**



**3. Fund balance per capita - compared to the prior year**

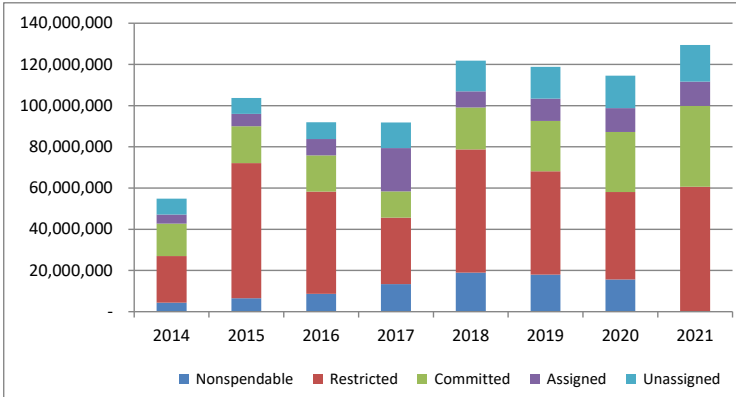


**2. Compared to the prior year**

	2020	2021	% change	% total
Revenue (less proceeds from sale of debt)	120,927,009	155,201,112	28%	
Expenditures	123,818,825	127,086,883	3%	
Surplus (Deficit)	(2,891,816)	28,114,229	-1072%	
Fund balance, by component:				
Nonspendable	17,955,975	15,587,876	-13.2%	10.7%
Restricted	42,507,604	60,639,127	42.7%	41.8%
Committed	29,160,396	39,242,532	34.6%	27.1%
Assigned	11,576,202	11,732,695	1.4%	8.1%
Unassigned	15,759,131	17,871,307	13.4%	12.3%
<b>total fund balance</b>	<b>116,959,308</b>	<b>145,073,537</b>	<b>24%</b>	<b>100%</b>

**FINANCIAL POSITION**

**4. Historical trends of individual components**



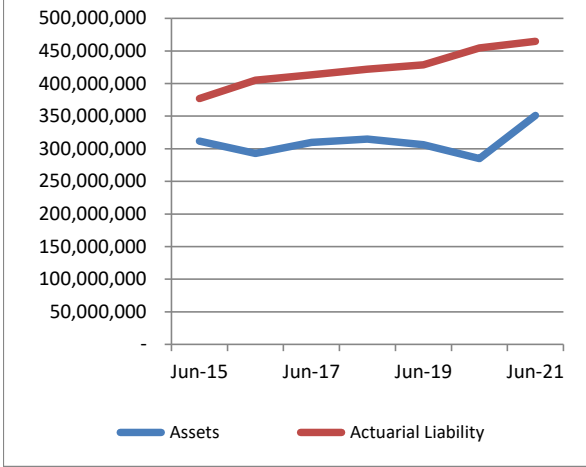
Commentary: This page represents trends and composition of fund balance at the City over the periods presented. Beginning with the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this new reporting standard, the classifications of fund balance were changed to the new (GASB 54) definitions: Non-spendable, Restricted, Committed, Assigned and Unassigned.

Non-spendable components of fund balance are not in a spendable form (i.e. prepaids). Restricted fund balance are amounts constrained to specific purposes by their providers (typically a third party), through constitutional provisions, or by enabling legislation. Committed amounts are constrained to specific purposes by formal action of the City Council. Assigned fund balance are also constrained to specific purposes by the City Council based on intent but do not require formal action. Unassigned is a residual category for anything that doesn't fall into one of the other four categories, and thus are available for any purpose. At the City of Southfield, commitments primarily relate to contingencies for potential tax refunds and economic development, while assignments are mostly for capital projects. For the most recent year presented (the year ended June 30, 2021), of the total fund balance maintained in the governmental funds, 10.7% was non-spendable, 41.8% was restricted, 35% in aggregate was committed or assigned, while the unassigned portion represented about 12%. The majority of amounts restricted in 2020 relate to unspent bond proceeds to provide funds for the acquisition and construction of major capital facilities and infrastructure (namely roads and related repairs), which were largely spent in fiscal 2019, causing the decrease in fund balance.

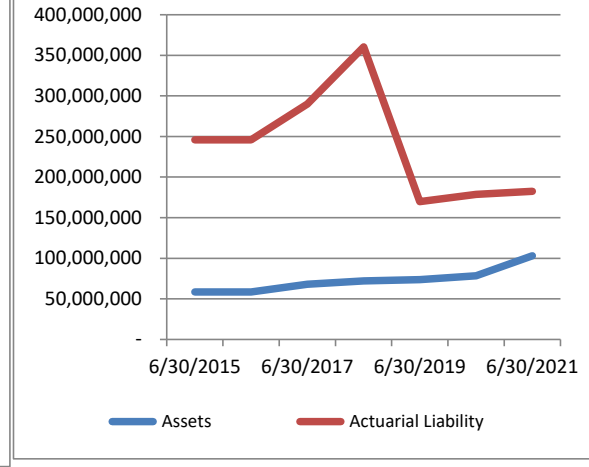
In conjunction with the City's long-range financial plan (including the previous hiring freeze), the City has worked hard to build and maintain fund balance over the periods presented. During fiscal year 2019, the City continued with its long-range financial plan by maintaining an unassigned fund balance over 20%. A millage was approved by the voters in May of 2011 providing 4.06 mills, or approximately \$8.9 million, to avoid Police Officer and Firefighter layoffs. Despite the successful millage, given the on-going constraints on taxable value in the City, coupled with the limitations resulting from Proposal A of 1994, it will take the City some time to restore General Fund unassigned fund balance to desired levels. As of June 30, 2020 General Fund Unassigned fund balance was \$15.7 million, or 12.7% of expenditures.

**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Southfield**

1. Pension funding status

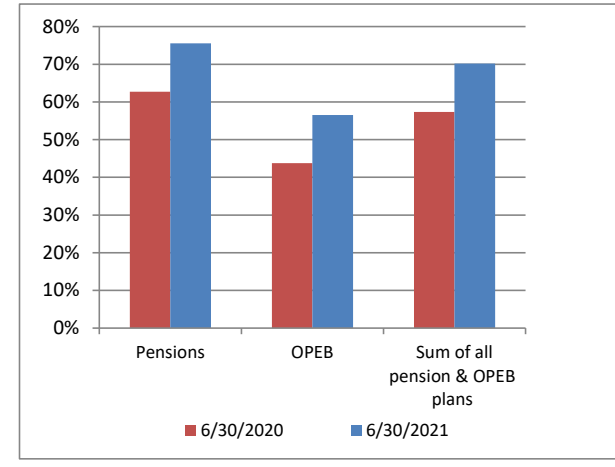


2. Retiree Health care funding status

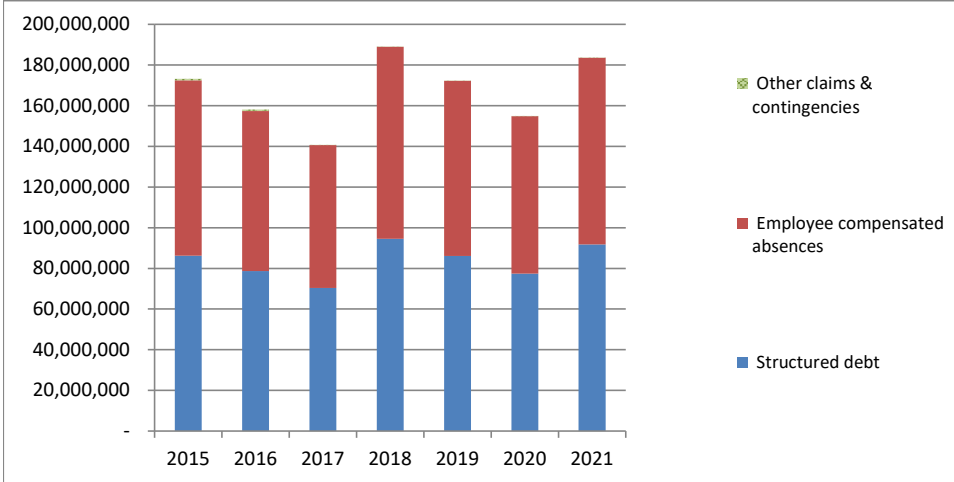


**OTHER LONG TERM OBLIGATIONS**

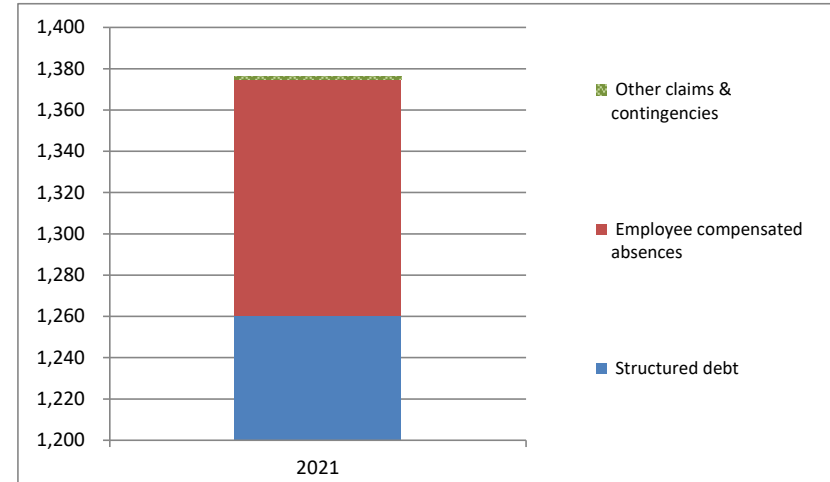
3. Percent funded - compared to the prior year



4. Long Term Debt obligations:



5. Debt & other long term obligations per capita (excluding legacy costs) - compared to the prior year



Commentary: This page presents the City's governmental funds long-term obligations, including legacy costs related to the funding of retiree pension and healthcare costs. The funding status of the pension and retiree healthcare systems combine both the police & fire and general employee retirement systems, which are otherwise maintained separately. As the City continues to fund the pension plans on an actuarial basis, the combined system has a solid funding status as actuarial assets (for the most recent year presented) represents approximately 75% of the related actuarial accrued liability, which is consistent with the prior year due to the growth in both the plan's assets and actuarial accrued liability.

Although the City has begun putting money into a separate trust for retiree healthcare as well, similar to other communities, it has been to a much lesser extent than the pension plans. On a combined basis, the retiree healthcare system has actuarial assets (for the most recent year presented) which represent approximately 20% of the related actuarial accrued liability. The City has maintained a funding level at/around this amount for several years.

Other long-term obligations of the City's governmental funds include debt, employee compensated absences, and claims and contingencies related to tax appeals. The significant increase in other long-term obligations beginning in 2015 is the result of the voter approved bonds issued for road projects.