
City of Southfield, Michigan

**Financial Report
with Supplementary Information
June 30, 2023**

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Independent Auditor's Report

To the Mayor and City Council
City of Southfield, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2023 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As explained in Note 2, the financial statements include investments valued at approximately \$176,484,511 (42 percent of net assets of the pension and other postemployment benefits trust funds) at June 30, 2023, 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. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southfield, Michigan's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Mayor and City Council
City of Southfield, Michigan

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 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 solely 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 effectiveness of the City of Southfield, Michigan's 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 & Moreau, PLLC

December 22, 2023

As management of the City of Southfield, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2023.

Financial Highlights

- Government-wide net position (excluding component units) increased by \$33.1 million from \$186.8 million to \$219.9 million
- Governmental activities net position increased \$22.1 million to \$70.8 million
- Business-type activities net position increased by \$11 million to \$149.1 million
- At June 30, 2023, the City's governmental funds reported a combined ending fund balance of \$129.8 million with \$3.4 million nonspendable, \$57.3 million restricted, 36.4 million committed, \$14.8 million assigned and the remaining \$17.9 million unassigned.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., the cost of pension and other postemployment benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community and economic development, and culture and recreation. The business-type activities of the City include providing water and sewage disposal.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate component units for which the City appoints a majority of the organizations policy board and for which the City is financially accountable. 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. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The Building Authority and Library Building Authority, although also legally separate, function for all practical purposes as departments of the City and, therefore, have been included as part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

- **Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.
- **Proprietary funds** - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewage disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its employee related health care, maintenance of facilities, city-wide equipment purchases, retained risks and for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.
- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include the pension and other postemployment benefit trust funds and agency funds.

Notes and Other Information

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplemental information on pensions and OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$219.9 million at the close of the most recent fiscal year.

City of Southfield, Michigan

Management's Discussion and Analysis (Continued)

City's Net Position

Net Position June 30, 2023 (in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 183.8	\$ 193.9	\$ 83.1	\$ 74.7	\$ 266.9	\$ 268.6
Capital assets	171.7	169.4	151.7	142.0	323.4	311.4
Other long term assets	0.5	1.4			0.5	1.4
Total assets	<u>356.0</u>	<u>364.7</u>	<u>234.8</u>	<u>216.7</u>	<u>590.8</u>	<u>581.4</u>
Deferred outflows	16.5	33.3	0.3	0.9	16.8	34.2
LIABILITIES						
Current liabilities	15.4	26.7	3.1	4.0	18.5	30.7
Other liabilities	<u>283.0</u>	<u>300.9</u>	<u>82.8</u>	<u>74.8</u>	<u>365.8</u>	<u>375.7</u>
Total liabilities	<u>298.4</u>	<u>327.6</u>	<u>85.9</u>	<u>78.8</u>	<u>384.3</u>	<u>406.4</u>
Deferred Inflow	3.3	21.7	0.1	0.7	3.4	22.4
NET POSITION						
Net investment in capital assets	112.6	104.8	102.6	103.5	215.2	208.3
Restricted	46.1	42.1			46.1	42.1
Unrestricted	<u>(87.9)</u>	<u>(98.2)</u>	<u>46.5</u>	<u>34.6</u>	<u>(41.4)</u>	<u>(63.6)</u>
Total Net Position	<u>\$ 70.8</u>	<u>\$ 48.7</u>	<u>\$ 149.1</u>	<u>\$ 138.1</u>	<u>\$ 219.9</u>	<u>\$ 186.8</u>

As noted previously, Government-wide net position (excluding component units) increased by \$33.1 million from \$186.8 million to \$219.9 million over the course of this fiscal year. The net position of the governmental activities increased by \$22.1 million and the net position of the business-type activities increased by \$11.0 million.

City's Changes in Net Position

**Changes in Net Position
for the fiscal year ending June 30, 2023
(in millions of dollars)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES						
Program revenues						
Charges for services	\$ 17.1	\$ 17.4	\$ 51.1	\$ 49.1	\$ 68.2	\$ 66.5
Grants and contributions	26.9	15.9	1.0	2.6	27.9	18.5
General revenues						
Property taxes	79.3	77.0			79.3	77.0
Unrestricted state shared	11.1	11.2			11.1	11.2
Unrestricted investment earnings (loss)	2.7	(6.1)	2.4	(1.3)	5.1	(7.4)
Other	4.0	4.6			4.0	4.6
Total revenues	<u>141.1</u>	<u>120.0</u>	<u>54.5</u>	<u>50.4</u>	<u>195.6</u>	<u>170.4</u>
EXPENSES						
General government	19.3	\$ 20.4			19.3	20.4
Public safety	58.0	53.0			58.0	53.0
Public works	21.4	18.2			21.4	18.2
Social services	2.4	1.9			2.4	1.9
Community improvements and economic development	2.9	3.2			2.9	3.2
Recreation and culture	12.4	12.8			12.4	12.8
Interest on long term debt	2.6	2.8			2.6	2.8
Water and sewer			43.5	\$ 39.1	43.5	39.1
Total expenses	<u>119.0</u>	<u>112.3</u>	<u>43.5</u>	<u>39.1</u>	<u>162.5</u>	<u>151.4</u>
Excess (deficiency)	22.1	7.7	11.0	11.3	33.1	19.0
Increase (decrease) in net position	22.1	7.7	11.0	11.3	33.1	19.0
Beginning net position	48.7	41.0	138.1	126.8	186.8	167.8
Ending net position	<u>\$ 70.8</u>	<u>\$ 48.7</u>	<u>\$ 149.1</u>	<u>\$ 138.1</u>	<u>\$ 219.9</u>	<u>\$ 186.8</u>

The result of 2023 fiscal year's governmental activity was an increase of \$22.1 million and an ending net position balance of \$70.8 million. Of this total, \$112.6 million is the net investment in capital assets, \$46.1 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the government. The balance of \$(87.9) million is listed as unrestricted, having no legal commitment.

Revenues generated by governmental activities increased \$21.1 million over the prior year primarily due to an \$11 million increase in one-time grants and an \$8.8 million increase in unrestricted investment earnings. Property taxes generated \$79.3 million, an increase of \$2.3 million, and represents 56.2% of all available sources of revenue of governmental

activities. Grants and contributions are the second largest source of governmental activity revenue at \$26.9 million and represent 19.1% of all available sources of revenue of governmental activities. Charges for services are the third largest source of governmental activity revenues at \$17.1 million, a decrease of \$0.3 million, and represent 12.1% of all available sources of revenue of governmental activities. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 7.9% decreasing \$0.1 million to \$11.1 million.

Governmental activity expenses for the fiscal year increased by \$6.7 million, primarily attributable to a \$5 million increase in public safety and a \$3.2 million increase in public works. Public safety continues to be the largest governmental activity expense at \$58.0 million which comprises 48.7% of total expenses of \$119.0 million. Public works is the second largest expense at \$21.4 million or 18.0% of total expenses. General government is the third largest expense category at \$19.3 million or 16.2% of total expenses. This activity decreased from the prior year by \$1.1 million. Recreation and culture also decreased by \$0.4 million to \$12.4 million or 10.4% of total expenses. These four categories comprise 93.4% of total governmental activities expenses.

Financial Analysis of Individual Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance that has not yet been limited to use for a particular purpose by an external party. Uncommitted or unassigned fund balance provides further information about the resources that have not been constrained by either the City Council or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council. Below is a comparison of the fund balances of governmental funds by type of constraint:

	2021	2022	2023	Change	Percent Change
Nonspendable	\$15,587,876	\$3,971,386	\$3,426,470	(\$544,916)	(0.2)
Restricted	60,639,127	56,526,577	57,261,147	734,570	0.0
Committed	39,242,532	38,418,174	36,398,600	(2,019,574)	(0.1)
Assigned	11,732,695	15,858,205	14,802,113	(1,056,092)	(0.1)
Unassigned	<u>17,871,307</u>	<u>16,074,444</u>	<u>17,947,770</u>	<u>1,873,326</u>	0.1
Total fund balance	<u>\$145,073,537</u>	<u>\$130,848,786</u>	<u>\$129,836,100</u>	<u>(\$1,012,686)</u>	(0.0)

The fiscal year 2023 governmental funds combined ending fund balance decreased by \$1.0 million from \$130.8 to \$129.8 million. This combined decrease is made up of an increase of just under \$0.5 million in the General Fund and a decrease of \$1.5 million spread out among the various other governmental funds. Within these governmental funds, the General Fund is the most significant to understanding the City's financial activities. In addition, the Water and Sewer Fund is a significant enterprise activity for the City. A brief analysis of each of those funds is presented below:

General Fund

	2022	2023	Change	Percent Change
Nonspendable	\$1,145,575	\$1,317,595	\$172,020	0.1
Restricted	2,014,641	1,455,341	(559,300)	(0.4)
Committed	37,962,517	35,547,484	(2,415,033)	(0.1)
Assigned	1,631,653	3,012,268	1,380,615	0.5
Unassigned	<u>16,074,444</u>	<u>17,947,770</u>	<u>1,873,326</u>	0.1
Total fund balance	<u>\$58,828,830</u>	<u>\$59,280,458</u>	<u>\$451,628</u>	0.0

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, 2023, the General Fund reported a fund balance of \$59.3 million. This amount is an increase of \$0.5 million from the prior June 30. Of the total fund balance, \$1.3 million is non-spendable, \$1.5 million is restricted, \$35.5 million is committed and \$20.9 million is allocated between assigned or unassigned.

General Fund Budgetary Highlights

The General Fund revenue budget was amended and increased from the originally adopted budget of \$84.3 million to \$86.3 million related to recognition of Federal and local grants in the amount of \$1.6 million and \$0.4 million, respectively. General Fund revenue totaled \$94.1 million exceeding budget expectations by \$7.8 million. This is primarily due to Federal grants related to the coronavirus pandemic being recognized in the current year. State of Michigan revenue exceeded conservative budget projections of \$10.2 million by \$1.1 million resulting in actual revenue of \$11.3 million reported. User fees totaling \$4.3 million exceed budget projections by \$1.1 million.

The General Fund expenditure budget was increased for several purposes during fiscal year 2023 including prior year encumbrances to a final budget of \$92.1 million. Actual expenditures for fiscal year 2023 were \$92.4 million which was \$272 thousand over budget. The largest variances from budgeted amounts related to increases in expenditures for Police and Fire personnel. During the year, the City completed and implemented a class and compensation study to bring salaries and wages in line with market conditions which resulted in an expenditure variance of \$2.9 million in police costs. The City also agreed to a collective bargaining agreement with the Southfield Fire Fighters Association covering five years from fiscal year 2019 through fiscal year 2023. This resulted in an expenditure variance of \$3.8 million in Fire. Additional variances from the amended budget are discussed in the notes to required supplementary information.

In summary, the fiscal year 2023 General Fund amended budget anticipated using \$5.9 million of the prior year's fund balance. The actual net change in fund balance was an increase of just under \$0.5 million.

Water & Sewer Fund

	2022	2023	Change	Percent Change
Net investment in capital assets	\$103,825,482	\$102,574,197	(\$1,251,285)	(0.0)
Unrestricted	<u>34,293,066</u>	<u>46,500,905</u>	<u>12,207,839</u>	0.3
Total net position	<u>\$138,118,548</u>	<u>\$149,075,102</u>	<u>\$10,956,554</u>	0.1

Total net position of the Water & Sewer fund increased by \$11.0 million during the year. Of the total \$149.1 million of net position in the business-type activities, \$46.5 million is reported as unrestricted. Overall, charges for services increased by \$2.0 million, grants and contributions decreased by \$1.6 million, unrestricted investment earnings increased by \$3.7 million and total expenses increased by \$4.4 million.

Capital Assets and Debt Administration

Capital Assets – At the end of fiscal year 2023, the City of Southfield and its component units had invested \$323.5 million net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$12.0 million from 2022. Refer to Note 7 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2023, the City of Southfield had \$72.9 million and \$75.6 million in bonds outstanding in the governmental and business-type activities, respectively. This reflects a combined decrease of \$1.4 million from 2022 comprised of a \$9.4 million decrease in governmental activities and a net increase of \$8.0 million in business-type activities. A more detailed depiction of the City's long-term debt obligations is presented in Note 8 to the financial statements.

The City's statutorily authorized debt limit, excluding revenue, emergency, and special assessment bonds is \$431.1 million. The City is \$287.6 million below this authorized debt limit.

Economic Factors and Next Year's Budgets and Rates

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 pre-recession peaks and will take many more 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.

The Coronavirus pandemic and subsequent recovery has had a significant negative impact on employment across the nation but we have seen recoveries over the past two years. In the City of Southfield, unemployment has typically followed the state and county trends but has been slightly higher than the county as a whole. As of September 2023, unemployment in Oakland County and in the City of Southfield was 3.2 percent and 4.6 percent, respectively. The economic development plan in the City includes strategies to address unemployment of its residents.

The economic outlook is cautiously optimistic as the City works to maintain fiscal stability and growth. Overall, the City's current and most recent budgets emphasize cost containment and, when feasible, maintenance of existing service levels. The City will continue to be conservative in its fiscal and spending policies with the goal to ensure expenditures stay in line with anticipated revenue sources to meet our resident's needs.

Requests for Further Information

This financial report is intended to provide a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact City of Southfield Fiscal Services Group, at (248) 796-5260. This report, City budgets, and other financial information are available on the City's website at www.cityofsouthfield.com.

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 2)	\$ 141,150,543	\$ 38,154,325	\$ 179,304,868	\$ 20,038,651
Receivables (Note 4)	23,266,768	17,973,592	41,240,360	460,040
Advances to component units	1,449,429	-	1,449,429	-
Inventory	741,351	171,129	912,480	-
Prepaid expenses and other assets	2,058,904	-	2,058,904	125,974
Restricted assets (Note 3)	15,137,969	26,762,420	41,900,389	-
Capital assets: (Note 7)				
Assets not subject to depreciation	14,008,818	17,940,296	31,949,114	-
Assets subject to depreciation - Net	157,698,051	133,798,262	291,496,313	126,879
Long-term receivables	472,477	-	472,477	-
Total assets	355,984,310	234,800,024	590,784,334	20,751,544
Deferred Outflows of Resources (Note 5)	16,491,128	295,860	16,786,988	-
Liabilities				
Accounts payable	3,597,622	2,607,684	6,205,306	1,601,602
Advances from primary government	-	-	-	1,449,429
Due to other governmental units	-	-	-	1,443,783
Deposits and escrow	7,028,377	-	7,028,377	-
Accrued liabilities and other	4,418,663	451,567	4,870,230	14,937
Provision for property tax refunds	209,818	-	209,818	7,276
Unearned revenue	173,111	-	173,111	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	51,199	280,125	331,324	-
Compensated absences (Note 8)	4,289,151	108,021	4,397,172	25,933
Current portion of bonds, leases, and subscriptions payable (Note 8)	9,450,288	3,220,730	12,671,018	15,499
Due in more than one year:				
Compensated absences (Note 8)	7,141,328	179,852	7,321,180	43,177
Provision for claims (Note 16)	3,395,660	-	3,395,660	-
Due to other governmental units	-	172,936	172,936	-
Net pension liability (Note 11)	157,198,841	5,056,767	162,255,608	-
Net OPEB obligation (Note 13)	37,593,461	1,398,220	38,991,681	-
Bonds, leases, and subscriptions payable - Net of current portion (Note 8)	63,884,316	72,425,926	136,310,242	-
Total liabilities	298,431,835	85,901,828	384,333,663	4,601,636
Deferred Inflows of Resources (Note 5)	3,268,072	118,954	3,387,026	-
Net Position				
Net investment in capital assets	112,611,937	102,574,197	215,186,134	111,380
Restricted:				
Streets and highways	19,775,632	-	19,775,632	-
Debt service	2,624,427	-	2,624,427	-
Capital projects	657,868	-	657,868	-
Public safety	1,469,837	-	1,469,837	-
Right of way, metro authority, and sanitation	1,455,341	-	1,455,341	-
Cable PEG fees	415,274	-	415,274	-
Culture and recreation	16,843,379	-	16,843,379	-
Community improvement	1,411,750	-	1,411,750	-
Social services	125,485	-	125,485	-
Grants (other)	210,399	-	210,399	-
Claims	1,089,506	-	1,089,506	-
Unrestricted	(87,915,304)	46,500,905	(41,414,399)	16,038,528
Total net position	\$ 70,775,531	\$ 149,075,102	\$ 219,850,633	\$ 16,149,908

City of Southfield, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 19,326,678	\$ 2,027,608	\$ 8,881,313	\$ 75
Public safety	57,985,105	9,751,785	1,177,478	-
Public works	21,426,605	3,069,760	10,539,431	1,518,492
Social services	2,413,032	-	3,217,214	-
Community improvements and economic development	2,905,796	-	350,000	772,857
Recreation and culture	12,399,401	2,201,265	459,123	-
Interest on long-term debt	2,595,691	-	-	-
Total governmental activities	119,052,308	17,050,418	24,624,559	2,291,424
Business-type activities - Water and Sewer	43,511,890	51,077,637	-	1,032,347
Total primary government	<u><u>\$ 162,564,198</u></u>	<u><u>\$ 68,128,055</u></u>	<u><u>\$ 24,624,559</u></u>	<u><u>\$ 3,323,771</u></u>
Component units	<u><u>\$ 5,798,653</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,001,414</u></u>	<u><u>\$ -</u></u>
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (8,417,682)	\$ -	\$ (8,417,682)	\$ -
(47,055,842)	-	(47,055,842)	-
(6,298,922)	-	(6,298,922)	-
804,182	-	804,182	-
(1,782,939)	-	(1,782,939)	-
(9,739,013)	-	(9,739,013)	-
(2,595,691)	-	(2,595,691)	-
(75,085,907)	-	(75,085,907)	-
-	8,598,094	8,598,094	-
(75,085,907)	8,598,094	(66,487,813)	-
-	-	-	(797,239)
79,273,207	-	79,273,207	2,775,111
11,077,253	-	11,077,253	-
2,744,617	2,358,460	5,103,077	329,119
610,445	-	610,445	-
32,742	-	32,742	-
4,062,557	-	4,062,557	639,208
97,800,821	2,358,460	100,159,281	3,743,438
(639,208)	-	(639,208)	-
22,075,706	10,956,554	33,032,260	2,946,199
48,699,825	138,118,548	186,818,373	13,203,709
\$ 70,775,531	\$ 149,075,102	\$ 219,850,633	\$ 16,149,908

Governmental Funds
Balance Sheet

June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments (Note 2)	\$ 66,307,733	\$ 54,891,144	\$ 121,198,877
Receivables (Note 4)	5,782,000	3,785,864	9,567,864
Advances to component units (Note 6)	48,043	1,401,386	1,449,429
Due from other funds (Note 6)	766,135	881	767,016
Advances to other funds (Note 6)	-	655,449	655,449
Inventory	239,271	-	239,271
Prepaid expenses and other assets	605,847	52,040	657,887
Restricted assets (Note 3)	-	14,048,463	14,048,463
Long-term receivables	472,477	-	472,477
Total assets	<u>\$ 74,221,506</u>	<u>\$ 74,835,227</u>	<u>\$ 149,056,733</u>
Liabilities			
Accounts payable	\$ 1,238,089	\$ 1,597,805	\$ 2,835,894
Due to other funds (Note 6)	-	769,221	769,221
Advances from other funds (Note 6)	274,851	380,598	655,449
Deposits and escrow	7,028,377	-	7,028,377
Accrued liabilities and other	3,527,414	368,049	3,895,463
Provision for property tax refunds	113,130	44,080	157,210
Unearned revenue	-	173,111	173,111
Payable from restricted assets	-	51,199	51,199
Total liabilities	12,181,861	3,384,063	15,565,924
Deferred Inflows of Resources (Note 5)	2,759,187	895,522	3,654,709
Total liabilities and deferred inflows of resources	14,941,048	4,279,585	19,220,633
Fund Balances (Note 15)			
Nonspendable	1,317,595	2,108,875	3,426,470
Restricted	1,455,341	55,805,806	57,261,147
Committed	35,547,484	851,116	36,398,600
Assigned	3,012,268	11,789,845	14,802,113
Unassigned	17,947,770	-	17,947,770
Total fund balances	59,280,458	70,555,642	129,836,100
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 74,221,506</u>	<u>\$ 74,835,227</u>	<u>\$ 149,056,733</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 129,836,100
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds	164,483,466
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	2,119,417
Bonds payable (net of deferred charges) and subscription leases are not due and payable in the current period and are not reported in the funds	(73,061,137)
Accrued interest is not due and payable in the current period and is not reported in the funds	(386,446)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(11,099,739)
Pension benefits (net of deferrals)	(140,954,643)
Retiree health care benefits (net of deferrals)	(34,525,346)
Other long-term liabilities, such as the Michigan tax tribunal liability, do not present a current claim on current financial resources and are not reported as fund liabilities	(52,608)
Internal service funds are included as part of governmental activities	<u>34,416,467</u>
Net Position of Governmental Activities	<u><u>\$ 70,775,531</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 54,266,274	\$ 25,006,933	\$ 79,273,207
Special assessments	-	788,349	788,349
Intergovernmental:			
Federal grants	9,155,102	3,260,932	12,416,034
State sources	11,319,722	12,466,093	23,785,815
Local grants and contributions	1,242,221	-	1,242,221
Charges for services	7,035,243	2,251,060	9,286,303
Fines and forfeitures	2,289,847	146,434	2,436,281
Licenses and permits	4,724,894	610,445	5,335,339
Interest and rentals	1,113,899	1,738,909	2,852,808
Other revenue	2,923,964	1,551,529	4,475,493
Total revenue	94,071,166	47,820,684	141,891,850
Expenditures			
Current services:			
General government	18,033,635	24,678	18,058,313
Public safety	64,871,751	606,394	65,478,145
Public works	5,928,667	7,967,612	13,896,279
Social services	-	2,886,916	2,886,916
Community improvements and economic development	1,273,471	107,618	1,381,089
Recreation and culture	-	11,977,423	11,977,423
Capital outlay and other related costs	1,661,350	15,282,240	16,943,590
Debt service:			
Principal retirement	574,919	8,505,705	9,080,624
Interest and fiscal charges	22,926	2,572,765	2,595,691
Total expenditures	92,366,719	49,931,351	142,298,070
Excess of Revenue Over (Under) Expenditures	1,704,447	(2,110,667)	(406,220)
Other Financing Sources (Uses)			
Transfers in	-	4,743,510	4,743,510
Transfers out	(1,252,819)	(4,129,899)	(5,382,718)
Sale of capital assets	-	32,742	32,742
Total other financing (uses) sources	(1,252,819)	646,353	(606,466)
Net Change in Fund Balances	451,628	(1,464,314)	(1,012,686)
Fund Balances - Beginning of year	58,828,830	72,019,956	130,848,786
Fund Balances - End of year	\$ 59,280,458	\$ 70,555,642	\$ 129,836,100

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds **\$ (1,012,686)**

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 their estimated useful lives as depreciation:

Capital outlay	14,469,417
Depreciation expense	(11,643,420)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	720,798
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Repayment of bond principal (net of deferred charges) and subscription liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and subscription liabilities)	8,944,139
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Interest expense is recognized in the government-wide statements as it accrues	46,969
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Some employee costs (pension, OPEB, and compensated absences, net of deferrals) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	9,893,276
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Change in the Michigan tax tribunal liability do not use current financial resources are not reported as expenditures in the governmental funds	12,275
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Internal service funds are included as part of governmental activities	<u>644,938</u>
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Change in Net Position of Governmental Activities **\$ 22,075,706**

Proprietary Funds
Statement of Net Position

June 30, 2023

	Enterprise Fund	Governmental Activities
	Water and Sewer	Proprietary-Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 849,455	\$ 1,865,116
Investments	37,304,870	18,086,550
Receivables (Note 4)	17,973,592	13,698,904
Due from other funds (Note 6)	-	2,205
Inventory	171,129	502,080
Prepaid expenses and other assets	-	1,401,017
Total current assets	56,299,046	35,555,872
Noncurrent assets:		
Restricted assets (Note 3)	26,762,420	1,089,506
Capital assets: (Note 7)		
Assets not subject to depreciation	17,940,296	20,950
Assets subject to depreciation - Net	133,798,262	7,202,453
Total noncurrent assets	178,500,978	8,312,909
Total assets	234,800,024	43,868,781
Deferred Outflows of Resources (Note 5)	295,860	224,324
Liabilities		
Current liabilities:		
Accounts payable	2,607,684	761,728
Accrued liabilities and other	451,567	136,754
Compensated absences (Note 8)	108,021	124,106
Current portion of bonds, leases, and subscriptions payable (Note 8)	3,220,730	-
Total current liabilities	6,388,002	1,022,588
Noncurrent liabilities:		
Payable from restricted assets	280,125	-
Compensated absences (Note 8)	179,852	206,634
Provision for claims	-	3,395,660
Due to other governmental units (Note 6)	172,936	-
Net pension liability (Note 13)	5,056,767	4,163,283
Net OPEB obligation (Note 12)	1,398,220	790,536
Bonds, leases, and subscriptions payable - Net of current portion (Note 8)	72,425,926	-
Total noncurrent liabilities	79,513,826	8,556,113
Total liabilities	85,901,828	9,578,701
Deferred Inflows of Resources (Note 5)	118,954	97,937
Net Position		
Net investment in capital assets	102,574,197	7,223,403
Restricted for claims	-	1,089,506
Unrestricted	46,500,905	26,103,558
Total net position	<u>\$ 149,075,102</u>	<u>\$ 34,416,467</u>

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Proprietary- Internal Service Funds</u>
Operating Revenue		
Sale of water	\$ 19,702,736	\$ -
Sewage disposal charges	28,798,538	-
Other sales to customers	1,309,818	-
Interest and penalty charges	465,946	-
Installation fees	178,867	-
Charges to other funds	-	19,496,859
Total operating revenue	50,455,905	19,496,859
Operating Expenses		
Cost of water purchases	7,507,546	-
Cost of sewage treatment	13,932,761	-
Contract services	7,569,599	-
Cost of insurance claims	-	6,406,202
Other operating and maintenance costs	2,403,253	2,917,355
Billing and administrative costs	1,589,950	4,671,832
Service installation and meter reading	1,417,511	-
Repairs and maintenance	-	2,052,361
Operating supplies	-	932,741
Depreciation	7,189,933	2,021,319
Total operating expenses	41,610,553	19,001,810
Operating Income	8,845,352	495,049
Nonoperating Revenue (Expense)		
Investment income	2,358,460	149,889
Interest expense	(1,901,337)	-
State grant revenue	621,732	-
Total nonoperating revenue	1,078,855	149,889
Income - Before capital contributions	9,924,207	644,938
Capital Contributions	1,032,347	-
Change in Net Position	10,956,554	644,938
Net Position - Beginning of year	138,118,548	33,771,529
Net Position - End of year	\$ 149,075,102	\$ 34,416,467

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise Fund	Governmental Activities
	Water and Sewer	Proprietary- Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers	\$ 49,794,648	\$ -
Receipts from interfund services and reimbursements	-	19,494,654
Payments to suppliers	(31,830,171)	(12,154,928)
Payments to employees and fringes	(3,092,363)	(7,975,651)
Other (payments) receipts	(1,032,347)	2,537,833
Net cash and cash equivalents provided by operating activities	13,839,767	1,901,908
Cash Flows from Capital and Related Financing Activities		
Issuance of bonds	11,500,162	-
Receipt of capital grants	1,654,079	-
Purchase of capital assets	(16,901,010)	(1,543,325)
Principal and interest paid on capital debt	(4,832,944)	-
Net cash and cash equivalents used in capital and related financing activities	(8,579,713)	(1,543,325)
Cash Flows from Investing Activities		
Interest received on investments	2,377,659	176,148
Purchases of investments, net of proceeds from sale and maturities of investment securities	(20,187,179)	(3,867,039)
Net cash and cash equivalents used in investing activities	(17,809,520)	(3,690,891)
Net Decrease in Cash and Cash Equivalents	(12,549,466)	(3,332,308)
Cash and Cash Equivalents - Beginning of year	40,161,341	6,286,930
Cash and Cash Equivalents - End of year	\$ 27,611,875	\$ 2,954,622
Classification of Cash and Cash Equivalents		
Cash and investments	\$ 849,455	\$ 1,865,116
Restricted cash	26,762,420	1,089,506
Total cash and cash equivalents	\$ 27,611,875	\$ 2,954,622

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2023

	Enterprise Fund	Governmental Activities
	Water and Sewer	Proprietary- Internal Service Funds
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 8,845,352	\$ 495,049
Adjustments to reconcile operating income to net cash from operating activities -		
Changes in assets and liabilities:		
Depreciation	7,189,933	2,021,319
Receivables	(1,693,604)	2,537,834
Due to and from other funds	-	(2,205)
Inventories	(6,577)	(28,990)
Prepaid and other assets	-	872,643
Net pension or OPEB asset	-	(630,691)
Accounts payable	(303,848)	(4,817,075)
Estimated claims liability	-	1,060,087
Net pension or OPEB liability	(313,623)	(505,504)
Deferrals related to pension or OPEB	40,849	124,667
Accrued and other liabilities	81,285	774,774
Total adjustments	4,994,415	1,406,859
Net cash and cash equivalents provided by operating activities	<u><u>\$ 13,839,767</u></u>	<u><u>\$ 1,901,908</u></u>

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2023

	Pension and Other Employment Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents (Note 2)	\$ 465,444	\$ 4,943,605	\$ 5,409,049
Investments:			
Debt securities (Note 2)	62,875,941	-	62,875,941
Equity securities (Note 2)	329,171,787	-	329,171,787
Other investments	24,864,767	-	24,864,767
Short-term investments (Note 2)	20,294,983	-	20,294,983
Securities lending (Note 2)	20,098,680	-	20,098,680
Receivables	198,509	-	198,509
Prepaid expenses and other assets	1,060,026	13,727	1,073,753
Total assets	459,030,137	4,957,332	463,987,469
Liabilities			
Due to primary government	13,738,414	-	13,738,414
Due to other governmental units	-	4,957,332	4,957,332
Accrued liabilities and other	4,283	-	4,283
Obligations under securities lending agreements	20,098,680	-	20,098,680
Total liabilities	33,841,377	4,957,332	38,798,709
Net Position			
Restricted:			
Pension	314,078,368	-	314,078,368
Postemployment benefits other than pension	111,110,392	-	111,110,392
Total net position	<u>\$ 425,188,760</u>	<u>\$ -</u>	<u>\$ 425,188,760</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Pension and Other Employment Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
Additions			
Investment income:			
Interest and dividends	\$ 7,854,393	\$ -	\$ 7,854,393
Net increase in fair value of investments	30,894,727	-	30,894,727
Investment costs	(1,920,555)	-	(1,920,555)
Net investment income	36,828,565	-	36,828,565
Contributions:			
Employer	27,244,257	-	27,244,257
Plan members	2,733,897	-	2,733,897
Total contributions	29,978,154	-	29,978,154
Property tax collections for other governments	-	92,306,631	92,306,631
Other additions	-	311,750	311,750
District court collections	-	1,233,859	1,233,859
Total additions	66,806,719	93,852,240	160,658,959
Deductions			
Benefit payments	46,465,417	-	46,465,417
Refunds of contributions	(41,560)	-	(41,560)
Administrative expenses	495,900	-	495,900
Tax distributions to other governments	-	92,618,381	92,618,381
Other deductions	-	10,376	10,376
District Court disbursements	-	1,223,483	1,223,483
Total deductions	46,919,757	93,852,240	140,771,997
Net Increase in Fiduciary Net Position	19,886,962	-	19,886,962
Net Position - Beginning of year	405,301,798	-	405,301,798
Net Position - End of year	\$ 425,188,760	\$ -	\$ 425,188,760

City of Southfield, Michigan

	Economic Development Corporation	Brownfield Redevelopment Authority	Joint-Local Development Finance Authority	Downtown Development Authority
Assets				
Cash and investments	\$ 19,651	\$ 5,550,789	\$ 2,355,440	\$ 970,693
Receivables	55	369,371	-	2,706
Prepaid expenses and other assets	-	-	-	-
Capital assets - Net	-	-	-	126,879
Total assets	19,706	5,920,160	2,355,440	1,100,278
Liabilities				
Accounts payable	-	1,293,179	190,295	12,280
Advances from primary government	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued liabilities and other	-	-	-	7,057
Provision for property tax refunds	-	-	-	7,276
Noncurrent liabilities:				
Due within one year:				
Compensated absences	-	-	-	25,933
Current portion of bonds, leases, and subscriptions payable	-	-	-	15,499
Due in more than one year - Compensated absences	-	-	-	43,177
Total liabilities	-	1,293,179	190,295	111,222
Net Position				
Net investment in capital assets	-	-	-	111,380
Unrestricted	19,706	4,626,981	2,165,145	877,676
Total net position	<u>\$ 19,706</u>	<u>\$ 4,626,981</u>	<u>\$ 2,165,145</u>	<u>\$ 989,056</u>

Component Units
Statement of Net Position

June 30, 2023

Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Total
\$ 5,920,225	\$ 4,739,868	\$ 80,017	\$ 401,968	\$ 20,038,651
-	87,908	-	-	460,040
-	-	110,974	15,000	125,974
-	-	-	-	126,879
5,920,225	4,827,776	190,991	416,968	20,751,544
113	-	105,735	-	1,601,602
-	1,401,386	48,043	-	1,449,429
1,443,783	-	-	-	1,443,783
-	-	6,549	1,331	14,937
-	-	-	-	7,276
-	-	-	-	25,933
-	-	-	-	15,499
-	-	-	-	43,177
1,443,896	1,401,386	160,327	1,331	4,601,636
-	-	-	-	111,380
4,476,329	3,426,390	30,664	415,637	16,038,528
\$ 4,476,329	\$ 3,426,390	\$ 30,664	\$ 415,637	\$ 16,149,908

City of Southfield, Michigan

	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Brownfield Redevelopment Authority
Functions/Programs						
Economic Development Corporation	\$ 2	\$ -	\$ -	\$ -	\$ (2)	\$ -
Brownfield Redevelopment Authority	3,217,941	-	2,921,347	-	-	(296,594)
Joint-Local Development Finance Authority	379,594	-	-	-	-	-
Downtown Development Authority	288,635	-	-	-	-	-
Tax Increment Finance Authority	9,431	-	-	-	-	-
Local Development Finance Authority	37,040	-	-	-	-	-
Section 8 Housing Commission	1,651,412	-	1,814,519	-	-	-
Southfield Growth Corporation	214,598	-	265,548	-	-	-
Total component units	\$ 5,798,653	\$ -	\$ 5,001,414	\$ -	(2)	(296,594)
General revenue:						
Property taxes					-	1,715,437
Unrestricted investment income					811	159,217
Other miscellaneous income					-	-
Total general revenue					811	1,874,654
Change in Net Position					809	1,578,060
Net Position (Deficit) - Beginning of year					18,897	3,048,921
Net Position - End of year					\$ 19,706	\$ 4,626,981

Component Units Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position						
Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2)
-	-	-	-	-	-	(296,594)
(379,594)	-	-	-	-	-	(379,594)
-	(288,635)	-	-	-	-	(288,635)
-	-	(9,431)	-	-	-	(9,431)
-	-	-	(37,040)	-	-	(37,040)
-	-	-	-	163,107	-	163,107
-	-	-	-	-	50,950	50,950
(379,594)	(288,635)	(9,431)	(37,040)	163,107	50,950	(797,239)
848,492	211,182	-	-	-	-	2,775,111
28,659	41,066	34,133	64,575	123	535	329,119
639,208	-	-	-	-	-	639,208
1,516,359	252,248	34,133	64,575	123	535	3,743,438
1,136,765	(36,387)	24,702	27,535	163,230	51,485	2,946,199
1,028,380	1,025,443	4,451,627	3,398,855	(132,566)	364,152	13,203,709
\$ 2,165,145	\$ 989,056	\$ 4,476,329	\$ 3,426,390	\$ 30,664	\$ 415,637	\$ 16,149,908

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Southfield, Michigan (the "City") is governed by the mayor and an elected seven-member City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the City's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

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 five members appointed by the 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 four 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.

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 whose 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 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 Redevelopment 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 Finance Authority (LDFA). Its purpose is to promote the revitalization of environmentally distressed, blighted, and functionally obsolete properties through the use of tax increment financing.

Note 1 - Significant Accounting Policies (Continued)

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, Michigan 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 Joint-LDFA 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 half of school property taxes collected thereon are transferred to the Joint-LDFA as tax increment revenue and used to finance the development plan.

Downtown Development Authority (DDA)

The DDA has a 13-member board, all appointed by the mayor, committed to the economic development of the designated downtown district in and around the Northland Center. The DDA was formed under Public Act 197 of 1975 and is funded through a two-mill tax levy on all real and personal property within the district and a tax increment financing plan.

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 revenue and used to finance the development plan.

Local Development Finance Authority

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 LDFA's 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 revenue 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 that 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 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 U.S. Department of Housing and Urban Development's Housing Choice Voucher Program Section 8, public funding program.

Note 1 - Significant Accounting Policies (Continued)

Southfield Growth Corporation

The Southfield Growth Corporation, whose activities are recorded in the Neighborhood Stabilization Program (NSP), is governed by a five-member board, including the 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.

Fiduciary Component Units

Fiduciary component units are entities that are legally separate from the City but for which the City is financially accountable. The following component units are reported as fiduciary funds:

Southfield Employees Retirement System (SERS)

The Southfield Employees Retirement System is governed by a seven-member board that includes three members who serve on the Civil Service Commission, two members elected by the active employee members, one member elected by the retired employee members, and one member appointed by the mayor with confirmation by the City Council. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the pension board and the plan imposes a financial burden on the City.

Fire and Police Retirement System (FPRS)

The Fire and Police Retirement System is governed by a five-member board that includes two members elected from the ranks of the police and fire departments (one each), two members appointed by the City Council, and the city treasurer, who serves as an ex officio member. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the pension board and the plan imposes a financial burden on the City.

Retiree Health Care Benefits Plan and Trust (RHC)

The Retiree Health Care Benefits Plan and Trust is governed by a 11-member board that includes 4 members elected by plan members, 3 members who serve on the Administrative Civil Service Commission, 2 appointed representatives who 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. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the retiree health care board and the plan imposes a financial burden on the City.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the City.

Note 1 - Significant Accounting Policies (Continued)***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual-basis presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City's only major fund is the General Fund, which is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Additionally, the City reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Capital project 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.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

June 30, 2023**Note 1 - Significant Accounting Policies (Continued)****Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City's only major enterprise fund is the Water and Sewer 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 for indirect repayment of bonds issued for sewers with Oakland County, which provides water to customers and disposes of sanitary sewage.

The City's 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.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

- The Pension Trusts accumulate resources for pension benefit payments to retirees.
- The Retiree Health Care Plan Trust accumulates resources for future retiree health care payments to retirees.
- The custodial funds are used to account for property taxes that are held for the benefit of other governmental units that are not part of the reporting entity and district court funds held for the benefit of other governmental units and/or individuals for which the City does not have administrative involvement.

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Note 1 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Long-term investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost. Pooled investment income from various funds is generally allocated to each fund using a weighted average of balance for the principal. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates. The fair value of other investments is based on periodic appraisals and the judgment 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. Interest is allocated on the basis of time-and-dollar-weighted participation in each pool.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

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 and drains, debt service of drains, and self-insurance claim payments.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 1 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Infrastructure	5-50
Drain usage rights	25-50
Buildings and improvements	10-50
Furniture and equipment	2-50
Land improvements	10-50
Intangibles	3-20

Long-term 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. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The general fund and debt service funds are generally used to liquidate governmental long-term debt.

Unearned Revenue

The City will sometimes report amounts for unearned revenue, which represents the acquisition of net position for which revenue recognition criteria have not yet been met. Amounts received that apply to a future period and so will not be recognized as revenue until that time are reported as a liability.

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 future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The City reports deferred outflows related to the deferred charge on a bond refunding, pensions, and OPEB. The deferred charge on a bond refunding is reported in the government-wide statement of net position. This 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 pensions and OPEB deferred outflows 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, with the exception of the net difference between expected and actual investment earnings, which are amortized over five years.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Significant Accounting Policies (Continued)

The City reports deferred inflows related to unavailable revenue, pensions, OPEB, and leases. The deferred inflow of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue 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, OPEB, and leases are reported in the government-wide statement of net position and proprietary statement of net position. The pension and OPEB amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB, with the exception of the net difference between expected and actual investment earnings which are amortized over five years. The lease amounts are amortized over the life of their respective agreements.

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted 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 (as applicable), 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 restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes 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 restricted fund balance to have been depleted before using any of the components of unrestricted 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.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by passing a resolution, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

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 is the highest level of decision-making authority for the City that can, by passing a resolution, 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 exist only temporarily.

The City Council has formally adopted a fund balance policy intended to maintain General Fund unassigned fund balance of 20 percent of the City's General Fund annual operating expenditures.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. Based on management's review of outstanding receivable balances and historical collection information, management's best estimate is that all balances will be collected. Accordingly, the City has not established an allowance for doubtful accounts.

Property Tax Revenue

Property taxes are levied on each July 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. 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.

The City's 2022 property tax revenue was levied and collectible on July 1, 2022 and is recognized as revenue in the year ended June 30, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the City totaled \$2.8 billion (a portion of which is abated and a portion of which is captured by the City's component units). Taxes generated by amounts levied are as follows:

Purpose	Millage Rate	Revenue
General operating	6.5281 \$	17,993,888
Publicity	0.0178	53,804
Police/Fire	6.8057	18,703,006
P&F Pension	5.5054	15,126,442
Streets	0.9876	3,091,310
P&R	1.7283	5,075,112
Library	2.7655	8,115,473
Road Debt	2.6000	7,749,475
Drains	0.2150	635,040
DDA	1.7887	211,182
Total		<u>\$ 76,754,732</u>

Note 1 - Significant Accounting Policies (Continued)**Pension**

The City offers two defined benefit pension plans to certain employees. 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 both plans. For the purpose 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 City's 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 plans. 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Other Postemployment Benefit Costs

The City offers retiree health care 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 the purpose 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 Retiree Health Care Trust 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

Note 1 - Significant Accounting Policies (Continued)**Leases**

The City is a lessee for noncancelable leases of buildings. The City recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental or business-type activities column in the government-wide financial statements. The City recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for noncancelable leases of cellular towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 1 - Significant Accounting Policies (Continued)**Subscriptions**

The City obtains the right to use vendors' information technology software through various long-term contracts. The City recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements. The City recognizes subscription assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Upcoming Accounting Pronouncements

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result, the statement of net position of the governmental activities now includes a liability for the present value of payments expected to be made and subscription assets. The subscription assets and liabilities have been added to Notes 7 and 8, respectively, as of the beginning of the year. Subscription activity is further described in Note 10.

Note 2 - 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 law also allows investments outside the state of Michigan when fully insured. The local unit 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 matures 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 postemployment benefit trust funds are 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 multiple banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority listed above (i.e. additional investments authorized in Public Act 196 of 1997). The City's deposits and investments are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy states that all securities, evidenced by a safekeeping receipt, shall be held by a third-party custodian. At year end, the City had bank deposits of \$241,743,183 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. Included in the total deposits at year end are component unit assets with a book balance of approximately \$8.2 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.

The City's pension and other postemployment benefit trust funds had no bank deposits 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. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 180-day maturity or less.

June 30, 2023

Note 2 - Deposits and Investments (Continued)

At year end, the City had the following investments:

Investment	Carrying Value	Weighted- average Maturity (Years)
Primary Government		
U.S. government agency securities	\$ 102,605,823	2.50
Municipal bonds	65,155,791	1.45
Commercial paper	9,951,900	0.01
Oakland County local government investment pool	8,515	1.18
Michigan CLASS investment pool	172,006	0.18
Total	<u>\$ 177,894,035</u>	
Investment	Carrying Value	Weighted- average Maturity (Years)
Fiduciary Funds		
SERS:		
U.S. government agency securities	\$ 3,422,870	8.41
Mortgage-backed securities	1,909,611	26.70
Asset-backed securities	93,465	10.50
Corporate bonds	2,126,871	6.75
Foreign bonds and notes	235,347	17.92
Mutual funds - Debt	4,780,671	85.94
U.S. Treasury bills	787,520	0.30
Money market mutual funds	1,382,392	N/A
Total SERS	14,738,747	
FPRS:		
Other fixed income	24,037,727	N/A
Repo agreements	6,317,399	0.20
Variable rate CD	2,197,472	0.20
Commercial paper	1,459,196	0.20
Certificate of deposits	1,333,703	0.20
Time deposits	1,128,107	0.20
ASB commercial paper	768,982	0.20
Sweep vehicle	145,519	0.20
Total FPRS	37,388,105	
RHC:		
Natixis Loomis Sayles inv Gr - Y	21,203,129	5.86
JPMorgan strategic Income Opportunities Fund-I	4,983,831	0.40
Total RHC	<u>26,186,960</u>	
Total	<u>\$ 78,313,812</u>	

June 30, 2023

Note 2 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City and SERS have no investment policy that would further limit investment choices. As of June 30, 2023, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
U.S. government agency securities	\$ 102,605,823	AA+	S&P
Municipal bonds	10,445,954	AA-	S&P
Municipal bonds	3,142,435	AAA	S&P
Municipal bonds	9,479,203	AA+	S&P
Municipal bonds	31,569,814	AA	S&P
Municipal bonds	503,186	A+	S&P
Municipal bonds	330,444	A	S&P
Municipal bonds	9,684,755	Not rated	S&P
Commercial paper	9,951,900	A-1	S&P
Oakland County local government investment pool	8,515	AAAm	S&P
Michigan CLASS investment pool	172,006	Not rated	N/A
Total	<u>\$ 177,894,035</u>		

June 30, 2023

Note 2 - Deposits and Investments (Continued)

Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
SERS:			
Corporate bonds	\$ 787,102	Baa1 and below	Moody's
Corporate bonds	116,188	Aa3	Moody's
Corporate bonds	96,531	A1	Moody's
Corporate bonds	98,359	A2	Moody's
Corporate bonds	246,290	A3	Moody's
Corporate bonds	104,572	NR	Moody's
Corporate bonds - Structured notes	53,229	A2	Moody's
Corporate bonds - Structured notes	157,937	A3	Moody's
Corporate bonds - Structured notes	466,664	Baa1 and below	Moody's
U.S. Treasury notes and bonds	3,422,870	Aaa	Moody's
U.S. Treasury bill	787,520	NR	Moody's
Asset-backed securities	93,465	Baa1 and below	Moody's
Foreign bonds and notes	131,379	Baa1 and below	Moody's
Foreign bonds and notes	103,968	A1	Moody's
Mortgage-backed security (FHLMC)	355,832	NR	Moody's
Mortgage-backed security (FNMA)	1,552,646	NR	Moody's
Mortgage-backed security (GNMAI)	212	NR	Moody's
Mortgage-backed security (GNMAII)	920	NR	Moody's
Mutual funds	2,109,056	AAA	S&P
Mutual funds	42,500	AA	S&P
Mutual funds	53,113	A	S&P
Mutual funds	2,522,889	BBB	S&P
Mutual funds	53,113	BB	S&P
Total SERS	13,356,355		
RHC:			
Loomis Sayles Inv Gr - Y (6.2%)	1,314,594	US Treasurys - AAA	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (3.5%)	742,110	Aaa	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (5.2%)	1,102,563	Aa	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (13.70%)	2,904,829	A	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (38.50%)	8,163,205	Baa	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (5.20%)	1,102,563	Ba	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (1.6%)	339,250	B	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (0.8%)	169,625	Caa or lower	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (3.70%)	784,516	Not rated	Moody's/S&P/ Fitch's
Loomis Sayles Inv Gr - Y (21.60%)	4,579,876	Cash	Moody's/S&P/ Fitch's
JPMorgan Strategic Income Opportunities Fund-I (65.30%)	3,257,698	AAA	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar

June 30, 2023

Note 2 - Deposits and Investments (Continued)

Investment	Carrying Value	Rating	Rating Organization
JPMorgan Strategic Income Opportunities Fund-I (12.70%)	\$ 633,580	AA	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (12.70%)	633,580	A	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (2.20%)	109,754	BBB	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (1.00%)	49,888	BB	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (1.10%)	54,877	B	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (2.50%)	124,720	CCC and lower/other	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (2.40%)	119,732	Not rated	Moody's/S&P/ Fitch's/ Kroll/DBRS Morningstar
Total RHC	26,186,960		
Total	\$ 39,543,315		

FPRS does not have any investments at year end that are subject to credit risk.

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer. At June 30, 2023, all of the City's primary government investments are not subject to concentration of credit risk.

June 30, 2023

Note 2 - Deposits and Investments (Continued)

Investments subject to concentration of credit risk are noted in the table below for SERS, FPRS, and RHC for the year ended June 30, 2023.

	Carrying Value	Percent
Investments		
SERS:		
Portfolio 1-101221.3 - AEW Core Property Trust	\$ 6,153,732	5.16
Portfolio 1-101221.3 - LSV International Value Equity	10,136,980	8.50
Portfolio 1-103142.1 - 20035L	27,335,453	22.93
FPRS - NHIT	24,037,727	12.41
RHC:		
KOPERNIK International Fund	9,666,365	7.75
Europac Growth FD	7,040,058	5.64
Natixis Loomis Sayles	21,203,129	16.99
Vanguard	7,416,325	5.94
SWFGTX	8,470,035	6.79

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.

The following securities are subject to foreign currency risk:

Security	Foreign Currency	Carrying Value
FPRS:		
Cash and equivalents*	Australian dollars	\$ 162,287
Equities	Australian dollars	2,195,172
Cash and equivalents*	Canadian dollars	45,753
Equities	Canadian dollars	993,527
Cash and equivalents*	Euro	102,348
Equities	Euro	3,830,560
Equities	British pound sterling	23,474,860
Cash and equivalents*	British pound sterling	37,139
Cash and equivalents*	New Zealand dollar	20

*Values include pending foreign exchange sales/purchases

Securities Lending

As permitted by some state statutes and under the provisions of a Securities Lending Authorization Agreement, SERS and FPRS lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SERS and FPRS custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit 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, 2023, only United States currency was received as collateral. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

SERS and 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.

June 30, 2023

Note 2 - Deposits and Investments (Continued)

SERS and FPRS and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. Because the loans are terminable on demand, the average duration of such investments pools on June 30, 2023 is one day. On June 30, 2023, SERS and FPRS had no credit risk exposure to borrowers. For SERS, the collateral held and the fair market value of the underlying securities on loans for the retirement system as of June 30, 2023 were \$1,382,392 and \$1,351,603, respectively. For FPRS, the collateral held and the fair market value of the underlying securities on loans for the retirement system as of June 30, 2023 were \$13,350,378 and \$13,119,161, respectively.

Fair Value Measurements

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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using 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, 2023:

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Primary Government				
Debt securities:				
Agency bonds	\$ -	\$ 102,605,823	\$ -	\$ 102,605,823
Commercial paper	-	9,951,900	-	9,951,900
Government/Municipal bonds	-	65,155,791	-	65,155,791
Total debt securities	<u>\$ -</u>	<u>\$ 177,713,514</u>	<u>\$ -</u>	<u>177,713,514</u>
Investments measured at NAV:				
Local government investment pool				8,515
Michigan CLASS investment pool				<u>172,006</u>
Total investments measured at NAV				<u>180,521</u>
Total assets				<u>\$ 177,894,035</u>

June 30, 2023

Note 2 - Deposits and Investments (Continued)

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
SERS				
Debt securities:				
U.S. Treasury securities	\$ 4,210,390	\$ -	\$ -	\$ 4,210,390
Mutual fund - Fixed income	4,780,671	-	-	4,780,671
Mortgage backed securities	-	1,909,611	-	1,909,611
Asset-backed securities	-	93,465	-	93,465
Corporate bonds	-	2,126,871	-	2,126,871
Foreign bonds	-	235,347	-	235,347
Total debt securities	8,991,061	4,365,294	-	13,356,355
Equity securities:				
Common and preferred stock	30,172,436	-	-	30,172,436
ADR	4,859,411	-	-	4,859,411
Real estate investment trust	1,162,139	-	-	1,162,139
Foreign stock	5,206,177	-	-	5,206,177
Total equity securities	41,400,163	-	-	41,400,163
Total	\$ 50,391,224	\$ 4,365,294	\$ -	54,756,518
Investments measured at NAV:				
Collective investment fund				37,472,433
Real estate investment trust				19,218,652
Hedge fund				5,010,276
Total investments measured at NAV				61,701,361
Total assets				\$ 116,457,879

June 30, 2023

Note 2 - Deposits and Investments (Continued)

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
FPRS				
Equity securities:				
Mutual fund - Equities	\$ 29,078,745	\$ -	\$ -	\$ 29,078,745
Common and preferred stock	73,893,170	-	-	73,893,170
Real estate investment trusts	2,101,535	-	-	2,101,535
Other equity	14,167	-	-	14,167
Total equity securities	<u>\$ 105,087,617</u>	<u>\$ -</u>	<u>\$ -</u>	105,087,617
Investments measured at NAV:				
Commingled funds				32,226,972
Partnerships				17,037,613
Short-term investment fund				5,898,115
Hedge equity				19,473,800
Unit trust equity				5,545
Real estate investment trust				13,613,806
Total investments measured at NAV				<u>88,255,851</u>
Total assets				<u>\$ 193,343,468</u>

June 30, 2023

Note 2 - Deposits and Investments (Continued)

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
RHC				
Debt securities - Mutual fund - Fixed income	\$ 26,186,960	\$ -	\$ -	\$ 26,186,960
Equity securities:				
Mutual fund - Equities	24,122,748	-	-	24,122,748
Common stock	28,574,981	-	-	28,574,981
ADR	518,589	-	-	518,589
ETF - Equity	3,774,046	-	-	3,774,046
Real estate investment trusts	1,027,191	-	-	1,027,191
Foreign stock	2,340,678	-	-	2,340,678
Total equity securities	60,358,233	-	-	60,358,233
Partnerships	641,702	-	-	641,702
Total	<u>\$ 87,186,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>87,186,895</u>
Investments measured at NAV:				
Private equity				10,464,929
Infrastructure				1,486,613
Hedge funds - Funds of funds				6,761,141
Real estate investment trust				<u>7,814,616</u>
Total investments measured at NAV				<u>26,527,299</u>
Total assets				<u>\$ 113,714,194</u>

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, agency bonds, mortgage- and asset-backed securities, and other debt securities at June 30, 2023 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby 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.

June 30, 2023

Note 2 - Deposits and Investments (Continued)

At June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Primary Government				
Local government investment pool	\$ 8,516	\$ -	No restrictions	None
Michigan CLASS investment pool	172,006	-	No restrictions	None
SERS				
Collective investment fund	37,472,433	-	Daily - monthly	None - 15 days
Real estate investment trust	19,218,652	4,131,397	None - quarterly	None - 95 days
Hedge fund	5,010,276	-	Quarterly	95 days
FPRS				
Multistrategy hedge funds	-	1,100,000	None - quarterly	None - 95 days
Hedge equity	19,473,800	-		
Commingled funds	32,226,972	-		
Short-term investment fund	5,898,115	-		
Unit trust equity	5,545	-		
Partnerships	17,037,613	2,259,127	Daily - monthly	Daily - monthly
Real estate investment trust	13,613,806	6,239,659	None - quarterly	None - 90 days
RHC				
Private equity	10,464,929	1,099,520	None	None
Infrastructure	1,486,613	564,340	None	None
Hedge funds - Fund of funds	6,761,141	-	None - quarterly	None - 100 days
Real estate investment trust	7,814,616	4,288,335	None	None
Total	<u>\$ 176,665,033</u>	<u>\$ 19,682,378</u>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Oakland County Local Government Investment Pool (LGIP) is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

The hedge funds class includes the following:

Multistrategy Fund of Hedge Funds - These assets invest in global stocks, global bonds, and other global securities. The fair values of the investments have been determined using NAV per share (or its equivalent) of the investments.

Multistrategy Hedge Funds - This type invests in three funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this type includes investments in global stocks, global fixed income, currencies, and commodities. The fair values of the investments in this type have been determined using NAV per share (or its equivalent) of the investments.

June 30, 2023

Note 2 - Deposits and Investments (Continued)

The collective investment fund class includes the following:

Commingled Fund - These assets invest in publicly traded domestic equities, international equities, or bonds. All of the underlying securities within these commingled funds carry a Level 1 or 2 valuation.

The real estate investment trusts class includes the following:

Real Estate/Other Close-ended Funds - These assets invest primarily in commercial real estate or global timberlands. The fair values of the investments have been determined using NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be fully liquidated over the next one to eight years.

Real Estate Funds - This type includes several real estate funds that invest primarily in U.S. commercial real estate debt and equity. The fair values of the investments in this type have been determined using NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next one to eight years. A total of 100 percent of the total investment in this type is expected to be sold. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. Approximately 58 percent of the assets are able to be liquidated via a quarterly redemption queue. The balance of the assets will be liquidated as underlying properties are sold or the investee fund's management approves of the buyer before the sale of the investments can be completed.

The private equity fund 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 its 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 its investments at fair value.

The infrastructure class includes assets invested in publicly traded domestic equities or international equities.

Note 3 - Restricted Assets

At June 30, 2023, restricted assets are composed of the following:

Description	Governmental Activities		
	Governmental Funds	Proprietary-Internal Service Funds	Business-type Activities
Unspent bond proceeds	\$ 14,011,333	\$ -	\$ 26,762,420
Deposit held by insurance carrier related to workers compensation and general insurance accruals	-	1,089,506	-
Assets held at the county	37,130	-	-
Total	<u>\$ 14,048,463</u>	<u>\$ 1,089,506</u>	<u>\$ 26,762,420</u>

June 30, 2023

Note 4 - Receivables

Receivables as of June 30, 2023 for the City's individual major funds and the nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government				Business-type	
	Governmental Activities			Total Governmental Activities	Activities	
	General Fund	Nonmajor Governmental Funds	Proprietary-Internal Service Funds		Water and Sewer	Component Units
Receivables:						
Property taxes receivable	\$ 550,518	\$ 196,646	\$ -	\$ 747,164	\$ 3,943,646	\$ 85,004
Special assessments receivable	-	421,088	-	421,088	-	-
Customer receivables	-	135,334	-	135,334	14,017,033	-
Accrued interest receivable	(4,169)	41,225	6,165	43,221	12,913	21,188
Leases receivable	1,436,442	186,631	-	1,623,073	-	-
Act 51 revenue receivable	-	1,410,002	-	1,410,002	-	-
State-shared revenue receivable	1,712,865	-	-	1,712,865	-	-
Other receivables	2,501,061	456,169	4,355	2,961,585	-	353,860
Due from other governments	-	1,119,175	13,688,384	14,807,559	-	-
Allowance for doubtful accounts	(414,717)	(180,406)	-	(595,123)	-	(12)
Net receivables	<u>\$ 5,782,000</u>	<u>\$ 3,785,864</u>	<u>\$ 13,698,904</u>	<u>\$ 23,266,768</u>	<u>\$ 17,973,592</u>	<u>\$ 460,040</u>

Note 5 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Proprietary - Internal Service	Governmental Activities	Business-type Activities - Water and Sewer
Deferred charges on bond refunding	\$ -	\$ -	\$ 273,467	\$ -
Related to pensions (Note 11)	-	182,111	13,420,339	221,196
Related to OPEB (Note 12)	-	42,213	2,797,322	74,664
Total deferred outflows	<u>\$ -</u>	<u>\$ 224,324</u>	<u>\$ 16,491,128</u>	<u>\$ 295,860</u>

June 30, 2023

Note 5 - Deferred Inflows/Outflows of Resources (Continued)

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

	Governmental Funds	Proprietary - Internal Service	Governmental Activities	Business-type Activities - Water and Sewer
Special assessments - Unavailable	\$ 559,179	\$ -	\$ 559,179	\$ -
Grant revenue - Unavailable	1,560,238	-	1,560,238	-
Miscellaneous revenue - Unavailable	-	-	(2,119,417)	-
Related to pensions (Note 11)	-	97,937	1,255,250	118,954
Related to OPEB (Note 12)	-	-	477,530	-
Leases (Note 9)	1,535,292	-	1,535,292	-
Total deferred inflows	<u>\$ 3,654,709</u>	<u>\$ 97,937</u>	<u>\$ 3,268,072</u>	<u>\$ 118,954</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Auto Theft Grant	\$ 1,279
	Michigan Works Grant	764,856
	Total General Fund	766,135
Parks and Recreation	Community Development Block Grant	881
Motor Pool	Community Development Block Grant	408
	Auto Theft Grant	1,797
	Total Motor Pool	2,205
	Total	<u>\$ 769,221</u>

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
Local Improvement Revolving	Special Assessment Construction	\$ 380,598
	General Fund	274,851
	Total	<u>\$ 655,449</u>

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
General Fund	Section 8 Housing Commission	\$ 48,043
Local Improvement Revolving	Local Development Finance Authority (component unit)	1,401,386
	Total	<u>\$ 1,449,429</u>

These 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.

June 30, 2023

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Parks and Recreation	\$ 157,299
	Donations, Memorial Trusts, and Sponsorships	666
	Michigan Indigent Defense Commission	83,430
	Drug Law Enforcement	80,936
	Auto Theft Grant	76,451
	Building Authority Construction	214,829
	Joint-Local Development Finance Authority	639,208
	Total General Fund	1,252,819
Road Construction	Major Streets	3,975,805
	Local Streets	154,094
	Total Road Construction	4,129,899
	Total	\$ 5,382,718

The transfers occur during the normal course of operations to fund capital projects. In some cases, dedicated millage revenue is recorded in special revenue funds and is used by other funds for debt service payments.

June 30, 2023

Note 7 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

Governmental Activities

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 11,254,297	\$ -	\$ -	\$ 11,254,297
Construction in progress	12,318,828	2,733,571	(12,318,828)	2,733,571
Internal service - Construction in progress	-	20,950	-	20,950
Subtotal	23,573,125	2,754,521	(12,318,828)	14,008,818
Capital assets being depreciated:				
Land improvements	27,660,618	3,775,144	-	31,435,762
Building and improvements	77,439,820	1,194,714	-	78,634,534
Infrastructure	217,011,587	17,274,983	-	234,286,570
Intangibles	2,119,987	-	-	2,119,987
Drain usage rights	11,794,970	-	-	11,794,970
Equipment	7,618,491	1,027,930	-	8,646,421
Subscription assets	-	781,904	-	781,904
Internal service - Intangibles	334,039	50,627	-	384,666
Internal service - Equipment	29,365,939	1,565,897	(816,815)	30,115,021
Subtotal	373,345,451	25,671,199	(816,815)	398,199,835
Accumulated depreciation:				
Land improvements	20,944,487	953,120	-	21,897,607
Building and improvements	52,422,138	2,159,676	-	54,581,814
Infrastructure	114,188,594	7,492,198	-	121,680,792
Intangibles	1,909,039	91,180	-	2,000,219
Drain usage rights	9,288,863	471,048	-	9,759,911
Equipment	6,808,009	174,404	-	6,982,413
Subscription assets	-	301,794	-	301,794
Internal service - Intangibles	304,109	21,421	-	325,530
Internal service - Equipment	21,694,470	1,999,898	(722,664)	22,971,704
Subtotal	227,559,709	13,664,739	(722,664)	240,501,784
Net capital assets being depreciated	145,785,742	12,006,460	(94,151)	157,698,051
Net governmental activities capital assets	\$ 169,358,867	\$ 14,760,981	\$ (12,412,979)	\$ 171,706,869

June 30, 2023

Note 7 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated - Construction in progress	\$ 16,493,472	\$ 1,446,824	\$ -	\$ 17,940,296
Capital assets being depreciated:				
Infrastructure	241,281,759	15,323,051	-	256,604,810
Intangibles	1,507,498	-	-	1,507,498
Equipment	2,297,685	131,136	-	2,428,821
Subtotal	245,086,942	15,454,187	-	260,541,129
Accumulated depreciation:				
Infrastructure	116,410,386	6,971,579	-	123,381,965
Intangibles	1,338,204	73,175	-	1,411,379
Equipment	1,804,344	145,179	-	1,949,523
Subtotal	119,552,934	7,189,933	-	126,742,867
Net capital assets being depreciated	125,534,008	8,264,254	-	133,798,262
Net business-type activities capital assets	<u>\$ 142,027,480</u>	<u>\$ 9,711,078</u>	<u>\$ -</u>	<u>\$ 151,738,558</u>

Capital asset activity for the City's component units for the year ended June 30, 2023 was as follows:

Component Units

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets being depreciated:				
Land improvement	\$ 265,066	\$ -	\$ -	\$ 265,066
Lease assets - Building	38,612	-	-	38,612
Subtotal	303,678	-	-	303,678
Accumulated depreciation:				
Land improvement	139,159	13,254	-	152,413
Lease assets - Building	12,193	12,193	-	24,386
Subtotal	151,352	25,447	-	176,799
Net capital assets	<u>\$ 152,326</u>	<u>\$ (25,447)</u>	<u>\$ -</u>	<u>\$ 126,879</u>

June 30, 2023

Note 7 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 665,227
Public safety	433,801
Highways and streets	7,492,199
Public services	630,731
Culture and recreation	2,421,462
Internal service fund depreciation is charged to the various functions based on their usage of the asset	2,021,319
Total governmental activities	<u>\$ 13,664,739</u>

Construction Commitments

The City has active construction projects at year end. The projects include the bond issue and the project. At year end, the City's commitments with contractors are as follows:

	Remaining Commitment
Street construction	\$ 3,633,713
Equipment	18,492,563
Building and park improvements	225,973
Water system improvements	22,918,550
Other	63,435
Total	<u>\$ 45,334,234</u>

June 30, 2023

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Drains-at-large, City's share of county debt	1.625% - 5.375%	\$4,760 - \$386,520	\$ 1,173,395	\$ -	\$ (474,299)	\$ 699,096	\$ 481,241
Michigan transportation fund bonds	2.17%	\$85,000 - \$1,195,000	2,275,000	-	(1,125,000)	1,150,000	1,150,000
2012 general obligation limited tax refunding	1.78%	\$45,000 - \$365,000	725,000	-	(360,000)	365,000	365,000
Total direct borrowings and direct placements principal outstanding			4,173,395	-	(1,959,299)	2,214,096	1,996,241
Other debt:							
Library building authority refunding bonds	3.0% - 5.0%	\$915,000 - \$1,760,000	13,250,000	-	(1,495,000)	11,755,000	1,570,000
2015 Street Improvement bond UTGO	2.0% - 4.0%	\$3,215,000 - \$5,085,000	11,280,000	-	(4,035,000)	7,245,000	4,030,000
2018 Street Improvement bond UTGO	3.0% - 4.0%	\$515,000 - \$6,205,000	27,690,000	-	(1,035,000)	26,655,000	1,380,000
2020 Street Improvement bond UTGO	2.0% - 4.0%	\$200,00 - \$8,285,000	21,405,000	-	(250,000)	21,155,000	250,000
Total other debt principal outstanding			73,625,000	-	(6,815,000)	66,810,000	7,230,000
Unamortized bond premiums			4,519,414	-	(684,486)	3,834,928	-
Total bonds and contracts payable			82,317,809	-	(9,458,785)	72,859,024	9,226,241
Compensated absences			9,183,837	5,783,251	(3,867,349)	11,099,739	4,165,045
Compensated absences - Internal service funds			272,488	221,066	(162,814)	330,740	124,106
Michigan tax tribunal contingency			64,883	-	(12,275)	52,608	-
Subscription liabilities			-	475,580	-	475,580	224,047
Total governmental activities long-term debt			<u>\$ 91,839,017</u>	<u>\$ 6,479,897</u>	<u>\$(13,501,223)</u>	<u>\$ 84,817,691</u>	<u>\$ 13,739,439</u>

June 30, 2023

Note 8 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Evergreen and Farmington Sewage Disposal System Capital Improvement bonds, series 2018A	2.5% - 3.125%	\$180,013 - \$297,879	\$ 2,773,059	\$ -	\$ (214,303)	\$ 2,558,756	\$ 220,730
Evergreen and Farmington Sewage Disposal System Capital Improvement bonds, series 2023	1.875%	\$1,822,654 - \$2,603,505	-	11,500,162	-	11,500,162	-
Total direct borrowings and direct placements principal outstanding			2,773,059	11,500,162	(214,303)	14,058,918	220,730
Other debt - 2019 Water and Sewer Capital Improvement bonds	3.0% - 3.125%	\$375,000 - \$4,680,000	63,365,000	-	(2,910,000)	60,455,000	3,000,000
Total other debt principal outstanding			63,365,000	-	(2,910,000)	60,455,000	3,000,000
Unamortized bond premiums			1,204,279	-	(71,541)	1,132,738	-
Total bonds and contracts payable			67,342,338	11,500,162	(3,195,844)	75,646,656	3,220,730
Compensated absences			217,487	330,808	(260,422)	287,873	108,021
Total business-type activities long-term debt			<u>\$ 67,559,825</u>	<u>\$ 11,830,970</u>	<u>\$ (3,456,266)</u>	<u>\$ 75,934,529</u>	<u>\$ 3,328,751</u>

Component Unit

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Leases			\$ 27,598	\$ -	\$ (12,099)	\$ 15,499	\$ 15,499
Compensated absences			47,019	23,846	(1,755)	69,110	25,933
Total component unit long-term debt			<u>\$ 74,617</u>	<u>\$ 23,846</u>	<u>\$ (13,854)</u>	<u>\$ 84,609</u>	<u>\$ 41,432</u>

June 30, 2023

Note 8 - Long-term Debt (Continued)***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,996,241	\$ 44,977	\$ 7,230,000	\$ 2,260,175	\$ 11,531,393
2025	47,159	5,063	7,470,000	1,971,575	9,493,797
2026	48,234	4,008	7,945,000	1,971,575	9,968,817
2027	42,595	2,930	8,350,000	1,371,150	9,766,675
2028	43,356	1,930	8,750,000	1,054,750	9,850,036
2029-2033	36,511	912	27,065,000	1,263,800	28,366,223
2034-2038	-	-	-	-	-
2039-2043	-	-	-	-	-
Total	<u>\$ 2,214,096</u>	<u>\$ 59,820</u>	<u>\$ 66,810,000</u>	<u>\$ 9,893,025</u>	<u>\$ 78,976,941</u>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 220,730	\$ 336,586	\$ 3,000,000	\$ 1,825,169	\$ 5,382,485
2025	227,159	320,142	3,090,000	1,735,169	5,372,470
2026	233,588	314,464	3,180,000	1,642,469	5,370,521
2027	242,160	308,624	3,275,000	1,547,069	5,372,853
2028	2,071,244	285,482	3,375,000	1,448,819	7,180,545
2029-2033	11,064,037	807,078	18,460,000	5,663,244	35,994,359
2034-2038	-	-	21,395,000	2,723,094	24,118,094
2039-2043	-	-	4,680,000	146,250	4,826,250
Total	<u>\$ 14,058,918</u>	<u>\$ 2,372,376</u>	<u>\$ 60,455,000</u>	<u>\$ 16,731,283</u>	<u>\$ 93,617,577</u>

Revenue Pledged in Connection with Business-type Activities

The contractual obligations to the State and County within the business-type activities in the previous table 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 and the reconstruction of a portion of the Evergreen and Farmington sewage disposal system. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds is approximately \$16,431,000. During the current year, net operating income of the system was \$8,845,352 compared to the annual debt requirement of approximately \$5,113,000.

Note 9 - Leases

The City leases certain assets from various third parties. The assets leased are for the Downtown Development Authority's office space. Payments are generally fixed monthly.

Lease asset activity of the City is included in Note 7.

June 30, 2023

Note 9 - Leases (Continued)

Future principal and interest payment requirements related to the City's lease liability at June 30, 2023 are as follows:

Year Ending	Principal	Interest	Total
2024	\$ 15,499	\$ 392	\$ 15,891

The City leases certain assets to various third parties. The assets leased include cell towers. Payments are generally fixed monthly with escalation over the lease term. In addition, the City receives certain variable payments not included in the measurement of the lease receivable, which are not guaranteed.

At June 30, 2023, the City reported a lease receivable and deferred inflow of resources related to leases of \$1,623,073 and \$1,535,292, respectively.

During the year ended June 30, 2023, the City recognized \$104,408 in lease revenue and \$44,583 in interest income related to its lessor agreements.

Note 10 - Subscriptions

The City obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly or annually.

Subscription asset activity of the City is included in Note 7.

Future principal and interest payment requirements related to the City's subscription liability at June 30, 2023 are as follows:

Years	Principal	Interest	Total
2024	\$ 224,047	\$ 8,116	\$ 232,163
2025	229,018	1,604	230,622
2026	10,972	676	11,648
2027	11,543	351	11,894
Total	\$ 475,580	\$ 10,747	\$ 486,327

Note 11 - Pension Plans

Plan Description

The City of Southfield, Michigan provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Southfield Employees Retirement System, a single-employer plan administered by the Southfield Employees Retirement System Board, and Fire and Police Retirement System, a single-employer plan administered by the Fire and Police Retirement System Board.

The financial statements of each pension system are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of SERS 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 the City Council. Management of FPRS 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.

June 30, 2023

Note 11 - Pension Plans (Continued)***Benefits Provided***

The plans provide retirement, disability, and death benefits. The SERS regular retirement benefits are calculated as 2.5 percent of the employee's final average compensation (using the highest 3 consecutive years of the last 5) 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 percent 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, FPRS provided an ad hoc postretirement 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.

In addition, 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. The City does not make contributions to this plan.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Southfield Employees Retirement System	Fire and Police Retirement System
Date of member count	June 30, 2022	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	387	396
Inactive plan members entitled to but not yet receiving benefits	48	3
Active plan members	294	217
Total employees covered by the plan	729	616

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 the 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, 2023, the average active employee contribution rate was 6.85 percent of pay for SERS and 3.69 percent for FPRS. The City's average contribution rate was 28.76 percent of pay for SERS and 45.64 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 plans from the City were \$5,088,275 and \$11,934,078 for SERS and FPRS, respectively, for the year ended June 30, 2023.

June 30, 2023

Note 11 - Pension Plans (Continued)

Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Southfield Employees Retirement System	Fire and Police Retirement System
Measurement date used for the City's net pension liability	June 30, 2023	June 30, 2023
Based on a comprehensive actuarial valuation as of	June 30, 2022	June 30, 2022

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

Southfield Employees Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2022	\$ 173,752,807	\$ 113,382,631	\$ 60,370,176
Changes for the year:			
Service cost	1,948,831	-	1,948,831
Interest	11,784,832	-	11,784,832
Differences between expected and actual experience	2,186,146	-	2,186,146
Contributions - Employer	-	5,088,275	(5,088,275)
Contributions - Employee	-	1,210,775	(1,210,775)
Net investment income	-	13,556,296	(13,556,296)
Benefit payments, including refunds	(12,744,961)	(12,744,961)	-
Administrative expenses	-	(111,332)	111,332
Net changes	3,174,848	6,999,053	(3,824,205)
Balance at June 30, 2023	<u>\$ 176,927,655</u>	<u>\$ 120,381,684</u>	<u>\$ 56,545,971</u>

The plan's fiduciary net position represents 68.0 percent of the total pension liability.

June 30, 2023

Note 11 - Pension Plans (Continued)

Fire and Police Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2022	\$ 297,071,606	\$ 191,215,085	\$ 105,856,521
Changes for the year:			
Service cost	3,471,761	-	3,471,761
Interest	19,301,882	-	19,301,882
Changes in benefits	101,694	-	101,694
Differences between expected and actual experience	5,166,739	-	5,166,739
Contributions - Employer	-	11,934,078	(11,934,078)
Contributions - Employee	-	1,055,154	(1,055,154)
Net investment income	-	15,410,245	(15,410,245)
Benefit payments, including refunds	(25,707,361)	(25,707,361)	-
Administrative expenses	-	(76,801)	76,801
Miscellaneous other charges	-	(133,716)	133,716
Net changes	2,334,715	2,481,599	(146,884)
Balance at June 30, 2023	<u>\$ 299,406,321</u>	<u>\$ 193,696,684</u>	<u>\$ 105,709,637</u>

The plan's fiduciary net position represents 64.7 percent of the total pension liability.

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

For the year ended June 30, 2023, the City recognized pension expense of \$26,573,592 from all plans.

At June 30, 2023, 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	\$ 6,547,311	\$ (44,028)
Changes in assumptions	2,442,695	-
Net difference between projected and actual earnings on pension plan investments	4,651,529	(1,330,176)
Total	<u>\$ 13,641,535</u>	<u>\$ (1,374,204)</u>

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

Years Ending June 30	Amount
2024	\$ 5,493,019
2025	(1,960,188)
2026	10,492,218
2027	(1,757,718)
Total	<u>\$ 12,267,331</u>

June 30, 2023

Note 11 - Pension Plans (Continued)

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:

	Southfield Employees Retirement System	Fire and Police Retirement System
Inflation	2.25%	2.75%
Salary increases (including inflation)	2.75 to 5.75%	2.75 to 12.75%
Investment rate of return (net of investment expenses)	7.0%	6.75%
Mortality rates	Pub-2010 Mortality Tables projected using Scale MP-2020, with adjustments to more closely reflect our experience study	Pub-2010 Mortality Tables, with adjustments to more closely reflect our experience study

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of actuarial experience studies for SERS and FPRS covering the five-year period ended June 30, 2020.

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 plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

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.

	Southfield Employees Retirement System	Fire and Police Retirement System
Assumed investment rate of return	7.0%	6.75%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total pension liability	7.0%	6.75%

June 30, 2023

Note 11 - Pension Plans (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the pension plans' target asset allocation, as disclosed in the investment note, are summarized in the following tables:

Southfield Employees Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50.00 %	7.50 %
International equity	15.00	8.50
Domestic bonds	17.00	2.50
Real estate	8.00	4.50
Alternative assets	10.00	6.46

Fire and Police Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic large cap equity	22.50 %	4.91 %
Domestic small/mid-cap equity	14.00	5.29
International equity	20.00	5.32
Corporate bonds	17.00	2.30
Private equity	5.00	5.78
Real estate	16.50	3.79
Hedge funds	5.00	3.72

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 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the Southfield Employees Retirement System	\$ 74,679,348	\$ 56,545,971	\$ 41,124,547
Net pension liability of the Fire and Police Retirement System	136,376,951	105,709,637	80,521,574

June 30, 2023**Note 11 - Pension Plans (Continued)*****Investment Policy***

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

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.47 percent and 9.01 percent for SERS and FPRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP)

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 percent or 2 percent depending on union after the employee has fully retired (discontinued providing employee services to the City). At June 30, 2023, the plan has \$6,831,665 accumulated in DROP accounts.

Note 12 - Other Postemployment Benefit Plan***Plan Description***

The City provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the Retiree Health Care Benefits Plan, a single-employer plan administered by the Retiree Health Care Benefits Plan Board. The City includes pre-Medicare retirees and their spouses in its insured health care plan. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This health care 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 financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the Plan is vested with the Retiree Health Care Benefits Plan and Trust board of trustees, which consists of 11 members - 4 elected by plan members, 3 members who serve on the Administrative Civil Service Commission, 2 appointed representatives who 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 health care 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.

Note 12 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Retiree Health Care Benefits Plan
Date of member count	June 30, 2021
Inactive plan members or beneficiaries currently receiving benefits	637
Inactive plan members entitled to but not yet receiving benefits	27
Active plan members	241
Total plan members	905

Contributions

Contribution rates are established by the collective bargaining units. For the year ended June 30, 2023, the City contributed \$10,221,904 to the plan. Active fire and police plan members are required to contribute 2 percent of covered payroll to the plan. Active police plan members who entered the DROP program prior to June 16, 2014 are required to contribute an additional 2 percent of covered pay (4 percent total). Those eligible to DROP after June 16, 2014 will contribute an additional 3 percent (5 percent total) to the plan upon entering DROP. DROP is closed to police command hired after March 1, 2014 unless they were previously police and police/command who DROP on or after June 16, 2014 accrue interest at the rate of 2 percent rather than 4 percent.

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

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2023 fiscal year end report net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2023 measurement date. The June 30, 2023 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, which used update procedures to roll forward the estimated liability to June 30, 2023.

June 30, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)

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

Southfield Employees Retiree Health Care Benefits Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2022	\$ 50,398,716	\$ 30,211,224	\$ 20,187,492
Changes for the year:			
Service cost	418,153	-	418,153
Interest	3,424,135	-	3,424,135
Differences between expected and actual experience	122,451	-	122,451
Contributions - Employer	-	3,432,096	(3,432,096)
Contributions - Employee	-	152,095	(152,095)
Net investment income	-	2,281,977	(2,281,977)
Benefit payments, including refunds	(3,383,169)	(3,383,169)	-
Administrative expenses	-	(11,033)	11,033
Miscellaneous other charges	-	649,927	(649,927)
Net changes	581,570	3,121,893	(2,540,323)
Balance at June 30, 2023	<u>\$ 50,980,286</u>	<u>\$ 33,333,117</u>	<u>\$ 17,647,169</u>

The plan's fiduciary net position represents 65.4 percent of the total OPEB liability.

Fire and Police Retiree Health Care Benefits Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2022	\$ 97,207,335	\$ 70,492,856	\$ 26,714,479
Changes for the year:			
Service cost	1,121,358	-	1,121,358
Interest	6,683,168	-	6,683,168
Differences between expected and actual experience	(1,301,709)	-	(1,301,709)
Contributions - Employer	-	6,789,808	(6,789,808)
Contributions - Employee	-	315,873	(315,873)
Net investment income	-	5,432,618	(5,432,618)
Benefit payments, including refunds	(4,588,366)	(4,588,366)	-
Administrative expenses	-	(15,588)	15,588
Miscellaneous other charges	-	(649,927)	649,927
Net changes	1,914,451	7,284,418	(5,369,967)
Balance at June 30, 2023	<u>\$ 99,121,786</u>	<u>\$ 77,777,274</u>	<u>\$ 21,344,512</u>

The plan's fiduciary net position represents 78.5 percent of the total OPEB liability.

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

For the year ended June 30, 2023, the City recognized OPEB recovery of \$12,785,745 from all plans.

June 30, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)

At June 30, 2023, the City 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	\$ 42,860	\$ (477,530)
Net difference between projected and actual earnings on OPEB plan investments	2,829,126	-
Total	<u>\$ 2,871,986</u>	<u>\$ (477,530)</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 June 30	Amount
2024	\$ 390,686
2025	(664,369)
2026	2,782,359
2027	(114,220)
Total	<u>\$ 2,394,456</u>

Actuarial Assumptions

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

	Retiree Health Care Benefits Plan
Inflation	2.5%
Salary increases (including inflation)	2.75% - 12.75%
Investment rate of return (net of investment expenses)	7.00%
Health care cost trend rate	7.5% - 3.5%, gradually decreasing to an ultimate rate of 3.5%
Mortality rates	Pub-2010 Mortality Table, with adjustments for mortality improvements based on Scale MP-2020

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

June 30, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)***Discount Rate***

As shown below, the discount rate used to measure the total OPEB 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 OPEB plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	Retiree Health Care Benefits Plan
Assumed investment rate of return	7.0%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes
Discount rate used to measure TOL	7.0%

Investment Rate of Return

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 OPEB 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment note, are summarized in the following tables:

Retiree Health Care Benefits Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	39.00 %	5.90 %
International equity	12.00	4.80
Private credit	8.50	6.40
Fixed income	18.00	1.40
Equity hedge assets	5.00	3.60
Real assets	2.00	3.70
Private real estate	7.00	5.00
Private equity	7.50	10.50
Cash or cash equivalents	1.00	0.70

Rates of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 6.69 percent. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

June 30, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB 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 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the Southfield Employees Retiree Health Care Benefits Plan	\$ 22,962,020	\$ 17,647,169	\$ 13,122,347
Net OPEB liability of the Fire and Police Retiree Health Care Benefits Plan	31,759,969	21,344,512	12,505,874

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the current health care cost trend rate, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the Southfield Employees Retiree Health Care Benefits Plan	\$ 12,447,557	\$ 17,647,169	\$ 23,757,314
Net OPEB liability of the Fire and Police Retiree Health Care Benefits Plan	11,366,803	21,344,512	33,133,643

Note 13 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	Southfield Employees Retirement System	Fire and Police Retirement System	Retiree Health Care Trust	Total
Statement of Net Position				
Investments	\$ 120,530,484	\$ 212,181,918	\$ 124,593,756	\$ 457,306,158
Other assets	1,189,040	279,889	255,050	1,723,979
Liabilities	(1,337,840)	(18,765,123)	(13,738,414)	(33,841,377)
Net position	<u>\$ 120,381,684</u>	<u>\$ 193,696,684</u>	<u>\$ 111,110,392</u>	<u>\$ 425,188,760</u>
Statement of Changes in Net Position				
Investment income	\$ 13,556,296	\$ 15,410,246	\$ 7,862,023	\$ 36,828,565
Contributions	6,299,050	12,989,232	10,689,872	29,978,154
Other additions	(61,229)	(205,338)	(187,773)	(454,340)
Benefit payments	(12,795,065)	(25,712,541)	(7,957,811)	(46,465,417)
Net change in net position	<u>\$ 6,999,052</u>	<u>\$ 2,481,599</u>	<u>\$ 10,406,311</u>	<u>\$ 19,886,962</u>

June 30, 2023

Note 14 - 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. The City does not make contributions to this plan.

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.

Note 15 - Fund Balance Constraints

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

	Primary Government		
	Nonmajor Governmental Funds		
	General Fund		Total
Nonspendable:			
Inventory	\$ 239,271	\$ -	\$ 239,271
Prepays	605,847	52,040	657,887
Long-term receivable	472,477	2,056,835	2,529,312
Total nonspendable	1,317,595	2,108,875	3,426,470
Restricted:			
Right-of-way funds/metro authority	1,455,341	-	1,455,341
Roads	-	19,937,494	19,937,494
Police	-	491,065	491,065
Debt service	-	2,624,427	2,624,427
Grants	-	709,197	709,197
Capital projects	-	14,466,741	14,466,741
Donations, memorial trusts, and sponsorships	-	370,269	370,269
Parks and recreation	-	5,668,605	5,668,605
Cable television	-	415,274	415,274
Library	-	11,122,734	11,122,734
Total restricted	1,455,341	55,805,806	57,261,147
Committed:			
Dispatch improvements	1,261,529	-	1,261,529
Equalization reserve	2,000,000	-	2,000,000
Local improvement revolving - Northland	3,285,955	851,116	4,137,071
Building infrastructure	27,000,000	-	27,000,000
Tax base initiatives and quality of life	2,000,000	-	2,000,000
Total committed	35,547,484	851,116	36,398,600
Assigned:			
Capital projects	-	11,789,845	11,789,845
Encumbrances	3,012,268	-	3,012,268
Total assigned	3,012,268	11,789,845	14,802,113
Unassigned	17,947,770	-	17,947,770
Total fund balance	\$ 59,280,458	\$ 70,555,642	\$ 129,836,100

General Fund encumbrances relate to computer and other contractual and professional services and operating supplies.

June 30, 2023

Note 16 - 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 health care 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 \$196 million.

The shared-risk pool program in which the City participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

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 claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	General and Worker's Compensation Liability	
	2023	2022
Estimated liability - Beginning of year	\$ 2,335,574	\$ 2,955,473
Estimated claims incurred, including changes in estimates	1,448,369	964,186
Claim payments	(1,420,355)	(1,584,085)
Estimated liability - End of year	<u>\$ 2,363,588</u>	<u>\$ 2,335,574</u>

The City estimates that claims incurred but not reported for self-insured medical plan totaled \$323,846 at year end. This liability is recorded as part of the general and medical claims' liability at year end, plus the year-end settlement of amounts underpaid during the fiscal year of \$708,226 for a net payable of \$1,032,072.

Note 17 - 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.

In October 2020, a \$50 million lawsuit was filed against the City alleging civil rights violations by Southfield Emergency Medical Services paramedics based on its handling of an incident that occurred in August 2020. The lawsuit was dismissed in the Oakland County Circuit Court and has been appealed by the plaintiff. The Court of Appeals has not issued its decision on the matter yet. The City continues to defend the case vigorously. While management believes that an unfavorable outcome is possible, it does not believe it to be probable at this time. To the extent that an unfavorable outcome does occur, management believes it will be primarily covered within the MMRMA per occurrence limit of \$15 million and that any loss to the City will be minimal.

Note 17 - Litigation (Continued)

The City has not identified any other significant claims, legal actions, and complaints arising in the ordinary course of business.

Note 18 - Tax Abatements

The City offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increases 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 2023 are as follows.

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, 2023, the City abated \$223,800 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, 2023, the Brownfield captured approximately \$0 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 \$1,159,500 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, 2023, the City abated approximately \$846,600 of taxes under this program.

Note 19 - Joint Venture

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, 2023, the City expensed \$7,507,546 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.

June 30, 2023

Note 20 - Brownfield Reimbursement Agreement

The City entered into a Brownfield Reimbursement Agreement between the City of Southfield Brownfield Redevelopment Authority (BRDA) and the developer, whose interest in the property was assigned by the purchaser. Under the terms of the agreement, the City has committed to contribute \$13,300,000 from governmental activities and \$6,800,000 from the Water and Sewer Fund to the BRDA to directly pay for certain developer eligible activities.

Through June 30, 2023, the governmental activities and the Water and Sewer Fund have contributed amounts totaling \$6,211,007 and \$3,929,434, respectively, for a total of \$10,140,441. Of these amounts, \$1,535,140 and \$1,032,347, respectively, were contributed during the current year. The total contributed to date represents the total for which the developer has requested reimbursement through June 30, 2023 and has been recorded by the BRDA as contribution revenue. Of the total to date, \$9,484,622 has been reimbursed to the developer from the BRDA through June 30, 2023, with remaining amounts either remitted subsequent to year end or held in retainage. All such expenses have been reflected in the BRDA as of June 30, 2023.

The BRDA has committed to returning the contribution to governmental activities and the Water and Sewer Fund. Amounts directly paid will be reimbursed from allowed capture of future increased property tax revenue for state and local taxing authorities as those captures become available. At June 30, 2023, the amounts received from the governmental activities and the Water and Sewer Fund are committed for repayment, but repayment is contingent upon future events.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 55,313,896	\$ 55,313,896	\$ 54,266,274	\$ (1,047,622)
Intergovernmental:				
Federal grants	103,095	1,750,296	9,155,102	7,404,806
State sources	10,233,720	10,233,720	11,319,722	1,086,002
Local grants and contributions	722,220	1,079,720	1,242,221	162,501
Charges for services:				
User fees	3,187,228	3,187,228	4,331,083	1,143,855
Sanitation	2,748,000	2,748,000	2,704,160	(43,840)
Fines and forfeitures - District court fines and fees	2,567,000	2,567,000	2,289,847	(277,153)
Licenses and permits:				
Cable franchise fees	1,320,550	1,320,550	1,173,533	(147,017)
Other licenses and permits	2,834,207	2,834,207	3,551,361	717,154
Investment earnings	750,000	750,000	1,113,899	363,899
Other revenue	4,530,587	4,530,587	2,923,964	(1,606,623)
Total revenue	84,310,503	86,315,204	94,071,166	7,755,962
Expenditures				
Current services:				
General government:				
Council	214,248	214,248	180,388	33,860
Mayor	133,602	134,442	107,670	26,772
Fiscal services	1,839,528	1,903,471	1,901,629	1,842
Administration	737,195	756,664	755,790	874
Technology and central services	3,561,329	3,867,181	2,714,078	1,153,103
Treasurer	987,345	997,545	989,718	7,827
Assessing	1,189,902	1,189,902	980,193	209,709
Clerk	1,220,473	1,231,342	1,176,620	54,722
Attorney	1,070,897	1,128,640	1,126,226	2,414
Human resources	1,929,797	1,964,446	1,666,469	297,977
Community relations	777,538	777,538	763,630	13,908
Insurance and bonds	1,162,605	1,214,918	1,213,857	1,061
Support services	2,948,865	4,871,854	4,457,367	414,487
Public safety:				
Police	24,668,387	24,914,136	27,839,336	(2,925,200)
Fire	20,915,632	22,553,139	26,359,476	(3,806,337)
Building and safety engineering	4,066,146	4,116,028	3,378,360	737,668
District court	3,589,321	3,627,600	3,347,258	280,342
Civilian support services	4,474,566	4,482,619	3,947,321	535,298
Public works:				
Road service administration	2,265,881	2,767,192	2,765,348	1,844
Sanitation	3,146,415	3,154,537	3,163,319	(8,782)
Community improvements and economic development:				
Planning	879,704	878,183	873,529	4,654
Community development	384,600	400,229	399,942	287
Capital outlay and other related costs	2,248,288	4,578,692	1,661,350	2,917,342
Debt service:				
Principal retirement	360,000	360,000	574,919	(214,919)
Interest and fiscal charges	9,701	9,701	22,926	(13,225)
Total expenditures	84,781,965	92,094,247	92,366,719	(272,472)
Excess of Revenue (Under) Over Expenditures	(471,462)	(5,779,043)	1,704,447	7,483,490
Other Financing Uses - Transfers out	(126,951)	(137,951)	(1,252,819)	(1,114,868)
Net Change in Fund Balance	(598,413)	(5,916,994)	451,628	6,368,622
Fund Balance - Beginning of year	58,828,830	58,828,830	58,828,830	-
Fund Balance - End of year	\$ 58,230,417	\$ 52,911,836	\$ 59,280,458	\$ 6,368,622

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Southfield Employees Retirement System

	Last Ten Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 1,948,831	\$ 1,888,614	\$ 2,012,113	\$ 1,693,209	\$ 1,679,389	\$ 1,567,183	\$ 1,576,471	\$ 1,587,719	\$ 1,630,427	\$ 1,716,931
Interest	11,784,832	11,702,874	11,507,176	11,508,838	11,267,476	11,229,219	11,070,056	10,797,824	10,698,458	10,496,636
Changes in benefit terms	-	-	(77,131)	(86,700)	-	-	-	-	(29,546)	-
Differences between expected and actual experience	2,186,146	130,396	98,339	1,908,975	2,091,982	(835,066)	386,982	(1,241,195)	(1,085,186)	-
Changes in assumptions	-	-	1,679,916	7,787,551	-	-	-	12,032,895	-	-
Benefit payments, including refunds	(12,744,961)	(12,417,360)	(12,308,598)	(11,759,957)	(11,895,234)	(11,119,463)	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Net Change in Total Pension Liability	3,174,848	1,304,524	2,911,815	11,051,916	3,143,613	841,873	2,339,611	12,783,788	1,706,164	2,426,476
Total Pension Liability - Beginning of year	173,752,807	172,448,283	169,536,468	158,484,552	155,340,939	154,499,066	152,159,455	139,375,667	137,669,503	135,243,027
Total Pension Liability - End of year	<u>\$ 176,927,655</u>	<u>\$ 173,752,807</u>	<u>\$ 172,448,283</u>	<u>\$ 169,536,468</u>	<u>\$ 158,484,552</u>	<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	\$ 5,088,275	\$ 4,603,072	\$ 4,538,379	\$ 3,755,353	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024
Contributions - Member	1,210,775	1,129,746	1,040,024	822,698	772,659	729,155	720,834	689,397	711,807	717,449
Net investment income (loss)	13,556,296	(10,231,311)	31,219,769	690,641	4,555,080	9,449,992	14,825,665	(3,280,426)	2,770,284	19,846,251
Administrative expenses	(111,332)	(84,111)	(71,620)	(78,022)	(61,018)	(33,827)	(60,693)	(166,074)	(141,901)	(121,077)
Benefit payments, including refunds	(12,744,961)	(12,417,360)	(12,308,598)	(11,759,957)	(11,895,234)	(11,119,463)	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Other	-	-	-	397,851	(31,268)	-	148,506	-	-	-
Net Change in Plan Fiduciary Net Position	6,999,053	(16,999,964)	24,417,954	(6,171,436)	(3,036,459)	2,694,544	7,668,189	(10,284,529)	(2,934,595)	13,763,556
Plan Fiduciary Net Position - Beginning of year	113,382,631	130,382,595	105,964,641	112,136,077	115,172,536	112,477,992	104,809,803	115,094,332	118,028,927	104,265,371
Plan Fiduciary Net Position - End of year	<u>\$ 120,381,684</u>	<u>\$ 113,382,631</u>	<u>\$ 130,382,595</u>	<u>\$ 105,964,641</u>	<u>\$ 112,136,077</u>	<u>\$ 115,172,536</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>\$ 56,545,971</u>	<u>\$ 60,370,176</u>	<u>\$ 42,065,688</u>	<u>\$ 63,571,827</u>	<u>\$ 46,348,475</u>	<u>\$ 40,168,403</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 Percentage of Total Pension Liability	68.04 %	65.26 %	75.61 %	62.50 %	70.76 %	74.14 %	72.80 %	68.88 %	82.58 %	85.73 %
Covered Payroll	\$ 16,533,707	\$ 15,983,495	\$ 16,025,535	\$ 15,059,719	\$ 14,716,566	\$ 13,548,441	\$ 13,340,553	\$ 13,407,323	\$ 13,455,647	\$ 14,054,199
City's Net Pension Liability as a Percentage of Covered Payroll	342.00 %	377.70 %	262.49 %	422.13 %	314.94 %	296.48 %	314.99 %	353.16 %	180.45 %	139.75 %

Required Supplementary Information
Schedule of Pension Contributions
Southfield Employees Retirement System

Last Ten Fiscal Years Years Ended June 30										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 5,088,275	\$ 4,603,072	\$ 4,538,379	\$ 3,755,353	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024
Contributions in relation to the actuarially determined contribution	5,088,275	4,603,072	4,538,379	3,755,353	3,623,322	3,668,687	2,727,775	2,866,029	3,233,204	3,108,024
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 16,533,707	\$ 15,983,495	\$ 16,025,535	\$ 15,059,719	\$ 14,716,566	\$ 13,548,441	\$ 13,340,553	\$ 13,407,323	\$ 13,455,647	\$ 14,054,199
Contributions as a Percentage of Covered Payroll	30.78 %	28.80 %	28.32 %	24.94 %	24.62 %	27.08 %	20.45 %	21.38 %	24.03 %	22.11 %

Notes to Southfield Employees Retirement System - Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent, closed
Remaining amortization period	27 years for the June 30, 2019 valuation
Asset valuation method	5-year smoothed market
Inflation	2.25 percent
Salary increase	3.00-6.00 percent, including 3.00 percent wage inflation
Investment rate of return	7.00 percent, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Generational Mortality Tables with blue collar adjustments and extended via cubic spline
Other information	None

Required Supplementary Information
Schedule of Pension Investment Returns
Southfield Employees Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	12.47 %	(8.45)%	30.17 %	15.00 %	4.15 %	7.80 %	15.54 %	(3.04)%	1.19 %	26.98 %

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Fire and Police Retirement System

	Last Ten Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 3,471,761	\$ 3,314,502	\$ 2,278,896	\$ 2,641,811	\$ 2,602,465	\$ 2,640,321	\$ 2,701,757	\$ 2,804,586	\$ 2,803,893	\$ 2,967,577
Interest	19,301,882	19,174,446	19,273,195	19,647,416	19,331,013	18,828,204	18,445,532	17,913,693	17,512,901	17,120,568
Changes in benefit terms	101,694	-	(19,714)	-	102,244	-	-	-	-	-
Differences between expected and actual experience	5,166,739	2,093,709	(195,429)	(558,290)	2,075,076	4,577,169	1,787,826	1,243,252	781,324	-
Changes in assumptions	-	-	7,746,683	12,397,937	-	-	-	9,830,854	-	-
Benefit payments, including refunds	(25,707,361)	(19,839,336)	(21,894,500)	(19,268,715)	(20,554,811)	(18,090,480)	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Net Change in Total Pension Liability	2,334,715	4,743,321	7,189,131	14,860,159	3,555,987	7,955,214	5,421,377	15,416,173	5,620,442	5,677,916
Total Pension Liability - Beginning of year	297,071,606	292,328,285	285,139,154	270,278,995	266,723,008	258,767,794	253,346,417	237,930,244	232,309,802	226,631,886
Total Pension Liability - End of year	<u>\$ 299,406,321</u>	<u>\$ 297,071,606</u>	<u>\$ 292,328,285</u>	<u>\$ 285,139,154</u>	<u>\$ 270,278,995</u>	<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	\$ 11,934,078	\$ 9,132,635	\$ 8,853,911	\$ 7,060,402	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046
Contributions - Member	1,055,154	763,608	678,115	610,417	506,015	453,274	457,293	444,861	466,794	475,435
Net investment income (loss)	15,410,245	(19,371,331)	54,239,821	(3,394,354)	7,720,973	13,854,087	20,166,668	2,221,494	3,099,104	30,545,333
Administrative expenses	(76,801)	(133,313)	(125,574)	(183,978)	(218,587)	(307,479)	(155,064)	(431,274)	(403,477)	(342,022)
Benefit payments, including refunds	(25,707,361)	(19,839,336)	(21,894,500)	(19,268,715)	(20,554,811)	(18,090,480)	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Other	(133,716)	(70,283)	(88,958)	-	(32)	(1,659)	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,481,599	(29,518,020)	41,662,815	(15,176,228)	(5,537,365)	2,546,166	9,196,686	(8,476,555)	(6,382,093)	21,524,563
Plan Fiduciary Net Position - Beginning of year	191,215,085	220,733,105	179,070,290	194,246,518	199,783,883	197,237,717	188,041,031	196,517,586	202,899,679	181,375,116
Plan Fiduciary Net Position - End of year	<u>\$ 193,696,684</u>	<u>\$ 191,215,085</u>	<u>\$ 220,733,105</u>	<u>\$ 179,070,290</u>	<u>\$ 194,246,518</u>	<u>\$ 199,783,883</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>\$ 105,709,637</u>	<u>\$ 105,856,521</u>	<u>\$ 71,595,180</u>	<u>\$ 106,068,864</u>	<u>\$ 76,032,477</u>	<u>\$ 66,939,125</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 Percentage of Total Pension Liability	64.69 %	64.37 %	75.51 %	62.80 %	71.87 %	74.90 %	76.22 %	74.22 %	82.59 %	87.34 %
Covered Payroll	\$ 20,128,435	\$ 19,841,111	\$ 19,025,223	\$ 18,552,867	\$ 18,595,691	\$ 18,904,937	\$ 18,741,427	\$ 18,610,174	\$ 18,452,501	\$ 18,819,454
City's Net Pension Liability as a Percentage of Covered Payroll	525.18 %	533.52 %	376.32 %	571.71 %	408.87 %	354.08 %	328.31 %	350.91 %	224.43 %	156.28 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Fire and Police Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 11,934,078	\$ 9,132,635	\$ 8,853,911	\$ 7,060,402	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046
Contributions in relation to the actuarially determined contribution	11,934,078	9,132,635	8,853,911	7,060,402	7,009,077	6,638,423	6,241,527	5,664,576	5,933,162	5,256,046
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 20,128,435	\$ 19,841,111	\$ 19,025,223	\$ 18,552,867	\$ 18,595,691	\$ 18,904,937	\$ 18,741,427	\$ 18,610,174	\$ 18,452,501	\$ 18,819,454
Contributions as a Percentage of Covered Payroll	59.29 %	46.03 %	46.54 %	38.06 %	37.69 %	35.11 %	33.30 %	30.44 %	32.15 %	27.93 %

Notes to Fire and Police Retirement System - Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent, closed
Remaining amortization period	26 years for the June 30, 2020 valuation
Asset valuation method	5-year smoothed market
Inflation	3.25 percent wage inflation, no explicit price inflation assumptions is used in this valuation
Salary increase	3.25 - 8.25 percent, including wage inflation
Investment rate of return	7.00 percent, net of investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Blue Collar Mortality Tables with fully generational projected mortality improvement based on the MP-2015 2-dimensional improvement sale
Other information	None

Required Supplementary Information
Schedule of Pension Investment Returns
Fire and Police Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	9.01 %	(9.61)%	30.06 %	(1.46)%	3.75 %	7.18 %	11.06 %	1.06 %	1.25 %	16.74 %

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Seven Fiscal Years						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 1,539,511	\$ 1,767,244	\$ 1,881,207	\$ 2,007,468	\$ 4,977,185	\$ 5,202,468	\$ 7,193,640
Interest	10,107,303	12,575,379	12,290,290	11,716,079	14,521,503	13,838,363	12,501,905
Changes in benefit terms	-	-	-	-	(128,610,260)	-	-
Differences between expected and actual experience	(1,179,258)	(49,618,833)	(2,230,943)	6,068,727	79,224	32,261,718	-
Changes in assumptions	-	7,720,024	-	(3,783,419)	(69,294,419)	(19,904,841)	(39,136,829)
Benefit payments, including refunds	(7,971,535)	(7,204,819)	(8,416,943)	(7,068,465)	(12,150,509)	(10,231,956)	(8,744,194)
Net Change in Total OPEB Liability	2,496,021	(34,761,005)	3,523,611	8,940,390	(190,477,276)	21,165,752	(28,185,478)
Total OPEB Liability - Beginning of year	147,606,051	182,367,056	178,843,445	169,903,055	360,380,331	339,214,579	367,400,057
Total OPEB Liability - End of year	\$ 150,102,072	\$ 147,606,051	\$ 182,367,056	\$ 178,843,445	\$ 169,903,055	\$ 360,380,331	\$ 339,214,579
Plan Fiduciary Net Position							
Contributions - Employer	\$ 10,221,904	\$ 11,499,115	\$ 11,014,550	\$ 12,371,933	\$ 10,722,115	\$ 8,751,955	\$ 8,378,689
Contributions - Active and inactive plan members not yet receiving benefits	467,968	462,149	506,648	517,430	541,859	592,825	666,218
Net investment income (loss)	7,714,595	(7,102,303)	22,784,223	(2,054,036)	2,549,251	4,963,952	7,021,541
Administrative expenses	(26,621)	(17,835)	(28,008)	(25,554)	(2,436)	(22,677)	(10,404)
Benefit payments, including refunds	(7,971,535)	(7,204,819)	(8,416,943)	(7,068,465)	(12,150,509)	(10,231,956)	(8,744,194)
Other	-	-	(1,097,263)	790,824	2	(82,202)	42,822
Net Change in Plan Fiduciary Net Position	10,406,311	(2,363,693)	24,763,207	4,532,132	1,660,282	3,971,897	7,354,672
Plan Fiduciary Net Position - Beginning of year	100,704,080	103,067,773	78,304,566	73,772,434	72,112,152	68,140,255	60,785,583
Plan Fiduciary Net Position - End of year	\$ 111,110,391	\$ 100,704,080	\$ 103,067,773	\$ 78,304,566	\$ 73,772,434	\$ 72,112,152	\$ 68,140,255
Net OPEB Liability - Ending	\$ 38,991,681	\$ 46,901,971	\$ 79,299,283	\$ 100,538,879	\$ 96,130,621	\$ 288,268,179	\$ 271,074,324
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	74.02 %	68.22 %	56.52 %	43.78 %	43.42 %	20.01 %	20.09 %
Covered-employee Payroll	\$ 17,422,371	\$ 18,935,330	\$ 21,038,404	\$ 22,442,064	\$ 27,456,584	\$ 27,456,584	\$ 30,668,765
Net OPEB Liability as a Percentage of Covered-employee Payroll	223.80 %	247.70 %	376.93 %	447.99 %	350.12 %	1,049.91 %	883.88 %

Required Supplementary Information
Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,281,228	\$ 11,980,307	\$ 12,103,692	\$ 19,835,915	\$ 20,058,979	\$ 17,857,831	\$ 18,026,227	\$ 16,850,343	\$ 16,950,396	\$ 16,194,040
Contributions in relation to the actuarially determined contribution	10,221,904	11,499,115	11,014,550	12,371,933	10,722,115	8,751,955	8,378,689	8,322,260	7,715,534	7,171,029
Contribution Excess (Deficiency)	\$ 3,940,676	\$ (481,192)	\$ (1,089,142)	\$ (7,463,982)	\$ (9,336,864)	\$ (9,105,876)	\$ (9,647,538)	\$ (8,528,083)	\$ (9,234,862)	\$ (9,023,011)
Covered-employee Payroll	\$ 17,422,371	\$ 18,935,330	\$ 21,038,404	\$ 22,442,064	\$ 27,456,584	\$ 27,456,584	\$ 30,668,765	\$ 30,668,765	\$ 32,925,193	\$ 32,925,193
Contributions as a Percentage of Covered-employee Payroll	58.67 %	60.73 %	52.35 %	55.13 %	39.05 %	31.88 %	27.32 %	27.14 %	23.43 %	21.78 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30 of odd number years, which is 24 months prior to the end of the fiscal year biennium in which the 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	20 years
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	Non-Medicare - 7.50 percent gradually decreasing to an ultimate rate of 3.50 percent Medicare - 6.25 percent gradually decreasing to an ultimate rate of 3.50 percent
Salary increase	2.75 percent to 12.75 percent, including inflation
Investment rate of return	5.50 percent, net of expenses, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Amount-Weighted Tables with a future mortality improvements projected using Scale MP-2020

City of Southfield, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns

	Last Seven Fiscal Years Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	6.69 %	(6.81)%	28.62 %	(2.62)%	3.75 %	7.43 %	6.31 %

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers expenditure reimbursements and fund balance draws have been included in the revenue and expenditures categories, rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end.

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 City Council meeting in May - The mayor shall submit the budget to the City Council.
- No later than the third week in June - The City 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 on 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 the City Council.

Budgets are legally adopted on an activity basis (i.e., the level at which expenditures may not legally exceed appropriations).

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the City's General Fund incurred significant expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
Public safety - Police	\$ 24,914,136	\$ 27,839,336	\$ (2,925,200)
Public safety - Fire	22,553,139	26,314,018	(3,760,879)
Public works - Sanitation	3,154,537	3,163,319	(8,782)
Debt service - Principal retirement	360,000	574,919	(214,919)
Debt service - Interest and fiscal services	9,701	22,926	(13,225)

The public safety police variance is the result of the implementation of a class and compensation study to bring the City's police department salaries in line with market pay rates. The public safety fire variance is the result of a collective bargaining agreement with the Southfield Fire Fighters Association retroactive to fiscal year 2019. The public works sanitation variance is the result of increased severe weather activity during the year, which led to increased expenditures related to brush pickup. The debt service principal retirement and interest and fiscal services variances are a result of the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*, under which the City is now reporting right-of-use assets and a corresponding lease liability for these arrangements.

Pension Information - SERS

Benefit Changes

2021 - Member contributions increased by 1.0 percent for all groups except for ACS and management effective July 1, 2021.

2020 - Member contributions increased by 1.0 percent for all groups effective June 29, 2020.

Changes in Assumptions

2021 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2015 through June 30, 2020:

- Retirement rates were decreased for members eligible for the Rule of 82 condition, and the pattern of rates for early retirement was changed.
- Turnover rates were decreased for the first three years of employment and increased thereafter.
- Disability rates were increased for most ages.
- Wage inflation assumption lowered from 3.0 to 2.75 percent.
- Final average compensation load on the retirement decrement liabilities for Tier 1 active members was increased from 3.0 percent to 4.0 percent.
- Fixed percent of payroll load to fund administrative expenses was modified to be based on the prior year's administrative expenses as a percentage of payroll contribution made by the City.
- Rates of mortality were updated to the most recently published national "general" mortality tables: the Pub-2010 Amount-Weighted General Mortality Tables, including the use of the MP- 2020 projection scale.

2020 - The board lowered the investment return assumption from 7.5 to 7.0 percent.

2016 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2010 through June 30, 2015:

- Long-term rate of investment return lowered to 7.5 percent.
- Wage inflation assumption lowered to 3.0 percent.
- 1.0 percent of payroll was added to the normal cost to explicitly fund administrative expenses.
- Merit and seniority wage increases were lowered.
- Retirement rates were increased for the Rule of 82 retirement eligibility pattern.
- Mortality rates were updated to a version of the RP-2014 Blue Collar Mortality Table.
- Amortization period lengthened to 30 years.

Pension Information - FPRS

Benefit Changes

2022 - Benefit changes implemented between July 1, 2022 and June 30, 2023:

- Member contributions are 1.00 percent of pay during DROP participation for police officers (SPOA), police command (SPCOA), and deputy chiefs (SDCA).
- Member contributions are 6.00 percent of pay for firefighters.

- Maximum DROP participation is 6 years for firefighters.
- For firefighters hired on or after September 12, 2011, average final compensation is based on the highest 3 years of the last 10 years prior to retirement.

2021 - Member contributions increased by 1.0 percent for all groups effective July 1, 2021.

2019 - Benefit changes implemented between July 1, 2017 and June 30, 2018:

- Extension of DROP participation from five to six years for police
- Re-open the DROP to police patrol officers hired after June 16, 2014
- Maximum pension benefit cannot exceed base wages at retirement or DROP for police patrol officers.
- Increase employee contributions by 1.0 percent beginning July 1, 2019 and another 1.0 percent beginning June 29, 2020 for Police Patrol and Police Command Officers

Changes in Assumptions

2021 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2015 through June 30, 2020:

- Retirement rates were decreased for members eligible for the Rule of 82 condition, and the pattern of rates for early retirement was changed.
- Turnover rates were decreased for the first three years of employment and increased thereafter.
- Disability rates were increased for most ages.
- Wage inflation assumption lowered from 3.0 to 2.75 percent.
- Final average compensation load on the retirement decrement liabilities for Tier 1 active members was increased from 3.0 to 4.0 percent.
- Fixed percent of payroll load to fund administrative expenses was modified to be based on the prior year's administrative expenses as a percentage of payroll contribution made by the City.
- Rates of mortality were updated to the most recently published national "general" mortality tables: the Pub-2010 Amount-Weighted General Mortality Tables, including the use of the MP-2020 projection scale

2020 - The board adopted an investment return assumption of 7.0 percent and increased the City's contribution rate by 5.0 percent of payroll.

2016 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2010 through June 30, 2015:

- Long-term rate of investment return lowered to 7.5 percent.
- Wage inflation assumption lowered to 3.25 percent.
- Mortality rates were updated to a version of the RP-2014 Blue Collar Mortality Table.
- Revised retirement rates
- Administrative expense contribution increased to 2.0 percent of payroll.
- Amortization period lengthened to 30 years.

OPEB Information

Benefit Changes

2019 - Self-insured BCBSM PPO plans for Medicare-eligible retirees were replaced with BCBSM Medicare Advantage plans for medical and Humana Employee Group Waiver Program for prescriptions, offering similar coverage at reduced premium costs and resulted in a significant decrease in the liabilities.

- The premium the retiree pays for SPOA, SPCOA, and PST members increased.

Changes in Assumptions

2022 - Updated actuarial demographic assumptions pursuant to the experience studies for both the FPRS group and the SERS group and updated health care trend assumptions

2020 - Lowered the amortization period to 22 years beginning on July 1, 2020

- Health care trend assumption reset to 8.25 percent trending down to 3.5 percent over 10 years.
- Repeal of the Cadillac Tax, a tax provision from the Affordable Care Act 2018.
- Updated actuarial assumptions to be consistent with those adopted by SERS and FPRS.
- Health care trend assumption reset to 9.0 percent grading down to 3.0 percent over 10 years.
- 7.0 percent load was applied to the health care liabilities to approximate the cost for future excise tax (Cadillac Tax).

2016 - Health care trend assumption reset to 9.0 percent grading down to 4.0 percent over 10 years.

- 5.0 percent load was applied to the health care liabilities to approximate the cost for future excise tax (Cadillac Tax).

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds						
	Major Streets	Local Streets	Parks and Recreation	Cable Television	Community Development Block Grant	Grants	Donations, Memorial Trusts, and Sponsorships
Assets							
Cash and investments	\$ 6,792,538	\$ 11,829,139	\$ 6,342,255	\$ 279,550	\$ 301,852	\$ 142,158	\$ 1,223,225
Receivables	1,413,668	414,126	197,033	146,651	222,785	68,241	3,318
Advances to component units	-	-	-	-	-	-	-
Due from other funds	-	-	881	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	15,307	-	-	-	-
Restricted assets	-	-	-	-	-	-	-
Total assets	\$ 8,206,206	\$ 12,243,265	\$ 6,555,476	\$ 426,201	\$ 524,637	\$ 210,399	\$ 1,226,543
Liabilities							
Accounts payable	\$ 268,787	\$ 398,650	\$ 528,048	\$ 83	\$ 35,752	\$ -	\$ 5,158
Due to other funds	-	-	-	-	1,289	-	-
Advances from other funds	-	-	-	-	-	-	-
Accrued liabilities and other	-	-	162,060	10,844	5,294	-	-
Provision for property tax refunds	706	5,696	8,783	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Payable from restricted assets	-	-	-	-	-	-	-
Total liabilities	269,493	404,346	698,891	10,927	42,335	-	5,158
Deferred Inflows of Resources	-	-	172,673	-	96,796	66,874	-
Total liabilities and deferred inflows of resources	269,493	404,346	871,564	10,927	139,131	66,874	5,158
Fund Balances							
Nonspendable	-	-	15,307	-	-	-	-
Restricted	7,936,713	11,838,919	5,668,605	415,274	385,506	143,525	370,269
Committed - Local improvement revolving - Northland	-	-	-	-	-	-	851,116
Assigned - Capital projects	-	-	-	-	-	-	-
Total fund balances	7,936,713	11,838,919	5,683,912	415,274	385,506	143,525	1,221,385
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,206,206	\$ 12,243,265	\$ 6,555,476	\$ 426,201	\$ 524,637	\$ 210,399	\$ 1,226,543

Other Supplementary Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds					Debt Service Funds	
	Michigan Indigent Defense Commission	Drug Law Enforcement	Library	Michigan Works Grants	Auto Theft Grant	Road Bond Debt	Drains-at- Large
Assets							
Cash and investments	\$ 199,014	\$ 489,703	\$ 11,158,779	\$ 480,493	\$ 40,932	\$ 2,179,728	\$ 456,427
Receivables	-	1,362	220,878	483,171	22,574	3,218	1,011
Advances to component units	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	36,733	-	-	-	-
Restricted assets	-	-	-	-	-	-	-
Total assets	<u>\$ 199,014</u>	<u>\$ 491,065</u>	<u>\$ 11,416,390</u>	<u>\$ 963,664</u>	<u>\$ 63,506</u>	<u>\$ 2,182,946</u>	<u>\$ 457,438</u>
Liabilities							
Accounts payable	\$ 25,903	\$ -	\$ 116,430	\$ 16,776	\$ -	\$ -	\$ -
Due to other funds	-	-	-	764,856	3,076	-	-
Advances from other funds	-	-	-	-	-	-	-
Accrued liabilities and other	-	-	127,555	56,547	5,749	-	-
Provision for property tax refunds	-	-	12,938	-	-	14,390	1,567
Unearned revenue	173,111	-	-	-	-	-	-
Payable from restricted assets	-	-	-	-	-	-	-
Total liabilities	199,014	-	256,923	838,179	8,825	14,390	1,567
Deferred Inflows of Resources	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	199,014	-	256,923	838,179	8,825	14,390	1,567
Fund Balances							
Nonspendable	-	-	36,733	-	-	-	-
Restricted	-	491,065	11,122,734	125,485	54,681	2,168,556	455,871
Committed - Local improvement revolving - Northland	-	-	-	-	-	-	-
Assigned - Capital projects	-	-	-	-	-	-	-
Total fund balances	-	491,065	11,159,467	125,485	54,681	2,168,556	455,871
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 199,014</u>	<u>\$ 491,065</u>	<u>\$ 11,416,390</u>	<u>\$ 963,664</u>	<u>\$ 63,506</u>	<u>\$ 2,182,946</u>	<u>\$ 457,438</u>

Other Supplementary Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds

June 30, 2023

	Capital Project Funds						Total
	Capital Improvement	Road Construction	Local Improvement Revolving	Building Authority Construction	Library Building Authority Construction	Special Assessment Construction	
Assets							
Cash and investments	\$ 4,644,505	\$ (47,700)	\$ 5,458,354	\$ -	\$ 50,876	\$ 2,869,316	\$ 54,891,144
Receivables	1,185	21,171	2,985	-	142	562,345	3,785,864
Advances to component units	-	-	1,401,386	-	-	-	1,401,386
Due from other funds	-	-	-	-	-	-	881
Advances to other funds	-	-	655,449	-	-	-	655,449
Prepaid expenses and other assets	-	-	-	-	-	-	52,040
Restricted assets	37,130	14,011,333	-	-	-	-	14,048,463
Total assets	\$ 4,682,820	\$ 13,984,804	\$ 7,518,174	\$ -	\$ 51,018	\$ 3,431,661	\$ 74,835,227
Liabilities							
Accounts payable	\$ 37,230	\$ -	\$ 46,434	\$ -	\$ -	\$ 118,554	\$ 1,597,805
Due to other funds	-	-	-	-	-	-	769,221
Advances from other funds	-	-	-	-	-	380,598	380,598
Accrued liabilities and other	-	-	-	-	-	-	368,049
Provision for property tax refunds	-	-	-	-	-	-	44,080
Unearned revenue	-	-	-	-	-	-	173,111
Payable from restricted assets	-	51,199	-	-	-	-	51,199
Total liabilities	37,230	51,199	46,434	-	-	499,152	3,384,063
Deferred Inflows of Resources	-	-	-	-	-	559,179	895,522
Total liabilities and deferred inflows of resources	37,230	51,199	46,434	-	-	1,058,331	4,279,585
Fund Balances							
Nonspendable	-	-	2,056,835	-	-	-	2,108,875
Restricted	533,136	13,933,605	-	-	-	161,862	55,805,806
Committed - Local improvement revolving - Northland	-	-	-	-	-	-	851,116
Assigned - Capital projects	4,112,454	-	5,414,905	-	51,018	2,211,468	11,789,845
Total fund balances	4,645,590	13,933,605	7,471,740	-	51,018	2,373,330	70,555,642
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,682,820	\$ 13,984,804	\$ 7,518,174	\$ -	\$ 51,018	\$ 3,431,661	\$ 74,835,227

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds						
	Major Streets	Local Streets	Parks and Recreation	Cable Television	Community Development Block Grant	Grants	Donations, Memorial Trusts, and Sponsorships
Revenue							
Property taxes	\$ 336,677	\$ 3,091,310	\$ 5,075,112	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	17,468	-
Intergovernmental:							
Federal grants	517,612	-	-	-	588,844	-	-
State sources	9,603,793	2,435,638	-	-	-	-	-
Charges for services	-	-	1,902,322	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Licenses and permits	-	-	-	610,445	-	-	-
Interest and rentals	89,847	87,367	308,570	80	-	5,870	36,359
Other revenue	413,816	192,774	955	-	-	1,876	409,761
Total revenue	10,961,745	5,807,089	7,286,959	610,525	588,844	25,214	446,120
Expenditures							
Current services:							
General government	-	-	-	-	-	-	81
Public safety	-	-	-	-	-	-	-
Public works	4,807,199	3,160,413	-	-	-	-	-
Social services	-	-	-	-	393,299	-	63,431
Community improvements and economic development	-	-	-	-	-	30,137	-
Recreation and culture	-	-	5,913,785	417,585	-	-	3,137
Capital outlay and other related costs	4,344,507	3,805,527	2,280,888	41,207	-	-	-
Debt service:							
Principal retirement	1,125,000	-	-	-	-	-	-
Interest and fiscal charges	49,368	-	-	-	-	-	-
Total expenditures	10,326,074	6,965,940	8,194,673	458,792	393,299	30,137	66,649
Excess of Revenue Over (Under) Expenditures	635,671	(1,158,851)	(907,714)	151,733	195,545	(4,923)	379,471
Other Financing Sources (Uses)							
Transfers in	3,975,805	154,094	157,299	-	-	-	666
Transfers out	-	-	-	-	-	-	-
Sale of capital assets	-	-	32,742	-	-	-	-
Total other financing sources (uses)	3,975,805	154,094	190,041	-	-	-	666
Net Change in Fund Balances	4,611,476	(1,004,757)	(717,673)	151,733	195,545	(4,923)	380,137
Fund Balances - Beginning of year	3,325,237	12,843,676	6,401,585	263,541	189,961	148,448	841,248
Fund Balances - End of year	\$ 7,936,713	\$ 11,838,919	\$ 5,683,912	\$ 415,274	\$ 385,506	\$ 143,525	\$ 1,221,385

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances (Continued)
Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds					Debt Service Funds	
	Michigan Indigent Defense Commission	Drug Law Enforcement	Library	Michigan Works Grants	Auto Theft Grant	Road Bond Debt	Drains-at- Large
Revenue							
Property taxes	\$ -	\$ -	\$ 8,115,473	\$ -	\$ -	\$ 7,750,780	\$ 637,581
Special assessments	-	-	-	-	-	-	-
Intergovernmental:							
Federal grants	-	17,889	-	2,029,969	106,618	-	-
State sources	300,911	-	125,751	-	-	-	-
Charges for services	-	-	263,187	-	-	-	-
Fines and forfeitures	-	146,434	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Interest and rentals	-	6,979	54,095	-	-	97,595	6,093
Other revenue	-	-	9,051	518,857	-	-	-
Total revenue	300,911	171,302	8,567,557	2,548,826	106,618	7,848,375	643,674
Expenditures							
Current services:							
General government	-	-	-	-	-	1,055	249
Public safety	384,341	23,865	-	-	198,188	-	-
Public works	-	-	-	-	-	-	-
Social services	-	-	-	2,430,186	-	-	-
Community improvements and economic development	-	-	-	77,481	-	-	-
Recreation and culture	-	-	5,642,916	-	-	-	-
Capital outlay and other related costs	-	-	8,070	-	-	-	-
Debt service:							
Principal retirement	-	-	1,586,406	-	-	5,320,000	474,299
Interest and fiscal charges	-	-	537,505	-	-	1,957,575	28,317
Total expenditures	384,341	23,865	7,774,897	2,507,667	198,188	7,278,630	502,865
Excess of Revenue Over (Under) Expenditures	(83,430)	147,437	792,660	41,159	(91,570)	569,745	140,809
Other Financing Sources (Uses)							
Transfers in	83,430	80,936	-	-	76,451	-	-
Transfers out	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	83,430	80,936	-	-	76,451	-	-
Net Change in Fund Balances	-	228,373	792,660	41,159	(15,119)	569,745	140,809
Fund Balances - Beginning of year	-	262,692	10,366,807	84,326	69,800	1,598,811	315,062
Fund Balances - End of year	\$ -	\$ 491,065	\$ 11,159,467	\$ 125,485	\$ 54,681	\$ 2,168,556	\$ 455,871

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances (Continued)
Nonmajor Governmental Funds

Year Ended June 30, 2023

	Capital Project Funds						
	Capital Improvement	Road Construction	Local Improvement Revolving	Building Authority Construction	Library Building Authority Construction	Special Assessment Construction	Total
Revenue							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,006,933
Special assessments	-	-	-	-	-	770,881	788,349
Intergovernmental:							
Federal grants	-	-	-	-	-	-	3,260,932
State sources	-	-	-	-	-	-	12,466,093
Charges for services	85,551	-	-	-	-	-	2,251,060
Fines and forfeitures	-	-	-	-	-	-	146,434
Licenses and permits	-	-	-	-	-	-	610,445
Interest and rentals	27,753	684,323	265,343	-	2,305	66,330	1,738,909
Other revenue	75	-	-	-	-	4,364	1,551,529
Total revenue	113,379	684,323	265,343	-	2,305	841,575	47,820,684
Expenditures							
Current services:							
General government	9,773	13,008	512	-	-	-	24,678
Public safety	-	-	-	-	-	-	606,394
Public works	-	-	-	-	-	-	7,967,612
Social services	-	-	-	-	-	-	2,886,916
Community improvements and economic development	-	-	-	-	-	-	107,618
Recreation and culture	-	-	-	-	-	-	11,977,423
Capital outlay and other related costs	905,620	-	3,067,517	214,829	-	614,075	15,282,240
Debt service:							
Principal retirement	-	-	-	-	-	-	8,505,705
Interest and fiscal charges	-	-	-	-	-	-	2,572,765
Total expenditures	915,393	13,008	3,068,029	214,829	-	614,075	49,931,351
Excess of Revenue Over (Under) Expenditures	(802,014)	671,315	(2,802,686)	(214,829)	2,305	227,500	(2,110,667)
Other Financing Sources (Uses)							
Transfers in	-	-	-	214,829	-	-	4,743,510
Transfers out	-	(4,129,899)	-	-	-	-	(4,129,899)
Sale of capital assets	-	-	-	-	-	-	32,742
Total other financing sources (uses)	-	(4,129,899)	-	214,829	-	-	646,353
Net Change in Fund Balances	(802,014)	(3,458,584)	(2,802,686)	-	2,305	227,500	(1,464,314)
Fund Balances - Beginning of year	5,447,604	17,392,189	10,274,426	-	48,713	2,145,830	72,019,956
Fund Balances - End of year	\$ 4,645,590	\$ 13,933,605	\$ 7,471,740	\$ -	\$ 51,018	\$ 2,373,330	\$ 70,555,642

Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2023

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,297,772	\$ 168,976	\$ 40,297	\$ 61,801	\$ 296,270	\$ 1,865,116
Investments	-	4,495,888	10,334,836	2,341,887	913,939	18,086,550
Receivables	13,693,868	2,909	1,348	-	779	13,698,904
Due from other funds	-	-	2,205	-	-	2,205
Inventory	-	-	502,080	-	-	502,080
Prepaid expenses and other assets	1,374,142	-	26,875	-	-	1,401,017
Total current assets	16,365,782	4,667,773	10,907,641	2,403,688	1,210,988	35,555,872
Noncurrent assets:						
Restricted assets - Cash	-	-	-	-	1,089,506	1,089,506
Capital assets - Assets subject to depreciation - Net	-	47,865	3,641,487	3,534,051	-	7,223,403
Total noncurrent assets	-	47,865	3,641,487	3,534,051	1,089,506	8,312,909
Total assets	16,365,782	4,715,638	14,549,128	5,937,739	2,300,494	43,868,781
Deferred Outflows of Resources	-	106,249	118,075	-	-	224,324
Liabilities						
Current liabilities:						
Accounts payable	-	591,177	164,193	6,358	-	761,728
Accrued liabilities and other	-	73,481	63,273	-	-	136,754
Compensated absences	-	32,750	91,356	-	-	124,106
Total current liabilities	-	697,408	318,822	6,358	-	1,022,588
Noncurrent liabilities:						
Compensated absences	-	54,529	152,105	-	-	206,634
Provision for claims	-	-	-	-	3,395,660	3,395,660
Net pension liability	-	1,871,114	2,292,169	-	-	4,163,283
Net OPEB obligation	-	457,006	333,530	-	-	790,536
Total liabilities	-	3,080,057	3,096,626	6,358	3,395,660	9,578,701
Deferred Inflows of Resources	-	44,016	53,921	-	-	97,937
Net Position (Deficit)						
Net investment in capital assets	-	47,865	3,641,487	3,534,051	-	7,223,403
Restricted - Claims	-	-	-	-	1,089,506	1,089,506
Unrestricted	16,365,782	1,649,949	7,875,169	2,397,330	(2,184,672)	26,103,558
Total net position (deficit)	<u>\$ 16,365,782</u>	<u>\$ 1,697,814</u>	<u>\$ 11,516,656</u>	<u>\$ 5,931,381</u>	<u>\$ (1,095,166)</u>	<u>\$ 34,416,467</u>

Other Supplementary Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds

Year Ended June 30, 2023

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
Operating Revenue - Charges to other funds	\$ 9,756,495	\$ 4,319,236	\$ 4,326,604	\$ 1,094,524	\$ -	\$ 19,496,859
Operating Expenses						
Cost of insurance claims	6,406,202	-	-	-	-	6,406,202
Other operating and maintenance costs	-	1,312,631	1,416,129	188,595	-	2,917,355
Billing and administrative costs	119,593	590,005	433,290	4,003	3,524,941	4,671,832
Repairs and maintenance	-	870,114	757,975	424,272	-	2,052,361
Operating supplies	-	7,623	925,118	-	-	932,741
Depreciation	-	16,745	1,081,754	922,820	-	2,021,319
Total operating expenses	6,525,795	2,797,118	4,614,266	1,539,690	3,524,941	19,001,810
Operating Income (Loss)	3,230,700	1,522,118	(287,662)	(445,166)	(3,524,941)	495,049
Nonoperating Revenue - Investment income	3,848	44,118	62,766	8,830	30,327	149,889
Change in Net Position	3,234,548	1,566,236	(224,896)	(436,336)	(3,494,614)	644,938
Net Position - Beginning of year	13,131,234	131,578	11,741,552	6,367,717	2,399,448	33,771,529
Net Position (Deficit) - End of year	<u><u>\$ 16,365,782</u></u>	<u><u>\$ 1,697,814</u></u>	<u><u>\$ 11,516,656</u></u>	<u><u>\$ 5,931,381</u></u>	<u><u>\$ (1,095,166)</u></u>	<u><u>\$ 34,416,467</u></u>

Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2023

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
Cash Flows from Operating Activities						
Receipts from interfund services and reimbursements	\$ 9,756,495	\$ 4,319,236	\$ 4,324,399	\$ 1,094,524	\$ -	\$ 19,494,654
Payments to suppliers	(11,001,272)	(1,696,965)	(304,258)	(364,457)	1,962,024	(11,404,928)
Payments to employees and fringes	-	(2,125,065)	(3,267,614)	(424,272)	(2,908,700)	(8,725,651)
Other receipts (payments)	2,542,189	(2,443)	(1,912)	-	-	2,537,834
Net cash and cash equivalents provided by (used in) operating activities	1,297,412	494,763	750,615	305,795	(946,676)	1,901,909
Cash Flows Used in Financing Activities						
- Purchase of capital assets	-	-	(1,095,396)	(447,930)	-	(1,543,326)
Cash Flows from Investing Activities						
Interest received on investments	558	47,757	76,164	17,104	34,565	176,148
Proceeds from sale and maturities of investment securities	(198)	(1,854,153)	(1,715,009)	(84,904)	(212,775)	(3,867,039)
Net cash and cash equivalents provided by (used in) investing activities	360	(1,806,396)	(1,638,845)	(67,800)	(178,210)	(3,690,891)
Net Increase (Decrease) in Cash and Cash Equivalents	1,297,772	(1,311,633)	(1,983,626)	(209,935)	(1,124,886)	(3,332,308)
Cash and Cash Equivalents - Beginning of year	-	1,480,609	2,023,923	271,736	2,510,662	6,286,930
Cash and Cash Equivalents - End of year	<u>\$ 1,297,772</u>	<u>\$ 168,976</u>	<u>\$ 40,297</u>	<u>\$ 61,801</u>	<u>\$ 1,385,776</u>	<u>\$ 2,954,622</u>
Classification of Cash and Cash Equivalents						
Cash and investments	\$ 1,297,772	\$ 168,976	\$ 40,297	\$ 61,801	\$ 296,270	\$ 1,865,116
Restricted cash	-	-	-	-	1,089,506	1,089,506
Total cash and cash equivalents	<u>\$ 1,297,772</u>	<u>\$ 168,976</u>	<u>\$ 40,297</u>	<u>\$ 61,801</u>	<u>\$ 1,385,776</u>	<u>\$ 2,954,622</u>

Other Supplementary Information
Combining Statement of Cash Flows (Continued)
Internal Service Funds

Year Ended June 30, 2023

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 3,230,700	\$ 1,522,118	\$ (287,662)	\$ (445,166)	\$ (3,524,941)	\$ 495,049
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	-	16,745	1,081,754	922,820	-	2,021,319
Changes in assets and liabilities:						
Receivables	2,542,189	(2,444)	(1,912)	-	-	2,537,833
Due to and from other funds	-	-	(2,205)	-	-	(2,205)
Inventories	-	-	(28,990)	-	-	(28,990)
Prepaid and other assets	(638,299)	-	(19,803)	12,567	1,518,178	872,643
Net pension or OPEB asset	-	(552,229)	(78,462)	-	-	(630,691)
Accounts payable	(4,587,178)	42,693	(88,163)	(184,426)	-	(4,817,074)
Estimated claims liability	-	-	-	-	1,060,087	1,060,087
Net pension or OPEB liability	-	(506,989)	1,485	-	-	(505,504)
Deferrals related to pension or OPEB	-	(36,816)	161,483	-	-	124,667
Accrued and other liabilities	750,000	11,684	13,090	-	-	774,774
Total adjustments	(1,933,288)	(1,027,356)	1,038,277	750,961	2,578,265	1,406,859
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 1,297,412</u>	<u>\$ 494,762</u>	<u>\$ 750,615</u>	<u>\$ 305,795</u>	<u>\$ (946,676)</u>	<u>\$ 1,901,908</u>

Other Supplementary Information
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2023

	Pension and Other Employee Benefit Trust Funds			Custodial Funds		
	Southfield Employees Retirement System	Fire and Police Retirement System	Retiree Health Care Trust	Tax Collection	46th District Court	Total Fiduciary Funds
Assets						
Cash and cash equivalents	\$ 250	\$ 279,889	\$ 185,305	\$ 4,264,851	\$ 678,754	5,409,049
Investments:						
Debt securities	12,568,835	24,115,158	26,191,948	-	-	62,875,941
Equity securities	99,249,351	146,370,192	83,552,244	-	-	329,171,787
Other investments	3,852,163	17,037,613	3,974,991	-	-	24,864,767
Short-term investments	3,522,295	5,898,115	10,874,573	-	-	20,294,983
Securities lending	1,337,840	18,760,840	-	-	-	20,098,680
Receivables	128,764	-	69,745	-	-	198,509
Prepaid expenses and other assets	1,060,026	-	-	13,727	-	1,073,753
Total assets	121,719,524	212,461,807	124,848,806	4,278,578	678,754	463,987,469
Liabilities						
Due to primary government	-	-	13,738,414	-	-	13,738,414
Due to other governmental units	-	-	-	4,278,578	678,754	4,957,332
Accrued liabilities and other	-	4,283	-	-	-	4,283
Obligations under securities lending agreements	1,337,840	18,760,840	-	-	-	20,098,680
Total liabilities	1,337,840	18,765,123	13,738,414	4,278,578	678,754	38,798,709
Net Position						
Restricted:						
Pension	120,381,684	193,696,684	-	-	-	314,078,368
Postemployment benefits other than pension	-	-	111,110,392	-	-	111,110,392
Total net position	<u>\$ 120,381,684</u>	<u>\$ 193,696,684</u>	<u>\$ 111,110,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,188,760</u>

Other Supplementary Information
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2023

	Pension and Other Employee Benefit Trust Funds			Custodial Funds		
	Southfield Employees Retirement System	Fire and Police Retirement System	Retiree Health Care Trust	Tax Collection	46th District Court	Total Fiduciary Funds
Additions						
Investment income:						
Interest and dividends	\$ 1,070,423	\$ 3,255,794	\$ 3,528,176	\$ -	\$ -	\$ 7,854,393
Net increase in fair value of investments	13,041,718	13,184,911	4,668,098	-	-	30,894,727
Investment costs	(555,845)	(1,030,459)	(334,251)	-	-	(1,920,555)
Net investment income	13,556,296	15,410,246	7,862,023	-	-	36,828,565
Contributions:						
Employer	5,088,275	11,934,078	10,221,904	-	-	27,244,257
Plan members	1,210,775	1,055,154	467,968	-	-	2,733,897
Total contributions	6,299,050	12,989,232	10,689,872	-	-	29,978,154
Property tax collections for other governments	-	-	-	92,306,631	-	92,306,631
Other additions	-	-	-	311,750	-	311,750
District court collections	-	-	-	-	1,233,859	1,233,859
Total additions	19,855,346	28,399,478	18,551,895	92,618,381	1,233,859	160,658,959
Deductions						
Benefit payments	12,795,065	25,712,541	7,957,811	-	-	46,465,417
Refunds of contributions	(50,104)	(5,180)	13,724	-	-	(41,560)
Administrative expenses	111,333	210,518	174,049	-	-	495,900
Tax distributions to other governments	-	-	-	92,618,381	-	92,618,381
Other deductions	-	-	-	-	10,376	10,376
District court disbursements	-	-	-	-	1,223,483	1,223,483
Total deductions	12,856,294	25,917,879	8,145,584	92,618,381	1,233,859	140,771,997
Net Increase in Fiduciary Net Position	6,999,052	2,481,599	10,406,311	-	-	19,886,962
Net Position - Beginning of year	113,382,632	191,215,085	100,704,081	-	-	405,301,798
Net Position - End of year	\$ 120,381,684	\$ 193,696,684	\$ 111,110,392	\$ -	\$ -	\$ 425,188,760