

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended June 30, 2014
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2014

**Fiscal Services Division
Accounting Department**

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City of Southfield

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December 30, 2014

Honorable Mayor and Council
Municipal Building
Southfield, Michigan

RE: 2013-14 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, 2014, 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 Discretely Presented Component Units, as required by Statement Number 14 of the Government Accounting Standards Board (GASB). Discretely Presented 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 six component units. These units are reported in a separate column to emphasize that they are legally separate from the City. They include the Local Development Finance Authority, the Tax Increment Finance Authority, the Economic Development Corporation, Cornerstone Development Authority, Brownfield Redevelopment Authority, Section & Housing Commission and the Southfield Growth Corporation. Descriptions of each component unit appear in Note 1A on pages 57 - 59 of this report.

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.

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.

Mayor Brenda L. Lawrence	Council President Sylvia Jordan	City Clerk Nancy L. M. Banks	City Treasurer Irv M. Lowenberg		
City Council					
Donald F. Fracassi	Myron A. Frasier	Sidney Lantz	Jeremy Moss	Joan Seymour	Kenson J. Siver

City of Southfield

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

CITY OF SOUTHFIELD, MICHIGAN: MUNICIPAL OVERVIEW

The City of Southfield is comprised of over 26 square miles of abundant natural beauty, well-maintained homes and neighborhoods and majestic skyscrapers. Southfield offers a complete living community, featuring a nationally recognized public school system, several private and parochial schools and numerous colleges and universities. Conveniently located in Oakland County, Southfield is not only the Center of It All™ geographically, but also the business center of southeast Michigan. With a daytime population nearing 175,000, over 27 million square feet of office space, and over seven million square feet of retail and industrial space, Southfield is truly Michigan's business center. In fact, Southfield boasts more office space than the central business districts of Cleveland, Cincinnati, Detroit, Indianapolis or Kansas City. Approximately 9,000 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 71,000 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 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

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called Southfield home. Growth was spurred by the nation's first regional shopping center, Northland Center, which opened in Southfield in 1954; yet today, it remains a major retail center. City leaders showed considerable foresight over the years in creating a high-visibility business community along major roadways, with neighborhoods strategically tucked into adjacent acreage and subdivisions.

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

The Mayor, elected to a four-year term on a non-partisan ballot, has veto power over Council actions but does not vote on legislative matters. A two-thirds Council majority vote is needed to override a Mayoral veto. The Mayor also appoints the City Attorney, City Assessor, City Planner and Emergency Management Director, with appointment confirmation by City Council.

Also elected to four-year terms, the City Clerk and City Treasurer serve in full-time capacities. The City Administrator, appointed by and reporting directly to City Council, serves as chief administrative officer and oversees daily operations and policy implementation.

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

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

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

City of Southfield

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First Lady Michelle Obama hosted Mayor Brenda Lawrence at the White House in July to celebrate the outstanding efforts of the City of Southfield and other communities in completing health and wellness goals over the past year for Let's Move! Cities, Towns and Counties (LMCTC) program. LMCTC calls upon local elected officials to adopt sustainable and holistic strategies that improve access to healthy, affordable food and opportunities for physical activity.

Southfield's Let's Move! efforts included the Let's Move Summer Fitness Camp that featured a different sports-related theme and fun fitness activities for participants each week of the program. The camp also included an overview of proper stretching and warm-up techniques, yoga and healthy eating habits. Each camp also provided participants with healthy snacks as well as fresh fruits and vegetables from local vendors. The camp was open to all Southfield students or children of parents who work or worship in the city and was sponsored locally by Blue Cross/Blue Shield, Health Alliance Plan, St. John Providence Hospital, and Michigan First Credit Union.

The City of Southfield was recognized for a sixth consecutive year in a study by researchers at the University of Michigan-Dearborn's Center for Innovation Research (iLabs) as a Five-Star Community that fosters entrepreneurial growth and economic development. The 2013 "eCities" study or "the Entrepreneurial Cities Index" found that several southeast Michigan municipalities "are hard at work attracting, cultivating, building and retaining entrepreneurial firms." The study, conducted by iLabs, the Center for Innovation Research in the UM-Dearborn School of Management, focused on entrepreneurship because of its importance to expansion and diversification of Michigan's regional economies and the impact small businesses have on job creation. Five-star communities spend a combined \$2.2 million on economic development, have 15 percent of Michigan's population with a professional degree and 92 percent share services related to economic development with another municipality. The eCities research surveyed over 150 communities from 37 counties in Michigan that are home to 36 percent of Michigan residents and 40 percent of its college graduates. These communities count nearly one-third of the state's entrepreneurs with over \$3.1 billion in self-employed income as residents. These communities also had more than \$1.9 billion in 2013 commercial construction and account for more than 47 percent of Michigan's commercial property.

The City of Southfield Geographic Information System (GIS) Group received a Special Achievement in GIS (SAG) Award at the Esri International User Conference in San Diego on July 10 for innovative use of Esri's GIS technology. The City of Southfield utilizes Esri ArcGIS technology to efficiently and effectively provide geospatial information and applications to the public and city employees in order to enhance city operations, improve decision making, and provide better public service. Organizations from around the world honored at the Esri UC span industries including agriculture, cartography, climate change, defense and intelligence, economic development, education, government, health and human services, telecommunications, and utilities.

The City of Southfield became one of the first communities in the country to take advantage of Esri's new ArcGIS for Local Government common information model. ArcGIS for Local Government includes a series of maps and apps built on a common information model that are designed to work together across various city departments. This new GIS-based Internet mapping portal has been integrated into the City's existing GIS infrastructure to provide a wealth of geospatial information, including core GIS tools, templates, and applications. These new interactive maps and layers will help the City improve

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operations and communicate more effectively with the public while saving both time and money. Destination Southfield will also help to promote the growth of existing business and attract new investments into the city while providing vital information to citizens. Residents and nonresidents alike are now able to view property ownership, zoning, voting districts, refuse and recycling information and many other commonly used data layers. The City of Southfield GIS Group deployed the apps and maps gallery template, Destination Southfield, which includes the City's existing application "City Map Viewer" as well as the new applications "Polling Places" and "Parks & Rec Finder" with future plans for additional apps to be added.

City of Southfield Police Officer Michael Raby and K9 Axe were recognized as the Utility Team of the Year by the National Association of Professional Canine Handlers. The award was received for outstanding performance in the area of utility for successfully tracking multiple armed and dangerous felons wanted for Attempted Armed Robbery/Home Invasion. The team tracked through multiple yards and over several fences to locate clothing the suspects used in the crime. The track continued across a main road and through a church complex ending at a private residence. Officer Raby and K9 Axe disregarded their own personal safety to apprehend three dangerous felons at large in a residential neighborhood without further incident. The award was presented to Officer Raby and K9 Axe during the National Association of Professional Canine Handlers Workshop in Alpena, Michigan.

The City of Southfield won the 2013 Project of the Year Award from the Michigan Chapter of the American Public Works Association (APWA) for the Valley Woods Wetlands Restoration & Stormwater Improvements Project. The Valley Woods Restoration Project is located within the 126-acre Valley Woods Nature Preserve on the main branch of the Rouge River in the city of Southfield. The Rouge River Watershed is one of the most urbanized watersheds in Michigan and encompasses much of the metropolitan Detroit area. The primary goal of the Valley Woods Wetlands Restoration & Stormwater Improvements Project was to restore more than seven acres of wetlands by removing invasive species, reintroducing plant diversity and restoring wetland hydrology.

The site features a large wetland adjacent to the river corridor in a densely developed area of Southfield, bounded by corporate offices to the north and west, Telegraph Road on the east and multifamily residential development to the south. Prior to project implementation, the existing wetland was not functioning and in need of corrective measures to restore the plant diversity and hydrology. The project restored the riparian corridor, wetlands and upland habitat while also improving stormwater quality and conveyance. This resulted in the creation and protection of ten acres of river flood plain wetlands and an attractive and functional storm water structure as a component of the park entrance.

Project construction was initiated in June of 2011 and was completed in the spring of 2013. The project was a joint effort between the city of Southfield and the Alliance of Rouge Communities (ARC). It was funded, in part, by a Great Lakes Restoration Initiative (GLRI) Grant. The award was presented at the APWA Annual Conference in May. Southfield's entry was also forwarded to the national APWA office for competition at that national level.

The City of Southfield experienced a great loss on January 9, 2014 with the passing of Southfield City Administrator James G. Scharret. Mr. Scharret had been with the City in varying capacities for more than 40 years. He began his career with on December 10, 1974 as a Research Analyst and went on to hold

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increasing levels of responsibility. He was appointed Director of Management and Budget in 1982, Deputy City Administrator/Fiscal Services Director in November of 2004, Acting City Administrator in November of 2006, and as the official City Administrator in January of 2008.

As the City Administrator, Mr. Scharret was responsible for the daily operations of the City under the direction of the City Council. Mr. Scharret was an active board member of the Michigan Municipal Risk Management Authority (MMRMA) since 1989 as well as the Southfield Brownfield Redevelopment Authority, Southfield Building Authority Commission, Southfield Economic Development Corporation, Southfield Community Foundation and the Local Development Finance Authority. He earned a Bachelor of Science degree in Business Administration from Wayne State University and a Master's degree in Public Administration from Central Michigan University.

Per the Southfield City Charter, Deputy City Administrator Fred Zorn assumed responsibility of the daily operations of the City under the direction of the Southfield City Council. The Southfield City Council unanimously appointed Acting City Administrator Frederick E. Zorn, CEcD as the City Administrator at the June 16 City Council Meeting for a one-year contract through June 16, 2015. The Council also authorized filling the vacant Deputy City Administrator position through an intensive recruitment search.

Mr. Zorn has been with the City of Southfield since 2008 as the Deputy City Administrator. Mr. Zorn previously served as the executive director of housing and neighborhood development services for the City of Taylor. Previously, Mr. Zorn served as the executive director of economic and development services and director of administration also for the City of Taylor. Mr. Zorn served as the controller (city administrator) of the City of Melvindale prior to joining Taylor. He holds a bachelor of arts degree in political science from Oakland University in addition to completing graduate course work towards a master of science degree in urban planning and economic development from Wayne State University (WSU). City Administrator Zorn has also been certified by the National Development Council (NDC) as an Economic Development Finance Professional (EDFP), and as a Certified Economic Developer (CEcD) by the International Economic Development Council (IEDC).

Susan Ward-Witkowski was appointed as the Southfield City Attorney at the July 29, 2013 City Council meeting upon recommendation by Mayor Brenda Lawrence and approval by the Southfield City Council. City Attorney Ward-Witkowski, who previously served as deputy city attorney, is a highly experienced attorney with over 25 years of municipal experience. Her daily responsibilities include: directing and defending all litigation for the City as requested by the City Council; drafting, reviewing and negotiating all City contracts; supervising legal, administrative support and clerical staffs within the department; selecting and monitoring all outside counsel; attending all Council meetings; advising Council and department heads on all legal matters; providing direction in labor negotiations; drafting and monitoring warrant requests for the police department; managing prosecution assignments for criminal, traffic violations, and other civil ordinance infractions; and implementing strategies for federal and state regulatory compliance/protocols. City Attorney Ward-Witkowski earned her Law Degree from Wayne State University School of Law and a Bachelor's Degree in Political Science from Eastern Michigan University. She is a member of the Michigan Bar Association, the Oakland County Bar Association and the Michigan Association of Municipal Attorneys.

After much initial ground work securing funding and developing plans, the Evergreen Road Improvement Project broke ground last summer. The Project will involve the total reconstruction of a

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one-mile segment of Evergreen Road between 10 and 11 Mile from the existing six and seven-lane road into a four-lane boulevard with a roundabout at Evergreen and Civic Center Drive and a roundabout at Evergreen and the north Municipal Campus driveway.

The Evergreen Road Improvement Project will incorporate many new amenities that will make the corridor more pedestrian-friendly and attractive, including: a major mid-block crossing and plaza that will be constructed between the two roundabouts, a wide path that will be constructed on the east side of Evergreen from I-696 to Filmore Street with benches and landscaping, as well as decorative street lighting. Innovative stormwater features will also be incorporated into the project to provide water quality improvements before discharge to our storm sewers. The stormwater drains and water mains will be replaced and upgraded — improving the functionality of the sewer system and helping to maximize the lifespan of City's infrastructure. The City will also construct a rain garden adjacent to the tennis courts and install pervious pavers behind the curb between the roundabouts. Additionally, the power distribution system at the Southfield Municipal Campus will be relocated from the front lawn to north of the tennis courts.

The project is expected to cost approximately \$12 million, with \$4.8 million in federal transportation funding for the road reconstruction and \$450,000 from a Michigan Transportation Alternatives Program grant for the pedestrian amenities and stormwater mitigation features. The City's Water & Sewer Fund will contribute \$3.5 million and the Major Street Fund will contribute \$700,000. The Metro Act Fund will provide \$1 million, the City Centre Advisory Board will contribute \$100,000 toward the pedestrian amenities, and the Local Improvement Revolving Fund (LIRF) will fund the remaining \$1.5 million.

The incorporation of roundabouts will greatly improve traffic flow in the corridor while also reducing the number of serious accidents. The many benefits of roundabouts include improved safety resulting in a 90 percent reduction in fatalities; 76 percent reduction in injuries; and a 35 percent reduction in all crashes. Studies have also shown that accidents that do occur are typically less serious and that roundabouts are safer for pedestrians and bicyclists. Roundabouts have also been proven to greatly improve traffic flow by reducing congestion, decreasing traffic delays and increasing traffic capacity. They are also more environmentally friendly — reducing pollution with fewer stops and hard accelerations — resulting in less vehicle emissions, fuel consumption and noise. Roundabouts are also generally considered to be more aesthetically pleasing than traditional intersections — enhancing and defining corridors and cities.

The Evergreen Road Improvement Project is expected to be completed by September of 2015. The project will improve Evergreen Road and the surrounding area in numerous ways, including: the complete replacement of deteriorated pavement; correction of storm water system inadequacies; improved traffic flow and safety; enhanced pedestrian amenities; creation of a strong link between east and west sides of Evergreen; and overall beautification of the corridor and City.

Reconstruction of Evergreen Road from Eight Mile Road to Nine Mile Road also began this past summer. The project will widen the road to a continuous three lane cross section, including new concrete pavement with curbs, storm sewer, water main, sidewalk on both sides of the road, traffic signal upgrades and other related work. Construction began in May of 2014 and was completed in November of 2014. The total estimated construction cost is \$5,095,100, with a Federal Aid cost share of

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\$3,293,800 and the City of Southfield's estimated cost share of \$1,801,300. Funding for the City's portion of the project will come from FY2013-14 Water & Sewer budget (\$1,600,000) and the Local Improvement Revolving Fund (LIRF) (\$201,300).

In cooperation with the Road Commission for Oakland County (RCOC), the southbound lanes of Greenfield Road from just north of 9 Mile to 8 Mile were reconstructed, including the installation of a new 12" water main. The new water main creates a loop between existing water main at Northland Drive and at Foster Winter Drive; provides public water main for some properties currently served by Northland Center's private system; and provides public water main for any future developments along the Greenfield Road corridor. The total project cost was \$3 million with an approximately \$650,000 investment from the City. Construction began in May of 2014 and was completed in October of 2014.

A detailed overview of all constructions projects underway throughout the city as well as construction updates can be found on the City's Web site at www.cityofsouthfield.com under 'Highlights' and then click on 'Construction Projects'.

Southfield residents have 86 homeowners associations and 52 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 26.3 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.

The City of Southfield was one of the first cities to be certified as a "Redevelopment Ready Community" by the Michigan Suburban Alliance. The Redevelopment Ready Communities (RRC) project is the result of an innovative new certification process designed by developers and public officials to measure municipal preparedness for in-fill investment. The goal of the RRC project is to change market perceptions of older communities by streamlining local government administrative processes and removing redevelopment barriers through a certification system that encourages redevelopment. This system for certifying communities as "redevelopment ready" benefits both mature communities and interested developers by creating a more efficient and predictable redevelopment process. The program evaluates and certifies cities that integrate transparency, predictability and efficiency into their daily development practices. The first of its kind in the nation, RRC supports and accelerates the adoption of professional practices that cities, developers, business leaders and citizens alike can count on. Using a set of nationally-vetted best practices and standards, RRC helps municipalities build deliberate, fair and consistent development processes from the inside out – and to effectively communicate them to potential investors.

The Partnership for Redevelopment, a collaboration with the Michigan Economic Development Corporation and the Michigan State Housing Development Authority, is designed to enhance the RRC project and help communities realize new investment. A few examples of the RRC project requirements include disseminating information throughout the community on the need for redevelopment and its benefits in addition to demonstrating the community's commitment and ability to work with investors.

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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.

The City of Southfield is the original home of the Automation Alley SmartZone™, the Great Lakes Interchange, one of the first State-designated high-tech and information technology clusters. The Michigan Legislature and Michigan Economic Development Corporation developed the concept of SmartZones in an effort to promote high technology business development and job creation in the region. The Great Lakes Interchange provides a centrally located site where technology-based firms, entrepreneurs and researchers can work in close proximity to a wealth of other community assets. With a cluster of companies that are established on both a national and global scale, the Great Lakes Interchange region is ranked third in the nation for the number of technology companies and fourth in total employment in high-tech industries. Oakland County, Rochester Hills, Troy, Lawrence Technological University, Oakland University, and Automation Alley are all partners in the Great Lakes Interchange SmartZone.

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.

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

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

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Like many cities throughout Michigan and the nation, Southfield continues to deal with a record number of foreclosures and double digit property value losses as a result of the great recession. To help address this issue, the City applied for a Neighborhood Stabilization Program (NSP) grant through the U.S. Department of Housing and Urban Development (HUD). The City of Southfield was subsequently awarded a \$3.2 million Neighborhood Stabilization Program Grant to purchase foreclosed or abandoned homes in order to rehabilitate, resell, or redevelop them in an effort to stabilize neighborhoods and reduce the decline in property values. The NSP grant is actually an amendment to the City's Community Development Block Grant Program. The NSP provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. Moreover, the program provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

The Southfield Neighborhood Stabilization Program continued to be recognized as one of the most successful programs in fiscal year 2013-2014. To further the efforts of purchasing foreclosed or abandoned homes in order to rehabilitate and resell them an additional \$1.1 million in grant funds was awarded to the City of Southfield through HUD last year. To date, more than 60 families and homes have been positively impacted through the program and additional revenues are anticipated upon the sale of properties to existing clients. Southfield's NSP is one of the top performing programs in the country and has exceeded all program goals and requirements.

The City of Southfield saw a wide variety of development and redevelopment projects completed or initiated throughout the City in fiscal year 2013-14. The Southfield City Council unanimously approved Phase III of the Arbor Lofts development proposed at the December 16 City Council Meeting. The proposed two-story, 43,000-square-foot mixed-use development is slated to be constructed on the northern portion (1.47 acres) of the property located at 20300 Civic Center Drive, on the northwest corner of Civic Center Drive and Central Park Boulevard.

Developers Pamela & Eugene Applebaum, Rushmore Group LLC and Arbor Investments Group converted the former 114,000-square-foot, four-story Civic Plaza office building into the new Arbor Lofts residential and retail community in mid 2013. The top three floors were converted into loft apartments with a total of 171 rooms. The first residents moved in August 2013, and the lofts are now approximately 82 percent occupied as of December 2013. Lawrence Technological University (LTU) has leased a majority of the lofts (100 units) for students. The first floor has been converted into mixed-use space, including a common gym and lounge area, Koala Co-work (collaborative technology business incubator), and Meridian Visiting Physician's corporate office. Future businesses will include a yoga studio, Cross Fitness Studio and others. A 10,000-square-foot, multi-use accessory retail building was also approved in 2013 for future construction at the corner of Civic Center and Central Park Blvd.

City Council approved a zoning amendment to Overlay Development District (ODD) on the entire 5.21 acre site on October 21, 2013 to clear the way for Phase III of the project. The purpose of the Overlay Development District (ODD) is to encourage development of those parcels of land which, because of their size; their location being uniquely situated with regard to (higher density) adjoining uses; or their unique environmental features, a more flexible development scheme that could foster creative development design, or preserve desirable natural features, significant historical landmarks and architectural features located within the ODD. The ODD modifies the traditional form of zoning to

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permit more variety in design, site configuration, setbacks, layout, and use – encouraging efficiency in use of land and natural resources while ensuring compatibility with surrounding land uses.

The Southfield City Council unanimously approved the Southfield Village mixed-use redevelopment proposed at 12 Mile and Southfield Road at the December 16 City Council Meeting. A.F. Jonna Development Company is slated to construct 114 luxury residential units in three-story buildings as well as a freestanding, 5,430-square-foot Applebee's restaurant and two multi-tenant retail buildings totaling 32,324-square-foot at the former St. Bede Church site.

Southfield City Council approved the Zoning Amendment of 4.74 acres of R-2, Single Family to B-2, planned Business and 4.6 acres of R-2, Single Family to RMM, Multiple Family (Medium Rise) on October 21, 2013. The City Council also approved a Special Land Use and Site Plan for the commercial portion of the site at the same Council Meeting, subject to necessary waivers from the Zoning Board of Appeals (ZBA).

As part of the City of Southfield's ongoing economic development initiatives, City Council approved a request from Marsh & McLennan Companies for an exemption from personal property tax that will result in an investment of approximately \$6.3 million and the relocation of 174 employees from the Detroit Renaissance Center to Southfield's One Towne Square building.

Marsh & McLennan Companies (NYSE: MMC) is a global professional services firm offering clients advice and solutions in the areas of risk, strategy, and human capital. MMC is the parent company of Marsh USA, Guy Carpenter, Mercer US, and Oliver Wyman. Located in Detroit's central business district (600 Renaissance Center) for the past 35 years, Marsh USA and Mercer US will relocate their operations to more than 27,000-square-feet of the One Towne Square building.

Marsh USA and Mercer US companies are proposing to make an investment of approximately \$6.3 million of which \$1.3 million will be in information technology, furniture and fixtures, with the balance of \$5 million in leasehold improvements. Marsh USA and Mercer US will also relocate 174 employees from Detroit, Michigan to the new Southfield facility.

Maxitrol Company, a world-class manufacturer and developer of innovative technology for the natural gas industry since 1946, was granted a seven year abatement to facilitate expansion and renovation of their existing building at 23555 Telegraph Road. The project will include the addition to and improvement of real property located at the company headquarters and the installation of new machinery and equipment. This investment will allow Maxitrol to remain competitive in the marketplace, retain 55 current employees and create 11 new jobs as well as to meet customer demands. The property owner proposes to make an approximately \$3 million investment that will expand the current 34,000-square-foot facility to 45,000 square feet. In addition, 14,000 square feet of existing office and laboratory space will be renovated to meet Maxitrol's current technological and growth demands.

The City of Southfield was able to provide an EPA Investigation funds to serve as a match to the MEDC to attract privately-held investment company NEMO Capital Partners to Southfield. The company and its subsidiaries TRAKnet PM, LLC, TRAKnet RCM, LLC, Collaborative Practice Solutions, LLC, Darena

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Solutions, LLC, Build Your EMR, LLC, Smart Sheet 10, LLC, and Direct EMR, LLC all work as one operation, allowing them a portfolio of healthcare holdings centered on numerous technological solutions to the challenges that physicians and their technology distributors face. Their portfolio includes a range of complete technology solutions as well as customized segmental solutions needed for operational success. The suite of products includes: Electronic Health Records (EHR) products and solutions; Revenue Cycle Management products and solutions, ICD10 products and solutions, as well as consulting products and solutions. NEMO plans on consolidating their Ohio and New Jersey operations to the City of Southfield. The Company will implement a phased consolidation over the next three years, making Southfield the new home of their headquarters. They purchased the property located at 28819 Franklin Road to serve as their headquarters, and currently have 38 employees in Michigan.

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, Northland Mall, and Oakland Community College offer the potential for growth.

In FY 2013-14, 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 (demolished in Winter 2013) and the former North Park Plaza building (demolished in Winter 2015), 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 at that campus. The DDA was the catalyst for the beginning of these efforts.

The Southfield DDA also has been a leading advocate for the completion of several infrastructure projects within its borders, including major road construction efforts such as a complete overhaul of the southbound lanes of Greenfield Road between Eight and Nine Mile Roads and the rebuilding of a new Northland Bus Transit Center. The DDA has also continued to work with the thriving St. John Providence Hospital campus, which has invested more than \$30 million in facility upgrades. Another healthcare initiative the DDA has been involved with is the development of a possible Wellness Center. The DDA and other stakeholders are presently in the first phase of a study to determine the viability of such a center in the district and its potential to accelerate further activity in the area.

Also in the district, St. John's Providence Hospital continues to be a world-class healthcare institution, again ranked as one of the nation's top 15 major teaching hospitals by one of the country's leading sources of health care information and research. The recognition from Thomson Reuters recognizes hospitals that achieve or exceed national benchmark scores for hospital-wide performance. Providence was the only hospital in Michigan to be selected in the Major Teaching Hospital category of Thomson's 100 Top Hospital's list. This is Providence's fourth appearance on the list. Providence was also one of only 23 hospitals in the country to be named a winner of Thomson's Everest Award. The award honors

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an elite special group of the National award winners. Everest Award winners have reached the highest level of accomplishment on the national Balanced Scorecard and have the fastest rates of long-term improvement.

Curb appeal is important in maintaining the City's image and character. 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 the Neighborhood Associations to assist with the maintenance of neighborhood entranceways.

The City of Southfield makes every effort to maintain and repair all roads within the City's jurisdiction in a timely manner. Due to the severity of weather last winter, the City increased the number of crews that were actively repairing potholes to four crews that worked twelve-hour shifts to repair potholes throughout the city on a priority basis. In a typical winter, two four-person crews generally use approximately 300 tons of cold patch in repairing pot holes. Last winter, the City went through more than 450 tons of cold patch. Southfield also established a special hotline (248/796-4000) for citizens 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.

The City of Southfield launched the Southfield Goes Green environmental awareness campaign to raise awareness about the environment while providing practical ideas that both residents and businesses can employ in their daily lives and operations. The Mayor and City Council have a long history of preserving green spaces and enacting ordinances that protect the environment. To that end, the Mayor formed the "Keep Southfield Green" Committee to address this important issue. As a proud Tree City USA Award recipient for the past 27 consecutive years, Southfield is committed to protecting green spaces with nearly 800 acres of park land including almost 400 acres of woodlands and wetlands set aside for preservation. The city of Southfield has also won several awards for its green, environmentally-friendly policies, programs and projects. Additionally, Southfield has been recognized by the Sierra Club as a "Cool City," the environmental organization's national campaign to 'Solve Global Warming One City at a Time.' The campaign continues to receive a positive response from the community, generating significant interest and support from Southfield residents and businesses.

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 2012-13 fiscal year, six entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, more than 50 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping from almost 140 nominations through the City's annual Community Pride Awards program. The Southfield Parks &

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Garden Club, a new grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the year.

The City of Southfield presented the inaugural Southfield Home & Garden Expo on May 17 at the Southfield Municipal Complex to offer residents new ideas to freshen up their homes and yards. The event featured numerous home improvement companies in the Southfield Pavilion and garden/landscaping vendors on the front lawn of City Hall in conjunction with the City's traditional Southfield Flower Day event. The Expo included free admission, parking and giveaways; home improvement and gardening workshops and demonstrations; free kids' workshop sponsored by The Home Depot; onsite pet adoption provided by Almost Home Animal Rescue, and food trucks.

The City of Southfield launched the "Eyes on Southfield" program in August of 2007 to enable residents to notify the City with ease when a code or appearance issue is observed. Residents may simply call (248) 796-EYES (3937) 24 hours-a-day, seven days-a-week to report code or appearance concerns. With an increased focus on curb appeal, the Southfield Code Enforcement Department responds 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 appearance issues or code violations. When a violation exists, code officers will inform the resident or business of the issue and educate them on 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. The Eyes on Southfield community appearance program has proven to be very successful—generating almost 1,000 calls and subsequent resolutions throughout fiscal year 2013-14.

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.

The Southfield Police Department continues to be a national leader in developing effective community policing programs that are designed to augment the department's traditional police activities. The Department joined the Oakland County Tactical Training Consortium (OakTac) during FY 2013-14. OakTac is group of twenty-seven Oakland County law enforcement agencies whose combined 845 police officers train together in active shooter response. The officers were exposed to the latest trends and best practices in neutralizing active shooters in public settings.

The Southfield Police Department sponsored the 2nd annual Youth Police Academy, a one-week program that exposes students to law enforcement, last June at the Southfield Municipal Complex. The program was free and open to students between the ages of 14 and 18 who attend school in Southfield or Lathrup Village. The Academy covered different aspects of law enforcement, including crime scene investigation, drug awareness, traffic safety, gun safety, leadership skills and conflict resolution.

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The Southfield Police Department launched the Southfield Safe Streets Pledge in January of 2013 to address distracted driving. The Pledge is a new, proactive approach to public safety designed to improve upon the traditional concept of responding to 911 calls. The Southfield Safe Streets Pledge redistributes public safety resources and use Proactive and Preventative Policing, Police-Initiated Activity and collaboration with the community to:

- Focus on locations with higher numbers of traffic accidents;
- Focus on distracted drivers;
- Focus on people that are texting while driving;
- Focus on drivers that disobey stop signs and traffic signals; and
- Focus on speeders in residential neighborhoods and near schools.

When citizens enter the city of Southfield borders, they can be rest assured that they will be safe and secure. The Southfield Police and Fire Departments are among the best in the nation and committed to individual's personal safety and well-being while they are in the City. Southfield public safety professionals pledge to keep Southfield streets safe – and in turn ask citizens to pledge to commit to driving cautiously, obeying all posted signs, laws and never driving while distracted by cell phone calls or texting.

Residents and visitors can take comfort in the fact that the average response time to emergencies in Southfield is among the lowest in the nation. The City is committed to providing only the highest quality services to its residents and visitors, and maintaining a safe and secure community is a top priority. Numerous national studies have shown that distracted drivers are a leading cause of accidents and other problems on the road, and the City of Southfield takes a zero-tolerance policy towards such violations. To that end, the city of Southfield has launched the Southfield Safe Streets Pledge to crack down on distracted and reckless drivers in an ongoing effort to keep Southfield streets safe and secure for everyone.

The department continues to assign a detective to the Southeast Michigan Financial Crimes Task Force in fiscal year 2013-14. The task force is funded by the United States Secret Service and is comprised of twelve detectives from federal, state, county, and local law enforcement agencies. The detectives share information and resources while investigating complex financial crime enterprises. The Police Department also continued to allocate office space in the police building to the Southeast Michigan Crimes Against Children Task Force (SEMCCAC) during FY 2013-14. SEMCCAC addresses prostitution in and around the metropolitan Detroit area with a particular focus on underage prostitution. The allocation of office space for SEMCCAC will allow the task force to rapidly respond and address issues that arise in the Southfield area.

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

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The City of Southfield became Michigan's first "heart safe" city by installing heart defibrillators in all municipal buildings as well as major office buildings and entertainment venues throughout the community. The Southfield Fire Department continues their commitment to the safety and security of Southfield residents, businesses and all those who enter the City on any given day despite increasing demands for service and limited resources. The Southfield Fire Department experienced another record setting year for emergency calls for service in FY 2013-14, responding to 12,926 total calls: 1943 fire runs and 10,983 calls for emergency medical service. The department also experienced a high number of technical rescue and hazardous material calls in FY 2013-14. The Southfield Fire Prevention Bureau remained busy presenting fire safety education in the local schools, reviewing site plans and plans for major building modifications, inspecting buildings, investigating fires and enforcing the International Fire Code.

Training continued to be a high priority for the fire department in FY 2012-13, resulting in a substantial decrease of firefighter injuries from previous years. Much of the decrease is a result of improved patient handling techniques, safer fire ground procedures, continued encouragement of stretching and physical conditioning programs for our members, as well as a commitment by the City and Fire Department Administration to embrace technology which increases efficiency and promotes safer operations. The department frequently utilized the City's technical rescue training field in collaboration with numerous other Oakland, Macomb and Washtenaw County fire departments as well as Michigan State University's Michigan Urban Search & Rescue team. The department also continued to improve and expand the City's hazardous material response capabilities at the local and regional level through large scale training deployments.

The Fire Department Paramedic Coordinator conducts two CPR/AED/First Aid training classes per month at Southfield's Emergency Management Room that are open to the general public. Group sessions are also available for Southfield businesses and organizations as well as classes for City employees. In 2013, over 500 participants successfully completed the class and received certification in CPR/AED/FIRST AID for adults, children and infants. Classes were also conducted at the Southfield Lathrup High School Medic Academy.

With the need for collaboration, the Southfield Fire Department has increased its efforts to train with our mutual aid partners. To be able to assist partner fire departments during times of critical need, each respective department must be familiar with each other's tactics, personnel and equipment. The Southfield Fire Department continues to coordinate shared trainings with neighboring mutual aid departments to further prepare and improve our combined ability to effectively respond to potential situations. The Training Officers of the eight Oakway departments meet on a monthly basis to share information, training aids and coordinate any joint training sessions. Hazmat and Technical Rescue Teams also continue to share groups of manpower and equipment among the Oakway departments. These team members meet frequently throughout the year to practice skills and coordinate response capabilities. Homeland Security dollars fund a portion of the training and equipment needs of these teams.

Southfield also maintains an automatic aid agreement with Farmington Hills to provide service on I-696. This agreement allows for a quick response to a limited access freeway that crosses between our borders. Our joint training sessions included water supply and foam application evolutions to prepare

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each department to provide assistance to one another. Mutual aid between our departments can also be utilized for other fire and EMS related responses along the shared border of Inkster Road.

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. Since 2002, Southfield Emergency Management has received over \$850,000 in federal grants to better prepare and safe-guard our community. Since 2004, the division has trained thousands of persons in all forms of Disaster Preparedness using Homeland Security funding. 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. In FY 2013-14, Emergency Management was changed to Homeland Security and Emergency Preparedness Division to better reflect the department's functions and operations.

The City of Southfield's Human Services Department provides a number of programs and services designed to meet the specialized needs of our residents. The primary focus is to help families cope with difficult economic and life situations by providing direct emergency financial assistance, referrals, consultations, crisis intervention, support groups, and telephone reassurance support. In FY 2013-14, the Human Services Department served as liaison to the Commission On Senior Adults; coordinated and/or facilitated programs such as legal aid consultations, Southfield Goodfellows, Focus Hope, THAW (The Heat and Warmth Fund), Adopt-A-Family, Grandparents Raising Grandchildren, Tone Up For Tune Up, on-site mobile caseworker, veteran services, and homebuyer/financial literacy education seminars. The department's goal is to help residents overcome personal hurdles and achieve a satisfying and productive quality of life.

In keeping with the City's tradition of transparency, Southfield strives to maintain open lines of communication with the community through a variety of award-winning communication vehicles, including a comprehensive municipal Web site, city cable channel, and several informative publications and newsletters. Taking advantage of the latest technology, the City of Southfield launched a new e-mail/text instant alert system for residents and businesses. The service is one of the newest, fastest and most cost-effective ways to update the community about current City news and information via e-mail or wireless device. The instant alert system is provided free-of-charge to both the City and the community by Oakland County through GovDelivery, the world's leading provider of government-to-citizen communication solutions. The instant alert system is a quick, convenient and free way to keep the community apprised of any breaking news in the city. The City also launched Southfield eNews, a subscription based electronic newsletter service through Constant Contact, that has grown to well over 6,000 subscribers.

The City of Southfield utilizes the latest social media to communicate with the community through the City of Southfield LinkedIn profile page and the City of Southfield, Michigan USA Facebook fan page. Both sites are used to disseminate information about the City to targeted audiences in a convenient and

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cost-effective manner. The City has received overwhelmingly positive feedback from users on both sites, with the City's Facebook fan page growing to encompass almost 5,000 "fans" of the City – a clear indication of its effectiveness.

The City of Southfield was again selected to take part in the Detroit Institute of Arts' (DIA) Inside|Out outdoor art exhibition this past spring at several locations throughout the City. Now in its fifth year, Inside|Out brings framed reproductions of masterpieces from the DIA's collection to the streets and parks of the metro area – pleasantly surprising and delighting residents of the participating communities. The DIA installed nine reproductions of some of their most famous works throughout Southfield that were on display through mid July. The DIA also worked with Southfield Community Relations, Parks & Recreation and the Southfield Public Library to offer several educational opportunities and other fun activities in conjunction with the program, including docent lectures and art-making workshops, installation tours and other fun and educational activities.

The City of Southfield, in partnership with the Motor City Street Eats, the City Centre Advisory Board, the Southfield Chamber of Commerce and Arbor Lofts, presented the inaugural Southfield Food Truck Rally on September 25, 2013 in the parking lot of Arbor Lofts. The event featured live entertainment from an eclectic lineup of established and emerging artists, a beer and wine tent, and seven of metro Detroit's favorite food trucks.

The Southfield Historical Society and the City of Southfield hosted two Mid-Century Modern Architecture Tours throughout Southfield in fiscal year 2013-14. The bus tours included some of the best examples of Mid-Century Modern architecture in Southfield, including the Northland area, a loop through Northland Gardens, Washington Heights and Cranbrook subdivisions as well as the Northwestern Highway Corridor.

Mid-Twentieth Century architecture and design (referred to as Mid-Century Modern) has seen a tremendous resurgence in recent years. Film and television producers, fashion and interior designers, museum curators, writers and others are re-examining this period resulting in renewed popularity and interest of post World War II design. During the 1960s, Southfield was Michigan's fastest growing city resulting in an impressive collection of Mid-Century Modern homes, commercial and office buildings, and religious institutions.

Southfield is home to several buildings designed by noted architects including Victor Gruen, Minoru Yamasaki (World Trade Center), Gunnar Birkerts, and Rosetti & Associates among others. Tour guides will discuss the distinctive features of Mid-Century Modern architecture as well as some of the most prominent architects of the day. The tours were part of DoCoMoMo's (Documentation & Conservation of Buildings, Sites & Neighborhood of the Modern Movement), national tour program. Headquartered in New York City, Docomomo promotes the study, interpretation and protection of the architecture, landscape and urban design of the Modern Movement.

Mayor Lawrence, the City of Southfield and Providence Hospital launched the Pink Door Campaign in recognition of Breast Cancer Awareness Month last October. Businesses, non-profits, schools and residents were encouraged to decorate their front door pink in recognition of breast cancer awareness and prevention.

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The 2013 International Festival kicked-off with a U.S. Citizenship & Immigration Services (CIS) swearing-in ceremony of 100 new citizens from 31 different countries. The City of Southfield, in partnership with the International Institute of Metropolitan Detroit, Inc., sponsored the International Festival October 11-October 13 in the Southfield Pavilion. The event featured a fun, affordable and enriching weekend for the entire family, including: international music and dance performances; children's hands-on activities and crafts; and ethnic art and craft demonstrations. Guests were also able to purchase a wide variety of imported products, authentic handmade arts and crafts, jewelry, books and other unique gifts from 25 vendors from around the world. A wide variety of ethnic food and beverages were also available for purchase. The event was a great success, with thousands of guests from Southfield and all of metro Detroit attending throughout the entire weekend.

The City's Parks & Recreation Department provides numerous recreation programs for both residents and business people of all ages and interests at facilities throughout the City. The Parks and Recreation department continues to offer innovative new programs and community partnerships to provide a wide range of recreation opportunities. Southfield's many parks remain extremely popular throughout the entire year, hosting a wide range of athletic competitions and events such as little league games, adult softball, tennis and sand volleyball leagues and soccer games. More than 8,500 visitors enjoyed the Southfield Sports Arena pool from June through August, while another 26,000 visited the Sports Arena to participate in hockey games and practices, ice skating lessons and general ice skating from September through March. Over 15,800 rounds of golf were played at Beech Woods Golf Course in addition to 22,100 rounds played at Evergreen Hills Golf Course.

Consistent with sound principles of municipal finance, the City continues to invest in infrastructure major maintenance and improvement projects, while closely monitoring daily operating costs to earmark resources for capital project funding. City leaders keep the long-range sustainability of the City as an important priority. To this end, when work was needed on the Southfield Sports Arena pool filter, the decision was made to renovate the existing pool filter instead of purchasing a new one which saved around \$175,000.

Reconstruction of the 25-year-old parking lot at Inglenook Park began in October to facilitate the construction of a new lot with additional parking spaces. In an effort to keep access to the park open, the project was implemented in two phases. The project included the installation of pervious pavement to filter storm water runoff from the parking area. The project was partially funded with an Environmental Protection Agency (EPA) grant from the Rouge River National Wet Weather Demonstration Project for storm water improvements.

The Burgh Historical Park was the site of numerous weddings throughout the spring and summer in addition to numerous showers and other gatherings. The beautiful gardens, outdoor gazebo, and new Thomas N. Frommeyer Gardens and courtyard at The Burgh offer guests a unique, relaxing and beautiful setting for any special occasion. The Mary Thompson Farmhouse was restored as a museum and is now home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provide plots to close to 100 enthusiastic gardeners who offer tours to schools and scouting groups. An additional 55 people are on the waiting list for a garden plot as they become available.

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In addition to the many P&R classes, activities and facilities, the department also sponsors several special events for the community. In July 2013, the Department teamed with Farmington Hills Special Services and the Southfield Optimist Club for the 5th Annual Optimist Kids Fishing Day at Carpenter Lake Nature Preserve. The event has become so popular that a 3rd fishing clinic was added, and quickly filled. Building off of the successful introduction of the Sips & Sounds wine tasting event in 2012, the Department created a craft beer tasting, Brew at the Burgh. Held one night prior to the popular family event Boo at the Burgh, the Brew event offered adults 10 craft beer varieties to sample, live entertainment from The George Brothers Band, food samplings including wings from Wing*Stop of Southfield, hot dogs, brats and nachos, and a costume contest. Adding to the popularity of the Department's Halloween family event Boo at the Burgh a special Frightless Afternoon option was added in 2013 to give young participants ages 8 and under, the chance to enjoy many of the evening Boo events with the scare factor reduced or completely removed. The Frightless Afternoon was very well attended and plans call for its continuation. In January 2014, Parks & Recreation celebrated its 28th Daddy-Daughter Dinner Dance where young ladies and their special guests were able to enjoy a night of dinner, dancing and fun. Recently introduced events such as the Winter Escape Family Movie Night in February and the Return Engagement Family Movie Night in March continued to grow in popularity with Southfield families. EGGs'travaganza, held on April 19 enjoyed the largest attendance to date for our Easter-themed event, with over 1,500 participants. After the harsh cold of the 2014 winter, Southfield was ready to get outside and enjoy the fresh air. The 30th annual Fishing Derby was held in May along the Rouge River at the Valley Woods Nature Preserve. The Department also worked extensively with the Southfield Police and Fire Departments to create events such as the Family Fun and Safety Night and Movie Under the Stars on June 25. Additional partnerships with the American Red Cross and St. John Health System, along with Park*It Family Fun Nights and the DIA Inside| Out made Family Fun and Safety Night one of our most popular family events of the summer. Continuing upon the partnership with the City Centre Advisory Board, the Parks & Recreation Department was also able to offer another season of the Eat to the Beat lunchtime concerts at the City Centre. These concerts give area business people a chance to experience a relaxing lunch outdoors while enjoying quality, area musical acts once a month. The weekly Burgh Gazebo Concert series also continued to play to large audiences at the Burgh Historical Park.

Approximately 2,000 children participated in one of Southfield P&R's several summer camps throughout the summer of 2013 and the beginning of 2014. Camps Tadpole (ages 5-6 years), Wildwood (ages 7-8 years) and Evergreen (ages 9-12 years) were held at the Civic Center Complex, while Camp Kaleidoscope (ages 5-12 years) was held at the Beech Woods Recreation Center. The Summer Basketball Camps at the Beech Woods Recreation Center enjoyed a 15% increase in participation over the previous summer.

The Department offers many programs for disabled athletes including the Miracle League, a baseball program played on a specialized field allowing for the use of wheelchairs and other walking devices, and the Jr. Michigan Thunderbirds Wheelchair Basketball program. The Department's Therapeutic Recreation programs (Southfield Special Forces) continue to thrive with an average of 10-15 individuals participating in the numerous monthly social activities offered. Working in conjunction with the Southfield Lathrup High School (Greenhouse), the department was able to offer another successful Southfield Special Forces Gardening Club. Team Southfield's program was able to send 10 athletes to compete in the Special Olympics Summer Games in Mt. Pleasant, Michigan.

City of Southfield

Letter of Transmittal

The Suburban Mobility Authority for Regional Transportation (SMART) and the Parks & Recreation Department provided on average 800 trips per month for people needing transportation to doctors' offices, medical appointments, banking, grocery shopping, and daytrips in fiscal year 2013-14 through the TOSS program. TOSS (Transportation of Southfield Seniors) is a program that helps Southfield seniors maintain their independence without a car. The program receives funding from a number of sources such as SMART, Community Development Block Grant (CDBG), Providence Hospital, Beaumont Hospital and Comerica Bank.

The Southfield Public Library continues to serve the community by providing unparalleled services, resources, programs and numerous public meeting spaces. The Southfield Public Library is a state-of-the-art facility that on average receives over 2,100 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 often 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, expanded shelving in the picture book collection and young adult areas.

The Southfield Public Library also 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, and Reading with Kassie – a program that helps children improve their reading skills by reading aloud to Kassie the therapy dog. The Library's annual Battle of the Books programs continue to be very popular, with over 200 students from 13 different schools and numerous coaches participating in 2014. 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. In fiscal year 2013-14, 445,316 items were checked out to patrons and over 17,000 new items were added to the collection.

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

Southfield's many diverse cultures are supported by educational institutions, chambers of commerce, foreign trade offices and others, including Language Center International, American Academy of International Education, Dr. Martin Luther King, Jr. Task Force Committee, Focus on American and Arab

City of Southfield

Letter of Transmittal

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.

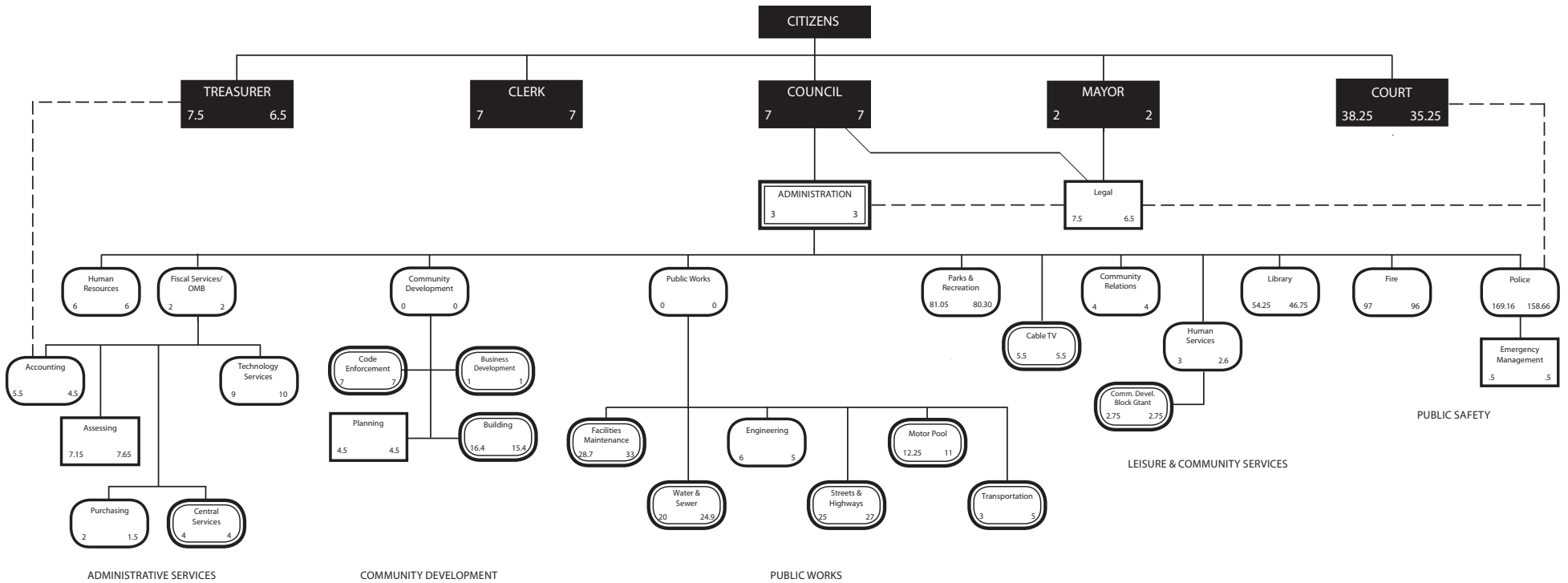
The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality. Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's 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

Organizational Chart



Number to left of department gives 2012-13 filled positions;
 number to right gives 2013-14 complement.

Approved Total 2012-13: 648.96
 Approved Total 2013-14: 633.76

KEY TO SYMBOLS

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

CITY OF SOUTHFIELD, MICHIGAN

June 30, 2014

-MAYOR-

Brenda L. Lawrence

-CITY COUNCIL-

Sylvia Jordan, President

Donald F. Fracassi, President Pro Tem

Myron A. Frasier

Sidney Lantz

Jeremy Moss

Joan Seymour

Kenson J. Siver

-CITY CLERK-

Nancy L. M. Banks

-CITY TREASURER-

Irv M. Lowenberg

-CITY ADMINISTRATOR-

Fred E. Zorn, Jr.

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Independent Auditor's Report

To the Board of Directors
City of Southfield, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan (the "City") as of and for the year ended June 30, 2014 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 an opinion 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 opinion.

To the Board of Directors
City of Southfield, Michigan

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan as of June 30, 2014 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 discussed in Note IF to the basic financial statements, in 2014, the City adopted GASB Statement No. 65. As a result, revenue that is not collected soon enough to be available to fund current operations is now reported on the governmental fund balance sheet as a deferred inflow of resources. Our opinion is not modified with respect to this matter.

As discussed in Note in Note IF to the basic financial statements, in 2014, the City adopted GASB Statement No. 67. As a result, there are significant changes to the defined benefit-related note disclosures as well as the required supplemental information schedules. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 an opinion on the financial statements that collectively comprise the City of Southfield, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and the introductory section and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the Board of Directors
City of Southfield, Michigan

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014 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.

Plant & Moran, PLLC

December 30, 2014

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, 2014. This analysis should be read in conjunction with the transmittal letter, beginning on page 1 of this report, and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide:

- Net position (excluding component units) decreased by \$5.0 million from \$224.0 million to \$219.0 million.
- Governmental activities net position decreased by \$8.1 million to \$127.8 million.
- Business-type activities net position increased by \$3.1 million to \$91.2 million.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$51.7 million, with \$1.2 million being non-spendable, \$22.7 million being restricted, \$15.7 million being committed for specific purposes and \$12.1 million being allocated between assigned or unassigned.
- The fiscal year 2014 governmental funds combined ending fund balance reflects an increase of \$8.1 million from the prior fiscal year. This combined increase, however, is made up of an increase in the General Fund ending balance of \$4.8 million, an increase in the Major Street fund ending balance of \$.4 million, an increase in the Local streets fund ending balance of \$1.6 million, an increase of \$.5 million in the Cable television fund, and an increase in the Donations, Memorial Trusts & Sponsorships fund of \$.3 million. The rest of the change is spread out amongst the various other governmental funds.
- The increase in the General Fund balance was due to its fiscally responsible stance of not filling vacancies which garnered considerable savings from departments and its conservative revenue projections especially tax revenue. The Major Streets and Local streets fund balances increases were due to lower than anticipated maintenance expenditures. The Cable television fund's increase is due to the City's commitment to apply fiscal restraint to all funds even those with stable revenue sources. The increase in the Donations, Memorial Trusts & Sponsorships fund was derived from the return of residual equity from the closing of the Southfield Community Foundation.

Capital and Long-term Debt Activities:

- The City's statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$259.8 million. The City is \$225.9 million below this authorized debt limit.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing the City's net position change during fiscal year 2014. 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 Cornerstone 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 government fund financial statements.

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

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

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

Fund Financial Statements

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

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 government 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.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS

As previously stated, the City's combined net position decreased by \$5.0 million over the course of this fiscal year's operations. The position of the governmental activities decreased in the amount of \$8.1 million; the net position of the business-type activities increased by \$3.1 million.

The following is a condensed Statement of Net Position for the period ending June 30, 2014:

	Net Position					
	June 30, 2014					
	(in millions of dollars)					
	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 94.3	\$ 90.1	\$ 52.2	\$ 49.4	\$ 146.5	\$ 139.5
Capital assets	129.0	134.6	63.5	62.8	192.5	197.4
Other long term assets	2.6	2.7			2.6	2.7
Total assets	<u>225.9</u>	<u>227.4</u>	<u>115.7</u>	<u>112.2</u>	<u>341.6</u>	<u>339.6</u>
LIABILITIES						
Current liabilities	9.7	9.7	8.5	6.3	18.2	16.0
Other liabilities	88.4	81.8	16.0	17.8	104.4	99.6
Total liabilities	<u>98.1</u>	<u>91.5</u>	<u>24.5</u>	<u>24.1</u>	<u>122.6</u>	<u>115.6</u>
NET POSITION						
Net investment in capital assets	88.7	91.6	48.2	45.4	136.9	137.0
Restricted	26.3	24.8			26.3	24.8
Unrestricted	12.8	19.5	43.0	42.7	55.8	62.2
Total Net Position	<u>\$ 127.8</u>	<u>\$ 135.9</u>	<u>\$ 91.2</u>	<u>\$ 88.1</u>	<u>\$ 219.0</u>	<u>\$ 224.0</u>

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

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

Changes in Net Position
for the fiscal year ending June 30, 2014
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues						
Charges for services	\$ 17.8	\$ 18.3	\$ 36.6	\$ 38.2	\$ 54.4	\$ 56.5
Grants and contributions	11.1	10.2	0.1	0.1	11.2	10.3
General revenues						
Property taxes	59.3	59.5			59.3	59.5
Unrestricted state shared	6.4	6.2			6.4	6.2
Unrestricted investment earnings (loss)	0.9	0.3	0.9	(0.1)	1.8	0.2
Other	1.1	0.6	0.2		1.3	0.6
Total revenues	<u>96.6</u>	<u>95.1</u>	<u>37.8</u>	<u>38.2</u>	<u>134.4</u>	<u>133.3</u>
EXPENSES						
General government	19.2	13.5			19.2	13.5
Public safety	49.9	49.9			49.9	49.9
Highway and streets	10.9	10.0			10.9	10.0
Public services	1.5	1.5			1.5	1.5
Sanitation	2.9	3.0			2.9	3.0
Community improvement	0.5	0.4			0.5	0.4
Social services	2.2	2.6			2.2	2.6
Culture and recreation	15.4	14.8			15.4	14.8
Water and sewer			35.0	32.9	35.0	32.9
Interest on long term debt	1.9	2.2			1.9	2.2
Total expenses	<u>104.4</u>	<u>97.9</u>	<u>35.0</u>	<u>32.9</u>	<u>139.4</u>	<u>130.8</u>
Excess (deficiency) before transfers	(7.8)	(2.8)	2.8	5.3	(5.0)	2.5
Transfers in		1.0	0.3		0.3	1.0
Transfers out	(0.3)			(1.0)	(0.3)	(1.0)
Increase (decrease) in net position	(8.1)	(1.8)	3.1	4.3	(5.0)	2.5
Beginning net position, as restated	<u>135.9</u>	<u>137.7</u>	<u>88.1</u>	<u>83.8</u>	<u>224.0</u>	<u>221.5</u>
Ending net position	<u>\$ 127.8</u>	<u>\$ 135.9</u>	<u>\$ 91.2</u>	<u>\$ 88.1</u>	<u>\$ 219.0</u>	<u>\$ 224.0</u>

City of Southfield

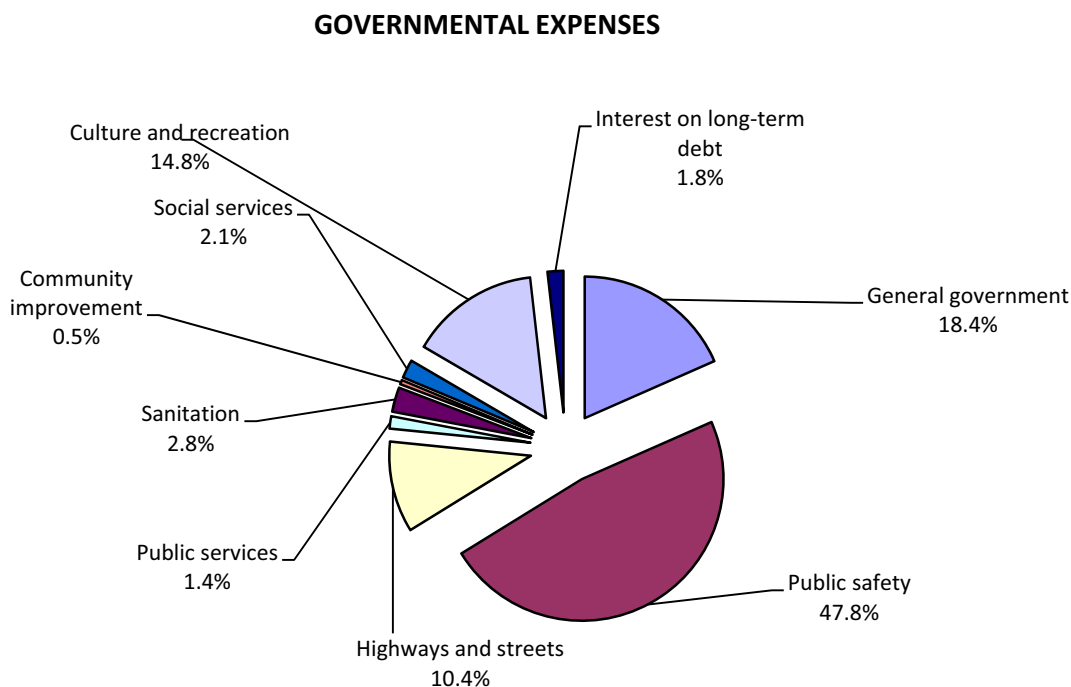
Management’s Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2014 fiscal year’s governmental activity was a decrease of \$8.1 million and an ending net position balance of \$127.8 million. Of this total, \$88.7 million is the net investment in capital assets, \$26.3 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 \$12.8 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 increased by \$6.5 million. Public safety is the largest governmental activity, expending \$49.9 million of the governmental activities total expenses of \$103.1 million. It comprises 47.8% of total governmental expenses. There was no change in this category from the previous year. General government is the second largest governmental activity with a total expense of \$19.2 million, expending 18.4% of total governmental expenses. This activity increased by \$5.7 million. Cultural and recreation is the third largest governmental activity with total expenses of \$15.4 million, expending 14.8% of total governmental expenses. This activity increased by \$.6 million. These three categories comprised 81.0% of total governmental activity expenses.



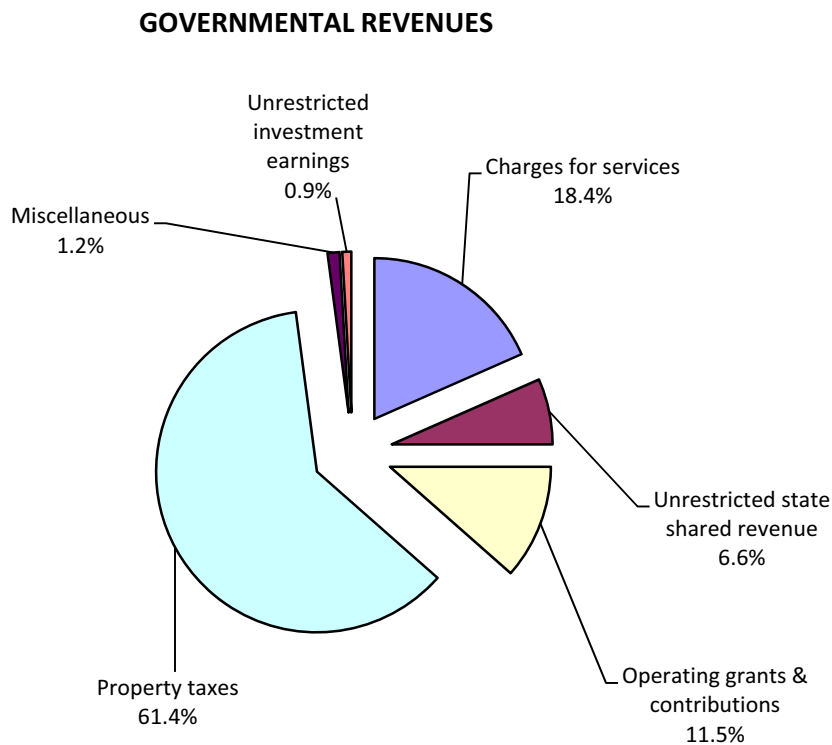
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

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

In total, governmental revenue collections had a net increase in fiscal year 2014 by \$1.5 million. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 24.5011 mills. Property tax revenue generated \$59.3 million in 2014. It represented 61.4% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue. It represented 18.4% of all available sources of revenue for governmental activities. This source decreased by \$.5 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 6.6% of all available sources of revenue and increased \$.2 million. The Grants and contributions figure represents 11.5% of all available sources of revenue and increased \$.9 million. Over 97.9% of the governmental activities are supported by these four revenue sources.



City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

Business-Type Activities:

The net position for business-type activities increased by \$3.1 million during fiscal year 2014. Overall charges for services decreased marginally from 2013 by \$1.6 million. Operating expenses increased by \$2.1 million or 6.4%.

Of the total \$91.2 million of net position in the business type activities, \$43.1 million is reported as unrestricted.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

General Fund

The General Fund is the central operating fund of the City of Southfield. Unless otherwise required by statute, contractual agreement or policy, all revenues and expenditures are recorded in the General Fund. As of June 30, 2014 the General Fund reported a fund balance of \$21.3 million. This amount is an increase of \$4.8 million from the prior June 30. Of the total fund balance, \$.9 million is non-spendable, \$1.3 million is restricted, \$10.6 million is committed and \$8.4 being allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was not amended during fiscal year 2014, with a final budget amount of \$62.9 million. General Fund revenue totaled \$67.3 million. Property tax revenues exceeded budget projections by \$3.5 million due to cautious estimates. Intergovernmental state revenues were greater than budgeted by \$.3 million due to cautious budget projections regarding anticipated changes to the state shared revenue allocation. Fines and forfeitures and Net investment earnings both exceeded budget projections by \$.3 million and \$.3 million respectively.

The General Fund expenditure budget was increased marginally for encumbrances during fiscal year 2014 to a final budget of \$63.9 million. Actual expenditures for fiscal year 2014 were \$61.0 million which was \$2.9 million under budget.

Additionally, the City Council approved a \$1.0 million transfer to the Major street fund for the reconstruction of Evergreen Road.

In summary, the fiscal year 2014 final amended budget anticipated using \$2.2 million of prior year's fund balance. The actual net change in fund balance was an increase of \$4.8 million; greatly outperforming original projections.

City of Southfield

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2014, the City of Southfield had invested \$192.5 million, net of accumulated depreciation, in a broad range of capital assets. This reflects a decrease of \$4.9 million from 2013. Refer to Note 3C for additional capital asset information.

Long Term Debt – At the end of 2014, the City of Southfield had \$55.7 million in bonds outstanding. The amount of bonds with limited taxing authority in 2014 is \$27.6 million. A more detailed depiction of the City's long-term debt obligations is presented in Note 3D to the financial statements.

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

ECONOMIC OUTLOOK

The economic challenges facing the City of Southfield in the foreseeable future are among the most difficult in the City's 55-year history. The elements include:

- June 2014 the City of Southfield's unemployment rate, at 10.7%, has improved slightly from July 2013 at 11.5% and July 2012 at 13.3%
- June 2014 state unemployment rate, at 7.7%, remains in the upper one-third of the 50 states with the US average standing at 6.2%.
- The meltdown of the financial sector and the foreclosure crisis.
- State shared revenues (the largest single source of General Fund revenues after property taxes) have been steadily declining in recent years. The budget for this source peaked at \$9.8 million in fiscal 2001-02, versus \$6.5 received in 2013-14. This represents a decline of \$3.3 million or 33% over the twelve-year period.
- State monies for road repair and reconstruction, along with county and state resources to maintain their roads that are within the City of Southfield, are anticipated to be severely limited. This is a reflection of stagnant general economic conditions, state budgetary challenges, and the fact that the revenue base is primarily dependent on gas and weight tax receipts; which, in turn, are a reflection of the general economy and the increased fuel efficiency of newer commercial and passenger vehicles.
- Pressure on pension funding requirements which are a reflection of investment income and volatile stock market performance.
- We are levying our Charter maximum millage levels. There is no room within current millage allocations to produce increased revenues.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

- Unprecedented decline in property tax valuations and receipts complicated by legal restrictions (Proposal A): In the entire history of the City, we have never had a decline in property tax valuations of more than 1.6%. In fact, only two years of the City's 51-year history, prior to 2009-10, reflect a decline—1.6% in 1983-84 and 0.6% in 1994-95. Yet, the tax base decreased 2.6% in 2009-10, 15.1% in 2010-11, 13.2% in 2011-12 and 11.0% in 2012-13. It must be noted that under Proposal A there is no limit to how far the tax base can fall, but comeback power of the governmental unit is severely limited by the annual growth limitation in the taxable value of existing real property—the lesser of 5% or the rate of inflation. Ultimately, this provides only three options to the local unit: a) resort to unacceptable use of one-time reserves until they are exhausted; b) ask the public for a millage increase after just having been granted one in a special election on May 3, 2011; or c) reduce the size and cost of government. The City of Southfield must adhere to option (c): the most disciplined, realistic, and respectful approach to the public dollar.

Policy strengths and resources to meet these challenges include:

- The City has an established tradition of fiscal responsibility, proper budgetary practices, and consistent maintenance of reasonable reserves.
- The City has a proven capacity to handle fiscal challenges. Successful adherence to the 5-Year Fund Balance Stabilization Plan, covering the period 2004-05 through 2008-09, provides proof of that capacity. While the goal of the Plan was to end the 5-year period with a fund balance of at least \$8.0 million or approximately 12% of the subsequent year's budget, final audited results prove that we have exceeded the goal by a substantial margin. Given the challenges likely to be facing the City in the near future (unprecedented double-digit declines in the tax base), these reserves will be needed to sustain even the most essential of the core services. Thus, the leadership of the City is to be commended for their foresight in staying the course and preparing the municipality for even tougher times ahead; however, current reserves alone cannot sustain current service levels long-term.
- We have established the fact that we can do more with less and have the will and determination to size this municipal government to the resources available. Over the last six years, we have reduced the workforce by some 200 positions or nearly 25%, by attrition.
- We have a proven capacity to reduce costs, enhance productivity, and engage the cooperation of employees, as demonstrated by the constrained labor contracts achieved in recent years.
- A proven commitment to investments in technology for improved financial controls and reporting, as well as enhanced city-wide operational efficiencies is evident. The City's adaptable and continuously improving financial system was fully amortized in 2005-06, paving the way for solid budgetary monitoring and cost controls for years to come. Investment in improved road maintenance equipment and preventive maintenance strategies will allow us to maintain the appearance and functionality of the City through tough times. The continuous exploration of the potential for improved efficiency and effectiveness, through the optimum application of emerging/but proven technology, is a strong policy theme of the Mayor and City Council.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

- Tax base focus is clearly demonstrable. The City of Southfield is resolutely committed to the maintenance and improvement of the tax base. Code and appearance issues get top priority attention, as exemplified by our 24/7 hotline (796-EYES) which encourages citizen input on any code or appearance issue at any time. The Code Enforcement and Community Appearance operation works on a seven-day-per week schedule to address concerns and monitor progress. Our widely recognized model approach for maintaining the appearance and physical integrity of vacant or foreclosed properties offers yet another example of the City's commitment to the tax base, strong neighborhoods, and attractive community appearance.

The business community, comprising 65% of the tax base, is served by the business retention and expansion efforts of the City's business development team. The City has earned the designation of "development ready" and provides a whole host of services aimed at attracting and facilitating quality development and redevelopment projects. The Spring Haven Brownfield project has received national recognition from the National League of Cities, as an example of aggressive and creative redevelopment of a formerly underdeveloped and environmentally challenged site to a much higher use.

In October of 2007, the City of Southfield was recognized by Forbes as Metro Detroit's "most livable" community. The desirable blending of the business and residential components of the City was a significant factor in receiving that designation.

The City maximizes grant funding opportunities. Since 2004-05, grant funding has more than doubled from \$3.5 million in 2004-05 to \$7.7 million in the 2013-14 approved budget. Many of the grants have been to the Southfield Career Center which demonstrates our commitment to the economic viability to the Southeastern Michigan region. Though a substantial portion of this grant funding provides direct services to Southfield residents, the Career Center's services are regional in scope and widely recognized—within the state of Michigan and beyond—for performance excellence.

To help fight the effects of the great recession, the City has been awarded a total of \$4.3 million in federal funds for our Neighborhood Stabilization Program (both NSP 1 and 3) to address the residential foreclosure problem that has gripped the nation. We are attacking this problem on many fronts with the aim of stabilizing the City's neighborhoods and eliminating these vacancies, one-by-one, by providing a helping hand (not a handout) to responsible prospective homeowners who will not only occupy these vacant homes but will also invest in improvements to the property. Our unique program has been designed to leverage the grant award to provide the absolute maximum benefit to the Southfield community and to serve as a model for the proper stewardship of these federal funds on a local level.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

In addition to these operating grants, we continue to maximize our grant funding opportunities for capital projects (e.g. Streets and highway, Water and sewer, and facilities related projects). We remain “shovel ready” in the vernacular of the federal and state granting authorities, administrative ready, and fully prepared to qualify for grant funding where appropriate and in the best interests of the City.

The magnitude of the economic challenges facing the City of Southfield in the immediate future is great. Yet, past actions taken to maintain or enhance our current financial position, together with the ongoing commitment of the leadership team to the fiscal integrity of the City, will prove more than sufficient to meet these challenges.

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 James B. Pierce, City Controller, at (248) 796-5212.

City of Southfield
Government-Wide Statement of Net Position
June 30, 2014

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3A)	\$ 64,242,556	\$ 16,670,055	\$ 80,912,611	\$ 11,212,431
Investments (Note 3A)	15,073,562	21,304,660	36,378,222	2,570,719
Receivables, net (Note 3B)	9,242,852	13,291,374	22,534,226	535,302
Property investments				1,628,404
Prepays	889,710	603,910	1,493,620	844
Internal balances (Note 3E)	87,666	(87,666)	-	
Due from primary government				562,862
Due from component units	123,168	100,000	223,168	900
Due from other governmental units	349,200		349,200	
Inventory	730,391	328,391	1,058,782	
Restricted assets: (Note 3A)				
Cash and cash equivalents	3,515,130		3,515,130	
Long-term advances to component units	2,685,469		2,685,469	
Capital assets: (Note 3C)				
Non-depreciable	16,183,487	6,792,066	22,975,553	
Depreciable-net	112,812,996	56,742,752	169,555,748	231,933
Total assets	225,936,187	115,745,542	341,681,729	16,743,395
LIABILITIES				
Accounts payable and other current liabilities	5,626,392	8,385,947	14,012,339	262,944
Interest payable	326,834	93,310	420,144	
General insurance & workers' compensation accrual	2,986,883		2,986,883	
Provision for medical claims	49,716		49,716	
Due to primary government				223,168
Due to component units	562,862		562,862	900
Due to other governmental units				1,547,629
Long-term advances from primary government				2,685,468
Unearned revenue	179,731		179,731	
Noncurrent liabilities: (Note 3D)				
Due within one year	6,073,967	2,141,979	8,215,946	
Due in more than one year	43,397,292	13,445,642	56,842,934	47,639
Net OPEB obligation: (Note 4E)	38,895,386	460,263	39,355,649	
Total liabilities	98,099,063	24,527,141	122,626,204	4,767,748
NET POSITION (Note 4A)				
Net investment in capital assets	88,692,768	48,161,029	136,853,797	231,933
Restricted				
Right-of-way funds/ metro authority and sanitation	1,274,069		1,274,069	
Highways and streets	7,114,471		7,114,471	
Cable PEG fees	680,750		680,750	
Culture and recreation	9,660,204		9,660,204	
Community improvement	803,610		803,610	
Social services	91,302		91,302	457,535
Grants (other)	195,996		195,996	
Public safety	387,891		387,891	
Debt service	1,075,458		1,075,458	
Capital projects	1,570,243		1,570,243	
Claims	3,478,000		3,478,000	
Unrestricted	12,812,362	43,057,372	55,869,734	11,286,179
Total net position	\$ 127,837,124	\$ 91,218,401	\$ 219,055,525	\$ 11,975,647

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, 2014

Functions/programs	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
Primary government:								
Governmental activities:								
General government	\$ 19,238,783	\$ 1,377,779			\$ (17,861,004)		\$ (17,861,004)	
Public safety	49,905,628	8,385,676	\$ 2,187,687		(39,332,265)		(39,332,265)	
Highways and streets	10,899,272		6,061,748		(4,837,524)		(4,837,524)	
Public services	1,505,322	482,508			(1,022,814)		(1,022,814)	
Sanitation	2,946,305	3,070,933			124,628		124,628	
Community improvement	503,364	210,232	425,036		131,904		131,904	
Social services	2,151,982		1,792,112		(359,870)		(359,870)	
Culture and recreation	15,421,345	4,278,961	639,992		(10,502,392)		(10,502,392)	
Interest on long-term debt	1,846,460				(1,846,460)		(1,846,460)	
Total governmental activities	<u>104,418,461</u>	<u>17,806,089</u>	<u>11,106,575</u>	\$ -	<u>(75,505,797)</u>		<u>(75,505,797)</u>	
Business-type activities:								
Water and sewer	35,004,942	36,671,976		3,345		\$ 1,670,379	1,670,379	
Total primary government	<u>\$ 139,423,403</u>	<u>\$ 54,478,065</u>	<u>\$ 11,106,575</u>	<u>\$ 3,345</u>			<u>(73,835,418)</u>	
Component units activities:								
Governmental	<u>\$ 3,582,337</u>	<u>\$ 1,000</u>	<u>\$ 2,684,546</u>	<u>\$ -</u>				<u>\$ (896,791)</u>
			General revenues:					
			Property taxes		59,325,483		59,325,483	1,284,980
			Unrestricted state shared revenues		6,351,775		6,351,775	
			Unrestricted investment earnings		989,671	914,669	1,904,340	271,686
			Miscellaneous		1,066,395	208,049	1,274,444	362,218
			Transfers (Note 3E)		(263,300)	263,300	-	
			Total general revenues and transfers		<u>67,470,024</u>	<u>1,386,018</u>	<u>68,856,042</u>	<u>1,918,884</u>
			Change in net position		(8,035,773)	3,056,397	(4,979,376)	1,022,093
			Net position - beginning		135,872,897	88,162,004	224,034,901	10,953,554
			Net position - ending		<u>\$ 127,837,124</u>	<u>\$ 91,218,401</u>	<u>\$ 219,055,525</u>	<u>\$ 11,975,647</u>

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

City of Southfield
Balance Sheet
Governmental Funds
June 30, 2014

	<u>Major Fund</u>	<u>Non-Major Funds</u>	
	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
ASSETS			
Cash and cash equivalents (Note 3A)	\$ 13,439,256	\$ 25,217,567	\$ 38,656,823
Investments (Note 3A)	5,037,064	4,024,326	9,061,390
Receivables, net (Note 3B)	3,919,129	5,284,774	9,203,903
Prepays	631,003	249,055	880,058
Due from other funds (Note 3E)	2,385,177	694,933	3,080,110
Due from component units		123,168	123,168
Due from other governmental units		349,200	349,200
Inventories	312,654		312,654
Restricted assets: (Note 3A)			
Cash and cash equivalents		37,130	37,130
Total assets	<u>\$ 25,724,283</u>	<u>\$ 35,980,153</u>	<u>\$ 61,704,436</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,516,694	\$ 917,398	\$ 2,434,092
Accrued payroll	380,962	349,177	730,139
Due to other funds (Note 3E)	651,411	1,005,661	1,657,072
Due to component units	5,209	557,653	562,862
Unearned revenue		179,731	179,731
Other short-term liabilities	1,499,927	167,629	1,667,556
Advances from local improvement revolving fund (Note 3E)		1,874,765	1,874,765
Total liabilities	<u>4,054,203</u>	<u>5,052,014</u>	<u>9,106,217</u>
Deferred inflows of resources - unavailable (Note 3B)	<u>391,776</u>	<u>498,492</u>	<u>890,268</u>
Fund balances (deficit): (Note 4A)			
Non-spendable	943,657	249,055	1,192,712
Restricted	1,274,069	21,436,016	22,710,085
Committed	10,647,485	5,057,228	15,704,713
Assigned	586,969	3,849,932	4,436,901
Unassigned	7,826,124	(162,584)	7,663,540
Total fund balances	<u>21,278,304</u>	<u>30,429,647</u>	<u>51,707,951</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 25,724,283</u>	<u>\$ 35,980,153</u>	<u>\$ 61,704,436</u>

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

City of Southfield
Reconciliation of the Balance Sheet -
Governmental Funds to the Government-Wide
Statement of Net Position
June 30, 2014

Fund balance for governmental activities \$ 51,707,951

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. 123,812,881

Other long-term assets are not available to pay for current-
period expenditures and, therefore, are deferred in the funds 890,268

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the funds:

Accrued interest payable (326,834)
Bonds payable (40,340,845)
Compensated absences (7,869,022)

Michigan tax tribunal liability (890,317)

Other post-employment benefits (OPEB) (38,190,282)

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. 39,043,324

Government-wide net position of governmental activities \$ 127,837,124

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, 2014

	<u>Major Fund</u>	<u>Non-Major Funds</u>	
	General	Other Governmental	Total Governmental
REVENUES			
Property taxes	\$ 44,846,301	\$ 14,581,142	\$ 59,427,443
Special assessments		210,234	210,234
Charges for services	3,182,310	2,371,379	5,553,689
Sanitation	3,070,933		3,070,933
Licenses and permits	2,465,614		2,465,614
Fines and forfeitures	4,477,227	73,380	4,550,607
Federal forfeitures		27,631	27,631
Cable royalties		1,907,580	1,907,580
Intergovernmental:			
Federal	1,270,260	2,730,191	4,000,451
State	6,508,992	5,549,546	12,058,538
Other	628,537	97,223	725,760
Contributions and donations		442,991	442,991
Net investment earnings	471,005	518,659	989,664
Other	427,067	828,036	1,255,103
Total revenues	<u>67,348,246</u>	<u>29,337,992</u>	<u>96,686,238</u>
EXPENDITURES			
Current:			
General government	7,631,283		7,631,283
Public safety	44,230,987	612,481	44,843,468
Highways and streets		6,205,694	6,205,694
Public services	677,969		677,969
Sanitation	2,946,305		2,946,305
Community improvement		503,364	503,364
Social services	228,466	1,818,556	2,047,022
Culture and recreation		12,017,523	12,017,523
Insurance and bonds	49,951		49,951
Support services	4,724,481		4,724,481
Other		468,123	468,123
Capital outlay	144,668	3,075,098	3,219,766
Debt service:			
Principal retirement	305,000	2,402,625	2,707,625
Interest and fiscal charges	65,334	1,859,282	1,924,616
Total expenditures	<u>61,004,444</u>	<u>28,962,746</u>	<u>89,967,190</u>
Excess of revenues over expenditures	6,343,802	375,246	6,719,048
OTHER FINANCING SOURCES (USES) (Note 3E)			
Transfers in		3,932,251	3,932,251
Transfers out	(1,555,082)	(1,019,623)	(2,574,705)
Total other financing sources (uses)	<u>(1,555,082)</u>	<u>2,912,628</u>	<u>1,357,546</u>
Net change in fund balances	4,788,720	3,287,874	8,076,594
Fund balances - beginning	16,489,584	27,141,773	43,631,357
Fund balances - ending	<u>\$ 21,278,304</u>	<u>\$ 30,429,647</u>	<u>\$ 51,707,951</u>

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

City of Southfield

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the Year Ended June 30, 2014

Net change in fund balances – total governmental funds	\$	8,076,594
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are recorded as capital assets		2,077,868
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.		(7,644,092)
Delinquent personal property taxes are recorded in the statement of activities when the tax is assessed; they are not reported in the funds until collected or collectable within 60 days of year end		(101,962)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(1,285,506)
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.		2,707,625
Current year's amortization for discounts payable.		(6,373)
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.		473,885
Increase in Michigan tax tribunal contingency		(452,612)
Decrease in accrued interest payable on long-term debt		84,529
Increase in other post-employment benefits (OPEB)		(8,984,943)
Internal Service funds are used by management to charge the costs of certain activities, such as motor pool, and equipment replacement, to individual funds. The net activity of the internal service funds is reported with governmental activities.		(2,980,786)
Change in net position government-wide statement of governmental activities	\$	<u>(8,035,773)</u>

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

City of Southfield
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3A)	\$ 16,670,055	\$ 25,585,733
Investments (Note 3A)	21,304,660	6,012,172
Receivables, net (Note 3B)	13,291,374	38,949
Prepays	603,910	9,652
Due from other funds (Note 3E)	20,330	348,305
Due from component units	100,000	
Inventory	328,391	417,737
Total current assets	<u>52,318,720</u>	<u>32,412,548</u>
Noncurrent assets:		
Restricted assets: (Note 3A)		
Cash and cash equivalents		3,478,000
Long-term advances to other funds (Note 3E)		1,874,765
Long-term advances to component units (Note 3E)		2,685,469
Capital assets: (Note 3C)		
Construction in progress	6,792,066	
Infrastructure	129,198,074	
Equipment and intangibles	2,935,678	24,384,598
Total capital assets	<u>138,925,818</u>	<u>24,384,598</u>
Less accumulated depreciation	(75,391,000)	(19,200,996)
Total capital assets (net of accumulated depreciation)	<u>63,534,818</u>	<u>5,183,602</u>
Total noncurrent assets	<u>63,534,818</u>	<u>13,221,836</u>
Total assets	<u>115,853,538</u>	<u>45,634,384</u>
LIABILITIES		
Current liabilities:		
Accounts payable	8,135,887	693,074
Deposits and escrow	186,936	
Accrued payroll	63,124	101,531
Interest payable	93,310	
General insurance & workers' compensation accrual		2,986,883
Provision for medical claims		49,716
Due to other funds (Note 3E)	107,996	1,683,677
Accrued compensated absences-due within 1 year (Note 3D)	76,979	137,293
Revenue bonds payable (Note 3D)	2,065,000	
Total current liabilities	<u>10,729,232</u>	<u>5,652,174</u>
Noncurrent liabilities:		
Accrued compensated absences-due more 1 year (Note 3D)	136,853	233,782
Other post-employment benefits:	460,263	705,104
Bonds payable (Note 3D)	13,308,789	
Total noncurrent liabilities	<u>13,905,905</u>	<u>938,886</u>
Total liabilities	<u>24,635,137</u>	<u>6,591,060</u>
NET POSITION		
Net investment in capital assets	48,161,029	5,183,602
Restricted for claims		3,478,000
Unrestricted	43,057,372	30,381,722
Total net position	<u>\$ 91,218,401</u>	<u>\$ 39,043,324</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, 2014

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Associated Governmental <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 36,261,857	
Charges to other funds		\$ 8,786,420
Installation charges	94,324	
Interest and penalties	315,795	
Other	208,049	384,128
Total operating revenues	<u>36,880,025</u>	<u>9,170,548</u>
OPERATING EXPENSES		
Administration	4,281,075	2,133,560
Equipment and facility operation		5,742,616
Water purchases	6,324,268	
Transmission and distribution	16,702,420	
Service installation and meter reading	2,547,240	
Depreciation	4,764,543	1,559,109
Other		1,564,734
Total operating expenses	<u>34,619,546</u>	<u>11,000,019</u>
Operating income (loss)	2,260,479	(1,829,471)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental - Federal	3,345	
Loss on disposal of assets		(23,815)
Interest expense	(385,396)	
Net investment earnings	914,669	493,346
Total nonoperating revenues	<u>532,618</u>	<u>469,531</u>
Income (loss) before transfers	2,793,097	(1,359,940)
Transfers in	263,300	529,373
Transfers out		(2,150,219)
Change in net position	3,056,397	(2,980,786)
Total net position - beginning	<u>88,162,004</u>	<u>42,024,110</u>
Total net position - ending	<u>\$ 91,218,401</u>	<u>\$ 39,043,324</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, 2014

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 36,464,550	\$ 9,150,757
Cash paid to employees	(1,990,438)	(3,419,359)
Cash paid to suppliers	(25,442,649)	(4,006,676)
Net cash provided by operating activities	<u>9,031,463</u>	<u>1,724,722</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments received on interfunds	1,323	2,457,173
Interest	(385,396)	
Payments received on long-term advances		292,830
Payments received on long-term advances to component units	(100,000)	49,999
Transfers in	263,300	529,373
Transfers out		(2,150,219)
Net cash provided by (used in) noncapital and related financing activities	<u>(220,773)</u>	<u>1,179,156</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of and adjustments to property and equipment	(46,009)	(1,557,626)
Intergovernmental - Federal	3,345	
Loss on sale of assets		(23,815)
System improvements	(5,439,990)	
Payment of revenue bonds	(2,015,000)	
Net cash used in capital and related financing activities	<u>(7,497,654)</u>	<u>(1,581,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of proceeds	(3,373,372)	(1,456,582)
Investment earnings	914,669	475,821
Net cash used in investing activities	<u>(2,458,703)</u>	<u>(980,761)</u>
Net increase (decrease) in cash, cash equivalents	(1,145,667)	341,676
Cash, cash equivalents, beginning of year	17,815,722	28,722,057
Cash, cash equivalents, end of year	<u>\$ 16,670,055</u>	<u>\$ 29,063,733</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 16,670,055	\$ 25,585,733
Restricted cash, cash equivalents		3,478,000
Total cash, cash equivalents	<u>\$ 16,670,055</u>	<u>\$ 29,063,733</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ 2,260,479	\$ (1,829,471)
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation	4,764,543	1,559,109
OPEB obligation	189,156	283,734
Receivables	4,961	
Prepays	(578,013)	13,164
Inventory	157,577	(32,955)
Accounts payable	2,197,480	331,341
Deposits	14,000	
Accrued payroll, including compensated absences due in less than one year	15,250	49,126
Interest payable	(12,156)	
General insurance & workers' compensation accrual		1,293,260
Provision for medical claims		49,716
Accrued compensated absences	18,186	7,698
Net cash provided by operating activities	<u>\$ 9,031,463</u>	<u>\$ 1,724,722</u>

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

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City of Southfield
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents (Note 3A)	\$ 4,517,271	\$ 3,282,455
Investments, at fair value (Note 3A) :		
Government obligations	27,742,382	2,000,411
Corporate bonds	21,511,760	
Common stock	221,630,525	
Real estate and other	101,015,113	
Total investments	<u>371,899,780</u>	<u>2,000,411</u>
Cash and investments held as collateral for securities lending (Note 3A) :		
Certificates of deposit	8,515,325	
Repurchase agreements	9,094,791	
Time deposits	3,720,596	
Agency bonds and notes	2,250,731	
Commercial paper	2,907,930	
Variable rate certificates of deposit	3,752,396	
Asset backed commercial paper	1,261,399	
Variable rate notes/bonds	706,666	
Medium term notes	53,000	
Corporate bonds	28,267	
Sweep vehicles	2,667,664	
Sov GTD variable rate note	204,933	
Other	169,600	
Money market mutual funds	3,266,079	
Total securities lending	<u>38,599,377</u>	<u>-</u>
Receivables, net	4,132,526	3,170
Prepays	691,960	
Due from other governmental units	845,177	
Total assets	<u>420,686,091</u>	<u>5,286,036</u>
LIABILITIES		
Accounts payable and accrued payroll	987,325	203,941
Deposits and escrow		4,496,338
Interest payable		26,727
Due to other governmental units	470,568	559,030
Other	40,888	
Obligations under securities lending agreements	38,747,881	
Total liabilities	<u>40,246,662</u>	<u>5,286,036</u>
NET POSITION		
Restricted for pension benefits	320,897,342	
Restricted for post-retirement health care benefits	59,542,087	
Total net position	<u>\$ 380,439,429</u>	<u>\$ -</u>

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

City of Southfield
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Pension and Other Post-Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 1,855,632
Employer	16,035,099
Total contributions	<u>17,890,731</u>
Investment activity:	
Net increase in fair value of investments	52,268,706
Investment earnings	2,784,859
Dividends	4,200,474
Other	106,372
Total investment activity	<u>59,360,411</u>
Less investment expense:	1,479,685
Net investment activity	<u>57,880,726</u>
Total additions, net	<u>75,771,457</u>
DEDUCTIONS	
Benefits	24,208,025
Health care expense	7,643,998
Administrative expense	645,338
Total deductions	<u>32,497,361</u>
Net increase	43,274,096
Net position - beginning	<u>337,165,333</u>
Net position - ending	<u><u>\$ 380,439,429</u></u>

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

City of Southfield

Statement of Net Position

Discretely Presented Component Units

June 30, 2014

	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 3A)	\$ 10,656	\$ 98,332	\$ 1,739,732	\$ 1,615,897	\$ 4,372,012	\$ 2,431,250	\$ 463,105	\$ 481,447	\$ 11,212,431
Investments (Note 3A)					1,237,590	1,333,129			2,570,719
Receivables, net (Note 3B)	4	82,830	41,568	91,587	9,248	41,364		268,701	535,302
Property investments								1,628,404	1,628,404
Prepays				844					844
Due from primary government				2,249			1,686	558,927	562,862
Due from component units		900							900
Total current assets	10,660	182,062	1,781,300	1,710,577	5,618,850	3,805,743	464,791	2,937,479	16,511,462
Capital assets: (Note 3C)									
Depreciable-net				231,933					231,933
Total assets	10,660	182,062	1,781,300	1,942,510	5,618,850	3,805,743	464,791	2,937,479	16,743,395
LIABILITIES									
Accounts payable and other current liabilities				41,716			7,256	213,972	262,944
Due to primary government				188,700				34,468	223,168
Due to component units						900			900
Due to other governmental units		103,846			1,443,783				1,547,629
Long-term advances from primary government (Note 3E)						1,401,386		1,284,082	2,685,468
Noncurrent liabilities: (Note 3D)									
Due in more than one year				47,639					47,639
Total non-current liabilities	-	-	-	47,639	-	-	-	-	47,639
Total liabilities	-	103,846	-	278,055	1,443,783	1,402,286	7,256	1,532,522	4,767,748
NET POSITION									
Net investment in capital assets				231,933					231,933
Restricted							457,535		457,535
Unrestricted	10,660	78,216	1,781,300	1,432,522	4,175,067	2,403,457		1,404,957	11,286,179
Total net position	\$ 10,660	\$ 78,216	\$ 1,781,300	\$ 1,664,455	\$ 4,175,067	\$ 2,403,457	\$ 457,535	\$ 1,404,957	\$ 11,975,647

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, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position								Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	
Brownfield re-development authority												
Community improvement	\$ 657,935	\$ 1,000			\$ (656,935)							\$ (656,935)
Joint-local development finance authority												
Community improvement	1,689					\$ (1,689)						(1,689)
Cornerstone development authority												
Community improvement	743,821						\$ (743,821)					(743,821)
Local development finance authority												
Community improvement	261,387							\$ (261,387)				(261,387)
Section 8 housing commission												
Social services	1,554,054	\$ 1,562,608							\$ 8,554			8,554
Southfield growth corporation												
Community improvement	<u>363,451</u>		<u>1,121,938</u>								\$ <u>758,487</u>	<u>758,487</u>
Total component units	\$ <u>3,582,337</u>	\$ <u>1,000</u>	\$ <u>2,684,546</u>									<u>(896,791)</u>
General revenues:												
Property taxes					488,753	242,477	249,182		304,568			1,284,980
Unrestricted investment earnings				\$ 154	989	35,286	39,691	\$ 97,511	97,920	47	88	271,686
Miscellaneous					166,805		120,206				75,207	362,218
Total general revenues				<u>154</u>	<u>656,547</u>	<u>277,763</u>	<u>409,079</u>	<u>97,511</u>	<u>402,488</u>	<u>47</u>	<u>75,295</u>	<u>1,918,884</u>
Change in net position				154	(388)	276,074	(334,742)	97,511	141,101	8,601	833,782	1,022,093
Net position - beginning				10,506	78,604	1,505,226	1,999,197	4,077,556	2,262,356	448,934	571,175	10,953,554
Net position - ending				\$ <u>10,660</u>	\$ <u>78,216</u>	\$ <u>1,781,300</u>	\$ <u>1,664,455</u>	\$ <u>4,175,067</u>	\$ <u>2,403,457</u>	\$ <u>457,535</u>	\$ <u>1,404,957</u>	\$ <u>11,975,647</u>

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Southfield was incorporated on April 28, 1958, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a council/administrator form of government and provides the following services as authorized by its charter: public safety, public works, culture, recreation and community development.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations given the level of financial interdependence with the City. Data from these units are combined with data of the City (primary government). Each discretely presented component unit, on the other hand, is legally separate with a board appointed by the City. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, has included them within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose a specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Data from these units is segregated from the primary government in the combined financial statements. Each blended and discretely presented component unit's financial information has been included based upon a June 30 year-end.

Blended Component Units: The following component units have been blended into the City's basic financial statements:

City of Southfield Library Building Authority
City of Southfield Building Authority

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

The Southfield library building authority board consists of 6 members appointed by City Council, thereby appointing a voting majority. In addition, the repayment of the Southfield library building authority's bonds is financed through an operating millage for library operations. The Southfield building authority board consists of 4 members appointed by City Council, and the City Administrator, thereby appointing a voting majority. The Building Authorities are reported as a governmental fund type.

Discretely Presented Component Units: The component unit columns in the combined financial statements include the financial data of the City's other component units. The following component units are reported in separate columns to emphasize that they are legally separate from the City:

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 has 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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

Cornerstone Development Authority (CDA): The CDA has a 13-member board, 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.

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity (continued)

Southfield Growth Corporation:

The Southfield growth corporation whose activities are recorded in the Neighborhood stabilization program fund is governed by a 5 member board including the Deputy City Administrator, City Attorney, Purchasing Agent, Director of Planning and Housing Program specialist. The first three are appointed by the City Council, the Director of Planning is appointed by the Mayor and confirmed by the City Council and the specialist reports to the Deputy City Administrator, thereby appointing a voting majority. Pursuant to 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 them 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.

Accounting and Reporting Principles

The basic financial statements of the City of Southfield (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles and are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The City's more significant accounting policies are described below.

B. Report Presentation

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net position categories: net investment in capital assets, restricted net position and unrestricted net position. 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.

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement 33.

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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Report Presentation (continued)

The statement of net position and the statement of activities are presented to distinguish between governmental and business-type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. For the most part, the effect of interfund activity has been removed from these statements. Business-type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

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

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. Assets are depreciated on an individual basis for equipment and buildings.

C. Fund Accounting

GOVERNMENTAL FUNDS

These include all activities that provide general governmental services that are not business-type activities.

The City reports the following major governmental funds:

General Fund: 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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Fund Accounting (continued)

The City reports the following nonmajor 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. These funds include Major streets, Local streets, Parks & recreation, Cable, Block grant, Drug law enforcement, Grants, Library, Michigan works, Auto theft and Donations, memorial trusts & sponsorships.

Debt Service funds:

This fund (Drains-at-large) 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.

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. These funds include, Library building authority, Capital improvements, Building authority and Special assessments.

PROPRIETARY FUNDS

These include enterprise funds and internal service funds.

Enterprise Fund: 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 (expenses, 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:

Water and Sewer: Water sales support 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).

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Fund Accounting (continued)

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

Generally accepted accounting principles for the associated governmental funds are similar to those applicable to a business enterprise in the private sector.

FIDUCIARY FUNDS

Trust and Agency Funds: 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 funds. These funds include pension trust agency. Expendable trust funds are accounted for and reported as governmental funds.

Trust funds include Pension and Retiree health care benefits plan & trust. Agency funds include Deposits and escrow, Imprest payroll and 46th district court.

D. 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

D. Basis of Accounting (continued)

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

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

E. Specific Balances and Transactions

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

Investments are reported at fair value, based on quoted market prices. Investments and certificates of deposit are purchased with pooled cash and are generally held to maturity. Interest is allocated on the basis of time-and-dollar weighted participation in each pool.

(b) Receivables/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.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Specific Balances and Transactions (continued)

(c) Inventory: 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.

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

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

Depreciation is recorded for property and equipment using the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

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

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

(f) 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

E. Specific Balances and Transactions (continued)

(g) Long-term obligations: In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. 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.

(h) Net position & Fund balance:

Net Position Flow Assumption - 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 government's policy to consider unrestricted net position to have been depleted before restricted net position is applied.

Fund Balance Flow Assumption - 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 government's policy to consider unrestricted fund balance to have been depleted before using any of the components of restricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Specific Balances and Transactions (continued)

The City Council has not formally adopted a fund balance policy. However, the general rule is to follow the GFOA guidelines by maintaining a balance between 5 – 20% of annual expenditures.

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

(i) 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.

(j) Pension and other post employment benefit costs – The City offers both pension and retiree health care benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year underpaid or overpaid amount, if any.

(k) Proprietary funds operating classification – Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Specific Balances and Transactions (continued)

(I) Deferred outflows/inflows of resources –In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: special assessments, grants, and other miscellaneous sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has property taxes recorded as a receivable which are unavailable for current operations. Those property taxes will be recognized as revenue next year, in the year they become available. The City does not have any items reported on the balance sheet that meet the definition for reporting as deferred outflows.

F. Change in Accounting

During the current year, the City adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or outflows of resources.

As a result of implementing this statement, deferred revenue has been reclassified as deferred inflows of resources-unavailable.

During the current year, the City adopted GASB Statement No. 67, Financial Reporting for Pension Plans. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension note have changed considerably along with the related schedules in the required supplemental information.

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 Financial Services or the City Administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by City Council. Such budget adjustments took place, as authorized by the City Council, for the year ended June 30, 2013, and the budgetary data reflects the effect of those amendments.
- Appropriations for the fiscal year lapse every June 30. Council may re-appropriate any amount at its discretion.
- Budgets are legally adopted on an activity basis for the General and Special Revenue Funds. These budgets are presented on the same basis of accounting as used for actual results. They are adopted by Council on a non-GAAP basis. A schedule reconciling the adopted budget to the presented budget is disclosed in the RSI section. Capital Projects and Debt Service funds are approved by City Council on a project length basis, with annual expenditures included within Governmental Fund appropriation units. Budgets and actual comparisons are not reported in the financial statements for those funds where no annual budgets are prepared.

Notes to RSI – Budgetary Information

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments or assignments of fund balances (depending on how the encumbrances will be paid) and do not constitute expenditures or liabilities because the goods or services have not been received at year end. The commitments will be re-appropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$3,617,956.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data (continued)

- These non-major governmental funds require an annual budget :

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

The Block grant and Major streets funds adopted annual budgets which included deficits. These funds were not in compliance with the Uniform Budget Act. The City plans to correct this for fiscal year 2015. Additionally, the City did not adopt a budget for the Grants fund.

B. Budget Variances

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Fund			
Revenues:			
Property taxes	\$ 41,323,811	\$ 44,846,301	\$ 3,522,490

The City used the initial estimates not the final Warrant to be conservative based on previous year's results and outstanding Michigan Tax Tribunal appeals.

Major streets

Revenues			
Other	\$ 1,306,909	\$ 283,622	\$ (1,023,287)

This category has an unfavorable variance as budgeted reimbursements were deferred until 2014-15 since the project had just commenced.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Local streets			
Revenues:			
Property taxes	\$ 2,388,069	\$ 2,576,576	\$ 188,507

The City used the initial estimates not the final Warrant to be conservative based on previous year's results and outstanding Michigan Tax Tribunal appeals.

Parks and recreation

Revenues:			
Property taxes	\$ 3,778,933	\$ 4,077,357	\$ 298,424
Charges for Services	2,162,672	2,017,662	(145,010)

Property taxes: The City used the initial estimates not the final Warrant to be conservative based on previous year's results and outstanding Michigan Tax Tribunal appeals.

Charges for services: Golf and Recreational programs received lower than anticipated revenues. A review of these revenues in 2014-2015 is currently underway

Cable television

Revenues:			
Cable royalties	\$ 1,105,935	\$ 1,907,580	\$ 801,645

Revenues generated by an additional cable television provider. A full review of these revenues is underway.

Block grant

Revenues:			
Intergovernmental:			
Federal	\$ 672,900	\$ 425,035	\$ (247,865)

The variance is a result of timing of program expenditures and drawdowns. Budget is comprised of current year allocation which was not totally expended in this fiscal year and therefore drawdowns were made.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Drug law enforcement			
Revenues:			
Fines and forfeitures	\$ 180,000	\$ 73,380	\$ (106,620)
Federal forfeitures	200,000	27,631	(172,369)

These categories' unfavorable variances are due to the uncertain nature of the activity. The City will now only adopt a budget with the use of fund balance and amend the budget as forfeitures are received.

Library

Revenues:

Property taxes	\$ 6,046,292	\$ 6,523,938	\$ 477,646
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The City used the initial estimates not the final Warrant to be conservative based on previous year's results and outstanding Michigan Tax Tribunal appeals.

Michigan works grants

Revenues:

Intergovernmental:

Federal	\$ 3,300,000	\$ 1,792,113	\$ (1,507,887)
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Anticipated federal funding less than anticipated.

Auto Theft Grant Fund

Revenues:

Intergovernmental:

State	\$ 145,728	\$ 97,717	\$ (48,011)
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Timing difference when revenues are received from the State. A full review is underway to correct in fiscal year 2015.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Donations, Memorial Trusts & Sponsorships			
Revenues:			
Contributions	\$ 143,000	\$ 442,991	\$ 299,991

The City estimates contributions because they are unknown at the time of budgeting. Subsequent to year, this fund received its residual equity from the closing of the Southfield Community Foundation and the revenue was accrued.

During the year, the City incurred both positive and negative expenditure variances compared to amounts budgeted, as follows:

General Fund

Expenditures:

Total general government	\$ 8,632,090	\$ 7,631,283	\$ 1,000,807
Total public safety	44,834,809	44,230,987	603,822
Total public services	3,874,283	3,624,274	250,009
Other:			
Support services	5,450,583	4,724,481	726,102

Total general government/public services: The City's commitment to hold vacancies open and reducing expenditures resulted in a positive variance.

Total public safety: The City's commitment to hold vacancies open, reducing expenditures resulted in a positive variance. It should be noted that while the Police had operational savings, their overtime expenditures exceeded any savings.

Total public services: The City's commitment to hold vacancies open, reducing expenditures and slightly better than anticipated sanitation costs resulted in a positive variance. The difference between sanitation costs and sanitation revenue has been restricted.

Support services: The City's commitment to hold vacancies open and reducing expenditures resulted in a positive variance.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Major streets			
Expenditures:			
Road maintenance	\$ 4,435,463	\$ 1,275,479	\$ 3,159,984
Traffic Services	795,557	552,733	242,824
Appearance	1,302,614	1,079,935	222,679

Road maintenance: Several large construction or repair projects which were not started until June 2014.

Traffic Services/ Appearance: The City's commitment to hold vacancies open and reduce expenditures resulted in positive variances.

Local streets			
Expenditures:			
Road maintenance	\$ 2,596,391	\$ 796,593	\$ 1,799,798
Traffic Services	178,473	55,313	123,160
Snow removal	764,996	629,497	135,499
Appearance	424,529	233,332	191,197

Road maintenance: Several large construction or repair projects which were not started until June 2014.

Traffic Services/Appearance: The City's commitment to hold vacancies open and reduce expenditures resulted in positive variances.

Snow removal: A larger than necessary budget adjustment created this variance.

Block grant			
Expenditures:			
Community improvement	\$ 672,900	\$ 488,394	\$ 184,506

The variance is a result of the timing of program expenditures. Budget is comprised of current year allocation which was not totally expended in this fiscal year.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Grants Fund			
Expenditures:			
Community Improvement	\$ -	\$ 14,970	\$ (14,970)

No grants were received this year so no budget was adopted. However this fund also record a tree program funded with a transfer. This program had expenditures, so mid-year budget adjustment should have taken place. This was discover subsequent to year end a will be corrected in future budgets.

Library

Expenditures:

Adult reference	\$ 808,007	\$ 761,565	\$ 46,442
Children's division	591,794	523,537	68,257
Support services	878,859	761,817	117,042
Technology division	733,627	616,985	116,642

The City's commitment to hold vacancies open and reduce expenditures by changing hours of operation resulted in positive variances.

Michigan works grants

Expenditures:

Social services	\$ 3,300,203	\$ 1,797,512	\$ 1,502,691
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Less than anticipated federal funding requiring expenditures to be reduced.

C. Individual Fund Deficit Disclosure

The following individual fund has an accumulated deficit at June 30, 2014:

Block grant \$ (162,584)

Expenditures exceeded the revenues received. A deficit reduction plan will be adopted by City Council to correct this deficit.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

The City has designated 13 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 these funds' 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 these funds' 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 these funds' assets.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

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

Custodial credit risk of bank deposits:

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

City – The City's investment policy requires all investment transactions be conducted on a delivery versus payment basis. All securities, evidenced by a safekeeping receipt, shall be held by a third party custodian. At year end, the City had bank deposits (certificates of deposits, checking, and savings accounts) totaling \$32,030,848, of which \$26,462,444 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$2.6 million. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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

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

Interest rate risk:

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

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

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
FHLB	\$ 24,296,780	8.40 years
FNMA	6,459,587	1.47 years
U.S. treasury	4,944,920	3.82 years
Macomb interceptor drain dist	2,318,948	4.07 years
Bloomfield Township	509,740	3.66 years
Farmington	479,498	7.10 years
Michigan state	1,939,881	6.84 years
Local government investment pool	65,286,626	2.55 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	\$ 308,351	19.51 years
Corporate bonds	6,935,014	8.66 years
Foreign bonds	556,410	6.38 years
U.S. government agencies	1,673,918	1.15 years
U.S. government collateralized mortgage obligations	5,522	8.05 years
U.S. government mortgage backed securities	2,069,638	22.13 years
U.S. treasury notes and bonds	1,440,776	7.25 years
Corporate private placement	197,132	8.54 years
Other	530,625	24.79 years
Mutual funds	5,567,086	8.19 years
High yield corporate bond series	1,217,111	Not Available

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

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

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	\$ 1,653,776	7.39 years
Corporate bonds	12,288,459	7.89 years
Corporate bonds	84,435	Not Available
U.S. government bonds	575,266	4.62 years
U.S. government agencies	591,764	4.00 years
U.S. government mortgage backed securities	6,594,038	23.48 years
U.S. government issued commercial mortgage backed securities	213,101	5.91 years
Municipal bonds	136,961	4.65 years
Other	26,521,523	Not Available
Non-governmental c.m.o.s	467,021	13.44 years
Commerical mortgage backed	2,210,201	29.13 years
Bank loans	1,259,534	6.13 years
Real estate mortgage	3,420,000	Not Applicable

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

Investments:	Fair Market Value	Weighted Average Maturity
Loomis sayles inv gr - y	\$ 5,746,551	7.14 years
Loomis sayles global bond fund	6,441,629	7.50 years
Comerica aggreg bd index fd - 584	2,203,852	7.40 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral pool	\$ 35,333,298	0.25 years

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Credit risk:

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

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

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

Investments:	Fair Value	Rating	Rating Organization
US government securities	\$ 30,756,367	AA+ / Aaa	S&P / Moody's
U.S. treasury	4,944,920	AA+ / Aaa	S&P / Moody's
Macomb interceptor drain dist	2,318,948	AA+ / NR	S&P / Moody's
Michigan state	1,939,881	AA- / Aa2	S&P / Moody's
Bloomfield Township	509,740	AAA / Aaa	S&P / Moody's
Farmington	479,498	AA / NR	S&P / Moody's
Bank investment pool (Comerica j-fund)	680,944	A1	Moody's
Local government investment pool	65,286,626	Not rated	N/A

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

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 308,351	NR	N/A
Corporate bonds	533,899	AA	S&P
Corporate bonds	3,420,472	A	S&P
Corporate bonds	2,980,643	BBB	S&P
Private placement	197,132	A	S&P
Foreign bonds	105,012	AA	S&P
Foreign bonds	259,706	A	S&P
Foreign bonds	191,692	BBB	S&P
U.S. government agencies	1,673,918	AA	S&P
Collateralized mortgage obligations	5,522	NR	N/A
Mortgage backed securities	2,069,638	NR	N/A
Other	530,625	NR	N/A
U.S. treasury notes and bonds	1,440,776	NR	N/A
Mutual funds	3,595,416	AAA	S&P
Mutual funds	1,971,669	BBB	S&P
High yield corporate bond series	1,217,111	Not Available	N/A

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 302,475	Aaa	Moody's
Corporate asset backed securities	330,829	Aa	Moody's
Corporate asset backed securities	210,902	A	Moody's
Corporate asset backed securities	95,515	Ba	Moody's
Corporate asset backed securities	186,290	B	Moody's
Corporate asset backed securities	527,765	Not rated	N/A
Bank loans	31,685	Baa	Moody's
Bank loans	154,886	Ba	Moody's
Bank loans	667,793	B	Moody's
Bank loans	405,170	Not rated	N/A
Commercial mortgage-backed	751,309	Aaa	Moody's
Commercial mortgage-backed	523,833	Aaa	Moody's
Commercial mortgage-backed	296,596	Baa	Moody's
Commercial mortgage-backed	638,463	Not rated	N/A
Corporate bonds	136,353	Aaa	Moody's
Corporate bonds	467,020	Aa	Moody's
Corporate bonds	1,597,736	A	Moody's
Corporate bonds	5,364,440	Baa	Moody's
Corporate bonds	2,171,504	Ba	Moody's
Corporate bonds	1,048,476	B	Moody's
Corporate bonds	1,502,931	Not rated	N/A
Corporate bonds	84,435	Not rated	N/A
U.S. government agencies	491,804	Aaa	Moody's
U.S. government agencies	99,961	Aa	Moody's
U.S. government bonds	178,347	Aaa	Moody's
U.S. government bonds	265,806	Aa	Moody's
U.S. government bonds	131,113	A	Moody's
Real estate mortgage	3,420,000	Not rated	N/A
Municipal bonds	136,961	Aa	Moody's
Non-governmental backed C.M.O.s	107,474	Baa	Moody's
Non-governmental backed C.M.O.s	359,547	Not rated	N/A
Other	26,521,523	Not rated	N/A

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. 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 (25.1%)	\$ 1,442,384	Aaa	Moody's
Loomis Sayles Inv Gr - Y (3.6%)	206,876	Aa	Moody's
Loomis Sayles Inv Gr - Y (23.7%)	1,361,933	A	Moody's
Loomis Sayles Inv Gr - Y (34.3%)	1,971,067	Baa	Moody's
Loomis Sayles Inv Gr - Y (6.5%)	373,526	Ba	Moody's
Loomis Sayles Inv Gr - Y (1.9%)	109,184	B	Moody's
Loomis Sayles Inv Gr - Y (0.4%)	22,986	Caa or Lower	Moody's
Loomis Sayles Inv Gr - Y (3.9%)	224,115	Not rated/other	Moody's
Loomis Sayles Inv Gr - Y (0.6%)	34,479	Cash & equivalents	Moody's
Loomis Sayles Global Bond Fund (36.3%)	2,338,311	Aaa	Moody's
Loomis Sayles Global Bond Fund (24.9%)	1,603,966	Aa	Moody's
Loomis Sayles Global Bond Fund (19.4%)	1,249,676	A	Moody's
Loomis Sayles Global Bond Fund (15.3%)	985,569	Baa	Moody's
Loomis Sayles Global Bond Fund (3.6%)	231,899	Ba	Moody's
Loomis Sayles Global Bond Fund (0.5%)	32,208	B	Moody's
Comerica Aggreg Bd Index Fd - 584	2,203,852	Aa1/Aa2	Moody's

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

FPRS –

Investments:	Fair Value	Rating	Rating Organization
Collateral pool	\$ 35,333,298	A1+	Moody's

Of the total investment disclosures for City accounts, approximately \$2.6 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. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Concentration of credit risk:

City –

Investments:	Fair Market Value	%
FHLB	\$ 24,296,780	17.49
FNMA	6,459,587	4.65
U.S treasury	4,944,920	3.56
Macomb interceptor drain dist	2,318,948	1.67
Michigan state	1,939,881	1.40
Bloomfield Township	509,740	0.37
Farmington	479,498	0.35

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

FPRS – The FPRS places a 10% limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

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

Foreign currency risk:

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

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

SERS –The SERS does not restrict the amount of investments in foreign. There were no securities subject to foreign currency risk at June 30, 2014.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

The following securities are subject to foreign currency risk:

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

Security	Foreign Currency	Fair Value
Equities	Australian dollars	\$ 49,387
Fixed Income	Australian dollars	365,086
Cash & Equivalents	Australian dollars	(214,176)*
Equities	Canadian dollars	1,080,849
Fixed Income	Canadian dollars	84,230
Cash & Equivalents	Canadian dollars	130,908
Equities	British pound sterling	6,951,070
Fixed Income	British pound sterling	264,822
Cash & Equivalents	British pound sterling	107,995
Equities	Swiss franc	67,812
Cash & Equivalents	Swiss franc	108
Equities	Euro	169,096
Fixed Income	Euro	254,704
Cash & Equivalents	Euro	(131,611)*
Fixed Income	Mexican peso	195,333
Cash & Equivalents	Mexican peso	3,086
Fixed Income	Norwegian krone	122,358
Fixed Income	New Zealand dollar	467,214
Cash & Equivalents	New Zealand dollar	(248,731)*

* Values represent pending foreign exchange sales.

RHC –

Security	Foreign Currency	Fair Value
Fixed Income	Euro	\$ 1,288,326
Fixed Income	Japanese yen	747,229
Fixed Income	British pound sterling	497,582
Fixed Income	Canadian dollars	1,040,586
Fixed Income	Mexican peso	238,340
Fixed Income	Malasian Ringgit	154,599
Fixed Income	Norwegian krone	148,157
Fixed Income	Australia & New Zealand	744,037
Fixed Income	Developing Countries	218,369
Fixed Income	Non-Euro	183,890
Fixed Income	Euro Countries	68,959
Fixed Income	Other currencies	367,173

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. 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, 2014, 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, 2014, 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, 2014 was \$3,266,079 and \$3,368,263, 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, 2014, 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, 2014, 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, 2014 was \$35,333,298 and \$34,570,858, respectively.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Restricted Assets

The following is the detail of the governmental type activities (includes associated governmental funds) restricted assets at June 30, 2014:

Governmental funds (with associated governmental funds):

Capital Projects:

Funds held by Oakland County drain commissioner to be used for construction and maintenance of drains	\$ 37,130
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Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals	<u>3,478,000</u>
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Total restricted assets	\$ <u><u>3,515,130</u></u>
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B. Deferred Inflows and Receivables

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

	Governmental Funds
Property taxes - unavailable	377,460
Special assessments - unavailable	407,870
Grant revenue - unavailable	53,506
Other deferred inflows	<u>51,432</u>
Total Deferred Inflows	<u><u>890,268</u></u>

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

B. Deferred Inflows and Receivables (continued)

The major components of receivables reported on the Balance Sheet as of June 30, 2014 were as follows:

	Special assessments	Accrued interest	Accounts receivable	Accrued revenue	Delinquent taxes	Total
Governmental activities:						
General fund		\$ 12,259	\$ 800,566	\$ 2,976,678	\$ 129,626	\$ 3,919,129
Other non-major funds	\$ 407,401	31,379	40,991	4,767,886	37,117	5,284,774
Total governmental funds	407,401	43,638	841,557	7,744,564	166,743	9,203,903
Associated governmental activities:						
Internal service funds		38,949				38,949
Total governmental activities	\$ 407,401	\$ 82,587	\$ 841,557	\$ 7,744,564	\$ 166,743	\$ 9,242,852
Component units:						
Economic development corporation		\$ 4				\$ 4
Brownfield re-development authority		43			\$ 82,787	82,830
Joint-local development finance authority		796			40,772	41,568
Downtown development authority		721			90,866	91,587
Tax increment finance authority		9,248				9,248
Local development finance authority		5,421			35,944	41,365
Southfield growth corporation				\$ 268,701		268,701
Total component units-governmental		\$ 16,233		\$ 268,701	\$ 250,369	\$ 535,303
Business-type activities:						
Water and sewer fund		\$ 100,529	\$ 13,187,807	\$ 3,038		\$ 13,291,374

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

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

A summary of governmental property and equipment at June 30, 2014, follows:

	Balance July 1, 2013	Additions	Disposals & Reduction to CIP	Balance June 30, 2014
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 11,272,947		\$ 539,150	\$ 10,733,797
Construction in progress	3,314,066	2,375,037	239,413	5,449,690
Total capital assets not being depreciated	<u>14,587,013</u>	<u>2,375,037</u>	<u>778,563</u>	<u>16,183,487</u>
Capital assets, being depreciated				
Land improvements	25,576,338	49,220		25,625,558
Building and improvements	70,577,058	292,269	420,000	70,449,327
Infrastructure	117,962,285			117,962,285
Intangibles	2,200,216	13,053	15,568	2,197,701
Drain usage rights	11,777,407			11,777,407
Equipment	7,386,421	585,864	23,444	7,948,841
Total capital assets being depreciated	<u>235,479,725</u>	<u>940,406</u>	<u>459,012</u>	<u>235,961,119</u>
Less accumulated depreciation:				
Land improvements	13,225,411	867,405		14,092,816
Building and improvements	33,536,356	2,045,640	347,533	35,234,463
Infrastructure	62,080,901	4,089,210		66,170,111
Intangibles	1,069,064	124,949	13,607	1,180,406
Drain usage rights	5,119,677	461,932		5,581,609
Equipment	5,656,224	430,921	14,825	6,072,320
Total accumulated depreciation	<u>120,687,633</u>	<u>8,020,057</u> (a)	<u>375,965</u>	<u>128,331,725</u>
Total general capital assets being depreciated, net	<u>114,792,092</u>	<u>(7,079,651)</u>	<u>83,047</u>	<u>107,629,394</u>
Internal Service				
Capital assets, being depreciated				
Intangibles	280,858			280,858
Equipment	24,279,469	1,590,308	1,766,037	24,103,740
Total capital assets being depreciated	<u>24,560,327</u>	<u>1,590,308</u>	<u>1,766,037</u>	<u>24,384,598</u>
Less accumulated depreciation:				
Intangibles	107,044	24,780		131,824
Equipment	19,268,202	1,534,329	1,733,359	19,069,172
Total accumulated depreciation	<u>19,375,246</u>	<u>1,559,109</u>	<u>1,733,359</u>	<u>19,200,996</u>
Total internal service capital assets being depreciated, net	<u>5,185,081</u>	<u>31,199</u>	<u>32,678</u>	<u>5,183,602</u>
Governmental activity capital assets depreciable, net	<u>\$ 119,977,173</u>	<u>\$ (7,048,452)</u>	<u>\$ 115,725</u>	<u>\$ 112,812,996</u>

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

General government	\$ 546,446
Public safety	408,454
Highways and streets	4,091,873
Public services	643,810
Culture and recreation	2,329,474
Total	<u>\$ 8,020,057</u>

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

C. Capital Assets (continued)

A summary of business-type property and equipment at June 30, 2014, follows:

	Balance July 1, 2013	Additions	Disposals & Reduction to CIP	Balance June 30, 2014
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ 3,800,130	\$ 2,991,936	\$ -	\$ 6,792,066
Capital assets, being depreciated:				
Infrastructure	126,750,020	2,448,054		129,198,074
Intangibles	1,507,498			1,507,498
Equipment	1,382,172	46,008		1,428,180
Total water and sewer fund	<u>129,639,690</u>	<u>2,494,062</u>	<u>-</u>	<u>132,133,752</u>
Less accumulated depreciation:				
Infrastructure	68,886,528	4,636,754		73,523,282
Intangibles	673,191	75,904		749,095
Equipment	1,066,739	51,884		1,118,623
Total accumulated depreciation	<u>70,626,458</u>	<u>4,764,542</u>	<u>-</u>	<u>75,391,000</u>
Total capital assets, being depreciated	<u>59,013,232</u>	<u>(2,270,480)</u>	<u>-</u>	<u>56,742,752</u>
Total capital assets	<u>\$ 62,813,362</u>	<u>\$ 721,456</u>	<u>\$ -</u>	<u>\$ 63,534,818</u>

A summary of discretely presented component unit property and equipment at June 30, 2014, follows:

	Balance July 1, 2013	Additions	Disposals & Reduction to CIP	Balance June 30, 2014
Cornerstone Development Authority				
Capital assets, being depreciated				
Land improvement	\$ 265,066			\$ 265,066
Less: accumulated depreciation	19,880	\$ 13,253		33,133
Total capital assets, being depreciated	<u>\$ 245,186</u>	<u>\$ (13,253)</u>	<u>\$ -</u>	<u>\$ 231,933</u>

Construction and Other Significant Commitments

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

	Commitments
Street construction	\$ 3,361,443
Equipment	96,620
Demolition work	13,999
Building & park improvements	174,575
Water system improvements	2,963,679
	<u>\$ 6,610,316</u>

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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.

	July 1, 2013	Additions	Deductions	June 30, 2014	Due - 1 Year	Due - More 1 Year
GOVERNMENTAL ACTIVITIES						
General obligation debt						
* 1.625% to 5.375 % Drains-at-large, City's share of county debt						
City's share of county debt	\$ 6,899,036		567,624	6,331,412	582,756	5,748,656
4.75% to 5.5% Library building authority general obligation Limited Tax	25,115,000		915,000	24,200,000	1,010,000	23,190,000
2.5% to 4.5% - 2003 general obligation limited tax	260,000		260,000	-		
1.78% -2012 general obligation limited tax refunding	3,430,000		45,000	3,385,000	310,000	3,075,000
Unamortized discounts on bonds	(51,939)	6,373		(45,566)		
3.25% to 4.0% Michigan transportation fund bonds	7,390,000		920,000	6,470,000	965,000	5,505,000
Total governmental debt	43,042,097	6,373	2,707,624	40,340,846	2,867,756	37,473,090
Other long-term obligations						
Compensated absences	8,361,316	2,921,280	3,413,574	7,869,022	3,068,918	4,800,104
Michigan tax tribunal contingency	437,705	769,202	316,590	890,317		890,317
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	350,775	62,790	42,491	371,074	137,293	233,782
Total governmental long-term debt	\$ 52,191,893	3,759,645	6,480,279	49,471,259	6,073,967	43,397,292
BUSINESS-TYPE ACTIVITIES						
State of Michigan water supply and sewage disposal bonds series 1999 2.25 to 2.5%	\$ 17,388,789		2,015,000	15,373,789	2,065,000	13,308,789
Other long-term obligations						
Compensated absences	188,208	59,888	34,264	213,832	76,979	136,853
Total business-type long-term debt	17,576,997	59,888	2,049,264	15,587,621	2,141,979	13,445,642
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	2,735,468		50,000	2,685,468		2,685,468
Compensated absences	8,853	3,427	1,290	10,990		10,990
Michigan tax tribunal contingency	36,649			36,649		36,649
Total governmental component units long-term debt	2,780,970	3,427	51,290	2,733,107		2,733,107
Total debt	\$ 72,549,860	3,822,960	8,580,833	67,791,987	8,215,946	59,576,041

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

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. 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.

By statute, the City's general obligation and component unit debt in the aggregate is restricted to 10% of the state equalized value of all property within the City. The City's special assessment debt is restricted to 12%. The City currently has no outstanding special assessment debt. For the current year, the state equalized value of the property within the City was \$ 2,598,323,880. The City has issued and outstanding \$33,916,411 of general obligation bonds, subject to a limit of \$259,832,388.

The contractual obligations to the State within the Business-type activities in the previous exhibit are the result of the State issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the water and sewer fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water and sewer mains to include the west side of the City. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$16,916,000. During the current year, net operating revenues of the system, was \$1,875,083 compared to the annual debt requirement of \$2,400,396.

The annual requirements (excluding the other long-term obligations) on bonded debt to pay principal and to pay interest on debt outstanding at June 30, 2014 (in thousands of dollars) are as follows:

	Governmental activities			Business-type Water and sewer		
	Prin.	Int.	Total	Prin.	Int.	Total
2015	\$ 2,864	\$ 1,732	\$ 4,596	\$ 2,065	\$ 373	\$ 2,438
2016	3,023	1,623	4,646	2,120	323	2,443
2017	3,192	1,507	4,699	2,170	272	2,442
2018	3,389	1,384	4,773	2,225	220	2,445
2019	3,570	1,251	4,821	2,267	166	2,433
2020	3,749	1,108	4,857	2,215	111	2,326
2021	2,662	957	3,619	1,565	58	1,623
2022	2,723	846	3,569	747	19	766
2023	2,619	731	3,350			
2024	2,519	615	3,134			
2025	1,712	511	2,223			
2026	1,703	414	2,117			
2027	1,693	331	2,024			
2028	1,683	247	1,930			
2029	1,667	164	1,831			
2030	1,618	81	1,699			
Total	\$ 40,386	\$ 13,502	\$ 53,888	\$ 15,374	\$ 1,542	\$ 16,916

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations (continued)

Defeased Debt:

In 2013, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the general purpose financial statements. At June 30, 2014, \$3,260,000 million of bonds outstanding are considered defeased.

E. Interfund Balances and Transfers

Interfund receivable and payable balances related to the governmental, associated governmental and business-type funds at June 30, 2014 are as follows:

Receivable Fund	Payable Fund				Total payable fund
	General fund	Non-major funds	Internal service funds	Water and sewer fund	
General fund		\$ 685,682	\$ 1,633,008	\$ 66,487	\$ 2,385,177
Other non-major funds	\$ 603,408	36,676	50,669	4,180	694,933
Total governmental activities	603,408	722,358	1,683,677	70,667	3,080,110
Associated governmental activities:					
Internal service funds	48,003	262,973		37,329	348,305
Water and sewer fund		20,330			20,330
Total receivable fund	\$ 651,411	\$ 1,005,661	\$ 1,683,677	\$ 107,996	\$ 3,448,745

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.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

E. Interfund Balances and Transfers (continued)

Interfund transfer revenues and expenditures related to the governmental & associated governmental funds at June 30, 2014 are as follows:

Transfers Out:	Transfers In			Total transfers out
	Non-major governmental funds	Internal service	Water	
Governmental activities:				
General fund	\$ 1,157,929	\$ 397,153		\$ 1,555,082
Other non-major funds	<u>887,403</u>	<u>132,220</u>		<u>1,019,623</u>
Total governmental activities	2,045,332	529,373	\$ -	2,574,705
Associated governmental activities:				
Internal service funds	<u>1,886,919</u>		<u>263,300</u>	<u>2,150,219</u>
Total transfers in	<u>\$ 3,932,251</u>	<u>\$ 529,373</u>	<u>\$ 263,300</u>	<u>\$ 4,724,924</u>

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.

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

PRIMARY GOVERNMENT

Non-major governmental

Parks & recreation	\$ 24,603
Capital improvement	1,594,642
Special assessment construction	255,520
Total primary government	<u>\$ 1,874,765</u>

DISCRETELY PRESENTED COMPONENT UNITS

Local development finance authority	\$ 1,401,386
Neighborhood stabilization program	<u>1,284,082</u>
Total component units	<u>\$ 2,685,468</u>

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

A. Fund Balance Constraints

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

	<u>Major fund</u>	<u>Non-major funds</u>
	General	Other
	<u>fund</u>	<u>governmental</u>
Non-spendable		
Prepays	\$ 631,003	\$ 249,055
Inventory	312,654	
Restricted for:		
Right-of-way funds/metro authority	986,911	
Sanitation reserve	287,158	
Deposits held with Oakland County		37,130
Deposits held for Lahser road project		453,008
Major streets		3,514,803
Local streets		3,591,842
Parks and recreation		4,278,499
Cable PEG fees		680,750
Drug law enforcement		381,862
Grants		152,770
Library		5,259,375
Michigan works grants		91,302
Auto theft grant		604
Donations, memorial trusts & sponsorships		803,610
Drains-at-large debt		1,073,226
Library building authority construction		768,835
Special assessment construction		348,400
Committed to:		
Specific programs (General)		
Dispatch improvements	735,021	
Emergency cleanup	662,464	
Equalization reserve	2,000,000	
Tax base initiatives reserve	7,250,000	
Specific programs (Cable television)		
Franchise fees – general cable operations		4,080,861
Equipment replacement		250,000
Donations, memorial trusts & sponsorships		492,080
Special assessment construction		234,287
Assigned to:		
* Encumbrances	129,519	
Subsequent year's expenditures	457,450	
Capital improvement construction		1,962,596
Special assessment construction		1,887,336
Unassigned		
General fund	7,826,124	
Block grant		(162,584)
	\$ <u>21,278,304</u>	\$ <u>30,429,647</u>

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

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

A. Fund Balance Constraints (continued)

Of the amounts restricted for Major streets, Local streets, Parks and Recreation, Library and Drains-at-Large, Council has placed additional constraints on those amounts in order to earmark a portion for the following purposes:

	Non-major funds
	<u>Other governmental</u>
Council approved earmarks on restricted assets:	
Specific programs (Major streets)	
Equalization reserves	\$ 16,000
Specific programs (Local streets)	
Equalization reserves	154,200
Specific programs (Parks and recreation)	
Equalization reserves	243,400
Bedford woods	166,582
SMART programs	31,552
Specific programs (Library)	
Equalization reserves	350,000
Capital projects	554,676
Residential program initiatives	29,754
Technological development	133,633
Specific programs (Drains-at-large)	
Equalization reserves	50,000

B. Property Taxes

Property taxes are levied each July 1 on the taxable value of property, as equalized by the State 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, 2012 valuation, was \$2,598,323,880 and the unadjusted taxable value was \$2,437,203,620. 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 24.5011 (excluding the CDA millage). The sum of these rates generated \$57,328,264 in property tax revenues reported on the financial statements net of adjustments.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

B. Property Taxes (continued)

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 2013 rate of inflation cap of 2.4%, the City of Southfield's 2012-13 State Equalized Evaluation (SEV) of \$2,598,323,880 was capped at a Taxable Assessed Valuation (TAV) of \$2,437,203,620.

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.

C. 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 and for workers compensation claims up to \$600,000 per occurrence. Settled claims relating to the commercial insurance 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 \$167 million, with the City's self insured retention responsibility being as follows;

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

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

C. Contingencies (continued)

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

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

	2014	2013
Estimated liability - beginning of year	\$ 1,693,623	\$ 1,785,061
Estimated claims incurred, including reinsurance premiums and changes in estimates	2,849,084	1,154,027
Claim and insurance premium payments and reinsurance recoveries	<u>(1,555,824)</u>	<u>(1,245,465)</u>
Estimated liability - end of year	<u>\$ 2,986,883</u>	<u>\$ 1,693,623</u>

The City estimates that claims incurred but not reported for the self-insured medical plan totaled \$513,984 as of June 30, 2014. This liability is recorded as part of the general and medical claims' liability at June 30, 2014, reduced by the year-end settlement of amounts overpaid during the fiscal year of \$464,178 for net liability of \$49,716.

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.

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling \$76,656,376 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$1,873,058 for the governmental funds, exclusive of interest and penalties. However, based on management's analysis in conjunction with their third party attorney, the City believes the true potential loss to be \$936,529. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Tribunal issues its ruling.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts

PENSION PLAN DESCRIPTION

Plan administration –

The Southfield Employee Retirement System Pension Board administers the City of Southfield General Employees’ Pension Plan (SERS) - a single employer defined benefit pension plan that provides pensions for all permanent full-time general employees of the City of Southfield (the “City”). Benefit terms have been established by contractual agreements between the City and the various employee union representation for employees in a collective bargaining group; the benefit terms are established by the City council and may be amended by future council actions for the non-union employees. Amendments are subject to the same process.

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, one appointed by the Mayor. There is also one Alternate Member, who serves as an alternate only to the three members appointed by the City Council.

The Southfield Fire & Police Retirement System Pension Board administers the City of Southfield Fire & Police Retirement System (FPRS) - a single employer defined benefit pension plan that provides pensions for all Fire & Police employees of the City of Southfield (the “City”). Benefit terms have been established by P.A. Act 345 and contractual agreements between the City and the various Fire & Police unions; the benefit terms are established by P.A. Act 345 and may be amended by future union contracts. Amendments are subject to the same process.

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.

Plan membership –

At June 30, 2014, the SERS pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	317
Inactive plan members entitled to but not yet receiving benefits	39
Active plan members	<u>262</u>
Total	<u><u>618</u></u>

At June 30, 2014, the FPRS pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	308
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>214</u>
Total	<u><u>524</u></u>

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Benefits provided –

The SERS pension plan provides retirement, disability, and death benefits. Benefit terms are established by contractual agreements between the City and the various employee union representation for employees in a collective bargaining group. The benefit terms are established by the City council and may be amended by future council actions for the non-union employees. Amendments are subject to the same process.

Two individuals receive benefits from the SERS pension plan that are attributable to the purchase of an insurance contract. One individual collects \$230.18/month as a retiree, plus \$164.45/month as the surviving spouse of a retiree. The second individual collects \$460.42/month as the surviving spouse of an employee who died in service after satisfying the vesting requirement. The benefits were based on the pension formula in place at the commencement of the benefit (years of service x final average compensation x multiplier x reduction factor (if any, due to early retirement or joint & survivor option)). The obligation for these payments was transferred to Royal Maccabees insurance company, which has since transferred the obligation to a payment agent.

The FPRS pension plan provides retirement, disability, and death benefits. Benefit terms are established by P.A. 345 and contractual agreements between the City and the Fire & Police unions; Benefit terms have been established by P.A. Act 345 and contractual agreements between the City and the various Fire & Police unions; the benefit terms are established by P.A. Act 345 and may be amended by future union contracts. Amendments are subject to the same process.

Contributions –

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the SERS & FPRS Pension Boards retain independent actuaries to determine the annual contributions. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

SERS contribution requirements of plan members are established and may be amended by the City Council in accordance with the City Charter, union contracts and plan provisions. For the year ended June 30, 2014, the average active member contribution rate was 4.98 percent of annual pay, and the City's average contribution rate was 23.39 percent of annual payroll.

FPRS contribution requirements of plan members are established and may be amended by union contracts. For the year ended June 30, 2014, the average active member contribution rate was 3 percent of annual pay, and the City's average contribution rate was 31.68 percent of annual payroll.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Deferred Retirement Option Program –

The FPRS plan offers certain employees the ability to continue service and be paid a salary after they are fully vested; this program credits the employee for benefit payments that would have been paid, and pays them out with interest at either 4% or 2% depending on union and DROP date after the employee has fully retires (discontinued providing employee services to the City of Southfield). At June 30, 2014 the Plan has \$9,158,471 accumulated in DROP accounts for active members in the program as well as \$4,178,783 accumulated in DROP accounts for members who have retired but have not yet withdrawn those funds.

PENSION PLAN INVESTMENTS – POLICY AND RATE OF RETURN

Investment policy –

The SERS pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. It is the policy of the City Council to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Plan’s adopted asset allocation policy as of June 30, 2014:

Asset class	Target Allocation
Large cap equity	20%
Mid and small cap equity	28%
International equity	12.50%
U.S. fixed income	20%
Global Fixed income	5%
Real estate	6%
Timberlands	3.50%
Hedge Funds	5%
Cash or cash equivalents	0%

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

The FPRS plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Plan's adopted asset allocation policy as of June 30, 2014:

Asset class	Target Allocation
Domestic equity	34%
International equity	17%
U.S. fixed income	25%
Real estate	14%
Hedge Funds	10%
Cash or cash equivalents	0%

Concentrations –

At June 30, 2014, the SERS plan held approximately 21.7% of its investment portfolio in the Comerica S&P 500 Index Fund and 7.8% of its investment portfolio in the WCM International Equity Fund.

At June 30, 2014, the FPRS plan held approximately 8.18% of its investment portfolio in the Loomis Sayles LC Value Fund, 8.91% of its investment portfolio in the NTGI S&P Midcap 400 Fund, 11.28% of its investment portfolio in the LSIA Dividend Aristocrats Fund, 5.51% of its investment portfolio in the Morgan Dempsey, 7.14% of its investment portfolio in the 1607 Capital Partners Fund, 5.10% of its investment portfolio in the WHV Investment Management Fund, 13.05% of its investment portfolio in the Loomis Sayles Full Discretion Fund, 13.06% of its investment portfolio in the Bradford & Marzec Fund and 9.84% of its investment portfolio in the Nantucket Institutional Hedge Fund.

Rate of return –

For the year ended June 30, 2014, the annual money-weighted rate of return on SERS pension plan investments, net of pension plan investment expense, was 26.99 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

For the year ended June 30, 2014, the annual money-weighted rate of return on the FPRS pension plan investments, net of pension plan investment expense, was 17.72 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

NET PENSION LIABILITY OF THE CITY

The City reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the City will adopt GASB 68 which will required the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the City has been measured as of June 30, 2014 and is composed of the following for the SERS plan:

Total pension liability	\$ 137,669,503
Plan fiduciary net position	<u>118,028,927</u>
City's net pension liability	<u><u>\$ 19,640,576</u></u>
Plan fiduciary net position, as a percentage of the total pension liability	<u>85.73%</u>

The net pension liability of the City has been measured as of June 30, 2014 and is composed of the following for the FPRS plan:

Total pension liability	\$232,309,802
Plan fiduciary net position	<u>202,899,679</u>
City's net pension liability	<u><u>\$ 29,410,123</u></u>
Plan fiduciary net position, as a percentage of the total pension liability	<u>87.34%</u>

Actuarial assumptions –

The June 30, 2014 total pension liability was determined by an actuarial valuation as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement for the SERS plan:

Inflation	3.5 percent
Salary increases	3.5 to 9.5 percent including inflation
Investment rate of return	8.0 percent, net of pension plan investment expense, including inflation

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

The June 30, 2014 total pension liability was determined by an actuarial valuation as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement for the FPRS plan:

Inflation	4.0 percent
Salary increases	4.0 to 9.0 percent including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates for SERS were based on the RP-2000 Mortality Combined Healthy Tables, projected to 2015, with a 1 year set-forward for males.

Mortality rates for FPRS were based on the RP-2000 Mortality Combined Healthy Tables, projected to 2015.

For SERS & FPRS plan the actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

Discount rate –

For the SERS plan, a single discount rate of 8.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For purposes of the valuation, the expected rate of return on pension plan investments is 8.00%; the municipal bond rate is 4.29%; and the resulting single discount rate is 8.00%.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

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. Best estimates of arithmetic real rates of return as of June 30, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset class	Long-term expected real rate of return
Domestic Large Cap Equity:	9.60%
Domestic Mid Cap Equity:	11.60%
Domestic Small Cap Equity:	7.70%
International Equity:	6.00%
Emerging Markets Equity:	7.20%
Domestic Core Fixed	3.50%
High Yield:	6.00%
International Fixed	3.00%
Emerging Market Debt:	7.10%
Alternatives:	10.20%

For the FPRS plan, a single discount rate of 7.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 allocations were provided by the client as of June 30, 2014. Best estimates of arithmetic real rates of return were approximated using expected returns from eight investment consultants. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Asset class	Long-term expected real rate of return
Domestic Equity:	6.28%
International Equity:	6.46%
US Fixed Income:	2.03%
Real Estate:	4.45%
Hedge Funds:	3.77%
Cash:	-0.10%

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the SERS plan's net pension liability, calculated using a single discount rate of 8.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% decrease	Current discount rate	1% increase
	7.00%	8.00%	9.00%
Net pension liability of the City	\$33,517,488	\$19,640,576	\$7,702,186

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the FPRS plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% decrease	Current discount rate	1% increase
	6.75%	7.75%	8.75%
Net pension liability of the City	\$52,388,168	\$29,400,123	\$9,989,768

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the SERS and FPRS for the current year are as follows:

	SERS		
	2014	2013	2012
Annual required contribution/pension cost	\$ 3,108,024	\$ 2,498,235	\$ 2,677,559
Contribution made	<u>(3,108,024)</u>	<u>(2,498,235)</u>	<u>(2,677,559)</u>
Increase (decrease) in net pension obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	FPRS		
	2014	2013	2012
Annual required contribution/pension cost	\$ 5,756,046	\$ 5,107,319	\$ 4,004,031
Contribution made	<u>(5,756,046)</u>	<u>(5,107,319)</u>	<u>(4,004,031)</u>
Increase (decrease) in net pension obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Funded Status and Funding Progress

The schedules of funding progress, presented as Required Supplemental Information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

SERS – as of June 30, 2013 valuation, the plan was 68.1 percent funded. The actuarial accrued liability for benefits was \$138.4 million, and the actuarial value of assets was \$94.2 million resulting in an unfunded actuarial accrued liability of \$44.2 million. The covered payroll (annual payroll for active employees covered by the plan) was \$14.1 million. The ratio of the unfunded actuarial accrued liability to the covered payroll was 314.1%.

FPRS – as of June 30, 2013 valuation, the plan was 82.2 percent funded. The actuarial accrued liability for benefits was \$220.7 million, and the actuarial value of assets was \$181.3 million resulting in an unfunded actuarial accrued liability of \$39.4 million. The covered payroll (annual payroll for active employees covered by the plan) was \$18.8 million, and the ratio for the actuarial accrued liability to the covered payroll was 209.1%.

Actuarial Methods and Assumptions

- 1) Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an entry age normal for SERS individual entry-age actuarial cost method for FPRS having the following assumptions.
 - The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the members benefit at the time of retirement
 - Each annual normal cost is a constant percentage of the members year-by-year projected covered pay.
- 2) Unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent-of-payroll contributions over a period of 27 years for SERS and 24 years for FPRS on a closed basis for both plans. Unfunded actuarial accrued liabilities (the portion of total liabilities not covered by present assets or expected future normal cost contributions) were amortized by level percent-of-payroll contributions.

Actuarial assumptions for FPRS include an assumed rate of inflation of 4.0%, an assumed investment income rate of 7.75% and a 4 year smoothed market asset valuation method prior to 6/30/12 and 5 year smoothed market asset valuation method starting 6/30/12, for SERS, an assumed rate of inflation of 3.5%, an assumed investment rate of return of 8%, and a 5 year smoothed market asset valuation method.

If the number of active members remains constant, then the total active member payroll projected salary increases in SERS are 3.5 to 9.5% for seniority/merit which includes 3.5% annually for inflation, and 4.0 to 9.0% for seniority/merit in FPRS which includes 4.0% annually for inflation.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Each annual normal cost is a constant percentage of the members' year by year projected covered pay. The funding credit and unfunded actuarial accrued liabilities are amortized as a level percent of payroll over a period of 27 years for SERS and 24 years for FPRS. The aggregate unfunded actuarial accrued liability/full funding credit for the FPRS is not amortized. The interest on the full funding credit offsets normal cost contributions.

E. Other Post-Employment Benefits

Plan description: The City provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Care Benefits Plan and Trust (the "Trust") under Section 115 of the Internal Revenue Code of 1986 as amended. Benefits are provided to FPRS employees and SERS groups. As of June 30, 2013 the most recent valuation prepared, the SERS Trust and the FPRS Trust plans have 554 and 488 members respectively (including employees in active service, terminated employees' not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single employer defined benefit plan administered by the City of Southfield Retiree Health Care Benefits Plan and Trust. The benefits are provided under collective bargaining agreements or other legal authority for providing benefits. The plan does not issue a separate stand-alone financial statement.

Funding policy: The collective bargaining agreements (or other legal authority) require a contribution of two percent of bi-weekly pay for all Trust members. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). Administrative costs are paid by the Plan through employer contributions.

Funding progress: For the year ended June 30, 2014 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2011. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation's computed contribution and actual funding are summarized on the following page:

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits (continued)

	SERS	FPRS	Total
Annual required contribution (recommended)	\$ 6,899,819	\$ 9,294,221	\$ 16,194,040
Interest on the prior year's net OPEB obligation	748,422	1,045,447	1,793,869
Less: Adjustment to the annual required contribution	<u>(589,266)</u>	<u>(769,781)</u>	<u>(1,359,047)</u>
Annual OPEB cost	\$ 7,058,975	\$ 9,569,887	\$ 16,628,862
Amounts contributed:			
Advanced funding	\$ 2,748,108	\$ 4,422,921	\$ 7,171,029
Total OPEB contributions	<u>2,748,108</u>	<u>4,422,921</u>	<u>7,171,029</u>
Change in Net OPEB obligation	<u>4,310,867</u>	<u>5,146,966</u>	<u>9,457,833</u>
Beginning year Net OPEB obligation, as restated	<u>12,473,699</u>	<u>17,424,117</u>	<u>29,897,816</u>
End of year Net OPEB obligation (asset)	<u>\$ 16,784,566</u>	<u>\$ 22,571,083</u>	<u>\$ 39,355,649</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year is as follows:

SERS	2014	2013	2012
Annual OPEB costs	\$ 7,058,975	\$ 7,002,783	\$ 5,209,106
Percentage contributed	<u>38.9%</u>	<u>37.1%</u>	<u>82.5%</u>
Net OPEB obligation (asset)	\$ 16,784,566	\$ 12,473,699	\$ 4,280,509

FPRS	2014	2013	2012
Annual OPEB costs	\$ 9,569,887	\$ 9,484,357	\$ 7,038,481
Percentage contributed	<u>46.2%</u>	<u>43.0%</u>	<u>114.8%</u>
Net OPEB obligation (asset)	\$ 22,571,083	\$ 17,424,117	\$ (2,809,209)

Total	2014	2013	2012
Annual OPEB costs	\$ 16,628,862	\$ 16,487,140	\$ 12,247,587
Percentage contributed	<u>43.1%</u>	<u>40.5%</u>	<u>101.0%</u>
Net OPEB obligation (asset)	\$ 39,355,649	\$ 29,897,816	\$ 1,471,300

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits (continued)

The funding progress of the plan as of the most recent valuation date and two preceding valuation dates are as follows:

Employees Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)	payroll	payroll
2013	\$ 13,488,987	\$ 90,094,989	\$ 76,606,002	14.97%	\$ 14,370,492	533.08%
2011	11,643,081	81,773,727	70,130,646	14.24%	17,423,789	402.50%
2010	9,992,728	79,594,475	69,601,747	12.55%	18,537,947	375.46%

Fire and Police Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)	payroll	payroll
2013	\$ 37,858,962	\$ 135,636,840	\$ 97,777,878	27.91%	\$ 18,554,701	526.97%
2011	35,930,261 *	124,887,228	88,956,967	28.77%	19,677,191	452.08%
2010	31,298,427 *	123,265,132	91,966,705	25.39%	20,681,885	444.67%

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

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits (continued)

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

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

In the June 30, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.0 percent after ten years. Both rates included a 4.0 percent inflation assumption for Fire and Police; while the general employees' is assumed to be 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was twenty-eight years.

F. Deferred Compensation Plan

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

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

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

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

G. Upcoming Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component unit's statement will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of the Statement are effective for financial statements for the year ending June 30, 2015.

In January 2013, the Governmental Accounting Standards Board issued GASB Statement No. 69, Government Combinations and Disposals of Government Operations. Until now, government had been accounting for mergers, acquisitions and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment. The Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. The Statement also requires that disclosures be made by government operations. GASB Statement No. 69 is required to be adopted for years beginning after December 15, 2013. The City is currently evaluating the impact this standard will have on financial statements when adopted, during the City's 2014-2015 fiscal year.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2014

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 41,323,811	\$ 41,323,811	\$ 44,846,301	\$ 3,522,490
Charges for services	3,191,291	3,191,291	3,182,310	(8,981)
Sanitation	3,079,250	3,079,250	3,070,933	(8,317)
Licenses and permits	2,207,126	2,207,126	2,465,614	258,488
Fines and forfeitures	4,516,828	4,516,828	4,477,227	(39,601)
Intergovernmental:				
Federal	990,074	990,074	1,270,260	280,186
State	6,492,763	6,492,763	6,508,992	16,229
Other	616,201	616,201	628,537	12,336
Net investment earnings	200,000	200,000	471,005	271,005
Other	276,180	276,180	427,067	150,887
Total revenues	<u>62,893,524</u>	<u>62,893,524</u>	<u>67,348,246</u>	<u>4,454,722</u>
EXPENDITURES				
General government:				
Council	166,454	166,454	151,953	14,501
Mayor	198,750	198,750	194,324	4,426
Administration	499,922	499,922	447,787	52,135
Legal	968,988	968,995	847,031	121,964
Clerk's	887,439	894,715	671,768	222,947
Human resources	679,992	681,192	681,176	16
Finance/OMB	614,825	614,892	511,364	103,528
Other - unclassified	4,538,171	4,607,170	4,125,880	481,290
Total general government	<u>8,554,541</u>	<u>8,632,090</u>	<u>7,631,283</u>	<u>1,000,807</u>
Public Safety:				
Police	20,428,737	20,461,255	20,585,585	(124,330)
Fire	14,918,015	14,918,891	14,768,004	150,887
Building and safety engineering	2,645,611	2,652,064	2,570,437	81,627
46th Michigan district court	3,464,060	3,482,377	3,121,132	361,245
Civilian support services	3,319,205	3,320,222	3,185,829	134,393
Total public safety	<u>44,775,628</u>	<u>44,834,809</u>	<u>44,230,987</u>	<u>603,822</u>
Public Services:				
Community development	138,660	138,660	136,701	1,959
Sanitation	3,170,523	3,170,523	2,946,305	224,218
Road service administration	565,100	565,100	541,268	23,832
Total public services	<u>3,874,283</u>	<u>3,874,283</u>	<u>3,624,274</u>	<u>250,009</u>
Social services	231,138	231,138	228,466	2,672
Other:				
Insurance and bonds	586,815	586,815	49,951	536,864
Support services	5,420,784	5,450,583	4,724,481	726,102
Total other	<u>6,007,599</u>	<u>6,037,398</u>	<u>4,774,432</u>	<u>1,262,966</u>
Capital outlay	144,668	144,668	144,668	
Debt service				
Principal retirement			305,000	(305,000)
Interest and fiscal charges	133,450	133,450	65,334	68,116
Total debt	<u>133,450</u>	<u>133,450</u>	<u>370,334</u>	<u>(236,884)</u>
Total expenditures	<u>63,721,307</u>	<u>63,887,836</u>	<u>61,004,444</u>	<u>2,883,392</u>
Excess (deficiency) of revenues over (under) expenditures	(827,783)	(994,312)	6,343,802	7,338,114
OTHER FINANCING USES (Note 3E)				
Transfers out	(157,929)	(1,157,929)	(1,555,082)	(397,153)
Net change in fund balances	(985,712)	(2,152,241)	4,788,720	6,940,961
Fund balances - beginning	16,489,584	16,489,584	16,489,584	-
Fund balances - ending	<u>\$ 15,503,872</u>	<u>\$ 14,337,343</u>	<u>\$ 21,278,304</u>	<u>\$ 6,940,961</u>

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

City of Southfield

Required Supplementary Information

Schedule of Funding Progress

Six-Year Historical Trend Information

Southfield Employee Retirement System pension benefits

(dollar amounts in millions)

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2013 \$	94.2	\$ 138.4	\$ 44.2	68.1 %	\$ 14.1	314.1%
2012	93.6	138.0	44.1	68.0 %	15.4	287.2%
2011	97.3	134.0	36.7	72.6 %	16.8	217.8%
2010	96.2	132.9	36.8	72.3 %	17.8	206.6%
2009	97.9	127.3	29.3	77.0 %	18.7	156.2%
2008	99.5	127.8	28.2	77.9 %	19.2	147.1%

Fire and Police Retirement System pension benefits

(dollar amounts in millions)

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2013 \$	181.3	\$ 220.7	\$ 39.4	82.2 %	\$ 18.8	209.1%
2012	174.2	\$ 211.8	\$ 37.6	82.3 %	19.0	198.2%
2011	183.0	206.4	23.4	88.7 %	19.7	118.9%
2010	192.2	200.1	7.9	96.1 %	20.7	38.2%
2009	202.6	195.5	(7.1)	103.6 %	19.5	-
2008	208.8	194.2	(14.6)	107.5 %	20.3	-
2007	197.0	183.7	(13.3)	107.2 %	19.4	-

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

Southfield Employee Retirement System pension benefits

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contributions	3,108,024	2,498,235	2,677,559	2,804,144	2,885,356	2,809,926	2,697,591	2,962,888	2,575,412	1,440,219
Contributions in relation to the actuarially determined contribution	3,108,024	2,498,235	2,677,559	2,804,144	2,885,356	2,809,926	2,697,591	2,962,888	2,575,412	1,606,922
Contribution deficiency	-	-	-	-	-	-	-	-	-	(166,703)
Covered Employee Payroll	14,054,199	15,400,000	16,800,000	17,800,000	18,700,000	19,200,000	19,600,000	19,900,000	19,900,000	21,400,000
Contribution as a Percentage of Covered Employee Payroll	22.11%	16.22%	15.94%	15.75%	15.43%	14.64%	13.76%	14.89%	12.94%	6.73%

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-Age Normal
Amortization method Level percentage, Closed
Remaining amortization period 27 years
Asset valuation method 5- year smoothed market
Inflation 3.50% wage inflation; no explicit price inflation assumption is used in this valuation
Investment rate of return 8.00% (net of investment and administrative expenses)
Salary increases 3.50% to 9.50% including wage inflation
Retirement age Experience-based table of rates that are specific to the type of eligibility condition.
Mortality RP-2000 Mortality Combined Healthy Tables, projected to 2015, with a 1 year set-forward for males
Other information None

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

Fire and Police Retirement System pension benefits

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contributions	5,256,046	5,107,319	4,004,031	3,229,416	3,330,660	3,066,652	3,311,991	3,318,326	3,559,734	3,733,960
Contributions in relation to the actuarially determined contribution	5,256,046	5,107,319	4,004,031	3,229,416	3,330,660	3,066,652	3,311,991	3,318,326	3,559,734	3,731,299
Contribution deficiency	-	-	-	-	-	-	-	-	-	2,661
Covered Employee Payroll	18,819,454	19,000,000	19,700,000	20,700,000	20,900,000	21,200,000	20,100,000	19,800,000	19,600,000	20,400,000
Contribution as a Percentage of Covered Employee Payroll	27.93%	26.88%	20.33%	15.60%	15.94%	14.47%	16.48%	16.76%	18.16%	18.30%

Actuarial valuation information relative to the determination of contributions:

Valuation date 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 24 Years
Asset valuation method 5-year smoothed market, starting June 30, 2012
4-year smoothed market, prior to June 30, 2012
Investment rate of return 7.75% (net of investment and administrative expenses)
Inflation 4.0% wage inflation; no explicit price inflation assumption is used in this valuation
Salary increases 4.0% to 9.0% including wage inflation
Retirement age Experience-based table of rates that are specific to the type of eligibility condition.
Mortality RP-2000 Mortality Combine Health Tablesm projected to 2015
Other information The Plan Fiduciary Net Position includes the following balances as of June 30, 2014; DROP Account Balances - \$9,158,471, Reserve for Inflation Equity - \$2,192,991, and Retiree Account Balances to be Disbursed - \$5,058,318

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

	2014
Total pension liability	
Service cost	\$ 1,716,931
Interest	10,496,636
Benefit payments, including refunds	<u>(9,787,091)</u>
Net change in total pension liability	<u>2,426,476</u>
Total pension liability – beginning of year	<u>135,243,027</u>
Total pension liability – end of year	<u><u>137,669,503</u></u>
Plan fiduciary net position	
Contributions – employer	3,108,024
Contributions – member	717,449
Net investment income	19,846,251
Benefit payments, including refunds	(9,787,091)
Other—Pension plan administrative expense	<u>(121,077)</u>
Net change in plan fiduciary net position	<u>13,763,556</u>
Plan fiduciary net position – beginning of year	<u>104,265,371</u>
Plan fiduciary net position – end of year	<u><u>118,028,927</u></u>
City's net pension liability - ending	<u>19,640,576</u>
Plan fiduciary net position as a % of total pension liability	<u>85.73%</u>
Covered employee payroll	<u>14,054,199</u>
City's net pension liability as a % of covered employee payroll	<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

	2014
Total pension liability	
Service cost	\$ 2,967,577
Interest	17,120,568
Benefit payments, including refunds	(14,410,229)
Net change in total pension liability	<u>5,677,916</u>
Total pension liability – beginning of year	<u>226,631,886</u>
Total pension liability – end of year	<u><u>232,309,802</u></u>
Plan fiduciary net position	
Contributions – employer	5,256,046
Contributions – member	475,435
Net investment income	30,545,333
Benefit payments, including refunds	(14,410,229)
Other—Pension plan administrative expense	(342,022)
Net change in plan fiduciary net position	<u>21,524,563</u>
Plan fiduciary net position – beginning of year	<u>181,375,116</u>
Plan fiduciary net position – end of year	<u><u>202,899,679</u></u>
City's net pension liability - ending	<u>29,410,123</u>
Plan fiduciary net position as a % of total pension liability	<u>87.34%</u>
Covered employee payroll	<u>18,819,454</u>
City's net pension liability as a % of covered employee payroll	<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 Investment Returns
Last Ten Fiscal Years

Southfield Employee Retirement System pension benefits

2014

Annual money-weighted rate of return, net of investment expense	26.99%
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Fire and Police Retirement System pension benefits

2014

Annual money-weighted rate of return, net of investment expense	17.72%
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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 the Adopted Budget to Final Presentation Reconciliation

While the City doesn't 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	
	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 65,599,556	\$ 65,599,556
Transfers		(157,929)
Reimbursements	(1,720,320)	(1,720,320)
Fund balance draws	(985,712)	
Original (as presented)	<u>62,893,524</u>	<u>63,721,307</u>
Approved encumbrances		166,529
Final (as presented)	<u>\$ 62,893,524</u>	<u>\$ 63,887,836</u>

NON-MAJOR FUNDS

	Major Streets		Local Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 8,306,016	\$ 8,306,016	\$ 5,212,249	\$ 5,212,249
Transfers	(2,286,212)		(500,000)	(700,000)
Reimbursements	(550,000)	(550,000)	(650,000)	(650,000)
Fund balance draws	(1,820,020)		(1,083,918)	
Approved encumbrances		1,293,771		81,990
Council adjustments	1,586,212	1,586,212	500,000	500,000
Final (as presented)	<u>\$ 5,235,996</u>	<u>\$ 10,635,999</u>	<u>\$ 3,478,331</u>	<u>\$ 4,444,239</u>

	Parks and Recreation	
	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 6,735,640	\$ 6,735,640
Transfers		(319,623)
Reimbursements	(72,535)	(72,535)
Fund balance draws	(505,187)	
Approved encumbrances		3,863
Final (as presented)	<u>\$ 6,157,918</u>	<u>\$ 6,347,345</u>

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation

(continued)

NON-MAJOR FUNDS

	Cable Television		Block Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,108,949	\$ 1,108,949	\$ 422,900	\$ 422,900
Approved encumbrances		12,308		
Council adjustments		353,640	250,000	250,000
Final (as presented)	<u>\$ 1,108,949</u>	<u>\$ 1,474,897</u>	<u>\$ 672,900</u>	<u>\$ 672,900</u>

	Drug Law Enforcement		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 415,487	\$ 415,487		
Fund balance draws	(21,549)			
Approved encumbrances		23,971		
Council adjustments		22,798		
Final (as presented)	<u>\$ 393,938</u>	<u>\$ 462,256</u>	<u>\$ -</u>	<u>\$ -</u>

	Library		Michigan Works Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,354,461	\$ 7,354,461	\$ 3,300,000	\$ 3,300,000
Fund balance draws	(828,418)			
Approved encumbrances		2,596		203
Final (as presented)	<u>\$ 6,526,043</u>	<u>\$ 7,357,057</u>	<u>\$ 3,300,000</u>	<u>\$ 3,300,203</u>

	Auto Theft Grant		Donations, Memorial Trusts & Sponsorships	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 304,220	\$ 304,220	\$ 200,000	\$ 200,000
Transfers	(157,929)			
Fund balance draws			(50,000)	
Final (as presented)	<u>\$ 146,291</u>	<u>\$ 304,220</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>

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City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 17,787,701	\$ 1,096,479	\$ 6,333,387	\$ 25,217,567
Investments	2,679,484		1,344,842	4,024,326
Receivables: (Note 3B)				
Special assessments			407,401	407,401
Other	4,864,098	2,698	10,577	4,877,373
Prepays	110,216		138,839	249,055
Due from other funds (Note 3E)	636,280	7,984	50,669	694,933
Due from component units	123,168			123,168
Due from other governmental units	349,200			349,200
Restricted assets: (Note 3A)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 26,550,147</u>	<u>\$ 1,107,161</u>	<u>\$ 8,322,845</u>	<u>\$ 35,980,153</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 843,098		\$ 74,300	\$ 917,398
Accrued payroll	349,177			349,177
Due to other funds (Note 3E)	825,249	\$ 20,330	160,082	1,005,661
Due to component units	557,653			557,653
Unearned revenue	179,731			179,731
Other short-term liabilities	156,256	11,373		167,629
Advances from local improvement revolving fund (Note 3E)	24,603		1,850,162	1,874,765
Total liabilities	<u>2,935,767</u>	<u>31,703</u>	<u>2,084,544</u>	<u>5,052,014</u>
Deferred inflows of resources - unavailable (Note 3B)	88,390	2,232	407,870	498,492
Fund balance (deficit) : (Note 4A)				
Non-spendable	110,216		138,839	249,055
Restricted	18,755,417	1,073,226	1,607,373	21,436,016
Committed	4,822,941		234,287	5,057,228
Assigned			3,849,932	3,849,932
Unassigned	(162,584)			(162,584)
Total fund balances	<u>23,525,990</u>	<u>1,073,226</u>	<u>5,830,431</u>	<u>30,429,647</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 26,550,147</u>	<u>\$ 1,107,161</u>	<u>\$ 8,322,845</u>	<u>\$ 35,980,153</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, 2014

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 13,445,208	\$ 1,135,934		\$ 14,581,142
Special assessments	14,714		\$ 195,520	210,234
Charges for services	2,371,379			2,371,379
Fines and forfeitures	73,380			73,380
Federal forfeitures	27,631			27,631
Cable royalties	1,907,580			1,907,580
Intergovernmental:				
Federal	2,730,191			2,730,191
State	5,549,546			5,549,546
Other	97,223			97,223
Contributions and donations	442,991			442,991
Net investment earnings	382,665	6,324	129,670	518,659
Other	608,288	7,984	211,764	828,036
Total revenues	<u>27,650,796</u>	<u>1,150,242</u>	<u>536,954</u>	<u>29,337,992</u>
EXPENDITURES				
Current:				
Public safety	612,481			612,481
Highways and streets	6,205,694			6,205,694
Community improvement	503,364			503,364
Social services	1,818,556			1,818,556
Culture and recreation	12,017,523			12,017,523
Other		61,623	406,500	468,123
Capital outlay	2,235,947		839,151	3,075,098
Debt service:				
Principal retirement	1,918,221	484,404		2,402,625
Interest and fiscal charges	1,718,734	126,085	14,463	1,859,282
Total expenditures	<u>27,030,520</u>	<u>672,112</u>	<u>1,260,114</u>	<u>28,962,746</u>
Excess (deficiency) of revenues over (under) expenditures	620,276	478,130	(723,160)	375,246
OTHER FINANCING SOURCES (USES) (Note 3E)				
Transfers in	2,944,141		988,110	3,932,251
Transfers out	<u>(1,019,623)</u>			<u>(1,019,623)</u>
Total other financing sources (uses)	1,924,518	-	988,110	2,912,628
Net change in fund balances	2,544,794	478,130	264,950	3,287,874
Fund balances - beginning	20,981,196	595,096	5,565,481	27,141,773
Fund balances - ending	<u>\$ 23,525,990</u>	<u>\$ 1,073,226</u>	<u>\$ 5,830,431</u>	<u>\$ 30,429,647</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:

MAJOR 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. Major Streets may include federal and state trunk lines maintained by the County and other relatively heavily traversed roads ("mile" roads) maintained by the City. 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.

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).

SPECIAL REVENUE FUNDS
(continued)

DRUG LAW ENFORCEMENT

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

GRANTS

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

LIBRARY

Specific property taxes, grants, user fees, state aide and related revenues are used to purchase books and computers, and to operate programs in the Civic Center and at the John Grace Community Center. The newly built Southfield Public Library was opened June 15, 2003.

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, 2014

	Major Streets	Local Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement
ASSETS						
Cash and cash equivalents	\$ 691,552	\$ 2,821,169	\$ 4,543,889	\$ 2,615,258	\$ 687,716	\$ 423,755
Investments				1,997,877		
Receivables, net	2,887,307	871,678	63,228	474,757	265	194
Prepays			30,979	19,798		5,425
Due from other funds	329,410	171,314	57,847	3,284		
Due from component units	88,700					
Total assets	\$ 3,996,969	\$ 3,864,161	\$ 4,695,943	\$ 5,110,974	\$ 687,981	\$ 429,374
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 398,044	\$ 201,141	\$ 96,271	\$ 59,694	\$ 42,037	\$ 7,550
Accrued payroll			167,182	19,871	3,520	5,080
Due to other funds	79,866	33,381	29,126		67,624	29,457
Due to component units					557,653	
Unearned revenue					179,731	
Other short-term liabilities	3,504	30,723	48,073			
Advances from local improvement revolving fund			24,603			
Total liabilities	481,414	265,245	365,255	79,565	850,565	42,087
Deferred inflows of resources - unavailable	752	7,074	21,210	-	-	-
Fund balance (deficit):						
Non-spendable			30,979	19,798		5,425
Restricted	3,514,803	3,591,842	4,278,499	680,750		381,862
Committed				4,330,861		
Unassigned					(162,584)	
Total fund balances (deficit)	3,514,803	3,591,842	4,309,478	5,031,409	(162,584)	387,287
Total liabilities, deferred inflows and fund balances	\$ 3,996,969	\$ 3,864,161	\$ 4,695,943	\$ 5,110,974	\$ 687,981	\$ 429,374

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, 2014

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS						
Cash and cash equivalents	\$ 123,872	\$ 4,485,812	\$ 377,053	\$ 44,927	\$ 972,698	\$ 17,787,701
Investments		681,607				2,679,484
Receivables, net	43,281	196,349	12		327,027	4,864,098
Prepays		54,014				110,216
Due from other funds		66,602		7,823		636,280
Due from component units	34,468					123,168
Due from other governmental units			349,200			349,200
Total assets	<u>\$ 201,621</u>	<u>\$ 5,484,384</u>	<u>\$ 726,265</u>	<u>\$ 52,750</u>	<u>\$ 1,299,725</u>	<u>\$ 26,550,147</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 5,625	\$ 20,523	\$ 12,213			\$ 843,098
Accrued payroll		60,388	37,664	\$ 51,437	\$ 4,035	349,177
Due to other funds			585,086	709		825,249
Due to component units						557,653
Unearned revenue						179,731
Other short-term liabilities		73,956				156,256
Advances from local improvement revolving fund						24,603
Total liabilities	<u>5,625</u>	<u>154,867</u>	<u>634,963</u>	<u>52,146</u>	<u>4,035</u>	<u>2,935,767</u>
Deferred inflows of resources - unavailable	43,226	16,128	-	-	-	88,390
Fund balance:						
Non-spendable		54,014				110,216
Restricted	152,770	5,259,375	91,302	604	803,610	18,755,417
Committed					492,080	4,822,941
Unassigned						(162,584)
Total fund balances	<u>152,770</u>	<u>5,313,389</u>	<u>91,302</u>	<u>604</u>	<u>1,295,690</u>	<u>23,525,990</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 201,621</u>	<u>\$ 5,484,384</u>	<u>\$ 726,265</u>	<u>\$ 52,750</u>	<u>\$ 1,299,725</u>	<u>\$ 26,550,147</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, 2014

	Major Streets	Local Streets	Parks and Recreation	Cable Television	Block Grant	Drug Law Enforcement
REVENUES						
Property taxes	\$ 267,337	\$ 2,576,576	\$ 4,077,357			
Charges for services			2,017,662			
Fines and forfeitures						\$ 73,380
Federal forfeitures						27,631
Cable royalties				\$ 1,907,580		
Intergovernmental:						
Federal	375,823		132,220		\$ 425,035	
State	4,105,575	1,294,428				
Other	97,223					
Net investment earnings	8,004	57,944	41,861	108,785	130	7,280
Other	283,622	42,991	172,609	250	41,360	2,811
Total revenues	<u>5,137,584</u>	<u>3,971,939</u>	<u>6,441,709</u>	<u>2,016,615</u>	<u>466,525</u>	<u>111,102</u>
EXPENDITURES						
Current:						
Public safety						342,255
Highways and streets	4,156,946	2,048,748				
Community improvement					488,394	
Culture and recreation			6,205,978	880,948		
Capital outlay	1,582,190		8,335	585,464		33,068
Debt service:						
Principal retirement	920,000	83,221				
Interest and fiscal charges	334,375	33,234	89,737			
Total expenditures	<u>6,993,511</u>	<u>2,165,203</u>	<u>6,304,050</u>	<u>1,466,412</u>	<u>488,394</u>	<u>375,323</u>
Excess (deficiency) of revenues over (under) expenditures	(1,855,927)	1,806,736	137,659	550,203	(21,869)	(264,221)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,286,212	500,000				
Transfers out		(700,000)	(319,623)			
Total other financing sources (uses)	<u>2,286,212</u>	<u>(200,000)</u>	<u>(319,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	430,285	1,606,736	(181,964)	550,203	(21,869)	(264,221)
Fund balances (deficit) - beginning	3,084,518	1,985,106	4,491,442	4,481,206	(140,715)	651,508
Fund balances (deficit) - ending	<u>\$ 3,514,803</u>	<u>\$ 3,591,842</u>	<u>\$ 4,309,478</u>	<u>\$ 5,031,409</u>	<u>\$ (162,584)</u>	<u>\$ 387,287</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, 2014

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES						
Property taxes		\$ 6,523,938				\$ 13,445,208
Special assessments	\$ 14,714					14,714
Charges for services		353,717				2,371,379
Fines and forfeitures						73,380
Federal forfeitures						27,631
Cable royalties						1,907,580
Intergovernmental:						
Federal			\$ 1,792,113		\$ 5,000	2,730,191
State		51,526		\$ 97,717	300	5,549,546
Other						97,223
Contributions and donations					442,991	442,991
Net investment earnings	1,676	133,720	130	14	23,121	382,665
Other	899	63,746				608,288
Total revenues	<u>17,289</u>	<u>7,126,647</u>	<u>1,792,243</u>	<u>97,731</u>	<u>471,412</u>	<u>27,650,796</u>
EXPENDITURES						
Current:						
Public safety				268,828	1,398	612,481
Highways and streets						6,205,694
Community improvement	14,970					503,364
Social services			1,797,512		21,044	1,818,556
Culture and recreation		4,802,314			128,283	12,017,523
Capital outlay		26,890				2,235,947
Debt service:						
Principal retirement		915,000				1,918,221
Interest and fiscal charges		1,261,388				1,718,734
Total expenditures	<u>14,970</u>	<u>7,005,592</u>	<u>1,797,512</u>	<u>268,828</u>	<u>150,725</u>	<u>27,030,520</u>
Excess (deficiency) of revenues over (under) expenditures	2,319	121,055	(5,269)	(171,097)	320,687	620,276
OTHER FINANCING SOURCES (USES)						
Transfers in				157,929		2,944,141
Transfers out						(1,019,623)
Total other financing sources (uses)	-	-	-	157,929	-	1,924,518
Net change in fund balances	2,319	121,055	(5,269)	(13,168)	320,687	2,544,794
Fund balances - beginning	150,451	5,192,334	96,571	13,772	975,003	20,981,196
Fund balances - ending	<u>\$ 152,770</u>	<u>\$ 5,313,389</u>	<u>\$ 91,302</u>	<u>\$ 604</u>	<u>\$ 1,295,690</u>	<u>\$ 23,525,990</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 - Major Streets Fund

For the Year Ended June 30, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 247,898	\$ 267,337	\$ 19,439
Intergovernmental:			
Federal		375,823	375,823
State	3,577,865	4,105,575	527,710
Other	96,996	97,223	227
Net investment earnings	6,328	8,004	1,676
Other	1,306,909	283,622	(1,023,287)
Total revenues	<u>5,235,996</u>	<u>5,137,584</u>	<u>(98,412)</u>
EXPENDITURES			
Highways and streets:			
Administration	350,330	341,734	8,596
Road maintenance	4,435,463	1,275,479	3,159,984
Traffic services	795,557	552,733	242,824
Snow removal	915,470	907,065	8,405
Appearance	1,302,614	1,079,935	222,679
Total highways and streets	<u>7,799,434</u>	<u>4,156,946</u>	<u>3,642,488</u>
Capital outlay	1,582,190	1,582,190	-
Debt service:			
Principal	920,000	920,000	-
Interest and fiscal charges	334,375	334,375	-
Total expenditures	<u>10,635,999</u>	<u>6,993,511</u>	<u>3,642,488</u>
Excess (deficiency) of revenues over (under) expenditures	(5,400,003)	(1,855,927)	3,544,076
OTHER FINANCING SOURCES			
Transfers in	<u>2,286,212</u>	<u>2,286,212</u>	<u>-</u>
Net change in fund balances	(3,113,791)	430,285	3,544,076
Fund balances - beginning	<u>3,084,518</u>	<u>3,084,518</u>	<u>-</u>
Fund balances - ending	<u>\$ (29,273)</u>	<u>\$ 3,514,803</u>	<u>\$ 3,544,076</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 2,388,069	\$ 2,576,576	\$ 188,507
Intergovernmental:			
State	1,069,934	1,294,428	224,494
Net investment earnings	6,328	57,944	51,616
Other	14,000	42,991	28,991
Total revenues	<u>3,478,331</u>	<u>3,971,939</u>	<u>493,608</u>
EXPENDITURES			
Highways and streets:			
Administration	356,841	334,013	22,828
Road maintenance	2,596,391	796,593	1,799,798
Traffic services	178,473	55,313	123,160
Snow removal	764,996	629,497	135,499
Appearance	424,529	233,332	191,197
Total highways and streets	<u>4,321,230</u>	<u>2,048,748</u>	<u>2,272,482</u>
Debt service:			
Principal retirement	83,221	83,221	-
Interest and fiscal charges	39,788	33,234	6,554
Total expenditures	<u>4,444,239</u>	<u>2,165,203</u>	<u>2,279,036</u>
Excess (deficiency) of revenues over (under) expenditures	(965,908)	1,806,736	2,772,644
OTHER FINANCING SOURCES			
Transfers in	500,000	500,000	-
Transfers out	(700,000)	(700,000)	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	(1,165,908)	1,606,736	2,772,644
Fund balance - beginning	<u>1,985,106</u>	<u>1,985,106</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 819,198</u></u>	<u><u>\$ 3,591,842</u></u>	<u><u>\$ 2,772,644</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Parks and Recreation Fund For the Year Ended June 30, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 3,778,933	\$ 4,077,357	\$ 298,424
Charges for services	2,162,672	2,017,662	(145,010)
Intergovernmental:			
Federal		132,220	132,220
Net investment earnings	25,313	41,861	16,548
Other revenue	191,000	172,609	(18,391)
Total revenues	<u>6,157,918</u>	<u>6,441,709</u>	<u>283,791</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,223,307	2,198,598	24,709
Recreation division	990,575	988,338	2,237
Cultural arts division	109,371	107,191	2,180
Senior center division	271,945	263,851	8,094
Operations & facilities division	1,982,507	1,982,356	151
Golf	667,023	665,644	1,379
Total culture and recreation	<u>6,244,728</u>	<u>6,205,978</u>	<u>38,750</u>
Capital outlay	12,525	8,335	4,190
Debt service:			
Interest and fiscal charges	90,092	89,737	355
Total expenditures	<u>6,347,345</u>	<u>6,304,050</u>	<u>43,295</u>
Excess (deficiency) of revenues over (under) expenditures	(189,427)	137,659	327,086
OTHER FINANCING USES			
Transfers out	<u>(319,623)</u>	<u>(319,623)</u>	<u>-</u>
Net change in fund balances	(509,050)	(181,964)	327,086
Fund balance - beginning	<u>4,491,442</u>	<u>4,491,442</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 3,982,392</u></u>	<u><u>\$ 4,309,478</u></u>	<u><u>\$ 327,086</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 - Cable Television Fund

For the Year Ended June 30, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Cable royalties	\$ 1,105,935	\$ 1,907,580	\$ 801,645
Net investment earnings	2,813	108,785	105,972
Other	201	250	49
Total revenues	<u>1,108,949</u>	<u>2,016,615</u>	<u>907,666</u>
EXPENDITURES			
Culture and recreation	889,433	880,948	8,485
Capital outlay	585,464	585,464	-
Total expenditures	<u>1,474,897</u>	<u>1,466,412</u>	<u>8,485</u>
Net change in fund balances	(365,948)	550,203	916,151
Fund balance - beginning	<u>4,481,206</u>	<u>4,481,206</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 4,115,258</u></u>	<u><u>\$ 5,031,409</u></u>	<u><u>\$ 916,151</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, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 672,900	\$ 425,035	\$ (247,865)
Net investment earnings		130	130
Other		41,360	41,360
Total revenues	<u>672,900</u>	<u>466,525</u>	<u>(206,375)</u>
EXPENDITURES			
Community improvement	<u>672,900</u>	<u>488,394</u>	<u>184,506</u>
Net change in fund balances	-	(21,869)	(21,869)
Fund balance (deficit) - beginning	<u>(140,715)</u>	<u>(140,715)</u>	<u>-</u>
Fund balance (deficit) - ending	<u><u>\$ (140,715)</u></u>	<u><u>\$ (162,584)</u></u>	<u><u>\$ (21,869)</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 - Drug Law Enforcement Fund

For the Year Ended June 30, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 180,000	\$ 73,380	\$ (106,620)
Federal forfeitures	200,000	27,631	(172,369)
Net investment earnings	3,938	7,280	3,342
Other	10,000	2,811	(7,189)
Total revenues	<u>393,938</u>	<u>111,102</u>	<u>(282,836)</u>
EXPENDITURES			
Public safety	429,188	342,255	86,933
Capital outlay	33,068	33,068	-
Total expenditures	<u>462,256</u>	<u>375,323</u>	<u>86,933</u>
Net change in fund balances	(68,318)	(264,221)	(195,903)
Fund balance - beginning	<u>651,508</u>	<u>651,508</u>	<u>-</u>
Fund balance - ending	<u>\$ 583,190</u>	<u>\$ 387,287</u>	<u>\$ (195,903)</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Grants Fund

For the Year Ended June 30, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments		\$ 14,714	\$ 14,714
Net investment earnings		1,676	1,676
Other		899	899
Total revenues	\$ -	17,289	17,289
EXPENDITURES			
Community improvement	-	14,970	(14,970)
Net change in fund balances	-	2,319	2,319
Fund balance - beginning	150,451	150,451	-
Fund balance - ending	\$ 150,451	\$ 152,770	\$ 2,319

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, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,046,292	\$ 6,523,938	\$ 477,646
Charges for services	365,313	353,717	(11,596)
Intergovernmental:			
State	16,000	51,526	35,526
Net investment earnings	98,438	133,720	35,282
Other		63,746	63,746
Total revenues	<u>6,526,043</u>	<u>7,126,647</u>	<u>600,604</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,141,492	2,138,410	3,082
Adult reference	808,007	761,565	46,442
Children's division	591,794	523,537	68,257
Support services	878,859	761,817	117,042
Technology division	733,627	616,985	116,642
Total culture and recreation	<u>5,153,779</u>	<u>4,802,314</u>	<u>351,465</u>
Capital outlay	26,890	26,890	-
Debt service:			
Principal	915,000	915,000	-
Interest and fiscal charges	1,261,388	1,261,388	-
Total expenditures	<u>7,357,057</u>	<u>7,005,592</u>	<u>351,465</u>
Net change in fund balances	(831,014)	121,055	952,069
Fund balance - beginning	<u>5,192,334</u>	<u>5,192,334</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 4,361,320</u></u>	<u><u>\$ 5,313,389</u></u>	<u><u>\$ 952,069</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, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 3,300,000	\$ 1,792,113	\$ (1,507,887)
Net investment earnings		130	130
Total revenues	<u>3,300,000</u>	<u>1,792,243</u>	<u>(1,507,757)</u>
EXPENDITURES			
Social services	<u>3,300,203</u>	<u>1,797,512</u>	<u>1,502,691</u>
Net change in fund balances	(203)	(5,269)	(5,066)
Fund balance - beginning	<u>96,571</u>	<u>96,571</u>	<u>-</u>
Fund balance - ending	<u>\$ 96,368</u>	<u>\$ 91,302</u>	<u>\$ (5,066)</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, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 145,728	\$ 97,717	\$ (48,011)
Net investment earnings	563	14	(549)
Total revenues	<u>146,291</u>	<u>97,731</u>	<u>(48,560)</u>
EXPENDITURES			
Public safety	<u>304,220</u>	<u>268,828</u>	<u>35,392</u>
Deficiency of revenues under expenditures	(157,929)	(171,097)	(13,168)
OTHER FINANCING SOURCES			
Transfers in	<u>157,929</u>	<u>157,929</u>	<u>-</u>
Net change in fund balances	-	(13,168)	(13,168)
Fund balances - beginning	<u>13,772</u>	<u>13,772</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 13,772</u></u>	<u><u>\$ 604</u></u>	<u><u>\$ (13,168)</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances Final Budget and Actual - Donations, Memorial Trusts & Sponsorships For the Year Ended June 30, 2014

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 6,000	\$ 5,000	\$ (1,000)
State	1,000	300	(700)
Contributions	143,000	442,991	299,991
Net investment earnings		23,121	23,121
Total revenues	<u>150,000</u>	<u>471,412</u>	<u>321,412</u>
EXPENDITURES			
Public safety	2,500	1,398	1,102
Social services	25,000	21,044	3,956
Culture and recreation	172,500	128,283	44,217
Total expenditures	<u>200,000</u>	<u>150,725</u>	<u>49,275</u>
Net change in fund balances	(50,000)	320,687	370,687
Fund balances - beginning	<u>975,003</u>	<u>975,003</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 925,003</u></u>	<u><u>\$ 1,295,690</u></u>	<u><u>\$ 370,687</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.

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, 2014

	<u>Drains-at- Large</u>
ASSETS	
Cash and cash equivalents	\$ 1,096,479
Receivables, net	2,698
Due from other funds	<u>7,984</u>
Total assets	<u><u>\$ 1,107,161</u></u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Due to other funds	\$ 20,330
Other short-term liabilities	<u>11,373</u>
Total liabilities	<u>31,703</u>
Deferred inflows of resources - unavailable	<u>2,232</u>
Fund balance:	
Restricted for debt service	<u>1,073,226</u>
Total fund balance	<u>1,073,226</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 1,107,161</u></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, 2014

	<u>Drains-at- Large</u>
REVENUES	
Property taxes	\$ 1,135,934
Net investment earnings	6,324
Other	7,984
Total revenues	<u>1,150,242</u>
EXPENDITURES	
Other	61,623
Debt service:	
Principal retirement	484,404
Interest and fiscal charges	126,085
Total expenditures	<u>672,112</u>
Net change in fund balances	478,130
Fund balances - beginning	595,096
Fund balances - ending	<u><u>\$ 1,073,226</u></u>

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

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

These funds account for resources used for the acquisition or major renovation of capital facilities. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major financing sources are bond proceeds, transfers from other City funds, internal loans and grants.

LIBRARY BUILDING AUTHORITY CONSTRUCTION

The Southfield Library Building Authority was incorporated June 14, 1999 under the provisions of Act 31, Public Acts of 1948, to purchase or construct, furnish, equip and maintain a Southfield public library building. As provided in Act 31, the Library Building Authority may also issue negotiable bonds to be repaid through rental payments of the Library to the City.

CAPITAL IMPROVEMENTS: The Capital improvements fund is the basic capital project fund of the City, accounting for all major projects not specifically segregated by bond ordinance or under the superintending control of the Building Authority.

BUILDING AUTHORITY CONSTRUCTION

The Southfield Building Authority was incorporated October 16, 1962 under the provisions of Act 31, Public Acts of 1948, to purchase or construct facilities for use by the City. Building Authority bonds are issued to finance large-scale projects, while internal financing is used to fund other construction projects.

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, 2014

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Special Assessment Construction	Total
ASSETS					
Cash and cash equivalents	\$ 785,167	\$ 2,657,027	\$ -	\$ 2,891,193	\$ 6,333,387
Investments		1,344,842			1,344,842
Prepays		138,839			138,839
Receivables:					
Special assessments				407,401	407,401
Other	359	8,988		1,230	10,577
Due from other funds			50,669		50,669
Restricted assets:					
Cash and cash equivalents		37,130			37,130
Total assets	<u>\$ 785,526</u>	<u>\$ 4,186,826</u>	<u>\$ 50,669</u>	<u>\$ 3,299,824</u>	<u>\$ 8,322,845</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 16,691	\$ 611	\$ 50,669	\$ 6,329	\$ 74,300
Due to other funds				160,082	160,082
Advances from local improvement revolving fund		1,594,642		255,520	1,850,162
Total liabilities	<u>16,691</u>	<u>1,595,253</u>	<u>50,669</u>	<u>421,931</u>	<u>2,084,544</u>
Deferred inflows of resources - unavailable	-	-	-	407,870	407,870
Fund balances:					
Non-spendable		138,839			138,839
Restricted	768,835	490,138		348,400	1,607,373
Committed				234,287	234,287
Assigned		1,962,596		1,887,336	3,849,932
Total fund balances	<u>768,835</u>	<u>2,591,573</u>	<u>-</u>	<u>2,470,023</u>	<u>5,830,431</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 785,526</u>	<u>\$ 4,186,826</u>	<u>\$ 50,669</u>	<u>\$ 3,299,824</u>	<u>\$ 8,322,845</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, 2014

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Special Assessment Construction	Total
REVENUES					
Special assessments				\$ 195,520	\$ 195,520
Net investment earnings	\$ 19,287	\$ 70,106	\$ 53	40,224	129,670
Other	132,536	34,545		44,683	211,764
Total revenues	<u>151,823</u>	<u>104,651</u>	<u>53</u>	<u>280,427</u>	<u>536,954</u>
EXPENDITURES					
Construction and other costs	71,749	8,894		325,857	406,500
Capital outlay	38,391		800,760		839,151
Debt service:					
Interest charges				14,463	14,463
Total expenditures	<u>110,140</u>	<u>8,894</u>	<u>800,760</u>	<u>340,320</u>	<u>1,260,114</u>
Excess (deficiency) of revenues over (under) expenditures	41,683	95,757	(800,707)	(59,893)	(723,160)
OTHER FINANCING SOURCES					
Transfers in		187,403	800,707		988,110
Net change in fund balances	41,683	283,160		(59,893)	264,950
Fund balances - beginning	727,152	2,308,413	-	2,529,916	5,565,481
Fund balances - ending	<u>\$ 768,835</u>	<u>\$ 2,591,573</u>	<u>\$ -</u>	<u>\$ 2,470,023</u>	<u>\$ 5,830,431</u>

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

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INTERNAL SERVICE FUNDS

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

FACILITIES MAINTENANCE

This fund accounts for the ongoing maintenance of the City's physical plant, as well as construction projects carried out by in-house staff. Annual pro-rated maintenance charges and non-recurring special project billings are collected from operating departments in support of this fund's activities.

MOTOR POOL

This fund acquires and maintains vehicles and equipment, including heavy construction & maintenance items and police & fire vehicles.

EQUIPMENT REVOLVING

This fund acquires and maintains office equipment for all operations and provides for replacement of fire equipment, parks and recreation equipment and library equipment.

INSURANCE RISK RETENTION

This fund is utilized to account for retroactive premium adjustments, as a provision for claims in excess of the City's insurance coverage, and for loss prevention and risk management initiatives.

LOCAL IMPROVEMENT REVOLVING

This fund was established to provide a means for the internal financing of public improvements, which could include the purchase and sale of property where appropriate. Most monies loaned to other funds are to be repaid with interest.

City of Southfield
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,190,780	\$ 4,670,270	\$ 4,275,759	\$ 1,963,138	\$ 11,485,786	\$ 25,585,733
Investments			2,764,328	1,831,084	1,416,760	6,012,172
Receivables, net	1,434	1,682	16,287	10,435	9,111	38,949
Prepays		9,652				9,652
Due from other funds	63,552	164,862			119,891	348,305
Inventory		417,737				417,737
Total current assets	<u>3,255,766</u>	<u>5,264,203</u>	<u>7,056,374</u>	<u>3,804,657</u>	<u>13,031,548</u>	<u>32,412,548</u>
Noncurrent assets:						
Restricted cash and cash equivalents				3,478,000		3,478,000
Long-term advances to other funds					1,874,765	1,874,765
Long-term advances to component units					2,685,469	2,685,469
Capital assets:						
Equipment and intangibles	399,555	13,771,562	10,213,481			24,384,598
Less accumulated depreciation	(261,902)	(11,698,510)	(7,240,584)			(19,200,996)
Net capital assets	<u>137,653</u>	<u>2,073,052</u>	<u>2,972,897</u>	<u>-</u>	<u>-</u>	<u>5,183,602</u>
Total noncurrent assets	<u>137,653</u>	<u>2,073,052</u>	<u>2,972,897</u>	<u>3,478,000</u>	<u>4,560,234</u>	<u>13,221,836</u>
Total assets	<u>3,393,419</u>	<u>7,337,255</u>	<u>10,029,271</u>	<u>7,282,657</u>	<u>17,591,782</u>	<u>45,634,384</u>
LIABILITIES						
Current liabilities:						
Accounts payable	281,074	360,850	10,610	40,540		693,074
Accrued payroll	60,626	32,621		8,284		101,531
General insurance & workers' compensation accrual				2,986,883		2,986,883
Provision for medical claims				49,716		49,716
Due to other funds			2,642	35,272	1,645,763	1,683,677
Accrued compensated absences-due within 1 year	98,123	39,170				137,293
Total current liabilities	<u>439,823</u>	<u>432,641</u>	<u>13,252</u>	<u>3,120,695</u>	<u>1,645,763</u>	<u>5,652,174</u>
Noncurrent liabilities:						
Accrued compensated absences-due more 1 year	164,148	69,634				233,782
Other post-employment benefits	474,582	229,208		1,314		705,104
Total noncurrent liabilities	<u>638,730</u>	<u>298,842</u>	<u>-</u>	<u>1,314</u>	<u>-</u>	<u>938,886</u>
Total liabilities	<u>1,078,553</u>	<u>731,483</u>	<u>13,252</u>	<u>3,122,009</u>	<u>1,645,763</u>	<u>6,591,060</u>
NET POSITION						
Net investment in capital assets	137,653	2,073,052	2,972,897			5,183,602
Restricted for claims				3,478,000		3,478,000
Unrestricted	2,177,213	4,532,720	7,043,122	682,648	15,946,019	30,381,722
Total net position	<u>\$ 2,314,866</u>	<u>\$ 6,605,772</u>	<u>\$ 10,016,019</u>	<u>\$ 4,160,648</u>	<u>\$ 15,946,019</u>	<u>\$ 39,043,324</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, 2014

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
OPERATING REVENUES						
Charges for consumption and service:						
Charges to other funds	\$ 4,747,701	\$ 4,038,719				\$ 8,786,420
Other	38,568	4,961			\$ 340,599	384,128
Total operating revenue	4,786,269	4,043,680	\$ -	\$ -	340,599	9,170,548
OPERATING EXPENSES						
Administration	2,106,684	26,876				2,133,560
Equipment and facility operation:						
Equipment maintenance		2,558,491	120,895			2,679,386
Communications		225,606				225,606
Maintenance staff	1,006,847					1,006,847
Custodial staff	1,830,777					1,830,777
Depreciation	16,031	831,732	711,346			1,559,109
Other			2,642	1,553,716	8,376	1,564,734
Total operating expenses	4,960,339	3,642,705	834,883	1,553,716	8,376	11,000,019
Operating income (loss)	(174,070)	400,975	(834,883)	(1,553,716)	332,223	(1,829,471)
NONOPERATING REVENUES						
Gain (loss) on disposal of assets			(32,681)		8,866	(23,815)
Net investment earnings	46,483	51,715	119,264	97,853	178,031	493,346
Total nonoperating revenues	46,483	51,715	86,583	97,853	186,897	469,531
Income (loss) before transfers	(127,587)	452,690	(748,300)	(1,455,863)	519,120	(1,359,940)
Transfers in					529,373	529,373
Transfers out	(16,568)			(250,858)	(1,882,793)	(2,150,219)
Change in net position	(144,155)	452,690	(748,300)	(1,706,721)	(834,300)	(2,980,786)
Total net position - beginning	2,459,021	6,153,082	10,764,319	5,867,369	16,780,319	42,024,110
Total net position - ending	\$ 2,314,866	\$ 6,605,772	\$ 10,016,019	\$ 4,160,648	\$ 15,946,019	\$ 39,043,324

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, 2014

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from users	\$ 4,786,269	\$ 4,023,889			\$ 340,599	\$ 9,150,757
Cash paid to employees	(2,127,042)	(1,027,654)		(264,663)		(3,419,359)
Cash received (paid) to suppliers	(2,564,786)	(1,417,181)	(119,080)	102,747	(8,376)	(4,006,676)
Net cash provided by (used in) operating activities	<u>94,441</u>	<u>1,579,054</u>	<u>(119,080)</u>	<u>(161,916)</u>	<u>332,223</u>	<u>1,724,722</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments received on interfunds	44,058	224,941	2,642	344,618	1,840,914	2,457,173
Payments received on long-term advances					292,830	292,830
Payments received on long-term advances to component units					49,999	49,999
Transfers in					529,373	529,373
Transfers out	(16,568)			(250,858)	(1,882,793)	(2,150,219)
Net cash provided by noncapital and related financing activities	<u>27,490</u>	<u>224,941</u>	<u>2,642</u>	<u>93,760</u>	<u>830,323</u>	<u>1,179,156</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of and adjustments to property and equipment		(607,774)	(949,852)			(1,557,626)
Gain or loss on sale of assets			(32,681)		8,866	(23,815)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(607,774)</u>	<u>(982,533)</u>	<u>-</u>	<u>8,866</u>	<u>(1,581,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchases) of investments, net of proceeds			(1,893,264)	(29,025)	465,707	(1,456,582)
Investment earnings	45,781	51,254	108,344	93,847	176,595	475,821
Net cash provided by (used in) investing activities	<u>45,781</u>	<u>51,254</u>	<u>(1,784,920)</u>	<u>64,822</u>	<u>642,302</u>	<u>(980,761)</u>
Net increase (decrease) in cash, cash equivalents	167,712	1,247,475	(2,883,891)	(3,334)	1,813,714	341,676
Cash, cash equivalents, beginning of year	3,023,068	3,422,795	7,159,650	5,444,472	9,672,072	28,722,057
Cash, cash equivalents, end of year	<u>\$ 3,190,780</u>	<u>\$ 4,670,270</u>	<u>\$ 4,275,759</u>	<u>\$ 5,441,138</u>	<u>\$ 11,485,786</u>	<u>\$ 29,063,733</u>
Balance sheet reconciliation of cash & cash equivalents						
Cash, cash equivalents	\$ 3,190,780	\$ 4,670,270	\$ 4,275,759	\$ 1,963,138	\$ 11,485,786	\$ 25,585,733
Restricted cash, cash equivalents				3,478,000		3,478,000
Total cash, cash equivalents	<u>\$ 3,190,780</u>	<u>\$ 4,670,270</u>	<u>\$ 4,275,759</u>	<u>\$ 5,441,138</u>	<u>\$ 11,485,786</u>	<u>\$ 29,063,733</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (174,070)	\$ 400,975	\$ (834,883)	\$ (1,553,716)	\$ 332,223	\$ (1,829,471)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	16,031	831,732	711,346			1,559,109
OPEB obligation	192,088	91,646				283,734
Prepays		13,164				13,164
Inventory		(32,955)				(32,955)
Accounts payable	10,605	275,739	4,457	40,540		331,341
Accrued payroll, including compensated absences due in less than one year	35,705	5,137		8,284		49,126
General insurance & workers' compensation accrual				1,293,260		1,293,260
Provision for medical claims				49,716		49,716
Accrued compensated absences	14,082	(6,384)				7,698
Net cash provided by (used in) operating activities	<u>\$ 94,441</u>	<u>\$ 1,579,054</u>	<u>\$ (119,080)</u>	<u>\$ (161,916)</u>	<u>\$ 332,223</u>	<u>\$ 1,724,722</u>

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

FIDUCIARY FUNDS

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

TRUST

PENSION TRUST

These funds account for employee and employer pension contributions, accumulated assets, administrative expenses, investment income and payments to beneficiaries. The funds include the Southfield Employee Retirement System and the Fire & Police Retirement System.

RETIREE HEALTH CARE BENEFITS PLAN & TRUST

The fund accounts for employer post retirement health care contributions, accumulated assets, administrative expenses and investment income. Payments for beneficiaries are not anticipated until the reserves for post retirement health care benefits have been depleted in the pension trusts.

City of Southfield
Combining Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefits Trust Funds
June 30, 2014

	Pension		Other Post-Employment Benefits	
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	Totals
ASSETS				
Cash and cash equivalents	\$ 44,695	\$ 4,398,722	\$ 73,854	\$ 4,517,271
Investments, at fair value:				
Government obligations	7,443,073	8,111,129	12,188,180	27,742,382
Corporate bonds	6,935,014	12,372,894	2,203,852	21,511,760
Common stock	88,384,406	94,621,103	38,625,016	221,630,525
Real estate and other	16,204,867	83,437,871	1,372,375	101,015,113
Total investments	118,967,360	198,542,997	54,389,423	371,899,780
Cash and investments held as collateral for securities lending:				
Certificates of deposit		8,515,325		8,515,325
Repurchase agreements		9,094,791		9,094,791
Time deposits		3,720,596		3,720,596
Agency bonds and notes		2,250,731		2,250,731
Commercial paper		2,907,930		2,907,930
Variable rate certificates of deposit		3,752,396		3,752,396
Asset backed commercial paper		1,261,399		1,261,399
Variable rate notes/bonds		706,666		706,666
Medium term notes		53,000		53,000
Corporate bonds		28,267		28,267
Sweep vehicles		2,667,664		2,667,664
Sov GTD variable rate note		204,933		204,933
Other		169,600		169,600
Money market mutual funds	3,266,079			3,266,079
Total securities lending	3,266,079	35,333,298	-	38,599,377
Receivables, net	400,068		3,732,458	4,132,526
Prepaid			691,960	691,960
Due from other governmental units			845,177	845,177
Total assets	122,678,202	238,275,017	59,732,872	420,686,091
LIABILITIES				
Accounts payable and accrued payroll	795,390	1,150	190,785	987,325
Due to other governmental units	470,568			470,568
Other		40,888		40,888
Obligations under securities lending agreements	3,414,583	35,333,298		38,747,881
Total liabilities	4,680,541	35,375,336	190,785	40,246,662
NET POSITION				
Restricted for pension benefits	117,997,661	202,899,681		320,897,342
Restricted for post-retirement health care benefits			59,542,087	59,542,087
Total net position	\$ 117,997,661	\$ 202,899,681	\$ 59,542,087	\$ 380,439,429

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, 2014

	Pension		Other Post-Employment Benefits	
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	Totals
ADDITIONS				
Contributions:				
Plan members	\$ 717,449	\$ 475,435	\$ 662,748	\$ 1,855,632
Employer	3,108,024	5,756,046	7,171,029	16,035,099
Total contributions	3,825,473	6,231,481	7,833,777	17,890,731
Investment activity:				
Net increase in fair value of investments	18,660,498	27,248,363	6,359,845	52,268,706
Investment earnings	533,139	2,220,254	31,466	2,784,859
Dividends	950,824	1,450,349	1,799,301	4,200,474
Other	106,372			106,372
Total investment activity	20,250,833	30,918,966	8,190,612	59,360,411
Less investment expense:	647,826	726,174	105,685	1,479,685
Net investment activity	19,603,007	30,192,792	8,084,927	57,880,726
Total additions, net	23,428,480	36,424,273	15,918,704	75,771,457
DEDUCTIONS				
Benefits	9,787,091	14,420,934		24,208,025
Health care expense		20,941	7,623,057	7,643,998
Administrative expense	85,997	457,832	101,509	645,338
Total deductions	9,873,088	14,899,707	7,724,566	32,497,361
Net increase	13,555,392	21,524,566	8,194,138	43,274,096
Net position - beginning	104,442,269	181,375,115	51,347,949	337,165,333
Net position - ending	\$ 117,997,661	\$ 202,899,681	\$ 59,542,087	\$ 380,439,429

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

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FIDUCIARY FUNDS

AGENCY

IMPREST PAYROLL

This fund is a clearing-account for payroll disbursements which is replenished from other funds.

DEPOSITS AND ESCROW

This fund is for builders' cash bonds and similar escrow deposits or prepaid taxes.

46TH DISTRICT COURT

This fund is for the activity of adjoining municipalities served by the 46th District Court of the State of Michigan. The City acts as district control unit for the 46th District Court.

City of Southfield

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2014

	Imprest Payroll	Deposits and Escrow	46th District Court	Totals
ASSETS				
Cash and cash equivalents	\$ 198,181	\$ 2,311,821	\$ 772,453	\$ 3,282,455
Investments		2,000,411		2,000,411
Receivables, net		3,170		3,170
Total assets	<u>\$ 198,181</u>	<u>\$ 4,315,402</u>	<u>\$ 772,453</u>	<u>\$ 5,286,036</u>
LIABILITIES				
Accounts payable	\$ 197,822	\$ 6,119		\$ 203,941
Deposits and escrow		4,282,915	\$ 213,423	4,496,338
Interest payable	359	26,368		26,727
Due to other				
governmental units			559,030	559,030
Total liabilities	<u>\$ 198,181</u>	<u>\$ 4,315,402</u>	<u>\$ 772,453</u>	<u>\$ 5,286,036</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, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 153,737	\$ 62,448,057	\$ 62,403,613	\$ 198,181
TOTAL ASSETS	<u>\$ 153,737</u>	<u>\$ 62,448,057</u>	<u>\$ 62,403,613</u>	<u>\$ 198,181</u>
LIABILITIES				
Accounts payable	\$ 153,469	\$ 32,205,030	\$ 32,160,677	\$ 197,822
Interest payable	268	1,847	1,756	359
TOTAL LIABILITIES	<u>\$ 153,737</u>	<u>\$ 32,206,877</u>	<u>\$ 32,162,433</u>	<u>\$ 198,181</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 4,139,444	\$ 287,670,064	\$ 289,497,687	\$ 2,311,821
Investments	280,376	2,010,977	290,942	2,000,411
Receivables, net	1,744	8,649	7,223	3,170
TOTAL ASSETS	<u>\$ 4,421,564</u>	<u>\$ 289,689,690</u>	<u>\$ 289,795,852</u>	<u>\$ 4,315,402</u>
LIABILITIES				
Accounts payable	\$ 6,500	\$ 3,679,721	\$ 3,680,102	\$ 6,119
Deposits and escrow	4,413,987	166,716,613	166,847,685	4,282,915
Interest payable	1,077	49,288	23,997	26,368
TOTAL LIABILITIES	<u>\$ 4,421,564</u>	<u>\$ 170,445,622</u>	<u>\$ 170,551,784</u>	<u>\$ 4,315,402</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, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 745,149	\$ 27,304		\$ 772,453
TOTAL ASSETS	<u>\$ 745,149</u>	<u>\$ 27,304</u>	<u>\$ -</u>	<u>\$ 772,453</u>
LIABILITIES				
Deposits and escrow	\$ 249,898		\$ 36,475	\$ 213,423
Due to other governmental units	495,251	63,779		559,030
TOTAL LIABILITIES	<u>\$ 745,149</u>	<u>\$ 63,779</u>	<u>\$ 36,475</u>	<u>\$ 772,453</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 5,038,330	\$ 350,145,425	\$ 351,901,300	\$ 3,282,455
Investments	280,376	2,010,977	290,942	2,000,411
Receivables, net	1,744	8,649	7,223	3,170
TOTAL ASSETS	<u>\$ 5,320,450</u>	<u>\$ 352,165,051</u>	<u>\$ 352,199,465</u>	<u>\$ 5,286,036</u>
LIABILITIES				
Accounts payable	\$ 159,969	\$ 35,884,751	\$ 35,840,779	\$ 203,941
Deposits and escrow	4,663,885	166,716,613	166,884,160	4,496,338
Interest payable	1,345	51,135	25,753	26,727
Due to other governmental units	495,251	63,779		559,030
TOTAL LIABILITIES	<u>\$ 5,320,450</u>	<u>\$ 202,716,278</u>	<u>\$ 202,750,692</u>	<u>\$ 5,286,036</u>

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

(continued)

City of Southfield, Michigan

Statistical Section June 30, 2014

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.	161
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	166
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.	172
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.	175
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.	183
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.	187

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 Five Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 98,978,617	\$ 96,615,975	\$ 93,389,840	\$ 91,559,223	\$ 88,692,768
Restricted	16,985,243	26,807,000	27,527,622	24,842,971	26,288,768
Unrestricted	45,701,194	26,962,026	36,362,533	19,470,703	12,855,588
Total governmental activities net assets	<u>\$ 161,665,054</u>	<u>\$ 150,385,001</u>	<u>\$ 157,279,995</u>	<u>\$ 135,872,897</u>	<u>\$ 127,837,124</u>
 Business-type activities					
Invested in capital assets, net of related debt	\$ 44,233,548	\$ 43,508,935	\$ 42,942,563	\$ 45,424,573	\$ 48,161,029
Unrestricted	26,001,817	32,925,387	40,881,674	42,737,431	43,057,372
Total business-type activities net assets	<u>\$ 70,235,365</u>	<u>\$ 76,434,322</u>	<u>\$ 83,824,237</u>	<u>\$ 88,162,004</u>	<u>\$ 91,218,401</u>
 Primary government					
Invested in capital assets, net of related debt	\$ 143,212,165	\$ 140,124,910	\$ 136,332,403	\$ 136,983,796	\$ 136,853,797
Restricted	16,985,243	26,807,000	27,527,622	24,842,971	26,288,768
Unrestricted	71,703,011	59,887,413	77,244,207	62,208,134	55,912,960
Total primary government net assets	<u>\$ 231,900,419</u>	<u>\$ 226,819,323</u>	<u>\$ 241,104,232</u>	<u>\$ 224,034,901</u>	<u>\$ 219,055,525</u>

City Of Southfield, Michigan

Changes In Net Position Last Five Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses					
Governmental activities:					
General government	\$ 20,391,246	\$ 18,707,551	\$ 14,231,933	\$ 13,516,403	\$ 19,238,783
Public safety	47,493,784	44,108,179	41,684,855	49,874,106	49,905,628
Highway and streets	11,482,043	8,693,174	9,785,950	10,002,530	10,899,272
Public services	1,389,038	1,218,182	1,388,114	1,469,968	1,505,322
Sanitation	2,992,795	3,117,337	3,146,562	2,999,397	2,946,305
Community improvement	1,790,413	1,554,893	754,452	378,392	503,364
Social services	5,769,271	4,765,197	4,802,279	2,608,788	2,151,982
Culture and recreation	17,530,353	15,598,576	15,413,138	14,833,808	15,421,345
Interest on long-term debt	2,296,086	2,346,243	2,246,976	2,228,416	1,846,460
Total governmental activities expenses	<u>111,135,029</u>	<u>100,109,332</u>	<u>93,454,259</u>	<u>97,911,808</u>	<u>104,418,461</u>
Business-type activities:					
Water and sewer	27,331,285	28,956,192	31,348,426	32,946,783	35,004,942
Total primary government expenses	<u>\$ 138,466,314</u>	<u>\$ 129,065,524</u>	<u>\$ 124,802,685</u>	<u>\$ 130,858,591</u>	<u>\$ 139,423,403</u>
Program revenues					
Charges for services:					
General government	\$ 1,151,141	\$ 1,193,553	\$ 1,157,454	\$ 1,923,492	\$ 1,377,779
Public safety	7,672,765	8,334,575	8,432,922	8,352,338	8,385,676
Public services	642,088	633,602	745,171	605,056	482,508
Sanitation	3,255,094	3,142,554	3,135,091	3,161,928	3,070,933
Community improvement	469,455	295,215	322,502	149,078	210,232
Culture and recreation	3,907,991	3,966,195	4,174,246	4,184,976	4,278,961
Operating grants and contributions	14,502,804	11,355,728	13,024,964	9,725,082	11,106,575
Capital grants and contributions	1,100,000	-	74,886	332,053	-
Total governmental activities program revenues	<u>32,701,338</u>	<u>28,921,422</u>	<u>31,067,236</u>	<u>28,434,003</u>	<u>28,912,664</u>
Business-type activities:					
Charges for services:					
Water and sewer	33,039,764	35,022,377	38,002,545	38,241,205	36,671,976
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	161,652	121,440	3,345
Total business-type activities program revenues	<u>33,039,764</u>	<u>35,022,377</u>	<u>38,164,197</u>	<u>38,362,645</u>	<u>36,675,321</u>
Total primary government program revenues	<u>\$ 65,741,102</u>	<u>\$ 63,943,799</u>	<u>\$ 69,231,433</u>	<u>\$ 66,796,648</u>	<u>\$ 65,587,985</u>
Net (Expense)/Revenue					
Governmental activities	\$ (78,433,691)	\$ (71,187,910)	\$ (62,387,023)	\$ (69,477,805)	\$ (75,505,797)
Business-type activities	5,708,479	6,066,185	6,815,771	5,415,862	1,670,379
Total primary government net expense	<u>\$ (72,725,212)</u>	<u>\$ (65,121,725)</u>	<u>\$ (55,571,252)</u>	<u>\$ (64,061,943)</u>	<u>\$ (73,835,418)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 60,128,647	\$ 50,811,665	\$ 60,710,702	\$ 59,510,906	\$ 59,325,483
Unrestricted state shared revenues	6,228,151	6,224,989	6,016,116	6,184,435	6,351,775
Unrestricted investment earnings	1,237,133	557,099	627,531	301,515	989,671
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	2,674,444	2,259,967	1,870,282	628,512	1,066,395
Transfers	56,882	54,137	57,386	986,505	(263,300)
Total governmental activities	<u>70,325,257</u>	<u>59,907,857</u>	<u>69,282,017</u>	<u>67,611,873</u>	<u>67,470,024</u>
Business-type activities:					
Grants and contributions not restricted to specific programs					
Unrestricted investment earnings (loss)	346,564	103,567	395,840	(112,248)	914,669
Miscellaneous	183,242	83,342	235,690	20,658	208,049
Transfers	(56,882)	(54,137)	(57,386)	(986,505)	263,300
Total business-type activities	<u>472,924</u>	<u>132,772</u>	<u>574,144</u>	<u>(1,078,095)</u>	<u>1,386,018</u>
Total primary government	<u>\$ 70,798,181</u>	<u>\$ 60,040,629</u>	<u>\$ 69,856,161</u>	<u>\$ 66,533,778</u>	<u>\$ 68,856,042</u>
Change in Net Position					
Governmental activities	\$ (8,108,434)	\$ (11,280,053)	\$ 6,894,994	\$ (1,865,932)	\$ (8,035,773)
Business-type activities	6,181,403	6,198,957	7,389,915	4,337,767	3,056,397
Total primary government	<u>\$ (1,927,031)</u>	<u>\$ (5,081,096)</u>	<u>\$ 14,284,909</u>	<u>\$ 2,471,835</u>	<u>\$ (4,979,376)</u>

City of Southfield, Michigan

Fund Balances, Governmental Funds Last Ten Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	*	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund											
Non-spendable								\$ 1,148,696	\$ 1,087,648	\$ 1,126,971	\$ 943,657
Restricted								1,285,124	1,520,237	1,682,768	1,274,069
Committed								6,024,279	6,365,392	9,380,385	10,647,485
Assigned								45,123	2,565,093	2,366,529	586,969
Unassigned								486,981	1,574,840	1,932,931	7,826,124
Reserved	\$ 189,208	\$ 550,489	\$ 525,041	\$ 1,217,099	\$ 1,147,909	\$ 1,534,382					
Unreserved	<u>14,548,555</u>	<u>13,724,612</u>	<u>14,455,735</u>	<u>16,089,446</u>	<u>14,298,511</u>	<u>14,218,642</u>					
Total general fund	<u>\$ 14,737,763</u>	<u>\$ 14,275,101</u>	<u>\$ 14,980,776</u>	<u>\$ 17,306,545</u>	<u>\$ 15,446,420</u>	<u>\$ 15,753,024</u>		<u>\$ 8,990,203</u>	<u>\$ 13,113,210</u>	<u>\$ 16,489,584</u>	<u>\$ 21,278,304</u>
Local Street Fund **											
Non-spendable											
Restricted								\$	3,635,875	\$ 1,985,106	\$
Committed									254,651		
Assigned											
Unassigned											
Total local street fund								\$	<u>3,890,526</u>	<u>\$ 1,985,106</u>	<u>\$ 0</u>
Capital Improvement Fund **											
Non-spendable											
Restricted	\$ 1,682,220	\$ 651,713	\$ (70,062)	\$ 403,056	\$ 1,345,019	\$ 2,150,270		\$ 684,676	\$ 665,137		
Committed											
Assigned								343,604	635,242		
Unassigned											
Total capital improvement fund	<u>\$ 1,682,220</u>	<u>\$ 651,713</u>	<u>\$ (70,062)</u>	<u>\$ 403,056</u>	<u>\$ 1,345,019</u>	<u>\$ 2,150,270</u>		<u>\$ 1,028,280</u>	<u>\$ 1,300,379</u>		
Other Governmental Funds											
Non-spendable								\$ 158,289	\$ 112,180	\$ 100,832	\$ 249,055
Restricted								22,181,680	18,171,039	17,767,970	21,436,016
Committed								2,545,386	3,396,257	3,817,656	5,057,228
Assigned								1,568,063	1,534,454	3,610,924	3,849,932
Unassigned								(1,130,144)	(706,268)	(140,715)	(162,584)
Reserved	\$ 18,675,070	\$ 9,284,327	\$ 7,805,333	\$ 9,488,625	\$ 7,025,900	\$ 6,716,141					
Unreserved, reported in:											
Special revenue funds	11,817,766	16,311,683	19,117,959	16,124,569	17,854,293	19,231,796					
Total other governmental funds	<u>\$ 30,492,836</u>	<u>\$ 25,596,010</u>	<u>\$ 26,923,292</u>	<u>\$ 25,613,194</u>	<u>\$ 24,880,193</u>	<u>\$ 25,947,937</u>		<u>\$ 25,323,274</u>	<u>\$ 22,507,662</u>	<u>\$ 25,156,667</u>	<u>\$ 30,429,647</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, Capital Improvement Fund non-major fund year 2013

City Of Southfield, Michigan

General Fund Balance Compared To Annual Expenditures Last Ten Fiscal Years

Fiscal Year Ending June 30	Undesignated Fund Balance	Unassigned Fund Balance	Annual Expenditures	Balance As Percent Of Expenditures	
2005	\$ 5,711,531		\$ 61,159,478	9.3	%
2006	5,922,094		61,966,586	9.6	
2007	5,946,729		62,582,301	9.5	
2008	5,980,632		66,073,509	9.1	
2009	4,274,837		64,249,281	7.0	
2010	1,282,152		65,064,386	2.0	
2011	*	\$ 486,981	64,128,702	0.8	
2012		1,574,840	62,374,108	2.5	
2013		1,932,931	62,397,410	3.1	
2014		7,826,124	61,004,444	12.8	

Notes:

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

City of Southfield, Michigan

General Governmental Tax Revenue By Source Last Ten Fiscal Years

Governmental Funds								
Fiscal Year Ending June 30	Major Funds	Non-Major Funds						
	General Fund	Special Revenue					Debt Service	
	Municipal Fund	Parks & Recreation	Library	Local Streets	Major Streets	Capital	Drains-at-Large	
2005	11.0436	0.4227	1.6524	2.0934	0.9440	0.0277	0.1590	
2006	11.1515	0.4227	1.6524	2.0934	0.9440	-	0.0788	
2007	11.1191	0.3361	1.6524	2.0934	0.9440	-	0.1978	
2008	11.2091	0.2539	1.6524	2.0934	0.9440	-	0.1900	
2009	11.1364	0.3322	1.6524	2.0934	0.9440	-	0.1844	
2010	11.1419	0.3370	1.6524	2.0934	0.9440	-	0.1741	
2011	11.3115	*	1.6524	2.0934	1.0260	0.0854	-	0.1741
2012	16.5004	-	1.7500	2.8000	1.0883	0.1324	-	0.3591
2013	17.4638	-	1.7500	2.8000	1.1059	0.1148	-	0.4873
2014	18.2431	-	1.7500	2.8000	1.1059	0.1148	-	0.4873

Notes:

* In 2011, the Municipal fund was eliminated and its corresponding millage was allocated to the Major and Local streets funds as a result of the implementation of GASB 54.

City Of Southfield, Michigan

Property Tax Levies and Collections Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Real Tax Reimburse</u>	<u>Delinquent Personal Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent Of Total Tax Collect. To Tax Levy</u>	<u>Out-standing Delinq. Personal Taxes</u>	<u>Percent of Delinq. Taxes To Tax Levy</u>
2005	\$ 54,916,497	\$ 52,142,667	94.9 %	\$ 2,286,487	\$ 37,729	54,466,883	99.2 %	\$ 487,285	0.9 %
2006	56,401,493	53,191,336	94.3	2,775,221	37,174	56,003,731	99.3	385,036	0.7
2007	57,479,365	53,734,965	93.5	3,506,368	64,980	57,306,313	99.7	169,503	0.3
2008	59,298,870	55,100,862	92.9	3,913,538	203,884	59,218,284	99.9	77,138	0.1
2009	59,875,490	56,077,575	93.7	3,520,784	46,599	59,644,958	99.6	225,257	0.4
2010	57,966,394	53,960,012	93.1	3,712,273	81,942	57,754,227	99.6	210,996	0.4
2011	48,073,059	44,762,478	93.1	3,103,510	118,769	47,984,757	99.8	83,409	0.2
2012	58,366,953	54,778,491	93.9	3,207,968	47,337	58,033,796	99.4	333,157	0.6
2013	58,239,005	54,583,381	93.7	3,321,912	71,291	57,976,584	99.5	261,021	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

City Of Southfield, Michigan

Largest Taxpayers Last Ten Fiscal Years

2013 Rank	Taxpayer	2014 Taxable Value	Percentage of Total	2005 Taxable Value	Percentage of Total	2005 Rank
1	Bre Southfield	\$ 67,701,510	2.8 %	\$ 110,172,230	3.4 %	1
2	Verizon Wireless	31,677,800	1.3	-		
3	Galleria Properties	31,041,740	1.3	54,441,620	1.7	2
4	DTE Electronic Company	28,803,020	1.2	28,731,480	0.9	3
5	Lear Corporation	24,435,700	1.0	14,726,807	0.5	8
6	Ramco Gershenson Properties	21,103,060	0.9	23,236,410	0.7	4
7	Denso International America	20,191,900	0.8	19,696,730	0.6	5
8	Hartman & Tyner	17,393,600	0.7	15,428,990	0.5	7
9	Southfield HS Development LLC	17,165,210	0.7	-		-
10	AT&T Services	16,065,880	0.7	17,473,650	0.5	6
Total taxable value 2014 -->		\$ 2,391,992,576		\$ 3,268,025,510	<-- Total taxable value 2005	

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	Real	Personal	Total		Increase/ Decrease	
June 30	Property(AV)	Property(AV)	Property(SEV)	TV		
2005	\$ 3,727,441,360	\$ 452,521,050	\$ 4,179,962,410	\$ 3,386,748,000	TV	3.6 %
2006	3,800,543,077	437,831,900	4,238,374,977	3,482,684,152	TV	2.8
2007	3,870,636,770	434,458,060	4,305,094,830	3,604,818,967	TV	3.5
2008	3,928,252,190	443,694,640	4,371,946,830	3,725,952,640	TV	3.4
2009	3,879,379,890	431,953,600 (4)	4,311,333,490 (4)	3,752,556,640	TV	0.7
2010	3,534,176,302	431,331,530 (4)	3,965,507,832 (4)	3,656,625,252	TV	(2.6) (3)
2011	(4) 2,885,022,310	411,235,320	3,296,257,630	3,105,202,030	TV	(15.1)
2012	2,466,923,090	392,400,400	2,859,323,490	2,695,302,360	TV	(13.2)
2013	2,289,025,280	377,756,530	2,666,781,810	2,522,981,550	TV	(6.4)
2014	2,220,124,940	378,198,940	2,598,323,880	2,437,203,620	TV	(3.4)

Notes:

(1) In accordance with the 1970 State of Michigan Constitution, SEV is 50% of appraised or estimated fair market value.

(2) On March 15, 1994, Michigan voters approved changes in the property tax system which affects municipal budgets by placing a cap on taxable value (TV) that is used to compute property tax revenues. Under the changes, effective with the 1995-96 fiscal year, real property assessed value (AV) continues to be adjusted to reflect fair market value, while the taxable value adjustment is limited to the lesser of 5% or the rate of inflation provided the property remained in the same ownership. Upon a property transfer, the cap is removed the following year, increasing the taxable value to the same level as the assessed value, thus established a new base for the again capped taxable value. Previously, real property was adjusted to market value for tax purposes on an annual basis and was not subject to a per parcel limitation or cap. Prior to the 1995-96 fiscal year, all assessed value was taxable. Now, and in the future, some growth in assessed value will not be taxable. The traditional terminology of "State Equalized Value" (SEV) still exists. However, since SEV no longer represents the tax revenue producing power of a municipality, the term "taxable value" is now the fiscally relevant terminology.

(3) Assessing department provided corrected data to realign data by fiscal year for FY2002 - 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 Funds			Total All Rates
	Public Safety	PA 59 of 2012	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains- At-Large	Building Authority		
	Operating	Expansion	Retirement	Rec.	Library	Maint.	of 1917	Large	Authority		
2005	6.609	2.833	0.000	1.602	1.652	2.093	0.944	0.423	0.159	0.028	16.343
2006	6.609	2.833	0.000	1.710	1.652	2.093	0.944	0.423	0.079	0.000	16.343
2007	6.609	2.833	0.000	1.677	1.652	2.093	0.944	0.336	0.198	0.000	16.342
2008	6.609	2.833	0.000	1.767	1.652	2.093	0.944	0.254	0.190	0.000	16.341
2009	6.609	2.833	0.000	1.695	1.652	2.093	0.944	0.332	0.184	0.000	16.342
2010	6.609	2.833	0.000	1.700	1.652	2.093	0.944	0.337	0.174	0.000	16.342
2011	6.609	2.833	0.000	1.869	1.652	2.093	0.944	0.167	0.174	0.000	16.342
2012	6.609	6.891	0.000	3.000	1.750	2.800	1.000	0.221	0.359	0.000	22.630
2013	6.609	6.891	0.021	3.942	1.750	2.800	1.000	0.221	0.487	0.000	23.722
2014	6.609	6.891	0.023	4.720	1.750	2.800	1.000	0.221	0.487	0.000	24.501

ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Total City	Southfield Public School * *	Oakland County Intermediate	Oakland County Operating Levy + +	Oakland County Community College	Total *	City % of Total	Birmingham Public School +	Oak Park Public School +
					School * *	Intermediate	Levy + +	College		Total %	School +	School +
2005	11.044	5.113	0.187	16.343	27.895	3.379	5.244	1.589	54.449	30.0 %	18.413	13.000
2006	11.152	5.112	0.079	16.343	27.893	3.369	5.241	1.584	54.430	30.0	18.210	13.000
2007	11.119	5.025	0.198	16.342	27.893	3.369	5.236	1.584	54.424	30.0	17.818	12.890
2008	11.208	4.943	0.190	16.341	27.250	3.369	5.236	1.584	53.780	30.4	17.160	12.970
2009	11.137	5.021	0.184	16.342	22.204	3.369	5.336	1.584	48.835	33.5	16.742	12.970
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
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
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
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
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

Notes:

- * Southfield Public Schools are used in the example because their portion of taxable assessed valuation is the largest in the City. Comparative rates are presented for Birmingham and Oak Park Schools.
- ** Rate includes 6 mills for state education.
- + Homestead rate used.
- + + Includes Suburban Mobility Authority Regional Transportation (S.M.A.R.T) tax, Zoo Authority, and Art Institute

Source: Southfield Treasurer's Office

City Of Southfield, Michigan

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

Fiscal Year Ending June 30	Preceding Year's TAV	-	Losses	X	CPI	=	TAV Ceiling	-	Actual TAV	-	New TAV	=	Adjusted TAV	Ratio (1)	Rollback Factor (2)
2005	\$ 3,268,025,510	\$	102,696,868		1.023		\$ 3,238,131,201	\$	3,386,748,000	\$	197,099,758	\$	3,189,648,242	1.0152	0.9440
2006	3,386,748,000		113,723,281		1.023		3,348,304,288		3,482,084,152		136,257,076		3,345,827,076	1.0007	0.9440
2007	3,482,084,152		86,930,522		1.033		3,507,193,700		3,604,818,967		140,348,534		3,464,470,433	1.0123	0.9440
2008	3,604,818,967		94,159,344		1.037		3,640,554,029		3,725,952,640		129,377,149		3,596,575,491	1.0122	0.9440
2009	3,725,952,640		34,955,818		1.023		3,775,889,749		3,752,219,740		62,794,559		3,689,425,181	1.0234	0.9440
2010	3,752,219,740		61,761,943		1.044		3,852,837,940		3,656,625,252		100,407,629		3,556,217,623	1.1781	0.9440
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
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
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
2014	2,522,981,550		43,020,605		1.024		2,539,480,008		2,437,203,620		87,681,220		2,349,522,400	1.0808	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, 2014

			<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 71,739)</u>	<u>% Of State Equalized Value \$ 2,598,323,880</u>
DIRECT AND INDIRECT DEBT					
<u>Direct Debt</u>					
General Obligation Bonds-Limited Tax		\$	0		
General Obligation Bonds-Limited Tax-Refunding			3,385,000		
Building Authority Bonds			24,200,000		
Water & Sewer Revenue Bonds			15,373,789		
Michigan Transportation Fund Bonds			6,470,000		
Direct Debt			49,428,789	\$ 689.01	1.90 %
<u>Indirect Debt</u>					
Oakland County Contractual Obligations:					
Drains-At-Large	\$	6,331,411			
Indirect Debt			6,331,411	88.26	0.24
Gross Debt			55,760,200	777.26	2.14
<u>OVERLAPPING DEBT (2)</u>					
Southfield School District	95.05%	\$	67,095,795		
Oak Park School District	24.65		4,752,382		
Birmingham School District	1.92		3,509,664		
Oakland County at Large	4.95		22,119,479		
Oakland County Intermediate School District	4.96		2,759,000		
Oakland County Community College	4.98		153,135		
Overlapping Debt			100,389,455	1,399.37	3.86
			\$ 156,149,655	\$ 2,176.64	6.00 %

Notes:

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

(2) Overlapping debt figures as of 6/30/2014 supplied by the Michigan Advisory Council, Detroit, Michigan.

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2014

	Debt Margin Calculation				
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Applicable Percentage	Statutory Limit
State Equalized Value at 12/31/11				100%	\$ 2,598,323,880
Debt Subject to Statutory Limitation					
General Obligation Bonds-Limited Tax	\$ 0		\$ 0		
General Obligation Bonds-Limited Tax-Refunding	3,385,000		3,385,000		
Building Authority Bonds	24,200,000		24,200,000		
Oakland County Contractual Obligations-Drains	6,331,411		6,331,411		
Restricted Indebtedness	\$ 33,916,411		33,916,411	10%	259,832,388
Michigan Transportation Fund Bond	6,470,000		6,470,000		
Emergency Bonds				3.75%	9,743,715
Special Assessment Bonds				12%	311,798,866
Total	40,386,411		\$ 40,386,411		\$ 581,374,968
State of Michigan Water Supply and Sewage Disposal Revenue Bonds					
Series to 6/30/02					
1998A (LTGO) 2.25%	572,048				
1998B (LTGO) 2.50%	5,450,000				
1999 (LTGO) 2.50%	5,481,741				
2000 (LTGO) 2.50%	3,870,000				
Total Water and Sewage Disposal Revenue Bonds		\$ 15,373,789			
Gross City Debt		\$ 55,760,200			

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	Population (2)	Taxable Value	Bonded Debt (1)	Less Funds	Net	Ratio Of	Net
				Available In Debt		Net Bonded Debt To Taxable	Bonded Debt Per Capita
<u>June 30</u>				<u>Service Funds</u>	<u>Bonded Debt</u>	<u>Value</u>	
2005	78,296	3,386,748,000	61,849,781	825,031	61,024,750	1.80	779.00
2006	78,296	3,482,084,152	60,180,237	484,670	59,695,567	1.71	762.43
2007	78,296	3,604,818,967	58,071,903	615,315	57,456,588	1.59	733.84
2008	78,296	3,725,952,640	55,114,960	626,862	54,488,098	1.46	695.92
2009	78,296 (2a)	3,752,219,740	52,822,465	544,301	52,278,164	1.39	667.70
2010	71,739	3,656,625,252	49,999,942	236,960	49,762,982	1.36	635.58
2011	71,739	3,105,202,030	47,781,901	-	47,781,901	1.54	666.05
2012	71,739	2,695,302,360	45,429,826	-	45,429,826	1.69	633.27
2013	71,739	2,522,981,550	43,094,036	550,347	42,543,689	1.69	593.03
2014	71,739	2,437,203,620	40,386,411	1,073,226	39,313,185	1.61	548.00

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

Fiscal Year Ending	Debt Service Requirements			Total	Ratio Of Debt
	Principal	Interest	Total	General Expenditures (3)	Service To Expenditures
<u>June 30</u>					
2005	1,050,703 (5)	2,124,653	3,175,356	99,418,921	3.19
2006	1,790,844	2,510,103	4,300,947	99,838,380	4.31
2007	2,108,334	2,440,043	4,548,377	102,474,054	4.44
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.53
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.24
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.01
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.34
2012	2,352,075	2,063,617	4,415,692	98,871,731	4.47
2013	2,335,790 (6)	2,051,732	4,387,522	94,468,782	4.64
2014	2,707,625	1,770,415	4,478,040	92,877,415	4.82

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) Includes bond call.
- (5) Excludes bonds defeased in the amount of \$27,175,000.
- (6) 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)
2005	78,296 \$	21,990	36.2	10,099	7.90% \$	2,315,321
2006	78,296	22,501	36.8	9,916	7.7	2,029,972
2007	78,296	*	39.8	9,485	8.6	*
2008	78,296	*	38.0	9,205	9.5	*
2009	78,296	*	38.3	8,854	18.1	*
2010	71,739	29,816	40.1	8,188	13.6	*
2011	71,739	26,928	42.0	9,917	14.0	*
2012	71,739	28,692	42.4	9,191	11.2	*
2013	71,739	28,850	42.0	9,429	11.1	2,165,700
2014	71,739	28,635	42.3	9,429	10.3	*

Notes:

- (1) 1990/2000 Census Data From U.S. Census Bureau & * updated 2010 data and 2011 data from U.S. Census Bureau 2010
 - (2) Survey of Buying Power: Sales and Marketing Management; New York, N.Y.
 - (3) Southfield Public Schools, Southfield, Michigan/2010 Data from City-Data.Com
 - (4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as MI Empl Sec Comm/2010 City-Data.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 2014	2014 Employees	Percentage of Total	Rank	Taxpayer 2005*	2005 Employees	Percentage of Total
1	St. John Providence Hospital	3,600	2.78%	1	St. John Providence Hospital	3,600	2.78%
2	Lear Corporation	1,450	1.12	2	Blue Cross Blue Shield	2,750	2.13
3	DENSO	1,100	0.85	3	IBM	1,700	1.31
4	Blue Care Network	1,000	0.77	4	Lear Corporation	1,600	1.24
5	Credit Acceptance Corporation	940	0.73	5	Blue Care Network	1,000	0.77
6	Federal-Mogul Corporation	800	0.62	6	Real Estate One	943	0.73
7	COMAU	725	0.56	7	Federal Mogul	900	0.70
8	Metropolitan Life Insurance	675	0.52	8	DENSO	800	0.62
9	Comcast	650	0.50	9	Plante Moran	778	0.60
10	International Automotive Components	650	0.50	10	Credit Acceptance Corporation	685	0.53

Southeast Michigan Council of Governments estimate of jobs in 2005 for City of Southfield --> **129,320**

* Estimated figures

City Of Southfield, Michigan

Construction And Property Value Last Ten Calendar Years

Annual Construction By Category

--- Commercial & Industrial---

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

---- Single Family ----

Calendar Year	Commercial & Industrial		Multi-Family		Single Family	
	Number Of Units	Value	Number Of Units	Value	Number Of Units	Value
2005	12	\$ 27,060,063	0	\$ -	71	\$ 10,531,501
2006	4	12,496,655	4	2,634,073	39	7,884,206
2007	16	25,352,632	3	2,820,569	42	9,688,170
2008 ⁽¹⁾	13	21,505,836	5	5,165,383	17	3,654,450
2009	9	17,433,423	0	-	5	970,728
2010	4	3,845,800	0	-	6	3,738,388
2011	3	3,095,020	0	-	2	356,712
2012	6	3,583,500	0	-	1	20,000
2013	3	1,675,000	0	-	1	214,560
2014	6	6,740,662	0	-	0	0

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2005	\$ 1,807,791,760	\$ 64,334,500	\$ 1,855,315,100
2006	1,801,405,640	64,725,410	1,934,412,027
2007	1,811,935,070	59,482,360	1,999,219,340
2008	1,807,018,700	78,808,770	2,042,424,720
2009	1,819,991,830	79,359,210	1,980,028,850
2010	1,789,855,022	96,125,570	1,648,195,710
2011	1,623,189,400	82,740,070	1,179,092,840
2012	1,447,107,940	63,315,040	956,500,110
2013	1,345,088,070	57,254,790	886,682,420
2014	1,294,577,850	52,971,310	872,575,780

Notes:

(1) Building department corrected data for FY2008.

Source: City of Southfield Building and Assessing Departments

City Of Southfield, Michigan

Economic and Statistical History

June 30, 2014

AREA

26.7 square miles (since incorporation)

POPULATION

U.S. CENSUS	1990		2000		2010	
<u>Age Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
24 and under	22,101	29.2%	23,089	29.5%	20,857	29.1%
25 through 64	40,777	53.8%	43,319	55.3%	38,731	54.0%
65 and older	12,850	17.0%	11,888	15.2%	12,151	16.9%
Total Persons	75,728	100.0%	78,296	100.0%	71,739	100.0%

<u>Income Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
\$ 5,000 and under	1,097	3.4%	-	-	-	-
5,000 - 9,999	1,774	5.5%	2,242	6.6%	2,680	8.5%
10,000 - 14,999	1,951	6.1%	1,412	4.2%	2,018	6.4%
15,000 - 24,999	3,988	12.4%	3,495	10.3%	3,941	12.5%
25,000 and over	23,331	72.6%	26,822	78.9%	22,888	72.6%
Total Households	32,141	100.0%	33,971	100.0%	31,527	100.0%

BUILDING CONSTRUCTION

<u>Year</u>	<u>Permits</u>	<u>Value</u>	<u>Year</u>	<u>Permits</u>	<u>Value</u>
2005	1,263	\$ 110,358,912	2010	973	\$ 42,675,431
2006	1,259	80,260,782	2011	712	35,753,539
2007	1,030	100,553,384	2012	994	54,775,981
2008	1,008	75,367,575	2013	1017	69,344,365
2009	1,034	67,130,316	2014	1482	90,085,594

WATER & SEWER SERVICES

Users/Consumers: 18,851 Water and Sewer combined; 167 Sewer only and 1,266 Water only.
 Use & Consumption: 456,744,655 cubic feet purchased
 System Capacity: 34 million gallons per day (MGD)
 Distribution System: Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.

Economic and Statistical History (continued)

WATER & SEWER SERVICES (continued)

Water Mains: 375.32 miles
Fire Hydrants: 4,048
Sewer Mains: 237.23 miles sanitary; 284.09 miles storm; 42.94 miles combined.

STREET FACILITIES

Streets: Total 246.4 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 ten 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.

<u>Vehicles</u>	<u>P.S.A.</u>	<u>Police</u>	<u>Fire Reserve</u>
Cars	1	69	9/0
Trucks	0	0	9/2
Life Support	0	0	4/2
Vans, 4WD, etc.	0	24	8/0
Total	1	93*	30/4

*The Police count does not include vehicles that are waiting to be prepped at DPW Motorpool.

Facilities: One main Public Safety Building housing Police, and Civilian Support Services, as well as a 36-cell lock up facility operated by Wackenhut.

POLICE PROTECTION

Please note that the Southfield Police Department now uses NET RMS program from Oakland County CLEMIS for reporting incidents and calls for service.

Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines:

Group A Offenses: (serious incidents, which carry maximum penalty under the law: murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft, arson, kidnapping/abduction, forgery, fraud, embezzlement, receiving and concealing stolen property, vandalism, weapons violations, commercialized sex, drug law violations, gambling).

Economic and Statistical History (continued)

POLICE PROTECTION (continued)

Group B Offenses: (fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic).

Law Violations: Group A Offenses - 5,434
 Group B Offenses - 1,216

Traffic Violations: 13,469

Incidents Handled: 50,193

FIRE PROTECTION

Alarms Answered: 12,734 runs
Medical Emergency: 11,114 runs
Fire Runs: 1,620 runs

PARKS & RECREATION

The Southfield Parks and Recreation Department is responsible for 775 acres of parks, nature preserves and open space, and historic properties at 33 sites within the City. There are numerous ball fields, tennis and handball courts, picnic areas and shelters as well as soccer fields, play lots, and sand volleyball courts located throughout the City for residents' enjoyment. The Department is also responsible for a number of historical properties including the Burgh Historical Park, the Miller Barn at Inglenook Park, the Historic Code House, and the Mary Thompson Farm. The Burgh Historical Park includes period gardens with fountains and a gazebo and six historic buildings which bustle with activities from concerts and weddings to a variety of other family and community events. The Mary Thompson Farm features a restored 19th century farm house which is home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provides plots to over 100 enthusiastic gardeners who offer tours to school and scouting groups.

The Department offers numerous recreation programs at facilities which include: 2 nine-hole golf courses, Evergreen Hills Golf Course and Beech Woods Golf Course, as well as the Beech Woods Driving Range and Heated Tee facility for year round play; the Southfield Sports Arena with its 50 meter outdoor swimming pool, complete with water slide, climbing wall, and kiddie pool with water features, as well as a regulation NHL ice surface indoor; Beech Woods Recreation Center features over 17,000 square feet of gymnasium space. The Center has the capability to run three collegiate basketball games simultaneously, in addition to four volleyball or three tennis or pickleball courts, indoor golf nets, and a complete wellness/fitness center. The Department is also responsible for the Southfield Adult Recreation Center 50+ as well as the Parks and Recreation Building and Southfield Pavilion.

Economic and Statistical History (continued)

PARKS & RECREATION (continued)

Southfield Parks and Recreation offers many programs for disabled athletes. The Civic Center Park is home to the first Miracle Field in the state; a custom synthetic turf and handicapped accessible dugouts, restrooms, and drinking fountains. The Beech Woods Recreation Center is proud to be the home of the Jr. Thunderbirds Wheelchair Basketball team. Golf programs have also been expanded to include youth programs such as Michigan First Tee and Midnight Golf, along with the PGA sponsored GAIN program for disabled golfers.

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is focused on providing quality, fun special events for families, including the *Daddy Daughter Dinner & Dance*, *EGGS'travaganza*, *Family Fun & Safety Night* (in partnership with the Southfield Police and Fire Departments), and *Boo at the Burgh*. Two new events for adults only; *Sips & Sounds*, a wine tasting, and *Brew at the Burgh*, a craft beer tasting, have proved to be popular additions to the department's event programming. Quality entertainment is offered year-round with a variety of concert series including the popular free outdoor concerts held throughout the summer at the Burgh Historical Park Gazebo and *Eat to the Beat* noontime series at City Centre. The Department has received many national awards for excellence in recreational programming, as well as for beautification and environmental maintenance and programming. In October of 2012, the City of Southfield received the President's Award from Keep Michigan Beautiful for the Carpenter Lake Nature Preserve at their annual meeting in Dearborn. This award represents the organization's highest honor which is awarded to communities throughout Michigan.

LIBRARY

Southfield Public Library helps people succeed! The value of the Library is immeasurable – it impacts all who desire to make education, literacy, technology and culture a vital part of their lives. Like reading a book, the magic of the Southfield Public Library and its unique environment unfold before you. Discover it for yourself!

Southfield Public Library welcomes over 1,500 guests daily to utilize our collection of over 250,000 books, movies, music and more. There are more than 180 public use computers in the library and free Wi-Fi is available throughout the building. Visit our website at www.southfieldlibrary.org and search our catalog; using your library card, find information not available on Google about genealogy, homework help, business information, health resources and much more.

The first level houses books, magazines music, movies and audio books for children and young adults. Our children's area provides the sense of discovery - colorful carpet icons greet and direct visitors to special features including the Readers' Treehouse and fireplace, our Storybook Castle with a Dragon's Den and Puppet Theater, the Space Station Program Room, the Imaginarium Garden and Early Literacy Computers. Children's programs are available throughout the year including story times, Battle of the Books, Summer Library Program. Teens have Club Q & A filled with graphic novels, books, music and movies. We have something for every one's interests.

Economic and Statistical History (continued)

LIBRARY (continued)

The second and third levels provide adults with comfortable areas for study and reading. Amenities include fireplaces, an outdoor terrace, quiet-study rooms, a computer lab, group study rooms and a variety of seating; ensuring there are places for everyone. Printers, copiers and fax machines are available on each level.

We offer books, magazines and newspapers in standard and large print. The Library has great book collections to fulfill pleasure reading and research needs, including items in a variety of languages to meet the needs of our diverse community. Other collections include feature, documentary and foreign movies, all kinds of music and specialized online research sources.

Southfield residents can download an ebook or audio book to their iPad, smartphone, Kindle, nook or e-reader via the library's website at www.southfieldlibrary.org.

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

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

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

City of Southfield, Michigan

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Election Data (1)</u>										
Registered voters	63,813	60,755	60,534	59,617	62,816	56,317	57,150	58,328	60,451	60,747
Absentee voters	9,753	4,868	7,236	4,536	14,100	5,251	7,084	4,683	14,020	5,240
Percent voting	65.41	22.74	53.34	14.66	68.79	22.48	49.50	16.05	72.67	18.67
<u>District Court</u>										
Number of Court Cases	46,403	60,579	61,709	53,978	50,268	49,807	57,582	54,155	57,305	54,354
<u>Police (2)</u>										
Offenses-Group A (3)	8,400	8,674	8,583	7,849	6,263	7,443	6,148	5,574	5,434	*
Offenses-Group B (4)	1,486	3,821	4,263	1,892	3,347	4,297	3,833	1,743	1,216	*
Traffic Violations	23,874	23,568	32,780	24,114	17,383	12,169	10,966	12,366	10,054	13,469
Incidents Handled	77,674	72,928	86,361	64,701	60,300	60,862	60,985	53,876	49,933	50,193
<u>Fire</u>										
Medical Emergencies	9,361	9,549	8,774	9,361	9,251	9,850	10,504	10,410	11,538	11,114
Fire Runs	1,709	1,561	2,024	1,709	2,108	1,853	1,948	1,772	1,978	1,620
<u>Library</u>										
Circulation	602,974	588,696	556,961	551,307	644,133	712,060	701,976	644,380	496,851	445,316
Collection Volume	244,481	263,857	271,462	270,885	286,931	289,404	314,778	288,949	291,168	291,728

Notes:

- (1) For general elections only during that fiscal year
 - (2) Southfield Police Department uses NET RMS program from Oakland Country CLEMIS for reporting incidents and calls for service.
Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines
 - (3) Group A offenses include murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft, arson, kidnapping/abduction, forgery, fraud
 - (4) Group B offenses include fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic
 - * Information not available
- Source: City of Southfield

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	33	36	33	33	36	38	38	41	34	34
<u>Police</u>										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	119	119	116	119	122	109	109	95	94	94
<u>Streets</u>										
Miles on major street system **	64.71	64.71	64.71	64.71	64.71	64.71	61.53	64.71	64.71	64.71
Total miles of streets	245.73	245.73	245.73	245.73	245.73	245.73	246.85	246.40	246.40	246.40
Miles of unpaved	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of alleyways	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of sidewalks	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29
Miles of paved bike paths	10	10	10	10	10	10	10	10	10	10
<u>Street Lights</u>										
Detroit Edison owned	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221
City owned	190	190	190	190	190	190	190	190	190	190
<u>Water</u>										
Annual distribution in million cubic feet	559,549,232	576,499,344	504,851,000	523,052,200	482,841,900	449,737,200	505,012,300	510,329,700	484,436,900	456,744,655
Miles of watermains **	397.73	397.73	397.73	397.73	397.73	397.73	375.32	375.32	375.32	375.32
Number of hydrants **	4,026	4,026	4,026	4,026	4,026	4,026	4,038	4,038	4,038	4,048
<u>Sewers</u>										
Miles sanitary **	272.46	272.46	272.46	272.46	272.46	272.46	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 **	54.47	54.47	54.47	54.47	54.47	54.47	42.94	42.94	42.94	42.94
<u>Parks and Recreation *</u>										
Number of developed parks	20	20	20	20	20	20	20	20	20	20
Acres of public parks	800	800	775 ⁽¹⁾	775	775	775	775	775	775	775
Number of tennis courts	20	20	20	16 ⁽²⁾	16	19 ⁽³⁾	19	16 ⁽⁴⁾	16	16
Outdoor education center/farm	1	1	1	1	1	1	1	0	0	0
9-hole golf courses	2	2	2	2	2	2	2	2	2	2
Ice arenas	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1

Notes:

⁽¹⁾ Deducted 25 acres, now managed by Oakland County Parks & Recreation

⁽²⁾ Removed 4 tennis courts at Beech Woods (Some to be replaced at a later date)

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

⁽⁴⁾ Removed Tennis Courts at Bedford Woods (in 2011)

* Data updated 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Accounting	8.40	8.40	7.50	7.50	7.50	7.50	6.50	5.50	5.50	4.50
Administration	4.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	2.00
Assessing	11.15	10.65	10.65	9.65	9.65	9.65	6.90	7.00	7.00	7.65
Building	21.00	21.00	21.00	20.00	20.00	20.00	20.00	17.50	16.40	15.40
Cable TV	7.00	7.00	7.00	7.00	6.50	7.00	5.25	5.50	5.50	6.50
Central Services	6.00	7.00	7.00	6.00	6.00	6.00	6.00	4.00	4.00	4.00
City Clerk	11.00	11.00	11.00	11.00	11.00	11.00	7.00	7.00	7.00	6.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civilian Operations/Communications ⁽¹⁾	25.00	24.00	24.00	-	-	-	-	-	-	-
Community Develop. Admin.	15.00	13.00	13.00	13.00	12.00	10.00	8.00	8.00	8.00	8.00
Community Relations	6.00	6.00	6.00	6.00	6.00	5.50	5.25	5.00	4.00	3.00
District Court	40.00	39.00	39.50	39.50	39.50	39.50	38.00	37.50	38.25	36.25
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.00	1.50	0.50	0.50	0.50
Engineering	11.00	11.00	10.00	11.00	11.00	11.00	6.00	6.00	6.00	5.00
Facilities Maintenance	44.26	44.26	42.26	42.26	42.26	42.26	32.00	31.00	26.00	33.00
Fire	114.00	113.00	113.00	113.00	113.00	113.00	102.50	101.00	93.00	94.00
Fiscal Services/OMB	3.00	3.00	3.00	4.00	4.00	4.00	2.00	2.00	2.00	1.00
Human Resources ^{(2), (3)}	11.00	9.00	9.00	8.50	10.00	10.00	9.50	6.50	6.00	6.50
Human Services	5.50	4.50	4.50	4.50	4.50	4.50	4.00	3.00	4.00	3.50
Labor Relations ⁽³⁾	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Legal	10.00	9.00	8.00	8.00	8.00	8.00	7.50	7.50	7.50	6.75
Library	64.50	64.50	61.50	61.50	61.50	61.50	52.00	50.00	54.25	46.75
Mayor	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	14.00	15.00	15.00	15.00	14.75	14.75	13.25	13.25	12.25	9.50
Parks and Recreation	101.80	93.80	92.80	92.80	91.05	91.05	80.05	80.90	81.05	79.30
Planning	7.00	7.00	7.00	6.00	6.00	6.00	4.50	4.00	4.50	4.50
Police ⁽¹⁾	186.89	182.89	177.66	201.66	202.16	202.16	187.66	172.66	169.16	158.66
Public Works Admin.	7.00	7.00	6.00	6.00	6.00	5.00	3.00	1.50	-	-
Purchasing	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.00	1.00
Retirement Administration ⁽⁴⁾	1.00	-	-	-	-	-	-	-	-	-
Streets And Highways	31.62	36.62	36.62	36.62	36.62	36.62	25.00	25.00	25.00	25.50
Technology Services ⁽⁵⁾	11.50	11.50	11.00	11.00	11.00	11.00	10.00	9.00	9.00	8.50
Transportation	4.76	4.76	4.76	4.76	4.76	4.76	3.00	3.00	3.00	5.00
Treasurer	8.60	8.60	8.50	8.50	8.50	8.50	8.50	7.50	7.50	6.50
Water And Sewer	31.08	31.08	30.08	30.08	30.08	31.08	19.50	17.00	17.00	24.00
Totals	837.56	820.06	803.83	801.33	798.33	797.33	689.36	653.31	637.86	622.26

Notes:

- ⁽¹⁾ Effective July 1, 2007, Civilian Operations/Communications budget became part of Police budget.
- ⁽²⁾ In 2004-05, eight contractual daycare positions were eliminated upon the closing of the daycare center.
- ⁽³⁾ Effective July 1, 2008, Labor Relations budget became part of Human Resources budget.
- ⁽⁴⁾ New Department in 2003-04.
- ⁽⁵⁾ Effective July 1, 2003, department title was changed from Information Services to Technology Services.

Source: City of Southfield Office of Management & Budget

City of Southfield, Michigan

**Management Group (Exempt) Personnel
Salary Schedule June, 2014**

<p align="center">Grade E - U, \$98,949 - \$133,872 Deputy City Administrator/Fiscal Services Director</p>
<p align="center">Grade E - T, \$92,757 - \$125,496 Deputy City Administrator</p>
<p align="center">Grade E - S, \$88,555 - \$119,815 Director of Public Works Director of Planning & Economic Development Police Chief Deputy City Attorney</p>
<p align="center">Grade E - R, \$82,575 - \$111,719 Deputy Director - Public Works/Operations Director of Community Relations Director of Parks and Recreation Director of Staff Services/Human Resources Fire Chief City Planner</p>
<p align="center">Grade E - Q, \$78,447 - \$106,135 City Librarian City Controller/Deputy City Treasurer Director of Technology Services</p>
<p align="center">Grade E - P, \$74,876 - \$101,302 Attorney IV City Assessor City Engineer Human Services Director</p>
<p align="center">Grade E - O, \$68,239 - \$92,321</p>
<p align="center">Grade E - N, \$62,411 - \$84,438 Attorney III Deputy City Assessor Deputy City Clerk Deputy City Librarian Deputy City Planner Deputy City Treasurer Labor Relations Director Purchasing Agent</p>
<p align="center">Grade E - M, \$57,393 - \$77,653 Attorney II</p>
<p align="center">Grade E - L, \$52,968 - \$71,664 Attorney I</p>

Notes:
Source: City of Southfield, Human Resources

City of Southfield, Michigan

State Shared Revenues Last Ten Fiscal Years

Fiscal Year Ending June 30	State Shared Revenue
2005	\$ 8,968,087
2006	7,483,714
2007	5,612,524
2008	8,383,945
2009	7,476,776
2010	6,182,706
2011	6,182,693
2012	5,973,225
2013	6,138,572
2014	6,304,301

Gas and Weight Taxes Last Ten Fiscal Years

Fiscal Year Ending June 30	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major Road	Local Road	
2005	\$ 4,060,585	\$ 1,222,393	\$ 5,282,978
2006	4,009,988	1,207,717	5,217,705
2007	3,964,295	1,193,146	5,157,441
2008	1,647,039	495,743	2,142,782
2009	6,023,732	1,809,212	7,832,944
2010	3,699,879	1,111,526	4,811,405
2011	3,753,339	1,129,517	4,882,856
2012	3,782,991	1,132,407	4,915,398
2013	3,799,468	1,136,566	4,936,034
2014	3,914,898	1,172,520	5,087,418

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	6/30/2012 *	64
AFSCME Supervisors	6/30/2012 *	25
Technical, Professional, and Office Worker Association TPOAM	6/30/2012 *	109
Southfield Fire Fighters Association SFFA	6/30/2012 *	88
Southfield Police Officers Association SPOA	6/30/2017	94
Michigan Association of Police (MAP) Public Safety Communication Supervisors	6/30/2013 *	5
Police Officers Association of Michigan POAM	6/30/2016	15
Southfield Police Command Officers' Association SPCOA	6/30/2015	24
Southfield Deputy Chiefs Association SPDC	6/30/2012 *	2
Administrative Civil Service ACS		14
Management Group		17

Notes:

* Contracts have expired.

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