

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended June 30, 2020
SOUTHFIELD, MICHIGAN



INTRODUCTORY SECTION

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2020

Fiscal Services

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City of Southfield

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December 18, 2020

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

RE: 2019-20 COMPREHENSIVE ANNUAL FINANCIAL REPORT LETTER OF TRANSMITTAL

Dear Sirs and Mesdames:

The Comprehensive Annual Financial Report of the City of Southfield, Michigan, for the fiscal year ended June 30, 2020, is submitted herewith, in accordance with provisions of the Southfield City Charter and the laws of the State of Michigan. This report, prepared by the City's Fiscal Services staff, represents the official report of the City's financial operations and condition to the City's residents, elected officials, investment firms, rating agencies and other interested parties. Responsibility for the accuracy, completeness and fairness of the financial data herein, including all disclosures, rests with the City. The annual audit of the City of Southfield financial statements was conducted by the independent accounting firm of Plante & Moran, PLLC.

This report also includes a separate section on Component Units, as required by Statement Number 61 of the Government Accounting Standards Board (GASB). Component units are included because of the significance of their operational or financial relationships with the City. The component unit columns in the combined financial statements include the financial data of the City's eight component units. These units are reported in a separate column to emphasize that they are legally separate from the City. They include the Economic Development Corporation, the Brownfield Re-development Authority, the Joint-Local Development Finance Authority, the Downtown Development Authority, the Tax Increment Finance Authority, the Local Development Finance Authority, the Section 8 Housing Commission, and the Southfield Growth Corporation. Descriptions of each component unit appear in Note 1.

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

Mayor
Kenson Siver

Council President
Linnie Taylor

City Clerk
Sherikia L. Hawkins

City Treasurer
Irv M. Lowenberg

Lloyd C. Crews

Nancy L.M. Banks

Daniel Brightwell

City Council

Jason Hoskins

Michael Ari Mandelbaum

Tawnya Morris

City of Southfield

Letter of Transmittal

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

The City of Southfield is required to undergo an annual federal awards audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The federal awards audit report includes an independent auditor review and comments on internal controls, legal/regulatory compliance, and any findings of questioned costs.

CITY OF SOUTHFIELD, MICHIGAN: MUNICIPAL OVERVIEW

The City of Southfield is comprised of over 26 square miles of abundant natural beauty, well-maintained homes and neighborhoods and majestic skyscrapers. Southfield offers a complete living community, featuring a nationally recognized public-school system, several private and parochial schools and numerous colleges and universities. Conveniently located in Oakland County, Southfield is not only the Center of It All™ geographically, but also the business center of southeast Michigan. With a daytime population nearing 175,000, over 27 million square feet of office space, and over seven million square feet of retail and industrial space, Southfield is truly Michigan's business center. In fact, Southfield boasts more office space than the central business districts of Cleveland, Cincinnati, Detroit, Indianapolis or Kansas City. Approximately 10,000 businesses call Southfield home, including over 100 "Fortune 500" companies spanning several industries. An impressive 98 percent of the City is accessible to high-speed fiber optics, broadband and satellite services with several backbones traversing the community. Over the years, Southfield has steadily grown to be one of the premier business and residential addresses in Michigan—a center of commerce nestled among quaint, tree-lined neighborhoods.

Intersected by I-696, U.S. 10, U.S. 24, M-39, M-10 and many other major highways, Southfield is centrally located for convenient access to businesses, their customers and suppliers. Its central location places Southfield just 20 minutes away from almost anywhere in metro Detroit, including Metropolitan Airport, downtown Detroit, and the international borders of Canada. The City of Southfield remains an important international business community with approximately 25 percent of all Oakland County's businesses and international firms and nearly half of all its Japanese firms. Southfield is also proud to be home to more than 73,000 residents and a wide variety of housing options, from single-family homes and condominiums to townhomes and apartments. Residents, businesses and visitors alike come to Southfield for its central location, great recreational opportunities and easy access to all of southeastern Michigan. It is no coincidence that the City of Southfield was named one of the nation's most livable metro-area suburbs by Forbes magazine for its large commercial district, affordable housing, quality schools and safe neighborhoods.

Southfield's modern infrastructure, diverse mix of residential and business cultures, focus on beautification and appearance, and excellent City services have created a statewide model of a successful community that has helped to provide a solid foundation for the City's long-term sustainability. City leaders continue to maintain a constant focus on providing quality city services while doing so with unprecedented reductions in property tax revenues, state shared revenues and

City of Southfield

Letter of Transmittal

state road funding (Act 51) as a result of the great recession and a struggling state economy. Despite these major challenges, the City of Southfield stands ready to serve as a leader in the economic comeback of this region and the State of Michigan.

Southfield's large business community dates back to the mid 1950's. Corporations seeking spacious suburban offices were attracted to Southfield, and within a half-decade, dozens of high-profile firms called Southfield home. Growth was spurred by the nation's first regional shopping center, Northland Center, which opened in Southfield in 1954. City leaders showed considerable foresight over the years in creating some high-visibility business community along major roadways, with neighborhoods strategically tucked into adjacent acreage and subdivisions.

Southfield is operated under a Council/Administrator form of government. The seven-member City Council is elected at two-year intervals on a non-partisan ballot; the three highest vote-getters receive four-year terms and the fourth serves a two-year term. The Council President, who presides over meetings, is elected by Council colleagues. Special Council committees review and make policy recommendations on finance, zoning, transportation, state legislation, appointments and other key issues.

The Mayor, elected to a four-year term on a non-partisan ballot, has veto power over Council actions but does not vote on legislative matters. A two-thirds Council majority vote is needed to override a Mayoral veto. The Mayor also appoints the City Attorney, City Assessor, City Planner and Emergency Management Director, with appointment confirmation by City Council. Also elected to four-year terms, the City Clerk and City Treasurer serve in full-time capacities. The City Administrator, appointed by and reporting directly to City Council, serves as chief administrative officer and oversees daily operations and policy implementation.

The City's elected officials hold memberships and often play a leadership role in a wide range of professional organizations, including the National League of Cities, Michigan Municipal League, United States Conference of Mayors, Municipal Clerks' Association, Municipal Treasurers' Association, and the Government Finance Officers' Association. Management also holds leadership positions or participates in numerous professional organizations, including the International City/County Management Association, Michigan Government Finance Officers' Association, American Public Works Association, International Code Council, Building Owners and Managers' Association, National Association of Telecommunication Officers and Advisors, Public Relations Society of America, and the City-County Communications & Marketing Association.

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

City of Southfield

Letter of Transmittal

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

ECONOMIC PROFILE

The City of Southfield is home to six colleges, universities and technical schools, including Lawrence Technological University, Oakland Community College, Central Michigan University, Spring Arbor University, Sienna Heights University, and Specs Howard School of Broadcast Arts. Residents of Southfield and surrounding communities have a wide array of skilled trades and higher educational opportunities.

The City of Southfield ranks in the top three in terms of the population base in Oakland County. The U.S. Census Bureau identified 72,689 residents in Southfield in the July 2019 census estimate, making the City of Southfield one of the top three most populous cities in Oakland County. The median household income of our residents is \$55,705. Personal income in the City has risen in recent years, which is an indication of a healthy economy. Of the total population, it is estimated that over 37.7% have a bachelor's degree or higher, which will help in stabilizing unemployment in the community.

For the City, the economic outlook continues to be guarded. Cost pressures, particularly in the healthcare and pension area, continue to challenge the City's finances. Pensions, retiree healthcare and other post-employment benefits made up 60% of the City's long-term liabilities. The SERS pension plan is 62.5% funded, the Fire and Police pension plan is 62.8% funded, and the Retiree Health Care Trust Fund is funded at 43.8%. While property values have steadily begun to rise, property taxable values are still nowhere near the pre-recession values. As a result, revenue growth for the General Fund will remain limited over the next several years due to the limitations of Proposal A, the Headlee Amendment and the City's inability to expand revenue beyond the rate of inflation. The City is levying at its maximum millage levels allowable by charter.

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

- Ensure long-term financial sustainability by spending within our means and delivering services in a cost-effective and efficient manner;
- Establish and maintain reserves at appropriate levels, limiting reliance on one-time revenues and fund balance draws; and

City of Southfield

Letter of Transmittal

- Plan for improvements to facilities and infrastructure and manage the City's infrastructure and capital assets to maximize long-term community benefit. The City will adopt a capital improvement plan annually to ensure that the City's infrastructure needs are identified and budgeted over at least a five-year period.

City of Southfield maintains strong AA Bond Rating

The City of Southfield's AA bond rating was reaffirmed by Standard & Poor's, placing the City among the top rated governmental agencies in Michigan. The new rating comes with the City's \$21.6 million Streets Improvement Bonds sale on December 10, 2020 which will provide funding for citywide infrastructure repairs and improvements.

In preparing to sell the bonds, the City requested a Standard & Poor's Rating Service evaluation of the City of Southfield's credit quality. Standard & Poor's reaffirmed the City's strong underlying bond ratings of "AA."

The 'AA' rating reflects S&P's assessment of the general creditworthiness of the city, including the following factors:

- Strong economy, with access to a broad and diverse metropolitan statistical area;
- Strong management, with good financial policies and practices under our financial management assessment methodology;
- Adequate budgetary performance, with operating results that we expect could deteriorate in the near term relative to fiscal 2019, which closed with operating surpluses in the general fund and at the total governmental fund level;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2019 of 25% of operating expenditures;
- Very strong liquidity, with total government available cash at 56.4% of total governmental fund expenditures and 5.6x governmental debt service, and access to external liquidity we consider strong;
- Very weak debt and contingent liability position, with debt service carrying charges at 10.1% of expenditures and net direct debt that is 138.4% of total governmental fund revenue, and a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to sufficiently address the obligation, but rapid amortization, with 77.1% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

Moreover, S&P indicated that Southfield's economy remains strong as the city continues to rebound from the last recession, diversify, and exhibit tax base growth. The bond sale received significant interest with firms from across the U.S. bidding. S&P also analyzed the city's environmental, social, and governance risks relative to its economy, management, financial measures, and debt and liability profile, and determined that all are in line with their view of the sector standard.

In addition to city staff, the bond sale was facilitated by the financial advising firm, Public Financial Management, LLC, transfer agent Huntington National Bank and the law firm serving as bond counsel, Miller, Canfield, Paddock and Stone, P.L.C.

City of Southfield

Letter of Transmittal

INFRASTRUCTURE & CAPITAL IMPROVEMENT CAMPAIGNS

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

Over \$200 Million invested in Southfield's infrastructure from 2015-2020

The City of Southfield has applied for and received more than \$200 million in annual funding for Southfield streets and infrastructure improvements from local, county, state and federal sources as follows: 2015 = \$34.7 million; 2016 = \$40.0 million; 2017 = \$22.3 million; 2018 = \$30.3 million; 2019 = \$40.7 million; and 2020 = \$32.7 million.

9 Mile Road – Inkster Road to Beech Road

Resurfacing of 9 Mile Road from Inkster Road to Beech Road with the addition of on-street bike lanes began in mid-March 2020 and was completed in September 2020. Pavement repairs included 5.5" of new asphalt along the corridor plus a 1.5" mill and overlay for the Inkster Road intersection.

The total project cost was \$2,900,804 with \$758,329 in Federal funds. The City of Southfield's cost share was \$2,142,475. Funding for the City's portion of the project was provided from the Road Bond Construction Fund.

Civic Center Drive – Lahser Road to Northwestern Highway

Rehabilitation of Civic Center Drive from Lahser Road to Northwestern Highway began in May 2020 and was completed in September 2020. Concrete work included areas of total reconstruction and areas of slab repairs. New sidewalk was built on the north side of Civic Center Drive and on the east side of Lahser Road.

The total project cost was \$2,043,756 with \$433,706 in Federal funds. The City of Southfield's cost share was \$1,610,050. Funding for the City's portion of the project was provided from the Road Bond Construction Fund.

Southbound Northwestern Service Drive - Evergreen Road to 9 Mile Road and Ten-Foot Shared Use Path from Civic Center Drive to 10 Mile Road

Resurfacing of Southbound Northwestern Service Drive from Evergreen Road to 9 Mile Road began in May 2020 and was completed in November 2020. The project included concrete patching and a four-inch asphalt overlay on the service drive. There were segments of five-foot sidewalk previously which was replaced with a complete eight-foot-wide asphalt path along this corridor. The project also included replacement of the City's 8" water main along the corridor.

A new ten-foot-wide shared use path was constructed along the Southbound Northwestern Service Drive from Civic Center Drive to 10 Mile Road due to a successful Transportation Alternatives Program (TAP) grant.

City of Southfield

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The total project cost was \$6,044,864 with \$913,702 in Federal Surface Transportation funds and \$455,387 in TAP funds. The TAP grant was a collaboration with the City Center Advisory Board (CCAB) and Lawrence Technological University who shared the “local cost” of \$200,000 and \$446,459 respectively. The City of Southfield’s cost share was \$4,029,325. Funding for the City’s portion of the project was provided from the Road Bond Construction Fund (\$2,629,325), the Water Bond Fund (\$1,300,000) and Metro Act Funds (\$100,000).

Franklin Road – Northwestern Highway to the North City Limits

Rehabilitation of Franklin Road from Northwestern Highway to the north city limits began in May 2020 and was completed in September 2020. The project included pulverizing the existing asphalt and paving with four-inches of asphalt. New concrete curbs were added in some areas, as well as a new storm sewer.

The total project cost was \$1,053,000 with \$491,775 in Federal funds. The City of Southfield’s cost share was \$561,225. Funding for the City’s portion of the project was provided from the Road Bond Construction Fund.

13 Mile Road – Evergreen Road to Southfield Road

Rehabilitation of 13 Mile Road from Evergreen Road to Southfield Road began in June 2020 and was completed in early-November 2020. The project included covering the existing concrete pavement with two inches of stone which was then paved with four-and-a-half inches of asphalt. Existing curbs were replaced and new sidewalk was added along the south side of 13 Mile Road. While the road geometrics remain unchanged at Evergreen Road and Southfield Road, the remainder of the corridor was improved with a continuous three-lane cross section, a significant safety improvement. Pedestrian crossings were installed where existing signals were present at Churchill Drive and Rock Creek Drive. The intersection of 13 Mile Road and Southfield Road was also milled and overlaid.

Thirteen Mile Road jurisdiction is shared between the City of Southfield and the Village of Beverly Hills and Southfield Road is a Road Commission for Oakland County (RCOC) jurisdiction. Project costs were split accordingly.

The total project cost was \$3,280,144 with \$1,748,132.50 in Federal funds. The Village of Beverly Hills cost share was \$629,088 and the RCOC cost share was \$133,337. The City of Southfield’s cost share was \$769,587. Funding for the City’s portion of the project was provided from the Road Bond Construction Fund.

12 Mile Road – Telegraph Road to Lahser Road

Resurfacing of 12 Mile Road from Telegraph Road to Lahser Road began in June 2020 and was completed in September 2020. The Road Commission for Oakland County project included milling and repaving in asphalt, some curb replacement and approximately 300 feet of new five-foot-wide concrete sidewalk to fill a gap along the north side. As is customary, the City of Southfield shared the construction cost of this RCOC road within the city limits.

The total construction cost was \$1,634,486. Utilizing Tri-Party Program funds for Fiscal Year 2020 and Fiscal Year 2021 results in an RCOC cost share of \$1,019,085, Oakland County Board of

City of Southfield

Letter of Transmittal

Commissioners' share of \$201,844 and City of Southfield cost share of \$413,557. Funding for the City's portion of the project was provided by the Road Bond Construction Fund.

Local Street Improvements

A number of other local street improvement projects also took place in FY2019-2020 throughout the city, including road reconstructions, water main replacements and sewer separation for a total of over \$35 million in infrastructure investment throughout the city.

Northwestern Highway Bike Pathway

The City of Southfield and the Southfield City Centre held a ribbon cutting ceremony to celebrate the completion of the new Northwestern Highway Bike Pathway located near Northwestern Service Drive and Town Square Drive (north of Civic Center Drive and just south of Corporate Drive) on July 26, 2019.

Southfield City Centre Trail expansion

The City of Southfield and Lawrence Technological University (LTU) held a virtual ceremonial groundbreaking on March 9, 2020 for the Southfield City Centre Trail shared-use pathway expansion. The groundbreaking marked the beginning of construction work on 0.6 linear miles of pathway expansion. After nearly two years in the planning stages, the Southfield City Centre Trail will be expanded in two phases throughout the spring and summer.

The first phase included more than a half mile of shared-use path construction along southbound Northwestern Highway between Civic Center Drive and W. 10 Mile Road adjacent to the LTU campus. The new path connects the Southfield City Centre and LTU with a 10-foot wide shared-use path built to standards set forth by the American Association of State Highway and Transportation Officials Guide for the Development of Bicycle Facilities. Portions of the trail include a 14-foot pathway with decorative fence adjacent to the Evans Drain.

The path will connect LTU to the existing Southfield City Centre Trail to provide safe non-motorized access for students, faculty and staff to the many amenities in the City Centre, including shops, restaurants and year-round events.

The new path is funded in part through a Transportation Alternatives Program (TAP) grant, allocated by the Southeast Michigan Council of Governments (SEMCOG). The balance of funding will be shared between the Southfield City Centre and LTU. The City of Southfield received notification of the TAP award on June 14, 2018. The estimated construction cost of the project is \$847,687, to which the TAP grant will contribute up to \$455,378. Additional costs for engineering, design, contract inspection, management and administration fees will be paid by LTU.

This first stage of the project will bring the Southfield City Centre trail closer to the 7.75-mile fully connected pathway system that will provide access to heart-healthy activity and social connection within the City Centre. Planned wayfinding signage, tree installation and other pedestrian enhancements will be added when the construction is complete, and LTU has committed to routine yearly maintenance of the pathway, boardwalk and bridge for the design life of the project.

City of Southfield

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The project was completed in early May 2020, and an additional phase that will construct a pathway from Evergreen Road south to 9 Mile Road will be completed during the summer. The consulting engineer on the project is OHM Advisors. DiPonio Contracting is the prime contractor and Al's Asphalt is the subcontractor.

ECONOMIC DEVELOPMENT

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

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

Centrepolis SmartZone

To encourage an even greater business boom in Southfield, the City of Southfield and Lawrence Technological University have worked closely together to launch a new Michigan SmartZone called Southfield Centrepolis. As Southfield is the 15th largest city in Michigan, and considered Michigan's business center with more than 100 Fortune 500 companies and 10,000 businesses, some are considering its growth and initiatives parallel to the rebirth of Detroit. The City believes this new SmartZone is the region's next step towards success and that the entire SmartZone program will inspire and assist with the growth of neighboring businesses around the state.

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

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

City of Southfield

Letter of Transmittal

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

Centrepolis Business Accelerator Grand Opening

Lawrence Technological University—in partnership with the City of Southfield and the Michigan Economic Development Corporation—cut the ribbon on the new manufacturing business Centrepolis Accelerator on October 4, 2019 with an invitation-only ceremony followed by a public open house. The Centrepolis Accelerator is 6,300 square feet of state-of-the-art business assistance for physical product developers and manufacturing companies, a unique niche among accelerators in the Detroit area. Clients will include manufacturing startups and existing companies looking to move up to the next level in product innovation. Services will include access to office space, co-working space, workshops, mentors, business planning services, and laboratories and equipment for digital product design and prototyping, as well as virtual reality and mixed reality labs. The accelerator is housed in LTU's Enterprise Center at 21415 Civic Center Drive in Southfield.

Leading the Centrepolis Accelerator is Dan Radomski, who has an extensive background in product development, manufacturing, and supporting hardware companies. He previously served as chief strategy officer for Optimal Inc. in Plymouth, and earlier was vice president at NextEnergy in Detroit, the state of Michigan's advanced energy industry accelerator.

In addition to the City of Southfield and LTU, the Centrepolis Accelerator receives grant support from the Michigan Economic Development Corporation, the Michigan Energy Office, and the New Economy Initiative. As of September, the Accelerator has created 40 new companies with 433 full time jobs, 106 patents and raised over \$142.7 million.

Southfield's Lawrence Technological University is a private university founded in 1932 that offers more than 100 programs through the doctoral level in its Colleges of Architecture and Design, Arts and Sciences, Business and Information Technology, and Engineering. PayScale lists Lawrence Tech among the nation's top 15 percent of universities for the salaries of its graduates, and U.S. News and World Report lists it in the top tier of best Midwestern universities. Students benefit from small class sizes and a real-world, hands-on, "theory and practice" education with an emphasis on leadership. Activities on Lawrence Tech's 107-acre campus include more than 60 student organizations and NAIA varsity sports.

Redevelopment Ready Communities (RRC) Certification

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

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

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

Oakland County Michigan Works Southfield Career Center

Southfield Michigan Works relocated in July of 2017 to the Lawrence Technological University Enterprise Center, 21415 Civic Center Drive, Suite 116. The Lawrence Technological University Enterprise Center is also home to the LTU Collaboratory. The Michigan Works office offers workshops for both job seekers and businesses to help the community understand their options beyond traditional employment, creating a one-stop shop for job seekers and entrepreneurs.

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

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

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

Michigan’s Business Center

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

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

Some of the world's leading research and development firms are also based in Southfield, including Lear Corporation (world headquarters), Denso International (North American headquarters), BASF, GE, Honda Research and Development America, Eaton Corporation, Sverdrup Technologies, Autoliv, ThyssenKrupp, and many others.

Business Catalyst Portal helps companies to succeed in Southfield

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

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

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

Marelli

Marelli, a leading global tier-one automotive supplier, signed a multi-year lease to relocate its North American headquarters to Southfield in February of 2020. The company will occupy nearly 200,000 square feet of the brownfield site located at 26555 Northwestern Highway with room to grow. The mid-century modern building, constructed in 1965-1966 to serve as Federal Mogul's headquarters, is conveniently located near the intersection of Interstate 696 and the John C. Lodge Freeway.

The three-story building, which is undergoing extensive renovations, will feature modern workspaces for nearly 500 employees, 75 conference rooms, an auditorium, cafeteria, fitness room, and plenty of indoor/outdoor meeting space. Approximately 100,000 square feet will be dedicated to testing and lab equipment to support R&D activities for the company's automotive lighting, electronics, exhaust, interiors, powertrain, ride dynamics and thermal solutions business units.

Marelli is leasing the property from Dembs Development, who purchased the building in 2017 from a New York-based investment company. Dembs Development has a strong 30-year history in construction, development, ownership and management of real estate projects throughout Southeast Michigan.

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Marelli currently has two locations in Auburn Hills, Michigan and one in Farmington Hills, Michigan. The company is planning a staggered move-in to begin in late 2020, with full occupancy expected by March 2021. Bringing local teams together under one roof is a key step forward in Marelli's integration process. In May 2019, private equity firm KKR purchased Magneti Marelli and merged it with Calsonic Kansei, another Tier 1 automotive supplier, to create Marelli.

Marelli is one of the world's leading global independent suppliers to the automotive sector. With a strong and established track record in innovation and manufacturing excellence, their mission is to transform the future of mobility through working with customers and partners to create a safer, greener and better-connected world. With around 62,000 employees worldwide, the Marelli footprint includes 170 facilities and R&D centers across Asia, the Americas, Europe, and Africa, generating revenues of 14.6 Billion Euro (JPY 1,825 billion) in 2018.

Clarience Technologies (formerly Truck-Lite)

Clarience Technologies, formerly Truck-Lite, relocated from upstate New York to establish a new 42,000 square feet world headquarters at the corner of Northwestern & Civic Center Drive in Southfield because of our central location and proximity to Lawrence Tech.

To meet the demand for talent, Clarience Technologies conducted a national search to determine the ideal new location for their facility and the City of Southfield was number one on the list. Clarience Technologies made a \$10,000,000 investment with the construction of a new 48,000 square feet headquarters and research and development center. Additionally, the company worked with Oakland County Michigan Works Southfield to hire up to 95 new employees.

Clarience Technologies is a worldwide leader in heavy-duty forward and signal lighting, mirrors, trailer harnesses and other safety and visibility systems. Truck-Lite began with an ingenious idea that sparked a revolution in truck and trailer safety lighting.

Construction of two new hotels

Two new hotels have been approved and are set to begin construction soon, including a Hampton Inn and Staybridge Suites hotel. Both will feature new construction on vacant land along Northwestern Highway Service Drive, north of Civic Center Drive. Each hotel will have 112 rooms.

EverCentre Redevelopment Project

Middlepointe Investment Group, LLC is under contract with the City of Southfield to construct a mixed-use development as envisioned by the City for the 8.15 acres parcel located at 26111 Evergreen Road, 20100 Civic Center Drive and 26011 Evergreen Road. Middlepointe purchased the property for \$2.5 million from the City for the EverCentre Redevelopment Project located directly across from City Hall in the Southfield City Centre.

In October 2009, the City Council approved a Brownfield Plan for the former property owners (SOP-Park Place, LLC). The Brownfield Plan permitted the previous owners the opportunity to demolish four vacant 40-year-old office buildings with the goal of developing a mixed-use downtown district. The proposed Brownfield Plan as adopted by Council was envisioned to be a catalyst project creating a more traditional downtown environment. In late 2013 after four years of unsuccessful marketing activity for the proposed Brownfield development, the owners began to market the site as four

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separate developments all with drive-thrus. This became the catalyst for the City to pursue the acquisition. In May of 2015 the City acquired the subject property, and upon acquisition the City developed the EverCentre Redevelopment Plan.

The City has twice unsuccessfully solicited requests for proposals to sell and develop a centrally located, pedestrian-friendly mixed-use development in the heart of the Southfield City Centre district to help attract and retain professionals, to create and maintain a “sense of place” and to spur economic development.

The Middlepointe Investment Group, LLC is an investment group with a proven track record working in Southfield and has successfully developed a two-story mixed-use project. Middlepointe is committed to the proposed vision as conceptualized by the City to create a development that meets the City’s needs. City leadership and elected officials are committed to working with the developer to expedite review and permitting processes and pursue available incentives.

The City of Southfield worked with consultants Hamilton Anderson to evaluate a range of development uses consistent with Southfield’s *Sustainable Southfield* Master Plan, City Centre District vision, local zoning, long range plans and key stakeholder input. The City of Southfield is uniquely situated to support new development in this area due to several distinctive characteristics and market demand. However, the City is also open to developer’s proposals that may not directly align with the original vision for the property.

The vision for Southfield City Centre is to build on Southfield’s high-profile business climate by adding a walkable, mixed-use destination for shopping, dining, entertainment and new residents. The Southfield City Centre is at a crucial turning point in suburban redevelopment. Still a district largely dominated by auto-oriented development populated by office parks and strip commercial plazas, the City now seeks to redefine its economic growth strategy in keeping with current market trends and demands. With the proper redevelopment of this site, Southfield City Centre will become a catalytic district representing the future for metro Detroit — a walkable urban place within a suburban community that combines the aspirations of this high-profile business climate with a commitment to walkability, community and sense of place.

FORMER NORTHLAND CENTER REDEVELOPMENT MOVES FORWARD WITH DYNAMIC CONTOUR MIXED-USE PROJECT

The Southfield City Council approved a purchase agreement for the sale of the majority of the former Northland Center for \$11,093,000 to Contour Companies of Bloomfield Hills.

Contour Companies have proposed a truly dynamic mixed-use redevelopment including apartments at various rental rates, retail and restaurants, office and green space that very closely mirrors the City’s original vision for the Northland redevelopment based upon residents’ collective input.

Contour plans to save the original five retail pads from the former mall as well as the underground tunnels and Hudson's building. Previous purchase offers and other developer interest in the property have all stipulated that demolition occur at city expense; however, this sale is based on Contour assuming the cost of demolishing the JC Penney's building, later mall additions and the 1974

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enclosure of the free-standing structures. The company has already completed extensive work on its redevelopment plans which include the adaptive re-use of the former Hudson's Department Store, the underground tunnels and the original (1954) retail pads.

The city of Southfield purchased the shuttered Northland Center mall at Eight Mile Road and the Lodge Freeway, located in the City's Downtown Development Authority (DDA) District, from the court-ordered receiver in December of 2015 for \$2.4 million with plans to remediate, demolish and sell the property to a qualified developer. The environmental assessment, asbestos abatement and remediation for most of the mall has already been completed in addition to the demolition of the former Target and Firestone buildings.

The Southfield City Council approved a master plan for the 114-acre redevelopment that is a conceptual, market driven blueprint that outlines the standards and vision for developers of the former mall property. Planning consultants OHM Advisors and Hubbell, Roth & Clark (HRC) conducted a thorough technical analysis of the site, examination of the existing buildings/structures, an assessment of environmental factors, and a market analysis to determine the best possible development potential for the former mall.

This purchase agreement follows the recent sale of five acres to Ascension Health for an expansion of the Providence Hospital campus. Contour has now entered a 90-day due diligence period before the sale is finalized which is expected to be completed in January of 2021. Construction and demolition will follow in the spring of 2021. With the sales to Ascension and Contour, the City expects to be made whole on all the funds invested in Northland redevelopment project.

Friedman Integrated Real Estate Solutions, one of the nation's leading providers of commercial real estate services, has continued to serve as the exclusive listing agent for the property. As one of the largest full-service commercial real estate organizations in the nation, Friedman provides a full range of advisory, property management, and brokerage services.

About Contour Companies

Based in Bloomfield Hills, Michigan, Contour Companies is all things real estate. From commercial and residential developments to multi-family revitalizations, the Contour stamp is designed with complete attention to detail, insuring that spaces blend seamlessly into their surroundings. Contour Companies' mission is to provide residents with an at-home feeling, for comfortable and idyllic living.

Why Northland Center is important to the City of Southfield:

- Located just north of 8 Mile Road, on the border between Detroit and Southfield, it is the important southern entryway into Southfield from Michigan's largest city.
- It is adjacent to the Lodge Freeway (M-10), which goes northwest from downtown Detroit through Southfield to West Bloomfield, six miles north of the Detroit/Southfield border.
- The Lodge connects with two other major expressways, the Southfield Freeway and I-696 a few miles north of Northland Center.
- About 140,000 vehicles pass the site daily on the Lodge.

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- Northland Center is located just south of City's marquee cluster of five golden skyscrapers known as the "Golden Triangle" that form the contemporary Southfield Town Center office complex with the Westin Hotel and conference center.
- If the site is not demolished and re-developed into a revitalized mixed-use site, it could become an eyesore that brings down property values for homes and businesses throughout Southfield.

Background on Northland Center:

- Northland Center was the largest shopping mall in the world when it opened in March 1954. The mall was enclosed 20 years later in 1974.
- Northland led the way for Southfield to become a major commercial, business and residential center in metropolitan Detroit.
 - When the original center was completed, Southfield's population was only 25,000. Fifteen years later, the population had grown to 69,000, which is about what it is today (73,000).
 - In addition to its population growth, the Center helped foster enormous office expansion. Today, Southfield boasts more than 27 million square feet of office space, making it one of Michigan's leading business centers.
- Over the past decade, due to a struggling economy and an aging facility, many Northland Center stores closed. In August of 2014, the mall went into receivership and in March of 2015 the remaining stores were closed.
- Alongside the contribution to population growth, the Center helped foster enormous office expansion.

CITY OF SOUTHFIELD COVID-19 RESPONSE

Southfield Mayor Kenson Siver declared a State of Emergency on March 13, 2020 in the City of Southfield in an effort to slow the spread of the COVID-19 coronavirus. Effective immediately, all city public events, activities and facilities were postponed, cancelled or closed until further notice.

All essential public safety and public works services and departments continued to function as normal. The City's Emergency Operation Center (EOC) has been activated and City hall will remain open with staff required to report to work unless they are otherwise sick or showing symptoms. The City Clerk's and City Treasurer's Offices, Parks & Recreation, Southfield Public Library and other non-essential departments were closed to the public while residents were still able to conduct most city business online, via phone and through the City's drop box.

Additional City of Southfield Preventative Measures

The City of Southfield's first priority is always the health, safety and welfare of our residents, businesses, visitors and employees. The City of Southfield has taken all possible precautionary steps to proactively prevent the further spread of COVID-19 coronavirus throughout the city and the Southfield Municipal Campus. City Administration implemented an Infectious Disease Outbreak (or Potential Outbreak) and Extenuating Circumstances Policy which outlines all procedures and guidelines to help prevent and/or limit the transmission of communicable diseases in the workplace.

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Numerous new public safety protocols, procedures and social distancing barriers have been put into place, including safe social distancing floor stickers installed throughout all public areas as well as floor tape directing foot traffic and interaction. Safety glass partitions have been installed in all public buildings throughout the Donald F. Fracassi Municipal Campus to reduce exposure and contact while providing a safer customer service interaction for both residents and city staff.

“The health, safety and welfare of the community is of the utmost importance,” added City Administrator Fred Zorn. “We have taken every measure available to help ensure the safety of both the public and staff, including more than \$300,000 in facility upgrades and improvements designed to provide that level of protection.”

All City staff have been provided disinfectant products with instructions to clean city vehicles and work stations frequently including phones, computer keyboards, etc. Moreover, the City's Facilities Maintenance Department remains vigilant in the thorough cleaning and disinfecting of all city offices and facilities. Additionally, the City relocated some front-line staff and limiting public interaction in an effort to maintain Social Distancing.

In the event of an outbreak or potential for an outbreak of an infectious disease or Infectious Disease Emergency (“IDE”), the City Administrator may declare a Health and Safety Workplace Cautionary Period. Department Heads and Elected Officials shall monitor and coordinate actions and implement measures which safeguard the safety of their employees and the public with whom they interact in the workplace; while maintaining City operations in an effective and efficient manner. Such measures may include, but are not limited to, designating certain positions as critical, essential, or non-essential/non-critical. During an IDE, City Departments may implement plans to adjust their operations to ensure adequate resources are available to provide critical processes.

City departments submitted Resumption of In-Person Service and Continuity of Operations Plans (COOPs) to Administration which were integrated into the City's overall COVID-19 Response and Operations Resumption Plan. Per the City's new policy, all individuals are now required to wear face masks and to self-screen for COVID-19 symptoms (fever, cough, shortness of breath) before entering any city office or facility. If anyone is symptomatic, they are prohibited from entering city buildings.

In conjunction with Oakland County Economic Development, the Southfield Business Development office coordinated grants, pay day loan information and distributed hundreds of free PPE kits to small businesses.

City Council and Other Public Meetings

The Southfield City Council has continued to meet every Monday since March 23 via public teleconference. Residents can listen to the council meeting live online on City Cable 15 or through the City's website at: <http://southfield.cablecast.tv/CablecastPublicSite/watch/1?channel=2>. Residents may also call in at (248) 796-5152 to make public comment. Public meetings of the city council and city boards and commissions will continue to be conducted virtually until further notice. The City Council agendas and meeting schedule are available on the city's website at www.cityofsouthfield.com.

Municipal Campus Phased Public Re-Opening

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City of Southfield offices began a phased re-opening to the public with limited access beginning on Monday, June 15, 2020 with the lifting of the Governor's Executive Stay-at-Home Order. The Parks & Recreation Department and Southfield Public Library remained closed to the public at this time with gradual re-openings yet to be determined.

Under the Governor's Emergency Declaration Order, all City facilities (including City Hall, 46th District Court, Southfield Public Library, Parks & Recreation Building, Sports Arena, etc.) have been closed to the public since March 14, 2020. During the Stay-at-Home Order, City Hall operated during minimum core hours Monday - Thursday, 10 a.m. - 3 p.m. with the exception of the Building, Planning and Engineering Departments which have been fully operational since May 7, 2020 with the lifting of construction restrictions. All essential public safety and public works services departments continued to function as normal. Other city departments and staff also continued to work remotely. Residents were still able to conduct most city business online and through the City's drop box 24/7 as well as via phone during the City Hall core hours.

Southfield Parks & Recreation Department COVID-19 Operations

Parks & Recreation staff has been closely monitoring and following Governor Whitmer's Executive Orders while putting best practices and safety protocols in place to keep residents and staff safe. The P&R team has also been working hard to provide recreation experiences virtually for residents to enjoy in the safety of their homes through the Stay INterActive program on Facebook.

In an effort to keep the community safe, Parks & Recreation cancelled all summer programming, including all classes, programs, camps, special events, athletic leagues and senior programs and trips through at least August 31, 2020. The Southfield Sports Arena pool was also closed for the season; however, Evergreen Hills Golf Course and all Southfield parks and nature preserves remained open.

Southfield Parks & Recreation offered a number of virtual classes and programs, from gymnastics and dance to adult fitness and senior activities online at www.cityofsouthfield.com/departments/parks-recreation beginning the week of June 15.

Parks & Recreation staff also developed a virtual recreation program, Stay INterActive, that featured daily activities, arts & crafts, games, helpful links, video tips and more on Facebook @SouthfieldParksandRecreation. Additionally, P&R offered:

- *On The Go Programs* sponsored by DENSO featuring a "drive through" to pick up Camp on the Go kits containing a week's worth of "camp-like" activities and games for children ages 5-13 to do in the safety of their own homes.
- *Recreation on the Move – In a Bag!* Recreation in a Bag let residents enjoy their favorite park crafts and games at home or in the park at a safe distance from each other.
- *A Walk in the Parks – All ages!* This program offered an opportunity to explore great Southfield parks and public art on foot at a different park each Thursday in July and August.
- *Summer Music Streaming Series* sponsored by the Southfield City Centre Residents were encouraged to tune in to Southfield City Cable 15 and the @SouthfieldParksandRecreation Facebook page on select Friday evenings throughout the summer for "live" music and fun.

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Southfield Public Library COVID-19 Operations

The Southfield Public Library patrons can access e-books and magazines, audiobooks, movies, music, children's resources, and research tools online with their library card. Additionally, the Library resumed drive-up service for patrons to receive and return materials.

The Southfield Public Library also continued the popular Urban Fiction and Creecy adult book discussion groups in addition to Storytimes and crafts for all ages in a new virtual format. The Library also launched a virtual Summer Reading for adults and children in mid-June.

City of Southfield supports Black Lives Matter (BLM) movement with new policies, resolutions, peaceful protests and banners

In a show of solidarity and support, the City of Southfield installed new *Black Lives Matter* and *Southfield Strong* banners along Evergreen Road between 10 and 11 Mile Roads on June 25, 2020. The banner installation follows the implementation of new city policies, joint resolutions and several peaceful protests all intended to support equality and justice.

The city of Southfield has been hit hard by the double shock waves of the COVID-19 pandemic and the international outcry in the wake of George Floyd's murder. In light of this most recent national tragedy, the City of Southfield collectively calls for justice and police reforms that protect all people of color.

"Black lives DO matter! They matter because they are our children, brothers, sisters, mothers, fathers, friends and neighbors. They matter because the injustices faced by some are felt by us all! We are better than this, as a nation and a community," commented then City Council President Dr. Lloyd Crews. "The City of Southfield stands together Southfield Strong united in the fight for peace and justice."

Black Men Unite Peaceful Protest – June 28

The *Black Men Unite Peaceful Protest* was held on Sunday, June 28, 2020 from 2-4 p.m. beginning at Hope United Methodist Church to the Donald F. Fracassi Municipal Campus. The march was designed to unite Black men while protesting police brutality and racial injustice. The event also included a voter registration drive and participants were encouraged to complete the 2020 Census if they had not already.

Our Sorrow and Determination for a More Equal and Just Society" Joint Resolution

The Southfield City Council and Mayor adopted the "Our Sorrow and Determination for a More Equal and Just Society" Joint Resolution to join in the call by former President Obama to do everything in our power "to recognize and root out the tragic, painful, maddening effects of systemic racism." Southfield elected officials have also continued to support training for our police officers as well as departmental policies and practices that de-escalate tense situations and avoid the use of deadly force.

Police Department Duty to Intervene Policy

In response to the murder of Mr. Floyd, the Southfield Police Department revised its 'Use of Force' policy under the direction of Chief of Police Elvin Barren. The policy amendment entitled *Duty to Intervene* requires every sworn employee present at any scene to stop another sworn employee

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when force is being inappropriately applied or is no longer required. This is an important step in addressing and correcting any implicit or lingering bias in community policing.

Southfield Unity Day – Kneel to Heal

The Urban Unity CDC, City of Southfield, and the Southfield Police Department sponsored *Southfield Unity Day – Kneel to Heal* on June 14, 2020. Attendees were requested to wear facemasks and to stand six feet apart along Evergreen Road to form a symbolic human chain of unity between 10 and 11 Mile Roads. At 3:15 p.m., those that were able kneeled for eight minutes and forty-two seconds to honor the life of George Floyd.

My Brother’s Keeper (MBK) Free Face Mask Giveaway

The Southfield Chapter of My Brother’s Keeper (MBK) provided free face coverings and hand sanitizer to area youth on June 27, 2020. The program “Mask with a Message,” provided 5-18 years-old free supplies while they lasted on a first-come, first-served basis. Donors were also requested to include a message dedicated to someone they lost or who has recovered from COVID-19 so recipients will better understand how this virus has greatly affected our community. Attendees drove up and a labeled bag which also included important information about the coronavirus pandemic was placed safely in their trunk without having to leave their cars.

PUBLIC ART

In recent years, the City of Southfield has embarked upon an ambitious plan to bring more public art and other outdoor attractions to the city. Numerous studies have shown that public artwork can not only aesthetically improve and inspire communities, but can also serve as real economic drivers – increasing both the quality of life. Public art is meant to be seen, but more so experienced, as a work of art can help stimulate and provide perspective no matter what the subject at hand.

The Southfield Public Arts Commission identified a permanent home for the *Boy and Bear* sculpture at the Southfield Public Library. The Library receives thousands of visitors per week, and Marshall Fredericks would have been pleased to know his work will continue reaching so many people each day. The Southfield Public Arts Commission launched the ‘Free the Bear’ development campaign to raise funds for the art from the former Northland Center. The campaign included both a public crowd funding component as well as corporate underwriting. The Mayor’s Office and the Southfield Public Arts Commission have raised over \$700,000 to repay the loan and has continued to raise additional funds to restore and place the art throughout Southfield. Moreover, every contribution received helped to establish a permanent fund for youth art programming, support for local artists, and expanded cultural opportunities in the City of Southfield.

Recent Public Art Installations

The City of Southfield and the Southfield Public Arts Commission hosted a reception to dedicate several newly placed sculptures as well as a special unveiling of a former Northland piece at the Southfield Public Library last September.

The new sculptures dedicated included a refurbished Moby Dick that was installed in the fountain of the Southfield Public Library; Arthur Kraft’s Peacock sculpture that now graces the Library circle drive; Sorel Etrog’s The Prophet that was installed in the Police Memorial Garden; and Andreas Drenters’

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Pioneer Family II at Mary Thompson Farm, among others. The unveiling showcased the restored miniature Mackinaw Bridge model that was on display in the only surviving outdoor plaza after the 1974 enclosure of Northland.

All of the new sculptures dedicated, with the exception of Pioneer Family II, originated from the former Northland Mall collection that was acquired by the City with the purchase of the shuttered mall. No tax dollars have been used for the art acquisitions, restoration and placement of the works.

Moby Dick, created by American sculptor Joseph Anthony McDonnell, was commissioned by the J.L. Hudson Company for Northland Mall in 1966. This 1,100-pound bronze sculpture and fountain graced a courtyard in the center of the mall until 2015 when the mall closed. The city of Southfield took possession of the 18-piece Northland art collection, including Moby Dick, in 2015. The collection was purchased for \$500,000 through a city-arranged, low interest loan. More recently, a new initiative was launched to restore the fountain that is located on the front lawn of the Southfield Public Library which has not been operable for the past decade. In addition to fundraising for the restoration of the Northland art, funds were also raised to reconfigure and repair the fountain. Moby Dick now fittingly graces the fountain as a centerpiece that sprays water in a smaller, more manageable configuration with extensive new landscaping, lighting and walkways recently completed. Many corporate and individual donors made this project possible, including: Barton Malow, Guardian Alarm, Judith Sims, Janine Pixley, Southfield Parks & Garden Club, Mayor Kenson Siver, Belfor, Friedman Real Estate, United Jewish Foundation, Farbman Real Estate, Robert Johncox, Torch of Wisdom Foundation, Mike Shango, Miller Legacy Trust, and Forrest Page. The goal of this campaign was to raise \$200,000 in addition to several in-kind donations.

Northland Public Art Acquisition

The City of Southfield purchased the public art that was located at Northland Center for \$500,000 in April 2015 as a loan from the City that has been recouped by the 'Free the Bear' fundraising campaign. Of this amount, \$300,000 was provided by the Miller Legacy Trust Fund. The acquisition included the iconic The Boy and Bear sculpture by the late Marshall Fredericks that had been on display at Northland since the mall's opening in 1954. Fredericks was one of six artists commissioned by J.L. Hudson to design the sculpture for Northland Center in Southfield, Michigan. At the time it opened in 1954, Northland was the country's largest shopping center as well as the first regional shopping center. The Boy and Bear was installed in the vestibule of the Southfield Public Library in May of 2016 followed by the installation of the famed Walter Kraft Peacock in the front circle of the library in September of 2018. All of the other art acquired from Northland has been safely removed with plans to install the remaining pieces throughout the city.

Southfield Public Arts Commission

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

Friends of the Southfield Public Arts

Friends of Southfield Public Arts is a recognized tax exempt 501 (c) (3) non-profit organization that works with the Southfield Arts Commission and the city of Southfield to maintain, strengthen and increase public art throughout Southfield.

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Southfield Photo Prize

The City of Southfield sponsored the 4th annual Southfield Photo Prize last summer to showcase the natural and architectural beauty throughout the city while also creating an exciting public art exhibition. Due to the success of the competition, the program was expanded from 20 to 25 finalists.

Over 200 entries were received for the 2019 Southfield Photo Prize competition. Submissions were initially reviewed by the Total Living Commission that selected the top 25 entries that were eligible for public voting. The finalists were enlarged and displayed outside on city hall and the parks & recreation building for public viewing. The community was encouraged to visit all the entries and to vote on their favorite installation. Photo finalists were also posted on a special Southfield Photo Prize section of the City's Web site (www.cityofsouthfield.com) for judging by the public from June 10 – August 30. The winners were announced at an awards ceremony in September and the photo that received the most overall votes will be featured in the City's 2020 calendar. The other finalists may also be featured in the calendar and other city marketing materials.

AWARDS & ACCOLADES

Verizon Top 50 Best Smaller Cities

The City of Southfield was named among the Top 50 Best Smaller Cities to Start a Small Business by Verizon.com. The list includes Southfield among the top 50 best places to start a small business for the second consecutive year.

The rankings were based upon: education level of local work force; in-city commute times; income per capita; broadband access; availability of SBA loans; and overall tax friendliness.

Michigan Chapter of the American Association for Landscape Architects (ASLA) Design Merit Award

The City of Southfield's Red Pole Park public art installation located in the Southfield City Centre won a General Design Merit Award from the Michigan Chapter of the American Association for Landscape Architects (ASLA).

The General Design Merit Award was presented by ASLA President Wendy Miller to Landscape Architects Mijung Ko, ASLA, PLA, LEED GA and Mark Hieber, ASLA, LEED AP, Principal at HED, a national architecture and engineering firm with a local office in Southfield. HED was retained by the Southfield City Centre to design the first phase of a shared use pathway system and this environmental art feature as a centerpiece for community engagement.

Red Pole Park is the first installation in a series of outdoor "rooms" or art installations planned along the Northwestern Highway Shared-Use Pathway and Greenway. A total of 65 poles have been installed, each towering approximately 35 feet above the ground and weighing 800-1,000 pounds. Eighteen-inch tall stumps will be installed and dots will be painted along the pathway following the grid pattern of the poles. The various heights of the poles represent Southfield's history, present goals, accomplishments and future growth. An additional 1,000 feet of pathway will also be added to the existing pathway this summer, extending the pathway north to Lahser Road.

The Northwestern Highway Shared-Use Pathway and Greenway was created by converting an "old goat path" into a bike-walk accessible greenway to join a growing network of trails and sidewalks

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throughout Southfield. The pathway currently runs between Civic Center Drive and Corporate Drive. The ten-foot-wide shared-use pathway will include over 2.5 miles of paved surface area for bikers, walkers and runners once completed as well as extensive landscaping and other pedestrian amenities, filling in a key gap in the City's pathway system.

The City of Southfield and the MEDC successfully raised over \$55,000 to create Red Pole Park. The campaign surpassed its crowdfunding goal of \$50,000 by August 4, 2017—earning the project a \$50,000 matching grant with funds made possible by MEDC's Public Spaces Community Places program. Additional funds were provided by the Southfield City Centre and city of Southfield's Metro Act funds. Public Spaces Community Places is a collaborative effort of the MEDC, MSHDA, the Michigan Municipal League, and Patronicity where local residents can use crowdfunding to be part of the development of strategic projects in their communities and be backed with a matching grant from MEDC.

The award is significant in that it was adjudicated by the Iowa Chapter of ASLA, rather than by a local panel. The jury said, "The creative solution and innovative approach to using existing utility infrastructure not only pushed the design further but worked within the limited budget." Consisting of 65 red poles, each 35-foot tall, the installation intersects the extra-wide shared-use path at a segment of the Southfield City Centre Trail visible to the vehicles that traverse the Lodge Freeway each day. Red Pole Park represents the past, present and future of civic mindfulness in Southfield, with special historical recognition for past generations and founders of Southfield, as well as the growth and development of civic leaders yet to come.

At night, the tallest of the poles are lit with twinkling blue lights, which signal safe harbor, much like Michigan's many beautiful and historic lighthouses. Walkers, runners and cyclists on the Trail can interact with the poles, which are home among native wildflowers, trees and unique birdhouses.

COMMUNITY ENGAGEMENT, NEIGHBORHOODS, HOUSING & CURB APPEAL

City of Southfield renames Southfield Municipal Campus to Donald F. Fracassi Municipal Campus

The Southfield City Council unanimously voted to rename the Southfield Municipal Campus to the Donald F. Fracassi Municipal Campus at the December 9, 2020 City Council Meeting. The Mayor and City Council made the announcement at a special reception and presentation in Mr. Fracassi's honor as part of the December 16, 2020 City Council meeting.

Mr. Fracassi's political career spans over 50 years with the city of Southfield. He was first elected to the City Council in 1967 as one of the youngest ever; elected Council President and Acting Mayor in 1969-1972; elected Mayor 1973-2001; returned to City Council in 2003, as Acting Mayor in 2015 and again as a Councilman until 2019. Mr. Fracassi's tireless work to improve the quality of life for the residents of Southfield and Oakland County is still evident today. Through his almost 30 years of service as Southfield's Mayor and over 15 years of service as Councilman, he successfully pioneered several positive initiatives that have secured Southfield as an economic hub in southeastern Michigan.

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New signage for the renamed Donald F. Fracassi Municipal Campus was completed and installed in spring of 2020 followed by dedication ceremony in September.

New Municipal Website Launch

The City of Southfield launched a comprehensive new municipal website on August 1, 2019 at noon EST. The new Southfield website is still located at the same web address, www.cityofsouthfield.com.

The City developed the new and improved website to provide the community with a more interactive and streamlined source of City news and information. The Community Relations and Technology Services Departments, in partnership with web development vendor Gravity Works, completely redeveloped and redesigned the City's previous website to improve the overall functionality and appearance. The new Southfield website is more user-friendly, offering improved navigation and detailed information in a quick and convenient format. The many new features of the site will include transitioning to the more stable Drupal platform, responsive web design as well as incorporation of the new SeeClickFix module that will allow citizens to directly report quality-of-life issues and request city services. With the free SeeClickFix mobile app and web tools, Southfield residents will now be able to provide city staff with pictures, specific descriptions, and more — valuable information needed to get the job done efficiently. In addition, the SeeClickFix platform provides Southfield officials with a centralized issue management system to oversee concerns from creation to resolution— engaging Southfield residents and businesses throughout the process.

The new website is completely mobile and tablet friendly, allowing users to fully access information on the go. The sleek new site also features extensive new photos and videos showcasing Southfield, more online services, downloadable or fillable City forms, applications, documents and more. The new website also includes improved webcasting capabilities – allowing users across the world with the opportunity to watch city council meetings and other events online. The City's previous website remained fully functional prior to the August 1 launch of the new site.

Southfield Solutions Resident Reporting Tool

The City of Southfield partnered with QScend Technologies to launch the new Southfield Solutions platform that allows residents to directly report quality-of-life issues and request city services all from the convenience of their smart phone, tablet or computer. The City officially transitioned from SeeClickFix to the new system on March 4, 2020.

With the free Southfield Solutions mobile app and web tools, Southfield residents and businesses can provide City of Southfield staff with pictures, specific descriptions, geo-locating and more — valuable information needed to resolve an issue efficiently. In addition, the Southfield Solutions platform provides Southfield officials with a centralized issue management system to manage issues from the initial report to resolution — engaging the community throughout the process.

After reviewing several possible vendors, the City of Southfield ultimately selected QAlert because it provides unlimited staff user licenses, GPS-based geographic assignments and the ability to incorporate the City of Southfield's branding. The system is very easy for the community to use, allowing residents to quickly create an account and view a history of requests they have submitted and the status of each. Additionally, with QAlert the complaint goes directly to city staff tablets in the

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field and the City's rubbish and recycling vendor GFL will pay for half the annual cost of the system. Previous SeeClickFix users will need to create an account in the new system in order to continue reporting service request issues. All existing SeeClickFix requests for service requiring further action after March 4, 2020 will be transferred to the new Southfield Solutions system.

The Southfield Solutions mobile app is available for free download on Android at: <https://play.google.com/store/apps/details?id=com.qscend.report2gov.southfieldsolutions> and iPhone at: <https://apps.apple.com/us/app/southfield-solutions/id1500931950>. In addition to the mobile apps, citizens can send reports directly to the City of Southfield website at www.cityofsouthfield.com.

Neighborhoods, Housing & Curb Appeal

Southfield residents have 74 homeowners' associations and 53 condominium associations representing their collective interests. The community offers over 17,000 single-family homes and nearly 17,000 multi-family apartments and townhouses. Within Southfield's 26.7 square miles, residential zoning comprises 64 percent of land use, yet 65 percent of the community's tax revenues are generated from business properties. Though considered nearly fully developed, Southfield continues to evolve to meet the ever-changing needs of the community.

Beautification efforts are further strengthened through the Neighborhood Entranceway Marker Program administered through the City's Neighborhood and Information Center, a division of the Community Relations Department. In the 2019-20 fiscal year, six entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, almost 130 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping from over 250 nominations through the City's annual Community Pride Awards program. The program was expanded to include several new categories including 'Businesses-Small', 'Businesses-Large' and 'Well-Manicured/Maintained Residential Properties' which is geared for homeowners that maintain curb appeal on a budget. The Southfield Parks & Garden Club, a grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the year.

Southfield Parks & Garden Club

The Southfield Parks and Garden Club is a 501(c)(3) non-profit organization that works to keep Southfield beautiful. The club is a grass-roots, city-wide organization whose members assist with various curb appeal initiatives to beautify yards, neighborhoods, parks and other public spaces throughout Southfield. The club also operates a community farm at Emmanuel Lutheran Church that grows and harvests fresh, organic produce that is donated to Forgotten Harvest for those in need. All proceeds from the garden walk ticket sales will support the club's charitable outreach efforts.

The Southfield Parks & Garden Club also hosted the 13th annual Southfield Garden Walk last summer throughout several of the finest gardens in the Southfield Gardens to showcase the beauty of the city.

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Neighborhood Revitalization Initiative (NRI)

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

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

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

Habitat for Humanity's Rock the Block Program

Habitat for Humanity of Oakland County, in partnership with the City of Southfield's Neighborhood Services, sponsored the 4th annual Rock the Block program in the South Evergreen area October 2-3.

Habitat Oakland County's Rock the Block (RTB) program combines homeowners in targeted areas, Habitat volunteers, community sponsors and home preservation projects into high-energy community revitalization projects. Under the guidance of Habitat Oakland County's construction staff, community sponsors and volunteers complete exterior home repairs, weatherization and cleanup activities such as porch staining, house/porch painting, gutter cleaning, yard clean-up and landscaping. Habitat Oakland County invites corporate and community partners to join this movement in neighborhood revitalization and work along-side existing supporters including the City of Southfield, Thrivent Financial, Consumers Energy, and volunteer and sponsor groups.

Habitat Oakland County hosts two to three Rock the Block events each year. These events generally involve 12-15 simultaneous projects taking place over a two-day period in a focus neighborhood. This year, the program has been expanded to include two different focus areas in the city of Southfield. Projects were approved on a first-come, first-served basis. Interested residents in those focus areas were encouraged to submit an application before the program was full.

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Mayor Siver's Big Rake Initiative

Mayor Kenson Siver, in partnership with Lowe's Home Improvement and Home Depot of Southfield, hosted The Big Rake on Saturdays, November 9, 16, 23 and December 7 throughout Southfield. The Big Rake is an effort to help elderly or disabled Southfield residents with fall lawn maintenance. Volunteers were recruited to help rake and bag leaves for those residents that are unable to do so. Lowe's Home Improvement and Home Depot donated the paper yard waste bags for use at the events. In total, more than 300 volunteers helped to clear over 110 yards over the course of the four work days.

AARP Age Friendly Community Designation

The City of Southfield was officially designated as an Age-Friendly Community by the AARP Network of Age-Friendly States & Communities for creating an action plan for being more age-friendly under the criteria established by AARP and the World Health Organization. Southfield Human Services and the Commission on Senior Adults (COSA) hosted an AARP Age Friendly Community kickoff event in May of 2016 followed by the application in June. The event served as the official launch of the city's campaign which included an overview of the plans for the City of Southfield to be designated an AARP Age Friendly Community. Designation as an AARP Age Friendly Community shows that a community's elected leadership has made the commitment to actively work toward making their city a great place to live for people of all ages. Membership requires a multi-step process of improvement, including conducting a community survey and creating an action plan. In the midst of the pandemic, COSA still continues to meet to redefine its goals, move the plan forward and to continue to be of service to the community.

The Commission on Senior Adults (COSA) was created to present recommendations and information to the Mayor and City Council based on investigation and study of the needs, concerns and problems of senior adults living in Southfield. COSA works closely with city departments and local agencies that serve the senior adult community. COSA also monitors state and federal legislation and serves as an educational link to services and resources designed to support our senior community.

Southfield Community Coalition

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

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

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The Southfield Community Coalition has been successful in gaining new HOA and condo associations members throughout the past fiscal year. Additionally, they have held several very informative workshops and other public meetings designed to grow and strengthen homeowner and condo associations throughout the city. By sharing common concerns and best practices for successful associations, sponsoring forums on topics of community interest and increasing communication among associations, the Coalition is a resource and advocate for all Southfield residents, whether they rent or own a home, apartment or condo in the city. The Coalition also hosted their first annual Community Yard Sale last July to increase their financial position while also creating an exciting community event.

2019 Greg Kennedy Community Service Award

Nominations for this prestigious award are reviewed annually by the City's Total Living Commission (TLC) with recommendations made to City Council. Nominations were due by November 1, 2019 and five qualified candidates were received. The candidate selected by the most votes was Southfield Parks & Recreation Advisory Board Chair and Tamarack-Hiawatha Homeowner Association President Rosemerry Allen.

The Greg Kennedy Community Service Award was originally established in 1999 to honor the legacy of community activist Greg Kennedy by encouraging other residents to engage in public service. Greg Kennedy was one of Southfield's first residents and demonstrated his commitment to the City throughout his entire lifetime. He established the City's first Southfield Homeowners Coalition and annually sent numerous low-income children to attend the Shriner's Circus. He visited senior homes in Southfield every week to help out, entertain and listen. He was an outspoken advocate for seniors and young people alike and was known for standing up for other people's rights. Since its inception, there have been only five recipients of the award, including: Samuel P. Havis in 2000; Jacqueline Nelson in 2001; Muriel Zweigel in 2003; Jon Adams in 2016; Roger Goolsby in 2017; and Patricia Haynie in 2018.

BUILDING, FACILITIES, CODE ENFORCEMENT & PUBLIC WORKS

Building Department

The Building Department continues to review and inspect all new construction, renovation and alteration permits for commercial and residential properties. Renovations of residential and commercial buildings have been extremely high, and permit activity has been strong throughout the past fiscal year. The Building Department practices Oakland County's One Stop Ready program, making sure Southfield customers understand permitting procedures and the department is moving toward online permitting and payments in the next fiscal year. The department currently has a staff of 19 full-time employees and two part-time employees available to serve the public daily. Two plan examiners are also now available daily for questions from developers, architects, engineers and homeowners. The Building Department is in the process of inspecting over 14,000 multi-family apartment units over the next four years. In addition, approximately 1,100 single family rental properties are inspected annually. Both programs are in place to ensure occupant safety, building safety and property maintenance.

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City Launches New Online Permit Application System

The Southfield Building Department launched the BS&A online permit application system to help streamline the permit application process. Residents and contractors can now apply and pay for all permits and schedule inspections (with few exceptions) right from the comfort of their home or office at <https://bsaonline.com/?uid=272>. BS&A Online also offers users other useful tools such as residential, rental property and other record searches as well as the ability to make additional online payments including property taxes and special assessments.

BS&A Software provides a tightly integrated system of software products designed specifically for municipalities that demand leading-edge, feature-rich solutions at a value price. With over 2,000 municipality customers, they are one of the leading local government software solutions providers.

Code Enforcement

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

Eyes of Southfield Community Appearance Program

The City of Southfield launched the “Eyes on Southfield” program to enable residents to notify the City with ease when a code or blight issue is observed. Residents may simply call (248) 796-EYES (3937) 24 hours-a-day, seven days-a-week to report code issues or violations. With an increased focus on curb appeal, the Southfield Code Enforcement Department will respond to most complaints within a 24- to 48-hour time period. Code Enforcement Officers canvass the City seven days-a-week to monitor the condition of Southfield homes and neighborhoods. In addition, the City relies on the “eyes and ears” of the entire community to report any obvious or extreme code violations. When a violation exists, code officers will inform the resident or business of the issue and educate them how to correct it. If another violation occurs at the same property, the home or business owner will be issued a civil infraction and must appear in court.

City Sewer and Septic Tank Issues and Public Information Campaign

For the health, safety and welfare of the community, environment and individual homeowners, residents whose homes are on septic systems were reminded throughout the past fiscal year that they must have their system inspected every three years to ensure they are functioning properly.

With an increased emphasis and focus on providing this important public information, City staff also stressed: the benefits of connecting to the city sewer system; septic system maintenance tips and inspection checklist; and city sewer connection costs and loan program. The City also held a series of community town halls with handouts available of topics covered and residents were provided an opportunity to ask questions following the presentations.

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There are now fewer than 1,000 homes in the city that currently have septic systems. City and state ordinances require that septic systems must be inspected every three years. If a septic system fails, it creates a health and environmental hazard and greatly devalues the worth of a property. Replacement costs of septic systems vary depending on the area's water table, the topography of the lot and composition of soil. In many cases, it is often cheaper or comparable cost to connect to the city sanitary sewer.

Over 20 years ago, residents began requesting that the city install sanitary sewers in areas where none existed. Consequently, the City borrowed \$38.3 million in 1998 to bring sanitary sewers in neighborhoods without them. Since then, homeowners have been connecting at a lower rate than anticipated. To encourage connecting, the city has recently lowered the tap-in fee, is investigating environmental grant funding (and perhaps a deferred loan program), seeking to create a "group" contractor for installation to lower the price per linear foot based on the depth of the dig and is enhancing its list of qualified contractors.

The 1998 sewer project affected 32 miles of residential roads and 1800 single family homes. Prior to this project, these homes were in areas without access to trunk line sewer systems. The distance between the city sewer line and a home's sewer connection drive the cost of the installation. In some cases, tapping into the city sanitary sewer become cost prohibitive. Southfield does offer a low interest (3%) loan to residents who wish help in financing the connection to city sewer.

In Southfield, most people assume that residents are connected to the Detroit water system/Great Lakes Water Authority. However, there are numerous homeowners whose water source is from wells. Well water needs to be tested on a regular basis to keep residents safe.

Public Works

Curb appeal is important in maintaining the City's image, character and infrastructure as well. Public Works strives to ensure the City's streets, sidewalks, neighborhoods and business districts remain safe, clean and appealing. Steps include the continuation of programs for ice and snow removal, mowing and sweeping of three county roads: Lahser, 10 Mile and 12 Mile Roads; an extra sweep through residential streets; increased right-of-way, cemetery and park mowing; and cleaning of ramps and side slopes during freeway road closures. The Public Works Department also works with neighborhood associations to assist with the maintenance of neighborhood entranceways.

The City of Southfield makes every effort to maintain and repair all roads within the City's jurisdiction in a timely manner. Due to the severity of weather last winter, the City increased the number of crews that were actively repairing potholes to four crews that worked twelve-hour shifts to repair potholes throughout the city on a priority basis. In a typical winter, two four-person crews generally use approximately 350 tons of cold patch in repairing pot holes. Last winter, the City went through more than 480 tons of cold patch. Southfield also established a special hotline (248-796-4000) to report potholes.

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

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DOWNTOWN DEVELOPMENT AUTHORITY

The City of Southfield Downtown Development Authority was established in 1988 to reverse the trend of declining property values and conditions in southeastern Southfield. The DDA is an active member of the City's Business Development Team as well as the Southfield Area Chamber of Commerce. The Southfield Downtown Development Authority consists of a 13-member Board of Directors and is staffed by two full-time employees. The DDA acts as a catalyst in the development and redevelopment of the district. Major stakeholders in the district, such as Providence Hospital and Oakland Community College, offer the potential for growth.

In FY 2019-20, the Southfield DDA continued to move the district forward with new developments, the completion of long-term projects and an emphasis on healthcare, retail and higher education. Two of the biggest challenges the Southfield DDA has been faced with in recent years has been the redevelopment of vacant buildings and unused land. Significant improvements have been made in this area with the demolition of two large buildings that have been empty for a long period of time, including a former Ramada Inn and the former North Park Plaza building, both located off Nine Mile Road near the Lodge Freeway. Both properties were purchased by Oakland Community College, which has a thriving campus within the Southfield DDA. The college is best known for its array of healthcare classes available only at that campus. The DDA was the catalyst for the beginning of these efforts.

The Southfield DDA also has been a leading advocate for the completion of several infrastructure projects within its borders, including major road construction efforts, such as a complete overhaul of the southbound lanes of Greenfield Road between Eight and Nine Mile Roads and the relocation of the Northland Bus Transit Center. The DDA has also continued to work with the thriving St. John Providence Hospital campus, which has invested more than \$45 million in facility upgrades. Another healthcare initiative the DDA has been involved with is the development of a possible Wellness Center. The DDA and other stakeholders are presently in the first phase of a study to determine the viability of such a center in the district and its potential to accelerate further activity in the area.

Also in the district, St. John's Providence Hospital, is now part of Ascension, the largest Catholic health system in the world and the largest non-profit health system in the United States with facilities in 23 states and the District of Columbia. Ascension Providence Hospital-Southfield is a full-service hospital with 24/7 emergency care, a Level II Trauma Center, and a Primary Stroke Center that delivers advanced surgical care for serious and life-threatening injuries and illnesses. Ascension's Providence Hospital continues to be a world-class healthcare institution, again ranked as one of the nation's top 15 major teaching hospitals by Thomson Reuters, one of the country's leading sources of health care information and research. Thomson Reuters recognizes hospitals that achieve or exceed national benchmark scores for hospital-wide performance. Providence was the only hospital in Michigan to be selected in the Major Teaching Hospital category of Thomson's 100 Top Hospital's list, marking Providence's fifth appearance on the list. Providence was also one of only 23 hospitals in the country to be named a winner of a Thomson's Everest Award. The award honors an elite special group of national award winners who have reached the highest level of accomplishment on the national Balanced Scorecard and have the fastest rates of long-term improvement.

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PUBLIC SAFETY

Southfield remains safe and secure as a result of the dedicated, highly trained and well-equipped members of the City's award-winning police, fire and emergency management departments. Southfield's public safety personnel are committed to providing residents with the best possible service, protection and prevention through ongoing training for staff and staying current with the needs of the community. Residents have the opportunity to assist in keeping their community safe and secure through Neighborhood Watch and community policing projects. Emergency Management volunteers provide a variety of services during weather-related and other hazardous conditions and by assisting with parking enforcement during community events.

Southfield Fire Department

The Southfield Fire Department continues to be one of the premier fire department in the region due to the commitment and devotion to duty of its members. Southfield's entire team is dedicated to providing the highest quality life-safety and emergency services available. In recent years, the fire service has been charged with providing emergency medical services, water rescue, hazardous materials response, all aspects of technical rescue, along with a large increase in emergency calls and non-emergency activities such as inspections, public education, and CPR training for the community. The Southfield Fire Department has, in all cases, succeeded in implementing programs to answer these challenges while at the same time remaining focused on its core mission of protecting life and property. Training fire department personnel to meet these challenges continues to be a high priority.

City Purchases New Fire Trucks & EMS Units

Public safety remains a top priority of the Mayor, City Council and City Administration and this commitment is clearly reflected in city expenditures. As such, the Fire Department received \$4.4 million in new equipment in the spring of 2020 to keep the Southfield community safe and secure.

After many months of custom preparation, the department took possession of four new pumper trucks and one ladder truck at a cost of \$3 million. The Fire Department also purchased five new EMS/Life Support units with seven Life Pack Cardiac Heart Monitors, ten Lucas CPR devices and five Stryker Power Stretchers. The Council approved these purchases last fiscal year at an additional cost of \$1.4 million in the ongoing effort to provide the highest level of public safety service.

Fire Chief Menifee selected as President of Southeastern Michigan Association of Fire Chiefs

Southfield Fire Chief Johnny Menifee was sworn-in as the President of the Southeastern Michigan Association of Fire Chiefs by State Representative Kyra Bolden on June 19, 2020. Chief Menifee is the first African-American and the first Southfield Fire Chief to be selected to preside over the Association. The Southeastern Michigan Association of Fire Chiefs works to promote improvements in fire prevention and life safety, fire suppression, emergency medical services, and emergency related services. The Association also fosters leadership, training, and networking opportunities; promote unity within the fire service; support a beneficial fire service legislative agenda; and elevation of ethical standards by its members.

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Fire Department continues to experience high run volume

The Southfield Fire Department is the busiest fire department in Oakland County in fire and medical runs. In FY2019-20, the department responded to a total of 2,150 structure and/or property fires and 12,653 medical calls. In 2019, the department's average emergency response per day was 41 calls. In 2020, the department is on track to respond to 15,000 emergency calls.

The Southfield Fire Department is comprised of 92 highly trained men and women ready to respond to emergencies from five fire stations strategically located throughout the City of Southfield, Michigan. The services provided by the Southfield Fire Department include: fire prevention, fire suppression, basic and advanced life support, high-angle rescue, trench collapse rescue, building collapse rescue, confined space rescue, hazardous materials response, public fire education, and CPR and first aid training. The department is a customer service organization dedicated to preserving the lives and property of Southfield citizens and visitors.

In FY2019-20, the Southfield Fire Department maintained a Class 2 rating in the latest Public Protection Classification (PPC) program sponsored by the Insurance Services Office (ISO). Southfield previously held a Class 3 rating. With this coveted rating, Southfield joins just four other cities in Michigan with a Class 2 rating. The new rating places Southfield in the top 0.5 percent of 1,887 rated Michigan communities and the top four percent of the entire nation.

ISO's Public Protection Classification (PPC) program helps to establish fire insurance premiums for residential and commercial properties by analyzing relevant data using a Fire Suppression Rating Schedule. Classifications are assigned from 1 to 10, with Class 1 representing exemplary public protection and Class 10 indicating that a municipality's fire protection program doesn't meet minimum standards. The Class 2 rating for Southfield's Fire Department may lower insurance rates for property owners in both Southfield and Lathrup Village, where the Department also provides full fire and EMS service.

The Southfield Fire Department remains on the cutting edge of technologies with our integrated computer aided dispatch system, real time data analysis and new personnel management software system, Aladtec. The department provides full time fire protection, E.M.S., Hazardous material and specialized technical rescue (Ropes, Trench, Confined Space & Structure Collapse) services. SFD is a member of the Oakway Mutual Aid Group, which means that the department participates with nine other fire departments to provide coordinated cross-boundary emergency assistance when called upon.

The Southfield Fire Department is also proactive in working with community and business members to empower them to be of assistance in case of emergencies, thereby extending our reach and finding ways to reduce loss of life, injury and property damage and loss. For more than 30 years, the department has created and maintained community outreach and in-reach programs to educate the residents of Southfield with the following programs:

- Public and private education for Homeland Security "Stop the Bleed" program;
- Public and private education for Homeland Security "You Are Help Until Help Arrives" program;
- Partnership with Hatzalah (Jewish based first responders) Organization;
- Public and private First Aid, CPR and AED certification;

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- Partners in public education for Anti-Drug Coalition;
- Partners in public education for Anti-Assailant Coalition;
- National WeatherFest host for NOAA, National Weather Service, Homeland Security;
- Host of Job Fairs for veterans, public and senior citizens;
- Public Open House for Fire Prevention, EMS and Fire Safety – with free flu shots;
- Partnership with Providence Hospital for awareness and prevention of breast cancer through the month of October;
- Free child seat installation; and
- Free smoke detector program.

The Southfield Fire Department has taken a leadership role in the Yellow Rose program which focuses on issues of stress, mental health and First Responder suicides, by hosting symposiums to educate fire personnel and family members on the importance of awareness.

Since October of 2017, the department has hired 25 new firefighters, giving the department a 27% personnel update with the median age of 24 years old while retaining 73% of firefighters with a minimum of five years of fire service. This creates an ideal personnel balance of youth and experience that allows the department to continue to operate optimally and efficiently with an eye towards positive growth in terms of service to the residents and business partners of Southfield.

Southfield Police Department

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

The Southfield Police Department provides a full range of quality public safety services which include marked and unmarked patrol units, a well-trained Investigative staff, and outstanding Crime Prevention services. The department has been honored for the Outstanding Service Award by the Michigan Chapter of Mothers Against Drunk Driving, the Outstanding Crime Prevention Award by the Michigan Crime Prevention Association, and by the Michigan Association of Chiefs of Police for its outstanding community policing programs.

Southfield Police Officers are supported by the latest technology and equipment available. Computers are installed in all marked patrol units to provide faster access to vital information about suspects, victims and addresses in and around the city of Southfield. The radio system represents an important improvement in the speed and efficiency of the department's communication technology. Further, the Police Department has instituted a FAX Network for local businesses and private police. This system is designated to share crime prevention and other information with the private sector in a timely manner. The department has installed a computerized arrest photo system, fingerprint system, computer aided dispatch and records management system. The Southfield Police Department is continuously adding new technology and crime fighting strategies to their existing police concepts to remain a leader in law enforcement and policing.

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

Southfield Police FY2019-20 Incident Numbers

The City of Southfield saw a reduction in all three categories reported. The most significant reduction was in the larceny-theft of motor vehicle parts/accessories category. There were 283 reported cases during the 2017-2018 fiscal year and 119 reported cases during 2018-2019, comprising a 58% reduction and 61 reported cases in 2019-2020, another reduction of 51% from 2018-2019.

- Violent Crimes:
 - 2017 through 2018 – 161 reported
 - 2018 through 2019 – 133 reported
 - 2019 through 2020 – 202 reported

- Property Crimes:
 - 2017 through 2018 – 2177 reported
 - 2018 through 2019 – 1800 reported
 - 2019 through 2020 – 1138 reported

- Traffic Crashes:
 - 2017 through 2018 – 3785 reported
 - 2018 through 2019 – 3473 reported
 - 2019 through 2020 – 2876 reported

New Police Programs & Initiatives

As Southfield's seventh Chief of Police, Chief Elvin Barren has remained a highly visible and effective leader in the community, launching a number of new initiatives in FY2019-20 including a Domestic Violence Task Force.

Police Chief Barren also amended the Police Department's Use of Force Policy to add "Duty to Intervene" provision which states that any sworn officer must intervene if witnessing another sworn officer using excessive force or continuing to employ force after subject is subdued. Officers will be held accountable for excessive use of force or for failing to intervene should excessive force occur.

Southfield partners with Oakland County Animal Shelter to provide improved service to community

In a continuing effort to improve service delivery and efficiency for the Southfield community and due to several ongoing issues with Almost Home Animal Rescue, the city of Southfield opted to discontinue the organization's operation of the City's animal shelter. The Southfield Police Department continues to be responsible for all animal-related issues and complaints occurring within the city of Southfield. On November 29, 2019, Almost Home vacated the Southfield Animal Shelter

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located at 25503 Clara Lane and is no longer associated with the City. Almost Home staff made arrangements for the boarding of all the remaining animals in their care, and there are currently no animals at the Southfield Animal Shelter.

The City of Southfield submitted an application to the State of Michigan to resume operations at the City's animal shelter facility. The City is also currently in the process of hiring an additional animal control officer and the shelter is being prepared for future use by the Southfield Police Department. In the interim, all strays or vicious animals are being taken to Oakland County Animal Shelter located at 1200 N. Telegraph Road in Pontiac.

Almost Home Animal Rescue had served as the City of Southfield's official animal shelter since 2006. Throughout that time, the organization repeatedly failed to adhere to the terms of the contract with the city of Southfield. As such, the city of Southfield officially notified the organization of its intent to sever the relationship last June.

Southfield recently completed extensive renovations to retrofit the City's animal shelter facility to better suit the needs of the community. In an ongoing effort to provide residents with a modern and efficient animal shelter, the city of Southfield invested over \$300,000 last summer to upgrade and improve the facility. Renovations included a complete overhaul of the kennel area as well as upgrades to the main office. Each kennel now includes privacy walls on each side along with doors leading to a covered and fenced outdoor area. With this new improvement, dogs can go in and out of their kennels independently without leashes. The kennel area also received a brand-new epoxy floor, sanitary drains and freshly painted walls. Upgrades to the main office included a new floor, paint and drywall. In addition to the interior improvements, the facility received new sidewalks, outdoor dog runs and fencing. The outdoor area is also now equipped with concrete and sanitary drains for easy cleanup.

Community Response to Active Shooter Events Safety Presentation

The City of Southfield Police & Fire Departments in partnership with the Southfield Community Coalition presented a "Community Response to Active Shooter Events" safety presentation on December 12, 2019 in the Southfield Pavilion.

This interactive presentation by Detroit Police Department Detective Brian Fountain included live simulations of active shooter situations and potentially life-saving information on what precautions and actions to take should such an event occur.

Southfield Fire Department Captain Melissa Medici also presented the Federal Emergency Management Agency's (FEMA) "You Are the Help Until Help Arrives" training program which outlines five simple steps that everyone can take to help save lives during life-threatening emergencies. Participants in this training will also be eligible to receive a certificate of completion online.

"Unfortunately, these types of active shooter events are becoming increasingly more common," commented Southfield Chief of Police Elvin Barren. "Community awareness, safety information and proactive precautions are vitally important to help prepare and mitigate such incidents. Every resident should plan to attend this presentation to learn how they can potentially save themselves and others during an active shooter situation."

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Drive Sober or Get Pulled Over Campaign

Before and during the Labor Day weekend, the Southfield Police Department participated in the *Drive Sober or Get Pulled Over* campaign. To help protect the lives of local residents, patrols were increased on the area roads from August 14 to September 7 with zero tolerance for those who drive impaired.

During the 2019 Labor Day holiday in Michigan, ten people lost their lives in traffic crashes. Throughout 2019, there were 9,787 alcohol involved crashes in Michigan with 295 alcohol involved fatalities statewide.

Southfield Road Safety & Speed Enforcement Program

With an estimated 40,000 vehicles travel along Southfield Road daily, those traveling at excessive speeds on such a busy road can greatly increase motorists crash risk. As such, the communities of Southfield, Lathrup Village and Beverly Hills partnered together on a three-month pilot project: The Southfield Road Safety & Speed Enforcement Program to reduce crashes and improve public safety.

The three-month project ran from December 2019 until the end of March 2020 between the five-mile stretch of Southfield Road from 9 Mile to 14 Mile Roads. The shared goal was to reduce the incidence of speeding and speed-related crashes and to advise motorists of the increased enforcement of the speed limits in this area, as part of a coordinated effort to improve safety, improve travel efficiency, and reduce congestion.

Crash data from 2018 and 2019 shows that there is an increase in incidents between October and March. The main focus of this program was to improve safety as the probability of severe injury increases with the impact speed of the colliding vehicle. Furthermore, crashes congest the roadways and result in greater economic losses. The costs of crashes include lost productivity, medical costs, legal and court costs, emergency service costs, insurance administration costs, travel delay, property damage, and workplace losses.

Operation Safe Kids

The Southfield Police Department partnered with Southfield Public Schools to launch *Operation Safe Kids*, a new initiative focusing on school bus safety.

Beginning in mid-November of 2019, the Southfield Police Department deployed officers in unmarked vehicles along bus routes to observe motorists disregarding school bus safety laws. The unmarked police cars were working in conjunction with marked police cars to identify and ticket drivers. Police officers are looking for motorists who fail to properly observe school bus signals as well as school zone speed limits. When a bus's overhead lights are flashing yellow, drivers should prepare to stop.

Badges & Books

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

The Department added a second location for the program at the Kroger located at 19855 12 Mile Road.

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

Southfield Emergency Management

In addition to all Michigan counties, the City of Southfield is one of only approximately 20 cities in the State of Michigan that provides its residents with a dedicated Emergency Management Program (EMP). The Southfield EMP is the lead local governmental agency concerned with planning and preparing Southfield for potential disasters before they occur and to coordinate efforts during actual disaster responses. Southfield EMP also actively maintains a 'Volunteer Program' consisting of up to 40 uniformed, trained and equipped persons available to enhance public safety in the community. The City benefits from a dedicated Emergency Management Operations Command Center complete with "back-up" generator power in case of a power outage during a natural or man-made emergency. Additionally, the Southfield Amateur Radio Service (SARS) is available for emergency communications should conventional channels fail.

CULTURE & RECREATION

Southfield's recreational opportunities are as diverse as its population: from the busiest movie theater complex in the country to world-class arts and entertainment programs and events. With more than 800 acres of park land, a public golf course, miles of nature and fitness trails, and numerous other recreational activities for all ages and interests – Southfield truly has something for everyone! Southfield's many great restaurants offer the best in Asian, Italian, African-American, Middle Eastern, Jewish and continental cuisine.

Many arts and cultural programs are offered through the City's Parks & Recreation Department and Southfield Public Library. Park West Gallery provides some of the finest exhibitions of art in Michigan, including displays by renowned artists, like Erte, Picasso, Miro, Dali and Rembrandt in addition to auctions online and on cruises ships around the world.

The City also offers sand volleyball and tennis courts; a historical museum; ice and sports arena; an outdoor swimming pool with extensive children's features; and numerous baseball diamonds and soccer fields.

4th annual Kimmie Horne Jazz Festival

The City of Southfield, in partnership with Varsity Lincoln, hosted the 4th annual Kimmie Horne Jazz Festival on August 9 & August 10 on the front lawn of the Southfield Municipal Campus. This marks the third year that Southfield has been home to this popular event.

The free two-day event featured live music, food trucks, boutique vendors and a beer and wine tent sponsored by the Southfield Chamber of Commerce. Kimmie Horne performed both days, headlining the festival on Saturday. The festival also featured performances by Ben Sharkey, Charles and Gwen Scales, Ralphe Armstrong, Tricia Jones, Eric Watson, 496 West Band, Calvin Brooks, Dave Bennett and DJ Vernon English. Additionally, Saturday's event included a special presentation honoring a legendary artist with the Lifetime Achievement Award.

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The 4th annual Kimmie Horne Jazz Festival was sponsored by Varsity Lincoln, the City of Southfield, Henry Ford Health System, Spike Lawrence, Inc., MGM Grand Detroit, the Dirty Dog Jazz Café, the DTE Foundation, Happy's Pizza, Ascension Providence, Holly Construction, The Westin Southfield Detroit, Beans and Cornbread, Dexibell, WhiteRock Specialties and Arthur Murray Dance Studios. Proceeds from the festival were donated to Ronald McDonald House Charities and the Southfield Public Arts Commission.

Kimmie Horne is an internationally renowned vocalist, model and actress. A descendant of legendary songstress and actress Lena Horne and singer/songwriter Cleveland Horne of the *Fantastic Four*, Kimmie has left her musical mark around the world from Detroit to Tokyo. Kimmie launched the Kimmie Horne Jazz Festival in 2016 and has worked tirelessly to grow the festival each year, hoping to one day expand the festival internationally.

Southfield Parks & Recreation

The City's Parks & Recreation Department provides numerous recreation programs for both residents and business people of all ages and interests at facilities throughout the City. The Parks and Recreation Department continues to offer innovative new programs and community partnerships to provide a wide range of recreation opportunities.

Southfield's many parks remain extremely popular throughout the entire year, traditionally hosting a wide range of athletic competitions and events such as little league games, adult softball, tennis and sand volleyball leagues and soccer games. Thousands of residents and visitors enjoyed the Southfield Sports Arena pool from June through August, while many more visited the Sports Arena to participate in hockey games and practices, ice skating lessons and general ice skating from September through March. Golf also continues to be very popular at Evergreen Hills Golf Course, as well as the driving range at Beech Woods. The department also coordinates the popular Eat to the Beat and Burgh Historical Park concert series each summer.

The City of Southfield also invested more than \$2.5 million to extensively renovate and modernize the Beech Woods Recreation Center, located at 22200 Beech Road, over the last several years. These improvements have made the recreation center ADA compliant and include modern updates that greatly enhance the facility. Improvements for the recreation center included a new elevator, renovated office space and lobby, new gymnasium flooring, updated locker rooms and an expanded wellness center. Beech Woods Recreation Center is the home of the southeast Michigan Jr. wheelchair basketball program—making the new elevator a welcome addition.

The City of Southfield held a ribbon cutting ceremony to celebrate the completion of improvements at Inglenook Park on November 8, 2019 at 20901 W. 12 Mile Road, just west of Evergreen Road. Improvements at the park included installation of a new ADA walkway and baseball field backstops and fencing as well as construction of a new shade structure. The project also included additional grading to achieve proper drainage as well as installation of permeable surface of brick pavers around the perimeter of the new structure to reduce water runoff. The new walkway also now allows for better access to the baseball fields and shade structure.

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The improvements were made possible with the Michigan Natural Resources Trust Fund (MNRTF) of the Michigan Department of Natural Resources through 70 percent of \$400,000 matching grant with a required a 30 percent local match of \$120,000 from the city.

Southfield Public Library

The Southfield Public Library continues to serve the community by providing unparalleled services, resources, programs and numerous public meeting spaces. The Southfield Public Library is a state-of-the-art facility that traditionally receives more than 2,300 visitors daily. During these difficult economic times, the Library has grown in importance as a source of information and entertainment for families who increasingly find themselves with limited resources. The Southfield Public Library's many amenities include two computer labs; a sophisticated computer network with hundreds of data drops and Wi-Fi (Wireless Internet) access; numerous meeting rooms; two auditoriums; 16 group study rooms; three outdoor terraces; fireplaces on each level; and stunning architectural and interior design. The Southfield Public Library also offers several computer classes monthly, ranging from Computer Fundamentals to Microsoft Office software training for people at all levels of computer literacy. Additionally, the Library recently completed the renovation of the youth room, added new early literacy computer stations, and expanded shelving in the picture book collection and young adult areas.

One of the major highlights for FY2019-20 was the full restoration of Library hours of operation following a reduction from budget cuts. This change makes the library hours of operation more consistent and easier to remember for patrons. The Library also recently hired several new librarians, computer assistants, aides and assistants to help with the increased hours.

The Southfield Public Library continues to offer residents innovative programming, including the Genealogy Lock-In which allowed participants uninterrupted access to the library's genealogical resources as well as the assistance of Library staff. The Library's annual Battle of the Books programs continue to be very popular, with more than 200 students from 12 different schools and numerous coaches participating. The Library launched a kids' discovery area on the youth floor as a place for children to learn through interactive play as well as the Sleep Under Storytimes which are all ages storytimes in the evenings. The very popular WeatherFest brought together 10 partner organizations including the National Weather Service and WDIV, over 500 students on field trips and an additional 1,000 other attendees to learn how to be prepared for severe weather. Several other library programs such as the Jazz & Blues series, Poetry, Pages & Scribes and the Local Author Book Fairs also continue to be very popular.

Diverse Community and International City

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

City of Southfield

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based division of Wagon Automotive; as well as Autoliv Electronics America, a Swedish corporation; and ThyssenKrupp, a German steel conglomerate.

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

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

Southfield's modern infrastructure, diverse mix of residential and business cultures, focus on beautification and appearance and excellent City services have created a statewide model of a successful community that has helped to provide a solid foundation for the City's continued long-term sustainability. Through careful strategic planning, City Council and Administration have adhered to the City's budget plan while developing a road map to ensure the City's long-term financial future. City leaders continue to maintain a constant focus on providing quality city services while doing so with reduced revenues and unprecedented declines in property values, state shared revenues and state road funding (Act 51). Despite these major challenges, the City of Southfield stands ready to serve as a leader in the economic comeback of this region and the State of Michigan.

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

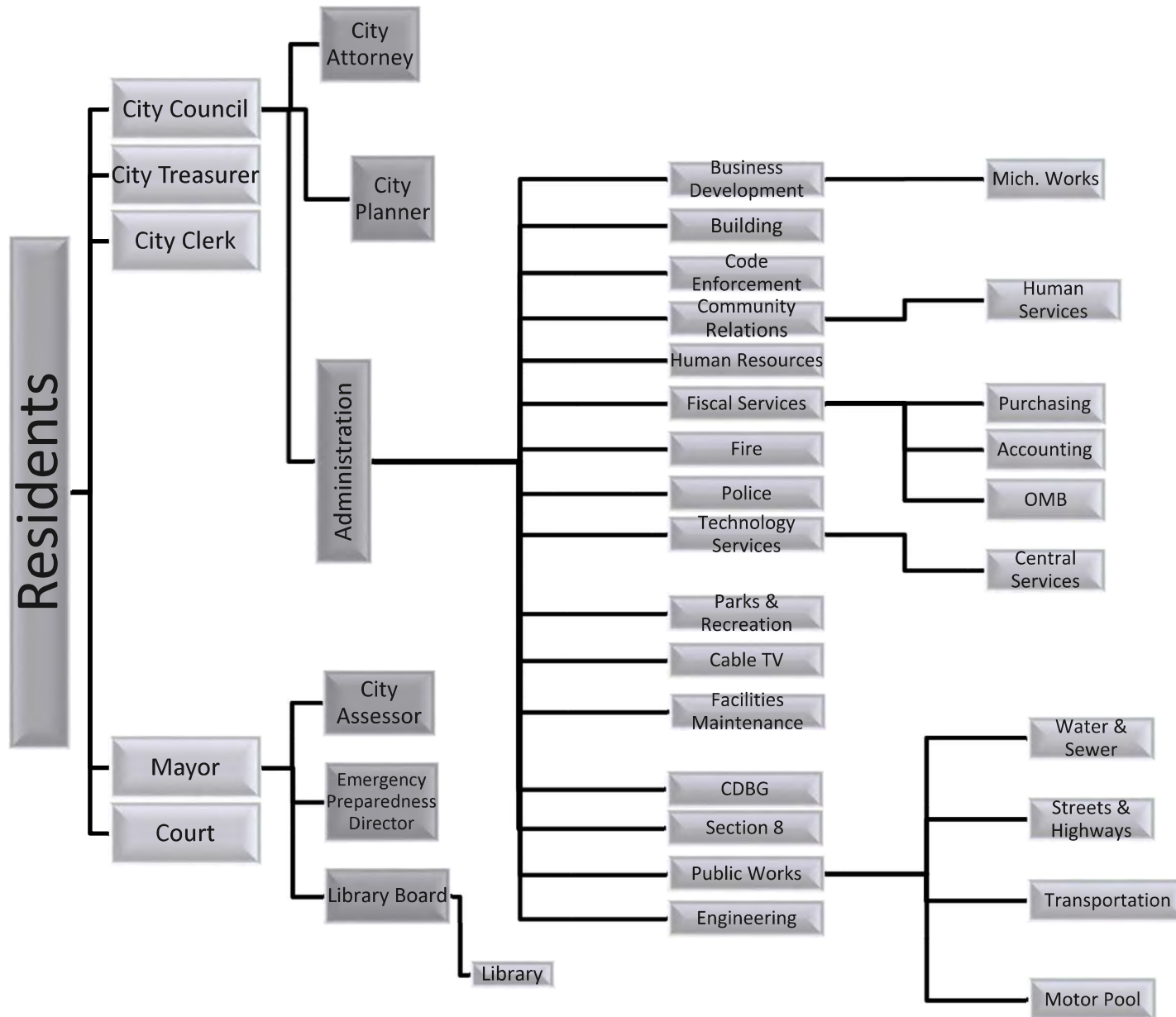
Respectfully submitted,



Frederick E. Zorn, Jr., CEcD
City Administrator

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City of Southfield Organization Chart



CITY OF SOUTHFIELD, MICHIGAN

June 30, 2020

-MAYOR-

Kenson J. Siver

-CITY COUNCIL-

Dr. Lloyd Crews, President

Nancy L.M. Banks

Daniel Brightwell

Jason Hoskins

Michael Ari Mandelbaum

Tawnya Morris

Linnie Taylor

-CITY CLERK-

Sherikia L. Hawkins

-CITY TREASURER-

Irv M. Lowenberg

-CITY ADMINISTRATOR-

Fred E. Zorn, Jr.



FINANCIAL SECTION

Independent Auditor's Report

To the Mayor and City Council
City of Southfield, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2020 and the related notes to the financial statements, which collectively comprise the City of Southfield, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 3, the financial statements include investments valued at approximately \$155,000,000 (43 percent of net assets of the pension and other postemployment benefits trust funds) at June 30, 2020, 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.

To the Mayor and City Council
City of Southfield, Michigan

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southfield, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the City of Southfield, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Southfield, Michigan's internal control over financial reporting and compliance.



December 18, 2020

City of Southfield

Management's Discussion and Analysis

The following is a discussion and analysis of the City of Southfield's (the City's) financial performance, providing an overview of the activities for the fiscal year ending June 30, 2020. This analysis should be read in conjunction with the transmittal letter, beginning on page 1 of this report, and with the City's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the City consists of the following components: 1) An Introductory Section which includes the Transmittal Letter; 2) A Financial Section which includes the Auditor's Report, the Management Discussion and Analysis, the Basic Financial Statements (Government-Wide financial statements, Fund financial statements, Notes to the Financial Statements), Required Supplementary Information such as a budget to actual comparison for the General Fund, additional non-required information including Combining financial statements for all Non-Major Governmental funds and Proprietary funds; and 3) A Statistical Section.

Government-Wide Financial Statements

The set of basic financial statements includes the Statement of Net Position and the Statement of Activities, which report information about the City as a whole, and about its activities. These statements help the reader to determine if the City of Southfield, in its entirety, is better or worse off as a result of this fiscal year's activities. These statements, which include all non-fiduciary assets and liabilities, are reported on the accrual basis of accounting, similar to a private business. This means revenues are accounted for when they are earned and expenses are accounted for when an obligation is incurred; regardless of when the actual cash is received or disbursed.

The Statement of Net Position presents the City's assets and liabilities, recording the difference between the two as "net position". Over time, increases or decreases in net position measure whether the City's financial position is improving or declining.

The Statement of Activities presents information showing the City's net position change during fiscal year 2020. All changes in net position are reported based on the period during which the underlying events giving rise to the change occurred, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

Governmental Activities - Taxes, charges for services, and intergovernmental revenue primarily fund these services. Most of the City's departments and operations are reported under these activities.

Business-Type Activities - These activities operate like private-sector businesses. The City's Water and sewer fund charges fees to recover the cost of the services provided.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Discretely Presented Component Units - Component units are legally separate organizations for which the City Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. Eight discretely presented component units are included: the Local development finance authority, the Tax increment finance authority, the Economic development corporation, the Downtown development authority, the Brownfield re-development authority, Joint-local development finance authority, Section 8 housing commission and the Southfield growth corporation.

As stated previously, the government-wide statements report on an accrual basis of accounting. However, the governmental funds report on a modified accrual basis. Under modified accrual accounting, revenues are recognized when they are available to pay obligations of the fiscal period, expenditures are recognized when they are due.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements the City presents reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

Capital assets used in government activities and depreciation expense are not reported on the government fund financial statements, however depreciation expense is reported on the government-wide statements. Capital outlay spending results as capital assets on the government-wide statements and are reported as expenditures on the governmental fund financial statements.

Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.

Long-term contingencies, such as reserves for sick and annual leave (compensated absences, etc.), appear as liabilities on the government-wide statements; however, they will not appear on the fund statements unless current resources are used to pay a specific obligation. Bond and loan proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the City's assets such as land, buildings, furniture and fixtures. These values are not included in the fund financial statements.

Fund Financial Statements

The fund financial statements provide information on the City's significant funds - as a whole. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

The City's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

Governmental Funds – Basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year, and how the balances left at year-end are available for spending on future services. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance programs. These funds are reported using the modified accrual basis of accounting as described above. Because this basis of accounting differs from the government-wide statements, additional information is provided reconciling the governmental fund statements to the government-wide statements. Governmental funds include the General Fund, as well as Special revenue funds, Capital projects funds and Debt service funds.

Proprietary Funds – Funds with a focus on operating income and cost recovery are reported in proprietary funds. Proprietary funds use the accrual basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. Enterprise funds report activities that provide supplies and services to the general public. The Water and sewer fund is the City's only enterprise fund. Internal service funds report activities that provide supplies and service to the City's other operations. Internal service funds, such as the Motor pool fund, are reported as governmental activities on the government-wide statements.

Fiduciary Funds – The City acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension, other post-employment benefits and agency, are reported using the accrual basis of accounting. The government-wide statements exclude the fiduciary fund activities and balances because these assets are not available to fund current operations.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information (RSI) which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund, the major governmental funds as well as pension trend data. Additional footnotes detailing the schedules is also included.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds as well as budgetary schedules for the non-major special revenue funds. These funds are added together, by fund type, and are presented in single columns in the basic financial statements, but are not reported individually, as are the major funds, on the government-wide statements.

FINANCIAL ANALYSIS

Government-Wide:

- Net position (excluding component units) increased by \$35.4 million from \$85.4 million to \$120.8 million.
- Governmental activities net position increased by \$21.9 million to \$5.5 million.
- Business-type activities net position increased by \$13.5 million to \$115.3 million.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$117.0 million, with \$18.0 million being non-spendable, \$42.5 million being restricted, \$29.1 million being committed for specific purposes and \$27.4 million being allocated between assigned or unassigned.
- The fiscal year 2020 governmental funds combined ending fund balance, which includes the Road Bond Construction fund reported as a major fund in the prior year, reflects a decrease of \$2.9 million from the prior fiscal year. This combined decrease is made up of an increase in the General Fund ending balance of \$5.1 million, a decrease in the Major Streets ending fund balance of \$0.1 million, and a decrease in the Road Bond Construction ending fund balance of \$12.4 million. The rest of the change is spread out amongst the various other governmental funds.
- The increase in the General Fund balance was primarily due to an approximate \$3.2 million increase in overall revenues to \$79.2 million while controlling the increase in overall expenditures to approximately \$74.5 million. The decrease in the Major Streets fund was primarily due to a \$0.9 million decrease in State funding and charges for services offset by reduced expenditures for ongoing road reconstruction projects.

City of Southfield
Management’s Discussion and Analysis
FINANCIAL ANALYSIS (continued)

Capital and Long-term Debt Activities:

- The City’s statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$362.7 million. The City is \$219.5 million below this authorized debt limit.

As previously stated, the City’s combined net position increased by \$35.4 million over the course of this fiscal year’s operations. The position of the governmental activities increased in the amount of \$21.9 million; the net position of the business-type activities increased by \$13.5 million.

The following is a condensed Statement of Net Position for the period ending June 30, 2020:

	Net Position					
	June 30, 2020					
	(in millions of dollars)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
ASSETS						
Current and other assets	\$ 158.3	\$ 156.0	\$ 85.2	\$ 87.4	\$ 243.5	\$ 243.4
Capital assets	172.9	165.9	121.0	104.5	293.9	270.4
Other long term assets	1.4	1.4			1.4	1.4
Total assets	<u>332.6</u>	<u>323.3</u>	<u>206.2</u>	<u>191.9</u>	<u>538.8</u>	<u>515.2</u>
Deferred outflows	53.3	23.4	1.5	0.6	54.8	24.0
LIABILITIES						
Current liabilities	6.2	8.4	8.7	4.7	14.9	13.1
Other liabilities	354.2	307.2	83.1	84.6	437.3	391.8
Total liabilities	<u>360.4</u>	<u>315.6</u>	<u>91.8</u>	<u>89.3</u>	<u>452.2</u>	<u>404.9</u>
Deferred Inflow	20.0	47.5	0.6	1.4	20.6	48.9
NET POSITION						
Net investment in capital assets	106.0	102.9	100.7	97.4	206.7	200.3
Restricted	34.3	28.5			34.3	28.5
Unrestricted	(134.8)	(147.8)	14.6	4.4	(120.2)	(143.4)
Total Net Position	<u>\$ 5.5</u>	<u>\$ (16.4)</u>	<u>\$ 115.3</u>	<u>\$ 101.8</u>	<u>\$ 120.8</u>	<u>\$ 85.4</u>

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

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

	Governmental Activities		Business-Type Activities		Total Primary Government		
	2020	2019	2020	2019	2020	2019	
REVENUES							
Program revenues							
Charges for services	\$ 17.8	\$ 19.9	\$ 47.9	\$ 48.4	\$ 65.7	\$ 68.3	
Grants and contributions	12.9	13.2			12.9	13.2	
General revenues							
Property taxes	71.8	68.5			71.8	68.5	
Unrestricted state shared	9.0	8.5			9.0	8.5	
Unrestricted investment earnings (loss)	5.3	4.0	2.0	0.2	7.3	4.2	
Other	4.0	3.2		0.2	4.0	3.4	
Total revenues	<u>120.8</u>	<u>117.3</u>	<u>49.9</u>	<u>48.8</u>	<u>170.7</u>	<u>166.1</u>	
EXPENSES							
General government	9.7	13.2			9.7	(8.9)	
Public safety	53.8	61.8			53.8	(32.9)	
Highway and streets	14.0	12.8			14.0	6.7	
Public services	2.7	3.1			2.7		
Sanitation	2.4	2.7			2.4	2.7	
Community improvement	0.5	0.5			0.5	0.5	
Social services	1.3	2.2		(3.4)	1.3	(1.2)	
Culture and recreation	11.6	14.8		(13.3)	11.6	1.5	
Water and sewer			36.4	43.2	(4.4)	36.4	38.8
Interest on long term debt	2.9	3.2			2.9	3.2	
Total expenses	<u>98.9</u>	<u>114.3</u>	<u>36.4</u>	<u>43.2</u>	<u>(4.4)</u>	<u>135.3</u>	<u>10.4</u>
Excess (deficiency)	21.9	3.0	13.5	5.6	35.4	8.6	
Increase (decrease) in net position	21.9	145.7	13.5	10.0	35.4	155.7	
Beginning net position	(16.4)	(162.1)	101.8	91.8	85.4	(70.3)	
Ending net position	\$ <u>5.5</u>	\$ <u>(16.4)</u>	\$ <u>115.3</u>	\$ <u>101.8</u>	\$ <u>120.8</u>	\$ <u>85.4</u>	

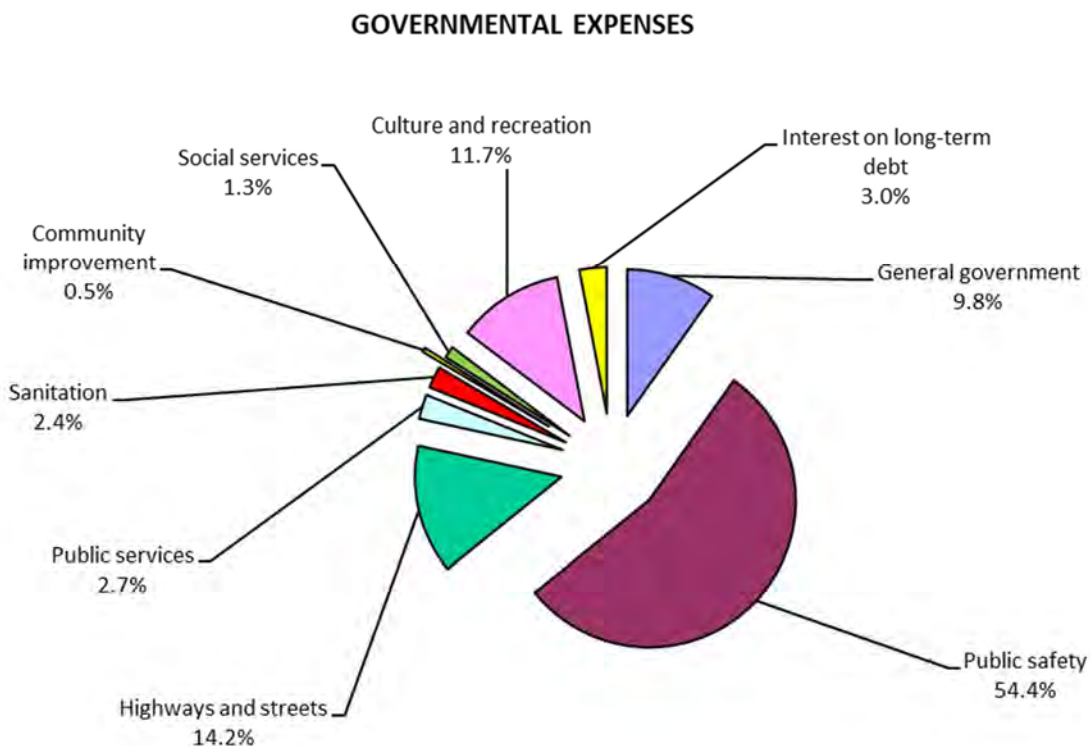
City of Southfield

Management’s Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2020 fiscal year’s governmental activity was an increase of \$21.9 million and an ending net position balance of \$5.5 million. Of this total, \$106.0 million is the net investment in capital assets, \$34.3 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the government. The balance of \$(134.8) million is listed as unrestricted, having no legal commitment.

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



Governmental activity expenses for the fiscal year decreased by \$15.4 million. Public safety continues to be the largest governmental activity, expending \$53.8 million of the governmental activities total expenses of \$98.9 million. Although this category decreased by \$8.0 million it comprises 54.4% of total governmental expenses, a slight increase over the prior year. Highway and streets increased by \$1.2 million making it the second largest governmental activity with \$14.0 million, expending 14.2% of governmental expenses. Culture and recreation is the third largest governmental activity with \$11.6 million, expending 11.7% of governmental expenses. This category decreased by \$3.2 million. General government is the fourth largest governmental activity with a total expense of \$9.7 million, expending 9.8% of total governmental expenses. This activity decreased by \$3.5 million. These four categories comprised 90.1% of total governmental activity expenses.

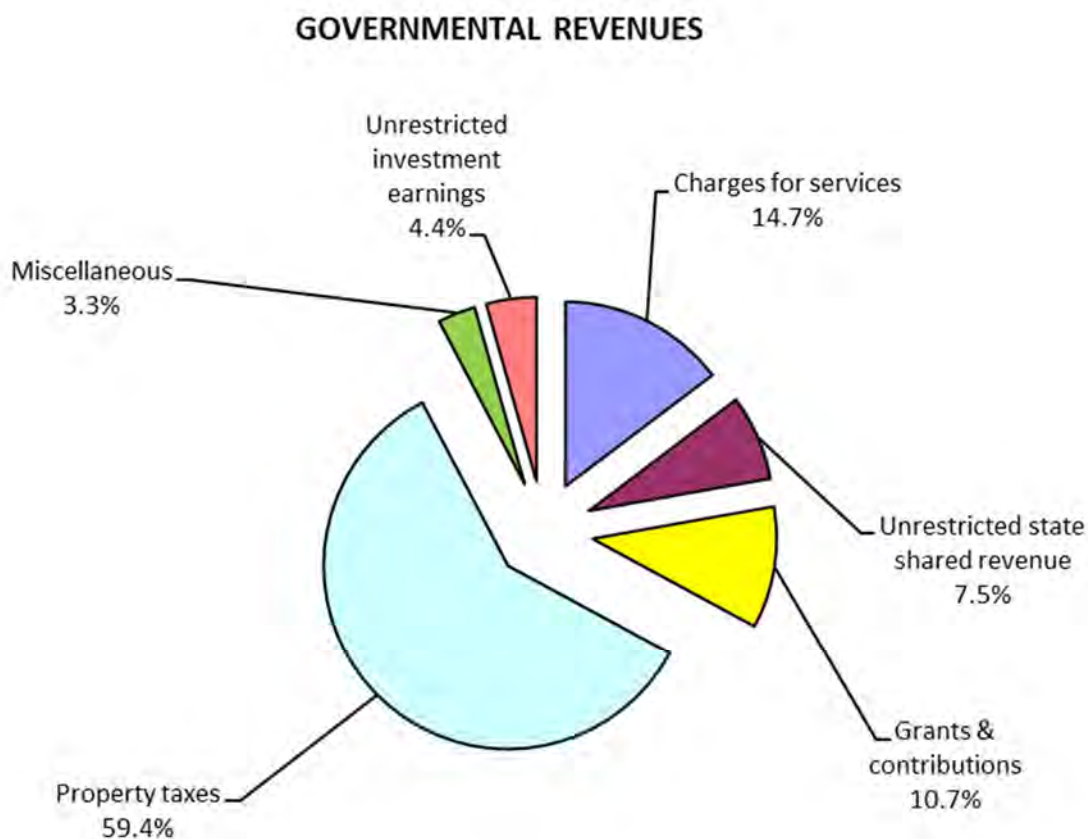
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

In total, governmental revenue had a net increase in fiscal year 2020 of \$3.5 million. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 27.8275 mills. Property tax revenue generated \$71.8 million in 2020, an increase of \$3.3 million. It represented 59.4% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue at \$17.8 million. It represented 14.7% of all available sources of revenue for governmental activities. This source decreased by \$2.1 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 7.5% increasing \$0.5 million to \$9.0 million. The Grants and contributions figure represents 10.7% of all available sources of revenue and decreased \$0.3 million to \$12.9 million. Over 92.3% of the governmental activities are supported by these four revenue sources.

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



City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

Business-Type Activities:

The net position for business-type activities increased by \$13.5 million during fiscal year 2020. Overall, charges for services decreased from 2019 by \$0.5 million but this was offset by an increase of \$1.8 million in investment earnings resulting in a \$1.1 million increase in total fund revenue. Operating expenses also decreased by \$6.8 million.

Of the total \$115.3 million of net position in the business type activities, \$14.6 million is reported as unrestricted.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

General Fund

The General Fund is the central operating fund of the City of Southfield. Unless otherwise required by statute, contractual agreement or policy, all revenues and expenditures are recorded in the General Fund. As of June 30, 2020, the General Fund reported a fund balance of \$61.9 million. This amount is an increase of \$5.1 million from the prior June 30. Of the total fund balance, \$14.7 million is non-spendable, \$2.2 million is restricted, \$28.7 million is committed and \$16.3 million is allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was amended from the originally adopted budget by approximately \$40 thousand to a final budget amount of \$77.7 million. General Fund revenue totaled \$79.2 million. State shared revenue exceeded conservative budget projections of \$8.5 million by \$1.2 million resulting in actual revenue of \$9.7 million reported. Investment earnings including change in fair value of investments budgeted at \$0.5 million exceeded expectations by \$2.0 million resulting in actual revenue of \$2.5 million.

The General Fund expenditure budget was increased for several purposes during fiscal year 2020 including prior year encumbrances of \$9.6 million, primarily for the redevelopment of Northland, to a final budget of \$88.1 million. Actual expenditures for fiscal year 2020 were \$74.5 million which was \$13.6 million under budget.

In summary, the fiscal year 2020 final amended budget anticipated using \$10.9 million of prior year's fund balance. The actual net change in fund balance was an increase of \$5.1 million.

Major Streets

The Major Streets fund is used to report activity relating to major road and rights of way in the City of Southfield. As of June 30, 2020, the Major Streets fund reported a fund balance of \$1.6 million. This amount is a slight decrease of \$0.1 million from the prior June 30. The fund balance is classified as restricted.

City of Southfield

Management's Discussion and Analysis

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

Major Streets Budgetary Highlights:

The Major Streets revenue budget was not amended from the originally adopted budget of \$6.7 million. Actual Major Streets revenue totaled \$7.6 million.

The Major Streets fund expenditure budget was increased for encumbrances in the amount of \$2.0 million for a final budget of \$11.8 million. Actual expenditures for fiscal year 2020 were \$13.4 million which was \$1.7 million over budget. Most of these expenditures related to road construction which is being funded by bond proceeds through a transfer to Major Streets.

In summary, the fiscal year 2020 final amended budget anticipated using \$8 thousand of prior year's fund balance. The actual net change in fund balance was a decrease of \$94 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2020, the City of Southfield and its component units had invested \$294.0 million, net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$23.4 million from 2019. Refer to Note 6 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2020, the City of Southfield had \$77.4 million and \$73.5 million in bonds outstanding in the governmental and business-type activities, respectively. This reflects a combined decrease of \$11.5 million from 2019. A more detailed depiction of the City's long-term debt obligations is presented in Note 7 to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Bond Ratings – The City's unlimited and limited tax general obligation bond rating from Standard and Poor's is AA. This rating was reaffirmed on November 16, 2020.

ECONOMIC OUTLOOK

In March 2020, U.S. and global economies reacted negatively in response to worldwide concerns due to the economic impacts of COVID-19. These trends, including a potential economic downturn, and any potential resulting direct and indirect negative impact to the City cannot be determined but may have a material prospective impact to the City's operations and cash flows. The impact on the City's future operating costs, revenue, and recovery from emergency funding or state funding cannot be estimated. The City does expect that there will be reductions in state-shared revenue from the State of Michigan, but the amount cannot be estimated. The City holds significant investments that are subject to the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. Apart from the adjustment to market for land held for resale, as described in

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

Note 2 to the financial statements, no impairments were recorded as of the statement of net position/governmental funds balance sheet date, as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. The City will continue to monitor the overall impact of the Coronavirus pandemic on the economy.

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 could likely take almost twenty years or more to recover, impacting the growth of property tax revenue. Property taxes are the primary source of unrestricted revenue for the City. While property values in the City have been trending upward, property tax growth is limited to the rate of inflation or 5% as a result of the Headlee Amendment and Proposal A. The Coronavirus pandemic could have a negative impact on future property values.

The Coronavirus pandemic has had a significant negative impact on employment across the nation. In Michigan, the unemployment rate increased 4.7 percentage points from September 2019 to September 2020, up to 8.6 percent. The Detroit-Warren-Dearborn Metropolitan Statistical Area (MSA) jobless rate rose by 5.7 percent over the same period to 9.8 percent and Oakland County reported a September 2020 rate of 7.7 percent up from 3.4 percent in September 2019. However, preliminary figures for October 2020 indicate these rates are falling back to more typical levels with the State of Michigan at 5.5 percent, the Detroit-Warren Dearborn MSA at 6.2 and Oakland County at an unemployment rate of 4.8 percent. In the City of Southfield, unemployment has typically followed the state and county trends but has been slightly higher than the county. As of September 2020, unemployment in the City was 10.9 percent, compared to 4.9 percent at September 2019 but fell to 6.8 percent in October. The economic development plan in the City includes strategies to address unemployment of its residents. The Coronavirus pandemic continues to strain employment.

Despite the pandemic, there has been improvement in the economic outlook that should positively impact the City's fiscal stability. Overall, the City's current and most recent budgets emphasize cost containment and, when feasible, maintenance of existing service levels. Since the economic recovery has been at a slow pace and with the pandemic continuing to hamper recovery efforts, the City will continue to be conservative in its fiscal and spending policies. The goal is to ensure expenditures stay in line with anticipated revenue sources.

CONTACTING THE CITY'S FISCAL SERVICES DIVISION

This financial report is designed to provide our residential and corporate taxpayers, investors, creditors, and any other interested parties with a general overview of the City's accountability for the financial resources under its purview and to demonstrate the City's commitment to proper standards of financial reporting. If there are questions about this report, or further information is needed, please contact the City of Southfield Fiscal Services Group, at (248) 796-5260.

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

City of Southfield
Government-Wide Statement of Net Position
June 30, 2020

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3)	\$ 74,993,978	\$ 13,345,697	\$ 88,339,675	\$ 8,577,991
Investments (Note 3)	42,763,212	886,420	43,649,632	8,058,447
Receivables, net (Note 5)	6,126,361	17,674,380	23,800,741	127,003
Special assessments	881,170		881,170	
Property investments			-	15,000
Prepays and other assets	2,812,066	4,604	2,816,670	108,408
Due from primary government			-	21,988
Due from component units	85,744		85,744	
Due from other governmental units	253,177		253,177	
Land held for resale (Note 1)	13,619,058		13,619,058	
Inventory	857,491	150,954	1,008,445	
Restricted assets: (Note 4)				
Cash and cash equivalents	9,852,181	53,133,229	62,985,410	
Investments	6,034,514		6,034,514	
Receivables, net	12,872		12,872	
Long-term advances to component units (Note 8)	1,401,387		1,401,387	
Capital assets: (Note 6)				
Non-depreciable	31,714,473	25,060,872	56,775,345	
Depreciable-net	141,160,826	95,936,492	237,097,318	152,412
Total assets	<u>332,568,510</u>	<u>206,192,648</u>	<u>538,761,158</u>	<u>17,061,249</u>
Deferred Outflows of Resources				
Deferred charges on refunding	390,667		390,667	
Related to Pensions (Note 11)	40,046,588	1,344,790	41,391,378	51,387
Related to OPEB (Note 12)	12,840,749	174,220	13,014,969	
LIABILITIES				
Accounts payable and other				
current liabilities	5,506,378	8,300,629	13,807,007	97,218
Interest payable	441,405	371,201	812,606	
Due to primary government			-	85,744
Due to component units	21,988		21,988	
Unearned revenue	250,940		250,940	30,466
Noncurrent liabilities:				
Payable from restricted assets	3,660,753		3,660,753	
General insurance & workers' compensation accrual (Note 9)	2,827,801		2,827,801	
Due to other governmental units		172,936	172,936	2,926,464
Long-term advances from primary government (Note 8)			-	1,401,387
Due within one year (Note 7)	12,961,761	3,203,867	16,165,628	4,769
Due in more than one year (Note 7)	73,824,903	70,625,724	144,450,627	32,199
Net pension liability (Note 11)	163,588,271	5,829,648	169,417,919	222,772
Net OPEB liability (Note 12)	97,226,029	3,312,850	100,538,879	
Total liabilities	<u>360,310,229</u>	<u>91,816,855</u>	<u>452,127,084</u>	<u>4,801,019</u>
Deferred Inflows of Resources				
Related to Pensions (Note 11)	552,065	14,843	566,908	566
Related to OPEB (Note 12)	19,486,018	592,281	20,078,299	
NET POSITION				
Net investment in capital assets	106,002,496	100,649,117	206,651,613	152,412
Restricted:				
Right-of-way funds/ metro authority and sanitation	2,198,702		2,198,702	
Highways and streets	11,968,821		11,968,821	
Cable PEG fees	578,567		578,567	
Culture and recreation	12,852,935		12,852,935	
Community improvement	1,987,796		1,987,796	957,819
Social services	125,194		125,194	
Grants (other)	144,996		144,996	
Public safety	1,317,561		1,317,561	
Debt service	1,904,538		1,904,538	
Capital projects	1,249,328		1,249,328	
Unrestricted	(134,832,732)	14,638,562	(120,194,170)	11,200,820
Total net position	<u>\$ 5,498,202</u>	<u>\$ 115,287,679</u>	<u>\$ 120,785,881</u>	<u>\$ 12,311,051</u>

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

City of Southfield
Government-Wide Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Governmental
					Governmental Activities	Business-type Activities	Total	Component Units
Functions/programs								
Primary government:								
Governmental activities:								
General government	\$ 9,629,269	\$ 1,916,497	\$ 25,000	\$ -	\$ (7,687,772)	\$ -	\$ (7,687,772)	
Public safety	53,831,555	9,319,685	1,378,045	\$ 434,793	(42,699,032)	-	(42,699,032)	
Highways and streets	13,994,310	-	8,670,116	-	(5,324,194)	-	(5,324,194)	
Public services	2,724,970	579,514	-	1,000	(2,144,456)	-	(2,144,456)	
Sanitation	2,422,125	2,756,650	-	-	334,525	-	334,525	
Community improvement	497,972	604,846	458,349	7,500	572,723	-	572,723	
Social services	1,318,493	-	1,844,182	-	525,689	-	525,689	
Culture and recreation	11,628,765	2,640,774	64,652	5,000	(8,918,339)	-	(8,918,339)	
Interest on long-term debt	2,873,894	-	-	-	(2,873,894)	-	(2,873,894)	
Total governmental activities	<u>98,921,353</u>	<u>17,817,966</u>	<u>12,440,344</u>	<u>448,293</u>	<u>(68,214,750)</u>		<u>(68,214,750)</u>	
Business-type activities:								
Water and sewer	36,447,544	47,946,663	-	-	-	\$ 11,499,119	11,499,119	
Total primary government	<u>\$ 135,368,897</u>	<u>\$ 65,764,629</u>	<u>\$ 12,440,344</u>	<u>\$ 448,293</u>			<u>(56,715,631)</u>	
Component units activities:								
Governmental	<u>\$ 4,363,801</u>	<u>\$ -</u>	<u>\$ 1,407,718</u>	<u>\$ -</u>				<u>\$ (2,956,083)</u>
General revenues:								
Property taxes					71,804,044		71,804,044	1,769,275
Unrestricted state shared revenues					9,035,536		9,035,536	
Unrestricted investment earnings					3,131,986	1,555,296	4,687,282	216,729
Unrestricted investment earnings, fair value					2,118,270	466,955	2,585,225	397,280
Miscellaneous					4,031,143	10,185	4,041,328	
Total general revenues and transfers					<u>90,120,979</u>	<u>2,032,436</u>	<u>92,153,415</u>	<u>2,383,284</u>
Change in net position					21,906,229	13,531,555	35,437,784	(572,799)
Net position - beginning					(16,408,027)	101,756,124	85,348,097	12,883,850
Net position - ending					<u>\$ 5,498,202</u>	<u>\$ 115,287,679</u>	<u>\$ 120,785,881</u>	<u>\$ 12,311,051</u>

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



GOVERNMENTAL FUNDS

City of Southfield
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds		Non-Major Funds	
	General	Major Streets	Other Governmental	Total Governmental
ASSETS				
Cash and cash equivalents (Note 3)	\$ 27,636,338	\$ 740,001	\$ 29,440,894	\$ 57,817,233
Investments (Note 3)	20,280,823	164,945	13,401,306	33,847,074
Receivables, net (Note 5)	3,541,159	902,779	920,548	5,364,486
Special assessments			881,170	881,170
Prepays	704,954		91,083	796,037
Due from other funds (Note 8)	290,529		30,195	320,724
Due from component units	26,603		54,473	81,076
Due from other governmental units			253,177	253,177
Land held for resale (Note 1)	13,619,058			13,619,058
Inventories	376,169			376,169
Advances to other funds			1,763,324	1,763,324
Advances to component units			1,401,387	1,401,387
Restricted assets: (Note 4)				
Cash and cash equivalents			7,754,268	7,754,268
Investments			6,034,514	6,034,514
Receivables, net			12,872	12,872
Total assets	\$ 66,475,633	\$ 1,807,725	\$ 62,039,211	\$ 130,322,569
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,492,923	\$ 205,660	\$ 4,821,886	\$ 6,520,469
Accrued payroll	1,431,822		225,086	1,656,908
Due to other funds (Note 8)			546,379	546,379
Due to component units	2,753			2,753
Other short-term liabilities	223,005	659	40,621	264,285
Unearned revenue			250,940	250,940
Advances from local improvement revolving fund (Note 8)			1,763,324	1,763,324
Total liabilities	3,150,503	206,319	7,648,236	11,005,058
Deferred inflows of resources - unavailable (Note 5)	1,403,092	-	955,111	2,358,203
Fund balances: (Note 14)				
Non-spendable	14,700,181		3,255,794	17,955,975
Restricted	2,198,702	1,601,406	38,707,496	42,507,604
Committed	28,800,447		359,949	29,160,396
Assigned	463,577		11,112,625	11,576,202
Unassigned	15,759,131			15,759,131
Total fund balances	61,922,038	1,601,406	53,435,864	116,959,308
Total liabilities, deferred inflows and fund balances	\$ 66,475,633	\$ 1,807,725	\$ 62,039,211	\$ 130,322,569

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

City of Southfield
Reconciliation of the Balance Sheet -
Governmental Funds to the Government-Wide
Statement of Net Position
June 30, 2020

Fund balance for governmental activities	\$ 116,959,308
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	165,266,057
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,358,203
Deferred outflows from the difference between projected and actual investment earnings of the pension plan and changes in actuarial assumptions are not reported in the funds	38,832,130
Deferred outflows from the difference between projected and actual investment earnings of other post employment benefits (OPEB) plan and changes in actuarial assumptions are not reported in the funds	12,694,485
Accrued interest payable on governmental debt is recorded in the statement of activities	(441,405)
Deferred charges on bond refunding are amortized over the related bond terms and are not reported in the funds	390,667
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(77,404,371)
Compensated absences	(9,029,967)
Michigan tax tribunal liability is not reported in the funds	(10,104)
Net pension liabilities are not due and payable in the current period and are not reported in the funds	(158,323,611)
OPEB liabilities are not reported in funds	(94,444,769)
Deferred inflows from the difference between expected and actual experience of the total pension plan are not reported in the funds	(538,660)
Deferred inflows from the difference between expected and actual experience of the total OPEB plan are not reported in the funds	(18,988,777)
Internal service funds are used by management to charge the costs of maintaining facilities equipment and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	<u>28,179,016</u>
Government-wide net position of governmental activities	<u>\$ 5,498,202</u>

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

City of Southfield

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	Major Funds		Non-Major Funds	
	General	Major Streets	Other Governmental	Total Governmental
REVENUES				
Property taxes	\$ 50,308,275	\$ 292,821	\$ 21,640,088	\$ 72,241,184
Special assessments			959,441	959,441
Charges for services	3,827,715		1,848,306	5,676,021
Sanitation	2,756,650			2,756,650
Licenses and permits	2,849,931			2,849,931
Fines and forfeitures	2,985,770		3,500	2,989,270
Federal forfeitures			263,798	263,798
Cable franchise fees	1,371,877		792,463	2,164,340
Intergovernmental:				
Federal	87,941	96,388	2,254,313	2,438,642
State	9,728,737	6,463,779	2,238,578	18,431,094
Other	688,443	173,217	5,000	866,660
Contributions and donations			92,088	92,088
Investment earnings	1,379,916	128,556	1,623,510	3,131,982
Change in fair value of investments	1,094,767	10,738	1,012,766	2,118,271
Other	2,169,695	394,683	466,556	3,030,934
Total revenues	79,249,717	7,560,182	33,200,407	120,010,306
EXPENDITURES				
Current:				
General government	10,833,623		13,455	10,847,078
Public safety	54,423,310		478,599	54,901,909
Highways and streets		5,953,809	3,686,804	9,640,613
Public services	2,326,352			2,326,352
Sanitation	2,422,125			2,422,125
Community improvement			497,972	497,972
Social services			1,743,486	1,743,486
Culture and recreation			11,323,683	11,323,683
Insurance and bonds	621,584			621,584
Support services	3,435,918			3,435,918
Other			1,213,433	1,213,433
Capital outlay	76,336	6,106,962	7,564,622	13,747,920
Debt service:				
Principal retirement	340,000	1,194,999	6,660,774	8,195,773
Interest and fiscal charges	28,480	149,196	2,723,303	2,900,979
Total expenditures	74,507,728	13,404,966	35,906,131	123,818,825
Excess (deficiency) of revenues over (under) expenditures	4,741,989	(5,844,784)	(2,705,724)	(3,808,519)
OTHER FINANCING SOURCES (USES)				
Transfers in		5,750,938	7,920,834	13,671,772
Insurance recovery	916,703			916,703
Transfers out	(519,609)		(13,152,163)	(13,671,772)
Total other financing sources (uses)	397,094	5,750,938	(5,231,329)	916,703
Net change in fund balances	5,139,083	(93,846)	(7,937,053)	(2,891,816)
Fund balances - beginning	56,782,955	1,695,252	61,372,917	119,851,124
Fund balances - ending	\$ 61,922,038	\$ 1,601,406	\$ 53,435,864	\$ 116,959,308

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

City of Southfield

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the Year Ended June 30, 2020

Net change in fund balances – total governmental funds	\$	(2,891,816)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however in the statement of activities, these costs are allocated over the estimated useful lives as depreciation:		
Capital outlay and donated assets		14,270,139
Depreciation expense		(10,722,512)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectable within 60 days of year end and revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		611,359
Change in accrued interest payable on long-term debt is not reported as expenditures in governmental funds		51,027
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount of expenditures for accumulated compensated absences is reported here.		(951,971)
Change in Michigan tax tribunal contingency is not reported as expenditures in governmental funds		250
Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Long-term debt for capital assets is a reduction of net position however, a reduction of the debt increases net position. This is the amount of principal paid on long-term debt.		8,178,210
The change of the deferred charges on bond refunding balance is not reported as expenditures in governmental funds		(161,462)
Some employee costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Pension		(16,811,274)
OPEB		23,811,820
The change of premium on bond refunding is not reported as expenditures in governmental funds		513,292
Current year's amortization for discounts payable is not reported as expenditures in governmental funds		(6,373)
Internal Service funds are used by management to charge the costs of certain activities, such as motor pool, and equipment replacement, to individual funds. The net activity of the internal service funds is reported with governmental activities.		<u>6,015,540</u>
Change in net position government-wide statement of governmental activities	\$	<u><u>21,906,229</u></u>

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



PROPRIETARY FUNDS

City of Southfield
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Associated Governmental Internal <u>Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 13,345,697	\$ 17,176,745
Investments (Note 3)	886,420	8,916,138
Receivables, net (Note 5)	17,674,380	761,875
Prepays and other assets	4,604	2,016,029
Due from other funds (Note 8)		246,824
Due from component units		4,668
Inventory	<u>150,954</u>	<u>481,322</u>
Total current assets	<u>32,062,055</u>	<u>29,603,601</u>
Noncurrent assets:		
Restricted assets: (Note 4)		
Cash and cash equivalents	53,133,229	2,097,913
Capital assets: (Note 6)		
Construction in progress	25,060,872	
Infrastructure	199,944,484	
Equipment and intangibles	3,546,842	28,802,096
Less accumulated depreciation	<u>(107,554,834)</u>	<u>(21,192,854)</u>
Net capital assets	<u>120,997,364</u>	<u>7,609,242</u>
Total noncurrent assets	<u>174,130,593</u>	<u>9,707,155</u>
Total assets	<u>206,192,648</u>	<u>39,310,756</u>
Deferred Outflows of Resources		
Related to Pensions	1,344,790	1,214,458
Related to OPEB	174,220	146,264
LIABILITIES		
Current liabilities:		
Accounts payable	8,221,230	666,621
Accrued payroll	79,399	58,848
Interest payable	371,201	
Due to other funds (Note 8)		21,169
Due to component units		19,235
Accrued compensated absences-due within 1 year (Note 7)	242,424	151,081
Revenue bonds payable (Note 7)	<u>2,961,443</u>	
Total current liabilities	<u>11,875,697</u>	<u>916,954</u>
Noncurrent liabilities:		
General insurance & workers' compensation accrual		2,827,801
Accrued compensated absences-due more 1 year (Note 7)	105,691	191,141
Due to other governmental units	172,936	
Net pension liability (Note 11)	5,829,648	5,264,660
Net OPEB liability (Note 12)	3,312,850	2,781,260
Bonds payable (Note 7)	<u>70,520,033</u>	
Total noncurrent liabilities	<u>79,941,158</u>	<u>11,064,862</u>
Total liabilities	<u>91,816,855</u>	<u>11,981,816</u>
Deferred Inflows of Resources		
Related to Pensions	14,843	13,405
Related to OPEB	592,281	497,241
NET POSITION		
Net investment in capital assets	100,649,117	7,609,242
Unrestricted	<u>14,638,562</u>	<u>20,569,774</u>
Total net position	<u>\$ 115,287,679</u>	<u>\$ 28,179,016</u>

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

City of Southfield

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities	Associated Governmental
	Enterprise Fund	Internal
	Water and Sewer	Service Funds
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 47,042,873	
Charges to other funds		\$ 20,494,729
Installation charges	79,384	
Interest and penalties	318,326	
Other	10,185	1,200,258
Total operating revenues	<u>47,450,768</u>	<u>21,694,987</u>
OPERATING EXPENSES		
Administration	2,079,232	819,423
Health care		8,297,856
Equipment and facility operation		5,163,409
Water purchases	7,033,062	
Transmission and distribution	18,479,410	
Service installation and meter reading	1,066,193	
Depreciation	5,679,200	1,664,164
Other		929,622
Total operating expenses	<u>34,337,097</u>	<u>16,874,474</u>
Operating income	13,113,671	4,820,513
NONOPERATING REVENUES (EXPENSES)		
Gain on disposition of assets		549
Intergovernmental-federal	506,080	
Interest expense	(2,109,947)	
Investment earnings	1,555,296	655,194
Change in fair value of investments	466,955	542,812
Other	(500)	(3,528)
Total nonoperating revenues	<u>417,884</u>	<u>1,195,027</u>
Income before transfers	13,531,555	6,015,540
Total net position - beginning	<u>101,756,124</u>	<u>22,163,476</u>
Total net position - ending	<u>\$ 115,287,679</u>	<u>\$ 28,179,016</u>

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

City of Southfield
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Associated Governmental <u>Internal</u> <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 47,494,778	\$ 19,557,687
Cash paid to employees	(3,544,446)	(4,024,492)
Cash paid to suppliers	(21,476,821)	(11,995,261)
Payments received on interfunds		27,116
Net cash provided by operating activities	<u>22,473,511</u>	<u>3,565,050</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property equipment & adjustments, net of proceeds	(115,715)	(5,072,264)
Intergovernmental	506,080	
Interest	(2,109,947)	
System improvements	(22,085,077)	
Payments of revenue bonds	(2,857,055)	
Net cash (used in) capital and related financing activities	<u>(26,661,714)</u>	<u>(5,072,264)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of proceeds	11,862	1,639,392
Investment earnings	2,022,251	1,198,006
Net cash provided by investing activities	<u>2,034,113</u>	<u>2,837,398</u>
Net increase (decrease) in cash, cash equivalents	(2,154,090)	1,330,184
Cash, cash equivalents, beginning of year	68,633,016	17,944,474
Cash, cash equivalents, end of year	<u>\$ 66,478,926</u>	<u>\$ 19,274,658</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 13,345,697	\$ 17,176,745
Restricted cash, cash equivalents	53,133,229	2,097,913
Total cash, cash equivalents	<u>\$ 66,478,926</u>	<u>\$ 19,274,658</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 13,113,671	\$ 4,820,513
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation	5,679,200	1,664,164
Receivables	27,127	(663,331)
Prepays and other assets	995	(1,473,969)
Inventory	15,888	(106,748)
Deferred outflow	(911,771)	(822,413)
Accounts payable	4,144,082	(251,829)
Accrued liability	(16,507)	(790,825)
Deposits	(170,936)	
Accrued payroll, including compensated absences		
due in less than one year	160,525	50,709
Payable from restricted assets	(336,000)	
General insurance & workers' compensation accrual		593,826
Accrued compensated absences	(64,176)	(11,908)
Due to other governmental units	172,936	
Net pension liability	1,657,716	(976,985)
Net OPEB liability	(205,142)	2,198,948
Interfunds		46,351
Deferred inflow	(794,097)	(711,453)
Net cash provided by (used in) operating activities	<u>\$ 22,473,511</u>	<u>\$ 3,565,050</u>

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

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FIDUCIARY FUNDS

City of Southfield

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2020

	Pension and Other Post-Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 1,950,545
Employer	23,187,688
Total contributions	<u>25,138,233</u>
Investment activity:	
Net decrease in fair value of investments	(9,885,526)
Investment earnings	3,897,437
Dividends	2,876,490
Other	191,906
Total investment activity	<u>(2,919,693)</u>
Less investment expense:	1,465,522
Net investment activity	<u>(4,385,215)</u>
Total additions, net	<u>20,753,018</u>
DEDUCTIONS	
Benefits	30,810,298
Health care expense	8,140,497
Administrative expense	506,921
Total deductions	<u>39,457,716</u>
Net decrease	(18,704,698)
Net position - beginning	<u>380,945,819</u>
Net position - ending	<u>\$ 362,241,121</u>

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



**DISCRETELY PRESENTED
COMPONENT UNITS**

City of Southfield
Statement of Net Position
Discretely Presented Component Units
June 30, 2020

	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Totals
ASSETS									
Cash and cash equivalents (Note 3)	\$ 19,240	\$ 2,649,776	\$ 247,693	\$ 1,023,151	\$ 1,767,268	\$ 1,729,354	\$ 143,518	\$ 997,991	\$ 8,577,991
Investments (Note 3)			112,226		4,635,878	3,310,343			8,058,447
Receivables, net (Note 5)		2,929	102,508	319	10,012	11,235			127,003
Property investments								15,000	15,000
Prepays							108,408		108,408
Due from primary government							19,235	2,753	21,988
Total current assets	19,240	2,652,705	462,427	1,023,470	6,413,158	5,050,932	271,161	1,015,744	16,908,837
Capital assets, depreciable-net (Note 6)				152,412					152,412
Total assets	19,240	2,652,705	462,427	1,175,882	6,413,158	5,050,932	271,161	1,015,744	17,061,249
Deferred Outflows of Resources									
Related to Pensions							51,387		51,387
LIABILITIES									
Accounts payable and other current liabilities			25,340	24,392			44,034	3,452	97,218
Due to primary government							31,271	54,473	85,744
Unearned revenue							30,466		30,466
Noncurrent liabilities:									
Due to other governmental units		1,482,681			1,443,783				2,926,464
Long-term advances from primary government (Note 8)						1,401,387			1,401,387
Due within one year				4,769					4,769
Due in more than one year (Note 7)				32,199					32,199
Net pension liability (Note 11)							222,772		222,772
Total non-current liabilities	-	-	-	36,968	-	-	222,772	-	259,740
Total liabilities	-	1,482,681	25,340	61,360	1,443,783	1,401,387	328,543	57,925	4,801,019
Deferred Inflows of Resources									
Related to Pensions							566		566
NET POSITION									
Net investment in capital assets				152,412					152,412
Restricted								957,819	957,819
Unrestricted	19,240	1,170,024	437,087	962,110	4,969,375	3,649,545	(6,561)		11,200,820
Total net position	\$ 19,240	\$ 1,170,024	\$ 437,087	\$ 1,114,522	\$ 4,969,375	\$ 3,649,545	\$ (6,561)	\$ 957,819	\$ 12,311,051

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

City of Southfield
Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2020

	Net (Expense) Revenue and Changes in Net Position										
	Expenses	Operating Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Totals
Brownfield re-development authority											
Community improvement	\$ 1,376,597			\$ (1,376,597)							(1,376,597)
Joint-local development finance authority											
Community improvement	1,173,488				\$ (1,173,488)						(1,173,488)
Downtown development authority											
Community improvement	224,044				\$ (224,044)						(224,044)
Tax increment finance authority											
Community improvement	283					\$ (283)					(283)
Local development finance authority											
Community improvement	119						\$ (119)				(119)
Section 8 housing commission											
Social services	1,521,878	\$ 1,407,614						\$ (114,264)			(114,264)
Southfield growth corporation											
Community improvement	67,392	104							\$ (67,288)		(67,288)
Total component units	\$ 4,363,801	\$ 1,407,718									(2,956,083)
General revenues:											
Property taxes				1,389,931	182,209	197,135					1,769,275
Unrestricted investment earnings	\$	426	19,310	9,665	40,602	65,637	80,148	850	91		216,729
Unrestricted change in fair value of investments		65	15,577	6,381	5,558	214,387	155,312				397,280
Total general revenues		491	1,424,818	198,255	243,295	280,024	235,460	850	91		2,383,284
Change in net position		491	48,221	(975,233)	19,251	279,741	235,341	(113,414)	(67,197)		(572,799)
Net position - beginning		18,749	1,121,803	1,412,320	1,095,271	4,689,634	3,414,204	106,853	1,025,016		12,883,850
Net position - ending	\$	19,240	1,170,024	437,087	1,114,522	4,969,375	3,649,545	(6,561)	957,819		12,311,051

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



**NOTES TO THE
FINANCIAL STATEMENTS**

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Southfield, Michigan (the “City”) was incorporated on April 28, 1958 under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a council/administrator form of government and provides the following services as authorized by its charter: public safety, public works, culture, recreation, community development and general administrative services. The component units discussed below are included in the City’s financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The criteria established by the Governmental Accounting Standards Board (GASB) for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included.

Component Units

The financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Data from these units are segregated from the primary government in the combined financial statements. Each blended and discretely presented component unit’s financial information has been included based upon a June 30 year-end.

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

The City of Southfield Building Authority board consists of 5 members appointed by City Council and the City Administrator, thereby appointing a voting majority. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue bonds to finance major capital construction by the City.

The City of Southfield Library Building Authority board consists of 4 members appointed by City Council, thereby appointing a voting majority. In addition, the repayment of the City of Southfield Library Building Authority’s bonds is financed through an operating millage for library operations.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or their relations with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization:

Economic Development Corporation (EDC): The EDC was formed in February of 1980, in accordance with the State of Michigan Public Act 338 of 1974, for the purpose of stimulating economic activity in the City of Southfield. Industrial projects ultimately approved by the Economic Development Corporation are financed through the sale of Industrial Revenue bonds. In addition, the EDC offers loans and participates in other economic development and rehabilitation programs.

Brownfield Re-development Authority: The Brownfield Redevelopment Authority is a corporate public body created by the State of Michigan under Public Act 381 of 1996, consisting of the serving members of the Local Development Financing Authority (LDFA). Its purpose is to promote the revitalization of environmentally distressed, blighted and functionally obsolete properties through the use of tax increment financing.

Joint-Local Development Finance Authority (Joint-LDFA):

The Joint-LDFA was created under Public Act 248 of 2000, an amendment to the Local Development Finance Authority Act created under Michigan Public Act 281 of 1986. The Joint-LDFA is a joint authority with the City of Troy in which each city prepared its own development and financing plan by creating a Certified Technology Park, also known as a SmartZone or Smart Park, whose primary purpose is to develop and finance public improvements to promote growth and economic development. This purpose is accomplished by the Authority designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value is declared "captured assessed value." Most local and ½ of school property taxes collected thereon are transferred to the Authority as "tax increment revenues" and used to finance the development plan.

Downtown Development Authority (DDA): The DDA has a 13-member board, all appointed by the Mayor, committed to the economic development of the designated downtown district in and around the Northland Center. This Authority was formed under Public Act 1975, No. 197 and is funded through a 2-mill tax levy on all real and personal property within the district and a tax increment financing plan.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity

Tax Increment Financing Authority (TIFA): The TIFA was organized pursuant to the State of Michigan Public Act 450 of 1980. Its primary purpose is to finance and develop public improvements to promote growth and increase property tax valuation. Any new or additional assessed value in the development district is declared "captured assessed value." The property taxes collected thereon are transferred to the TIFA as "tax increment revenues" and used to finance the development plan.

Local Development Finance Authority (LDFA): The LDFA was organized on September 25, 1989 pursuant to the State of Michigan Public Act 281 of 1986. The LDFA is similar to the TIFA, but is restricted to industrial and manufacturing areas. The primary purpose of the LDFA is to finance and develop public improvements to promote growth and increase property tax valuation. This purpose is accomplished by the Authority designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value, whether from new construction or increased market value, is declared "captured assessed value." The property taxes collected thereon are transferred to the LDFA as "tax increment revenues" and used to finance the development plan.

The City assesses, collects and distributes property taxes for several school districts, including the Southfield Public Schools. These districts are not included in these financial statements because they are entities with independently elected Boards of Education who establish their own millage rates and are responsible for all financial control, including budgeting and operating surpluses and deficits.

Section 8 Housing Commission:

The Southfield Housing Commission, whose activities are reported in the Section 8 Housing Fund, was incorporated pursuant to the Housing Facilities Act 19 of 1933. The Southfield Housing Commission consists of five (5) members appointed by the City Administrator for five-year terms. The Southfield Housing Commission is responsible for providing quality housing for the elderly and low-income families through the Housing and Urban Development's Housing Choice Voucher Program Section 8, public funding program.

Southfield Growth Corporation:

The Southfield Growth Corporation, whose activities are recorded in the Neighborhood Stabilization Program (NSP), is governed by a 5 member board including the City Administrator, City Attorney, Purchasing Agent, Director of Planning and Housing Program Specialist. The first three members are appointed by the City Council, the Director of Planning is appointed by the Mayor and confirmed by the City Council and the Housing Program Specialist reports to the Deputy City Administrator, thereby appointing a voting majority. Pursuant to the Housing Economic Relief Act (HERA) of 2008, federal grant funds are used to allow the City to purchase foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The NSP also provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected within 60 days after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on long-term debt which is recognized when due and paid.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

All governmental funds are accounted for on a spending or “current financial resources” measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available, spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

All proprietary funds and the retirement trust funds are accounted for on a cost of services or “economic resources” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary and retirement trust funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

The statement of net position and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component units, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net position and changes in fiduciary net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City's net position is reported in the following three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net position results when constraints are placed on the use of net position by either creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., legislative/constitutional provisions or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major governmental funds and major enterprise fund are reported as separate columns in the fund financial statements.

Governmental funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. The City reports the following major governmental funds:

- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Major Streets Fund is Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads. Snow removal and traffic control are also supported by this funding source. Additional funds are provided through Public Act 298 of 1917 for all Major streets mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues relates to charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. These include enterprise funds and internal service funds.

The enterprise fund is used to account for (1) operations that are financed and operated in a manner similar to business enterprises where the costs (including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, and (2) operations where the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City reports the following major proprietary fund:

- The Water and Sewer fund accounts for the purchase of water from the Southeastern Oakland County Water Authority and the installation and maintenance of meters and mains throughout the City. Sewer disposal charges to customers pay for treatment of sewerage and fund installation and maintenance of sanitary sewers in the Evergreen area (west of Southfield Road) and of combined sanitary and storm sewers on the "SEOCSDS" area (east of Southfield Road). The City has contracted with Oakland County for indirect repayment of bonds issued for sewers.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. These funds include Health Care, Facilities Maintenance, Motor Pool, Equipment Revolving, and Insurance Risk Retention.

Additionally, the City reports the following fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources used to finance projects or activities as required by law or contractual agreement. These funds include Local Streets, Parks & Recreation, Cable, Block Grant, Michigan Indigent Defense, Drug Law Enforcement, Grants, Library, Michigan Works, Auto Theft, and Donations, Memorial Trusts & Sponsorships.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- Debt service funds are used to account for the accumulation of resources and the payment of loan principal and interest from governmental resources. The City's debt service funds account for the payment of interest and principal on long-term bonded debt for Road Bond debt and Drains-at-Large. The City has contracted with Oakland County for indirect repayment of bonds issued for sewers and drains.
- Capital projects funds account for resources used for the acquisition or major renovation of capital facilities. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major financing sources are bond proceeds, transfers from other City funds, internal loans and grants. These funds include Road Bond Construction, City of Southfield Library Building Authority Construction, Capital Improvement, City of Southfield Building Authority Construction, Local Improvement Revolving, and Special Assessment Construction.
- Fiduciary funds include Retirement Trust funds or Trust and Agency funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Trust funds include Pension Trusts and Retiree Health Care Benefits Plan and Trust. Agency funds include Deposits and Escrow, Imprest payroll and 46th District Court. Expendable Trust and Agency funds are accounted for and reported as governmental funds.

There are no major component units.

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

(a) Deposits and Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value or estimated fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of other investments is based on periodic appraisals as well as the judgement of independent advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the plan's management. Investments and certificates of deposit are purchased with pooled cash and are generally held to maturity. Interest is allocated on the basis of time-and-dollar weighted participation in each pool.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(b) Receivables and Payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term receivables and payables resulting from such transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet. Any residual balances between the government activities and business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s Water and Sewer fund. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a reservation of fund balance.

(c) Inventory, Prepaid Items, and Land Held for Resale: Inventory is stated at a first-in, first-out cost method and are accounted for using the purchasing method except for certain items used in the governmental and proprietary funds such as sign shop inventory which are accounted for on the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Land held for resale is reported at the lower of cost or market based on a periodic appraisal of the property by a certified real estate appraiser. In periods in which an appraisal is not obtained, the extent to which changes in the real estate market have affected the value since the last appraisal are used to adjust the reported value accordingly. During the current year, the City recorded an impairment on two parcels held by the City in the amount of \$2.1 million. This was offset by an insurance recovery of \$3.0 million and is reported at the net amount and included in miscellaneous general revenue on the statement of activities and an other financing source in the general fund.

(d) Restricted assets: Restricted assets consist of deposits being held by third parties and are legally required to be used for specific purposes, including construction and maintenance of roads, drains, debt service of drains, and for self-insurance claim payments.

(e) Capital Assets: Capital assets which include property and equipment are stated at historical cost or, if donated, estimated fair market value at date of donation. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits and bond interest costs. Certain governmental improvements, including roads, bridges, storm sewers and sidewalks are capitalized as infrastructure. Drain usage rights are capitalized assets relating to City drains that are maintained by Oakland County.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The estimated useful lives are:

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

Depreciation of property and equipment contributed by entities independent of the City (such as construction contractors) is charged to fund operations.

Capital assets are reported in the government-wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period and cost over \$5,000. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net position. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset.

(f) Interfund balances: Outstanding balances between funds are reported as “due to/due from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(g) Deferred outflows/inflows of resources: In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One of the deferred outflows is the deferred charge on a bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third items report deferred outflows in the government-wide statement of net position and proprietary statement of net position is related to pensions and other post-employment benefits (OPEB). These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB, 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: special assessments, grants, and other miscellaneous sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources related to pensions and OPEB are reported in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB, with the exception of the net difference between expected and actual investment earnings which are amortized over five years.

(h) Compensated absences: The City recognizes expenditures and liabilities in governmental funds for the accrued vacation and sick pay as it comes due for payment (when the time is taken off or an employee terminates). The remaining amount of the unpaid vacation and sick pay liability has been recognized in the statement of net position as non-current liabilities. The proprietary funds accrue all unpaid vacation and sick pay as it is earned and has been accrued therein in its entirety.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(i) Long-term debt and other obligations: In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. The general fund and debt service funds are generally used to liquidate governmental long-term debt.

(j) Pension and other post-employment benefit (OPEB) costs:

Pension - The City offers pension benefits to retirees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other post-employment benefit costs - The City offers retiree healthcare benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(k) Fund Balances: In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that have externally imposed constraints and are legally restricted by outside parties, constitutional provisions or enabling legislation for use of a specific purpose.
- Committed – Amounts that have been committed for specific purposes by formal action of a government’s highest level of decision-making authority (i.e. City Council). The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- Assigned – Amounts that are intended by City Council to be used for specific purposes, but are not restricted or committed.
- Unassigned – Residual amounts available for use at the discretion of City Council and Management in the General Fund and negative amounts in other governmental funds.

In addition, special revenue funds are only allowed to be reported if they are used to account for activities that are substantially funded by a specific external revenue source that is restricted or committed for a specific purpose.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using 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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City Council has formally adopted a fund balance policy intended to maintain General Fund unassigned fund balance of 20% of the City's General Fund annual operating expenditures. GFOA guidelines recommend maintaining an unrestricted balance between 15 – 20% of annual expenditures.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(l) Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(m) Cash Flows – The City presents Statements of Cash Flows for all proprietary fund types. These statements, which have been prepared utilizing the direct method, analyze the net increase or decrease in cash and cash equivalents by source. For the purposes of the Statement of Cash Flows, the City considers cash equivalents to be all highly liquid investments with a maturity of three months or less from the date of acquisition.

(n) Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. The encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The amount of encumbrances for governmental funds outstanding at June 30, 2020 is \$15,025,810.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

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

- On or before March 1 – Each department head must submit a departmental budget to the City Administrator.
- On or before April 1- the Administrator shall submit the budget to the Mayor.
- On or before the first regular Council meeting in May - the Mayor shall submit the budget to Council.
- Not later than the third week in June - the Council shall adopt a budget by an affirmative vote of at least five members, at a Special Budget Meeting called for such purposes.
- The City's fiscal year begins July 1.
- The public is kept well informed throughout the budget process through the issuance of press releases, availability of budget documents at both the City Clerk's Office and Southfield Public Library at various stages in the formulation process, and creation of a budget summary videotape which plays periodically on the City's cable television station. Citizens are encouraged to actively participate in all public hearings.
- The individual department head is authorized to transfer budgeted amounts within the respective appropriation unit (e.g., Treasurer's Office), unless the transfer involves personnel or capital line items, in which case, the approval of the Director of Fiscal Services or the City Administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by City Council. Such budget adjustments took place, as authorized by the City Council, for the year ended June 30, 2020, and the budgetary data reflects the effect of those amendments.
- Unencumbered appropriations for the fiscal year lapse every June 30. Council may re-appropriate any amount at its discretion.
- Budgets are legally adopted on an activity basis for the General and Special Revenue Funds. These budgets are presented on the same basis of accounting as used for actual results. They are adopted by Council on a non-GAAP basis. A schedule reconciling the adopted budget to the presented budget is disclosed in the RSI section. Capital Projects and Debt Service funds are approved by City Council on a project length basis, with annual expenditures included within Governmental Fund appropriation units. Budgets and actual comparisons are not reported in the financial statements for those funds where no annual budgets are prepared.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Data

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

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

B. Budget Variances

During the year, the City incurred both positive and negative revenue/other financing sources variances compared to amounts budgeted. The significant variances are as follows:

	Unaudited Budget	Actual	Variance Positive (Negative)
General Fund			
Expenditures:			
Public Safety:			
Police	\$ 23,065,830	\$ 24,094,176	\$ (1,028,346)
Fire	18,965,465	19,553,294	(587,829)
Civilian Support Services	3,729,903	3,746,251	(16,348)
Public Services:			
Road service administration	2,412,842	49,837	2,363,005
Other:			
Support Services	13,388,469	3,435,918	9,952,551

Police, Fire, and Civilian Support Services: Variance is attributable to personnel costs exceeding anticipated costs due to the increased demand and constrained directly related to the novel coronavirus pandemic.

Road service administration: This variance is attributable to the revised activity-based costing and proper allocation to the outside funds driving the costs.

Support Services: This variance relates to the carry-forward of funds planned for use with the Northland Mall redevelopment project. Approximately \$9.6 million was brought forward from prior years' budget.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

B. Budget Variances

	Unaudited Budget	Actual	Variance Positive (Negative)
Major Streets Fund			
Expenditures:			
Road maintenance	\$ 2,261,249	\$ 2,421,220	\$ (159,971)
Traffic services	373,106	809,575	(436,469)
Snow removal	590,840	625,959	(35,119)
Appearance	1,308,925	1,728,492	(419,567)

Road Maintenance, Traffic Services, and Snow removal: This variance is attributable to revised activity-based costing whereby costs are more accurately allocated to the funds driving the costs. City Administration will be reviewing and making appropriate adjustments for future budget years to reflect this more accurate methodology.

	Unaudited Budget	Actual	Variance Positive (Negative)
Auto Theft			
Expenditures:			
Public Safety	\$ 175,865	\$ 183,600	\$ (7,735)

Public safety: The actual expenditures exceeded the budgeted amounts for increased personnel costs. These amounts will be adjusted to more accurately reflect anticipated costs in future years.

3. DEPOSITS AND INVESTMENTS

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

The City has designated 25 financial institutions for the deposit of its funds. The investment policy adopted by the council in accordance with Public Act 196 of 1997 is in accordance with statutory authority; however, the City employs a more conservative investment policy and invests only in the highest rated commercial paper. The City participates only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. Guidelines require that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement.

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

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

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

The City, pension funds, and other post-employment benefits trust funds' cash and investments are subject to several types of risk, which are examined in more detail on the following page.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

City – The City's investment policy requires all investment transactions be conducted on a delivery versus payment basis. All securities, evidenced by a safekeeping receipt, shall be held by a third-party custodian. At year end, the City had bank deposits (certificates of deposits, checking, and savings accounts) totaling \$48,410,071, of which \$46,910,071 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$8.5 million. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates.

At year end, the weighted average maturities of investments are as follows:

City – The City’s investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with an original maturity of 180 days or less.

Investments:	Fair Market Value	Weighted Average Maturity
U.S. government agencies	\$ 2,022,964	1.00 years
Municipal bonds	59,452,650	5.00 years
Oakland County LGIP Pooled	117,276,869	1.38 years
Michigan Class Investment Pool	213,144	0.14 years

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

Investments:	Fair Market Value	Weighted Average Maturity
US Government Obligations	\$ 3,376,919	9.93 years
Mortgage Backed Securities	656,453	17.09 years
Collateralized Mortgage Obligations	692	2.04 years
Asset Backed Securities	207,617	13.50 years
Corporate Bonds	2,595,352	7.25 years
Open End Mutual Funds	3,696,778	4.25 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Funds - corporate bonds	\$ 88,933	Not Available
Other fixed income	27,717,941	Not Available

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

Investments:	Fair Market Value	Weighted Average Maturity
Natixis Loomis Sayles Inv Gr - Y	\$ 8,903,809	8.58 years
Templeton Global Bond Fund	3,020,062	2.35 years
JP Morgan Strategic Income Opportunities Fund-I	5,384,232	1.47 years

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	\$ 5,836,385	Not Available

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	\$ 13,450,302	0.18 years

Credit risk:

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

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

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

Investments:	Fair Value	Rating	Rating Organization
U.S. government agencies	\$ 2,022,964	AA+	S&P
Municipal bonds	5,663,957	AAA	S&P
Municipal bonds	6,478,670	AA+	S&P
Municipal bonds	26,021,588	AA	S&P
Municipal bonds	12,080,854	AA-	S&P
Municipal bonds	267,468	A+	S&P
Municipal bonds	8,940,112	NR	S&P
Local Governmental Investment Pool	117,276,869	Not rated	N/A
Michigan Class Investment Pool	213,144	AAAm	S&P

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Corporate bonds	\$ 1,241,949	Baa1 and below	Moody's
Corporate bonds	263,276	Aa2	Moody's
Corporate bonds	109,757	A1	Moody's
Corporate bonds	295,148	A2	Moody's
Corporate bonds	685,222	A3	Moody's
Collateralized mortgage obligations	692	NR	N/A
Mortgage backed securities	656,453	NR	N/A
U.S. treasury notes and bonds	3,376,919	Aaa	Moody's
Asset backed securities	207,617	Baa1 and below	Moody's
Mutual funds	2,656,246	AAA	S&P
Mutual funds	90,215	AA	S&P
Mutual funds	65,717	A	S&P
Mutual funds	689,407	BBB	S&P
Mutual funds	112,330	BB	S&P
Mutual funds	23,272	B	S&P
Mutual funds	59,590	Below B	S&P

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

Investments:	Fair Value	Rating	Rating Organization
Funds - Corporate bonds	\$ 88,929	Not available	N/A

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Loomis Sayles Inv Gr - Y (12.4%)	\$ 1,104,072	US Treasury's - AAA	Moody's
Loomis Sayles Inv Gr - Y (6.3%)	560,940	Aaa	Moody's
Loomis Sayles Inv Gr - Y (4.4%)	391,768	Aa	Moody's
Loomis Sayles Inv Gr - Y (18.2%)	1,620,493	A	Moody's
Loomis Sayles Inv Gr - Y (44.9%)	3,997,810	Baa	Moody's
Loomis Sayles Inv Gr - Y (5.6%)	498,613	Ba	Moody's
Loomis Sayles Inv Gr - Y (.9%)	80,134	B	Moody's
Loomis Sayles Inv Gr - Y (0.1%)	8,904	Caa or Lower	Moody's
Loomis Sayles Inv Gr - Y (3.8%)	338,345	Not Rated	Moody's
Loomis Sayles Inv Gr - Y (3.4%)	302,730	Cash	Moody's
Templeton Global Bond Fund-R6 (37.04%)	1,118,631	AAA	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (4.47%)	134,997	AA	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (6.35%)	191,774	A	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (33.69%)	1,017,459	BBB	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (9.94%)	300,194	BB	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (2.39%)	72,179	B	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (6.12%)	184,828	Below B/Other	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (41.2%)	2,218,303	AAA	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (5.4%)	290,749	A-1/P-1	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (3.6%)	193,832	AA	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (15.6%)	839,940	A	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (10.9%)	586,881	BBB	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (5.9%)	317,670	BB	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (8.5%)	457,660	B	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (8.9%)	479,197	CCC & Lower/Other	Moody's/S&P/Fitch's

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

SERS –

Investments:	Fair Value	Rating	Rating Organization
Collateral Pool	\$ 5,836,385	Not available	N/A

FPRS –

Investments:	Fair Value	Rating	Rating Organization
Collateral Pool	\$ 13,450,302	Not available	N/A

Of the total investment disclosures for City accounts, approximately \$8.1 million relate to discretely presented governmental component units which were combined with the City's investment account balance for purposes of this disclosure.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk:

City - There is no concentration of credit risk to disclose.

SERS –

Investments:	Fair Market Value	%
AEW Core Property Trust	\$ 6,075,983	5.80
LSV Asset Management	8,308,961	7.93
QMA US Mid Cap Core Equity	6,333,342	6.04

FPRS –

Investments:	Fair Market Value	%
NHIT	\$ 27,538,532	15.38
NANTUCKET	11,524,638	6.44
KSTONE ARV LTD	10,127,264	5.66

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

Foreign currency risk:

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The following securities are subject to foreign currency risk:

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

Security	Foreign Currency	Fair Value
<u>Templeton Global Bond Fund</u>		
Fixed Income	Euro	\$ 320,256
Fixed Income	Japanese yen	177,801
Fixed Income	Norwegian Krone	1,655
Fixed Income	Australian Dollar	17,235
Fixed Income	Swedish Krona	2,337
Fixed Income	Other currencies	93,672

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

Security	Foreign Currency	Fair Value
Cash & Equivalents *	Australian dollars	\$ 142,852
Equities	Australian dollars	1,957,834
Equities	Canadian dollars	1,096,281
Fixed Income	Canadian dollars	88,606
Cash & Equivalents	Canadian dollars	98,546
Equities	Euro	2,132,750
Fixed Income	British pound sterling	179,409
Equities	British pound sterling	16,474,856
Cash & Equivalents *	British pound sterling	330,040
Fixed Income	New Zealand dollar	21

* Values include pending foreign exchange sales/purchases

RHC –

Security	Foreign Currency	Fair Value
<u>Templeton Global Bond Fund</u>		
Fixed Income	Euro	\$ 993,298
Fixed Income	Japanese yen	551,463
Fixed Income	Norwegian Krone	5,134
Fixed Income	Australian Dollar	53,455
Fixed Income	Swedish Krona	7,248
Fixed Income	Other currencies	290,530

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Securities lending arrangements:

SERS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the SERS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SERS's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. During the year ended June 30, 2020, only United States currency was received as collateral.

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

The SERS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2020, the SERS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SERS as of June 30, 2020 was \$5,836,385 and \$5,708,217, respectively.

FPRS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the FPRS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The FPRS's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. During the year ended June 30, 2020, only United States currency was received as collateral. The cash collateral is invested in a pool by Northern Trust on behalf of the FPRS.

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

The FPRS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2020, the FPRS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the FPRS as of June 30, 2020 was \$14,290,532 and \$14,058,516, respectively.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement:

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

City –

	<u>Balance at June 30, 2020</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt Securities				
Agency bonds	\$ 2,022,964		\$ 2,022,964	
Government/Municipal bonds	59,452,650		59,452,650	
Total debt securities	61,475,614	\$ -	61,475,614	\$ -
Total investments by fair value level	\$ 61,475,614	\$ -	\$ 61,475,614	\$ -
Investments measured at the net asset value (NAV)				
Local government investment pool	\$ 117,276,869			
Michigan Class Investment Pool	213,144			
Total investments measured at the NAV	\$ 117,490,013			
 Grand total	 \$ 178,965,627			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

SERS –

	<u>Balance at June 30, 2020</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt Securities				
U.S. Treasury securities	\$ 3,596,822		\$ 3,596,822	
Mutual fund - fixed income	3,696,778		3,696,778	
Mortgage backed securities	656,453		656,453	
Asset-backed securities	207,617		207,617	
Corporate bonds	2,595,352		2,595,352	
Other debt	692		692	
Total debt securities	<u>10,753,714</u>	\$ -	<u>10,753,714</u>	\$ -
Equity securities				
Money market fund	1,816,983		1,816,983	
Common and preferred stock	22,451,307	22,451,307		
ADR	4,823,112	4,823,112		
Real estate investment trust	659,474	659,474		
Foreign Stock	3,196,034	3,196,034		
Total equity securities	<u>32,946,910</u>	<u>31,129,927</u>	<u>1,816,983</u>	<u>-</u>
Total investments by fair value level	<u>\$ 43,700,624</u>	<u>\$ 31,129,927</u>	<u>\$ 12,570,697</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	\$ 5,618,829			
Collective investment funds	37,433,823			
Real estate investment trust	<u>18,159,005</u>			
Total investments measured at the NAV	<u>\$ 61,211,657</u>			
 Grand total	 <u>\$ 104,912,281</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
Corporate bonds	\$ 88,933	\$ -	\$ 88,933	\$ -
Total debt securities	88,933	-	88,933	-
Equity securities				
Money market fund	1,860,622		1,860,622	
Mutual fund - Equities	26,931,427	26,931,427		
Mutual fund - real estate	73,789		73,789	
Common and preferred stock	72,714,818	72,714,818		
Total equity securities	101,580,656	99,646,245	1,934,411	-
Total investments by fair value level	\$ 101,669,589	\$ 99,646,245	\$ 2,023,344	\$ -
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	\$ 21,651,902			
Collective investment fund	27,538,532			
Real estate investment trust	27,236,332			
Total investments measured at the NAV	\$ 76,426,766			
Grand total	\$ 178,096,355			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

RHC –

	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
Mutual fund - fixed income	\$ 17,308,103	\$ 17,308,103		
Total debt securities	17,308,103	17,308,103	-	-
Equity securities				
Money market fund	8,199,989		8,199,989	
Mutual fund - Equities	16,176,680	16,176,680		
Common stock	16,553,355	16,553,355		
ADR	366,527	366,527		
Real estate investment trusts	829,672	829,672		
Foreign stock	1,253,328	1,253,328		
Total equity securities	43,379,551	35,179,562	8,199,989	-
Partnerships	243,205	243,205		
Total investments by fair value level	\$ 60,930,859	\$ 52,730,870	\$ 8,199,989	\$ -
Investments measured at the net asset value (NAV)				
Private Equity	\$ 5,733,717			
Infrastructure	1,191,123			
Hedge funds - Fund of funds	5,604,028			
Real estate investment trust	4,634,996			
Total investments measured at the NAV	\$ 17,163,864			
Grand total	\$ 78,094,723			

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments in Entities that Calculate Net Asset Value per Share

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

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

City –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Local government investment pool	\$ 117,276,869	\$ -	No restrictions	None
Michigan Class Investment Pool	213,144	-	No restrictions	None
Total investments measured at the NAV	<u>\$ 117,490,013</u>	<u>\$ -</u>		

SERS –

	<u>Investments in Entities that Calculate Net Asset Value per Share</u>		<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
	<u>Fair Value</u>	<u>Unfunded Commitments</u>		
Hedge funds - Fund of funds	\$ 5,618,829		Quarterly	95 Days
Collective investment fund	37,433,823		Daily to Monthly	None to 15 Days
Real estate investment trust	18,159,005	\$ 2,223,615	None - Quarterly	None - 95 Days
Total investments measured at the NAV	<u>\$ 61,211,657</u>	<u>\$ 2,223,615</u>		

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Multi-Strategy Hedge Funds	\$ 21,651,902		Quarterly - Semi Annual	95 Days - 180 Days
Collective investment fund	27,538,532		Daily	None
Real estate investment trust	27,236,332	\$ 8,951,893	None-Quarterly	None - 90 Days
Total investments measured at the NAV	\$ 76,426,766	\$ 8,951,893		

RHC –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Private Equity	\$ 5,733,717	\$ 2,139,756	None	None
Infrastructure	1,191,123	564,340	None	None
Hedge funds - Fund of funds	5,604,028	-	None - Quarterly	None - 100 Days
Real estate investment trust	4,634,996	3,884,701	None	None
Total investments measured at the NAV	\$ 17,163,864	\$ 6,588,797		

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

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The closely held equity funds includes two investment funds:

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

The hedge funds class includes the following:

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

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

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

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.

City of Southfield

Notes to the Financial Statements

4. RESTRICTED ASSETS

The following is the detail of the governmental activities (includes associated governmental funds) and business-type restricted assets at year end:

Governmental funds (with associated governmental funds):

Capital Projects:

Unspent bond proceeds	\$ 13,764,524
Funds held by Oakland County drain commissioner to be used for construction and maintenance of drains	<u>37,130</u>
Total governmental funds	<u>13,801,654</u>

Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals	<u>2,097,913</u>
Total governmental funds (with associated governmental funds)	<u>15,899,567</u>

Business-type activities:

Unspent bond proceeds	\$ <u>53,133,229</u>
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Total restricted assets	\$ <u>69,032,796</u>
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5. DEFERRED INFLOWS AND RECEIVABLES

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

	Governmental Funds
Unavailable	
General government	\$ 847,500
Public safety	555,592
Special assessments	<u>955,111</u>
Total deferred inflow of resources - unavailable	<u>\$ 2,358,203</u>
Unearned	
Indigent defense	<u>\$ 250,940</u>

City of Southfield

Notes to the Financial Statements

5. DEFERRED INFLOWS AND RECEIVABLES (continued)

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

	Accrued		Accrued		Allowance for uncollectable	Delinquent	
	interest	Accounts	revenue	taxes	taxes	Total	
Governmental activities:							
General fund	\$ 35,511	\$ 206,970	\$ 3,271,343	\$ (435,331)	\$ 462,666	\$ 3,541,159	
Major streets	521	-	902,117	(2,753)	2,894	902,779	
Other non-major funds	41,252	73,995	782,022	(183,013)	206,292	920,548	
Total governmental funds	77,284	280,965	4,955,482	(621,097)	671,852	5,364,486	
Associated governmental activities:							
Internal service funds	25,944	735,693	238			761,875	
Total governmental activities	\$ 103,228	\$ 1,016,658	\$ 4,955,720	\$ (621,097)	\$ 671,852	\$ 6,126,361	
Component units:							
Brownfield re-development authority	\$ 830				\$ 2,099	\$ 2,929	
Joint-local development finance authority	306				102,202	102,508	
Downtown development authority	309				10	319	
Tax increment finance authority	10,012					10,012	
Local development finance authority	7,285				3,950	11,235	
Total component units-governmental	\$ 18,742	\$ -	\$ -	\$ -	\$ 108,261	\$ 127,003	
Business-type activities:							
Water and sewer fund	\$ 4,681	\$ 17,669,699				\$ 17,674,380	

The only receivable not expected to be collected within one year is the delinquent taxes.

6. CAPITAL ASSETS

Construction and Other Significant Commitments

At year end, the City's commitments with contractors are as follows:

	Commitments
Street construction	\$ 14,666,401
Equipment	367,732
Water system improvements	19,210,596
	<u>\$ 34,244,729</u>

City of Southfield

Notes to the Financial Statements

6. CAPITAL ASSETS (continued)

A summary of governmental property and equipment at year end were as follows:

	Balance July 1, 2019	Additions	Disposals & Reduction to CIP	Balance June 30, 2020
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 11,252,797	\$	\$	\$ 11,252,797
Construction in progress	15,870,518	11,572,035	6,980,877	20,461,676
Total capital assets not being depreciated	<u>27,123,315</u>	<u>11,572,035</u>	<u>6,980,877</u>	<u>31,714,473</u>
Capital assets, being depreciated				
Land improvements	27,537,870	115,903		27,653,773
Building and improvements	77,112,207	179,749		77,291,956
Infrastructure	182,487,624	9,148,713		191,636,337
Intangibles	2,158,604			2,158,604
Drain usage rights	11,777,407	17,563		11,794,970
Equipment	8,338,856	217,052		8,555,908
Total capital assets being depreciated	<u>309,412,568</u>	<u>9,678,980</u>	<u>-</u>	<u>319,091,548</u>
Less accumulated depreciation:				
Land improvements	18,076,218	982,641		19,058,859
Building and improvements	45,727,753	2,330,734		48,058,487
Infrastructure	94,061,530	6,590,898		100,652,428
Intangibles	1,664,016	93,250		1,757,266
Drain usage rights	7,891,269	461,932		8,353,201
Equipment	7,396,666	263,057		7,659,723
Total accumulated depreciation	<u>174,817,452</u>	<u>10,722,512</u>	<u>(a) -</u>	<u>185,539,964</u>
Total general capital assets being depreciated, net	<u>134,595,116</u>	<u>(1,043,532)</u>	<u>-</u>	<u>133,551,584</u>
Internal Service				
Capital assets, being depreciated				
Intangibles	334,039			334,039
Equipment	23,988,153	5,080,734	600,830	28,468,057
Total capital assets being depreciated	<u>24,322,192</u>	<u>5,080,734</u>	<u>600,830</u>	<u>28,802,096</u>
Less accumulated depreciation:				
Intangibles	247,950	18,633		266,583
Equipment	19,870,119	1,645,531	589,379	20,926,271
Total accumulated depreciation	<u>20,118,069</u>	<u>1,664,164</u>	<u>589,379</u>	<u>21,192,854</u>
Total internal service capital assets being depreciated, net	<u>4,204,123</u>	<u>3,416,570</u>	<u>11,451</u>	<u>7,609,242</u>
Governmental activity capital assets depreciable, net	<u>\$ 138,799,239</u>	<u>\$ 2,373,038</u>	<u>\$ 11,451</u>	<u>\$ 141,160,826</u>

(a) Depreciation expense, net was charged to governmental activities as follows:

General government	\$ 466,730
Public safety	427,909
Highways and streets	6,590,898
Public services	643,151
Culture and recreation	2,593,824
Total	<u>\$ 10,722,512</u>

City of Southfield

Notes to the Financial Statements

6. CAPITAL ASSETS (continued)

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

	Balance July 1, 2019	Additions	Disposals & Reduction to CIP	Balance June 30, 2020
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,347,829	\$ 22,035,590	\$ 3,322,547	\$ 25,060,872
Capital assets, being depreciated:				
Infrastructure	196,572,450	3,372,034		199,944,484
Intangibles	1,507,498			1,507,498
Equipment	1,929,791	138,314	28,761	2,039,344
Total water and sewer fund	<u>200,009,739</u>	<u>3,510,348</u>	<u>28,761</u>	<u>203,491,326</u>
Less accumulated depreciation:				
Infrastructure	99,432,973	5,420,907		104,853,880
Intangibles	1,122,020	71,505		1,193,525
Equipment	1,326,804	186,788	6,163	1,507,429
Total accumulated depreciation	<u>101,881,797</u>	<u>5,679,200</u>	<u>6,163</u>	<u>107,554,834</u>
Total capital assets, being depreciated	<u>98,127,942</u>	<u>(2,168,852)</u>	<u>22,598</u>	<u>95,936,492</u>
Total capital assets	<u>\$ 104,475,771</u>	<u>\$ 19,866,738</u>	<u>\$ 3,345,145</u>	<u>\$ 120,997,364</u>

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

	Balance July 1, 2019	Additions	Disposals & Reduction to CIP	Balance June 30, 2020
Downtown Development Authority				
Capital assets, being depreciated				
Land improvement	\$ 265,066	\$ -	\$ -	\$ 265,066
Less: accumulated depreciation	<u>99,400</u>	<u>13,254</u>	<u>-</u>	<u>112,654</u>
Total capital assets, being depreciated	<u>\$ 165,666</u>	<u>\$ (13,254)</u>	<u>\$ -</u>	<u>\$ 152,412</u>

City of Southfield

Notes to the Financial Statements

7. LONG-TERM DEBT AND OTHER OBLIGATIONS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. General obligation bonds have been issued for both the governmental and business-type activities. For purposes of this exhibit, the portion of debt due within a year is included in the total.

	1-Jul-19	Additions	Deductions	30-Jun-20	Due - 1 Year	Due - More 1 Year
GOVERNMENTAL ACTIVITIES						
Direct borrowings and direct placements						
* 1.625% to 5.375 % Drains-at-large,						
City's share of county debt	\$ 3,300,314		650,774	2,649,540	673,713	1,975,827
2.17% Michigan transportation fund bonds	5,655,000		1,195,000	4,460,000	1,080,000	3,380,000
1.78% -2012 general obligation limited tax refunding	1,770,000		340,000	1,430,000	350,000	1,080,000
Other debt						
3.0% to 5.0% Library building authority refunding bonds	17,330,000		1,295,000	16,035,000	1,360,000	14,675,000
3.0 to 4.0% 2018 Street Improvement bond UTGO	30,370,000		785,000	29,585,000	1,020,000	28,565,000
2.0 to 4.0% -Street Improvement bond UTGO	23,175,000		3,930,000	19,245,000	3,975,000	15,270,000
Deferred amounts:						
Unamortized bond premiums	4,520,451		513,292	4,007,159		4,007,159
Unamortized bond discounts	(13,701)	6,373		(7,328)		(7,328)
Total governmental debt	<u>86,107,064</u>	<u>6,373</u>	<u>8,709,066</u>	<u>77,404,371</u>	<u>8,458,713</u>	<u>68,945,658</u>
Other long-term obligations						
Compensated absences	8,077,996	4,324,343	3,372,372	9,029,967	4,351,967	4,678,000
Michigan tax tribunal contingency	10,354		250	10,104		10,104
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	317,262	148,458	123,498	342,222	151,081	191,141
Total governmental long-term debt	<u>\$ 94,512,676</u>	<u>4,479,174</u>	<u>12,205,186</u>	<u>86,786,664</u>	<u>12,961,761</u>	<u>73,824,903</u>
BUSINESS-TYPE ACTIVITIES						
Direct borrowings and direct placements						
State of Michigan water supply and sewage disposal bonds series 1999 2.25 to 2.5%	\$ 4,526,741		2,215,000	2,311,741	1,565,000	746,741
Evergreen & Farmington Sewage Disposal System Capital Improvement bonds, series 2018A 2.5 to 3.125	3,377,388		195,014	3,182,374	201,443	2,980,931
Other debt						
2019 Water and Sewer Capital Improvement bonds 3 to 3.125%	67,015,000		375,000	66,640,000	1,195,000	65,445,000
Deferred amounts:						
Unamortized bond premiums	1,418,902		71,541	1,347,361		1,347,361
Other long-term obligations						
Compensated absences	265,416	229,807	147,108	348,115	242,424	105,691
Total business-type long-term debt	<u>\$ 76,603,447</u>	<u>229,807</u>	<u>3,003,663</u>	<u>73,829,591</u>	<u>3,203,867</u>	<u>70,625,724</u>
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	\$ 1,401,387			1,401,387		1,401,387
Compensated absences	32,643	6,825	2,500	36,968	4,769	32,199
Total governmental component units long-term debt	<u>\$ 1,434,030</u>	<u>6,825</u>	<u>2,500</u>	<u>1,438,355</u>	<u>4,769</u>	<u>1,433,586</u>
Total debt	<u>\$ 172,550,153</u>	<u>4,715,806</u>	<u>15,211,349</u>	<u>162,054,610</u>	<u>16,170,397</u>	<u>145,884,213</u>

* A portion of the deductions are recorded in the Local streets fund

City of Southfield

Notes to the Financial Statements

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (continued)

The annual requirements (excluding the other long-term obligations) on bonded debt to pay principal and to pay interest on debt outstanding at year end (in thousands of dollars) are:

	Governmental activities					
	Direct Borrowings and Direct Placements			Other Debt		
	Prin.	Int.	Total	Prin.	Int.	Total
2021	\$ 2,104	\$ 97	\$ 2,201	\$ 6,355	\$ 2,428	\$ 8,783
2022	2,149	73	2,222	6,290	2,211	8,501
2023	2,065	49	2,114	6,565	1,724	8,289
2024	2,003	25	2,028	6,980	1,535	8,515
2025	47		47	6,885	1,485	8,370
2026	48		48	7,340	1,203	8,543
2027	43		43	7,335	920	8,255
2028	43		43	7,590	645	8,235
2029	37		37	7,885	356	8,241
2030				1,640		
	<u>\$ 8,539</u>	<u>\$ 244</u>	<u>\$ 8,783</u>	<u>\$ 64,865</u>	<u>\$ 12,507</u>	<u>\$ 75,732</u>

	Business-type Water and sewer					
	Direct Borrowings and Direct Placements			Other Debt		
	Prin.	Int.	Total	Prin.	Int.	Total
2021	\$ 1,766	\$ 192	\$ 1,958	\$ 1,195	\$ 2,011	\$ 3,206
2022	955	154	1,109	2,080	1,975	4,055
2023	214	127	341	2,910	1,912	4,822
2024	221	118	339	3,000	1,825	4,825
2025	227	109	336	3,090	1,735	4,825
2026	234	100	334	3,180	1,642	4,822
2027	242	90	332	3,275	1,547	4,822
2028	249	80	329	3,375	1,449	4,824
2029	257	57	314	3,475	1,348	4,823
2030	268	44	312	3,580	1,243	4,823
2031	276	30	306	3,690	1,136	4,826
2032	287	16	303	3,800	1,025	4,825
2033	298		298	3,915	911	4,826
2034				4,030	794	4,824
2035				4,150	673	4,823
2036				4,275	548	4,823
2037				4,405	420	4,825
2038				4,535	288	4,823
2039				4,680	146	4,826
	<u>\$ 5,494</u>	<u>\$ 1,117</u>	<u>\$ 6,611</u>	<u>\$ 66,640</u>	<u>\$ 22,628</u>	<u>\$ 89,268</u>

City of Southfield

Notes to the Financial Statements

7. LONG-TERM DEBT AND OTHER OBLIGATIONS (continued)

The City has pledged its full faith and credit for the bonded indebtedness of the City of Southfield Building Authority and Southfield Library Building Authority.

The Economic Development Corporation (EDC) has issued revenue bonds collateralized by a promissory note from certain commercial enterprises receiving the proceeds of the bonds. Since the EDC has assigned its interest in the notes receivable to the trustees of the revenue bonds, and since the revenue bonds are not an obligation of the City, the revenue bonds and related notes receivable have not been reflected in the combined financial statements of the City.

The contractual obligations to the State and County within the Business-type activities in the previous exhibit is the result of the State of Michigan's issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the water and sewer fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water and sewer mains to include the west side of the City and the reconstruction of a portion of the Evergreen and Farmington sewage disposal system. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$6,611,000. During the current year, net operating income of the system, was \$13,113,671 compared to the annual debt requirement of approximately \$2,571,000.

8. INTERFUND BALANCES AND TRANSFERS

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

	Payable Fund		Total receivable by fund
	Non-major governmental funds	Internal service funds	
Receivable Fund			
General fund	\$ 290,529		\$ 290,529
Non-major governmental funds	9,026	\$ 21,169	30,195
Total governmental activities	299,555	21,169	320,724
Associated governmental activities:			
Internal service funds	246,824		246,824
Total receivable fund	\$ 546,379	\$ 21,169	\$ 567,548

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS (continued)

Interfund receivable and payable balances related to the discretely presented component units at year end are as follows:

	Payable Fund				Total receivable by fund
	General fund	Health Care	Section 8 housing commission	Southfield growth corporation	
Receivable Fund					
General fund			\$ 26,603		\$ 26,603
Section 8 housing commission		\$ 19,235			19,235
Southfield growth corporation	\$ 2,753				2,753
Block Grant				\$ 20,005	20,005
Grants				34,468	34,468
Facilities Maintenance			4,668		4,668
Total receivable fund	\$ 2,753	\$ 19,235	\$ 31,271	\$ 54,473	\$ 107,732

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

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

Transfers Out:	Transfers In:		
	Major streets	Non-major governmental funds	Total transfers out
Governmental activities:			
General fund		\$ 519,609	\$ 519,609
Other non-major funds	\$ 5,750,938	7,401,225	13,152,163
Total governmental activities	5,750,938	7,920,834	13,671,772
Total transfers in	\$ 5,750,938	\$ 7,920,834	\$ 13,671,772

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

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

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS (continued)

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

PRIMARY GOVERNMENT

Non-major governmental

Capital improvement	\$ 385,933
Special assessment construction	<u>1,377,391</u>
Total non-major governmental	<u>1,763,324</u>
Total primary government	<u>\$ 1,763,324</u>

DISCRETELY PRESENTED COMPONENT UNITS

Local development finance authority	<u>\$ 1,401,387</u>
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9. COMMITMENTS AND CONTINGENCIES

Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal Risk Management Authority (MMRMA) risk pool for claims relating to bodily injury, personal injury, property damage to property of others and City owned property, public officials and law enforcement liability, and statutory Michigan "no fault" for owned automobiles. The City is self-insured for a majority of its healthcare costs up to \$250,000 per occurrence and for workers' compensation claims up to \$600,000 per occurrence. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MMRMA program is approved and regulated by the Michigan Insurance Bureau and provides coverage of \$15 million per occurrence, with the first \$250,000 self-insured retention being the responsibility of the City for all liability claims. For property damage claim coverage, the MMRMA provides combined property coverage of \$189 million.

City's self-insured retention responsibility:

Coverage	Deductible	City's Self Insured Retention	Limits of Coverage per Occurrence
Liability	N/A	\$250,000 per occurrence	\$15,000,000
Vehicle Physical Damage	\$1,000 per vehicle	\$15,000 per vehicle, \$30,000 per occurrence	\$1,500,000
Fire/EMS Replacement Cost	\$1,000 per occurrence	N/A	\$5,000,000
Property and Crime	\$2,500 per occurrence	N/A	\$10,000 - 50,000,000
Sewage System Outflow	N/A	\$500,000 per occurrence	\$1,000,000

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

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

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

	2020	2019
Estimated liability - beginning of year	\$ 2,233,975	\$ 2,107,513
Estimated claims incurred, including reinsurance premiums and changes in estimates	4,464,852	1,332,472
Claim and insurance premium payments and reinsurance recoveries	<u>(3,871,026)</u>	<u>(1,206,010)</u>
Estimated liability - end of year	<u>\$ 2,827,801</u>	<u>\$ 2,233,975</u>

The City estimates that claims incurred but not reported for self-insured medical plan totaled \$680,131 at year end. This liability is recorded as part of the general and medical claims' liability at year end, less the year-end settlement of amounts overpaid during the fiscal year of \$712,940 for a net asset of \$32,809.

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 City is still in the pre-discovery phase of the case but intends to defend it vigorously. Based on the information available to date, management does not believe they are able to predict the likelihood of an unfavorable outcome at this time; however, to the extent that an unfavorable outcome does occur, management believes it will be primarily covered within the MMRMA per occurrence limit of \$15M and that any loss to the City will be minimal. These events have no direct impact to the City's financial statements as of and for the year ended June 30, 2020 as issued. The City has not identified any other significant claims, legal actions and complaints arising in the ordinary course of business.

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling \$4,746,090 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$132,072 for the governmental funds, exclusive of interest and penalties. However, based on management's analysis in conjunction with their third-party attorney and City Assessor, the City believes the true potential loss to be approximately \$10,000. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Michigan Tax Tribunal issues its ruling.

10. PROPERTY TAXES AND ABATEMENTS

Property taxes are levied each July 1 on the taxable value of property, as equalized by the State of Michigan at 50% of estimated market value as of the preceding December 31 and subject to the tax limitations prescribed by state law. The state equalized valuation of real and personal property located in the City, based on the December 31, 2019 valuation, was \$3,397,602,790 and the unadjusted taxable value was \$2,562,758,500. The City's operating tax rate is 6.6094 which is the charter limit reduced by the Headlee Amendment. With the newly voted millage and the other previously authorized millage, including those for special operations, pensions and debt retirements, the total tax rate for the City is 27.8275 (excluding the DDA millage). The sum of these rates generated \$66,307,323 in property tax revenues reported on the financial statements net of interest, penalties, and administrative fees.

In 1994, Proposal A/Public Act 415 was approved by Michigan voters. It requires that annual increases in the taxable value of individual properties that remain in the same ownership be limited to the lesser of five percent or the rate of inflation. Properties are adjusted to market value for purposes of property taxation only at the time of sale or transfer. Utilizing a 2019 rate of inflation cap of 1.9%, the City of Southfield's 2017-18 State Equalized Evaluation (SEV) of \$3,397,602,790 was capped at a Taxable Assessed Valuation (TAV) of \$2,562,758,500.

Taxes are due July 1 and December 1 (the lien dates) and are collectible through August 31 and February 14, respectively (the collection dates), without penalty. The tax levy is based on a December 31 assessment date. After February 28, all taxes are declared delinquent. Delinquent property taxes are turned over to the County Treasurer who assumes responsibility for their collection and, at the same time, reimburses the City for the total amount of delinquent real property taxes.

Abatements

The City offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the City. The more significant property tax abatements, as defined by GASB 77, Tax Abatement Disclosures that occurred during fiscal year 2020 are as follows:

City of Southfield

Notes to the Financial Statements

10. PROPERTY TAXES AND ABATEMENTS (continued)

The City receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974). Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years. For the fiscal year ended June 30, 2020, the City abated \$192,937 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, 2020, the Brownfield captured approximately \$1,390,000 of city taxes, in addition to captures from other taxing jurisdictions. Additionally, this captured Brownfield revenue must, by agreement, be used in part to reimburse developers. Due to the restricted nature of these agreements, the Brownfield essentially must pass on related tax dollars to the developers and, for the purpose of this pronouncement, reimbursed approximately \$1,379,000 to developers during the year.

The City uses the New Personal Property Exemption to enter into agreements with businesses located within a specific district in the City, as provided in PA 328 of 1998. Under the program, the City grants reductions of 100 percent of property tax bill for real property for up to 10 years. As a condition of receiving the New Personal Property Exemption, the business agrees to operate the facility for which the certificate is granted for the term of the certificate plus an additional term after the date of expiration of the certificate equal to one year of business residency per abated year. If a business vacates or fails to operate the facility for which the certificate is granted, then it shall be liable for repayment of any property tax savings benefiting the business due to the existence of the certificate, beginning with the initial effective year of the certificate. For the fiscal year ended June 30, 2020, the City abated approximately \$595,000 of taxes under this program.

11. PENSION TRUSTS

A. Pension Plan description

Plan description –

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

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

A. Pension Plan description

Management of the SERS Plan is vested in the Pension Board, which consists of seven members—two elected by plan members, one elected by the retired members, three appointed by the City Council, and one appointed by the Mayor. There is also one Alternative Member, who serves as an alternate only to the three members appointed by City Council. Management of the FPRS Plan is vested in the Pension Board, which consists of five members—two elected by plan members, two appointed by the City Council, and the Treasurer.

Benefits provided –

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

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

Employees covered by benefit terms –

The following members were covered by the benefit terms:

	SERS	FPRS
Date of member count	6/30/2020	6/30/2020
Inactive plan members or beneficiaries currently receiving benefits	367	378
Inactive plan members entitled to but not yet receiving benefits	45	1
Active employees	296	213
Total	708	592

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

A. Pension Plan description

Contributions –

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on amounts agreed upon by City Council and in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2020, the average active employee contribution rate was 5.09 percent of pay for SERS and 2.78 percent for FPRS. The City's average contribution rate was 23.22 percent of pay for SERS and 36.36 percent for FPRS. These rates were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Plan from the City were \$3,755,353 and \$7,060,402 for SERS and FPRS, respectively, for the year ended June 30, 2020.

B. Net Pension Liability of the City

The June 30, 2020 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the current date (June 30, 2020) for both plans. The June 30, 2020 total pension liability was determined by an actuarial valuation performed as of one year earlier, June 30, 2019.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 158,484,552	\$ 112,136,077	\$ 46,348,475
Service cost	1,693,209		1,693,209
Interest on total pension liability	11,508,838		11,508,838
Changes of benefit terms	(86,700)		(86,700)
Experience differences	1,908,975		1,908,975
Changes of assumptions	7,787,551		7,787,551
Investment earnings		690,641	(690,641)
Contributions - employer		3,755,353	(3,755,353)
Contributions - employee		822,698	(822,698)
Benefit payments, including refunds	(11,759,957)	(11,759,957)	-
Administrative costs		319,829	(319,829)
Net changes	11,051,916	(6,171,436)	17,223,352
Balance at June 30, 2020	\$ 169,536,468	\$ 105,964,641	\$ 63,571,827

The Plan's fiduciary net position represents 63% of the total pension liability.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

B. Net Pension Liability of the City

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 270,278,995	\$ 194,246,518	\$ 76,032,477
Service cost	2,641,811		2,641,811
Interest on total pension liability	19,647,416		19,647,416
Changes of benefit terms	-		-
Experience differences	(558,290)		(558,290)
Changes of assumptions	12,397,937		12,397,937
Investment earnings (loss)		(3,394,354)	3,394,354
Contributions - employer		7,060,402	(7,060,402)
Contributions - employee		610,417	(610,417)
Benefit payments, including refunds	(19,268,715)	(19,268,715)	-
Administrative costs		(183,978)	183,978
Net changes	14,860,159	(15,176,228)	30,036,387
Balance at June 30, 2020	\$ 285,139,154	\$ 179,070,290	\$ 106,068,864

The Plan's fiduciary net position represents 63% of the total pension liability.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 428,763,547	\$ 306,382,595	\$ 122,380,952
Service cost	4,335,020		4,335,020
Interest on total pension liability	31,156,254		31,156,254
Changes of benefit terms	(86,700)		(86,700)
Experience differences	1,350,685		1,350,685
Changes of assumptions	20,185,488		20,185,488
Investment earnings (loss)		(2,703,713)	2,703,713
Contributions - employer		10,815,755	(10,815,755)
Contributions - employee		1,433,115	(1,433,115)
Benefit payments, including refunds	(31,028,672)	(31,028,672)	-
Administrative costs		135,851	(135,851)
Net changes	25,912,075	(21,347,664)	47,259,739
Balance at June 30, 2020	\$ 454,675,622	\$ 285,034,931	\$ 169,640,691

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

Total Pension Liability includes component units, \$222,772. Total Primary Government Net Pension Liability is \$169,417,919 for the year ended June 30, 2020. The City recognized pension expense of \$28,800,672 from all plans.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,261,380	\$ (567,474)
Changes in assumptions	14,899,267	-
Net difference between projected and actual earnings on pension plan investments	<u>23,282,118</u>	<u>-</u>
Total	<u>\$ 41,442,765</u>	<u>\$ (567,474)</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
2021	\$ 10,828,560
2022	13,199,256
2023	11,596,131
2024	5,251,344

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

Actuarial assumptions –

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

	SERS	FPRS
Inflation	2.25 percent	3.25 percent
Salary increases (including inflation)	3.0 to 6.0 percent	3.25 to 8.25 percent
Investment rate of return (net of investment expenses)	7.0 percent	7.0 percent
Mortality rates	RP-2014 Mortality Table, with adjustments to more closely reflect our experience study	RP-2014 Mortality Table, with adjustments to more closely reflect our experience study

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for SERS and FPRS plans dated September 16, 2016 and April 8, 2016, respectively.

Discount rate –

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

	SERS	FPRS
Assumed investment rate of return	7.0 percent	7.0 percent
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure TPL	7.0 percent	7.0 percent

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

Investment rate of return –

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

SERS	Target Allocation	Long-term expected real rate of return
Domestic equity	48.00%	5.71%
International equity	15.50%	6.71%
Domestic bonds	20.00%	0.71%
International bonds	2.00%	1.71%
Real estate	6.00%	2.71%
Alternative assets	8.50%	4.50%

During the year, the long-term rate of return and discount rate were reduced to 7.0 percent.

FPRS	Target Allocation	Long-term expected real rate of return
Domestic equity	34.00%	6.20%
International equity	16.00%	6.90%
Domestic bonds	20.00%	1.60%
International bonds	0.00%	0.00%
Real estate	14.00%	5.70%
Alternative assets	16.00%	4.70%

During the year, the long-term rate of return and discount rate were reduced to 7.0 percent.

For the year ended June 30, 2020, the annual money-weighted rate of return on pension investments, net of pension plan investment expense was 0.18 and -1.46 percent for SERS and FPRS, respectively.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

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

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

	1% decrease	Current discount rate	1% increase
Net Pension Liability for SERS	\$81,203,283	\$63,571,827	\$48,593,053
Net Pension Liability for FPRS	\$134,698,040	\$106,068,864	\$82,302,668

Pension plan fiduciary net position –

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

Deferred Retirement Option Program –

The City’s FPRS plan offers certain employees the ability to continue services and be paid a salary after they are retirement eligible and freeze their retirement benefits; this program credits the employee for benefit payments that would have been paid, and pays them out with interest of either 4% or 2% depending on union after the employee has fully retired (discontinued providing employee services to the City). At June 30, 2020, the Plan has \$12,170,160 accumulated in DROP accounts.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

Employees Covered by Benefit Terms: At June 30, 2019 (the valuation date for which the Net OPEB Liability as of June 30, 2020 was determined), plan membership consisted of the following:

	OPEB
Inactive plan members or beneficiaries currently receiving benefits	626
Inactive plan members entitled to but not yet receiving benefits	31
Active employees	289
Total	946

Contributions – Contribution rates are established by the collective bargaining units. For the year ended June 30, 2020, the City contributed \$12,371,933 to the Plan. Active Fire and Police plan members are required to contribute 2% of covered payroll to the Plan. Active Police plan members who entered in the DROP program prior to June 16, 2014 are required to contribute an additional 2% of covered pay (4% total). Those eligible to DROP after June 16, 2014 will contribute an additional 3% (5% total) to the Plan upon entering DROP. DROP is closed to Police employees hired after June 16, 2014.

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

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The Trust has chosen to use June 30, 2020 as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, which used update procedures to roll forward the estimated liability to June 30, 2020.

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

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Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 69,348,608	\$ 22,277,384	\$ 47,071,224
Service cost	624,073		624,073
Interest on total OPEB liability	4,768,783		4,768,783
Changes to benefit terms	-		-
Experience differences	(3,582,854)		(3,582,854)
Changes of assumptions	(1,414,811)		(1,414,811)
Investment earnings		(626,105)	626,105
Contributions - employer		5,807,105	(5,807,105)
Contributions - employee		188,398	(188,398)
Benefit payments, including refunds	(3,070,355)	(3,070,355)	-
Administrative costs		(12,777)	12,777
Other		(1,072,280)	1,072,280
Net changes	(2,675,164)	1,213,986	(3,889,150)
Balance at June 30, 2020	\$ <u>66,673,444</u>	\$ <u>23,491,370</u>	\$ <u>43,182,074</u>

The Plan's fiduciary net position represents 35.2% of the total OPEB liability.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 100,554,447	\$ 51,495,050	\$ 49,059,397
Service cost	1,383,395		1,383,395
Interest on total OPEB liability	6,947,296		6,947,296
Changes to benefit terms	-		-
Experience differences	9,651,581		9,651,581
Changes of assumptions	(2,368,608)		(2,368,608)
Investment earnings		(1,427,931)	1,427,931
Contributions - employer		6,564,828	(6,564,828)
Contributions - employee		329,032	(329,032)
Benefit payments, including refunds	(3,998,110)	(3,998,110)	-
Administrative costs		(12,777)	12,777
Other		1,863,104	(1,863,104)
Net changes	11,615,554	3,318,146	8,297,408
Balance at June 30, 2020	\$ <u>112,170,001</u>	\$ <u>54,813,196</u>	\$ <u>57,356,805</u>

The Plan's fiduciary net position represents 48.9% of the total OPEB liability.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 169,903,055	\$ 73,772,434	\$ 96,130,621
Service cost	2,007,468		2,007,468
Interest on total OPEB liability	11,716,079		11,716,079
Changes to benefit terms	-		-
Experience differences	6,068,727		6,068,727
Changes of assumptions	(3,783,419)		(3,783,419)
Investment earnings		(2,054,036)	2,054,036
Contributions - employer		12,371,933	(12,371,933)
Contributions - employee		517,430	(517,430)
Benefit payments, including refunds	(7,068,465)	(7,068,465)	-
Administrative costs		(25,554)	25,554
Other		790,824	(790,824)
Net changes	8,940,390	4,532,132	4,408,258
Balance at June 30, 2020	\$ <u>178,843,445</u>	\$ <u>78,304,566</u>	\$ <u>100,538,879</u>

The Plan's fiduciary net position represents 43.8% of the total OPEB liability.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

At June 30, 2020, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,456,949	\$ (1,843,351)
Changes in assumptions	-	(18,234,948)
Net difference between projected and actual earnings on OPEB plan investments	<u>7,558,020</u>	<u>-</u>
Total	<u>\$ 13,014,969</u>	<u>\$ (20,078,299)</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
2021	\$ (13,385,521)
2022	2,806,246
2023	2,026,221
2024	1,489,724
2025	-

Actuarial Assumption

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020. The valuation used the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent	
Healthcare cost trend rate	6.5 to 10.0 percent	Gradually decreasing to an ultimate rate of 3.0 percent in year 10
Salary increases	3.0 percent to 8.25 percent Including inflation	
Investment rate of return	7.0 percent	Net of OPEB plan investment expense, including inflation

- The excise tax (Cadillac tax) load was removed as it was repealed from the Affordable Care Act

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Mortality rates were based on the following:

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for SERS and FPRS plans dated September 16, 2016 and April 8, 2016, respectively.

Discount Rate: Changes in the total OPEB liability include benefit and assumptions changes, and the difference between actual and expected experience.

As shown below, the discount rate used to measure the 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 plan’s fiduciary net position to make all projected future benefit payments of current active and inactive employees:

Assumed investment rate of return	7.0 percent
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes
Discount rate used to measure TOL	7.0 percent

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Plan Investments

Investment Policy: The Plan’s policy regarding the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. The following was the board’s adopted asset allocation policy as of June 30, 2020:

Asset class	Target Allocation	Long-term expected real rate of return
US Equities	30.0%	6.0%
International Equities	10.0%	4.9%
Emerging Markets Equities	5.0%	6.5%
Fixed Income	25.0%	1.7%
Equity Hedge Assets	10.0%	4.5%
Private Equity	10.0%	9.5%
Real Assets	2.0%	3.9%
Private Real Estate	8.0%	5.9%

The long term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2020 for each major asset class are included in the target asset allocation summarized in the above table.

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB investments, net of OPEB plan investment expense was -2.62 percent.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability, calculated using the discount rate of 7.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% decrease	Current discount rate	1% increase
	6.00%	7.00%	8.00%
Net OPEB Liability	\$120,390,107	\$100,538,879	\$83,811,007

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 9.0 percent, decreasing to 3.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (8.0 percent, decreasing to 2.0 percent) or 1 percentage point higher (10.0 percent, decreasing to 4.0 percent) than the current rate:

	1% decrease	Cost trend rate	1% increase
	8.0%, decreasing to 2.0%	9.0%, decreasing to 3.0%	10.0%, decreasing to 4.0%
Net OPEB Liability	\$81,754,428	\$100,538,879	\$122,865,004

13. DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Loans are permitted from this plan, subject to guidelines established by the employer. 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.

In accordance with GASB Statement No. 32, *Accounting and financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City has removed the plans' assets from the financial statements.

City of Southfield

Notes to the Financial Statements

14. FUND BALANCE CONTSTRAINTS

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

	Major funds		Non-major funds
	General fund	Major Streets	Other governmental
Non-spendable			
Prepays	\$ 704,954		\$ 91,083
Inventory	376,169		
Long-term receivable			3,164,711
Land held for resale	13,619,058		
Restricted for:			
Right-of-way funds/metro authority	1,389,280		
Sanitation reserve	809,422		
Major streets		\$ 1,601,406	
Local streets			10,367,415
Parks and recreation			3,877,807
Cable PEG fees			578,567
Block grant			236,098
Drug law enforcement			662,051
Grants			144,996
Library			8,927,741
Michigan works grants			81,498
Auto theft grant			99,918
Donations, memorial trusts & sponsorships			436,638
Road bond debt			1,248,647
Drains-at-large debt			655,891
Road bond construction			10,103,771
Capital improvement construction			530,961
Special assessment construction			755,497
Committed to:			
Specific programs (General)			
Dispatch improvements	1,102,877		
Emergency cleanup	764,594		
Equalization reserve	1,000,000		
Local improvement revolving - Northland	12,932,976		
Building infrastructure reserve	8,500,000		
Tax base initiatives reserve	3,000,000		
Wage adjustment	1,500,000		
Donations, memorial trusts & sponsorships			359,949
Assigned to:			
* Encumbrances	263,577		
Subsequent years' expenditures	200,000		
Library building authority			49,679
Capital improvement construction			7,102,115
Local improvement revolving			2,348,499
Special assessment construction			1,612,332
Unassigned			
General fund	15,759,131		
	<u>\$ 61,922,038</u>	<u>\$ 1,601,406</u>	<u>\$ 53,435,864</u>

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

City of Southfield

Notes to the Financial Statements

15. JOINT VENTURE

Southeastern Oakland County Water Authority

The City is a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11-member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2020, the City expensed \$7,033,082 of payments made to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

16. SUBSEQUENT EVENT

On December 10, 2020, the City issued the third series of unlimited tax general obligation Street Improvement bonds in the aggregate amount of \$23.4 million with interest rates ranging from 2 percent to 3 percent and a final maturity date of May 1, 2031. This issuance represents the final series of bonds authorized under the \$99 million Street Improvement Bond Proposition, including a dedicated millage, approved by the voters on November 4, 2014. The City had previously issued Street Improvement bonds in 2015 and 2018 in the combined aggregate principal amount of approximately \$76.4 million. The debt service payments are scheduled semi-annually beginning in November 2021 and range from approximately \$0.9 million to \$8.5 million annually over the life of the bonds and will be paid from the proceeds levied under the dedicated street improvement millage.

17. UPCOMING REPORTING CHANGES

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance.

In June 2017, the GASB issued Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance.

City of Southfield

Notes to the Financial Statements

17. UPCOMING REPORTING CHANGES (continued)

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the City's financial statements for the June 30, 2021 fiscal year but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, Majority Equity Interests. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. 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 March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange of exchange-like transaction. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

City of Southfield

Notes to the Financial Statements

17. UPCOMING REPORTING CHANGES (continued)

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 51,674,018	\$ 51,674,018	\$ 50,308,275	\$ (1,365,743)
Charges for services	3,553,710	3,569,090	3,827,715	258,625
Sanitation	2,672,857	2,672,857	2,756,650	83,793
Licenses and permits	3,243,375	3,243,375	2,849,931	(393,444)
Fines and forfeitures	3,421,000	3,421,000	2,985,770	(435,230)
Cable franchise fees	1,400,000	1,400,000	1,371,877	(28,123)
Intergovernmental:				
Federal	116,923	116,923	87,941	(28,982)
State	8,470,191	8,495,191	9,728,737	1,233,546
Other	702,818	702,818	688,443	(14,375)
Investment earnings	500,000	500,000	1,379,916	879,916
Change in fair value of investments			1,094,767	1,094,767
Other	1,915,737	1,917,748	2,169,695	251,947
Total revenues	<u>77,670,629</u>	<u>77,713,020</u>	<u>79,249,717</u>	<u>1,536,697</u>
EXPENDITURES				
General government:				
Council	195,120	195,120	171,198	23,922
Mayor	133,832	158,832	148,853	9,979
Clerk's	1,005,079	1,015,119	1,013,292	1,827
Treasurer's	859,998	859,998	786,232	73,766
Administration	622,831	671,080	668,382	2,698
Fiscal services	2,923,501	2,953,012	2,674,177	278,835
Legal	892,632	892,632	852,874	39,758
Human resources	1,257,286	1,257,719	1,110,285	147,434
Technology & central services	2,594,871	3,016,198	2,791,333	224,865
Community relations	758,467	780,861	616,997	163,864
Total general government	<u>11,243,617</u>	<u>11,800,571</u>	<u>10,833,623</u>	<u>966,948</u>
Public Safety:				
Police	23,008,082	23,065,830	23,911,976	(846,146)
Fire	18,940,461	18,965,465	19,499,294	(533,829)
Building and safety engineering	4,360,362	4,378,103	3,768,624	609,479
46th Michigan district court	3,949,414	3,954,541	3,497,165	457,376
Civilian support services	3,712,867	3,729,903	3,746,251	(16,348)
Total public safety	<u>53,971,186</u>	<u>54,093,842</u>	<u>54,423,310</u>	<u>(329,468)</u>
Public Services:				
Planning	1,185,241	1,192,741	834,750	357,991
Community development	368,988	383,182	346,265	36,917
Sanitation	2,819,433	2,799,129	2,422,125	377,004
Road service administration	2,376,898	2,412,842	1,145,337	1,267,505
Total public services	<u>6,750,560</u>	<u>6,787,894</u>	<u>4,748,477</u>	<u>2,039,417</u>
Other:				
Insurance and bonds	1,343,818	1,341,894	621,584	720,310
Support services	4,093,160	13,388,469	3,435,918	9,952,551
Total other	<u>5,436,978</u>	<u>14,730,363</u>	<u>4,057,502</u>	<u>10,672,861</u>
Capital outlay	307,361	331,353	76,336	255,017
Debt service:				
Principal retirement	340,000	340,000	340,000	-
Interest and fiscal charges	28,480	28,480	28,480	-
Total debt	<u>368,480</u>	<u>368,480</u>	<u>368,480</u>	<u>-</u>
Total expenditures	<u>78,078,182</u>	<u>88,112,503</u>	<u>74,507,728</u>	<u>13,604,775</u>
Excess (deficiency) of revenues over (under) expenditures	(407,553)	(10,399,483)	4,741,989	15,141,472
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	75,000	75,000		(75,000)
Insurance recovery			916,703	916,703
Transfers out	(209,072)	(532,608)	(519,609)	12,999
Total other financing sources (uses)	<u>(134,072)</u>	<u>(457,608)</u>	<u>397,094</u>	<u>854,702</u>
Net change in fund balances	(541,625)	(10,857,091)	5,139,083	15,996,174
Fund balances - beginning	56,782,955	56,782,955	56,782,955	-
Fund balances - ending	<u>\$ 56,241,330</u>	<u>\$ 45,925,864</u>	<u>\$ 61,922,038</u>	<u>\$ 15,996,174</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2020

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 294,113	\$ 294,113	\$ 292,821	\$ (1,292)
Intergovernmental:				
Federal			96,388	96,388
State	6,262,750	6,262,750	6,463,779	201,029
Other	103,000	103,000	173,217	70,217
Investment earnings			128,556	128,556
Change in fair value of investments			10,738	10,738
Other			394,683	394,683
Total revenues	<u>6,659,863</u>	<u>6,659,863</u>	<u>7,560,182</u>	<u>900,319</u>
EXPENDITURES				
Highways and streets:				
Administration	337,081	381,249	368,563	12,686
Road maintenance	2,304,349	2,261,249	2,421,220	(159,971)
Traffic services	404,800	373,106	809,575	(436,469)
Snow removal	596,299	590,840	625,959	(35,119)
Appearance	1,228,222	1,308,925	1,728,492	(419,567)
Total highways and streets	<u>4,870,751</u>	<u>4,915,369</u>	<u>5,953,809</u>	<u>(1,038,440)</u>
Capital outlay	3,365,000	5,395,582	6,106,962	(711,380)
Debt service:				
Principal	1,289,916	1,289,916	1,194,999	94,917
Interest and fiscal charges	149,196	149,196	149,196	-
Total expenditures	<u>9,674,863</u>	<u>11,750,063</u>	<u>13,404,966</u>	<u>(1,654,903)</u>
Deficiency of revenues under expenditures	(3,015,000)	(5,090,200)	(5,844,784)	(754,584)
OTHER FINANCING SOURCES				
Transfers in	<u>3,015,000</u>	<u>5,082,582</u>	<u>5,750,938</u>	<u>668,356</u>
Net change in fund balances		(7,618)	(93,846)	(86,228)
Fund balances - beginning	<u>1,695,252</u>	<u>1,695,252</u>	<u>1,695,252</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,695,252</u>	<u>\$ 1,687,634</u>	<u>\$ 1,601,406</u>	<u>\$ (86,228)</u>

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

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

Southfield Employee Retirement System pension benefits

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 3,755,353	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024	\$ 2,498,235	\$ 2,677,559	\$ 2,804,144
Contributions in relation to the actuarially determined contribution	<u>3,755,353</u>	<u>3,623,322</u>	<u>3,668,687</u>	<u>2,727,775</u>	<u>2,866,029</u>	<u>3,233,204</u>	<u>3,108,024</u>	<u>2,498,235</u>	<u>2,677,559</u>	<u>2,804,144</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 15,059,719	\$ 14,716,566	\$ 13,548,441	\$ 13,340,553	\$ 13,407,323	\$ 13,455,647	\$ 14,054,199	\$ 15,400,000	\$ 16,800,000	\$ 17,800,000
Contribution as a Percentage of Covered Payroll	24.94%	24.62%	27.08%	20.45%	21.38%	24.03%	22.11%	16.22%	15.94%	15.75%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/19 Actuarially determined contribution amounts for fiscal year 2020 are calculated based upon results of the June 30, 2018 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage, Closed
Remaining amortization period	28 years for the June 30, 2018 valuation
Asset valuation method	5- year smoothed market
Price Inflation	2.75%
Investment rate of return	7.50% (net of investment and administrative expenses)
Salary increases	3.00% to 6.00% including 3.00% wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Post-Retirement: RP-2014 Healthy Annuitant Generational Mortality Tables with blue collar adjustments and extended via cubic spline. Pre-Retirement: RP-2014 Employee Generational Mortality Tables with blue collar adjustments and extended via cubic spline. Disability retirement: RP-2014 Disabled Mortality Tables extended via cubic spline. All tables are adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 is utilized with future mortality improvements assumed each year using scale MP-2015.
Other information	Effective with the June 30, 2019 funding valuation, the rate of investment return was lowered from 7.50% to 7.00%. The new assumption was also reflected in the development of the Total Pension Liability as of June 30, 2020.

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

Fire and Police Retirement System pension benefits

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 7,060,402	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046	\$ 5,107,319	\$ 4,004,031	\$ 3,229,416
Contributions in relation to the actuarially determined contribution	<u>7,060,402</u>	<u>7,009,077</u>	<u>6,638,423</u>	<u>6,241,527</u>	<u>5,664,576</u>	<u>5,933,162</u>	<u>5,256,046</u>	<u>5,107,319</u>	<u>4,004,031</u>	<u>3,229,416</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 18,552,867	\$ 18,595,691	\$ 18,904,937	\$ 18,741,427	\$ 18,610,174	\$ 18,452,501	\$ 18,819,454	\$ 19,000,000	\$ 19,700,000	\$ 20,700,000
Contribution as a Percentage of Covered Payroll	38.06%	37.69%	35.11%	33.30%	30.44%	32.15%	27.93%	26.88%	20.33%	15.60%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/19 Actuarially determined contribution rates are calculated as of June 30, each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-Age Normal
Amortization method Level Percent, Closed
Remaining amortization period 28 Years for the June 30, 2018 valuation
Asset valuation method 5-year smoothed market
Investment rate of return 7.50% (net of investment and administrative expenses)
Inflation 3.25% wage inflation; no explicit price inflation assumption is used in this valuation
Salary increases 3.25% to 8.25% including wage inflation
Retirement age Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Healthy retirees: RP-2014 Blue Collar Healthy Annuitant mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale.
Disabled retirees:RP-2014 Disabled Annuitant mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale.
Employees: RP-2014 Blue Collar Employees mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 19,835,915	\$ 20,058,979	\$ 17,857,831	\$ 18,026,227	\$ 16,850,343	\$ 16,950,396	\$ 16,194,040	\$ 16,194,040	\$ 12,215,080	\$ 10,303,454
Contributions in relation to the actuarially determined contribution	<u>12,371,933</u>	<u>10,722,115</u>	<u>8,751,955</u>	<u>8,378,689</u>	<u>8,322,260</u>	<u>7,715,534</u>	<u>7,171,029</u>	<u>6,676,976</u>	<u>12,374,897</u>	<u>11,775,695</u>
Contribution deficiency	\$ 7,463,982	\$ 9,336,864	\$ 9,105,876	\$ 9,647,538	\$ 8,528,083	\$ 9,234,862	\$ 9,023,011	\$ 9,517,064	\$ (159,817)	\$ (1,472,241)
Covered Employee Payroll	\$ 22,442,064	\$ 27,456,584	\$ 27,456,584	\$ 30,668,765	\$ 30,668,765	\$ 32,925,193	\$ 32,925,193	\$ 37,100,980	\$ 37,100,980	\$ 39,219,832
Contribution as a Percentage of Covered Employee Payroll	55.13%	39.05%	31.88%	27.32%	27.14%	23.43%	21.78%	18.00%	33.35%	30.02%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/19 Actuarially determined contribution rates are calculated as of June 30 of odd number years, which is 24 months prior to the beginning of the fiscal year biennium in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	23 Years
Asset valuation method	Market Value
Investment rate of return	5.50% (net of expenses, including inflation)
Inflation	2.50%
Salary increases	3.0% to 8.25% including wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Post Retirement: RPH-2014 Blue Collar Health Annuitant Mortality Table for males and females, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006. Disabled Retirement: RPH-2014 Disabled Mortality Table for males and females is used, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006. Pre-Retirement: RPH-2014 Blue Collar Employee Mortality Table for males and females is used, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006.
Health care trend rates	Trend starting at 9.0% and gradually decreasing to an ultimate trend rate of 3.0%
Aging Factor	The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health cost.
Expenses	Investments and administrative expenses are net of the investment returns.
Other information	None

City of Southfield

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Ten Fiscal Years

	Southfield Employee Retirement System pension benefits						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,693,209	\$ 1,679,389	\$ 1,567,183	\$ 1,576,471	\$ 1,587,719	\$ 1,630,427	\$ 1,716,931
Interest	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	(86,700)					(29,546)	
Differences between expected and actual experience	1,908,975	2,091,982	(835,066)	386,982	(1,241,195)	(1,085,186)	
Changes in assumptions	7,787,551				12,032,895		
Benefit payments, including refunds	<u>(11,759,957)</u>	<u>(11,895,234)</u>	<u>(11,119,463)</u>	<u>(10,693,898)</u>	<u>(10,393,455)</u>	<u>(9,507,989)</u>	<u>(9,787,091)</u>
Net change in total pension liability	<u>11,051,916</u>	<u>3,143,613</u>	<u>841,873</u>	<u>2,339,611</u>	<u>12,783,788</u>	<u>1,706,164</u>	<u>2,426,476</u>
Total pension liability – beginning of year	<u>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>	<u>135,243,027</u>
Total pension liability – end of year	<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	\$ 3,755,353	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024
Contributions – member	822,698	772,659	729,155	720,834	689,397	711,807	717,449
Net investment income	690,641	4,555,080	9,449,992	14,825,665	(3,280,426)	2,770,284	19,846,251
Benefit payments, including refunds	(11,759,957)	(11,895,234)	(11,119,463)	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Other—Pension plan administrative expense	(78,022)	(61,018)	(33,827)	(60,693)	(166,074)	(141,901)	(121,077)
Other	<u>397,851</u>	<u>(31,268)</u>	<u></u>	<u>148,506</u>	<u></u>	<u></u>	<u></u>
Net change in plan fiduciary net position	<u>(6,171,436)</u>	<u>(3,036,459)</u>	<u>2,694,544</u>	<u>7,668,189</u>	<u>(10,284,529)</u>	<u>(2,934,595)</u>	<u>13,763,556</u>
Plan fiduciary net position – beginning of year	<u>112,136,077</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>	<u>104,265,371</u>
Plan fiduciary net position – end of year	<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>\$ 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 % of total pension liability	<u>62.50%</u>	<u>70.76%</u>	<u>74.14%</u>	<u>72.80%</u>	<u>68.88%</u>	<u>82.58%</u>	<u>85.73%</u>
Covered payroll	<u>\$ 15,059,719</u>	<u>\$ 14,716,566</u>	<u>\$ 13,548,441</u>	<u>\$ 13,340,553</u>	<u>\$ 13,407,323</u>	<u>\$ 13,455,647</u>	<u>\$ 14,054,199</u>
City's net pension liability as a % of covered payroll	<u>422.13%</u>	<u>314.94%</u>	<u>296.48%</u>	<u>314.99%</u>	<u>353.16%</u>	<u>180.45%</u>	<u>139.75%</u>

GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added each of the succeeding years until 10 years of such information is available.

City of Southfield

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Ten Fiscal Years

(continued)

	Fire and Police Retirement System pension benefits						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 2,641,811	\$ 2,602,465	\$ 2,640,321	\$ 2,701,757	\$ 2,804,586	\$ 2,803,893	\$ 2,967,577
Interest	19,647,416	19,331,013	18,828,204	18,445,532	17,913,693	17,512,901	17,120,568
Changes of benefit terms		102,244					
Differences between expected and actual experience	(558,290)	2,075,076	4,577,169	1,787,826	1,243,252	781,324	
Changes in assumptions	12,397,937				9,830,854		
Benefit payments, including refunds	(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	<u>14,860,159</u>	<u>3,555,987</u>	<u>7,955,214</u>	<u>5,421,377</u>	<u>15,416,173</u>	<u>5,620,442</u>	<u>5,677,916</u>
Total pension liability – beginning of year	<u>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>	<u>226,631,886</u>
Total pension liability – end of year	<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	\$ 7,060,402	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046
Contributions – member	610,417	506,015	453,274	457,293	444,861	466,794	475,435
Net investment income (loss)	(3,394,354)	7,720,973	13,854,087	20,166,668	2,221,494	3,099,104	30,545,333
Benefit payments, including refunds	(19,268,715)	(20,554,811)	(18,090,480)	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Other—Pension plan administrative expense	(183,978)	(218,587)	(307,479)	(155,064)	(431,274)	(403,477)	(342,022)
Other		(32)	(1,659)				
Net change in plan fiduciary net position	<u>(15,176,228)</u>	<u>(5,537,365)</u>	<u>2,546,166</u>	<u>9,196,686</u>	<u>(8,476,555)</u>	<u>(6,382,093)</u>	<u>21,524,563</u>
Plan fiduciary net position – beginning of year	<u>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>	<u>181,375,116</u>
Plan fiduciary net position – end of year	<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>\$ 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 % of total pension liability	<u>62.80%</u>	<u>71.87%</u>	<u>74.90%</u>	<u>76.22%</u>	<u>74.22%</u>	<u>82.59%</u>	<u>87.34%</u>
Covered payroll	<u>\$ 18,552,867</u>	<u>\$ 18,595,691</u>	<u>\$ 18,904,937</u>	<u>\$ 18,741,427</u>	<u>\$ 18,610,174</u>	<u>\$ 18,452,501</u>	<u>\$ 18,819,454</u>
City's net pension liability as a % of covered payroll	<u>571.71%</u>	<u>408.87%</u>	<u>354.08%</u>	<u>328.31%</u>	<u>350.91%</u>	<u>224.43%</u>	<u>156.28%</u>

GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added each of the succeeding years until 10 years of such information is available.

City of Southfield

Required Supplementary Information

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Last Ten Fiscal Years

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 2,007,468	\$ 4,977,185	\$ 5,202,468	\$ 7,193,640
Interest	11,716,079	14,521,503	13,838,363	12,501,905
Change of benefit terms	-	(128,610,260)		
Differences between expected and actual experience	6,068,727	79,224	32,261,718	-
Changes in assumptions	(3,783,419)	(69,294,419)	(19,904,841)	(39,136,829)
Benefit payments, including refunds	(7,068,465)	(12,150,509)	(10,231,956)	(8,744,194)
Net change in total OPEB liability	<u>8,940,390</u>	<u>(190,477,276)</u>	<u>21,165,752</u>	<u>(28,185,478)</u>
Total OPEB liability – beginning of year	<u>169,903,055</u>	<u>360,380,331</u>	<u>339,214,579</u>	<u>367,400,057</u>
Total OPEB liability – end of year	<u>\$ 178,843,445</u>	<u>\$ 169,903,055</u>	<u>\$ 360,380,331</u>	<u>\$ 339,214,579</u>
Plan fiduciary net position				
Contributions – employer	\$ 12,371,933	\$ 10,722,115	\$ 8,751,955	\$ 8,378,689
Contributions – member	517,430	541,859	592,825	666,218
Net investment income	(2,054,036)	2,549,251	4,963,952	7,021,541
Benefit payments, including refunds	(7,068,465)	(12,150,509)	(10,231,956)	(8,744,194)
Other—Pension plan administrative expense	(25,554)	(2,436)	(22,677)	(10,404)
Other	790,824	2	(82,202)	42,822
Net change in plan fiduciary net position	<u>4,532,132</u>	<u>1,660,282</u>	<u>3,971,897</u>	<u>7,354,672</u>
Plan fiduciary net position – beginning of year	<u>73,772,434</u>	<u>72,112,152</u>	<u>68,140,255</u>	<u>60,785,583</u>
Plan fiduciary net position – end of year	<u>\$ 78,304,566</u>	<u>\$ 73,772,434</u>	<u>\$ 72,112,152</u>	<u>\$ 68,140,255</u>
City's net OPEB liability - ending	<u>\$ 100,538,879</u>	<u>\$ 96,130,621</u>	<u>\$ 288,268,179</u>	<u>\$ 271,074,324</u>
Plan fiduciary net position as a % of total OPEB liability	<u>43.78%</u>	<u>43.42%</u>	<u>20.01%</u>	<u>20.09%</u>
Covered employee payroll	<u>\$ 22,442,064</u>	<u>\$ 27,456,584</u>	<u>\$ 27,456,584</u>	<u>\$ 30,668,765</u>
City's net OPEB liability as a % of covered employee payroll	<u>447.99%</u>	<u>350.12%</u>	<u>1049.91%</u>	<u>883.88%</u>

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retroactive implementation. Data will be added each of the succeeding years until 10 years of such information is available.

City of Southfield
Required Supplementary Information
Schedule of Investment Returns
Last Ten Fiscal Years

Southfield Employee Retirement System pension benefits

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

2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
0.18%	4.17%	7.82%	15.53%	-3.04%	1.12%	26.98%	18.39%	0.33%	30.95%

Fire and Police Retirement System pension benefits

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

2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
-1.46%	3.75%	7.19%	11.06%	1.06%	1.25%	16.74%	9.08%	-3.43%	19.42%

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

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

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

2020	2019	2018	2017
-2.62%	3.75%	7.43%	6.31%

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retroactive implementation.

Data will be added each of the succeeding years until 10 years of such information is available.

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation - Unaudited

While the City does not adopt budgets in accordance with GAAP, the Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual presented in this CAFR have been modified to meet GAAP standards. The following note reconciles the City's adopted budget, as approved annually by the City Council on a non-GAAP basis, with these schedules which are presented in the CAFR on a GAAP basis. The major modifications are derived from transfers, expenditure reimbursements and fund balance draws being budgeted as revenues and expenditures.

MAJOR FUNDS

	General Fund		Major Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 78,576,754	\$ 78,576,754	\$ 9,674,863	\$ 9,674,863
Transfers	(75,000)	(209,072)	(3,015,000)	-
Reimbursements	(289,500)	(289,500)	-	-
Fund balance draws	(541,625)	-	-	-
Original (as presented)	<u>77,670,629</u>	<u>78,078,182</u>	<u>6,659,863</u>	<u>9,674,863</u>
Approved encumbrances	-	9,660,793	-	1,959,700
Council adjustments	42,391	373,528	-	115,500
Final (as presented)	<u>\$ 77,713,020</u>	<u>\$ 88,112,503</u>	<u>\$ 6,659,863</u>	<u>\$ 11,750,063</u>

NON-MAJOR FUNDS

	Local Streets		Parks and Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,959,939	\$ 7,959,939	\$ 6,676,859	\$ 6,676,859
Transfers	(3,250,000)	-	(100,000)	(94,084)
Fund balance draws	-	-	-	-
Approved encumbrances	-	4,000,000	-	-
Council adjustments	-	-	5,000	5,000
Final (as presented)	<u>\$ 4,709,939</u>	<u>\$ 11,959,939</u>	<u>\$ 6,581,859</u>	<u>\$ 6,587,775</u>

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation - Unaudited

(continued)

NON-MAJOR FUNDS

	Cable Television		Block Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,126,230	\$ 1,126,230	\$ 497,644	\$ 497,644
Fund balance draws	(306,230)	-	-	-
Approved encumbrances	-	30,000	-	-
Council adjustments	-	4,260	-	-
Final (as presented)	<u>\$ 820,000</u>	<u>\$ 1,160,490</u>	<u>\$ 497,644</u>	<u>\$ 497,644</u>
	Michigan Indigent Defense		Drug Law Enforcement	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 431,922	\$ 431,922	\$ 304,040	\$ 304,040
Transfers	(81,000)	-	-	-
Fund balance draws	-	-	(304,040)	3,341
Council adjustments	-	-	-	-
Final (as presented)	<u>\$ 350,922</u>	<u>\$ 431,922</u>	<u>\$ -</u>	<u>\$ 307,381</u>
	Grants		Library	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 33,000	\$ 33,000	\$ 7,656,586	\$ 7,656,586
Transfers	-	-	-	-
Fund balance draws	-	-	-	-
Council adjustments	-	-	-	-
Final (as presented)	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 7,656,586</u>	<u>\$ 7,656,586</u>
	Michigan Works Grants		Auto Theft Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,900,000	\$ 1,900,000	\$ 168,145	\$ 168,145
Transfers	-	-	(84,073)	-
Fund balance draws	-	-	-	-
Council adjustments	2,228	2,228	-	-
Final (as presented)	<u>\$ 1,902,228</u>	<u>\$ 1,902,228</u>	<u>\$ 84,072</u>	<u>\$ 168,145</u>
	Donations, Memorial Trusts & Sponsorships			
	Approved Revenues	Approved Expenditures		
Council adopted budget	\$ 200,000	\$ 200,000		
Transfers	-	-		
Fund balance draws	-	-		
Council adjustments	(23,250)	(23,250)		
Final (as presented)	<u>\$ 176,750</u>	<u>\$ 176,750</u>		

City of Southfield

Notes to the Required Supplementary Information

SERS

Changes in Assumptions

2020 – The Board lowered the investment return assumption from 7.5% to 7.0%

2016 – The Board adopted actuarial assumptions recommended by an experience study covering period of July 1, 2010 through June 30, 2015:

- Long-term rate of investment return lowered to 7.5%
- Wage inflation assumption lowered to 3.0%
- 1.0% 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

Changes in Benefit Terms

2020 – Member contributions increased by 1.0% for all groups effective June 29, 2020

FPRS

Changes in Assumptions

2020 – The Board adopted an investment return assumption of 7.0%, and increased the City's contribution rate by 5.0% of payroll

2016 – The Board adopted actuarial assumptions recommended by an experience study covering period of July 1, 2010 through June 30, 2015:

- Long-term rate of investment return lowered to 7.5%
- Wage inflation assumption lowered to 3.25%
- 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% of payroll
- Amortization period lengthened to 30 years

Changes in Benefit Terms

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

- Extension of DROP participation from 5 to 6 years for Police
- Re-open the DROP to Police Patrol Officers hired after June 16, 2014
- Maximum pension benefit cannot exceed bas wages at retirement or DROP for Police Patrol Officers
- Increase employee contributions by 1.0% beginning July 1, 2019 and another 1.0% beginning June 29, 2020 for Police Patrol and Police Command Officers

City of Southfield

Notes to the Required Supplementary Information

OPEB

Changes in Assumptions

2020

- Lowered the amortization period to 22 years beginning July 1, 2020
- Health care trend assumption reset to 8.25% trending down to 3.5% 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% grading down to 3.0% over 10 years
- 7.0% 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% grading down to 4.0% over 10 years
- 5.0% load was applied to the health care liabilities to approximate the cost for future excise tax (Cadillac Tax)

Changes in Benefit Terms

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



NON-MAJOR GOVERNMENTAL FUNDS

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 18,207,257	\$ 1,790,689	\$ 9,442,948	\$ 29,440,894
Investments	8,448,688	115,090	4,837,528	13,401,306
Receivables, net (Note 5)	872,520	14,238	33,790	920,548
Special assessments			881,170	881,170
Prepays	91,083			91,083
Due from other funds (Note 8)	30,195			30,195
Due from component units	54,473			54,473
Due from other governmental units	253,177			253,177
Advances to other funds			1,763,324	1,763,324
Advances to component units			1,401,387	1,401,387
Restricted assets: (Note 4)				
Cash and cash equivalents			7,754,268	7,754,268
Investments			6,034,514	6,034,514
Receivables, net			12,872	12,872
Total assets	<u>\$ 27,957,393</u>	<u>\$ 1,920,017</u>	<u>\$ 32,161,801</u>	<u>\$ 62,039,211</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 995,782		\$ 3,826,104	\$ 4,821,886
Accrued payroll	225,086			225,086
Due to other funds (Note 8)	539,048		7,331	546,379
Other short-term liabilities	25,142	\$ 15,479		40,621
Unearned revenue	250,940			250,940
Advances from local improvement revolving fund (Note 8)			1,763,324	1,763,324
Total liabilities	<u>2,035,998</u>	<u>15,479</u>	<u>5,596,759</u>	<u>7,648,236</u>
Deferred inflows of resources - unavailable (Note 5)	<u>57,634</u>	<u>-</u>	<u>897,477</u>	<u>955,111</u>
Fund balance: (Note 14)				
Non-spendable	91,083		3,164,711	3,255,794
Restricted	25,412,729	1,904,538	11,390,229	38,707,496
Committed	359,949			359,949
Assigned			11,112,625	11,112,625
Total fund balances	<u>25,863,761</u>	<u>1,904,538</u>	<u>25,667,565</u>	<u>53,435,864</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 27,957,393</u>	<u>\$ 1,920,017</u>	<u>\$ 32,161,801</u>	<u>\$ 62,039,211</u>

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

City of Southfield

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

Non-major Governmental Funds

For the Year Ended June 30, 2020

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 14,433,547	\$ 7,206,541		\$ 21,640,088
Special assessments	26,788		\$ 932,653	959,441
Charges for services	1,848,306			1,848,306
Fines and forfeitures	3,500			3,500
Federal forfeitures	263,798			263,798
Cable franchise fees	792,463			792,463
Intergovernmental:				
Federal	2,254,313			2,254,313
State	2,238,578			2,238,578
Other	5,000			5,000
Contributions and donations	83,588		8,500	92,088
Investment earnings	741,068	103,589	778,853	1,623,510
Change in fair value of investments	466,783	14,352	531,631	1,012,766
Other	142,996		323,560	466,556
Total revenues	<u>23,300,728</u>	<u>7,324,482</u>	<u>2,575,197</u>	<u>33,200,407</u>
EXPENDITURES				
Current:				
General government	13,455			13,455
Public safety	478,599			478,599
Highways and streets	3,686,804			3,686,804
Community improvement	497,972			497,972
Social services	1,743,486			1,743,486
Culture and recreation	11,323,683			11,323,683
Other		46,515	1,166,918	1,213,433
Capital outlay	7,564,622			7,564,622
Debt service:				
Principal retirement	1,386,543	5,274,231		6,660,774
Interest and fiscal charges	760,202	1,963,101		2,723,303
Total expenditures	<u>27,455,366</u>	<u>7,283,847</u>	<u>1,166,918</u>	<u>35,906,131</u>
Excess (deficiency) of revenues over (under) expenditures	(4,154,638)	40,635	1,408,279	(2,705,724)
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	7,473,088		447,746	7,920,834
Transfers out	(94,083)		(13,058,080)	(13,152,163)
Total other financing sources (uses)	<u>7,379,005</u>	<u>-</u>	<u>(12,610,334)</u>	<u>(5,231,329)</u>
Net change in fund balances	3,224,367	40,635	(11,202,055)	(7,937,053)
Fund balances - beginning	22,639,394	1,863,903	36,869,620	61,372,917
Fund balances - ending	<u>\$ 25,863,761</u>	<u>\$ 1,904,538</u>	<u>\$ 25,667,565</u>	<u>\$ 53,435,864</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

PARKS AND RECREATION

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

CABLE TELEVISION

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

BLOCK GRANT

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

MICHIGAN INDIGENT DEFENSE

The Michigan Indigent Defense Commission (MIDC) was created by legislation in 2013 after an advisory commission recommended improvements to the state's legal system. The MIDC works to ensure the state's public defense system is fair, cost-effective and constitutional while simultaneously protecting public safety and accountability. The Grant was established to provide funding to assist with the Compliance Plan and Cost Analysis approved by the MIDC for the provision of indigent criminal defense services through the Standards approved by LARA on May 22, 2017, and the process described in the Michigan Indigent Defense Act, as amended effective 12/23/18 by Public Act 214 of 2018.

DRUG LAW ENFORCEMENT

The Drug Law Enforcement fund was established pursuant to Public Act 135 of 1985. As provided by Article 7 of this Act, property associated with controlled substances may be seized and the proceeds from its sale used to enhance law enforcement related to controlled substances.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

GRANTS

This fund accounts for individual grants received from Federal, State or other sources.

LIBRARY

Specific property taxes, grants, user fees, state aide and related revenues are used to purchase books and computers, and to operate programs in the Civic Center.

MICHIGAN WORKS GRANTS

The Michigan Works Grants are funded by the Michigan Department of Career Development and the Oakland County Workforce Board and are administered by the Southfield Career Center.

AUTO THEFT GRANT

The Auto Theft Grant fund is a State funded program designed to assist local governments in auto theft investigation and prevention.

DONATIONS, MEMORIAL TRUSTS & SPONSORSHIPS

This fund accounts for endowments, restricted donations and contributions in memory of City employees and City residents.

City of Southfield

Combining Balance Sheet

Non-major Governmental Funds - Special Revenue Funds

June 30, 2020

	Local Streets	Parks and Recreation	Cable Television	Block Grant	Michigan Indigent Defense	Drug Law Enforcement
ASSETS						
Cash and cash equivalents	\$ 10,050,639	\$ 3,351,690	\$ 266,757	\$ 524,101	\$ 269,315	\$ 837,236
Investments	298,620	701,776	141,899			
Receivables, net	277,848	129,943	194,123	30,585		250
Prepays		2,489	2,274			
Due from other funds				30,195		
Due from component units				20,005		
Due from other governmental units	-	-	-	-	-	-
Total assets	<u>\$ 10,627,107</u>	<u>\$ 4,185,898</u>	<u>\$ 605,053</u>	<u>\$ 604,886</u>	<u>\$ 269,315</u>	<u>\$ 837,486</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 254,441	\$ 235,132	\$ 9,051	\$ 25,971	\$ 18,375	\$ 169,844
Accrued payroll		62,391	15,161	9,653		5,591
Due to other funds				333,164		
Other short-term liabilities	5,251	8,079				
Unearned revenue					250,940	
Total liabilities	<u>259,692</u>	<u>305,602</u>	<u>24,212</u>	<u>368,788</u>	<u>269,315</u>	<u>175,435</u>
Deferred inflows of resources - unavailable	-	-	-	-	-	-
Fund balance:						
Non-spendable		2,489	2,274			
Restricted	10,367,415	3,877,807	578,567	236,098		662,051
Committed	-	-	-	-	-	-
Total fund balances	<u>10,367,415</u>	<u>3,880,296</u>	<u>580,841</u>	<u>236,098</u>	<u>-</u>	<u>662,051</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,627,107</u>	<u>\$ 4,185,898</u>	<u>\$ 605,053</u>	<u>\$ 604,886</u>	<u>\$ 269,315</u>	<u>\$ 837,486</u>

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

City of Southfield

Combining Balance Sheet

Non-major Governmental Funds - Special Revenue Funds

June 30, 2020

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS						
Cash and cash equivalents	\$ 110,494	\$ 1,764,420	\$ 118,134	\$ 106,992	\$ 807,479	\$ 18,207,257
Investments		7,306,393				8,448,688
Receivables, net	57,668	181,800			303	872,520
Prepays		42,624	43,696			91,083
Due from other funds						30,195
Due from component units	34,468					54,473
Due from other governmental units			253,177			253,177
Total assets	<u>\$ 202,630</u>	<u>\$ 9,295,237</u>	<u>\$ 415,007</u>	<u>\$ 106,992</u>	<u>\$ 807,782</u>	<u>\$ 27,957,393</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable		\$ 244,251	\$ 29,217		\$ 9,500	\$ 995,782
Accrued payroll		68,809	56,407	\$ 7,074		225,086
Due to other funds			204,189		1,695	539,048
Other short-term liabilities		11,812				25,142
Unearned revenue						250,940
Total liabilities		<u>324,872</u>	<u>289,813</u>	<u>7,074</u>	<u>11,195</u>	<u>2,035,998</u>
Deferred inflows of resources - unavailable	\$ 57,634	-	-	-	-	57,634
Fund balance:						
Non-spendable		42,624	43,696			91,083
Restricted	144,996	8,927,741	81,498	99,918	436,638	25,412,729
Committed					359,949	359,949
Total fund balances	<u>144,996</u>	<u>8,970,365</u>	<u>125,194</u>	<u>99,918</u>	<u>796,587</u>	<u>25,863,761</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 202,630</u>	<u>\$ 9,295,237</u>	<u>\$ 415,007</u>	<u>\$ 106,992</u>	<u>\$ 807,782</u>	<u>\$ 27,957,393</u>

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

(continued)

City of Southfield

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

Non-major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2020

	Local Streets	Parks and Recreation	Cable Television	Block Grant	Michigan Indigent Defense	Drug Law Enforcement
REVENUES						
Property taxes	\$ 2,822,119	\$ 4,465,870				
Special assessments	-	-	-	-	-	-
Charges for services		1,601,518				
Fines and forfeitures						\$ 3,500
Federal forfeitures						263,798
Cable PEG programming			\$ 792,463			
Intergovernmental:						
Federal				\$ 458,348		
State	1,936,732				\$ 97,682	
Other		5,000				
Contributions and donations		1,500				
Investment earnings	397,736	173,989	37,099			39,554
Change in fair value of investments	70,159	48,417	7,316			4,522
Other	810	97,663	40	18,386		
Total revenues	<u>5,227,556</u>	<u>6,393,957</u>	<u>836,918</u>	<u>476,734</u>	<u>97,682</u>	<u>311,374</u>
EXPENDITURES						
Current:						
Public safety					178,682	113,531
Highways and streets	3,686,804					
Community improvement				465,725		
Social services	-	-	-	-	-	-
Culture and recreation		5,468,772	944,537			
Capital outlay	7,373,798	33,943	30,000			114,569
Debt service:						
Principal retirement	91,543					
Interest and fiscal charges	11,497	7,755				
Total expenditures	<u>11,163,642</u>	<u>5,510,470</u>	<u>974,537</u>	<u>465,725</u>	<u>178,682</u>	<u>228,100</u>
Excess (deficiency) of revenues over (under) expenditures	(5,936,086)	883,487	(137,619)	11,009	(81,000)	83,274
OTHER FINANCING SOURCES (USES)						
Transfers in	7,307,142				81,000	
Transfers out		(94,083)				
Total other financing sources (uses)	<u>7,307,142</u>	<u>(94,083)</u>	<u>-</u>	<u>-</u>	<u>81,000</u>	<u>-</u>
Net change in fund balances	1,371,056	789,404	(137,619)	11,009	-	83,274
Fund balances - beginning	8,996,359	3,090,892	718,460	225,089	-	578,777
Fund balances - ending	<u>\$ 10,367,415</u>	<u>\$ 3,880,296</u>	<u>\$ 580,841</u>	<u>\$ 236,098</u>	<u>\$ -</u>	<u>\$ 662,051</u>

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

City of Southfield

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

Non-major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2020

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES						
Property taxes		\$ 7,145,558				\$ 14,433,547
Special assessments	\$ 26,788					26,788
Charges for services		246,788				1,848,306
Fines and forfeitures						3,500
Federal forfeitures						263,798
Cable PEG programming						792,463
Intergovernmental:						
Federal			\$ 1,795,965			2,254,313
State		62,552	48,218	\$ 93,394		2,238,578
Other						5,000
Contributions and donations					\$ 82,088	83,588
Investment earnings	4,921	44,258			43,511	741,068
Change in fair value of investments	583	331,737			4,049	466,783
Other	75	24,818			1,204	142,996
Total revenues	<u>32,367</u>	<u>7,855,711</u>	<u>1,844,183</u>	<u>93,394</u>	<u>130,852</u>	<u>23,300,728</u>
EXPENDITURES						
Current:						
General government					13,455	13,455
Public safety				186,386		478,599
Highways and streets						3,686,804
Community improvement	32,247					497,972
Social services			1,720,607		22,879	1,743,486
Culture and recreation		4,888,750			21,624	11,323,683
Capital outlay		12,312				7,564,622
Debt service:						
Principal retirement		1,295,000				1,386,543
Interest and fiscal charges		740,950				760,202
Total expenditures	<u>32,247</u>	<u>6,937,012</u>	<u>1,720,607</u>	<u>186,386</u>	<u>57,958</u>	<u>27,455,366</u>
Excess (deficiency) of revenues over (under) expenditures	120	918,699	123,576	(92,992)	72,894	(4,154,638)
OTHER FINANCING SOURCES (USES)						
Transfers in				84,946		7,473,088
Transfers out						(94,083)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,946</u>	<u>-</u>	<u>7,379,005</u>
Net change in fund balances	120	918,699	123,576	(8,046)	72,894	3,224,367
Fund balances - beginning	144,876	8,051,666	1,618	107,964	723,693	22,639,394
Fund balances - ending	<u>\$ 144,996</u>	<u>\$ 8,970,365</u>	<u>\$ 125,194</u>	<u>\$ 99,918</u>	<u>\$ 796,587</u>	<u>\$ 25,863,761</u>

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

(continued)

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 2,834,247	\$ 2,822,119	\$ (12,128)
Intergovernmental:			
State	1,870,692	1,936,732	66,040
Investment earnings		397,736	397,736
Change in fair value of investments		70,159	70,159
Other	5,000	810	(4,190)
Total revenues	<u>4,709,939</u>	<u>5,227,556</u>	<u>517,617</u>
EXPENDITURES			
Highways and streets:			
Administration	370,669	360,308	10,361
Road maintenance	2,412,475	2,231,387	181,088
Traffic services	212,230	210,286	1,944
Snow removal	390,617	343,862	46,755
Appearance	864,416	540,961	323,455
Total highways and streets	<u>4,250,407</u>	<u>3,686,804</u>	<u>563,603</u>
Capital outlay	7,599,938	7,373,798	226,140
Debt service:			
Principal retirement	91,543	91,543	-
Interest and fiscal charges	18,051	11,497	6,554
Total expenditures	<u>11,959,939</u>	<u>11,163,642</u>	<u>796,297</u>
Excess (deficiency) of revenues over (under) expenditures	(7,250,000)	(5,936,086)	1,313,914
OTHER FINANCING SOURCES			
Transfers in	<u>7,250,000</u>	<u>7,307,142</u>	<u>57,142</u>
Net change in fund balances	-	1,371,056	1,371,056
Fund balance - beginning	<u>8,996,359</u>	<u>8,996,359</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,996,359</u>	<u>\$ 10,367,415</u>	<u>\$ 1,371,056</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Parks and Recreation Fund For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 4,484,827	\$ 4,465,870	\$ (18,957)
Charges for services	1,856,997	1,601,518	(255,479)
Intergovernmental:			
State	5,000	5,000	
Contributions	35,000	1,500	(33,500)
Investment earnings	100,000	173,989	73,989
Change in fair value of investments		48,417	48,417
Other	100,035	97,663	(2,372)
Total revenues	<u>6,581,859</u>	<u>6,393,957</u>	<u>(187,902)</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,297,891	1,710,518	587,373
Recreation division	1,236,498	964,465	272,033
Cultural arts division	77,500	64,132	13,368
Senior center division	252,270	251,620	650
Operations & facilities division	2,231,698	2,028,506	203,192
Golf	450,221	449,531	690
Total culture and recreation	<u>6,546,078</u>	<u>5,468,772</u>	<u>1,077,306</u>
Capital outlay	33,943	33,943	-
Debt service:			
Interest and fiscal charges	7,755	7,755	-
Total expenditures	<u>6,587,776</u>	<u>5,510,470</u>	<u>1,077,306</u>
Excess (deficiency) of revenues over (under) expenditures	(5,917)	883,487	889,404
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000		(100,000)
Transfers out	(94,083)	(94,083)	-
Total other financing sources (uses)	<u>5,917</u>	<u>(94,083)</u>	<u>(100,000)</u>
Net change in fund balances		789,404	789,404
Fund balance - beginning	<u>3,090,892</u>	<u>3,090,892</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,090,892</u>	<u>\$ 3,880,296</u>	<u>\$ 789,404</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Cable Television Fund

For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Cable PEG programming	\$ 800,000	\$ 792,463	\$ (7,537)
Investment earnings	20,000	37,099	17,099
Change in fair value of investments		7,316	7,316
Other		40	40
Total revenues	<u>820,000</u>	<u>836,918</u>	<u>16,918</u>
EXPENDITURES			
Culture and recreation	1,113,490	944,537	168,953
Capital outlay	47,000	30,000	17,000
Total expenditures	<u>1,160,490</u>	<u>974,537</u>	<u>185,953</u>
Net change in fund balances	(340,490)	(137,619)	202,871
Fund balance - beginning	<u>718,460</u>	<u>718,460</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 377,970</u></u>	<u><u>\$ 580,841</u></u>	<u><u>\$ 202,871</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Block Grant Fund

For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 447,644	\$ 458,348	\$ 10,704
Other	50,000	18,386	(31,614)
Total revenues	<u>497,644</u>	<u>476,734</u>	<u>(20,910)</u>
EXPENDITURES			
Community improvement	<u>497,644</u>	<u>465,725</u>	<u>31,919</u>
Net change in fund balances	-	11,009	11,009
Fund balance - beginning	<u>225,089</u>	<u>225,089</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 225,089</u></u>	<u><u>\$ 236,098</u></u>	<u><u>\$ 11,009</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Michigan Indigent Defense For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 350,922	\$ 97,682	\$ (253,240)
EXPENDITURES			
46th District Court	431,922	178,682	253,240
Excess (deficiency) of revenues over (under) expenditures	(81,000)	(81,000)	-
OTHER FINANCING SOURCES			
Transfers in	81,000	81,000	-
Net change in fund balances	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Drug Law Enforcement Fund

For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures		\$ 3,500	\$ 3,500
Federal forfeitures		263,798	263,798
Investment earnings		39,554	39,554
Change in fair value of investments		4,522	4,522
Total revenues	\$ -	311,374	311,374
EXPENDITURES			
Public safety	167,381	113,531	53,850
Capital outlay	140,000	114,569	25,431
Total expenditures	307,381	228,100	79,281
Net change in fund balances	(307,381)	83,274	390,655
Fund balance - beginning	578,777	578,777	-
Fund balance - ending	\$ 271,396	\$ 662,051	\$ 390,655

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Grants Fund

For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments	\$ 33,000	\$ 26,788	\$ (6,212)
Investment earnings		4,921	4,921
Change in fair value of investments		583	583
Other		75	75
Total revenues	<u>33,000</u>	<u>32,367</u>	<u>(633)</u>
EXPENDITURES			
Community improvement	<u>33,000</u>	<u>32,247</u>	<u>753</u>
Net change in fund balances	-	120	120
Fund balance - beginning	<u>144,876</u>	<u>144,876</u>	<u>-</u>
Fund balance - ending	<u>\$ 144,876</u>	<u>\$ 144,996</u>	<u>\$ 120</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Library Fund

For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 7,175,724	\$ 7,145,558	\$ (30,166)
Charges for services	349,900	246,788	(103,112)
Intergovernmental:			
State	50,000	62,552	12,552
Investment earnings	80,962	44,258	(36,704)
Change in fair value of investments		331,737	331,737
Other		24,818	24,818
Total revenues	<u>7,656,586</u>	<u>7,855,711</u>	<u>199,125</u>
EXPENDITURES			
Culture and recreation:			
Administration	1,962,124	1,915,521	46,603
Adult reference	1,239,502	997,041	242,461
Children's division	635,115	561,136	73,979
Support services	927,035	884,435	42,600
Technology division	805,860	530,617	275,243
Total culture and recreation	<u>5,569,636</u>	<u>4,888,750</u>	<u>680,886</u>
Capital outlay	51,000	12,312	38,688
Debt service:			
Principal	1,295,000	1,295,000	-
Interest and fiscal charges	740,950	740,950	-
Total expenditures	<u>7,656,586</u>	<u>6,937,012</u>	<u>719,574</u>
Net change in fund balances	-	918,699	918,699
Fund balance - beginning	<u>8,051,666</u>	<u>8,051,666</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 8,051,666</u></u>	<u><u>\$ 8,970,365</u></u>	<u><u>\$ 918,699</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Michigan Works Grants Fund For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental:			
Federal	\$ 1,902,228	\$ 1,795,965	\$ (106,263)
State		48,218	48,218
Total revenues	<u>1,902,228</u>	<u>1,844,183</u>	<u>(58,045)</u>
 EXPENDITURES			
Social services	<u>1,902,228</u>	<u>1,720,607</u>	<u>181,621</u>
 Net change in fund balances	-	123,576	123,576
 Fund balance - beginning	<u>1,618</u>	<u>1,618</u>	<u>-</u>
 Fund balance - ending	<u>\$ 1,618</u>	<u>\$ 125,194</u>	<u>\$ 123,576</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Auto Theft Grant Fund

For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 84,072	\$ 93,394	\$ 9,322
EXPENDITURES			
Public safety	168,145	186,386	(18,241)
Deficiency of revenues under expenditures	(84,073)	(92,992)	(8,919)
OTHER FINANCING SOURCES			
Transfers in	84,073	84,946	873
Net change in fund balances	-	(8,046)	(8,046)
Fund balances - beginning	107,964	107,964	-
Fund balances - ending	\$ 107,964	\$ 99,918	\$ (8,046)

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Donations, Memorial Trusts & Sponsorships For the Year Ended June 30, 2020

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Contributions	\$ 151,750	\$ 82,088	\$ (69,662)
Investment earnings		43,511	43,511
Change in fair value of investments		4,049	4,049
Other	25,000	1,204	(23,796)
Total revenues	<u>176,750</u>	<u>130,852</u>	<u>(45,898)</u>
EXPENDITURES			
General government	130,126	13,455	116,671
Social services	25,000	22,879	2,121
Culture and recreation	21,624	21,624	-
Total expenditures	<u>176,750</u>	<u>57,958</u>	<u>118,792</u>
Net change in fund balances	-	72,894	72,894
Fund balances - beginning	<u>723,693</u>	<u>723,693</u>	-
Fund balances - ending	<u><u>\$ 723,693</u></u>	<u><u>\$ 796,587</u></u>	<u><u>\$ 72,894</u></u>

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

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

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

ROAD BOND DEBT

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

DRAINS-AT-LARGE

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

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Debt Service Funds
June 30, 2020

	Road Bond Debt	Drains-at- Large	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,246,746	\$ 543,943	\$ 1,790,689
Investments	987	114,103	115,090
Receivables, net	14,238		14,238
Total assets	<u>\$ 1,261,971</u>	<u>\$ 658,046</u>	<u>\$ 1,920,017</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Other short-term liabilities	\$ <u>13,324</u>	\$ <u>2,155</u>	\$ <u>15,479</u>
Fund balance:			
Restricted for debt service	<u>1,248,647</u>	<u>655,891</u>	<u>1,904,538</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,261,971</u>	<u>\$ 658,046</u>	<u>\$ 1,920,017</u>

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

City of Southfield

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Governmental Funds Debt Service Funds For the Year Ended June 30, 2020

	Road Bond Debt	Drains-at- Large	Total
REVENUES			
Property taxes	\$ 6,657,858	\$ 548,683	\$ 7,206,541
Investment earnings	98,475	5,114	103,589
Change in fair value of investments	6,705	7,647	14,352
Total revenues	<u>6,763,038</u>	<u>561,444</u>	<u>7,324,482</u>
EXPENDITURES			
Other	5,157	41,358	46,515
Debt service:			
Principal retirement	4,715,000	559,231	5,274,231
Interest and fiscal charges	1,893,425	69,676	1,963,101
Total expenditures	<u>6,613,582</u>	<u>670,265</u>	<u>7,283,847</u>
Net change in fund balances	149,456	(108,821)	40,635
Fund balances - beginning	1,099,191	764,712	1,863,903
Fund balances - ending	<u>\$ 1,248,647</u>	<u>\$ 655,891</u>	<u>\$ 1,904,538</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

ROAD BOND CONSTRUCTION FUND

This fund is used to account for proceeds used for construction of City roads.

LIBRARY BUILDING AUTHORITY CONSTRUCTION

The Southfield Library Building Authority was incorporated June 14, 1999 under the provisions of Act 31, Public Acts of 1948, to purchase or construct, furnish, equip and maintain a Southfield public library building. As provided in Act 31, the Library Building Authority may also issue negotiable bonds to be repaid through rental payments of the Library to the City.

CAPITAL IMPROVEMENTS

The Capital improvements fund is the basic capital project fund of the City, accounting for all major projects not specifically segregated by bond ordinance or under the superintending control of the Building Authority.

BUILDING AUTHORITY CONSTRUCTION

The Southfield Building Authority was incorporated October 16, 1962 under the provisions of Act 31, Public Acts of 1948, to purchase or construct facilities for use by the City. Building Authority bonds are issued to finance large-scale projects, while internal financing is used to fund other construction projects.

LOCAL IMPROVEMENT REVOLVING

This fund was established to provide a means for the internal financing of public improvements, which could include the purchase and sale of property where appropriate. Most monies loaned to other funds are to be repaid with interest.

SPECIAL ASSESSMENT CONSTRUCTION

This fund accounts for the construction phase of local improvements which benefit specific property owners and are ultimately financed through special assessments. Special assessments collected by this fund are used to pay internal loans borrowed for specific local improvements which benefit property owners.

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Capital Project Funds
June 30, 2020

	Road Bond Construction	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Local Improvement Revolving	Special Assessment Construction	Total
ASSETS							
Cash and cash equivalents		\$ 49,666	\$ 3,194,583	\$ 8,100	\$ 2,281,536	\$ 3,909,063	\$ 9,442,948
Investments			4,771,347		66,181		4,837,528
Receivables, net		13	15,949		782	17,046	33,790
Special assessments						881,170	881,170
Advances to other funds					1,763,324		1,763,324
Advances to component units					1,401,387		1,401,387
Restricted assets:							
Cash and cash equivalents	\$ 7,717,138		37,130				7,754,268
Investments	6,034,514						6,034,514
Receivables, net	12,872						12,872
Total assets	<u>\$ 13,764,524</u>	<u>\$ 49,679</u>	<u>\$ 8,019,009</u>	<u>\$ 8,100</u>	<u>\$ 5,513,210</u>	<u>\$ 4,807,279</u>	<u>\$ 32,161,801</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	3,660,753			769		164,582	3,826,104
Due to other funds				7,331			7,331
Advances from local improvement revolving			385,933			1,377,391	1,763,324
Total liabilities	<u>3,660,753</u>	<u>-</u>	<u>385,933</u>	<u>8,100</u>	<u>-</u>	<u>1,541,973</u>	<u>5,596,759</u>
Deferred inflows of resources - unavailable	-	-	-	-	-	897,477	897,477
Fund balances:							
Non-spendable					3,164,711		3,164,711
Restricted	10,103,771		530,961			755,497	11,390,229
Assigned		49,679	7,102,115		2,348,499	1,612,332	11,112,625
Total fund balances	<u>10,103,771</u>	<u>49,679</u>	<u>7,633,076</u>	<u>-</u>	<u>5,513,210</u>	<u>2,367,829</u>	<u>25,667,565</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,764,524</u>	<u>\$ 49,679</u>	<u>\$ 8,019,009</u>	<u>\$ 8,100</u>	<u>\$ 5,513,210</u>	<u>\$ 4,807,279</u>	<u>\$ 32,161,801</u>

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

City of Southfield

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

Non-major Governmental Funds

Capital Project Funds

For the Year Ended June 30, 2020

	Road Bond Construction	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Local Improvement Revolving	Special Assessment Construction	Total
REVENUES							
Special assessments						\$ 932,653	\$ 932,653
Contributions and donations			\$ 1,000			7,500	8,500
Investment earnings	\$ 427,505	\$ 6,149	150,130		\$ 78,033	117,036	778,853
Change in fair value of investments	275,633	179	227,438		14,802	13,579	531,631
Other			43,500		244,153	35,907	323,560
Total revenues	<u>703,138</u>	<u>6,328</u>	<u>422,068</u>	\$ -	<u>336,988</u>	<u>1,106,675</u>	<u>2,575,197</u>
EXPENDITURES							
Construction and other costs	<u>370</u>	<u>62,383</u>	<u>299,517</u>	<u>347,597</u>	<u>396</u>	<u>456,655</u>	<u>1,166,918</u>
Excess (deficiency) of revenues over (under) expenditures	702,768	(56,055)	122,551	(347,597)	336,592	650,020	1,408,279
OTHER FINANCING SOURCES							
Transfers in			94,083	347,597		6,066	447,746
Transfers out	<u>(13,058,080)</u>						<u>(13,058,080)</u>
Total other financing sources (uses)	<u>(13,058,080)</u>	<u>-</u>	<u>94,083</u>	<u>347,597</u>	<u>-</u>	<u>6,066</u>	<u>(12,610,334)</u>
Net change in fund balances	(12,355,312)	(56,055)	216,634		336,592	656,086	(11,202,055)
Fund balances - beginning	<u>22,459,083</u>	<u>105,734</u>	<u>7,416,442</u>		<u>5,176,618</u>	<u>1,711,743</u>	<u>36,869,620</u>
Fund balances - ending	<u>\$ 10,103,771</u>	<u>\$ 49,679</u>	<u>\$ 7,633,076</u>	<u>\$ -</u>	<u>\$ 5,513,210</u>	<u>\$ 2,367,829</u>	<u>\$ 25,667,565</u>

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

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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

HEALTH CARE

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

FACILITIES MAINTENANCE

This fund accounts for the ongoing maintenance of the City's physical plant, as well as construction projects carried out by in-house staff. Annual pro-rated maintenance charges and non-recurring special project billings are collected from operating departments in support of this fund's activities.

MOTOR POOL

This fund acquires and maintains vehicles and equipment, including heavy construction & maintenance items and police & fire vehicles.

EQUIPMENT REVOLVING

This fund acquires and maintains office equipment for all operations and provides for replacement of fire equipment, parks and recreation equipment and library equipment.

INSURANCE RISK RETENTION

This fund is utilized to account for retroactive premium adjustments, as a provision for claims in excess of the City's insurance coverage, and for loss prevention and risk management initiatives.

City of Southfield
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total
ASSETS						
Current assets:						
Cash and cash equivalents (Note 3)	\$ 9,126,766	\$ 1,032,651	\$ 5,855,089	\$ 297,612	\$ 864,627	\$ 17,176,745
Investments (Note 3)		1,241,635	3,990,281	1,970,769	1,713,453	8,916,138
Receivables, net (Note 5)	737,887	3,095	9,969	7,164	3,760	761,875
Prepays and other assets	773,223		9,739		1,233,067	2,016,029
Due from other funds (Note 8)		243,545	3,279			246,824
Due from component units		4,668				4,668
Inventory			481,322			481,322
Total current assets	<u>10,637,876</u>	<u>2,525,594</u>	<u>10,349,679</u>	<u>2,275,545</u>	<u>3,814,907</u>	<u>29,603,601</u>
Noncurrent assets:						
Restricted cash and cash equivalents (Note 4)					2,097,913	2,097,913
Capital assets: (Note 6)						
Equipment and intangibles		438,430	14,342,785	14,020,881		28,802,096
Less accumulated depreciation		(363,552)	(12,063,622)	(8,765,680)		(21,192,854)
Net capital assets	-	<u>74,878</u>	<u>2,279,163</u>	<u>5,255,201</u>	-	<u>7,609,242</u>
Total noncurrent assets	-	<u>74,878</u>	<u>2,279,163</u>	<u>5,255,201</u>	<u>2,097,913</u>	<u>9,707,155</u>
Total assets	<u>10,637,876</u>	<u>2,600,472</u>	<u>12,628,842</u>	<u>7,530,746</u>	<u>5,912,820</u>	<u>39,310,756</u>
Deferred Outflows of Resources						
Related to Pensions		611,244	603,214			1,214,458
Related to OPEB		102,227	44,037			146,264
LIABILITIES						
Current liabilities:						
Accounts payable	90,984	429,249	131,619	14,769		666,621
Accrued payroll		29,897	28,951			58,848
Due to other funds (Note 8)	21,169					21,169
Due to component units	19,235					19,235
Accrued compensated absences- due within 1 year (Note 7)		58,501	92,580			151,081
Total current liabilities	<u>131,388</u>	<u>517,647</u>	<u>253,150</u>	<u>14,769</u>		<u>916,954</u>
Noncurrent liabilities:						
General insurance & workers' compensation accrual					2,827,801	2,827,801
Accrued compensated absences- due more 1 year (Note 7)		74,013	117,128			191,141
Net pension liability (Note 11)		2,649,736	2,614,924			5,264,660
Net OPEB liability (Note 12)		1,943,885	837,375			2,781,260
Total noncurrent liabilities	-	<u>4,667,634</u>	<u>3,569,427</u>	-	<u>2,827,801</u>	<u>11,064,862</u>
Total liabilities	<u>131,388</u>	<u>5,185,281</u>	<u>3,822,577</u>	<u>14,769</u>	<u>2,827,801</u>	<u>11,981,816</u>
Deferred Inflows of Resources						
Related to Pensions		6,747	6,658			13,405
Related to OPEB		347,533	149,708			497,241
NET POSITION						
Net investment in capital assets		74,878	2,279,163	5,255,201		7,609,242
Unrestricted	10,506,488	(2,300,496)	7,017,987	2,260,776	3,085,019	20,569,774
Total net position (deficit)	<u>\$ 10,506,488</u>	<u>\$ (2,225,618)</u>	<u>\$ 9,297,150</u>	<u>\$ 7,515,977</u>	<u>\$ 3,085,019</u>	<u>\$ 28,179,016</u>

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

City of Southfield

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

For the Year Ended June 30, 2020

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total
OPERATING REVENUES						
Charges for consumption and service:						
Charges to other funds	\$ 9,660,633	\$ 4,272,491	\$ 5,606,415	\$ 955,190		\$ 20,494,729
Other					\$ 1,200,258	1,200,258
Total operating revenue	9,660,633	4,272,491	5,606,415	955,190	1,200,258	21,694,987
OPERATING EXPENSES						
Administration		795,702	23,721			819,423
Health Care	8,297,856					8,297,856
Equipment and facility operation:						
Equipment maintenance			2,287,412	243,800		2,531,212
Communications			339,404			339,404
Maintenance staff		971,418				971,418
Custodial staff		1,321,375				1,321,375
Depreciation		16,663	977,926	669,575		1,664,164
Other	82,500				847,122	929,622
Total operating expenses	8,380,356	3,105,158	3,628,463	913,375	847,122	16,874,474
Operating income	1,280,277	1,167,333	1,977,952	41,815	353,136	4,820,513
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on disposition of assets			(11,451)	12,000		549
Investment earnings	432,379	14,245	89,904	79,245	39,421	655,194
Change in fair value of investments	38,697	60,762	209,379	153,593	80,381	542,812
Other	(2,403)		(426)	(530)	(169)	(3,528)
Total nonoperating revenues	468,673	75,007	287,406	244,308	119,633	1,195,027
Change in net position	1,748,950	1,242,340	2,265,358	286,123	472,769	6,015,540
Total net position - beginning	8,757,538	(3,467,958)	7,031,792	7,229,854	2,612,250	22,163,476
Total net position (deficit) - ending	\$ 10,506,488	\$ (2,225,618)	\$ 9,297,150	\$ 7,515,977	\$ 3,085,019	\$ 28,179,016

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

City of Southfield
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from users	\$ 8,656,965	\$ 4,277,427	\$ 5,633,576	\$ 970,009	\$ 19,710	\$ 19,557,687
Cash paid to employees	(790,825)	(2,033,850)	(1,119,736)		(80,081)	(4,024,492)
Cash paid to suppliers	(8,293,670)	(1,674,990)	(1,574,073)	(279,313)	(173,215)	(11,995,261)
Payments received on interfunds	21,169		5,947			27,116
Net cash provided by (used in) operating activities	<u>(406,361)</u>	<u>568,587</u>	<u>2,945,714</u>	<u>690,696</u>	<u>(233,586)</u>	<u>3,565,050</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of property equipment & adjustments, net of proceeds	(2,403)	(14,996)	(422,287)	(4,632,409)	(169)	(5,072,264)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments, net of proceeds		16,616	53,399	1,546,447	22,930	1,639,392
Investment earnings	471,076	75,007	299,283	232,838	119,802	1,198,006
Net cash provided by investing activities	<u>471,076</u>	<u>91,623</u>	<u>352,682</u>	<u>1,779,285</u>	<u>142,732</u>	<u>2,837,398</u>
Net increase (decrease) in cash, cash equivalents	62,312	645,214	2,876,109	(2,162,428)	(91,023)	1,330,184
Cash, cash equivalents, beginning of year	9,064,454	387,437	2,978,980	2,460,040	3,053,563	17,944,474
Cash, cash equivalents, end of year	<u>\$ 9,126,766</u>	<u>\$ 1,032,651</u>	<u>\$ 5,855,089</u>	<u>\$ 297,612</u>	<u>\$ 2,962,540</u>	<u>\$ 19,274,658</u>
Balance sheet reconciliation of cash & cash equivalents						
Cash, cash equivalents	\$ 9,126,766	\$ 1,032,651	\$ 5,855,089	\$ 297,612	\$ 864,627	\$ 17,176,745
Restricted cash, cash equivalents					2,097,913	2,097,913
Total cash, cash equivalents	<u>\$ 9,126,766</u>	<u>\$ 1,032,651</u>	<u>\$ 5,855,089</u>	<u>\$ 297,612</u>	<u>\$ 2,962,540</u>	<u>\$ 19,274,658</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	\$ 1,280,277	\$ 1,167,333	\$ 1,977,952	\$ 41,815	\$ 353,136	\$ 4,820,513
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation		16,663	977,926	669,575		1,664,164
Receivables	(733,587)	4,936	30,791	14,819	19,710	(663,331)
Prepays and other assets	(270,081)		(3,630)		(1,200,258)	(1,473,969)
Inventory			(106,748)			(106,748)
Deferred outflow		(381,993)	(440,420)			(822,413)
Accounts payable	67,451	(102,845)	(180,922)	(35,513)		(251,829)
Accrued liability	(790,825)					(790,825)
Accrued payroll, including compensated absences due in less than one year		3,997	46,712			50,709
General insurance & workers' compensation accrual					593,826	593,826
Accrued compensated absences		(35,434)	23,526			(11,908)
Net pension liability		74,379	(1,051,364)			(976,985)
Net OPEB liability		368,806	1,830,142			2,198,948
Interfunds	40,404		5,947			46,351
Deferred inflow		(547,255)	(164,198)			(711,453)
Net cash provided by (used in) operating activities	<u>\$ (406,361)</u>	<u>\$ 568,587</u>	<u>\$ 2,945,714</u>	<u>\$ 690,696</u>	<u>\$ (233,586)</u>	<u>\$ 3,565,050</u>

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



RETIREMENT TRUSTS FUNDS

FIDUCIARY FUNDS

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

RETIREMENT TRUSTS

PENSION TRUST

These funds account for employee and employer pension contributions, accumulated assets, administrative expenses, investment income and payments to beneficiaries. The funds include the Southfield Employee Retirement System and the Fire & Police Retirement System.

RETIREE HEALTH CARE BENEFITS PLAN & TRUST

The fund accounts for employer post retirement health care contributions, accumulated assets, administrative expenses and investment income. Payments for beneficiaries are not anticipated until the reserves for post retirement health care benefits have been depleted in the pension trusts.

City of Southfield

Combining Statement of Fiduciary Net Position

Pension and Other Post-Employment Benefits Trust Funds

June 30, 2020

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ASSETS				
Cash and cash equivalents	\$ 250	\$ 903,441	\$ 314,883	\$ 1,218,574
Investments:				
Debt securities	9,852,559	27,873,098	17,308,103	55,033,760
Equity securities	88,761,615	140,195,684	49,108,764	278,066,063
Short-term investments	3,377,611	1,860,622	8,199,989	13,438,222
Other investments	3,150,836	8,233,389	3,477,867	14,862,092
Total investments	105,142,621	178,162,793	78,094,723	361,400,137
Cash and investments held as collateral for securities lending:				
Repurchase agreements		5,962,519		5,962,519
Certificates of deposit		1,974,504		1,974,504
Variable rate certificates of deposit		1,314,095		1,314,095
Time deposits		1,371,931		1,371,931
Commercial paper		1,674,563		1,674,563
Asset backed commercial paper		979,182		979,182
Sweep vehicles		72,632		72,632
Municipal variable bonds	5,702,732	100,877		5,803,609
Non-cash collateral		840,229		840,229
Total securities lending	5,702,732	14,290,532	-	19,993,264
Receivables, net	79,532	7,337	212,909	299,778
Prepaid	960,561			960,561
Total assets	111,885,696	193,364,103	78,622,515	383,872,314
LIABILITIES				
Accounts payable and accrued payroll	218,322	3,960	629,487	851,769
Due to other governmental units			785,723	785,723
Due to fiduciary		437		437
Obligations under securities lending agreements	5,702,732	14,290,532		19,993,264
Total liabilities	5,921,054	14,294,929	1,415,210	21,631,193
NET POSITION				
Restricted for pension benefits	105,964,642	179,069,174		285,033,816
Restricted for post-retirement health care benefits			77,207,305	77,207,305
Total net position	\$ 105,964,642	\$ 179,069,174	\$ 77,207,305	\$ 362,241,121

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

City of Southfield

Combining Statement of Changes in Fiduciary Net Position Pension and Other Post-Employment Benefits Trust Funds For the Year Ended June 30, 2020

	Pension		Other Post- Employment Benefits	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	
ADDITIONS				
Contributions:				
Plan members	\$ 822,698	\$ 610,417	\$ 517,430	\$ 1,950,545
Employer	3,755,353	7,060,402	12,371,933	23,187,688
Total contributions	4,578,051	7,670,819	12,889,363	25,138,233
Investment activity:				
Net decrease in fair value of investments	(97,546)	(6,295,782)	(3,492,198)	(9,885,526)
Investment earnings	252,350	3,602,649	42,438	3,897,437
Dividends	874,966	335,462	1,666,062	2,876,490
Other	191,906			191,906
Total investment activity	1,221,676	(2,357,671)	(1,783,698)	(2,919,693)
Less investment expense:	133,182	1,036,648	295,692	1,465,522
Net investment activity	1,088,494	(3,394,319)	(2,079,390)	(4,385,215)
Total additions, net	5,666,545	4,276,500	10,809,973	20,753,018
DEDUCTIONS				
Benefits	11,566,097	19,244,201		30,810,298
Health care expense		30,418	8,110,079	8,140,497
Administrative expense	271,882	179,192	55,847	506,921
Total deductions	11,837,979	19,453,811	8,165,926	39,457,716
Net increase (decrease)	(6,171,434)	(15,177,311)	2,644,047	(18,704,698)
Net position - beginning	112,136,076	194,246,485	74,563,258	380,945,819
Net position - ending	\$ <u>105,964,642</u>	\$ <u>179,069,174</u>	\$ <u>77,207,305</u>	\$ <u>362,241,121</u>

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

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AGENCY FUNDS

FIDUCIARY FUNDS

AGENCY

IMPREST PAYROLL

This fund is a clearing-account for payroll disbursements which is replenished from other funds.

DEPOSITS AND ESCROW

This fund is for builders' cash bonds and similar escrow deposits or prepaid taxes.

46TH DISTRICT COURT

This fund is for the activity of adjoining municipalities served by the 46th District Court of the State of Michigan. The City acts as district control unit for the 46th District Court.

City of Southfield

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2020

	Imprest Payroll	Deposits and Escrow	46th District Court	Totals
ASSETS				
Cash and cash equivalents	\$ 55,751	\$ 3,620,184	\$ 637,207	\$ 4,313,142
Investments		4,559,834		4,559,834
Receivables, net		9,428		9,428
Due from fiduciary	437			437
Total assets	<u>\$ 56,188</u>	<u>\$ 8,189,446</u>	<u>\$ 637,207</u>	<u>\$ 8,882,841</u>
LIABILITIES				
Accounts payable	\$ 40,168	\$ 75,002		\$ 115,170
Deposits and escrow	16,020	7,783,236	\$ 287,691	8,086,947
Interest payable		331,208		331,208
Due to other governmental units			349,516	349,516
Total liabilities	<u>\$ 56,188</u>	<u>\$ 8,189,446</u>	<u>\$ 637,207</u>	<u>\$ 8,882,841</u>

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

City of Southfield

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ (211,769)	\$ 214,652,228	\$ 214,384,708	\$ 55,751
Due from fiduciary	258,382	143,357	401,302	437
TOTAL ASSETS	<u>\$ 46,613</u>	<u>\$ 214,795,585</u>	<u>\$ 214,786,010</u>	<u>\$ 56,188</u>
LIABILITIES				
Accounts payable	\$ 46,613	\$ 69,022,988	\$ 69,029,433	\$ 40,168
Deposits and escrow		54,708	38,688	16,020
TOTAL LIABILITIES	<u>\$ 46,613</u>	<u>\$ 69,077,696</u>	<u>\$ 69,068,121</u>	<u>\$ 56,188</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 1,328,288	\$ 601,244,690	\$ 598,952,794	\$ 3,620,184
Investments	4,620,854	201,021	262,041	4,559,834
Receivables, net	4,937	4,491		9,428
TOTAL ASSETS	<u>\$ 5,954,079</u>	<u>\$ 601,450,202</u>	<u>\$ 599,214,835</u>	<u>\$ 8,189,446</u>
LIABILITIES				
Accounts payable	\$ 53,170	\$ 1,059,333	\$ 1,037,501	\$ 75,002
Deposits and escrow	5,900,766	193,084,380	191,201,910	7,783,236
Interest payable	143	332,212	1,147	331,208
TOTAL LIABILITIES	<u>\$ 5,954,079</u>	<u>\$ 194,475,925</u>	<u>\$ 192,240,558</u>	<u>\$ 8,189,446</u>

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

City of Southfield

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 668,798		\$ 31,591	\$ 637,207
TOTAL ASSETS	<u>\$ 668,798</u>	<u>\$ -</u>	<u>\$ 31,591</u>	<u>\$ 637,207</u>
LIABILITIES				
Deposits and escrow	\$ 243,175	44,516		\$ 287,691
Due to other governmental units	425,623		76,107	349,516
TOTAL LIABILITIES	<u>\$ 668,798</u>	<u>\$ 44,516</u>	<u>\$ 76,107</u>	<u>\$ 637,207</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,785,317	\$ 815,896,918	\$ 813,369,093	\$ 4,313,142
Investments	4,620,854	201,021	262,041	4,559,834
Receivables, net	4,937	4,491		9,428
Due from fiduciary	258,382	143,357	401,302	437
TOTAL ASSETS	<u>\$ 6,669,490</u>	<u>\$ 816,245,787</u>	<u>\$ 814,032,436</u>	<u>\$ 8,882,841</u>
LIABILITIES				
Accounts payable	\$ 99,783	\$ 70,082,321	\$ 70,066,934	\$ 115,170
Deposits and escrow	6,143,941	193,128,896	191,201,910	8,070,927
Interest payable	143	386,920	39,835	347,228
Due to other governmental units	425,623		76,107	349,516
TOTAL LIABILITIES	<u>\$ 6,669,490</u>	<u>\$ 263,598,137</u>	<u>\$ 261,384,786</u>	<u>\$ 8,882,841</u>

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



STATISTICAL SECTION

City of Southfield, Michigan

Statistical Section

June 30, 2020

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	190
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	195
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	201
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	204
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	213
Continuing Disclosure Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	217

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

City of Southfield, Michigan

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

	2020	2019	2018 **	2017	2016	2015 *	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	106,002,496	102,881,393	101,005,048	95,674,999	95,813,554	44,661,333	88,692,768	91,559,223	93,389,840	96,615,975
Restricted	34,328,438	28,547,110	25,206,114	30,065,371	29,819,410	70,089,972	26,288,768	24,842,971	27,527,622	26,807,000
Unrestricted	(134,832,732)	(147,836,530)	(288,325,900)	(81,334,926)	(63,833,162)	(39,862,697)	12,855,588	19,470,703	36,362,533	26,962,026
Total governmental activities net position	<u>5,498,202</u>	<u>(16,408,027)</u>	<u>(162,114,738)</u>	<u>44,405,444</u>	<u>61,799,802</u>	<u>74,888,608</u>	<u>127,837,124</u>	<u>135,872,897</u>	<u>157,279,995</u>	<u>150,385,001</u>
Business-type activities										
Net investment in capital assets	100,649,117	97,382,754	98,951,625	93,842,676	74,685,935	61,656,052	48,161,029	45,424,573	42,942,563	43,508,935
Unrestricted	14,638,562	4,373,370	(7,121,199)	2,667,324	21,124,042	31,870,522	43,057,372	42,737,431	40,881,674	32,925,387
Total business-type activities net position	<u>115,287,679</u>	<u>101,756,124</u>	<u>91,830,426</u>	<u>96,510,000</u>	<u>95,809,977</u>	<u>93,526,574</u>	<u>91,218,401</u>	<u>88,162,004</u>	<u>83,824,237</u>	<u>76,434,322</u>
Primary government										
Net investment in capital assets	206,651,613	200,264,147	199,956,673	189,517,675	170,499,489	106,317,385	136,853,797	136,983,796	136,332,403	140,124,910
Restricted	34,328,438	28,547,110	25,206,114	30,065,371	29,819,410	70,089,972	26,288,768	24,842,971	27,527,622	26,807,000
Unrestricted	(120,194,170)	(143,463,160)	(295,447,099)	(78,667,602)	(42,709,120)	(7,992,175)	55,912,960	62,208,134	77,244,207	59,887,413
Total primary government net position	<u>120,785,881</u>	<u>85,348,097</u>	<u>(70,284,312)</u>	<u>140,915,444</u>	<u>157,609,779</u>	<u>168,415,182</u>	<u>219,055,525</u>	<u>224,034,901</u>	<u>241,104,232</u>	<u>226,819,323</u>

Notes:

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

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

City of Southfield, Michigan

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

	2020	2019*	2018	2017	2016	2015	2014	2013	2012	2011
Expenses net of Recovery										
Governmental activities:										
General government	9,629,269	(8,953,254)	15,004,501	17,939,038	16,465,647	15,685,934	19,238,783	13,516,403	14,231,933	18,707,551
Public safety	53,831,555	(32,897,550)	68,115,664	65,696,598	63,045,761	50,953,807	49,905,628	49,874,106	41,684,855	44,108,179
Highway and streets	13,994,310	6,714,621	14,584,864	12,249,162	12,120,677	10,654,646	10,899,272	10,002,530	9,785,950	8,693,174
Public services	2,724,970	52,177	2,970,380	2,656,844	1,565,891	1,492,616	1,505,322	1,469,968	1,388,114	1,218,182
Sanitation	2,422,125	2,698,219	2,549,858	2,782,468	3,088,287	3,248,297	2,946,305	2,999,397	3,146,562	3,117,337
Community improvement	497,972	452,328	535,271	571,835	435,655	547,084	503,364	378,392	754,452	1,554,893
Social services	1,318,493	(1,209,965)	2,482,797	2,026,666	2,848,395	2,257,567	2,151,982	2,608,788	4,802,279	4,765,197
Culture and recreation	11,628,765	1,493,428	12,812,976	17,861,783	16,362,176	14,989,869	15,421,345	14,833,808	15,413,138	15,598,576
Interest on long-term debt	2,873,894	3,226,692	2,176,109	2,393,324	2,789,226	2,211,125	1,846,460	2,228,416	2,246,976	2,346,243
Total governmental activities expenses	98,921,353	(28,423,304)	121,232,420	124,177,718	118,721,715	102,040,945	104,418,461	97,911,808	93,454,259	100,109,332
Business-type activities:										
Water and sewer	36,447,544	38,883,241	41,557,721	42,158,425	39,297,717	35,239,077	35,004,942	32,946,783	31,348,426	28,956,192
Total primary government expenses	135,368,897	10,459,937	162,790,141	166,336,143	158,019,432	137,280,022	139,423,403	130,858,591	124,802,685	129,065,524
Program revenues										
Charges for services:										
General government	1,916,497	1,997,640	3,355,275	2,041,601	2,201,021	1,144,013	1,377,779	1,923,492	1,157,454	1,193,553
Public safety	9,319,685	9,921,251	9,613,579	9,629,419	9,150,364	9,675,824	8,385,676	8,352,338	8,432,922	8,334,575
Highways and streets			1,300,000							
Public services	579,514	558,912	1,315,538	666,814	1,245,286	706,405	482,508	605,056	745,171	633,602
Sanitation	2,756,650	3,010,400	2,675,041	2,523,464	3,179,966	3,070,248	3,070,933	3,161,928	3,135,091	3,142,554
Community improvement	604,846	541,309	541,309	1,987,860	376,099	363,381	210,232	149,078	322,502	295,215
Culture and recreation	2,640,774	4,442,256	3,160,789	3,467,265	3,671,531	4,306,858	4,278,961	4,184,976	4,174,246	3,966,195
Operating grants and contributions	12,440,344	13,173,234	13,436,067	12,019,411	8,869,321	9,474,674	11,106,575	9,725,082	13,024,964	11,355,728
Capital grants and contributions	448,293	1,491	114,250		2,075			332,053	74,886	
Total governmental activities program revenues	30,706,603	33,105,184	35,511,848	32,335,834	28,695,663	28,741,403	28,912,664	28,434,003	31,067,236	28,921,422
Business-type activities:										
Charges for services:										
Water and sewer	47,946,663	48,380,692	44,183,759	42,818,241	41,074,852	37,888,336	36,671,976	38,241,205	38,002,545	35,022,377
Capital grants and contributions							3,345	121,440	161,652	
Total business-type activities program revenues	47,946,663	48,380,692	44,183,759	42,818,241	41,074,852	37,888,336	36,675,321	38,362,645	38,164,197	35,022,377
Total primary government program revenues	78,653,266	81,485,876	79,695,607	75,154,075	69,770,515	66,629,739	65,587,985	66,796,648	69,231,433	63,943,799
Net (Expense)/Revenue										
Governmental activities	(68,214,750)	61,528,488	(85,720,572)	(91,841,884)	(90,026,052)	(73,299,542)	(75,505,797)	(69,477,805)	(62,387,023)	(71,187,910)
Business-type activities	11,499,119	9,497,451	2,626,038	659,816	1,777,135	2,649,259	1,670,379	5,415,862	6,815,771	6,066,185
Total primary government net expense	(56,715,631)	71,025,939	(83,094,534)	(91,182,068)	(88,248,917)	(70,650,283)	(73,835,418)	(64,061,943)	(55,571,252)	(65,121,725)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	71,804,044	68,477,196	64,459,301	64,457,071	65,040,960	58,038,889	59,325,483	59,510,906	60,710,702	50,811,665
Unrestricted state shared revenues	9,035,536	8,452,935	8,130,949	7,632,236	6,580,135	6,464,147	6,351,775	6,184,435	6,016,116	6,224,989
Unrestricted investment earnings	3,131,986	2,991,644	1,114,275	1,136,782	2,446,327	1,132,298	989,671	301,515	627,531	557,099
Unrestricted investment earnings, fair value	2,118,270	1,092,860	705,968	(832,153)						
Miscellaneous	4,031,143	3,163,588	540,828	2,053,590	2,869,824	2,509,393	1,066,395	628,512	1,870,282	2,259,967
Transfers							(263,300)	986,505	57,386	54,137
Total governmental activities	90,120,979	84,178,223	74,951,321	74,447,526	76,937,246	68,144,727	67,470,024	67,611,873	69,282,017	59,907,857
Business-type activities:										
Unrestricted investment earnings (loss)	1,555,296	183,820	47,455	73,846	431,341	744,480	914,669	(112,248)	395,840	103,567
Unrestricted investment earnings (loss), fair value	466,955	18,391	(44,854)	(83,433)						
Miscellaneous	10,185	226,033	18,496	49,794	74,930	73,228	208,049	20,658	235,690	83,342
Transfers							263,300	(986,505)	(57,386)	(54,137)
Total business-type activities	2,032,436	428,244	21,097	40,207	506,271	817,708	1,386,018	(1,078,095)	574,144	132,772
Total primary government	92,153,415	84,606,467	74,972,418	74,487,733	77,443,517	68,962,435	68,856,042	66,533,778	69,856,161	60,040,629
Change in Net Position										
Governmental activities	21,906,229	145,706,711	(10,769,251)	(17,394,358)	(13,088,806)	(5,154,815)	(8,035,773)	(1,865,932)	6,894,994	(11,280,053)
Business-type activities	13,531,555	9,925,695	2,647,135	700,023	2,283,406	3,466,967	3,056,397	4,337,767	7,389,915	6,198,957
Total primary government	35,437,784	155,632,406	(8,122,116)	(16,694,335)	(10,805,400)	(1,687,848)	(4,979,376)	2,471,835	14,284,909	(5,081,096)

Notes:

*FY19 Includes recovery expenses: General Government (22,133,391), Public Safety (94,679,246), Highways and Streets (6,105,843), Public Services (3,079,569), Social Services (3,440,898), Culture and Recreation (13,325,488), Water and Sewer (4,434,501)

City of Southfield, Michigan

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund										
Non-spendable	14,700,181	15,409,414	13,302,124	8,622,061	6,475,886	4,221,267	943,657	1,126,971	1,087,648	1,148,696
Restricted	2,198,702	1,602,557	1,000,439	690,567	737,229	281,160	1,274,069	1,682,768	1,520,237	1,285,124
Committed	28,800,447	23,517,350	19,542,663	11,325,571	15,735,820	13,465,937	10,647,485	9,380,385	6,365,392	6,024,279
Assigned	463,577	777,519	348,733	12,848,733	224,063	121,944	586,969	2,366,529	2,565,093	45,123
Unassigned	15,759,131	15,476,115	14,890,551	12,455,795	8,210,574	7,760,254	7,826,124	1,932,931	1,574,840	486,981
Total general fund	<u>61,922,038</u>	<u>56,782,955</u>	<u>49,084,510</u>	<u>45,942,727</u>	<u>31,383,572</u>	<u>25,850,562</u>	<u>21,278,304</u>	<u>16,489,584</u>	<u>13,113,210</u>	<u>8,990,203</u>
Major streets ****										
Restricted	1,601,406	1,695,252	232,120	479,741	1,221,210					
Total major street fund	<u>1,601,406</u>	<u>1,695,252</u>	<u>232,120</u>	<u>479,741</u>	<u>1,221,210</u>					
Local streets **										
Restricted				7,934,388				1,985,106	3,635,875	
Committed									254,651	
Total local streets				<u>7,934,388</u>				<u>1,985,106</u>	<u>3,890,526</u>	
Cable Television *****										
Non-spendable				17,937	11,610					
Restricted				332,075	657,161					
Committed				564,846	571,173					
Total cable television				<u>914,858</u>	<u>1,239,944</u>					
Road Bond Construction ***										
Restricted		22,459,083	35,661,458	7,553,533	23,145,796	43,064,130				
Total road bond construction		<u>22,459,083</u>	<u>35,661,458</u>	<u>7,553,533</u>	<u>23,145,796</u>	<u>43,064,130</u>				
Capital Improvement **										
Restricted									665,137	684,676
Assigned									635,242	343,604
Total capital improvement									<u>1,300,379</u>	<u>1,028,280</u>
Special assessment construction ****										
Restricted			248,221	273,029	383,163					
Committed				376,130	330,378					
Assigned			991,706	295,117	445,974					
Total special assessment construction			<u>1,239,927</u>	<u>944,276</u>	<u>1,159,515</u>					
Other Governmental Funds										
Non-spendable	3,255,794	3,518,810	71,434	61,236	61,460	111,969	249,055	100,832	112,180	158,289
Restricted	38,707,496	24,470,214	22,627,824	15,022,875	23,489,423	22,178,484	21,436,016	17,767,970	18,171,039	22,181,680
Committed	359,949	866,053	920,433	443,879	857,837	4,417,821	5,057,228	3,817,656	3,396,257	2,545,386
Assigned	11,112,625	10,100,836	6,468,652	7,869,903	7,238,921	5,879,087	3,849,932	3,610,924	1,534,454	1,568,063
Unassigned	-	(42,079)					(162,584)	(140,715)	(706,268)	(1,130,144)
Total other governmental funds	<u>53,435,864</u>	<u>38,913,834</u>	<u>30,088,343</u>	<u>23,397,893</u>	<u>31,647,641</u>	<u>32,587,361</u>	<u>30,429,647</u>	<u>25,156,667</u>	<u>22,507,662</u>	<u>25,323,274</u>

Notes:

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

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

*** Road Bond Construction major fund 2015-2016

**** Major Street Fund major fund 2016

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

City of Southfield, Michigan

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011 *
Revenues										
Property taxes	72,241,184	68,492,600	64,830,466	63,910,955	64,893,949	58,299,529	59,427,443	59,318,129	60,710,702	50,811,665
Special assessments	959,441	731,373	1,147,885	471,232	376,100	363,379	210,234	337,955	322,503	295,215
Program earnings									46,432	89,708
Charges for services	5,676,021	7,230,614	8,952,924	6,040,334	6,672,822	5,726,183	5,553,689	5,855,958	5,805,936	5,701,533
Sanitation	2,756,650	3,010,400	2,675,041	2,523,464	3,179,966	3,070,248	3,070,933	3,161,928	3,135,091	3,142,554
Licenses and permits	2,849,931	3,822,998	4,073,723	3,769,054	2,695,547	3,626,811	2,465,614	2,062,659	2,133,162	2,143,357
Fines and forfeitures	2,989,270	3,310,671	3,170,861	3,541,331	4,305,908	4,579,780	4,550,607	4,562,075	4,940,172	4,725,666
Federal forfeitures	263,798	87,475	189,393	132,371	63,471	15,640	27,631	60,531		
Cable franchise fees	2,164,340	2,296,217	2,342,413	2,483,796	2,630,954	1,910,925	1,907,580	1,550,192	1,630,516	1,557,363
Intergovernmental:										
Federal	2,438,642	2,564,070	2,419,284	3,970,295	2,033,805	2,464,286	4,000,451	3,566,630	6,530,716	5,358,682
State	18,431,094	17,874,186	17,771,346	13,092,069	12,378,566	12,026,566	12,058,538	11,515,990	11,120,784	11,275,646
Other	866,660	1,016,835	2,213,780	790,374	844,810	1,301,666	725,760	771,331	1,253,776	677,982
Contributions and donations	92,088	154,357	345,608	280,980	648,277	120,060	442,991	80,855	164,257	340,387
Net investment earnings	3,131,982	2,991,634	1,350,889	1,137,292	2,493,770	1,132,298	989,664	301,516	627,531	557,100
Net investment earnings, fair value	2,118,271	1,092,860	345,161	(832,147)						
Other	3,030,934	2,962,384	835,602	1,725,482	2,441,090	2,556,041	1,255,103	628,518	1,695,658	2,098,278
Total revenues	120,010,306	117,638,674	112,664,376	103,036,882	105,659,035	97,193,412	96,686,238	93,774,267	100,117,236	88,775,136
Expenditures										
General government	10,847,078	9,444,651	9,193,826	9,357,206	8,846,432	7,970,532	7,631,283	8,118,011	8,704,424	9,572,707
Public safety	54,901,909	50,955,888	49,209,620	48,745,629	46,348,737	44,094,992	44,843,468	43,909,381	44,213,881	46,209,990
Highways and streets	9,640,613	8,476,984	8,150,738	7,489,049	5,871,047	6,173,142	6,205,694	5,841,206	6,294,730	8,981,332
Public services	2,326,352	1,651,681	2,457,165	1,402,491	901,302	692,765	677,969	609,558	696,105	820,990
Sanitation	2,422,125	2,698,219	2,549,858	2,782,468	3,088,287	3,248,297	2,946,305	2,999,397	3,146,562	3,117,337
Community improvement	497,972	452,328	535,271	571,835	435,655	547,084	503,364	378,392	755,660	1,555,446
Social services	1,743,486	1,968,330	1,773,621	1,597,920	1,728,259	1,871,601	2,047,022	2,435,970	4,556,490	4,707,580
Culture and recreation	11,323,683	12,894,471	11,916,827	11,963,738	11,911,344	12,024,450	12,017,523	11,980,291	13,202,079	15,262,884
Insurance and bonds	621,584	678,225	127,107	132,930	76,853	56,250	49,951	529,432	529,578	558,454
Support services	3,435,918	2,661,157	2,681,503	5,282,452	4,932,507	5,120,037	4,724,481	5,678,180	4,998,157	4,340,936
Other	1,213,433	177,158	4,088	42,615	46,975	575,505	468,123	387,455	556,950	1,464,158
Capital outlay	13,747,920	17,160,673	17,233,853	19,172,508	24,746,624	8,622,672	3,219,766	3,912,443	3,273,984	
Debt service										
Principal retirement	8,195,773	7,903,033	8,348,847	8,042,594	7,229,538	2,944,647	2,707,625	2,335,790	2,352,075	2,218,042
Interest and fiscal charges	2,900,979	3,083,030	2,199,927	2,437,034	2,882,536	1,996,487	1,924,616	2,201,538	2,258,317	2,359,384
Total expenditures	123,818,825	120,205,828	116,382,251	119,020,469	119,046,096	95,938,461	89,967,190	91,317,044	95,538,992	101,169,240
Excess of revenues over (under) expenditures	(3,808,519)	(2,567,154)	(3,717,875)	(15,983,587)	(13,387,061)	1,254,951	6,719,048	2,457,223	4,578,244	(12,394,104)
Other Financing Sources (Uses)										
Sale of capital assets									174,627	
Transfers in	13,671,772	15,386,341	11,540,412	29,664,407	27,084,718	8,493,780	3,932,251	4,552,193	3,923,927	7,642,338
Insurance proceeds	916,703									
Proceeds on long-term debt			30,885,000			73,275,000		3,430,000		
Premium on bond issuance			1,971,817			4,064,034				
Bond issuance cost								(42,139)		
Transfers out	(13,671,772)	(14,214,681)	(11,540,412)	(16,311,082)	(25,402,029)	(8,008,665)	(2,574,705)	(2,985,552)	(3,206,778)	(3,757,708)
Payment to escrow fund for refunding						(29,284,999)		(3,387,861)		
Total other financing sources (uses)	916,703	1,171,660	32,856,817	13,353,325	1,682,689	48,539,150	1,357,546	1,566,641	891,776	3,884,630
Net change in fund balances	(2,891,816)	(1,395,494)	29,138,942	(2,630,262)	(11,704,372)	49,794,101	8,076,594	4,023,864	5,470,020	(8,509,474)

City Of Southfield, Michigan

General Fund Balance Compared To Annual Expenditures Last Ten Fiscal Years

Fiscal Year Ending June 30	Unassigned Fund Balance	Annual Expenditures	Balance As Percent Of Expenditures	
2020	\$ 15,759,131	\$ 74,507,728	21.2	%
2019	15,476,115	68,237,177	22.7	
2018	14,890,551	66,527,171	22.4	
2017	12,455,795	66,726,729	18.7	
2016	8,210,574	64,129,257	12.8	
2015	7,760,254	61,331,202	12.7	
2014	7,826,124	61,004,444	12.8	
2013	1,932,931	62,397,410	3.1	
2012	1,574,840	62,374,108	2.5	
2011	486,981	64,128,702	0.8	

City of Southfield, Michigan

General Governmental Tax Revenue By Source Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Funds					
	Major Funds			Non-Major Funds		
	General Fund	Major Streets	Local Streets	Special Revenue		Debt Service
				Parks & Recreation	Library	Drains-at-Large
2020	19.4825	0.0560	0.9440	1.7500	2.8000	0.2150
2019	18.7960	0.0560	0.9440	1.7500	2.8000	0.1467
2018	18.0452	0.0560	0.9440	1.7500	2.8000	0.0267
2017	17.8926	0.1148	0.1059	1.7500	2.8000	0.1467
2016	17.9205	0.1148	1.1059	1.7500	2.8000	0.4873
2015	17.9730	0.1148	1.1059	1.7500	2.8000	0.4873
2014	18.2431	0.1148	1.1059	1.7500	2.8000	0.4873
2013	17.4638	0.1148	1.1059	1.7500	2.8000	0.4873
2012	16.5004	0.1324	1.0883	1.7500	2.8000	0.3591
2011	11.3115	0.0854	1.0260	1.6524	2.0934	0.1741

City Of Southfield, Michigan

Property Tax Levies and Collections Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Real Tax Reimburse</u>	<u>Delinquent Personal Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent Of Total Tax Collect. To Tax Levy</u>	<u>Out-standing Delinq. Personal Taxes</u>	<u>Percent of Delinq. Taxes To Tax Levy</u>
2020	\$ 70,432,977	\$ 67,206,955	95.4 %	\$ 2,958,397	\$ 49,431	\$ 70,214,783	99.7 %	\$ 218,194	0.3 %
2019	66,833,066	63,753,403	95.4	2,789,983	47,206	66,590,592	99.6	232,611	0.3
2018	63,537,132	60,631,367	95.4	2,623,779	40,152	63,295,298	99.6	239,665	0.4
2017	62,437,580	59,523,884	95.3	2,605,735	39,326	62,168,945	99.6	268,293	0.4
2016	63,538,323	60,383,675	95.0	2,784,743	29,222	63,197,640	99.5	287,178	0.5
2015	57,054,765	53,923,027	94.5	2,911,453	41,203	56,875,683	99.7	230,646	0.4
2014	57,440,691	54,652,864	95.1	2,725,509	41,405	57,419,778	100.0	263,855	0.5
2013	58,239,005	54,583,381	93.7	3,321,912	71,291	57,976,584	99.5	261,021	0.4
2012	58,366,953	54,778,491	93.9	3,207,968	47,337	58,033,796	99.4	333,157	0.6
2011	48,073,059	44,762,478	93.1	3,103,510	118,769	47,984,757	99.8	83,409	0.2

City Of Southfield, Michigan

Largest Taxpayers Last Ten Fiscal Years

2020 Rank	Taxpayer	2020 Taxable Value	Percentage of Total	2011 Rank	Taxpayer	2011 Taxable Value	Percentage
1	SL TOWN ETAL	\$ 78,392,250	0.0306 %	1	BRE Southfield (SL Town)	\$ 99,513,160	0.0318 %
2	REDICO	46,874,220	0.0183	2	Verizon Wireless	48,931,510	0.0157
3	Denso International America	33,827,830	0.0132	3	Galleria Properties	43,764,960	0.0140
4	HARTMAN & TYNER	32,754,060	0.0128	4	First Center Southfield	33,119,690	0.0106
5	DTE	31,072,280	0.0121	5	Allied Phase One Venture	31,299,620	0.0100
6	Southfield Galleria	29,568,640	0.0115	6	Ramco Gershenson Properties	29,183,130	0.0093
7	AT&T Mobility	24,757,680	0.0097	7	LEAR CORP	25,743,450	0.0082
8	Verizon Wireless	23,655,270	0.0092	8	Denso International America	22,961,360	0.0073
9	GOLDOLLER REAL ESTATE INVEST.	23,229,930	0.0091	9	American Ctr Acquisition	22,626,350	0.0072
10	Ramco Gershenson Properties	23,110,320	0.0090	10	BASF Corp	21,489,940	0.0069
Total taxable value 2020 -->		\$ 2,562,758,500				3,125,919,170	<-- Total taxable value 2011

City Of Southfield, Michigan

Assessed Value (AV) Of Taxable Property Last Ten Fiscal Years

State Equalized Valuation (SEV) (1) / Taxable Valuation (TV) (2)

FY Ending June 30	Real Property(AV)	Personal Property(AV)	Total Property(SEV)	TV	Decrease
2020	\$ 3,296,513,860	\$ 330,023,630	\$ 3,626,537,490	\$ 2,636,536,530	2.87 %
2019	3,071,690,050	325,912,740	3,397,602,790	2,562,758,500	5.3
2018	2,639,081,480	360,598,950	2,999,680,430	2,427,593,700	1.1
2017	2,481,509,745	353,938,980	2,835,448,725	2,400,338,435	(0.7)
2016	2,364,896,300	374,246,720	2,739,143,020	2,417,356,855	1.0
2015	2,241,104,571	364,732,760	2,605,837,331	2,391,992,576	(1.9)
2014	2,220,124,940	378,198,940	2,598,323,880	2,437,203,620	(3.5)
2013	2,289,025,280	377,756,530	2,666,781,810	2,522,981,550	(6.8)
2012	2,466,923,090	392,400,400	2,859,323,490	2,695,302,360	(15.2)
2011	(4) 2,885,022,310	411,235,320	3,296,257,630	3,105,202,030	(17.8)

Notes:

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

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

(3) Assessing department provided corrected data to realign data by fiscal year for FY2008 - FY2010.

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

City of Southfield, Michigan

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

Fiscal Year Ending June 30	General Fund			Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total All Rates	
	Operating	Public Safety Expansion	PA 59 of 2012	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains- At-Large		UTGO Road Bond
	2020	6.609	6.891	0.020	5.742	1.750	2.800	1.000	0.221		0.215
2019	6.609	6.891	0.020	5.055	1.750	2.800	1.000	0.221	0.147	2.580	27.073
2018	6.609	6.891	0.020	4.525	1.750	2.800	1.000	0.221	0.027	2.580	26.423
2017	6.609	6.891	0.021	4.371	1.750	2.800	1.000	0.221	0.147	2.580	26.390
2016	6.609	6.891	0.023	4.397	1.750	2.800	1.000	0.221	0.487	2.580	26.759
2015	6.609	6.891	0.023	4.450	1.750	2.800	1.000	0.221	0.487		24.231
2014	6.609	6.891	0.023	4.720	1.750	2.800	1.000	0.221	0.487		24.501
2013	6.609	6.891	0.021	3.942	1.750	2.800	1.000	0.221	0.487		23.722
2012	6.609	6.891		3.000	1.750	2.800	1.000	0.221	0.359		22.630
2011	6.609	2.833		1.869	1.652	2.093	0.944	0.167	0.174		16.341
2010	6.609	2.833		1.700	1.652	2.093	0.944	0.337	0.174		16.342

ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total City	Southfield Public School * *	Oakland County Intermediate	Oakland County Operating Levy + +	Oakland County Community College	Total *	City % of Total	Birmingham Public School +	Oak Park Public School +
2020	19.262	5.771	0.215	2.580	27.828	23.938	3.254	5.768	1.530	62.317	44.7 %	16.976	14.977
2019	18.575	5.771	0.147	2.580	27.073	25.987	3.281	5.333	1.543	63.217	42.8	17.443	14.999
2018	18.045	5.771	0.027	2.580	26.423	25.987	3.308	5.771	1.556	63.045	41.9	18.073	15.000
2017	17.893	5.771	0.147	2.580	26.390	25.987	3.340	5.785	1.571	63.072	41.8	17.395	15.459
2016	17.921	5.771	0.487	2.580	26.759	25.987	3.363	6.230	1.582	63.920	41.9	18.627	15.500
2015	17.973	5.771	0.487		24.231	27.077	3.369	4.646	1.584	60.908	39.8	19.224	15.500
2014	18.243	5.771	0.487		24.501	26.487	3.369	5.536	1.584	61.477	39.9	19.983	16.500
2013	17.464	5.771	0.487		23.722	26.487	3.369	5.536	1.584	60.698	39.1	19.460	16.500
2012	16.500	5.771	0.359		22.630	26.487	3.369	5.336	1.584	59.406	38.1	19.024	15.000
2011	11.311	4.857	0.174		16.342	25.287	3.369	5.336	1.584	51.918	31.5	18.079	13.200
2010	11.142	5.026	0.174		16.342	25.247	3.369	5.336	1.584	51.878	31.5	17.375	12.970

Notes:

- * Southfield Public Schools are used in the example because their portion of taxable assessed valuation is the largest in the City. Comparative rates are presented for Birmingham and Oak Park Schools.
 - * * Rate includes 6 mills for state education.
 - + Homestead rate used.
 - + + Includes Suburban Mobility Authority Regional Transportation (S.M.A.R.T) tax, Zoo Authority, and Art Institute.
- Source: Southfield Treasurer's Office

City Of Southfield, Michigan

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

Fiscal Year Ending <u>June 30</u>	Preceding Year's <u>TAV</u>	-	<u>Losses</u>	X	<u>CPI</u>	=	<u>TAV</u> <u>Ceiling</u>	-	<u>Actual</u> <u>TAV</u>	-	<u>New</u> <u>TAV</u>	=	<u>Adjusted</u> <u>TAV</u>	<u>Ratio</u> (1)	<u>Rollback</u> <u>Factor</u> (2)
2020	\$ 2,485,025,360	\$	40,014,124		1.024	\$	2,503,691,506	\$	2,562,758,500	\$	81,560,431	\$	2,481,198,069	1.0091	0.9878
2019	2,427,593,700		57,488,128		1.024		2,426,988,106		2,485,025,360		98,101,263		2,386,924,097	1.0168	0.9794
2018	2,400,338,435		43,625,861		1.021		2,406,203,538		2,427,593,700		80,801,282		2,346,792,418	1.0253	0.9910
2017	2,417,356,855		45,983,621		1.009		2,392,715,593		2,400,338,435		81,765,852		2,318,572,583	1.0171	0.9440
2016	2,391,992,576		66,018,984		1.016		2,363,189,169		2,417,356,855		94,215,581		2,323,141,274	1.0172	0.9440
2015	2,437,203,620		52,195,164		1.016		2,423,168,591		2,391,992,576		75,432,640		2,316,559,936	1.0460	0.9440
2014	2,523,872,910		43,020,605		1.024		2,540,392,760		2,437,203,620		87,681,220		2,349,522,400	1.0812	0.9440
2013	2,695,302,360		65,017,432		1.027		2,701,302,621		2,523,872,910		90,161,072		2,433,711,838	1.1100	0.9440
2012	3,105,202,030		65,378,124		1.017		3,091,500,912		2,695,302,360		70,430,130		2,624,872,230	1.1778	0.9440
2011	3,656,625,252		62,575,642		0.997		3,583,267,461		3,105,202,030		63,534,400		3,041,667,630	1.1781	0.9440

Notes:

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

Source: Assessing Department Data

City Of Southfield, Michigan

Computation of Direct and Overlapping Debt at June 30, 2020

		<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1)</u> (Pop. 72,789)	\$	<u>% Of State Equalized Value 3,626,537,490</u>
DIRECT AND INDIRECT DEBT					
<u>Direct Debt</u>					
General Obligation Bonds-Unlimited Tax	\$	29,585,000			
General Obligation Bonds-Unlimited Tax		19,245,000			
General Obligation Bonds-Limited Tax-Refunding		1,430,000			
Building Authority Bonds		16,035,000			
Water & Sewer Revenue Bonds		2,311,741			
General Obligation -Limited Tax		3,182,374			
Water and Sewer Capital - Limited Tax		66,640,000			
Michigan Transportation Fund Bonds		4,460,000			
Direct Debt		142,889,115	\$	1,963.06	3.94 %
<u>Indirect Debt</u>					
Oakland County Contractual Obligations:					
Drains-At-Large	\$	2,649,540			
Indirect Debt		2,649,540		36.40	0.07
Gross Debt		145,538,655		1,999.46	4.01
<u>OVERLAPPING DEBT (2)</u>					
Southfield School District	94.16 %	\$ 50,304,980			
Oak Park School District	17.32	803,648			
Birmingham School District	1.84	4,193,636			
Oakland County at Large	4.16	13,187,856			
Oakland County Intermediate School District	4.17	1,791,849			
Total Overlapping Debt		70,281,969		979.69	1.94
		\$ 215,820,624	\$	3,008.41	5.95 %

Notes:

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

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

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2020

	Debt Margin Calculation			Statutory
	Gross	Statutory (1)	Net	Limit
	Indebtedness	Deductions	Indebtedness	Percentage
State Equalized Value at 12/31/19				100% \$ <u><u>3,626,537,490</u></u>
Debt Subject to Statutory Limitation				
General Obligation Bonds-Unlimited Tax	\$ 29,585,000		\$ 29,585,000	
General Obligation Bonds-Unlimited Tax	19,245,000		19,245,000	
General Obligation -Limited Tax	3,182,374		3,182,374	
Water and Sewer Capital - Limited Tax	66,640,000		66,640,000	
General Obligation Bonds-Limited Tax-Refunding	1,430,000		1,430,000	
Building Authority Bonds	16,035,000		16,035,000	
Oakland County Contractual Obligations-Drains	2,649,540		2,649,540	
Restricted Indebtedness	138,766,914		138,766,914	10%
Michigan Transportation Fund Bond	4,460,000		4,460,000	
Emergency Bonds				3.75%
Special Assessment Bonds				12%
Total	143,226,914		\$ <u><u>143,226,914</u></u>	\$ <u><u>811,437,763</u></u>
State of Michigan Water Supply and Sewage Disposal Revenue Bonds				
Series to 6/30/02				
1998B (LTGO) 2.50%	840,000			
1999 (LTGO) 2.50%	1,471,741			
Total Water and Sewage Disposal Revenue Bonds		\$ <u>2,311,741</u>		
Gross City Debt		\$ <u><u>145,538,655</u></u>		

Notes:

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

City Of Southfield, Michigan

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

Fiscal Year Ending <u>June 30</u>	<u>Population</u> (2)	<u>Taxable Value</u>	<u>Bonded Debt</u> (1)	Less Funds	<u>Net</u>	Ratio Of	<u>Net</u>
				Available		Net Bonded	
				In Debt	Bonded Debt	Debt To	Debt Per
				<u>Service Funds</u>		<u>Value</u>	<u>Capita</u>
2020	72,789 \$	2,636,536,530 \$	143,226,914 \$	1,869,797 \$	141,357,117	5.36 %	\$ 1,942
2019	73,158	2,562,758,500	151,975,138	1,863,903	150,111,235	5.86	2,052
2018	73,208	2,427,593,700	62,290,784	5,044,574	57,246,210	2.36	782
2017	71,739	2,400,338,435	66,949,631	2,331,571	64,618,060	2.69	901
2016	71,739	2,417,356,855	74,992,225	2,530,317	72,461,908	3.00	1,010
2015	71,739	2,391,992,576	82,221,763	1,464,207	80,757,556	3.38	1,126
2014	71,739	2,437,203,620	40,386,411	1,073,226	39,313,185	1.61	548
2013	71,739	2,522,981,550	43,094,036	550,347	42,543,689	1.69	593
2012	71,739	2,695,302,360	45,429,826		45,429,826	1.69	633
2011	71,739	3,105,202,030	47,781,901		47,781,901	1.54	666
2010	71,739	3,656,625,252	49,999,942	236,960	49,762,982	1.36	636

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

Fiscal Year Ending <u>June 30</u>	<u>Debt Service Requirements</u>			<u>Total</u>	<u>Ratio Of Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
				<u>Expenditures</u> (3)	
2020	\$ 8,195,773	\$ 2,900,979	\$ 11,096,752	\$ 121,040,078	9.17 %
2019	7,384,851	1,967,506	9,352,357	115,357,528	8.11
2018	8,348,847	2,199,927	10,548,774	124,720,432	8.46
2017	8,042,594	2,383,095	10,425,689	114,361,278	9.12
2016	7,229,538	2,734,021	9,963,559	114,758,571	8.68
2015	2,944,647	1,332,524	4,277,171	99,669,163	4.29
2014	2,707,625	1,770,415	4,478,040	92,877,415	4.82
2013	2,335,790 (4)	2,051,732	4,387,522	94,468,782	4.64
2012	2,352,075	2,063,617	4,415,692	98,871,731	4.47
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.34
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.01

Notes:

- (1) Excludes water revenue bonds
- (2) 2010 Census data from U.S. Census Bureau. (2a) Taxable Value updated by Assessing Dept.
- (3) Includes general, special revenue, capital, and component units.
- (4) Excludes refunding

City Of Southfield, Michigan

Demographic Statistics Last Ten Fiscal Years

Fiscal Year Ending Jun 30	Population (1)	Per Capita Income (2)(5)	Median Age (2)(5)	School Enrollment (3)	Unemployment Rate Percentage (4)	Retail Sales (000) (2)(6)
2020	72,789 \$	33,104	43.5	5,450	20.3 %	*
2019	73,158	28,096	42.5	5,618	4.9	*
2018	73,208	29,361	42.5	6,228	4.8	*
2017	71,739	29,045	42.5	9,584	4.2	*
2016	71,739	28,788	41.6	9,429	6.6	*
2015	71,739	26,944	42.1	9,429	10.3	*
2014	71,739	28,635	42.3	9,429	10.3	*
2013	71,739	28,850	42.0	9,429	11.1	\$ 2,165,700
2012	71,739	28,692	42.4	9,191	11.2	*
2011	71,739	26,928	42.0	9,917	14.0	*

Notes:

- (1) 2000 Census Data From U.S. Census Bureau & * updated 2010 data and 2011 data from U.S. Census Bureau 2010
 - (2) Survey of Buying Power: Sales and Marketing Management; New York, N.Y.
 - (3) Southfield Public Schools, Southfield, Michigan/2018 data from mischooldata.org
 - (4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as MI Empl Sec Comm/2010 City-Data.Com
 - (5) U.S. Census American Community Survey (For FY2007 and 2008)/2010 U.S. Census Fact Finder 2 as of June 2011
 - (6) Business demographics from combination of U.S. Census, American Community Surveys, www.BiggestUsCities.com
- * Information not available

City Of Southfield, Michigan

Principal Employers Last Ten Calendar Years

Rank	Taxpayer 2019	2020 Employees	Percentage of Total	Rank	Taxpayer 2009	2009 Employees	Percentage of Total
1	St. John Providence Hospital	3,600	2.93 %	1	St. John Providence Hospital	3,600	2.78 %
2	Beaumont	3,000	2.45	2	Blue Cross Blue Shield	2,750	2.13
3	Credit Acceptance Corporation	2,000	1.63	3	IBM	1,700	1.31
4	DENSO	1,250	1.02	4	Lear Corporation	1,600	1.24
5	Lear	1,250	1.02	5	Blue Care Network	1,000	0.77
6	Blue Care Network	1,000	0.82	6	Real Estate One	943	0.73
7	Veoneer	850	0.69	7	Federal Mogul	900	0.70
8	Doner	700	0.57	8	DENSO	800	0.62
9	Tennaco	700	0.57	9	Plante Moran	778	0.60
10	BASF	500	0.41	10	Credit Acceptance Corporation	685	0.53

Southeast Michigan Council of Governments estimate of jobs in 2020 for City of Southfield --> **122,673**

City Of Southfield, Michigan

Construction And Property Value Last Ten Calendar Years

Annual Construction By Category

--- Commercial & Industrial---

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

---- Single Family ----

<u>Calendar Year</u>	<u>Number Of Units</u>	<u>Value</u>	<u>Number Of Units</u>	<u>Value</u>	<u>Number Of Units</u>	<u>Value</u>
2020	2	\$ 9,259,724			11	\$ 3,561,621
2019	5	20,775,883			19	7,268,077
2018	5	34,241,847	50	\$ 9,285,568	7	1,818,009
2017	15	31,099,574	12	54,088,085	5	1,372,481
2016	1	1,257,402			12	3,591,449
2015	5	21,435,020			7	2,123,858
2014	6	6,740,662			0	-
2013	3	1,675,000			1	214,560
2012	6	3,583,500			1	20,000
2011	3	3,095,020			2	356,712

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2020	\$ 1,483,857,480	\$ 48,695,470	\$ 1,763,960,910
2019	1,449,605,920	51,147,270	1,570,936,860
2018	1,300,355,590	53,732,990	1,284,992,900
2017	1,269,247,250	52,421,390	1,159,841,105
2016	1,287,316,130	50,353,100	1,027,227,070
2015	1,277,553,525	50,930,480	912,620,566
2014	1,294,577,850	52,971,310	872,575,780
2013	1,345,088,070	57,254,790	886,682,420
2012	1,447,107,940	63,315,040	956,500,110
2011	1,623,189,400	82,740,070	1,179,092,840

Notes:

Source: City of Southfield Building and Assessing Departments

City Of Southfield, Michigan

Economic and Statistical History

June 30, 2020

AREA

26.7 square miles (since incorporation)

POPULATION

U.S. CENSUS	1990		2000		2010	
<u>Age Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
24 and under	22,101	29.2%	23,089	29.5%	20,857	29.1%
25 through 64	40,777	53.8%	43,319	55.3%	38,731	54.0%
65 and older	12,850	17.0%	11,888	15.2%	12,151	16.9%
Total Persons	75,728	100.0%	78,296	100.0%	71,739	100.0%

<u>Income Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
\$ 5,000 and under	1,097	3.4%	-	-	-	-
5,000 - 9,999	1,774	5.5%	2,242	6.6%	2,680	8.5%
10,000 - 14,999	1,951	6.1%	1,412	4.2%	2,018	6.4%
15,000 - 24,999	3,988	12.4%	3,495	10.3%	3,941	12.5%
25,000 and over	23,331	72.6%	26,822	78.9%	22,888	72.6%
Total Households	32,141	100.0%	33,971	100.0%	31,527	100.0%

BUILDING CONSTRUCTION

<u>Year</u>	<u>Building Permits</u>	<u>Mechanical Permits</u>	<u>Value</u>
2020	1798	3646	\$ 84,380,713
2019	1935	4153	138,573,560
2018	1904	5023	154,881,718
2017	1083	5782	156,214,594
2016	1500	1912	182,287,712
2015	1341	2334	134,296,693
2014	1482	2917	95,052,712
2013	1017	3063	69,344,365
2012	994	3116	56,599,910
2011	712	2335	39,091,462

Economic and Statistical History (continued)

WATER & SEWER SERVICES

Users/Consumers:	18,956 Water and Sewer combined; 177 Sewer only and 1,273 Water only.
Use & Consumption:	454,021,390 cubic feet purchased
System Capacity:	34 million gallons per day (MGD)
Distribution System:	Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.
Water Mains:	375.50 miles
Fire Hydrants:	4,178
Sewer Mains:	237.50 miles sanitary; 284.09 miles storm; 42.94 miles combined.

STREET FACILITIES

Streets:	Total 246.40 miles, with 64.71 miles on the Major Street System and 181.69 miles on the Local Street System. Less than 5 miles remain unpaved.
Alleys:	Total under five miles.
Sidewalks:	Total 201.29 miles including twelve miles of paved bike paths.
Street Lights:	Total 2,221 Detroit Edison owned and 190 City owned.

PUBLIC SAFETY

Public Safety is organized for efficiency into three areas of overall administration and communications (PSA), police and fire.

Vehicles	Police	1 st Line/ Fire Reserve
Cars	50	6/0
Trucks	0	8/2
Life Support	0	4/3
Vans, 4WD, etc.	48	9/1**
Total	98*	27/6

Facilities: One main Public Safety, Building, Housing, Police, and Civilian Support Services, as well as a 36-cell lock up facility operated by Wackenhut.

POLICE PROTECTION

The Southfield Police Department uses CLEMIS CLEAR program from Oakland County CLEMIS for reporting incidents and calls for service.

Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines:
Index Crimes: Includes eight offenses: murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft and arson. Chosen because of their seriousness and frequency of occurrence to serve as indicators of crime.

Economic and Statistical History (continued)

POLICE PROTECTION (continued)

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

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

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

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

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

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

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

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

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

Law Violations:	Index Crimes	1,640
	Non-Index Crimes	2,693
Traffic Violations:		9,528
Incidents Handled:		53,324

Economic and Statistical History (continued)

POLICE PROTECTION (continued)

Year	Murder	Rape	Robbery	Aggravated Assault	Burglary	Larceny	Motor Vehicle Theft	Arson	Index Crimes	Non-Index Crimes	Total Crimes
2019	1	28	34	95	315	913	251	3	1,640	2,693	4,333

FIRE PROTECTION*

Alarms Answered: 14,803 runs

Medical Emergency: 12,653 runs

Fire Runs: 2,150 runs

* Fire runs are estimated totals based on YTD run volume as of 11/20/19.

PARKS & RECREATION

The Southfield Parks and Recreation Department is responsible for 775 acres of parks, nature preserves and open space, and historic properties at 33 sites within the City. There are numerous ball fields, tennis and handball courts, picnic areas and shelters as well as soccer fields, play lots, and sand volleyball courts located throughout the City for residents' enjoyment. The Department is also responsible for numerous historical properties including the Burgh Historical Park, the Miller Barn at Inglenook Park, the Historic Code House, and the Mary Thompson Farm. The Burgh Historical Park includes period gardens with fountains and a gazebo and six historic buildings which bustle with activities from concerts and weddings to a variety of other family and community events. The Mary Thompson Farm features a restored 19th century farm house which is home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provides plots to over 100 enthusiastic gardeners who offer tours to school and scouting groups.

The Department offers numerous recreation programs at facilities which include: 1 nine-hole golf courses - Evergreen Hills Golf Course, as well as the Beech Woods Driving Range and Heated Tee facility for year round play; the Southfield Sports Arena with its 50 meter outdoor swimming pool, complete with water slide, climbing wall, and kiddie pool with water features, as well as a regulation NHL indoor ice surface; Beech Woods Recreation Center features over 17,000 square feet of gymnasium space. The Center has the capability to run three collegiate basketball games simultaneously, in addition to four volleyball or three tennis or pickleball courts and a complete wellness/fitness center. Outdoors activities consists of tennis courts, volleyball courts, an accessible playground and pavilion within the park. We have various outdoor Pavilions that can be used for family reunions, birthday parties and many other special events. We offer a full menu of senior services and the TOSS transportation program which we partner with SMART. The Department is also responsible for the Parks and Recreation Building and Southfield Pavilion.

Southfield Parks and Recreation offers many programs for disabled athletes. The Civic Center Park is home to the first Miracle Field in the state; a custom synthetic turf and handicapped accessible dugouts, restrooms, and drinking fountains. The Beech Woods Recreation Center is proud to be the home of the Motor City Wheelz Wheelchair Basketball team.

Economic and Statistical History (continued)

PARKS & RECREATION (continued)

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is focused to providing quality, fun special events for families, including the *Daddy Daughter Dinner & Dance*, *EGGS'travaganza*, *Family Fun & Safety Night* (in partnership with the Southfield Police and Fire Departments), and *Boo Bash*. Quality entertainment is offered year-round with a variety of concert series including the popular free outdoor concerts held throughout the summer at the Burgh Historical Park Gazebo, *Eat to the Beat* noontime series at City Centre and the summer concert series on the front lawn. In 2019, we launched a month-long series of events celebrating Black History Month. The Department has received many national awards for excellence in recreational programming, as well as for beautification and environmental maintenance and programming.

LIBRARY

Southfield Public Library helps people succeed! The value of the Library is immeasurable – it impacts all who desire to make education, literacy, technology and culture a vital part of their lives. Like reading a book, the magic of the Southfield Public Library unfolds before you. Discover it for yourself!

In 2019 the Library expanded hours to serve our community better. Southfield Public Library welcomed many guests daily to utilize our collection of over 310,000 books, movies, music and more. There are more than 100 public use computers in the library and free Wi-Fi is available throughout the building. At our website: www.southfieldlibrary.org you can search our catalog; use your library card to access information not available on Google about homework help, business information, health resources and much more. We even provide access to Ancestry.com in the building.

The first level houses books, music, movies and audio books for children and young adults. Our children's area provides the sense of discovery with colorful special features including a Readers' Treehouse, cozy fireplace, Storybook Castle complete with a Dragon and Puppet Theater, the Space Station Program Room, the Imaginarium Garden and Early Literacy Computers. Our new youth Discovery Zone encourages children's imagination through cooperative play. Children's programs are available throughout the year including story times, Battle of the Books, and Summer Library Program. The teen room is filled with graphic novels, books, music and movies. We have something for everyone's interests.

The second and third levels provide adults with comfortable areas for study or reading. Amenities include fireplaces, an outdoor terrace, quiet-study room, a computer lab, group study rooms and a variety of comfortable seating. Printers, copiers and fax machines are available on each level.

We offer books, magazines and newspapers in standard and large print. The Library has great book collections to fulfill pleasure reading and research needs, including items in a variety of languages to meet the needs of our diverse community. Other collections include feature, documentary and foreign movies, all kinds of music and specialized online research sources.

Southfield residents can use our Digital Library anytime from any internet equipped location to download eBooks, audio books, comics, magazines, music, movies and TV via library provided online services including Hoopla, Overdrive, RB Digital and Kanopy. Learn how at: www.southfieldlibrary.org.

Economic and Statistical History (continued)

LIBRARY (continued)

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

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

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

As with the rest of the Michigan libraries we closed in March and we switched our focus to online offerings. We offered online programs and story times, we expanded our digital library offerings doubling the number of checkouts available in Kanopy and hoopla. We increased our social media postings promoting not only the library but local resources as food pickups and fun distractions. As the nation opened back, we opened our drive-up window in June to allow patrons to pick up library materials and amped up our online programming as staff were back in the building.

City of Southfield, Michigan

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Election Data (1)</u>										
Registered voters	57,926	61,065	60,015	60,775	59,648	61,739	60,747	60,451	58,328	57,150
Absentee voters	6,328	11,805	5,220	13,308	5,309	8,375	5,240	14,020	4,683	7,084
Percent voting	17.62	59.64	18.84	71.02	21.27	49.08	18.67	72.67	16.05	49.50
<u>District Court</u>										
Number of Court Cases	33,778	41,638	38,022	40,917	47,118	52,209	54,354	57,305	54,155	57,582
<u>Police (2) (#)</u>										
Offenses-Group A (3)				4,929	4,547	5,081	5,081	5,434	5,574	6,148
Offenses-Group B (4)				992	1,253	1,414	1,414	1,216	1,743	3,833
Index Crimes (5)	1,640	1,738	2,208							
Non-Index Crimes(6)	2,693	3,193	3,219							
Traffic Violations	9,528	7,359	5,740	8,566	10,367	13,469	13,469	10,054	12,366	10,966
Incidents Handled	53,324	51,551	52,321	51,637	54,185	50,193	50,193	49,933	53,876	60,985
<u>Fire</u>										
Medical Emergencies	12,653	12,950	12,116	12,116	12,155	11,295	11,114	11,538	10,410	10,504
Fire Runs	2,150	1,894	2,139	2,139	1,977	2,072	1,620	1,978	1,772	1,948
<u>Library</u>										
Circulation	235,996	328,829	441,040	348,543	386,275	383,549	445,316	496,851	644,380	701,976
Collection Volume	241,033	255,940	312,308	259,344	315,318	297,916	291,728	291,168	288,949	314,778

Notes:

- (1) All election data is for the prior calendar year.
- (2) Southfield Police Department uses NET RMS program from Oakland County CLEMIS for reporting incidents and calls for service. Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines
- (#) Starting 2015 data collected is for prior calendar year
- (3) Group A offenses include murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft, arson, kidnapping/abduction, forgery, fraud (data collected 2009-2017)
- (4) Group B offenses include fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic (data collected 2009-2017)
- * Information not available
- (5) Index Crimes includes murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft and arson.
- (6) Non-Index Crimes include all reported criminal offenses of negligent manslaughter, non-aggravated assault, forgery & counterfeiting, fraud, embezzlement, stolen property, vandalism, weapons, prostitution & common law vice, sex offenses, narcotic laws, gambling, offenses against family & children, driving under the influence, liquor laws, disorderly conduct and all other crimes not listed here or in index crimes.

Source: City of Southfield

Source: Michigan Incident Crime Reporting (MICR)

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	36	33	33	34	34	34	34	34	41	38
Police										
Stations	1	2	2	2	3	3	3	3	3	3
Vehicles	98	98	97	93	92	92	94	94	95	109
Streets										
Miles on major street system **	70.58	64.71	64.71	64.71	64.71	64.71	64.71	64.71	64.71	61.53
Total miles of streets	250.00	246.40	246.40	246.40	246.40	246.40	246.40	246.40	246.40	246.85
Miles of unpaved	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of alleyways	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of sidewalks	319.32	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29
Miles of paved bike paths	15	12	12	12	12	10	10	10	10	10
Street Lights										
Detroit Edison owned	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221
City owned	190	190	190	190	190	190	190	190	190	190
Water										
Annual distribution in million cubic feet	407,965,383	428,745,898	454,021,390	438,810,160	455,849,664	446,876,200	456,744,655	484,436,900	510,329,700	505,012,300
Miles of watermains **	381.9	375.5	375.5	375.50	375.50	375.32	375.32	375.32	375.32	375.32
Number of hydrants **	4,217	4,206	4,178	4,178	4,165	4,838	4,048	4,038	4,038	4,038
Sewers										
Miles sanitary **	239	237.5	237.5	237.50	237.50	237.23	237.23	237.23	237.23	237.23
Miles storm	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09
Miles combined **	46.16	42.94	42.94	42.94	42.94	42.94	42.94	42.94	42.94	42.94
Parks and Recreation *										
Number of developed parks	20	20	20	20	20	20	20	20	20	20
Acres of public parks	775	775	775	775	775	775	775	775	775	775
Number of tennis courts	13	13	12	18	16	16	16	16	16 ⁽¹⁾	19
Outdoor education center/farm										1
9-hole golf courses	1	2	2	2	2	2	2	2	2	2
Ice arenas	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1

Notes:

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

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

* Data updated by City of Southfield Parks & Recreation

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

Source: City of Southfield

City of Southfield, Michigan

Authorized Full-Time Positions

Last Ten Fiscal Years

Department	2020	2019	2018 ⁽¹⁾	2017	2016	2015	2014	2013	2012	2011
Accounting	7.00	10.00	9.00	5.50	6.50	6.00	4.50	5.50	5.50	6.50
Administration	4.00	5.00	5.00	3.00	3.00	2.00	2.00	3.00	3.00	3.00
Assessing	9.50	8.50	8.50	6.50	7.65	7.65	7.65	7.00	7.00	6.90
Building	22.00	21.40	20.90	9.90	14.40	15.40	15.40	16.40	17.50	20.00
Cable TV	7.00	9.00	9.00	7.50	5.50	6.00	6.50	5.50	5.50	5.25
Central Services	3.00	2.50	2.50	2.50	4.00	4.00	4.00	4.00	4.00	6.00
City Clerk	7.00	9.00	10.00	7.00	6.00	6.00	6.00	7.00	7.00	7.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Community Develop. Admin.	22.00	22.00	23.50	21.25	7.00	8.00	8.00	8.00	8.00	8.00
Community Develop. Block Grant ⁽²⁾	2.75	2.25	2.25							
Community Relations ⁽³⁾	5.00	5.00	5.00	6.00	3.00	3.00	3.00	4.00	5.00	5.25
District Court	37.98	40.75	38.75	36.75	33.75	36.25	36.25	38.25	37.50	38.00
Downtown Development Authority ⁽²⁾	3.00	2.00	2.00							
Emergency Management	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.50
Engineering	6.00	6.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
Facilities Maintenance	31.45	33.00	27.00	30.00	33.00	33.00	33.00	26.00	31.00	32.00
Fire	100.00	103.00	92.00	88.00	90.00	94.00	94.00	93.00	101.00	102.50
Fiscal Services/OMB	4.00	6.50	4.50	2.50	2.00	1.00	1.00	2.00	2.00	2.00
Human Resources	9.00	7.50	7.50	6.50	6.50	6.50	6.50	6.00	6.50	9.50
Human Services ⁽³⁾					3.50	3.50	3.50	4.00	3.00	4.00
Legal	6.00	6.00	6.00	6.00	7.00	6.75	6.75	7.50	7.50	7.50
Library	50.75	50.75	50.75	46.75	46.75	46.75	46.75	54.25	50.00	52.00
Mayor	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	13.00	15.50	14.50	7.00	8.50	9.50	9.50	12.25	13.25	13.25
Parks and Recreation	85.30	85.30	85.30	75.30	78.30	79.30	79.30	81.05	80.90	80.05
Planning	5.00	5.50	5.50	5.50	4.50	4.50	4.50	4.50	4.00	4.50
Police	182.05	184.66	182.16	158.66	154.66	158.66	158.66	169.16	172.66	187.66
Public Works Admin.									1.50	3.00
Purchasing	3.00	3.00	3.00	1.00	1.00	1.50	1.00	2.00	2.50	2.50
Section 8 ⁽⁴⁾	4.00	1.50	1.50							
Streets And Highways	41.20	40.00	38.00	33.00	29.50	25.50	25.50	25.00	25.00	25.00
Support Services ⁽²⁾		0.50	0.50							
Technology Services	11.75	13.25	12.00	8.00	8.50	8.50	8.50	9.00	9.00	10.00
Transportation	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.00	3.00	3.00
Treasurer	8.00	11.00	10.00	8.00	7.00	6.50	6.50	7.50	7.50	8.50
Water And Sewer	30.30	35.00	35.00	23.00	28.00	24.00	24.00	17.00	17.00	19.50
Totals	736.53	760.86	732.11	625.61	619.51	623.76	622.26	637.86	653.31	689.36

Notes:

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

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

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

Source: City of Southfield Office of Management & Budget

City of Southfield, Michigan

**Management Group Personnel
Salary Schedule June, 2019**

<p align="center">Grade T, \$99,418 - \$134,509 Deputy City Administrator</p>
<p align="center">Grade S, \$94,915 - \$128,420 Director of Fiscal Services Director of Public Works Duputy City Attorney Fire Chief Police Chief</p>
<p align="center">Grade R, \$88,505 - \$119,743 Director of Human Resources</p>
<p align="center">Grade Q, \$84,081 - \$113,759 City Librarian City Controller/Deputy Director, Fiscal Services Director of Technology Services Director of Parks and Recreation</p>
<p align="center">Grade P, \$80,255 - \$108,577 Attorney IV Building Official Business Development Director City Assessor City Engineer</p>
<p align="center">Grade O, \$73,140 - \$98,951 Community Relations Director</p>
<p align="center">Grade N, \$66,894 - \$90,503 Purchasing Agent Duputy City Librarian Deputy HR Director Deputy City Treasurer Deputy City Planner Deputy City Clerk Deputy City Assessor Attorney III</p>
<p align="center">Grade M, \$61,515 - \$83,230 Attorney II Manager, HR Operations</p>
<p align="center">Grade L, \$56,771 - \$76,811 Attorney I</p>

Notes:
Source: City of Southfield, Human Resources/Payroll

City of Southfield, Michigan

State Shared Revenues Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>State Shared Revenue</u>
2020	\$ 7,052,491
2019	7,209,925
2018	6,934,690
2017	6,726,478
2016	6,411,745
2015	6,416,997
2014	6,304,301
2013	6,138,572
2012	5,973,225
2011	6,182,693
2010	6,182,706

Gas and Weight Taxes Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>Type of Street</u>		<u>Total Gas and Weight Tax (Act 51) Receipts</u>
	<u>Major Road</u>	<u>Local Road</u>	
2020	\$ 6,463,779	\$ 1,936,732	\$ 8,400,511
2019	6,186,862	1,854,424	8,041,285
2018	7,147,880	2,157,660	9,305,540
2017	3,903,308	1,170,612	5,073,920
2016	4,208,737	1,261,884	5,470,621
2015	3,995,734	1,197,306	5,193,040
2014	3,914,898	1,172,520	5,087,418
2013	3,799,468	1,136,566	4,936,034
2012	3,782,991	1,132,407	4,915,398
2011	3,753,339	1,129,517	4,882,856
2010	3,699,879	1,111,526	4,811,405

Notes:

Source: City of Southfield

City of Southfield, Michigan Labor Agreements

Name	Expiration Date	Number of employees covered
American Federation of State, County and Municipal Employees (AFSCME) Public Works and Parks & Recreation	6/30/2020	74
AFSCME Supervisors	6/30/2020	26
Technical, Professional, and Office Worker Association TPOAM	6/30/2020	128
Southfield Fire Fighters Association SFFA	6/30/2018 *	94
Southfield Police Officers Association SPOA	6/30/2020	104
Michigan Association of Police (MAP) Public Safety Communication Supervisors	6/30/2020	4
Police Officers Association of Michigan POAM	6/30/2020	13
Southfield Police Command Officers' Association SPCOA	6/30/2020	22
Southfield Deputy Chiefs Association SPDC	6/30/2012 *	4
Administrative Civil Service ACS		21
Management Group		25

Notes:

* Contracts have expired.