

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended June 30, 2019
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2019

Fiscal Services

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City of Southfield

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December 19, 2019

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

RE: 2018-19 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, 2019, is submitted herewith, in accordance with provisions of the Southfield City Charter and the laws of the State of Michigan. This report, prepared by the City's Fiscal Services staff, represents the official report of the City's financial operations and condition to the City's residents, elected officials, investment firms, rating agencies and other interested parties. Responsibility for the accuracy, completeness and fairness of the financial data herein, including all disclosures, rests with the City. The annual audit of the City of Southfield financial statements was conducted by the independent accounting firm of Plante & Moran, PLLC.

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

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

Mayor
Kenson J. Siver

Council President
Dr. Lloyd Crews

City Clerk
Sherikia L. Hawkins

City Treasurer
Irv M. Lowenberg

City Council

Nancy L.M. Banks

Daniel Brightwell

Jason Hoskins

Michael A. Mandelbaum

Tawnya Morris

Linnie Taylor

City of Southfield

Letter of Transmittal

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

The City of Southfield is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular in conformity with 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of State and Local Governments. The Federal Awards audit report includes independent auditor review and comments on internal controls, legal/regulatory compliance, and any findings of questioned costs.

CITY OF SOUTHFIELD, MICHIGAN: MUNICIPAL OVERVIEW

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

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

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

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

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

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

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

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

Southfield is served by many long-tenured elected officials and administrative staff. City Council members average more than 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

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than 20 years, providing stability and proven leadership for City operations. Within the group, many hold advanced academic degrees, numerous professional designations and professional certifications in their respective fields. In addition, many have earned special recognition through election to state or national association offices, as instructors for professional seminars, or as guest lecturers at universities.

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

ECONOMIC PROFILE

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

The City of Southfield ranks in the top three in terms of the population base in Oakland County. The U.S. Census Bureau identified 73,158 residents in Southfield in the 2018 census estimate, making the City of Southfield one of the top three most populous cities in Oakland County. The median household income of our residents is \$52,470. Personal income in the City has risen in recent years, which is an indication of a healthy economy. Of the total population, it is estimated that over 37.5% have a bachelor's degree or higher, which will help in stabilizing unemployment in the community.

For the City, the economic outlook continues to be guarded. Cost pressures, particularly in the healthcare and pension area, continue to challenge the City's finances. Pensions, retiree healthcare and other post-employment benefits made up 54% of the City's long-term liabilities. The SERS pension plan is 71% funded, the Fire and Police pension plan is 72% funded, and the Retiree Health Care Trust Fund is funded at 32%. While property values have begun to rise, property taxable values are nowhere near the pre-recession values. As a result, revenue growth for the General Fund will remain limited over the next several years due to the limitations of Proposal A, the Headlee Amendment and the City's inability to expand revenue beyond the rate of inflation. The City is levying at its maximum millage levels allowable by charter.

The City Council and City Administrator are committed to strategies designed to ensure the long-term fiscal health of the City. The budget serves as the foundation for the City's financial planning and control. As part of the budget process, management prepares an annual budget for the General Fund and all other funds and presents it to City Council for adoption. Overall, the City's

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current budget emphasizes cost containment and maintenance of existing service levels. Therefore, the City commits to the following:

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

City of Southfield maintains strong AA Bond Rating

The City of Southfield's AA bond rating was reaffirmed on April 9, 2019 by Standard & Poor's, placing the City among the top rated governmental agencies in Michigan. The new rating comes with the City's \$68 million Water and Sewer Capital Improvement Bonds sale on April 17, 2019 which will provide funding for citywide infrastructure repairs and improvements.

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

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

- Strong economy with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with an operating surplus in the general fund and break-even operating results at the total governmental fund level in fiscal 2018;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 37 percent of operating expenditures;
- Very strong liquidity, with total government available cash at 24 percent of total governmental fund expenditures and 2.3x governmental debt service, and access to external liquidity which is considered strong; and
- Strong institutional framework score.

Moreover, S&P indicated that Southfield's economy remains strong as the city continues to rebound from the last recession, diversify, and exhibit tax base growth. The bond sale received significant interest with nine firms from across the U.S. bidding. The sale secured an impressive 2.88 percent interest rate, as compared to the 2.95 percent interest rate for the city's most previous bond sale, resulting in an almost \$3 million savings compared to the estimated interest costs in the preliminary prospectus.

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

INFRASTRUCTURE & CAPITAL IMPROVEMENT CAMPAIGNS

On November 4, 2014, City of Southfield voters approved a proposal for up to 2.58 mills to pay for up to \$99 million in road construction bonds spread out over eleven years. The City levied 2.58 mills in each year subsequent to voter approval. The estimated simple average annual millage rate required to retire the bonds is 2.50 mills. The bonds will pay for the cost of constructing street improvements throughout the City, consisting of paving, repaving, reconstructing and improving streets, including curb, gutter and drainage improvements and all necessary appurtenances.

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

Nine Mile Road & Bridge Construction Project

The City of Southfield held a ribbon cutting ceremony to celebrate the completion of the Nine Mile Road and bridge construction project on June 5, 2019 at the bridge site located between Telegraph and Lahser.

The project included the complete removal and replacement of the bridge over the Evans Branch of the Rouge River. The bridge was elevated eight feet higher than the previous structure to reduce the vertical curve of the road to improve sight distances. An eight-foot sidewalk was installed on each side of the bridge; however, the south sidewalk is for future use as there is currently no connecting sidewalk on the south side of Nine Mile Road.

Traffic volumes have allowed Nine Mile Road to be reduced to three lanes with one lane in each direction and a center left turn lane between Telegraph and Lahser. Nine Mile was rehabilitated by removing the curbs and covering the existing concrete pavement with two inches of stone which was then paved with five-and-a-half inches of asphalt. All new curbs and driveways were constructed with full reconstruction in the segments close to Telegraph Road and Lahser Road, as well as segments adjacent to the new bridge to accommodate the elevation change.

Utility work related to the bridge replacement included 200 feet of 16-inch water main relocation and concrete encasement of Oakland County Water Resources Commission's 36-inch sanitary

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interceptor, which crosses beneath the west bridge abutment. In addition, 548 feet of 10-inch sanitary sewer east of Plum Hollow Street was found to be in poor condition and was also replaced.

The total project cost was \$8,100,000 with \$3,306,600 in Federal funds and \$1,425,000 in State Local Bridge funds. The City of Southfield's cost share was \$3,368,400. Funding for the City's portion of the project was provided from the Road Bond Construction Fund (\$3,265,715) and the Water & Sewer budget (\$102,685). The ribbon cutting featured remarks from several city officials including Mayor Kenson Siver, Council President Lloyd Crews and City Administrator Fred Zorn.

Northbound Northwestern Service Drive - Southfield Road to Lahser Road

Reconstruction of Northbound Northwestern Service Drive from Southfield Road to Lahser Road began in late May of 2018 and was completed in July of 2019. The project included concrete patching and a four-inch asphalt overlay on the service drive. Full concrete reconstruction took place at the intersections of Mt. Vernon and at Evergreen in addition to eliminating one travel lane between Mt. Vernon and Civic Center Drive to add an on-street bike lane. The \$7.6 million project also included traffic signal upgrades, ADA improvements and filling in sidewalk gaps. The investment was paid for with Southfield Streets Improvement Bond funds, \$1.7 million in federal funds and a \$60,000 contribution from the City Centre Advisory Board toward the new sidewalk and bike path extension.

Ten Mile Road - Evergreen to Greenfield

The Road Commission of Oakland County (RCOC) began the reconstruction of Ten Mile Road from Evergreen to Greenfield in July of 2019. The \$3.2 million project included partial reconstruction and partial concrete patching. It was completed in November 2019 and included a \$1.2 million City of Southfield contribution.

Local Street Improvements

A number of other local street improvement projects also took place in FY2017-18 throughout the city, including road reconstructions, water main replacements and filling in sidewalk gaps for a total of almost \$34 million in infrastructure investment throughout the city.

ECONOMIC DEVELOPMENT

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

The Southfield Brownfield Redevelopment Authority provides major tools and incentives for businesses to revitalize "brownfields," which are environmentally contaminated or functionally

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obsolete properties. These tools include tax increment financing and small business tax credits to potential developers of brownfield properties. The ability to offer brownfield redevelopment incentives enables Southfield to entice new development to areas that may otherwise be overlooked due to the additional costs of redevelopment.

Centrepolis SmartZone

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

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

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

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

LTU Collaboratory

The Lawrence Technological University (LTU) Collaboratory is on a mission to accelerate the growth of southeast Michigan's small manufacturers and hardware entrepreneurs by providing access to key resources specific to their unique needs. The Collaboratory provides leaders of these businesses

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with access to mentors, workshops, cutting-edge technologies, corporate connections, college students, events, workspace, and a collaborative community of peers. Additionally, Collaboratory clients will soon have access to a state-of-the-art, 6,200-square-foot facility adjacent to the Southfield office of Oakland County's Michigan Works featuring additional workspace, training facilities, and a premier manufacturing technology lab. Among the Collaboratory's programs are Scale-Up For Success and Hardware Massive.

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

Centrepolis Accelerator

Lawrence Technological University and the City of Southfield have entered into a formal partnership to launch the Centrepolis Accelerator. Housed on the campus of LTU, the Centrepolis Accelerator will broaden and replace the small business and entrepreneurial support services provided by the LTU Collaboratory in recent years, leveraging the City's focus on driving local and regional economic development through Southfield's Centrepolis SmartZone.

The Centrepolis Accelerator's mission is to accelerate the growth of small manufacturers and hardware entrepreneurs by providing access to key resources. The accelerator's website address is www.centrepolisaccelerator.com.

As part of the LTU-Southfield partnership, the Centrepolis Accelerator plans to open a new, state-of-the-art, 6,300-square-foot center in the fall of 2019 on the campus of LTU that will provide clients and partners access to office space, co-working space, workshops, mentors, technical and business services, a digital design lab, a mixed reality lab, a product prototyping lab, and other resources.

Leading the Centrepolis Accelerator is Dan Radomski, who was hired as a result of the LTU-Southfield partnership. Radomski has an extensive background in manufacturing and supporting hardware companies, and is well-known within Michigan's entrepreneurial ecosystem. He was most recently chief strategy officer for Optimal Inc. in Plymouth, and formerly vice president at NextEnergy in Detroit, the state of Michigan's advanced energy industry accelerator. In addition to the City of Southfield and LTU, the Centrepolis Accelerator receives grant support from the Michigan Economic Development Corp. and the New Economy Initiative of Southeast Michigan.

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

Redevelopment Ready Communities (RRC) Certification

For establishing a solid foundation to attract private investment and further build on municipality assets, the City of Southfield was again awarded Redevelopment Ready Communities (RRC) certification from the Michigan Economic Development Corporation in December of 2016.

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

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

Oakland County Michigan Works New Southfield Career Center

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

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

Southfield Michigan Works is one of eight locations in Oakland County designed to help both job seekers and businesses. For the job seeker, Southfield Michigan Works provides career

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management and job search assistance, labor market information, information about upcoming job fairs, as well as monthly workshops to assist job seekers with every aspect of their search. Business services include talent recruitment, labor market information and training support.

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

Michigan's Business Center

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

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

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

Southfield 2nd Annual CommUNITY Cup Corporate Challenge

The City of Southfield partnered with 18 Southfield-based businesses to participate in the second annual CommUNITY Cup Corporate Challenge. The five-week challenge concluded with a 'Stuff the Bus' event benefiting Southfield Public Schools on August 9, 2018 at the Southfield Municipal Campus, 26000 Evergreen Road.

The Southfield community was invited to join the competition and 'Stuff the Bus' for Southfield Public Schools. Several busses were parked on the Southfield Municipal Campus where residents and CommUNITY Cup participants dropped off donated school supplies. Participating companies were matched with one of 13 schools in the Southfield district. Donated school supplies were given to teachers to help supplement the needs of their classrooms.

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Guardian Alarm and Kenmar, members of the Southfield Downtown Development Authority (DDA), together donated \$6,000 to purchase supplies for Southfield Public Schools. Guardian Alarm donated \$5,000 and Kenmar added a \$1,000 donation.

The Southfield CommUNITY Cup Corporate challenge was designed to connect local businesses, while having fun and creating a sense of community. The CommUNITY Cup kicked off with a kickball tournament at Inglenook park. Events were held each Thursday for five weeks and included trivia quiz bowl, a sand volleyball tournament and an Amazing Race around Southfield event. Participating companies include: Adient, AIREA, city of Southfield, COMAU, Credit Acceptance Corporation, DENSO International America, Inc., Doner, Health Alliance Plan (HAP), IHS Markit, Lawrence Technological University, Moncur, MSX International/GRI, Nexcess, P3-Group, REDICO, Robert Half, STTAS - a UPS Company, The Mars Agency and Veoneer.

New Business Catalyst Portal helps companies to succeed in Southfield

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

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

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

Truck-Lite

To meet the demand for talent, Truck-Lite Co, LLC conducted a national search to determine the ideal new location for their facility and the City of Southfield was number one on the list. Truck-Lite made a \$10,000,000 investment in a new 48,000 square foot headquarters and research & development center in Southfield. Truck-Lite worked with Oakland County Michigan Works Southfield to hire up to 95 new employees. Truck-Lite is a worldwide leader in heavy-duty forward and signal lighting, mirrors, trailer harnesses and other safety and visibility systems. Truck-Lite began with an ingenious idea that sparked a revolution in truck and trailer safety lighting.

Reforma Group

Reforma Group made an investment of approximately \$4 million of which \$2 million will be in technology, furniture and fixtures, with the balance in the purchase of the property and property

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improvements. Currently, Reforma Group has 40 employees; however, they anticipate hiring approximately 40 additional staff over five years.

Reforma Group is a leading U.S. private label cosmetics and health & beauty product manufacturer. The company is a woman owned and operated leading contract manufacturer and a developer of a wide range of premium private label personal, health & beauty care products, color cosmetics and custom formulations of natural products.

AM Vent Capital Group LLC

AM Vent Capital Group LLC on behalf of NPP16300 LLC renovated and upgraded 16300 North Park Drive with improvements that included: replacement of the water system, roof replacement, parking deck & lot improvements, leasehold improvements, furniture, interior fixtures and state of the art equipment.

Foster Financial

Foster Financial invested \$5 million of improvements at 21700 Northwestern Highway to address the overall poor conditions of the property and reposition the asset as a desirable office location.

Configit, Inc.

Configit, Inc. provides global manufacturers with business-critical solutions for the configuration of complex products. Founded in Denmark in 2000, the company has offices around the world and in the U.S. Configit plans to open a new office in the City of Southfield to house its U.S.-based software product development team. The project is expected to generate a total capital investment of \$803,000 and create 51 high-tech and administrative jobs, resulting in a \$365,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the expansion over competing sites in Atlanta and Chicago.

Technosoft Corporation

Technosoft Corporation, founded in 1996 and headquartered in Southfield, combines strategy, technology, and creativity to help companies accelerate their digital transformation journeys. Technosoft offers solutions for data science, robotic process automation, artificial intelligence, cloud computing, application lifecycle management, CRM-ERP (Salesforce, SAP, Oracle), and IT infrastructure management. The company has more than 4,400 employees globally. Technosoft recently announced plans to create a Digital Transformation Center of Excellence at its Southfield facility. From this center, Technosoft will deliver projects to help companies transform how they do business using digital technologies such as blockchain, robotic process automation, and data science. The initiative is expected to generate a total private investment of \$878,000 and create 104 high-paying jobs. As a result of this expansion, Technosoft has been awarded an \$800,000 Michigan Business Development Program performance-based grant. Michigan was chosen over a competing site in Texas.

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EverCentre Redevelopment Project

The City of Southfield reissued a Request for Qualifications (RFQ) for qualified developers for the vacant 8.15-acre “EverCentre” property located at the corner of Evergreen Road and Civic Center Drive directly across from the Municipal Campus. The City of Southfield is seeking to develop a centrally located pedestrian-friendly mixed-use development in the heart of the Southfield City Centre district to help attract and retain professionals, to create and maintain a “sense of place” and to spur economic development.

The City is seeking qualified developers to 1) help facilitate the disposition of the property; 2) create a development that compliments the city of Southfield’s vision; and, 3) arrive at a jointly approved plan. City leadership and elected officials are committed to working with the developers in the marketing and sale of the property and to expedite review and permitting processes and pursue available incentives.

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

The vision for Southfield City Centre is to build on Southfield’s high-profile business climate by adding a walkable, mixed-use destination for shopping, dining, entertainment and new residents. The Southfield City Centre is at a crucial turning point in suburban redevelopment. Still a district largely dominated by auto-oriented development populated by office parks and strip commercial plazas, the City now seeks to redefine its economic growth strategy in keeping with current market trends and demands. With the proper redevelopment of this 8.15-acre site, Southfield City Centre will become a catalytic district representing the future for metro Detroit — a walkable urban place within a suburban community that combines the aspirations of this high-profile business climate with a commitment to walkability, community and sense of place.

NORTHLAND CENTER ACQUISITION

The City of Southfield purchased the former Northland Center mall at Eight Mile Road and the Lodge Freeway in October of 2015 from the court-ordered receiver for \$2.4 million and plans to demolish, remediate and sell the property to a qualified developer.

The City of Southfield purchased the property to protect, maintain and ultimately increase the property values for Southfield’s home and business owners. The City does not intend to develop or own the property. The plan is to demolish it and clean it up so it can be sold to a qualified property developer who will build a new, revitalized mixed-use development containing office, retail and residential space.

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In addition to the \$2.4 million the City spent to purchase Northland, Southfield also anticipates spending an additional \$8-\$10 million on the demolition and remediation of the property. There was a \$31 million mortgage lien on the property that was extinguished upon the City's purchase of the property.

The Mayor, City Council, and City Administration were very forward thinking in planning for property redevelopment for large land parcels such as this. In addition to taking advantage of available low interest and no interest government loans and/or grants, the two primary sources of funding being utilized were from the following restricted funds:

- The Tax Base Initiative Fund (TBIF)—which can only be used for city redevelopment projects—provided approximately \$7.8 million for the Northland redevelopment.
- The Local Improvement Revolving Fund (LIRF)—which is reserved solely for capital projects—provided \$12.5 million for the Northland redevelopment.

As of June 30, 2019, approximately \$11.5 million of available funding had been invested in the redevelopment of the Northland property. The City of Southfield did not increase taxes to purchase and ultimately demolish and remediate the property; nor did it increase taxes to replenish the funds that were spent on the project.

Why Northland Center is important to the City of Southfield:

- Located just north of 8 Mile Road, on the border between Detroit and Southfield, it is the important southern entryway into Southfield from Michigan's largest city.
- It is adjacent to the Lodge Freeway (M-10), which goes northwest from downtown Detroit through Southfield to West Bloomfield, six miles north of the Detroit/Southfield border.
- The Lodge connects with two other major expressways, the Southfield Freeway and I-696 a few miles north of Northland Center.
- About 140,000 vehicles pass the site daily on the Lodge.
- Northland Center is located just south of City's marquee cluster of five golden skyscrapers known as the "Golden Triangle" that form the contemporary Southfield Town Center office complex with the Westin Hotel and conference center.
- If the site is not demolished and re-developed into a revitalized mixed-use site, it could become an eyesore that brings down property values for homes and businesses throughout Southfield.

Background on Northland Center:

- Northland Center was the largest shopping mall in the world when it opened in March 1954. The mall was enclosed 20 years later in 1974.
- Northland led the way for Southfield to become a major commercial, business and residential center in metropolitan Detroit.
 - When the original center was completed, Southfield's population was only 25,000. Fifteen years later, the population had grown to 69,000, which is about what it is today (73,000).

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- In addition to its population growth, the Center helped foster enormous office expansion. Today, Southfield boasts more than 27 million square feet of office space, making it one of Michigan's leading business centers.
- Over the past decade, due to a struggling economy and an aging facility, many Northland Center stores closed. In August of 2014, the mall went into receivership and in March of 2015 the remaining stores were closed.

In May of 2015, the City of Southfield selected OHM Advisors, an integrated architecture, engineering and planning firm with offices in Michigan, Ohio and Tennessee, as master planner for the redevelopment of the former Northland Center mall.

Through a published competitive bidding process, Southfield selected OHM Advisors from a field of seven finalists to develop a conceptual market-driven master redevelopment plan. The firm was founded in Detroit in 1962, and in recent years has diversified and expanded its footprint with clients that include Fortune 20 companies, cities and townships, retailers and private developers nationally.

OHM Advisors assembled a team that not only understands the history of the Northland Center site, but also brings a unique perspective to its development potential. Team members include: OHM – project management, planning & development, civil & transportation engineering; AKT Peerless – environmental engineering; Arcadis – structural engineering; Callison/RTKL – architecture/planning; The Danter Company – market analysis & assessment; Edna Bell – public relations; Ice Miller LLP – economic development incentives/municipal finance; Moncur – branding; and Tom Carter – mixed-use development advisor.

The City of Southfield is committed to finding developers who share its vision for making the site with the storied history of being the first and largest shopping mall in the nation (when it originally opened as Northland Center in March 1954) to again become a destination for residents and visitors alike. Moreover, the City is concerned with meeting the public's needs and expectations for the Northland redevelopment. To that end, the City held a Northland Public Input Meeting on August 23, 2016 to gain valuable public input on this important project. As the City continues to pave the way for redevelopment of the former Northland Center property, the public was invited to "Imagine the Possibilities" and share their ideas for the future of the former mall site. Representatives from OHM Advisors were on hand to gain input from the community on the redevelopment plans for Northland Center. The firm also presented the latest master plan or vision for the Northland redevelopment. Residents were engaged at the event in visioning activities to consider the opportunities for the site, and identify specific types of activities and uses that will best serve the community at this landmark location. The meeting also included activities and discussion forums in a fun, open and engaging format. Those unable to attend were encouraged to visit the project website to contribute their ideas online at www.ImagineNorthland.com.

The Northland redevelopment master plan is a conceptual, market driven blueprint that outlines the standards and vision for developers of the former mall property. Planning consultants OHM

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Advisors conducted a thorough technical analysis of the site, examination of the existing buildings/structures, an assessment of environmental factors, and a market analysis to determine the best possible development potential for the former mall. The resulting plan offers a dynamic mix of housing options, R&D, medical, office, retail, entertainment and dining. The new plan also reviewed which buildings, if any, could be reused. The review indicated the former Macy's building had great potential for adaptive reuse and as such has already generated a great deal of interest from local and national developers.

The proposed Master Plan is based on a series of development blocks/districts that collectively create a safe and vibrant mixed-use destination for southeast Michigan residents, businesses, and visitors. The Plan is intended to be highly flexible to adapt to market conditions. While adaptable, the development of the area will stay true to the vision of vibrancy, safety, inclusion, innovation, health and wellness, sustainability, and community. High quality architecture and public spaces are essentials to the long-term success of the project. Attention to detail and brand elements will continue to be a key focus of the redevelopment of the area with the goal of creating more than just another new development – Northland will be a place to call home.

Latest Northland Developments

Renaissance Place Development, LLC submitted an offer to purchase 80+ acres from the City of Southfield at the former Northland Mall site for \$8 million. Renaissance Place Development is interested in acquiring the property for a mixed-use development which includes a medical campus, housing, retail and other uses including medical marijuana under the Michigan Medical Marijuana Facilities and Licensing Act (MMFLA) signed into law in 2016. The Purchase Agreement provides the purchaser with a 180-day due diligence period, which may be extended for an additional 90 days. A final Development Agreement must be negotiated and agreed upon by the City and purchaser within the first 90 days after the Purchase Agreement has been signed.

A.F. Jonna Development Company, LLC has also submitted an offer to purchase 10.38 acres of land at the former Northland Mall site for \$1,808,611. The purchaser is interested in acquiring the property and the option parcel for retail development. The Purchase Agreement also provides the purchaser with a 90-day due diligence period, with closing to occur within 30 days after the expiration of that period unless they elect to terminate. The Agreement also requires the Purchaser to enter into a Development Agreement with the City and to construct the project in accordance with the Master Development Plan and Elevations/Architectural Renderings as approved by the City pursuant to the Overlay Development District Ordinance. The City Council formally approved both purchase agreements and the final Development Agreement will be presented to the Council for final approval.

Since the initial purchase, numerous developers have submitted letters of intent and the City has entered into due diligence agreements with several companies who have expressed a strong interest in the property for various mixed-use developments. However, despite all parties' best efforts, none of the previously proposed developments have moved forward due to various

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financial and logistical obstacles. As each developer progressed to various stages in their respective due diligence process, a continuing point of concern has been the cost of the demolition and infrastructure improvements required to support the proposed developments. These expenditures are delineated among sanitary sewer, water, storm sewer, road improvement (J.L. Hudson Drive-Greenfield to Providence), and the remaining demolition.

Once the deal is closed, Renaissance Place Development, LLC will assume all further demolition and infrastructure costs moving forward as well as all maintenance and security expenditures. This mixed-use development will also be market driven – filling a void and serving the community in the increasingly vital and important medical marijuana industry where prescribed by physicians for their patients.

The City is still in negotiations with other interested parties for the remaining 15 percent of the property, including an existing institutional expansion and a new automotive dealership.

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

PUBLIC ART

Southfield Public Arts Commission

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

Northland Public Art Acquisition

The City of Southfield also purchased the public art that was located at Northland Center for \$500,000 in April 2015 as a loan from the City that was reimbursed by a fundraising campaign. Of this amount, \$300,000 was provided by the Southfield Public Library and the Friends of the Library. The acquisition included the iconic *Boy and Bear* sculpture by the late Marshall Fredericks that had been on display at Northland since the mall’s opening in 1954. Fredericks was one of six artists commissioned by J.L. Hudson to design the sculpture for Northland Center in Southfield, Michigan.

At the time it opened in 1954, Northland was the country’s largest shopping center as well as the first regional shopping center. The *Boy and Bear* sculpture was carved in limestone and the boy is cast in bronze and is gold-plated.

The Southfield Public Arts Commission identified a permanent home for the *Boy and Bear* sculpture at the Southfield Public Library. The Library receives thousands of visitors per week, and Marshall Fredericks would have been pleased to know his work will continue reaching so many people each

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day. The Southfield Public Arts Commission launched the 'Free the Bear' development campaign to raise funds for the art from the former Northland Center. The campaign included both a public crowd funding component as well as corporate underwriting. To date, more than \$600,000 has been raised and the loan from the city has been repaid in full. The campaign to raise funds created a final resting place for this great sculpture. Moreover, every contribution received helped to establish a permanent fund for youth art programming, support for local artists, and expanded cultural opportunities in the City of Southfield.

Moby Dick Sculpture Installation

A refurbished Moby Dick sculpture was installed on February 21, 2019 in the fountain of the Southfield Public Library. Moby Dick, created by American sculptor Joseph Anthony McDonnell, was commissioned by the J.L. Hudson Company for Northland Mall in 1966. This 1,100-pound bronze sculpture and fountain graced a courtyard in the center of the mall until 2015 when the mall closed. The city of Southfield took possession of the 18-piece Northland art collection, including Moby Dick, in 2015.

Most recently, a new initiative has been launched to restore the fountain that is located on the front lawn of the Southfield Public Library which has not been operable for the past several years. In addition to fundraising for the restoration of the Northland art, funds are also being raised to reconfigure and repair the fountain. Moby Dick will grace the fountain in a smaller, more manageable configuration with completion anticipated this spring. Once finished, the restored and reconfigured library fountain will feature new lighting and landscaping with the sculpture as a centerpiece that sprays water. The goal of this campaign is to raise \$178,000.

Red Pole Park

The City of Southfield and the Southfield City Centre held a ribbon cutting ceremony on August 22, 2019 to celebrate the Red Pole Park completion. Red Pole Park is the first installation in a series of outdoor "rooms" or art installations planned along the Northwestern Highway Shared-Use Pathway and Greenway. A total of 65 poles have been installed, each towering approximately 35 feet above the ground and weighing 800-1,000 pounds. Eighteen inch tall stumps will be installed and dots will be painted along the pathway following the grid pattern of the poles. The various heights of the poles represent Southfield's history, present goals, accomplishments and future growth. An additional 1,000 feet of pathway will also be added to the existing pathway this summer, extending the pathway north to Lahser Road.

The Northwestern Highway Shared-Use Pathway and Greenway was created by converting an "old goat path" into a bike-walk accessible greenway to join a growing network of trails and sidewalks throughout Southfield. The pathway currently runs between Civic Center Drive and Corporate Drive. The ten-foot-wide shared-use pathway will include over 2.5 miles of paved surface area for bikers, walkers and runners once completed as well as extensive landscaping and other pedestrian amenities, filling in a key gap in the City's pathway system.

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The City also recently installed blue, flashing, marine-grade lights on top of the poles, creating an interesting nighttime display. An additional 1,000 feet of sidewalk was also added to the pathway last summer, now extending it to Lahser Road.

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

Public Spaces Community Places is a collaborative effort of the MEDC, MSHDA, the Michigan Municipal League, and Patronicity where local residents can use crowdfunding to be part of the development of strategic projects in their communities and be backed with a matching grant from MEDC.

Southfield Photo Prize

The City of Southfield sponsored the 3rd annual Southfield Photo Prize last summer to showcase the natural and architectural beauty throughout the city while also creating an exciting public art exhibition. Due to the success of the competition, the program was expanded from 20 to 25 finalists.

Almost 200 entries were received for the 2018 Southfield Photo Prize competition. Submissions were initially reviewed by the Total Living Commission that selected the top 25 entries that were eligible for public voting. The finalists were enlarged and displayed outside on city hall and the parks & recreation building for public viewing. The community was encouraged to visit all the entries and to vote on their favorite installation. Photo finalists were also posted on a special Southfield Photo Prize section of the City’s Web site (www.cityofsouthfield.com) for judging by the public from June 10 – August 30. The winners were announced at an awards ceremony in September and the photo that received the most overall votes will be featured in the City’s 2020 calendar. The other finalists may also be featured in the calendar and other city marketing materials.

AWARDS & ACCOLADES

2018 Michigan Association of Planning (MAP) Planning Excellence Award

The City of Southfield won the 2018 Michigan Association of Planning (MAP) Planning Excellence Award for Economic Development Planning for the Northland Mall Redevelopment Strategy at their annual conference on Friday, September 21, 2019 in Grand Rapids.

Annually, MAP recognizes planning leaders and exemplary planning work by professionals and students. Recipients are selected by juries of out-of-state professional planners. The city of Southfield and consultants OHM Advisors received the 2018 Planning Excellence Award for Economic Development category for the Northland Mall Redevelopment Strategy. City Planner

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Terry Croad, AICP, was also recognized for 30 years of consecutive membership and service in the American Planning Association – New York and Michigan chapters.

It is estimated that by 2022, one in four malls in the United States may be out of business. The Northland Mall Redevelopment Strategy combined planning, architecture, engineering, landscape architecture, marketing and economic development into a placemaking strategy. More than 5,000 residents also shared their vision for the 125-acre property. When Northland Center opened in March 1954, it was the first and largest shopping mall in the world. Northland led the way for Southfield to become a major commercial, business and residential center in metropolitan Detroit.

The Michigan Association of Planning (MAP) is a 501 (c) (3) organization dedicated to promoting sound community planning that benefits the residents of Michigan. MAP was established in 1945 to achieve a desired quality of life through comprehensive community planning that includes opportunities for a variety of lifestyles and housing, employment, commercial activities, and cultural and recreational amenities.

2018 MEDA Medalist of the Year Award & Robert Sieghart Award

The City of Southfield's Business & Economic Development Director Rochelle Freeman received the 2018 MEDA Medalist of the Year Award and the Robert Sieghart Award from the Michigan Economic Developers Association (MEDA).

The awards were presented at the 2018 MEDA Annual Meeting on August 23, 2019 in Frankenmuth, Michigan. The MEDA Awards seek to recognize economic developers with a history of proven contributions to the field of economic development. This year, MEDA presented Mrs. Freeman with both the MEDA Medalist of the Year Award and the Robert Sieghart Award – truly a great professional honor.

The MEDA Medalist of the Year Award is MEDA's highest award and identifies outstanding contributions to economic development within Michigan. Recipients of this award have demonstrated commitment to the profession of economic development, dedication to the growth of their community and have a proven record of achievement. The Robert Sieghart Award for Enthusiasm for the Economic Development Profession recognizes someone who has embraced MEDA and understands the importance of economic development to all communities in the state, as well as at the state level.

Mrs. Freeman's contributions in the field of economic development and to the Southfield business community in particular are extensive. She was instrumental in the city of Southfield's renewal of the Redevelopment Ready Community certification by the Michigan Economic Development Corporation (MEDC). She also helped Southfield to achieve Oakland County's One Stop Ready Certification. Mrs. Freeman was closely involved in the establishment of Southfield's second SmartZone, Southfield Centrepolis—a campus for innovation, knowledge sharing and growth that helps second stage start-ups and intrapreneurs accelerate their companies to the next level.

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Centrepolis is a collaboration between the city of Southfield, LTU Collaboratory and Lawrence Technological University that aims to increase business success and employment throughout Southfield and the surrounding areas. In 2017 alone, Mrs. Freeman helped to create over \$244 million in investments and capital improvements to existing Southfield companies including DENSO, 123.NET, COMAU, Veoneer, Credit Acceptance and Stefanini. This investment is expected to create over 1,250 jobs in Southfield in the next 3-5 years. In addition to her many other responsibilities, Mrs. Freeman takes time to prepare future leaders in economic development by mentoring emerging leaders through MEDA's Get Hired for a Day program.

The Michigan Economic Developers Association (MEDA) was founded in 1960 and exists to advance economic development throughout Michigan. The association's goal is to provide a variety of services and programs that will enhance economic development in Michigan. Through education, legislative updates, public relations and networking, MEDA makes it possible for economic development professionals statewide to accomplish their goals more efficiently and effectively.

Keep Michigan Beautiful Awards

The City of Southfield won two Keep Michigan Beautiful Awards sponsored by Keep Michigan Beautiful, Inc. in FY2018-19. Southfield's Burgh Historical Park won top honors with a President's Award, while the Southfield Public Arts Commission earned a Michigan Award for their success in bringing public art to the city of Southfield.

The awards were announced at the annual Keep Michigan Beautiful Conference and Awards Program on October 12, 2019 in Frankenmuth, MI. The Burgh Historical Park won the highest honors, The President's Plaque, for the beautification of the historic Southfield site. The Southfield Public Arts Commission received a Michigan Award recognizing its efforts to install public art throughout the city of Southfield.

The Burgh Historical Park, located on the northeast corner of Civic Center Drive and Berg Road, is the original home to Southfield's first town hall, fire department and public works garage and has since been expanded to include a historic Methodist Church as well as two historic homes. One of Southfield's hidden gems, the Burgh Historical Park hosts many city events in its beautifully maintained gardens and gazebo and is also rented for private events.

The Southfield Public Arts Commission was established in 2015 to advise the City Council on matters affecting public art in the city. The Commission has specifically worked to display pieces from the former Northland Mall's public art collection, which was purchased after the mall's closure through a grassroots fundraising campaign spearheaded by Southfield Mayor Kenson Siver. To date, nine large pieces of public art have been installed and the Commission regularly secures new donations to restore and display the collection in addition to newly-acquired pieces.

Keep Michigan Beautiful, Inc. is a non-profit, educational organization focused on promoting beautification and restoration projects throughout the state of Michigan. The Annual Keep

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Michigan Beautiful Awards are hosted by the organization to recognize programs and activities that contribute to environmental improvement, cleanup, beautification, site restoration and historical preservation.

3CMA Award of Excellence

The City of Southfield's 2018 Annual Report/Calendar won an 'Award of Excellence' in the 30th annual Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA). This marks the fourth consecutive year that Southfield's signature marketing tool has received national recognition.

The award was announced on September 6, 2019 at the 3CMA Annual Conference in Milwaukee, WI in the category of Photography - Published Multi-Image for communities in the population group 50,000-140,000. The city of Southfield's entry was one of more than 700 submitted from municipalities and counties from across the country.

The Southfield 2018 Annual Report/Calendar was produced in-house by the City's Community Relations Department featuring several images from the 2017 Southfield Photo Prize competition. The Southfield calendar provides the community with important city information while illustrating the beauty of the City through an array of professional high-resolution photographs.

The calendar also includes an advertising insert to provide local businesses the opportunity to reach the community and to help offset production costs. The advertising insert is an excellent way to reach more than 73,000 Southfield residents and 10,000 businesses for one extraordinarily low price. The return on an investment in a calendar ad reaps dividends throughout the entire year — providing lasting visibility for every business.

The Savvy Awards are held annually in cooperation with the National League of Cities to recognize outstanding local government achievements in communications, public sector marketing, and citizen- government relationships. The Savvies salute skilled and effective city, county, agency or district professionals who have creatively planned and carried out successful innovations in communications and marketing. Each year the number of entries in 3CMA's Savvy Awards competition continues to increase in quantity, quality, and scope of programs submitted. The program reflects the growing skills of communications professionals, as more local governments and agencies embrace and employ the concepts of enhanced marketing and communication with citizens. 3CMA utilized volunteer judges who are seasoned public relations professionals from across the United States to review every entry and provide constructive comments on the winning entries.

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COMMUNITY ENGAGEMENT, NEIGHBORHOODS, HOUSING & CURB APPEAL

Neighborhoods, Housing & Curb Appeal

Southfield residents have 76 homeowner's associations and 54 condominium associations representing their collective interests. The community offers over 17,000 single-family homes and nearly 17,000 multi-family apartments and townhouses. Within Southfield's 26.7 square miles, residential zoning comprises 64 percent of land use, yet 65 percent of the community's tax revenues are generated from business properties. Though considered nearly fully developed, Southfield continues to evolve to meet the ever-changing needs of the community.

Beautification efforts are further strengthened through the Neighborhood Entranceway Marker Program administered through the City's Neighborhood and Information Center, a division of the Community Relations Department. In the 2018-19 fiscal year, five entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, over 80 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping from almost 200 nominations through the City's annual Community Pride Awards program. The program was expanded to include several new categories including 'Businesses-Small', 'Businesses-Large' and 'Well-Manicured/Maintained Residential Properties' which is geared for homeowners that maintain curb appeal on a budget. The Southfield Parks & Garden Club, a grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the year.

Neighborhood Revitalization Initiative (NRI)

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

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

Foreclosed properties are seized by the county, not the city, which are then sold at auction to the highest bidder with no concern about their future use. The City of Southfield exercises its right of

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first refusal to purchase and rehabilitate (as needed) these properties to bring them up to market value. The Southfield Non-Profit Housing Corporation provides the capital to acquire the tax-foreclosed properties from Oakland County Treasurer's office and any necessary renovations are performed in conjunction with Habitat for Humanity of Oakland County. The rehabilitated homes are then listed on the Multiple Listing Service (MLS) and sold to qualified buyers as owner occupants. Any party interested in purchasing one of the NRI properties currently available should contact a local licensed real estate agent.

Habitat for Humanity's Rock the Block Program

Habitat for Humanity of Oakland County, in partnership with the City of Southfield's Neighborhood Services Committee, sponsored the 3rd annual Rock the Block program in the Southwest Evergreen Area August 1-2 and in the Bonnie Acres neighborhood September 11-12, 2019.

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

Habitat Oakland County hosts two to three Rock the Block events each year. These events generally involve 12-15 simultaneous projects taking place over a two-day period in a focus neighborhood. This year, the program has been expanded to include two different focus areas in the city of Southfield. Work began in the Southwest Evergreen Area between 8 and 9 Mile, Lahser to Evergreen followed by the Bonnie Acres neighborhood located near 12 Mile and Greenfield. Projects were approved on a first-come, first-served basis. Interested residents in those focus areas were encouraged to submit an application before the program was full.

Southfield-based AURIA Solutions invested \$30,000 in sponsoring the August 1 day of Rock the Block and also provided volunteers for the day. The Southwest Evergreen Area August 2 workday was Habitat's first Interfaith Build where numerous local churches and congregations worked together to improve these collective neighborhoods. The following contributed financially to this effort in addition to providing volunteers for the project: Temple Israel, Kirk in the Hills, The Muslim Unity Center, St. Mary the Protectress Ukrainian Orthodox Cathedral, Birmingham First United Methodist Church, First Presbyterian Church of Birmingham, and Cross of Christ Lutheran.

Mayor Siver's Big Rake Initiative

Mayor Kenson Siver, in partnership with Lowe's Home Improvement and Home Depot of Southfield, hosted The Big Rake on Saturdays, November 3, 10, 17 and December 1 throughout Southfield. The Big Rake is an effort to help elderly or disabled Southfield residents with fall lawn maintenance. Volunteers were recruited to help rake and bag leaves for those residents that are unable to do so.

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Lowe's Home Improvement and Home Depot donated the paper yard waste bags for use at the events. In total, more than 350 volunteers helped to clear over 120 yards over the course of the four work days.

AARP Age Friendly Community

Southfield Human Services and the Commission on Senior Adults (COSA) hosted an AARP Age Friendly Community kickoff event in May of 2016. The event served as the official launch of the city's campaign which included an overview of the plans for the City of Southfield to be designated an AARP Age Friendly Community. Designation as an AARP Age Friendly Community shows that a community's elected leadership has made the commitment to actively work toward making their city a great place to live for people of all ages. Membership requires a multi-step process of improvement, including conducting a community survey and creating an action plan.

The City has continued to make great strides towards achieving this designation with several additional public information and action plan meetings throughout FY2018-19 with plans for more activity to reach this goal. The Southfield Commission on Senior Adults (COSA) hosted another community conversation on the needs of senior adults September 12, 2019 in the Southfield Pavilion.

The community conversation is the next step as the city works to be designated as an AARP Age Friendly Community. The meeting focused on discussing improvements in the following eight areas: outdoor spaces and buildings; transportation; housing; social participation; respect and social inclusion; civic participation and employment; communication and information; and community support and health services.

Significant work has already been done to compile input from residents in each of the eight areas. This meeting will be the second community conversation and will help gather information for the development of Southfield's plan.

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

Southfield Community Coalition

The Southfield Community Coalition was established in 2015 as a non-profit organization comprised of neighborhood and condominium associations and residents citywide. The purpose of the Coalition is to strengthen existing associations throughout the city through information sharing on best practices and other resources. Additionally, the Coalition aims to unify Southfield by strengthening existing associations and helping to organize those neighborhoods without active

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associations. The Coalition is also a resource and advocate for all other Southfield residents, whether they rent or own a home, apartment or condo in the city.

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

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

2018 Greg Kennedy Community Service Award

Nominations for this prestigious award are reviewed annually by the City's Total Living Commission (TLC) with recommendations made to City Council. Nominations were due by November 1, 2018 and three qualified candidates were received. The candidate selected by the most votes was former MLK Task Force President Patricia Haynie.

The Southfield City Council confirmed the Total Living Commission's recommendation of Patricia Haynie as the 2018 recipient of the Greg Kennedy Community Service Award, which honors residents who are active in community service. Mayor Kenson Siver formally presented Ms. Haynie with the Award at the MLK Peace Walk Celebration on January 21, 2019.

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

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Zagster Bike Share Program

The City of Southfield, in partnership with Zagster, Inc., continued the new bike-share program that was introduced in June of 2016 to provide all Southfield residents and visitors with a convenient, affordable and healthy way to get around town. Throughout FY2018-19, the program continued to increase in use with more bike rentals throughout the past year.

The program consists of twenty-one cruiser bikes, plus two accessible bikes, are available (spring through fall) at seven stations located throughout the city for riders to use for on-demand, local trips. Riders — who must be 18 or older — can join the program by signing up for \$25 annual memberships; student annual memberships are available for \$10. Rides for members are free for the first hour, then \$2 per hour; rides for non-members cost \$2 per hour with a maximum charge of \$20 per day for both members and non-members. There is no additional cost for membership; however, all riders must register at www.zagster.com/southfield to participate.

The bike share stations installed throughout the Southfield City Centre, include:

- Lawrence Technological University UTLC, 21000 W. Ten Mile Road;
- Lawrence Technological University's Don Ridler Field House, 21000 W. Ten Mile Road;
- Southfield Municipal Campus South Pavilion, 26000 Evergreen Road;
- Southfield Sports Arena, 26000 Evergreen Road;
- Marriot & Courtyard by Marriot, 27033 Northwestern Highway
- 3000 Town Center South, 3000 Town Center; and
- City Centre II, 25200 Evergreen Road.

Each station houses three to five bikes, as well as empty spaces for bikes to be returned.

Riding the Southfield bike share is easy. Bikes can be found via the free Zagster Mobile App — available for iPhone and Android — or online at www.zagster.com/southfield. Each bike has a unique number which riders enter into the app to disengage the ring lock and docking cable at the touch of a button. After the rider returns the bike to a designated Zagster bike station, the rental ends and the bike is available for the next person to enjoy.

BUILDING, FACILITIES, CODE ENFORCEMENT & PUBLIC WORKS

Building Department

The Building Department continues to review and inspect all new construction, renovation and alteration permits for commercial and residential properties. Renovations of residential and commercial buildings have been extremely high, and permit activity has been strong throughout the past fiscal year. The Building Department practices Oakland County's One Stop Ready program, making sure Southfield customers understand permitting procedures and the department is moving toward online permitting and payments in the next fiscal year. The department currently has a staff of 19 full-time employees and two part-time employees available to serve the public daily.

Two plan examiners are also now available daily for questions from developers, architects, engineers and homeowners. The Building Department is in the process of inspecting over 14,000

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multi-family apartment units over the next four years. In addition, approximately 1,100 single family rental properties are inspected annually. Both programs are in place to ensure occupant safety, building safety and property maintenance.

Facilities Maintenance Department

In FY2018-19, the Facilities Maintenance Department completed the total renovation of the Treasure's cashier station, installation of energy efficient motion light switches throughout the municipal campus and installation of new LED exterior lighting in the Southfield Pavilion and Public Service building. The department also installed a new HVAC system for Evergreen Hills golf building and patch and sealed the south-side municipal parking pavement. Additionally, the department installed solar blocking and shatter resisting window tint on the westside of the Municipal building and is in the process of switching the lighting in the Library and throughout the remainder of city hall to LED.

Code Enforcement

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

City Sewer and Septic Tank Issues and Public Information Campaign

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

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

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

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

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

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

Amended Overnight Street Parking Ordinance

After much consideration and resident input, the Southfield City Council voted to amend the City’s existing overnight street parking ordinance to change the restricted hours and to also allow overnight parking by applying for a police department permit.

The City’s Ordinance 1696 now prohibits parking on any public street between the hours of 2 a.m. to 5 a.m.; however, permission to park during these hours may be granted by the chief of police or his designee for a period not to exceed seven days. Permits are granted when a social function is being held, construction is in progress prohibiting the use of a driveway or garage, or other special occasion(s) as long as it is determined that it will not be detrimental to the surrounding neighborhood. Residents seeking permission to park on the public street during these hours will be limited to no more than two requests annually per residence or household.

The Southfield Police Department strongly supports a three-hour ban of on-street parking during the night for reasons of safety and crime reduction. Recently, due to resident feedback, the hours of overnight parking were also revised through this ordinance change by the City Council. The new hours for no overnight parking are now 2-5 a.m. where the previous ordinance was from the hours of 3-6 a.m.

The Southfield Code Enforcement Department, in conjunction with the Police Department, actively patrols the city between the hours of 2 a.m. to 5 a.m. to monitor for any violations of the parking ordinance. Overnight parking on public streets can create traffic flow, appearance and safety issues that could impact emergency services and snow removal. Any vehicles found parked on public streets during the hours of 2 a.m. to 5 a.m. will be subject to a \$80 civil infraction ticket.

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Public Works

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

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

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

DOWNTOWN DEVELOPMENT AUTHORITY

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

In FY 2018-19, the Southfield DDA continued to move the district forward with new developments, the completion of long-term projects and an emphasis on healthcare, retail and higher education. Two of the biggest challenges the Southfield DDA has been faced with in recent years has been the redevelopment of vacant buildings and unused land. Significant improvements have been made in this area with the demolition of two large buildings that have been empty for a long period of time, including a former Ramada Inn and the former North Park Plaza building, both located off Nine Mile Road near the Lodge Freeway. Both properties were purchased by Oakland Community College, which has a thriving campus within the Southfield DDA. The college is best known for its array of healthcare classes available only at that campus. The DDA was the catalyst for the beginning of these efforts.

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

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

PUBLIC SAFETY

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

Southfield Fire Department

The Southfield Fire Department is the busiest fire department in Oakland County in fire and medical runs. In FY2018-19, the department responded to a total of 2,341 structure and/or property fires and 12,359 medical calls. In 2018, the department's average emergency response per day was 40 calls. In 2019, the department is on track to respond to 15,000 emergency calls.

The Southfield Fire Department is comprised of 93 highly trained men and women ready to respond to emergencies from five fire stations strategically located throughout the City of Southfield, Michigan. The services provided by the Southfield Fire Department include: fire prevention, fire

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suppression, basic and advanced life support, high-angle rescue, trench collapse rescue, building collapse rescue, confined space rescue, hazardous materials response, public fire education, and CPR and first aid training. The department is a customer service organization dedicated to preserving the lives and property of Southfield citizens and visitors.

In FY2018-19, the Southfield Fire Department achieved a Class 2 rating in the latest Public Protection Classification (PPC) program sponsored by the Insurance Services Office (ISO). Southfield previously held a Class 3 rating. With this coveted rating, Southfield joins just four other cities in Michigan with a Class 2 rating. The new rating, which took effect May 1, 2018, places Southfield in the top 0.5 percent of 1,887 rated Michigan communities and the top four percent of the entire nation.

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

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

The Southfield Fire Department has recently accomplished a major fleet upgrade and overhaul underway. In the last two years, the department has added:

- New 100-foot Ladder truck;
- 4 new Fire Engines;
- 5 new EMS trucks with self-loading stretchers;
- 4 multiple purpose pick-up trucks;
- New CPR devices on all vehicles;
- New EKG capabilities; and
- New AED distributed throughout the City with cardioversion capabilities.

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

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- Public and private education for Homeland Security "Stop the Bleed" program;
- Public and private education for Homeland Security "You Are Help Until Help Arrives" program;
- Partnership with Hatzalah (Jewish based first responders) Organization;
- Public and private First Aid, CPR and AED certification;
- Partners in public education for Anti-Drug Coalition;
- Partners in public education for Anti-Assailant Coalition;
- National WeatherFest host for NOAA, National Weather Service, Homeland Security;
- Host of Job Fairs for veterans, public and senior citizens;
- Public Open House for Fire Prevention, EMS and Fire Safety – with free flu shots;
- Partnership with Providence Hospital for awareness and prevention of breast cancer through the month of October;
- Free child seat installation; and
- Free smoke detector program.

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

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

Southfield Police Department

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

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

Southfield Police Officers are supported by the latest technology and equipment available. Computers are installed in all marked patrol units to provide faster access to vital information about suspects, victims and addresses in and around the city of Southfield. The radio system represents an

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important improvement in the speed and efficiency of the department's communication technology. Further, the Police Department has instituted a FAX Network for local businesses and private police. This system is designated to share crime prevention and other information with the private sector in a timely manner. The department has installed a computerized arrest photo system, fingerprint system, computer aided dispatch and records management system. The Southfield Police Department is continuously adding new technology and crime fighting strategies to their existing police concepts to remain a leader in law enforcement and policing.

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

Southfield Deputy Police Chiefs Nick Loussia and Brian Bassett were selected as the Acting Police Chiefs by City Administrator Fred Zorn on September 7, 2018 with the resignation of former Chief Eric Hawkins. The City of Southfield conducted a comprehensive national search to fill the vacant Chief of Police position. While the chief recruitment process was underway, the Southfield Police Department was directed by two highly qualified and experienced Acting Chiefs: Nick Loussia who oversaw the Investigations Division and Brian Bassett who directed the Patrol Division.

New Police Chief Community Panel Interviews

The Southfield City Council held a Community Panel Interview for the top four police chief candidates at a Special City Council Meeting to gather community input and provide transparency throughout the recruitment process. The community panel included representatives from Southfield's business and religious communities as well as residents.

The four final police chief candidates included: Detroit Police Department Deputy Chief Elvin Barren, Acting Southfield Police Chief Brian Bassett, Wayne County Sheriff's Office Commander Donafay Collins and Detroit Police Department Commander Charles Mahone.

As part of the police chief hiring process, the City accepted questions from the public relating to the police department and the community in an effort to engage residents. All questions were reviewed by the human resources department to avoid duplication and ensure that they are appropriate and acceptable under federal rules and restrictions.

Elvin Barren selected as Southfield's new Chief of Police

The Southfield City Council approved City Administrator Fred Zorn's appointment of Elvin Barren as the new Police Chief at the July 8, 2019 City Council Meeting. Chief Barren began his employment with the City on July 29, 2019.

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Chief Barren formerly served as Deputy Chief of Police of the Detroit Police Department (DPD) where he commanded the largest bureau in the DPD, including eight major units, a yearly budget of \$137 million and over 1,100 police officers. During his 21 years of service with DPD, he amassed over 12 years of command experience with over six years at the rank of commander or above.

Chief Barren holds an Associates of Science degree in Law Enforcement Administration from Wayne County Community College, a Bachelor of Science in Public Administration from Central Michigan University and is currently completing a Master's of Science in Criminal Justice from Bowling Green State University. Mr. Barren is also a graduate of the Senior Management Institute for Police and has completed training at the Police Executives' and New Chiefs' School, sponsored by the Michigan Association of Chiefs of Police. Chief Barren also completed the Leadership in Counterterrorism Program (LinCT) sponsored by the FBI and has completed several other training and leadership development programs.

He previously served as the Deputy Chief of Neighborhood Policing Bureau-East for the Detroit Police Department. In this position, he commanded Detroit's largest Bureau, overseeing day-to-day operations of the 3rd, 5th, 7th, 9th and 11th Precincts as well as the Downtown Services Division, Gaming Operations and the Metropolitan Division, which includes: Tactical Response Unit (TRU), Special Response Team (SWAT), K-9, Harbor Master, Bomb Squad, Traffic Enforcement, Mounted Division and Aviation. Chief Barren is also a veteran of the United States Navy, serving eight years as an Operations Specialist in addition to his over 20 years of experience in law enforcement, with eight years at the supervisory, management and executive levels.

Southfield Police FY2018-19 Incident Numbers

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

- Violent Crimes:
 - 2017 through 2018 – 161 reported
 - 2018 through 2019 – 133 reported
- Property Crimes:
 - 2017 through 2018 – 2177 reported
 - 2018 through 2019 – 1800 reported
- Traffic Crashes:
 - 2017 through 2018 – 3785 reported
 - 2018 through 2019 – 3467 reported

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New Police Programs & Initiatives

Please Stop Me

The Southfield Police Department launched a new community program, Please Stop Me, to provide a safe environment for new drivers to experience a traffic stop. Please Stop Me debuted on April 11, 2019 in the vacant parking lot at the corner of Civic Center Drive and Evergreen Road, directly across from the Southfield Municipal Campus.

The Please Stop Me program allows teen drivers to experience a traffic stop in a safe and controlled environment, with a parent, in their own car. The program focuses on the safety of citizens as well as officers during traffic stops. New drivers learn the various reasons for traffic stops and what to do if they are ever involved in a traffic accident. The program is open to high school students with a valid driver's license or driving permit who live or attend school in Southfield. Drivers must be accompanied by a parent or legal guardian. Participants must bring their valid driver's license or driving permit, vehicle registration and proof of insurance.

Operation Safe Kids

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

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

Badges & Books

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

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

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

Southfield Emergency Management

In addition to all Michigan counties, the City of Southfield is one of only approximately 20 cities in the State of Michigan that provides its residents with a dedicated Emergency Management Program

City of Southfield

Letter of Transmittal

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

CULTURE & RECREATION

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

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

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

3rd annual Kimmie Horne Jazz Festival

The City of Southfield, in partnership with Varsity Lincoln, hosted the 3rd annual Kimmie Horne Jazz Festival on August 10 & August 11 on the front lawn of the Southfield Municipal Campus. This marks the second year that Southfield has been home to this popular event.

The two-day event featured live music, food trucks, boutique vendors, a beer and wine tent and weekend attendance of more than 10,000 festival goers. Kimmie Horne headlined both days with additional performances by local and national acts such as Straight Ahead, Al McKenzie, Penny Wells, Sheila Landis and Rick Matle, David Greene, Amy Lee, Gene Dunlap and others.

The Kimmie Horne Jazz Festival was free and open to the public with food and drink available for purchase. The third annual Kimmie Horne Jazz Festival was sponsored by Varsity Lincoln, the City of Southfield, DTE Energy, St. John's Providence Hospital and Dirty Dog Jazz Café. Proceeds from the festival were donated to Ronald McDonald House Charities with a check for \$5,000 presented to the organization last fall.

City of Southfield

Letter of Transmittal

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

Southfield Parks & Recreation

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

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

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

The P&R Department offered a wide variety of new programs based around Black History Month with 'Southfield Celebrates Black History Month' kick-off event on February 2 from 4-9 p.m. in the Southfield Pavilion. The event featured the Black History 101 Mobile Museum, a lecture by museum founder Khalid el-Hakim, a Black-owned Business Marketplace, music by DJ DeezyD and a lecture by Professor Griff, founding member of Public Enemy.

The Black History 101 Mobile Museum is an award-winning collection of over 7,000 original artifacts of Black memorabilia dating from the trans-Atlantic slave trade era to hip-hop culture. Museum founder Khalid el-Hakim also gave a lecture adding a voice and dimension to the pieces on display. A second lecture was given by Professor Griff, cofounding member of hip-hop group Public Enemy. Professor Griff is a Rock and Roll Hall of Fame inductee, cultural entertainment analyst, internationally renowned educator, writer, producer, musician, lecturer and author of *The Psychological Covert War on Hip Hop*. Professor Griff captivated the audience with his universal call

City of Southfield

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for social responsibility within the hip-hop community and larger culture. The Black-owned Business Marketplace was open throughout the event for attendees to browse and support black-owned businesses from the metro area.

The Parks & Recreation department continued the popular *Recreation on the Move* at neighborhood parks throughout Southfield this summer. *Recreation on the Move* brings activities, games, crafts and fun directly to children in neighborhood parks. Activities are geared for ages five to thirteen; however, all are welcome to join. Supervision is provided for all activities and participants can come and go as they please.

The P&R Department hosted the *Summer in the City* concert series each Friday from June 21 – July 12, 2019 on the front lawn of the Southfield Municipal Campus. These free, family-friendly events celebrated summer with food trucks, activities for kids and outdoor concerts from an eclectic mix of music. Southfield Parks & Recreation's *Recreation on the Move* was on site with special games, activities and fun geared toward children.

The Southfield Parks & Recreation Department hosted another Family Fun and Safety Night on June 26, 2019 on the front lawn of the Southfield Municipal Campus. The kids' fun area was presented by Oakland County Parks and Recreation and Vibe Credit Union, featuring inflatables, a rock climbing wall, a ropes course and more. The Southfield Police Department and Southfield Fire Department presented fun and informative demonstrations as well as tours of the Fire Department's Safety House. Ascension Providence was also at the event distributing free bike helmets to children, while supplies lasted and Mix 92.3 FM rounded out the event with games and music. The evening was topped off with a special family movie, *Jumanji: Welcome to the Jungle* under the stars presented by Park*It Family Fun Nights.

Southfield Public Library

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

City of Southfield

Letter of Transmittal

One of the major highlights for FY2018-19 was the restoration of Library hours last June – adding additional hours of operation on four additional days following a reduction from budget cuts. This change makes the library hours of operation more consistent and easier to remember for patrons. The Library also recently hired several new librarians, computer assistants, aides and assistants to help with the increased hours.

The Southfield Public Library continues to offer residents innovative programming, including the Genealogy Lock-In which allowed participants uninterrupted access to the library's genealogical resources as well as the assistance of Library staff. The Library's annual Battle of the Books programs continue to be very popular, with almost 300 students from 12 different schools and numerous coaches participating in 2018. The Library launched a kids' discovery area on the youth floor as a place for children to learn through interactive play as well as the Sleep Under Storytimes which are all ages storytimes in the evenings. The very popular WeatherFest brought together 10 partner organizations including the National Weather Service and WDIV, over 500 students on field trips and an additional 1,000 other attendees to learn how to be prepared for severe weather. Several other library programs such as the Jazz & Blues series, Poetry, Pages & Scribes and the Local Author Book Fairs also continue to be very popular.

Diverse Community and International City

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

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

An international city bustling with people from a rich array of cultural, ethnic and religious backgrounds, Southfield's most recognizable landmarks include the gold-domed St. John's Armenian Church and the striking Congregation Shaarey Zedek, among the most beautiful examples of religious architecture in Michigan. The distinctive gold and black towers of the Southfield Town

City of Southfield

Letter of Transmittal

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.

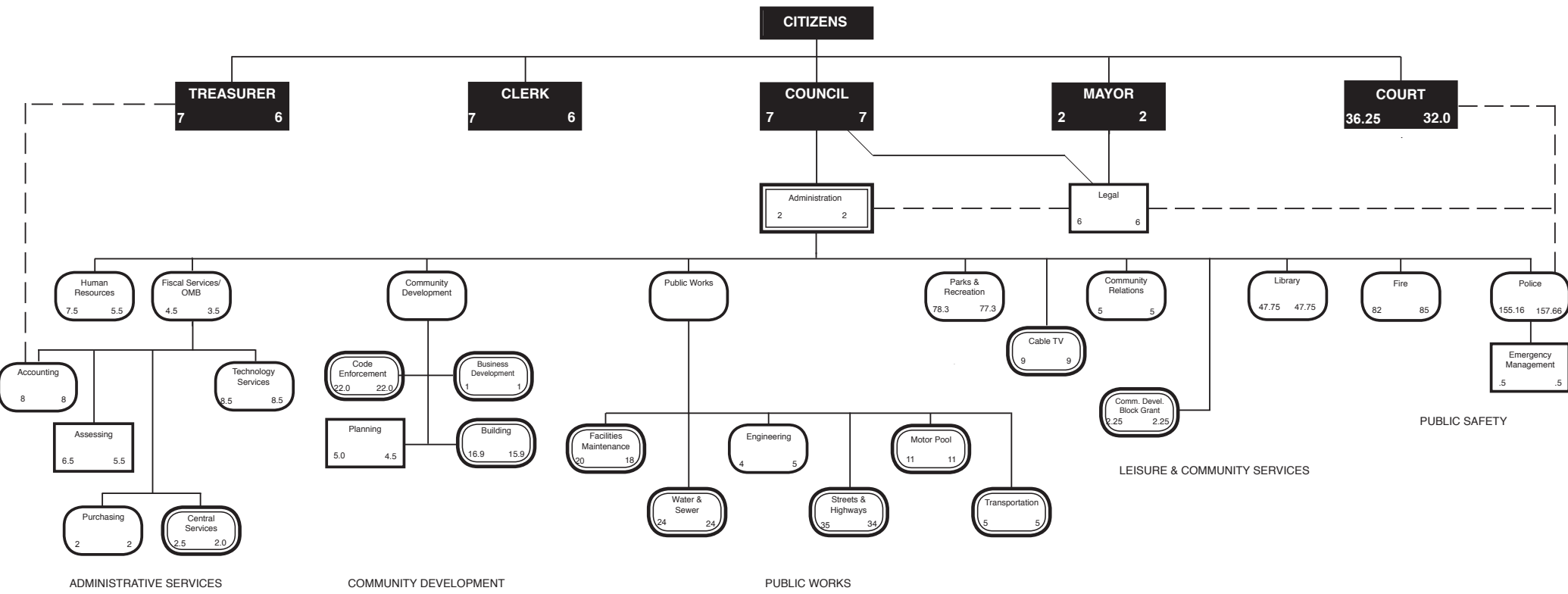
The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality. Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's 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 2017-18 filled positions; number to right gives 2018-19 complement.

Approved Total 2017-18: 629.36
Approved Total 2018-19: 630.61

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, 2019

-MAYOR-

Kenson J. Siver

-CITY COUNCIL-

Dr. Lloyd Crews, President

Daniel Brightwell

Donald F. Fracassi

Myron A. Frasier

Michael Ari Mandelbaum

Tawnya Morris

Linnie Taylor

-CITY CLERK-

Sherikia L. Hawkins

-CITY TREASURER-

Irv M. Lowenberg

-CITY ADMINISTRATOR-

Fred E. Zorn, Jr.

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, 2019. This analysis should be read in conjunction with the transmittal letter, beginning on page 1 of this report, and with the City's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing the City's net position change during fiscal year 2019. All changes in net position are reported based on the period during which the underlying events giving rise to the change occurred, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

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

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

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

Fund Financial Statements

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

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

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

specific operations; these include the internal services funds (e.g., Motor pool, Equipment revolving, etc.) as well as the Water and sewer enterprise fund.

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

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

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

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

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

Notes to the Financial Statements

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

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS

Government-Wide:

- Net position (excluding component units) increased by \$155.7 million from \$(70.3) million to \$85.4 million. This change is primarily due to an overall reduction in the City's other post-employment benefits (OPEB) liability for retiree health care resulting from changes to the benefit terms and related actuarial assumptions. The effect of this change is shown on the Government-wide statement of activities in the "Recovered Expenses" column.
- Governmental activities net position increased by \$145.7 million to \$(16.4) million.
- Business-type activities net position increased by \$10.0 million to \$101.8 million.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$119.7 million, with \$18.9 million being non-spendable, \$50.2 million being restricted, \$24.4 million being committed for specific purposes and \$26.2 million being allocated between assigned or unassigned.
- The fiscal year 2019 governmental funds combined ending fund balance reflects a decrease of \$1.4 million from the prior fiscal year. This combined decrease is made up of an increase in the General Fund ending balance of \$7.8 million, an increase in the Major Streets ending fund balance of \$1.5 million, and a decrease in the Road Bond Construction fund in the amount of \$13.2 million. The rest of the change is spread out amongst the various other governmental funds.
- The increase in the General Fund balance was primarily due to a general increase in overall revenues of approximately \$4.7 million while controlling the increase in overall expenditures to approximately \$1.7 million. The increase in the Major Streets fund and decrease in the Road Bond Construction fund balances was primarily due transfers from the Road Bond Fund to Major and Local Streets funds for ongoing road reconstruction projects.

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

Capital and Long-term Debt Activities:

- The City’s statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$339.8 million. The City is \$187.8 million below this authorized debt limit.

As previously stated, the City’s combined net position increased by \$155.7 million over the course of this fiscal year's operations. The position of the governmental activities increased in the amount of \$145.7 million; the net position of the business-type activities increased by \$10.0 million.

The following is a condensed Statement of Net Position for the period ending June 30, 2019:

	Net Position					
	June 30, 2019					
	(in millions of dollars)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
ASSETS						
Current and other assets	\$ 156.0	\$ 152.7	\$ 87.4	\$ 12.6	\$ 243.4	\$ 165.3
Capital assets	165.9	159.2	104.5	105.7	270.4	264.9
Other long term assets	1.4	1.4			1.4	1.4
Total assets	<u>323.3</u>	<u>313.3</u>	<u>191.9</u>	<u>118.3</u>	<u>515.2</u>	<u>431.6</u>
Deferred outflows	23.4	31.0	0.6	0.9	24.0	31.9
LIABILITIES						
Current liabilities	8.4	7.0	4.7	3.1	13.1	10.1
Other liabilities	307.2	486.1	84.6	23.9	391.8	510.0
Total liabilities	<u>315.6</u>	<u>493.1</u>	<u>89.3</u>	<u>27.0</u>	<u>404.9</u>	<u>520.1</u>
Deferred Inflow	47.5	13.3	1.4	0.4	48.9	13.7
NET POSITION						
Net investment in capital assets	102.9	101.0	97.4	98.9	200.3	199.9
Restricted	28.5	25.2			28.5	25.2
Unrestricted	(147.8)	(288.3)	4.4	(7.1)	(143.4)	(295.4)
Total Net Position	<u>\$ (16.4)</u>	<u>\$ (162.1)</u>	<u>\$ 101.8</u>	<u>\$ 91.8</u>	<u>\$ 85.4</u>	<u>\$ (70.3)</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, 2019 (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues						
Charges for services	\$ 19.9	\$ 22.0	\$ 48.4	\$ 44.2	\$ 68.3	\$ 66.2
Grants and contributions	13.2	13.5			13.2	13.5
General revenues						
Property taxes	68.5	64.5			68.5	64.5
Unrestricted state shared	8.5	8.1			8.5	8.1
Unrestricted investment earnings (loss)	4.0	1.8	0.2		4.2	1.8
Other	3.2	0.5	0.2		3.4	0.5
Total revenues	<u>117.3</u>	<u>110.4</u>	<u>48.8</u>	<u>44.2</u>	<u>166.1</u>	<u>154.6</u>
EXPENSES						
		OPEB Recovery		OPEB Recovery		
General government	13.2	(22.1)	15.1		(8.9)	15.1
Public safety	61.8	(94.7)	68.1		(32.9)	68.1
Highway and streets	12.8	(6.1)	14.5		6.7	14.5
Public services	3.1	(3.1)	3.0			3.0
Sanitation	2.7		2.5		2.7	2.5
Community improvement	0.5		0.5		0.5	0.5
Social services	2.2	(3.4)	2.5		(1.2)	2.5
Culture and recreation	14.8	(13.3)	12.8		1.5	12.8
Water and sewer				43.2	(4.4)	41.6
Interest on long term debt	3.2		2.2		3.2	2.2
Total expenses	<u>114.3</u>	<u>(142.7)</u>	<u>121.2</u>	<u>43.2</u>	<u>(4.4)</u>	<u>41.6</u>
Excess (deficiency)	3.0	(10.8)	5.6		2.6	(8.2)
Increase (decrease) in net position	145.7	(10.8)	10.0		2.6	(8.2)
Beginning net position	(162.1)	(151.3)	91.8		89.2	(70.3)
Ending net position	<u>\$ (16.4)</u>	<u>\$ (162.1)</u>	<u>\$ 101.8</u>	<u>\$ 91.8</u>	<u>\$ 85.4</u>	<u>\$ (70.3)</u>

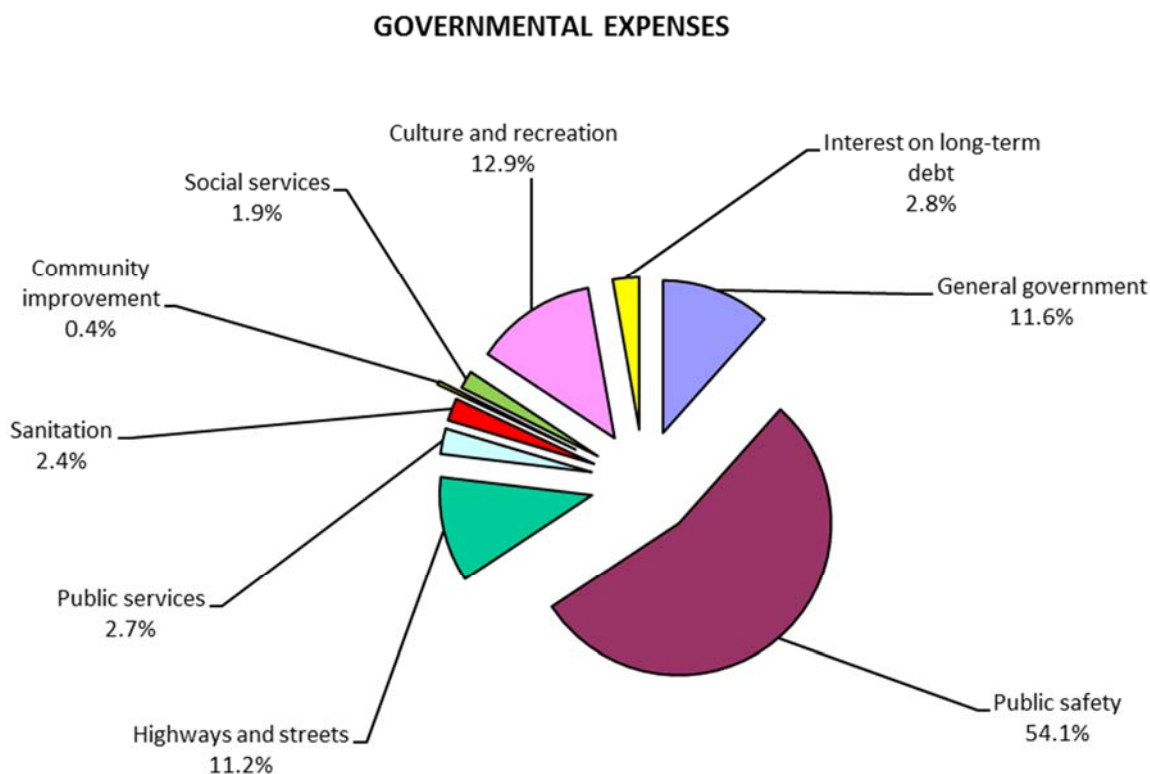
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2019 fiscal year's governmental activity was an increase of \$145.7 million and an ending net position balance of \$(16.4) million. Of this total, \$102.9 million is the net investment in capital assets, \$28.5 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 \$(147.8) million is listed as unrestricted, having no legal commitment.

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



Excluding the pension recovery, governmental activity expenses for the fiscal year decreased by \$6.9 million. Public safety continues to be the largest governmental activity, expending \$61.8 million of the governmental activities total expenses of \$114.3 million. It comprises 54.1% of total governmental expenses. This category decreased by \$6.3 million. Culture and recreation is the second largest governmental activity with \$14.8 million, expending 12.9% of governmental expenses. This category increased by \$2.0 million. General government is the third largest governmental activity with a total expense of \$13.2 million, expending 11.6% of total governmental expenses. This activity decreased by \$1.9 million. Highways and Streets is the fourth largest governmental activity with total expenses of \$12.8 million, expending 11.2% of total governmental expenses. This activity decreased by \$1.7 million. These four categories comprised 89.8% of total governmental activity expenses.

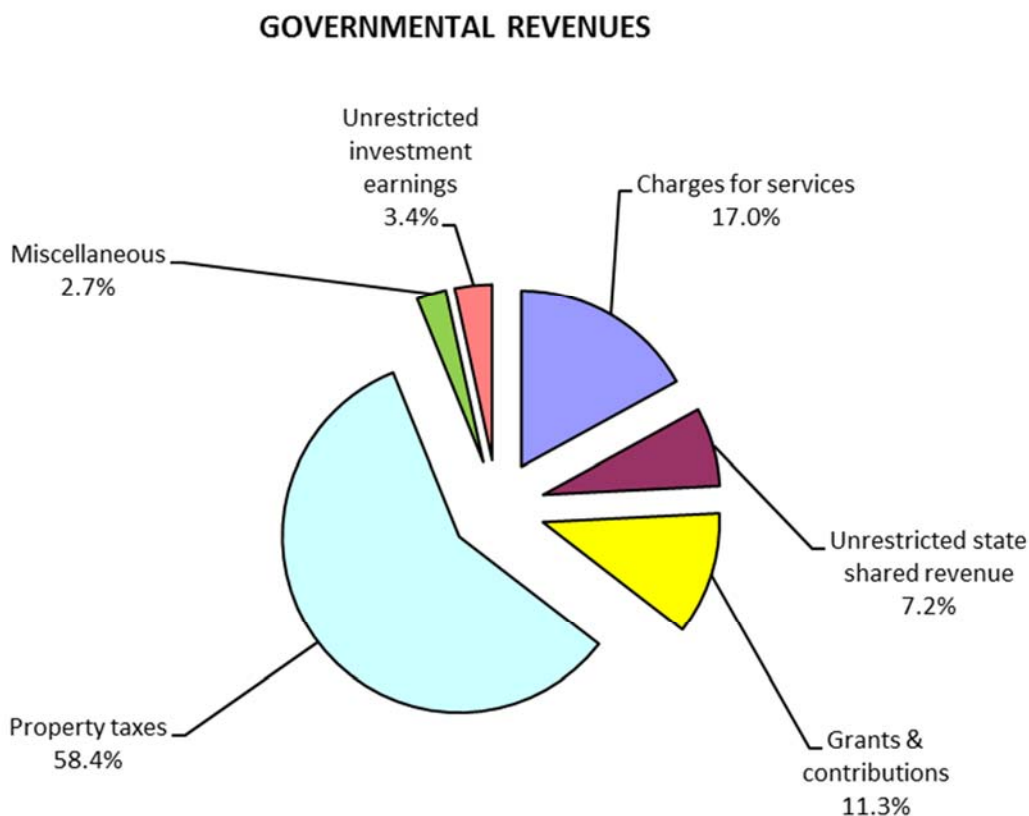
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

In total, governmental revenue had a net increase in fiscal year 2019 by \$6.9 million. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 27.0729 mills. Property tax revenue generated \$68.5 million in 2019, an increase of \$4.0 million. It represented 58.4% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue at \$19.9 million. It represented 17.0% of all available sources of revenue for governmental activities. This source decreased by \$2.1 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 7.2% increasing \$0.4 million to \$8.5 million. The Grants and contributions figure represents 11.3% of all available sources of revenue and decreased \$0.3 million to \$13.2 million. Over 93.9% of the governmental activities are supported by these four revenue sources.

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



City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

Business-Type Activities:

The net position for business-type activities increased by \$10.0 million during fiscal year 2019. Overall, charges for services increased from 2018 by \$4.2 million. Operating expenses increased by \$1.6 million.

Of the total \$101.8 million of net position in the business type activities, \$4.4 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, 2019, the General Fund reported a fund balance of \$56.8 million. This amount is an increase of \$7.8 million from the prior June 30. Of the total fund balance, \$15.4 million is non-spendable, \$1.6 million is restricted, \$23.5 million is committed and \$16.3 million is allocated between assigned or unassigned.

General Fund Budgetary Highlights:

The General Fund revenue budget was amended from the originally adopted budget of \$72.2 million to a final budget amount of \$72.3 million. General Fund revenue totaled \$76.0 million. Fees for Licenses and permits exceeded budget projections by \$0.6 million with actual revenues being reported as \$3.8 million. State shared revenue exceeded conservative budget projections of \$8.0 million by \$0.7 million resulting in actual revenue of \$8.7 million reported.

The General Fund expenditure budget was increased for several purposes during fiscal year 2019 including encumbrances of \$10.1 million primarily for the redevelopment of Northland to a final budget of \$83.3 million. Actual expenditures for fiscal year 2019 were \$68.2 million which was \$15.1 million under budget.

In summary, the fiscal year 2019 final amended budget anticipated using \$11.0 million of prior year's fund balance. The actual net change in fund balance was an increase of \$7.7 million.

Major Streets

The Major Streets fund is used to report activity relating to major road and rights of way in the City of Southfield. As of June 30, 2019, the Major Streets fund reported a fund balance of \$1.7 million. This amount is an increase of \$1.5 million from the prior June 30. The fund balance is classified as restricted.

City of Southfield

Management's Discussion and Analysis

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

Major Streets Budgetary Highlights:

The Major Streets revenue budget was not amended from the originally adopted budget of \$6.6 million. Actual Major Streets revenue totaled \$8.5 million.

The Major Streets fund expenditure budget was increased for encumbrances in the amount of \$3.8 million for a final budget of \$24.8 million. Actual expenditures for fiscal year 2019 were \$18.1 million which was \$6.7 million under budget. Most of these expenditures related to road construction which is being funded by bond proceeds through a transfer to Major Streets.

In summary, the fiscal year 2019 final amended budget anticipated using \$3.8 million of prior year's fund balance. The actual net change in fund balance was an increase of \$1.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of fiscal year 2019, the City of Southfield and its component units had invested \$270.6 million, net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$5.5 million from 2018. Refer to Note 6 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2019, the City of Southfield had \$86.1 million and \$76.3 million in bonds outstanding in the governmental and business-type activities, respectively. A more detailed depiction of the City's long-term debt obligations is presented in Note 7 to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

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

ECONOMIC OUTLOOK

The United States, State of Michigan and the City of Southfield economies continue to recover from the 2008-2009 recession, generally regarded as the most severe economic contraction in more than 70 years. Property taxable values remain well below their pre-recession peaks and could likely take almost twenty years or more to recover, impacting the growth of property tax revenue. Property taxes are the primary source of unrestricted revenue for the City. While property values in the City have been trending upward, property tax growth is limited to the rate of inflation or 5% as a result of the Headlee Amendment and Proposal A.

Unemployment in the City of Southfield has continued to fall but remains higher than the state and

City of Southfield

Management's Discussion and Analysis

county level. As of September 2019, unemployment in the City was 4.9%, compared to 4.1% at September 2018. Unemployment in the State of Michigan was 4.2% and 3.9% at September 2019 and 2018. Unemployment in Oakland County was 3.4% and 3.2% at September 2019 and 2018. The economic development strategy in the City includes strategies to address unemployment of its residents.

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

CONTACTING THE CITY'S FISCAL SERVICES DIVISION

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

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City of Southfield
Government-Wide Statement of Net Position
June 30, 2019

	Primary Government			Governmental
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 3)	\$ 61,106,043	\$ 470,906	\$ 61,576,949	\$ 7,640,957
Investments (Note 3)	43,335,477	898,282	44,233,759	8,166,287
Receivables, net (Note 5)	6,946,138	17,701,507	24,647,645	189,376
Special assessments	1,144,852		1,144,852	
Property investments			-	15,000
Prepays and other assets	1,302,001	5,599	1,307,600	113,605
Due from primary government			-	2,753
Due from component units	76,148		76,148	
Due from other governmental units	320,907		320,907	
Land held for resale	14,373,631		14,373,631	
Inventory	741,963	166,842	908,805	
Restricted assets: (Note 4)				
Cash and cash equivalents	20,528,113	68,162,110	88,690,223	
Investments	6,115,269		6,115,269	
Receivables, net	11,182		11,182	
Long-term advances to component units (Note 8)	1,401,387		1,401,387	
Capital assets: (Note 6)				
Non-depreciable	27,123,315	6,347,829	33,471,144	
Depreciable-net	138,799,237	98,127,943	236,927,180	165,666
Total assets	<u>323,325,663</u>	<u>191,881,018</u>	<u>515,206,681</u>	<u>16,293,644</u>
Deferred Outflows of Resources				
Deferred charges on refunding	552,129		552,129	
Related to Pensions	11,663,506	310,777	11,974,283	12,450
Related to OPEB	11,170,795	296,462	11,467,257	
LIABILITIES				
Accounts payable and other current liabilities	5,450,288	4,313,833	9,764,121	195,903
Interest payable	492,432	387,708	880,140	
General insurance & workers' compensation accrual (Note 9)	166,434		166,434	
Provision for medical claims				
Due to primary government			-	76,148
Due to component units	2,753		2,753	
Liabilities to be paid from restricted assets	2,090,810		2,090,810	
Unearned revenue	242,953		242,953	
Noncurrent liabilities:				
Payable from restricted assets		336,000	336,000	
General insurance & workers' compensation accrual (Note 9)	2,067,541		2,067,541	
Due to other governmental units				1,547,629
Long-term advances from primary government (Note 8)			-	1,401,387
Due within one year (Note 7)	11,216,322	2,880,563	14,096,885	11,752
Due in more than one year (Note 7)	83,278,791	73,722,884	157,001,675	20,891
Net pension liability (Note 11)	118,041,877	4,171,932	122,213,809	167,143
Net OPEB liability (Note 12)	92,612,630	3,517,992	96,130,622	
Total liabilities	<u>315,662,831</u>	<u>89,330,912</u>	<u>404,993,743</u>	<u>3,420,853</u>
Deferred Inflows of Resources				
Related to Pensions	350,102	34,768	384,870	1,392
Related to OPEB	47,107,187	1,366,453	48,473,640	
NET POSITION				
Net investment in capital assets	102,881,393	97,382,754	200,264,147	165,666
Restricted:				
Right-of-way funds/ metro authority and sanitation	1,602,557		1,602,557	
Highways and streets	10,691,611		10,691,611	
Cable PEG fees	135,676		135,676	
Culture and recreation	11,146,818		11,146,818	
Community improvement	948,782		948,782	
Social services	43,697		43,697	
Grants (other)	144,876		144,876	
Public safety	1,123,882		1,123,882	
Debt service	1,863,903		1,863,903	
Capital projects	845,308		845,308	
Unrestricted	(147,836,530)	4,373,370	(143,463,160)	12,718,183
Total net position	<u>\$ (16,408,027)</u>	<u>\$ 101,756,124</u>	<u>\$ 85,348,097</u>	<u>\$ 12,883,849</u>

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

City of Southfield
Government-Wide Statement of Activities
For the Year Ended June 30, 2019

Functions/programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Recovered Expenses-OPEB	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	\$ 13,180,137	\$ (22,133,391)	\$ 1,997,640		\$ 1,491	\$ 10,952,385		\$ 10,952,385	
Public safety	61,781,696	(94,679,246)	9,921,251	\$ 1,234,156		44,052,957		44,052,957	
Highways and streets	12,820,464	(6,105,843)		9,049,015		2,334,394		2,334,394	
Public services	3,131,746	(3,079,569)	558,912			506,735		506,735	
Sanitation	2,698,219		3,010,400			312,181		312,181	
Community improvement	452,328			902,172		449,844		449,844	
Social services	2,230,933	(3,440,898)		1,921,073		3,131,038		3,131,038	
Culture and recreation	14,818,916	(13,325,488)	4,442,256	66,818		3,015,646		3,015,646	
Interest on long-term debt	3,226,692					(3,226,692)		(3,226,692)	
Total governmental activities	<u>114,341,131</u>	<u>(142,764,435)</u>	<u>19,930,459</u>	<u>13,173,234</u>	<u>1,491</u>	<u>61,528,488</u>		<u>61,528,488</u>	
Business-type activities:									
Water and sewer	43,317,742	(4,434,501)	48,380,692				\$ 9,497,451	9,497,451	
Total primary government	<u>\$ 157,658,873</u>	<u>\$ (147,198,936)</u>	<u>\$ 68,311,151</u>	<u>\$ 13,173,234</u>	<u>\$ 1,491</u>			<u>71,025,939</u>	
Component units activities:									
Governmental	<u>\$ 3,612,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,611,623</u>	<u>\$ -</u>				<u>\$ (2,000,469)</u>
General revenues:									
Property taxes						68,477,196		68,477,196	1,367,578
Unrestricted state shared revenues						8,452,935		8,452,935	
Unrestricted investment earnings						2,991,644	183,820	3,175,464	259,274
Unrestricted investment earnings, fair value						1,092,860	18,391	1,111,251	176,585
Miscellaneous						3,163,588	226,033	3,389,621	21,050
Total general revenues and transfers						<u>84,178,223</u>	<u>428,244</u>	<u>84,606,467</u>	<u>1,824,487</u>
Change in net position						145,706,711	9,925,695	155,632,406	(175,982)
Net position - beginning						(162,114,738)	91,830,429	(70,284,309)	13,059,831
Net position - ending						<u>\$ (16,408,027)</u>	<u>\$ 101,756,124</u>	<u>\$ 85,348,097</u>	<u>\$ 12,883,849</u>

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

City of Southfield
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Non-Major Funds	
	General	Major Streets	Road Bond Construction	Other Governmental	Total Governmental
ASSETS					
Cash and cash equivalents (Note 3)	\$ 20,520,394	\$ 553,676	\$ 18,423,442	\$ 24,155,039	\$ 63,652,551
Investments (Note 3)	19,032,151	167,152	6,115,269	13,580,644	38,895,216
Receivables, net (Note 5)	4,330,515	1,118,771	11,182	1,393,640	6,854,108
Special assessments				1,144,852	1,144,852
Prepays	668,394			91,547	759,941
Due from other funds (Note 8)	475,593			288,137	763,730
Due from component units	21,675			54,473	76,148
Due from other governmental units				320,907	320,907
Land held for resale	14,373,631				14,373,631
Inventories	367,389				367,389
Advances to other funds				2,025,876	2,025,876
Advances to component units				1,401,387	1,401,387
Restricted assets: (Note 4)					
Cash and cash equivalents				37,130	37,130
Total assets	<u>\$ 59,789,742</u>	<u>\$ 1,839,599</u>	<u>\$ 24,549,893</u>	<u>\$ 44,493,632</u>	<u>\$ 130,672,866</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,047,153	\$ 143,589	\$ 2,090,810	\$ 962,162	\$ 4,243,714
Accrued payroll	1,031,665			250,265	1,281,930
Due to other funds (Note 8)	274,766			741,735	1,016,501
Due to component units	2,753				2,753
Other short-term liabilities	213,309	758		47,105	261,172
Unearned revenue				242,952	242,952
Advances from local improvement revolving fund (Note 8)				2,025,876	2,025,876
Total liabilities	<u>2,569,646</u>	<u>144,347</u>	<u>2,090,810</u>	<u>4,270,095</u>	<u>9,074,898</u>
Deferred inflows of resources - unavailable (Note 5)	<u>437,141</u>	<u>-</u>	<u>-</u>	<u>1,309,703</u>	<u>1,746,844</u>
Fund balances: (Note 14)					
Non-spendable	15,409,414			3,518,810	18,928,224
Restricted	1,602,557	1,695,252	22,459,083	24,470,214	50,227,106
Committed	23,517,350			866,053	24,383,403
Assigned	777,519			10,100,836	10,878,355
Unassigned	15,476,115			(42,079)	15,434,036
Total fund balances	<u>56,782,955</u>	<u>1,695,252</u>	<u>22,459,083</u>	<u>38,913,834</u>	<u>119,851,124</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 59,789,742</u>	<u>\$ 1,839,599</u>	<u>\$ 24,549,893</u>	<u>\$ 44,493,632</u>	<u>\$ 130,672,866</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, 2019

Fund balance for governmental activities	\$ 119,851,124
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.	161,718,431
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	1,746,844
Deferred outflows from the difference between projected and actual investment earnings of the pension plan and changes in actuarial assumptions are not reported in the funds	11,383,545
Deferred outflows from the difference between projected and actual investment earnings of other post employment benefits (OPEB) plan and changes in actuarial assumptions are not reported in the funds	10,912,447
Accrued interest payable on governmental debt is recorded in the statement of activities	(492,432)
Deferred charges on bond refunding are amortized over the related bond terms and are not reported in the funds	552,129
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(86,089,501)
Compensated absences	(8,077,996)
Michigan tax tribunal liability is not reported in the funds	(10,354)
Net pension liabilities are not due and payable in the current period and are not reported in the funds	(114,283,632)
OPEB liabilities are not reported in funds	(89,546,918)
Deferred inflows from the difference between expected and actual experience of the total pension plan are not reported in the funds	(318,780)
Deferred inflows from the difference between expected and actual experience of the total OPEB plan are not reported in the funds	(45,916,410)
Internal service funds are used by management to charge the costs of maintaining facilities equipment and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	<u>22,163,476</u>
Government-wide net position of governmental activities	<u>\$ (16,408,027)</u>

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

City of Southfield
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			Non-Major Funds	
	General	Major Streets	Road Bond Construction	Other Governmental	Total Governmental
REVENUES					
Property taxes	\$ 47,408,541	\$ 280,838		\$ 20,803,221	\$ 68,492,600
Special assessments				731,373	731,373
Charges for services	3,663,098	650,000		2,917,516	7,230,614
Sanitation	3,010,400				3,010,400
Licenses and permits	3,822,998				3,822,998
Fines and forfeitures	3,275,417			35,254	3,310,671
Federal forfeitures				87,475	87,475
Cable franchise fees	1,421,487			874,730	2,296,217
Intergovernmental:					
Federal	125,709	171,197		2,267,164	2,564,070
State	8,660,143	7,131,265		2,082,778	17,874,186
Other	952,176	64,659			1,016,835
Contributions and donations	10,000			144,357	154,357
Investment earnings	1,427,988	121,110	\$ 496,484	946,052	2,991,634
Change in fair value of investments	365,413	3,422	239,142	484,883	1,092,860
Other	1,903,980	104,341		954,063	2,962,384
Total revenues	<u>76,047,350</u>	<u>8,526,832</u>	<u>735,626</u>	<u>32,328,866</u>	<u>117,638,674</u>
EXPENDITURES					
Current:					
General government	9,189,608			255,043	9,444,651
Public safety	50,548,618			407,270	50,955,888
Highways and streets		5,286,215		3,190,769	8,476,984
Public services	1,651,681				1,651,681
Sanitation	2,698,219				2,698,219
Community improvement				452,328	452,328
Social services				1,968,330	1,968,330
Culture and recreation				12,894,471	12,894,471
Insurance and bonds	678,225				678,225
Support services	2,661,157				2,661,157
Other				177,158	177,158
Capital outlay	443,163	11,441,806		5,275,704	17,160,673
Debt service:					
Principal retirement	335,000	1,165,000		6,403,033	7,903,033
Interest and fiscal charges	31,506	178,593	126,948	2,745,983	3,083,030
Total expenditures	<u>68,237,177</u>	<u>18,071,614</u>	<u>126,948</u>	<u>33,770,089</u>	<u>120,205,828</u>
Excess (deficiency) of revenues over (under) expenditures	7,810,173	(9,544,782)	608,678	(1,441,223)	(2,567,154)
OTHER FINANCING SOURCES (USES)					
Transfers in		11,007,915		4,378,426	15,386,341
Transfers out	(111,726)		(13,811,053)	(291,902)	(14,214,681)
Total other financing sources (uses)	<u>(111,726)</u>	<u>11,007,915</u>	<u>(13,811,053)</u>	<u>4,086,524</u>	<u>1,171,660</u>
Net change in fund balances	7,698,447	1,463,133	(13,202,375)	2,645,301	(1,395,494)
Fund balances - beginning	49,084,508	232,119	35,661,458	36,268,533	121,246,618
Fund balances - ending	<u>\$ 56,782,955</u>	<u>\$ 1,695,252</u>	<u>\$ 22,459,083</u>	<u>\$ 38,913,834</u>	<u>\$ 119,851,124</u>

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, 2019

Net change in fund balances – total governmental funds	\$ (1,395,494)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however in the statement of activities, these costs are allocated over the estimated useful lives as depreciation:	
Capital outlay and donated assets	22,288,914
Depreciation expense	(10,483,747)
Net book value of assets disposed of	(4,196,101)
Revenue is recorded in the statement of activities when earned; it is not reported in the the funds until collected or collectable within 60 days of year end and revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(355,268)
Change in accrued interest payable on long-term debt is not reported as expenditures in governmental funds	(137,285)
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.	(1,155,451)
Change in Michigan tax tribunal contingency is not reported as expenditures in governmental funds	17,458
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.	7,903,033
The change of the deferred charges on bond refunding balance is not reported as expenditures in governmental funds	(59,467)
Some employee costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Pension	(12,258,782)
OPEB	138,602,496
The change of premium on bond refunding is not reported as expenditures in governmental funds	513,292
Current year's amortization for discounts payable is not reported as expenditures in governmental funds	(6,373)
Internal Service funds are used by management to charge the costs of certain activities, such as motor pool, and equipment replacement, to individual funds. The net activity of the internal service funds is reported with governmental activities.	6,429,486
Change in net position government-wide statement of governmental activities	\$ <u>145,706,711</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, 2019

	Business-type Activities	Associated Governmental
	Enterprise Fund	Internal
	Water and Sewer	Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 470,906	\$ 15,876,933
Investments (Note 3)	898,282	10,555,530
Receivables, net (Note 5)	17,701,507	103,212
Prepays and other assets	5,599	542,060
Due from other funds (Note 8)		252,771
Inventory	166,842	374,574
Total current assets	<u>19,243,136</u>	<u>27,705,080</u>
Noncurrent assets:		
Restricted assets: (Note 4)		
Cash and cash equivalents	68,162,110	2,067,541
Capital assets: (Note 6)		
Construction in progress	6,347,829	
Infrastructure	196,572,450	
Equipment and intangibles	3,437,288	24,322,192
Less accumulated depreciation	<u>(101,881,795)</u>	<u>(20,118,071)</u>
Net capital assets	<u>104,475,772</u>	<u>4,204,121</u>
Total noncurrent assets	<u>172,637,882</u>	<u>6,271,662</u>
Total assets	<u>191,881,018</u>	<u>33,976,742</u>
Deferred Outflows of Resources		
Related to Pensions	310,777	279,961
Related to OPEB	296,462	258,348
LIABILITIES		
Current liabilities:		
Accounts payable	4,077,148	918,450
Accrued liability		790,825
Deposits and escrow	170,936	
Accrued payroll	65,749	45,007
Interest payable	387,708	
General insurance & workers' compensation accrual - payable from current assets		166,434
Accrued compensated absences-due within 1 year (Note 7)	95,549	114,213
Revenue bonds payable (Note 7)	2,785,014	
Total current liabilities	<u>7,582,104</u>	<u>2,034,929</u>
Noncurrent liabilities:		
Payable from restricted assets	336,000	
General insurance & workers' compensation accrual - payable from restricted assets		2,067,541
Accrued compensated absences-due more 1 year (Note 7)	169,867	203,049
Net pension liability (Note 11)	4,171,932	3,758,245
Net OPEB liability (Note 12)	3,517,992	3,065,712
Bonds payable (Note 7)	73,553,017	
Total noncurrent liabilities	<u>81,748,808</u>	<u>9,094,547</u>
Total liabilities	<u>89,330,912</u>	<u>11,129,476</u>
Deferred Inflows of Resources		
Related to Pensions	34,768	31,322
Related to OPEB	1,366,453	1,190,777
NET POSITION		
Net investment in capital assets	97,382,754	4,204,121
Unrestricted	4,373,370	17,959,355
Total net position	<u>\$ 101,756,124</u>	<u>\$ 22,163,476</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, 2019

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 47,203,036	
Charges to other funds		\$ 20,521,526
Installation charges	67,680	
Interest and penalties	438,343	
Other	226,033	1,188,314
Total operating revenues	<u>47,935,092</u>	<u>21,709,840</u>
OPERATING EXPENSES		
Administration	4,714,491	1,719,469
OPEB recovery	(4,434,501)	(4,161,938)
Health care		8,134,423
Equipment and facility operation		6,584,337
Water purchases	7,290,627	
Transmission and distribution	23,010,463	
Service installation and meter reading	1,386,272	
Depreciation	5,775,017	1,668,866
Other		880,416
Total operating expenses	<u>37,742,369</u>	<u>14,825,573</u>
Operating income	10,192,723	6,884,267
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	422,999	
Intergovernmental-federal	248,634	
Interest expense	(523,931)	
Investment earnings	183,820	502,452
Change in fair value of investments	18,391	232,998
Other	(616,941)	(18,571)
Total nonoperating revenues	<u>(267,028)</u>	<u>716,879</u>
Income before transfers	9,925,695	7,601,146
Transfers out		(1,171,660)
Change in net position	<u>9,925,695</u>	<u>6,429,486</u>
Total net position - beginning	<u>91,830,429</u>	<u>15,733,990</u>
Total net position - ending	<u>\$ 101,756,124</u>	<u>\$ 22,163,476</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, 2019

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 46,201,280	\$ 22,413,031
Cash paid to employees	(3,247,971)	(2,200,934)
Cash paid to suppliers	(34,668,467)	(13,339,797)
Payments received (paid) on interfunds	(5,431,506)	2,513,247
Net cash provided by (used in) operating activities	<u>2,853,336</u>	<u>9,385,547</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property equipment & adjustments, net of proceeds	(50,558)	(806,552)
Intergovernmental	671,633	
Interest	(523,931)	
System improvements	(4,454,814)	
Payments of revenue bonds	(2,458,984)	
Proceeds from issuance of revenue bonds	71,386,285	
Net cash (used in) capital and related financing activities	<u>64,569,631</u>	<u>(806,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of proceeds	(297,994)	(3,501,674)
Investment earnings	199,296	735,401
Net cash provided by investing activities	<u>(98,698)</u>	<u>(2,766,273)</u>
Net increase (decrease) in cash, cash equivalents	67,324,269	4,641,062
Cash, cash equivalents, beginning of year	1,308,747	13,303,412
Cash, cash equivalents, end of year	<u>\$ 68,633,016</u>	<u>\$ 17,944,474</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 470,906	\$ 15,876,933
Restricted cash, cash equivalents	68,162,110	2,067,541
Total cash, cash equivalents	<u>\$ 68,633,016</u>	<u>\$ 17,944,474</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 10,192,723	\$ 6,884,267
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation	5,775,017	1,668,866
Receivables	(1,813,958)	(44,172)
Prepays and other assets	1,812	747,363
Inventory	78,334	19,187
Deferred outflow	337,727	158,017
Accounts payable	1,024,838	163,684
Accrued liability	346,167	790,825
Deposits	160,936	
Accrued payroll, including compensated absences		
due in less than one year	34,784	39,579
Payable from restricted assets	336,000	
General insurance & workers' compensation accrual		126,462
Provision for medical claims		(81,875)
Accrued compensated absences	(21,786)	5,583
Due to other governmental units	(3,730,336)	
Net pension liability	319,259	867,439
Net OPEB liability	(5,725,233)	(5,294,010)
Interfunds	(5,431,506)	2,513,247
Deferred inflow	968,558	821,085
Net cash provided by (used in) operating activities	<u>\$ 2,853,336</u>	<u>\$ 9,385,547</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, 2019

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
	<u>Trust Funds</u>	<u>Funds</u>
ASSETS		
Cash and cash equivalents (Note 3)	\$ 2,262,156	\$ 1,785,317
Investments, at fair value (Note 3):		
Debt securities	63,386,011	4,620,854
Equity securities	288,566,155	
Short-term investments	11,614,255	
Other investments	11,710,787	
Total investments	<u>375,277,208</u>	<u>4,620,854</u>
Cash and investments held as collateral for securities lending (Note 3):		
Repurchase agreements	8,687,004	
Certificates of deposit	3,701,400	
Variable rate certificates of deposit	5,423,453	
Time deposits	444,619	
Commercial paper	1,126,219	
Agency bonds and notes	286,633	
Asset backed commercial paper	2,543,584	
Sweep vehicles	151,216	
Money market mutual funds	3,357,292	
Non-cash collateral	2,458,250	
Total securities lending	<u>28,179,670</u>	<u>-</u>
Receivables, net	4,300,790	4,937
Prepays	2,751,724	
Due from fiduciary		258,382
Total assets	<u>412,771,548</u>	<u>6,669,490</u>
LIABILITIES		
Accounts payable and accrued payroll	2,742,011	99,783
Deposits and escrow		6,143,941
Interest payable		143
Due to other governmental units	645,666	425,623
Due to fiduciary	258,382	
Obligations under securities lending agreements	28,179,670	
Total liabilities	<u>31,825,729</u>	<u>6,669,490</u>
NET POSITION		
Restricted for pension benefits	306,382,561	
Restricted for post-retirement health care benefits	74,563,258	
Total net position	<u>\$ 380,945,819</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, 2019

	Pension and Other Post-Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 1,820,533
Employer	21,354,515
Total contributions	<u>23,175,048</u>
Investment activity:	
Net increase in fair value of investments	8,939,184
Investment earnings	3,880,800
Dividends	3,761,950
Other	103,703
Total investment activity	<u>16,685,637</u>
Less investment expense:	1,921,349
Net investment activity	<u>14,764,288</u>
Total additions, net	<u>37,939,336</u>
DEDUCTIONS	
Benefits	32,453,665
Health care expense	11,316,203
Administrative expense	260,918
Total deductions	<u>44,030,786</u>
Net decrease	(6,091,450)
Net position - beginning	<u>387,037,269</u>
Net position - ending	<u><u>\$ 380,945,819</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, 2019

	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Totals
ASSETS									
Cash and cash equivalents (Note 3)	\$ 11,612	\$ 1,225,226	\$ 1,340,219	\$ 982,019	\$ 1,395,307	\$ 1,434,335	\$ 187,051	\$ 1,065,188	\$ 7,640,957
Investments (Note 3)			113,728		4,697,917	3,354,642			8,166,287
Receivables, net (Note 5)	7,137	422	112,911	2,099	40,193	26,614			189,376
Property investments								15,000	15,000
Prepays							113,605		113,605
Due from primary government								2,753	2,753
Total current assets	18,749	1,225,648	1,566,858	984,118	6,133,417	4,815,591	300,656	1,082,941	16,127,978
Capital assets, depreciable-net (Note 6)				165,666					165,666
Total assets	18,749	1,225,648	1,566,858	1,149,784	6,133,417	4,815,591	300,656	1,082,941	16,293,644
Deferred Outflows of Resources									
Related to Pensions							12,450		12,450
LIABILITIES									
Accounts payable and other current liabilities			154,538	21,870			16,043	3,452	195,903
Due to primary government							21,675	54,473	76,148
Noncurrent liabilities:									
Due to other governmental units		103,846			1,443,783	-			1,547,629
Long-term advances from primary government (Note 8)						1,401,387			1,401,387
Due within one year				11,752					11,752
Due in more than one year (Note 7)				20,891					20,891
Net pension liability (Note 11)							167,143		167,143
Total non-current liabilities	-	-	-	32,643	-	-	167,143	-	199,786
Total liabilities	-	103,846	154,538	54,513	1,443,783	1,401,387	204,861	57,925	3,420,853
Deferred Inflows of Resources									
Related to Pensions							1,392		1,392
NET POSITION									
Net investment in capital assets				165,666					165,666
Unrestricted	18,749	1,121,802	1,412,320	929,605	4,689,634	3,414,204	106,853	1,025,016	12,718,183
Total net position	\$ 18,749	\$ 1,121,802	\$ 1,412,320	\$ 1,095,271	\$ 4,689,634	\$ 3,414,204	\$ 106,853	\$ 1,025,016	\$ 12,883,849

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, 2019

	Net (Expense) Revenue and Changes in Net Position										Totals
	Expenses	Operating Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	
Brownfield re-development authority											
Community improvement	\$ 1,366,215	\$ 1,500		\$ (1,364,715)							\$ (1,364,715)
Joint-local development finance authority											
Community improvement	322,622				\$ (322,622)						(322,622)
Downtown development authority											
Community improvement	260,716					\$ (260,716)					(260,716)
Tax increment finance authority											
Community improvement	250						\$ (250)				(250)
Local development finance authority											
Community improvement	34,305							\$ (34,305)			(34,305)
Section 8 housing commission											
Social services	1,609,667	1,610,020							\$ 353		353
Southfield growth corporation											
Community improvement	18,317	103								\$ (18,214)	(18,214)
Total component units	\$ 3,612,092	\$ 1,611,623									(2,000,469)
General revenues:											
Property taxes				977,671	187,203	202,704					1,367,578
Unrestricted investment earnings	\$	7,629	15,004	7,841	37,865	99,055	90,668	1,121	91		259,274
Unrestricted change in fair value of investments		30	927	3,931	2,550	96,183	72,964				176,585
Miscellaneous										21,050	21,050
Total general revenues		7,659	993,602	198,975	243,119	195,238	163,632	1,121	21,141		1,824,487
Change in net position		7,659	(371,113)	(123,647)	(17,597)	194,988	129,327	1,474	2,927		(175,982)
Net position - beginning		11,090	1,492,915	1,535,967	1,112,868	4,494,646	3,284,877	105,379	1,022,089		13,059,831
Net position - ending	\$	18,749	1,121,802	1,412,320	1,095,271	4,689,634	3,414,204	106,853	1,025,016		12,883,849

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component Units

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

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

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity

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

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

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

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

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

Downtown Development Authority (DDA): The DDA has a 12-member board, all appointed by the Mayor, committed to the economic development of the designated downtown district in and around the Northland Center. This Authority was formed under Public Act 1975, No. 197 and is funded through a 2-mill tax levy on all real and personal property within the district and a tax increment financing plan.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity

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

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

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

Section 8 Housing Commission:

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

Southfield Growth Corporation:

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Basis of Accounting

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

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

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Government-wide Financial Statements

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

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Fund Financial Statements

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental funds

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

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

Proprietary funds

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City reports the following major proprietary fund:

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

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

Additionally, the City reports the following fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources used to finance projects or activities as required by law or contractual agreement. These funds include Local Streets, Parks & Recreation, Cable, Block Grant, Michigan Indigent Defense, Drug Law Enforcement, Grants, Library, Michigan Works, Auto Theft, and Donations, Memorial Trusts & Sponsorships.
- Debt service funds are used to account for the accumulation of resources and the payment of loan principal and interest from governmental resources. The City's debt service funds account for the payment of interest and principal on long-term bonded debt for Road Bond debt and Drains-at-Large. The City has contracted with Oakland County for indirect repayment of bonds issued for sewers and drains.
- Capital projects funds account for resources used for the acquisition or major renovation of capital facilities. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major financing sources are bond proceeds, transfers from other City funds, internal loans and grants. These funds include the City of Southfield Library Building Authority Construction, Capital Improvement, City of Southfield Building Authority Construction, Local Improvement Revolving, and Special Assessment Construction.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- Fiduciary funds include Retirement Trust funds or Trust and Agency funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Trust funds include Pension Trusts and Retiree Health Care Benefits Plan and Trust. Agency funds include Deposits and Escrow, Imprest payroll and 46th District Court. Expendable Trust and Agency funds are accounted for and reported as governmental funds.

There are no major component units.

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

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

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

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(c) Inventory and Prepaid Items: Inventory is stated at a first-in, first-out cost method and are accounted for using the purchasing method except for certain items used in the governmental and proprietary funds such as sign shop inventory which are accounted for on the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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

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

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

The estimated useful lives are:

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

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: special assessments, grants, and other miscellaneous sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources related to pensions and OPEB are reported in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB.

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- Assigned – Amounts that are intended by City Council to be used for specific purposes, but are not restricted or committed.
- Unassigned – Residual amounts available for use at the discretion of City Council and Management in the General Fund and negative amounts in other governmental funds.

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

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

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

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

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

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

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(n) Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. The encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The amount of encumbrances for governmental funds outstanding at June 30, 2019 is \$10,237,130.

D. Change in Reporting

During the current year, the City reassessed the operations and classification of the Local Improvement Revolving Fund (LIRF), including the consideration of the fact that the means for which the fund was established is to provide internal financing of public improvement. While the fund will continue to loan monies to other funds for repayment with interest, the fund activity more closely aligns with the definition of a capital projects fund versus an internal service fund. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. As such, as of July 1, 2018, the City now reports the LIRF fund as a capital projects fund.

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.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Data

- The individual department head is authorized to transfer budgeted amounts within the respective appropriation unit (e.g., Treasurer’s Office), unless the transfer involves personnel or capital line items, in which case, the approval of the Director of Fiscal Services or the City Administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by City Council. Such budget adjustments took place, as authorized by the City Council, for the year ended June 30, 2019, and the budgetary data reflects the effect of those amendments.
- Unencumbered appropriations for the fiscal year lapse every June 30. Council may re-appropriate any amount at its discretion.
- Budgets are legally adopted on an activity basis for the General and Special Revenue Funds. These budgets are presented on the same basis of accounting as used for actual results. They are adopted by Council on a non-GAAP basis. A schedule reconciling the adopted budget to the presented budget is disclosed in the RSI section. Capital Projects and Debt Service funds are approved by City Council on a project length basis, with annual expenditures included within Governmental Fund appropriation units. Budgets and actual comparisons are not reported in the financial statements for those funds where no annual budgets are prepared.
- The following non-major governmental funds require an annual budget:

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

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

B. Budget Variances

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

	Unaudited Budget	Actual	Variance Positive (Negative)
General Fund			
Expenditures:			
General government			
Technology & Central Services	\$ 3,096,346	\$ 1,889,261	\$ 1,207,085
Public Safety:			
Police	22,027,721	22,063,224	(35,503)
Building and safety engineering	3,343,092	2,748,429	594,663
Public Services:			
Road service administration	1,479,342	449,862	1,029,480
Other:			
Insurance and bonds	587,365	678,225	(90,860)

Technology & Central Services: Variance is primarily due to department position vacancies and multi-year projects budgeted in initial year.

Police: Variance is attributable to personnel costs exceeding anticipated costs. City Administration will continue reviewing and making appropriate adjustments for future budget years.

Building and Safety Engineering: Variance is primarily due to department position vacancies and fewer than anticipated contractual needs for demolition and related services.

Road Service Administration: Variance is attributable to revised activity-based costing whereby costs initially recorded in the General Fund are more accurately allocated to the other funds driving the costs. City Administration will be reviewing and making appropriate adjustments for future budget years to reflect this more accurate methodology.

Insurance and bonds: Variance is attributable to a change in presentation for reporting purposes. Amounts reimbursed from other funds have been reported in other revenue rather than netted against the expenditure. These reimbursements total approximately \$1.2 million in the current year.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

B. Budget Variances

	Unaudited Budget	Actual	Variance Positive (Negative)
Major Streets Fund			
Revenues:			
Intergovernmental - State	5,590,598	7,131,265	1,540,667
Expenditures:			
Road maintenance	1,358,887	1,622,714	(263,827)
Traffic services	746,177	1,165,824	(419,647)
Appearance	1,293,121	1,601,111	(307,990)

Intergovernmental - State: The revenue variance is primarily attributable to Michigan Public Act 207 of 2018 which increased funding for transportation projects statewide additional funding passed through the Michigan Department of Transportation.

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

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

	Unaudited Budget	Actual	Variance Positive (Negative)
Parks & Recreation			
Expenditures:			
Recreation division	1,077,932	1,102,167	(24,235)

Recreation division: The actual expenditures exceeded the budgeted amounts for personnel costs budgeted elsewhere within the fund. These amounts will be adjusted to accurately reflect anticipated costs in future years.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY (continued)

B. Budget Variances

	<u>Unaudited Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Block Grant			
Other:			
Transfers out	-	18,762	(18,762)

Transfer out: The actual expenditures exceeded budgeted amounts for transfers out budgeted within community improvement. These amounts will be adjusted to accurately reflect anticipated program activity in future years.

	<u>Unaudited Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Library			
Expenditures:			
Administration	2,074,552	2,128,281	(53,729)

Administration: The actual expenditures exceeded the budgeted amounts for personnel costs budgeted elsewhere within the fund. These amounts will be adjusted to accurately reflect anticipated costs in future years.

	<u>Unaudited Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Michigan Works			
Expenditures:			
Social Services	1,891,285	1,950,479	(59,194)

Social services: The actual expenditures exceeded the budgeted amounts for personnel costs. These amounts will be adjusted to accurately reflect anticipated costs in future years.

	<u>Unaudited Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Auto Theft			
Expenditures:			
Public Safety	175,865	183,600	(7,735)

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk of bank deposits:

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

City – The City’s investment policy requires all investment transactions be conducted on a delivery versus payment basis. All securities, evidenced by a safekeeping receipt, shall be held by a third party custodian. At year end, the City had bank deposits (certificates of deposits, checking, and savings accounts) totaling \$144,340,705, of which \$132,501,713 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$8.0 million. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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

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

Interest rate risk:

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

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

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

Investments:	Fair Market Value	Weighted Average Maturity
U.S. government agencies	\$ 35,578,986	4.15 years
Municipal bonds	27,799,112	4.00 years
Oakland County LGIP Pooled	2,611,735	0.71 years
Michigan Class Investment Pool	15,052,335	0.19 years

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Market Value	Weighted Average Maturity
US Government Obligations	\$ 3,572,097	8.88 years
Mortgage Backed Securities	765,158	17.95 years
Collateralized Mortgage Obligations	1,231	3.04 years
Asset Backed Securities	249,243	14.51 years
Corporate Bonds	2,620,335	7.72 years
Open End Mutual Funds	6,828,745	3.82 years

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

Investments:	Fair Market Value	Weighted Average Maturity
Asset backed securities	\$ 1,578,145	7.54 years
Corporate bonds	5,472,632	6.45 years
Funds - corporate bonds	121,087	Not Available
U.S. government bonds	2,541,039	6.23 years
U.S. government agencies	32,303	4.82 years
U.S. government mortgage backed securities	4,351,347	26.09 years
Municipal bonds	275,264	3.30 years
Non-governmental c.m.o.s	372,340	28.31 years
Commerical mortgage backed	1,167,261	25.77 years
Bank loans	848,334	5.47 years
Other fixed income	16,535,412	Not Available

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

Investments:	Fair Market Value	Weighted Average Maturity
Natixis Loomis Sayles Inv Gr - Y	\$ 7,450,724	7.28 years
Templeton Global Bond Fund	3,211,425	1.20 years
JP Morgan Strategic Income Opportunities Fund-I	5,345,120	4.67 years

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	\$ 3,300,413	Not Available

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	\$ 22,569,511	0.26 years

Credit risk:

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

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

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

Investments:	Fair Value	Rating	Rating Organization
U.S. government agencies	\$ 35,578,986	AA+	S&P
Municipal bonds	2,527,824	AAA	S&P
Municipal bonds	1,883,210	AA+	S&P
Municipal bonds	6,287,441	AA	S&P
Municipal bonds	6,770,462	AA-	S&P
Municipal bonds	4,001,824	A+	S&P
Municipal bonds	6,328,351	NR	S&P
Local Governmental Investment Pool	2,611,735	Not rated	N/A
Michigan Class Investment Pool	15,052,335	AAAm	S&P

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Corporate bonds	\$ 72,073	NR	N/A
Corporate bonds	243,144	Aa2	Moody's
Corporate bonds	104,453	A1	Moody's
Corporate bonds	282,212	A2	Moody's
Corporate bonds	583,167	A3	Moody's
Collateralized mortgage obligations	1,231	NR	N/A
Mortgage backed securities	765,158	NR	N/A
U.S. treasury notes and bonds	3,572,097	Aaa	Moody's
Asset backed securities	249,243	Baa1 and below	Moody's
Corporate bonds	1,335,285	Baa1 and below	Moody's
Mutual funds	3,502,745	AAA	S&P
Mutual funds	274,512	AA	S&P
Mutual funds	621,105	A	S&P
Mutual funds	1,612,678	BBB	S&P
Mutual funds	639,957	BB	S&P
Mutual funds	177,748	B	S&P

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 127,675	Aaa	Moody's
Corporate asset backed securities	335,785	Aa	Moody's
Corporate asset backed securities	1,114,685	Not rated	N/A
Bank loans	47,873	Baa	Moody's
Bank loans	544,948	Ba	Moody's
Bank loans	158,208	B	Moody's
Bank loans	97,305	Not rated	N/A
Commercial mortgage-backed	429,573	Aaa	Moody's
Commercial mortgage-backed	450,437	Aa	Moody's
Commercial mortgage-backed	98,511	Baa	Moody's
Commercial mortgage-backed	188,052	Not rated	N/A
Corporate bonds	50,062	Aa	Moody's
Corporate bonds	1,417,403	A	Moody's
Corporate bonds	2,800,605	Baa	Moody's
Corporate bonds	607,132	Ba	Moody's
Corporate bonds	180,880	B	Moody's
Corporate bonds	416,550	Not rated	N/A
Funds - Corporate bonds	121,087	Not rated	N/A
Other Fixed Income	16,535,412	Not rated	N/A
U.S. government agencies	32,303	Aaa	Moody's
U.S. government bonds	2,495,100	Aaa	Moody's
U.S. government bonds	45,939	A	Moody's
U.S. government mortgage back securities	170,381	Not rated	N/A
Municipal bonds	71,837	Aaa	Moody's
Municipal bonds	203,428	Not rated	N/A
Non-governmental backed C.M.O.s	372,340	Aaa	Moody's
U.S. government mortgage back securities	4,180,966	Not Available	N/A

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

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

Investments:	Fair Value	Rating	Rating Organization
Loomis Sayles Inv Gr - Y (8.2%)	\$ 610,959	US Treasurys - AAA	Moody's
Loomis Sayles Inv Gr - Y (17.6%)	1,311,328	Aaa	Moody's
Loomis Sayles Inv Gr - Y (7.6%)	566,255	Aa	Moody's
Loomis Sayles Inv Gr - Y (22.1%)	1,646,610	A	Moody's
Loomis Sayles Inv Gr - Y (34.1%)	2,540,697	Baa	Moody's
Loomis Sayles Inv Gr - Y (4.6%)	342,733	Ba	Moody's
Loomis Sayles Inv Gr - Y (.3%)	22,352	B	Moody's
Loomis Sayles Inv Gr - Y (2.8%)	208,620	Not Rated	Moody's
Loomis Sayles Inv Gr - Y (2.7%)	201,170	Cash	Moody's
Templeton Global Bond Fund-R6 (24.5%)	786,799	AAA	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (6.54%)	210,027	AA	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (18.45%)	592,508	A	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (26.22%)	842,036	BBB	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (19.01%)	610,492	BB	Moody's/S&P/Fitch's
Templeton Global Bond Fund-R6 (5.28%)	169,563	B	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (10.7%)	571,928	AAA	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (35.8%)	1,913,553	A-1/P-1	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (3.5%)	187,079	AA	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (12%)	641,414	A	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (10.8%)	577,273	BBB	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (7.6%)	406,229	BB	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (10.2%)	545,202	B	Moody's/S&P/Fitch's
JP Morgan Strategic Income Opportunities Fund-I (9.4%)	502,441	CCC & Lower/Other	Moody's/S&P/Fitch's

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

SERS –

Investments:	Fair Value	Rating	Rating Agency
Collateral Pool	3,300,413	Not available	N/A

FPRS –

Investments:	Fair Value	Rating	Rating Agency
Collateral Pool	22,569,511	Not available	N/A

Of the total investment disclosures for City accounts, approximately \$8.2 million relate to discretely presented governmental component units which were combined with the City's investment account balance for purposes of this disclosure.

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Concentration of credit risk:

City –

Investments:	Fair Value	%
U.S. government agencies	35,578,986	15.79%
Municipal bonds	27,799,112	12.33%
Michigan Class Investment Pool	15,052,335	6.68%

SERS –

Investments:	Fair Value	%
AEW Core Property	6,985,146	6.26%
LSV Asset Management	9,339,793	8.37%
QMA US Mid Cap Core Equity	7,380,008	6.61%

FPRS –

Investments:	Fair Value	%
NHIT	16,535,412	8.50%
NANTUCKET	12,832,925	6.60%
KSTONE ARV LTD	11,225,246	5.77%

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

Foreign currency risk:

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The following securities are subject to foreign currency risk:

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

Security	Foreign Currency	Fair Value
<u>Templeton Global Bond Fund</u>		
Fixed Income	US dollars	\$ 1,274,864
Fixed Income	Euro	1,056,047
Fixed Income	Japanese yen	643,660
Fixed Income	Mexican peso	22,555
Fixed Income	Australian Dollar	54,873
Fixed Income	Other currencies	314,424

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

Security	Foreign Currency	Fair Value
Cash & Equivalents *	Australian dollars	\$ 516,514
Equities	Australian dollars	715,875
Equities	Canadian dollars	1,181,990
Fixed Income	Canadian dollars	120,718
Cash & Equivalents	Canadian dollars	468,050
Equities	Swiss franc	1,624,088
Equities	Euro	801,432
Equities	British pound sterling	17,770,787
Cash & Equivalents *	British pound sterling	423,360
Fixed Income	Mexican peso	79,214
Fixed Income	New Zealand dollar	304,737
Cash & Equivalents	New Zealand dollar	22
Equities	Swedish Krona	121,543

* Values include pending foreign exchange sales/purchases

RHC –

Security	Foreign Currency	Fair Value
<u>Templeton Global Bond Fund</u>		
Fixed Income	US dollars	\$ 1,216,167
Fixed Income	Euro	1,007,424
Fixed Income	Japanese yen	614,024
Fixed Income	Mexican peso	21,517
Fixed Income	Australian Dollar	52,346
Fixed Income	Other currencies	299,947
<u>Loomis Sayles Investment Grade Bond Fund</u>		
Fixed Income	US dollars	\$ 7,413,471
Fixed Income	Non-Euro	37,254

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

Securities lending arrangements:

SERS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the SERS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SERS's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. During the year ended June 30, 2019, 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, 2019, 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, 2019 was \$3,300,413 and \$3,247,705, 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, 2019, only United States currency was received as collateral. The cash collateral is invested in a pool by Northern Trust on behalf of the FPRS.

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The FPRS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2019, 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, 2019 was \$25,027,761 and \$24,600,625, respectively.

Fair Value Measurement:

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

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

City –

	<u>Balance at June 30, 2019</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt Securities				
Agency bonds	\$ 35,578,986	-	\$ 35,578,986	-
Government/Municipal bonds	<u>27,799,112</u>	-	<u>27,799,112</u>	-
Total debt securities	\$ 63,378,098	-	\$ 63,378,098	-
Total investments by fair value level	<u>\$ 63,378,098</u>	<u>\$ -</u>	<u>\$ 63,378,098</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Local government investment pool	\$ 2,611,735			
Michigan Class Investment Pool	<u>15,052,335</u>			
Total investments measured at the NAV	<u>\$ 17,664,070</u>			
 Grand total	 <u>\$ 81,042,168</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

SERS –

	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S. Treasury securities	\$ 3,572,097	\$ 3,572,097		
Mutual fund - fixed income	6,828,745		\$ 6,828,745	
Mortgage backed securities	765,158		765,158	
Asset-backed securities	249,243		249,243	
Corporate bonds	2,620,335		2,620,335	
Other debt	1,231		1,231	
Total debt securities	<u>14,036,809</u>	<u>3,572,097</u>	<u>10,464,712</u>	\$ -
Equity securities				
Money market fund	2,268,527		2,268,527	
Common and preferred stock	23,147,787	23,147,787		
ADR	6,018,227	6,018,227		
Real estate investment trust	612,870	612,870		
Foreign Stock	3,272,128	3,272,128		
Total equity securities	<u>35,319,539</u>	<u>33,051,012</u>	<u>2,268,527</u>	-
Total investments by fair value level	<u>\$ 49,356,348</u>	<u>\$ 36,623,109</u>	<u>\$ 12,733,239</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	\$ 5,414,563			
Collective investment funds	39,805,694			
Real estate investment trust	15,722,003			
Total investments measured at the NAV	<u>\$ 60,942,260</u>			
Grand total	<u>\$ 110,298,608</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
Mortgage backed securities	\$ 5,518,608		\$ 5,518,608	
Asset-backed securities	1,578,145		1,578,145	
Agency bonds	32,303		32,303	
Corporate bonds	5,593,719	\$ 121,087	5,472,632	
Bank and mortgage loans	848,334		848,334	
Government/Municipal bonds	2,816,303		2,816,303	
Non-government backed C.M.O.s	372,340		372,340	
Total debt securities	<u>16,759,752</u>	<u>121,087</u>	<u>16,638,665</u>	\$ -
Equity securities				
Money market fund	4,746,877		4,746,877	
Mutual fund - Equities	25,494,834	25,494,834		
Mutual fund - real estate	200,432	200,432		
Common and preferred stock	77,429,984	77,429,984		
Total equity securities	<u>107,872,127</u>	<u>103,125,250</u>	<u>4,746,877</u>	-
Total investments by fair value level	<u>\$ 124,631,879</u>	<u>\$ 103,246,337</u>	<u>\$ 21,385,542</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	\$ 24,058,172			
Collective investment fund	16,535,412			
Real estate investment trust	27,375,109			
Total investments measured at the NAV	<u>\$ 67,968,693</u>			
Grand total	<u>\$ 192,600,572</u>			

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

RHC –

	Balance at June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
Mutual fund - fixed income	\$ 16,007,270	\$ 16,007,270		
Total debt securities	16,007,270	\$ 16,007,270	\$ -	\$ -
Equity securities				
Money market fund	4,735,949	137,097	4,598,852	
Mutual fund - Equities	14,721,228	14,721,228		
Common stock	15,768,214	15,768,214		
ADR	578,605	578,605		
Common trust fund - equity	2,509,518		2,509,518	
Real estate investment trusts	648,503	648,503		
Foreign stock	1,902,491	1,902,491		
Total equity securities	40,864,508	33,756,138	7,108,370	-
Partnerships	308,187	308,187		
Total investments by fair value level	\$ 57,179,965	\$ 50,071,595	\$ 7,108,370	\$ -
Investments measured at the net asset value (NAV)				
Private Equity	\$ 5,671,425			
Infrastructure	1,106,501			
Hedge funds - Fund of funds	5,360,799			
Real estate investment trust	3,642,297			
Total investments measured at the NAV	\$ 15,781,022			
Grand total	\$ 72,960,987			

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The fair value of real estate investment trusts, rest estate mutual funds, and mortgage loans at June 30 was determined primarily based on level 3 inputs. The City estimates the fair value of these investments using the City’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

Investments in Entities that Calculate Net Asset Value per Share

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

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

City –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Local government investment pool	\$ 2,611,735	\$ -	No restrictions	None
Michigan Class Investment Pool	15,052,335	-	No restrictions	None
Total investments measured at the NAV	\$ 17,664,070	\$ -		

SERS –

	<u>Fair Value</u>	<u>Investments in Entities that Calculate Net Asset Value per Share</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Hedge funds - Fund of funds	5,414,563		-	Quarterly	95 Days
Collective investment fund	39,805,694		-	Daily to Monthly	None to 15 Days
Real estate investment trust	15,722,003		1,679,906	None - Quarterly	None - 95 Days
Total investments measured at the NAV	\$ 60,942,260		1,679,906		

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

FPRS –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Multi-Strategy Hedge Funds	\$ 24,058,172	-	Quarterly - Semi Annual	95 Days - 180 Days
Collective investment fund	16,535,412	-	Daily	None
Real estate investment trust	<u>27,375,109</u>	<u>\$ 12,431,942</u>	None-Quarterly	None - 90 Days
Total investments measured at the NAV	\$ <u>67,968,693</u>	\$ <u>12,431,942</u>		

RHC –

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Private Equity	\$ 5,671,425	\$ 1,351,646	None	None
Infrastructure	1,106,501	758,582	None	None
Hedge funds - Fund of funds	5,360,799	-	None - Quarterly	None - 100 Days
Real estate investment trust	<u>3,642,297</u>	<u>4,827,229</u>	None	None
Total investments measured at the NAV	\$ <u>15,781,022</u>	\$ <u>6,937,457</u>		

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

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

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

City of Southfield

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS (continued)

The closely held equity funds includes two investment funds:

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

The hedge funds class includes the following:

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

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

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

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

City of Southfield

Notes to the Financial Statements

4. RESTRICTED ASSETS

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

Governmental funds (with associated governmental funds):

Capital Projects:

Unspent bond proceeds \$ 24,549,893

Funds held by Oakland County drain commissioner to be used for construction and maintenance of drains 37,130

Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals 2,067,541

Total governmental funds (with associated governmental funds) 26,654,564

Business-type activities:

Unspent bond proceeds \$ 68,162,110

Total restricted assets \$ 94,816,674

5. DEFERRED INFLOWS AND RECEIVABLES

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

Unavailable	<u>Governmental Funds</u>
Public Safety	\$ 437,141
Special assessments	1,245,181
Community improvement	<u>64,522</u>
Total - unavailable	<u><u>1,746,844</u></u>

City of Southfield

Notes to the Financial Statements

5. DEFERRED INFLOWS AND RECEIVABLES (continued)

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

	Accrued interest		Accrued revenue		Allowance for uncollectable taxes	Delinquent taxes	Total
Governmental activities:							
General fund	\$ 99,228	\$ 764,462	\$ 3,430,028	\$ (367,030)	\$ 403,827	\$ 4,330,515	
Major streets	-	-	1,076,868	(2,353)	44,256	1,118,771	
Road Construction	11,182					11,182	
Other non-major funds	209,939	304,355	854,128	(161,625)	186,843	1,393,640	
Total governmental funds	320,349	1,068,817	5,361,024	(531,008)	634,926	6,854,108	
Associated governmental activities:							
Internal service funds	103,212					103,212	
Total governmental activities	\$ 423,561	\$ 1,068,817	\$ 5,361,024	\$ (531,008)	\$ 634,926	\$ 6,957,320	
Component units:							
Economic development corporation	\$ 7,137					\$ 7,137	
Brownfield re-development authority	207				\$ 215	422	
Joint-local development finance authority	119				112,792	112,911	
Downtown development authority	463				1,636	2,099	
Tax increment finance authority	40,193					40,193	
Local development finance authority	22,261				4,353	26,614	
Total component units-governmental	\$ 70,380	\$ -	\$ -	\$ -	\$ 118,996	\$ 189,376	
Business-type activities:							
Water and sewer fund	\$ 2,916	\$ 17,698,591				\$ 17,701,507	

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

6. CAPITAL ASSETS

Construction and Other Significant Commitments

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

	Commitments
Street construction	\$ 9,976,964
Equipment	294,489
Water system improvements	2,152,034
	<u>\$ 12,423,487</u>

City of Southfield

Notes to the Financial Statements

6. CAPITAL ASSETS (continued)

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

	Balance July 1, 2018	Additions	Disposals & Reduction to CIP	Balance June 30, 2019
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 11,252,797	\$		\$ 11,252,797
Construction in progress	5,802,625	14,263,991	\$ 4,196,099	15,870,517
Total capital assets not being depreciated	<u>17,055,422</u>	<u>14,263,991</u>	<u>4,196,099</u>	<u>27,123,314</u>
Capital assets, being depreciated				
Land improvements	26,254,973	1,282,897		27,537,870
Building and improvements	74,312,335	2,799,872		77,112,207
Infrastructure	178,707,740	3,779,884		182,487,624
Intangibles	2,158,604			2,158,604
Drain usage rights	11,777,407			11,777,407
Equipment	8,176,586	162,270		8,338,856
Total capital assets being depreciated	<u>301,387,645</u>	<u>8,024,923</u>	<u>-</u>	<u>309,412,568</u>
Less accumulated depreciation:				
Land improvements	17,137,041	939,177		18,076,218
Building and improvements	43,444,604	2,283,149		45,727,753
Infrastructure	87,652,486	6,409,044		94,061,530
Intangibles	1,564,555	99,461		1,664,016
Drain usage rights	7,429,337	461,932		7,891,269
Equipment	7,105,682	290,984		7,396,666
Total accumulated depreciation	<u>164,333,705</u>	<u>10,483,747</u>	(a) <u>-</u>	<u>174,817,452</u>
Total general capital assets being depreciated, net	<u>137,053,940</u>	<u>(2,458,824)</u>	<u>-</u>	<u>134,595,116</u>
Internal Service				
Capital assets, being depreciated				
Intangibles	334,039			334,039
Equipment	23,400,163	788,035	200,045	23,988,153
Total capital assets being depreciated	<u>23,734,202</u>	<u>788,035</u>	<u>200,045</u>	<u>24,322,192</u>
Less accumulated depreciation:				
Intangibles	229,317	18,633		247,950
Equipment	18,419,933	1,650,233	200,045	19,870,121
Total accumulated depreciation	<u>18,649,250</u>	<u>1,668,866</u>	<u>200,045</u>	<u>20,118,071</u>
Total internal service capital assets being depreciated, net	<u>5,084,952</u>	<u>(880,831)</u>	<u>-</u>	<u>4,204,121</u>
Governmental activity capital assets depreciable, net	<u>\$ 142,138,892</u>	<u>\$ (3,339,655)</u>	<u>\$ -</u>	<u>\$ 138,799,237</u>

City of Southfield

Notes to the Financial Statements

6. CAPITAL ASSETS (continued)

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

General government	\$ 476,518
Public safety	440,877
Highways and streets	6,409,044
Public services	653,757
Culture and recreation	<u>2,503,551</u>
Total	<u>\$ 10,483,747</u>

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

	Balance <u>July 1, 2018</u>	Additions	Disposals & Reduction to CIP	Balance <u>June 30, 2019</u>
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,946,638	\$ 4,418,163	\$ 16,972	\$ 6,347,829
Capital assets, being depreciated:				
Infrastructure	196,518,827	53,623		196,572,450
Intangibles	1,507,498			1,507,498
Equipment	<u>1,879,230</u>	<u>50,560</u>	-	<u>1,929,790</u>
Total water and sewer fund	<u>199,905,555</u>	<u>104,183</u>	-	<u>200,009,738</u>
Less accumulated depreciation:				
Infrastructure	93,944,306	5,488,666		99,432,972
Intangibles	1,050,515	71,505		1,122,020
Equipment	<u>1,111,958</u>	<u>214,845</u>	-	<u>1,326,803</u>
Total accumulated depreciation	<u>96,106,779</u>	<u>5,775,016</u>	-	<u>101,881,795</u>
Total capital assets, being depreciated	<u>103,798,776</u>	<u>(5,670,833)</u>	-	<u>98,127,943</u>
Total capital assets	<u>\$ 105,745,414</u>	<u>\$ (1,252,670)</u>	<u>\$ 16,972</u>	<u>\$ 104,475,772</u>

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

	Balance <u>July 1, 2018</u>	Additions	Disposals & Reduction to CIP	Balance <u>June 30, 2019</u>
Downtown Development Authority				
Capital assets, being depreciated				
Land improvement	\$ 265,066	\$ -	\$ -	\$ 265,066
Less: accumulated depreciation	<u>86,146</u>	<u>13,254</u>	-	<u>99,400</u>
Total capital assets, being depreciated	<u>\$ 178,920</u>	<u>\$ (13,254)</u>	-	<u>\$ 165,666</u>

City of Southfield

Notes to the Financial Statements

7. LONG-TERM DEBT AND OTHER OBLIGATIONS

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

	1-Jul-18	Additions	Deductions	30-Jun-19	Due - 1 Year	Due - More 1 Year
GOVERNMENTAL ACTIVITIES						
Direct borrowings and direct placements						
* 1.625% to 5.375 % Drains-at-large,						
City's share of county debt	\$ 3,920,784		638,033	3,282,751	649,031	2,633,720
2.17% Michigan transportation fund bonds	6,820,000		1,165,000	5,655,000	1,195,000	4,460,000
1.78% -2012 general obligation limited tax refunding	2,105,000		335,000	1,770,000	340,000	1,430,000
Other debt						
3.0% to 5.0% Library building authority refunding bonds	18,560,000		1,230,000	17,330,000	1,295,000	16,035,000
3.0 to 4.0% 2018 Street Improvement bond UTGO	30,885,000		515,000	30,370,000	785,000	29,585,000
2.0 to 4.0% -Street Improvement bond UTGO	27,195,000		4,020,000	23,175,000	3,930,000	19,245,000
Deferred amounts:						
Unamortized bond premiums	5,033,743		513,292	4,520,451		4,520,451
Unamortized bond discounts	(20,074)	6,373		(13,701)		(13,701)
Total governmental debt	94,499,453	6,373	8,416,325	86,089,501	8,194,031	77,895,470
Other long-term obligations						
Compensated absences	6,922,545	4,802,464	3,647,013	8,077,996	2,908,078	5,169,918
Michigan tax tribunal contingency	27,812		17,458	10,354		10,354
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	308,538	135,589	126,865	317,262	114,213	203,049
Total governmental long-term debt	\$ 101,758,348	4,944,426	12,207,661	94,495,113	11,216,322	83,278,791
BUSINESS-TYPE ACTIVITIES						
Direct borrowings and direct placements						
State of Michigan water supply and sewage disposal bonds series 1999 2.25 to 2.5%	\$ 6,793,789		2,267,048	4,526,741	2,215,000	2,311,741
Evergreen & Farmington Sewage Disposal System Capital Improvement bonds, series 2018A 2.5 to 3.125%		3,557,400	180,012	3,377,388	195,014	3,182,374
Other debt						
2019 Water and Sewer Capital Improvement bonds 3 to 3.125%		67,015,000		67,015,000	375,000	66,640,000
Deferred amounts:						
Unamortized bond premiums		1,430,826	11,924	1,418,902		1,418,902
Other long-term obligations						
Compensated absences	299,456	170,934	204,974	265,416	95,549	169,867
Total business-type long-term debt	\$ 7,093,245	72,174,160	2,663,958	76,603,447	2,880,563	73,722,884
GOVERNMENTAL COMPONENT UNITS ACTIVITIES						
Other long-term obligations						
Long-term advances	\$ 1,401,387			1,401,387		1,401,387
Compensated absences	27,377	10,266	5,000	32,643	11,752	20,891
Total governmental component units long-term debt	\$ 1,428,764	10,266	5,000	1,434,030	11,752	1,422,278
Total debt	\$ 110,280,357	77,128,852	14,876,619	172,532,590	14,108,637	158,423,953

* A portion of the deductions are recorded in the Local Streets fund.

City of Southfield

Notes to the Financial Statements

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

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

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

The contractual obligations to the State and County within the Business-type activities in the previous exhibit is the result of the State of Michigan's issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the water and sewer fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water and sewer mains to include the west side of the City and the reconstruction of a portion of the Evergreen and Farmington sewage disposal system. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$9,237,000. During the current year, net operating revenues of the system, was \$10,192,723 compared to the annual debt requirement of approximately \$2,971,000.

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

City of Southfield

Notes to the Financial Statements

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

	Governmental activities					
	Direct Borrowings and Direct Placements			Other Debt		
	Prin.	Int.	Total	Prin.	Int.	Total
2020	\$ 2,184	\$ 123	\$ 2,307	\$ 6,010	\$ 2,635	\$ 8,645
2021	2,102	97	2,199	6,355	2,428	8,783
2022	2,148	73	2,221	6,290	2,211	8,501
2023	2,064	49	2,113	6,565	1,724	8,289
2024	2,002	25	2,027	6,980	1,535	8,515
2025	47		47	6,885	1,485	8,370
2026	48		48	7,340	1,203	8,543
2027	43		43	7,335	920	8,255
2028	43		43	7,590	645	8,235
2029	27		27	7,885	356	8,241
2030				1,640		
	<u>\$ 10,708</u>	<u>\$ 367</u>	<u>\$ 11,075</u>	<u>\$ 70,875</u>	<u>\$ 15,142</u>	<u>\$ 84,377</u>

	Business-type Water and sewer					
	Direct Borrowings and Direct Placements			Other Debt		
	Prin.	Int.	Total	Prin.	Int.	Total
2020	\$ 2,410	\$ 216	\$ 2,626	\$ 375	\$ 2,022	\$ 2,397
2021	1,766	192	1,958	1,195	2,011	3,206
2022	955	154	1,109	2,080	1,975	4,055
2023	214	127	341	2,910	1,912	4,822
2024	221	118	339	3,000	1,825	4,825
2025	227	109	336	3,090	1,735	4,825
2026	234	100	334	3,180	1,642	4,822
2027	242	90	332	3,275	1,547	4,822
2028	249	80	329	3,375	1,449	4,824
2029	257	57	314	3,475	1,348	4,823
2030	268	44	312	3,580	1,243	4,823
2031	276	30	306	3,690	1,136	4,826
2032	287	16	303	3,800	1,025	4,825
2033	298		298	3,915	911	4,826
2034				4,030	794	4,824
2035				4,150	673	4,823
2036				4,275	548	4,823
2037				4,405	420	4,825
2038				4,535	288	4,823
2039				4,680	146	4,826
	<u>\$ 7,904</u>	<u>\$ 1,333</u>	<u>\$ 9,237</u>	<u>\$ 67,015</u>	<u>\$ 24,650</u>	<u>\$ 91,665</u>

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS

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

Receivable Fund	Payable Fund		Total receivable by fund
	General fund	Non-major governmental funds	
General fund		\$ 475,593	\$ 475,593
Non-major governmental funds	\$ 274,766	13,371	288,137
Total governmental activities	274,766	488,964	763,730
Associated governmental activities:			
Internal service funds		252,771	252,771
Total receivable fund	\$ 274,766	\$ 741,735	\$ 1,016,501

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

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

Transfers Out:	Major streets	Non-major governmental funds	Total transfers out
Governmental activities:			
General fund		\$ 111,726	\$ 111,726
Road construction	\$ 11,006,406	2,804,647	13,811,053
Other non-major funds	1,509	290,393	291,902
Total governmental activities	11,007,915	3,206,766	14,214,681
Associated governmental activities:			
Internal service		1,171,660	1,171,660
Total transfers in	\$ 11,007,915	\$ 4,378,426	\$ 15,386,341

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

City of Southfield

Notes to the Financial Statements

8. INTERFUND BALANCES AND TRANSFERS (continued)

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

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

PRIMARY GOVERNMENT	
Non-major governmental	
Parks & recreation	24,602
Capital improvement	480,016
Special assessment construction	<u>1,521,258</u>
Total non-major governmental	<u>2,025,876</u>
Total primary government	<u>\$ 2,025,876</u>
DISCRETELY PRESENTED COMPONENT UNITS	
Local development finance authority	<u>\$ 1,401,387</u>

9. COMMITMENTS AND CONTINGENCIES

Risk Management

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

The MMRMA program is approved and regulated by the Michigan Insurance Bureau and provides coverage of \$15 million per occurrence, with the first \$250,000 self-insured retention being the responsibility of the City for all liability claims. For property damage claim coverage, the MMRMA provides combined property coverage of \$177 million.

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

City's self-insured retention responsibility:

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

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

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

	2019	2018
Estimated liability - beginning of year	\$ 2,107,513	\$ 2,409,850
Estimated claims incurred, including reinsurance premiums and changes in estimates	1,332,472	413,198
Claim and insurance premium payments and reinsurance recoveries	(1,206,010)	(715,535)
Estimated liability - end of year	<u>\$ 2,233,975</u>	<u>\$ 2,107,513</u>

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

Litigation

The City is a defendant to various claims, legal actions and complaints arising in the ordinary course of business. The City denies the allegations and plans a vigorous defense. In the opinion of legal counsel, all such matters as indicated above are adequately covered by insurance, or if not so covered, are without merit or of such kind, or involve such amounts that an unfavorable disposition would not have a material effect on the financial position of the City.

City of Southfield

Notes to the Financial Statements

9. COMMITMENTS AND CONTINGENCIES (continued)

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling \$2,722,840 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$36,858 for the governmental funds, exclusive of interest and penalties. However, based on management's analysis in conjunction with their third-party attorney and City Assessor, the City believes the true potential loss to be approximately \$10,000. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Michigan Tax Tribunal issues its ruling.

10. PROPERTY TAXES AND ABATEMENTS

Property taxes are levied each July 1 on the taxable value of property, as equalized by the State of Michigan at 50% of estimated market value as of the preceding December 31 and subject to the tax limitations prescribed by state law. The state equalized valuation of real and personal property located in the City, based on the December 31, 2018 valuation, was \$3,102,504,340 and the unadjusted taxable value was \$2,485,025,360. The City's operating tax rate is 6.6094 which is the charter limit reduced by the Headlee Amendment. With the newly voted millage and the other previously authorized millage, including those for special operations, pensions and debt retirements, the total tax rate for the City is 27.0729 (excluding the DDA millage). The sum of these rates generated \$66,307,323 in property tax revenues reported on the financial statements net of interest, penalties, and administrative fees.

In 1994, Proposal A/Public Act 415 was approved by Michigan voters. It requires that annual increases in the taxable value of individual properties that remain in the same ownership be limited to the lesser of five percent or the rate of inflation. Properties are adjusted to market value for purposes of property taxation only at the time of sale or transfer. Utilizing a 2019 rate of inflation cap of 2.4%, the City of Southfield's 2017-18 State Equalized Evaluation (SEV) of \$3,102,504,340 was capped at a Taxable Assessed Valuation (TAV) of \$2,485,025,360.

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

Abatements

The City offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the City. The more significant property tax abatements, as defined by GASB 77, Tax Abatement Disclosures that occurred during fiscal year 2019 are as follows:

City of Southfield

Notes to the Financial Statements

10. PROPERTY TAXES AND ABATEMENTS (continued)

The City receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974). Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years. For the fiscal year ended June 30, 2019, the City abated \$109,382 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

The Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to capture property taxes within the Brownfield area and then uses those captures to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the City's tax revenue is reduced as this revenue is captured by the Brownfield. For the fiscal year ended June 30, 2019, the Brownfield captured approximately \$1,051,000 of city taxes, in addition to captures from other taxing jurisdictions. Additionally, this captured Brownfield revenue must, by agreement, be used in part to reimburse developers. Due to the restricted nature of these agreements, the Brownfield essentially must pass on related tax dollars to the developers and, for the purpose of this pronouncement, reimbursed approximately \$937,000 to developers during the year.

The City uses the New Personal Property Exemption to enter into agreements with businesses located within a specific district in the City, as provided in PA 328 of 1998. Under the program, the City grants reductions of 100 percent of property tax bill for real property for up to 10 years. As a condition of receiving the New Personal Property Exemption, the business agrees to operate the facility for which the certificate is granted for the term of the certificate plus an additional term after the date of expiration of the certificate equal to one year of business residency per abated year. If a business vacates or fails to operate the facility for which the certificate is granted, then it shall be liable for repayment of any property tax savings benefiting the business due to the existence of the certificate, beginning with the initial effective year of the certificate. For the fiscal year ended June 30, 2019, the City abated approximately \$595,000 of taxes under this program.

11. PENSION TRUSTS

A. Pension Plan description

Plan description –

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

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

A. Pension Plan description

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

Benefits provided –

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

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

Employees covered by benefit terms –

The following members were covered by the benefit terms:

	SERS	FPRS
Date of member count	6/30/2019	6/30/2019
Inactive plan members or beneficiaries currently receiving benefits	344	363
Inactive plan members entitled to but not yet receiving benefits	46	1
Active employees	288	205
Total	678	569

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

A. Pension Plan description

Contributions –

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on amounts agreed upon by City Council and in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2019, the average active employee contribution rate was 5.08 percent of pay for SERS and 2.31 percent for FPRS. The City's average contribution rate was 23.83 percent of pay for SERS and 37.45 percent for FPRS. These rates were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Plan from the City were \$3,623,322 and \$7,009,077 for SERS and FPRS, respectively, for the year ended June 30, 2019.

B. Net Pension Liability of the City

The June 30, 2019 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the current date (June 30, 2019) for both plans. The June 30, 2019 total pension liability was determined by an actuarial valuation performed as of one year earlier, June 30, 2018.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 155,340,939	\$ 115,172,536	\$ 40,168,403
Service cost	1,679,389		1,679,389
Interest on total pension liability	11,267,476		11,267,476
Experience differences	2,091,982		2,091,982
Investment earnings		4,555,080	(4,555,080)
Contributions - employer		3,623,322	(3,623,322)
Contributions - employee		772,659	(772,659)
Benefit payments, including refunds	(11,895,234)	(11,895,234)	-
Administrative costs		(92,286)	92,286
Net changes	3,143,613	(3,036,459)	6,180,072
Balance at June 30, 2019	\$ 158,484,552	\$ 112,136,077	\$ 46,348,475

The Plan's fiduciary net position represents 71% of the total pension liability.

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

B. Net Pension Liability of the City

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 266,723,008	\$ 199,783,883	\$ 66,939,125
Service cost	2,602,465		2,602,465
Interest on total pension liability	19,331,013		19,331,013
Changes to benefit terms	102,244		102,244
Experience differences	2,075,076		2,075,076
Investment earnings		7,720,973	(7,720,973)
Contributions - employer		7,009,077	(7,009,077)
Contributions - employee		506,015	(506,015)
Benefit payments, including refunds	(20,554,811)	(20,554,811)	-
Administrative costs		(218,619)	218,619
Net changes	3,555,987	(5,537,365)	9,093,352
Balance at June 30, 2019	\$ 270,278,995	\$ 194,246,518	\$ 76,032,477

The Plan's fiduciary net position represents 72% of the total pension liability.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 422,063,947	\$ 314,956,419	\$ 107,107,528
Service cost	4,281,854		4,281,854
Interest on total pension liability	30,598,489		30,598,489
Changes to benefit terms	102,244		102,244
Experience differences	4,167,058		4,167,058
Investment earnings		12,276,053	(12,276,053)
Contributions - employer		10,632,399	(10,632,399)
Contributions - employee		1,278,674	(1,278,674)
Benefit payments, including refunds	(32,450,045)	(32,450,045)	-
Administrative costs		(310,905)	310,905
Net changes	6,699,600	(8,573,824)	15,273,424
Balance at June 30, 2019	\$ 428,763,547	\$ 306,382,595	\$ 122,380,952

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

Total Pension Liability includes component units, \$167,143. Total Primary Government Net Pension Liability is \$122,213,809 for the year ended June 30, 2019. The City recognized pension expense of \$23,970,639 from all plans.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 4,510,298	\$ (386,262)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>7,476,435</u>	<u>-</u>
Total	<u>\$ 11,986,733</u>	<u>\$ (386,262)</u>

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

Years ending June 30	Amount
<u> </u>	<u> </u>
2020	\$ 6,649,703
2021	233,656
2022	2,604,351
2023	2,112,761
2024	-

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

Actuarial assumptions –

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

	SERS	FPRS
Inflation	2.75 percent	3.25 percent
Salary increases (including inflation)	3.0 to 6.0 percent	3.25 to 8.25 percent
Investment rate of return (net of investment expenses)	7.5 percent	7.5 percent
Mortality rates	RP-2014 Mortality Table, with adjustments to more closely reflect our experience study	RP-2014 Mortality Table, with adjustments to more closely reflect our experience study

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

Discount rate –

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

	SERS	FPRS
Assumed investment rate of return	7.5 percent	7.5 percent
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure TPL	7.5 percent	7.5 percent

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

Investment rate of return –

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

SERS	Target Allocation	Long-term expected real rate of return
Domestic equity	48.00%	6.10%
International equity	15.50%	7.00%
Domestic bonds	20.00%	2.20%
International bonds	2.00%	1.50%
Real estate	6.00%	5.70%
Alternative assets	8.50%	4.30%

FPRS	Target Allocation	Long-term expected real rate of return
Domestic equity	34.00%	6.10%
International equity	16.00%	7.00%
Domestic bonds	20.00%	2.20%
International bonds	0.00%	0.00%
Real estate	14.00%	5.70%
Alternative assets	16.00%	4.30%

City of Southfield

Notes to the Financial Statements

11. PENSION TRUSTS (continued)

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

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

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

	1% decrease	Current discount rate	1% increase
Net Pension Liability for SERS	\$62,495,112	\$46,348,476	\$32,581,471
Net Pension Liability for FPRS	\$102,167,725	\$76,032,476	\$54,177,549

Pension plan fiduciary net position –

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

Deferred Retirement Option Program –

The City’s FPRS plan offers certain employees the ability to continue services and be paid a salary after they are retirement eligible and freeze their retirement benefits; this program credits the employee for benefit payments that would have been paid, and pays them out with interest of either 4% or 2% depending on union after the employee has fully retired (discontinued providing employee services to the City). At June 30, 2019, the Plan has \$14,052,120 accumulated in DROP accounts.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

Employees Covered by Benefit Terms: At June 30, 2017 (the valuation date for which the Net OPEB Liability as of June 30, 2019 was determined), plan membership consisted of the following:

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

Contributions – Contribution rates are established by the collective bargaining units. For the year ended June 30, 2019, the City contributed \$7,009,077 to the Plan. Active Fire and Police plan members are required to contribute 2% of covered payroll to the Plan. Active Police plan members who entered in the DROP program prior to June 16, 2014 are required to contribute an additional 2% of covered pay (4% total). Those eligible to DROP after June 16, 2014 will contribute an additional 3% (5% total) to the Plan upon entering DROP. DROP is closed to Police employees hired after June 16, 2014.

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

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The Trust has chosen to use June 30, 2019 as its measurement date for the net OPEB liability. The June 30, 2019 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2019 measurement date. The June 30, 2019 OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, which used update procedures to roll forward the estimated liability to June 30, 2019.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 153,596,836	\$ 21,633,646	\$ 131,963,190
Service cost	1,861,291		1,861,291
Interest on total OPEB liability	6,181,455		6,181,455
Changes to benefit terms	(59,667,161)		(59,667,161)
Experience differences	79,221		79,221
Changes of assumptions	(27,405,053)		(27,405,053)
Investment earnings		746,295	(746,295)
Contributions - employer		4,975,187	(4,975,187)
Contributions - employee		197,672	(197,672)
Benefit payments, including refunds	(5,297,981)	(5,297,981)	-
Administrative costs		(1,218)	1,218
Other		23,783	(23,783)
Net changes	(84,248,228)	643,738	(84,891,966)
Balance at June 30, 2019	\$ 69,348,608	\$ 22,277,384	\$ 47,071,224

The Plan's fiduciary net position represents 32.1% of the total OPEB liability.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 206,783,496	\$ 50,478,506	\$ 156,304,990
Service cost	3,115,894		3,115,894
Interest on total OPEB liability	8,340,048		8,340,048
Changes to benefit terms	(68,943,099)		(68,943,099)
Experience differences	2		2
Changes of assumptions	(41,889,366)		(41,889,366)
Investment earnings		1,802,956	(1,802,956)
Contributions - employer		5,746,928	(5,746,928)
Contributions - employee		344,187	(344,187)
Benefit payments, including refunds	(6,852,528)	(6,852,528)	-
Administrative costs		(1,217)	1,217
Other		(23,783)	23,783
Net changes	(106,229,049)	1,016,543	(107,245,592)
Balance at June 30, 2019	\$ <u>100,554,447</u>	\$ <u>51,495,049</u>	\$ <u>49,059,398</u>

The Plan's fiduciary net position represents 51.2% of the total OPEB liability.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 360,380,332	\$ 72,112,152	\$ 288,268,180
Service cost	4,977,185		4,977,185
Interest on total OPEB liability	14,521,503		14,521,503
Changes to benefit terms	(128,610,260)		(128,610,260)
Experience differences	79,223		79,223
Changes of assumptions	(69,294,419)		(69,294,419)
Investment earnings		2,549,251	(2,549,251)
Contributions - employer		10,722,115	(10,722,115)
Contributions - employee		541,859	(541,859)
Benefit payments, including refunds	(12,150,509)	(12,150,509)	-
Administrative costs		(2,435)	2,435
Net changes	(190,477,277)	1,660,281	(192,137,558)
Balance at June 30, 2019	\$ <u>169,903,055</u>	\$ <u>73,772,433</u>	\$ <u>96,130,622</u>

The Plan's fiduciary net position represents 43.4% of the total OPEB liability.

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

For the year ended June 30, 2019, the City recognized OPEB recovered expense of \$136,476,820.

At June 30, 2019, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,336,822	\$ -
Changes in assumptions	-	(48,473,640)
Net difference between projected and actual earnings on OPEB plan investments	<u>2,130,435</u>	<u>-</u>
Total	<u>\$ 11,467,257</u>	<u>\$ (48,473,640)</u>

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

Years ending June 30	Amount
2019	\$ (22,448,897)
2020	(15,625,295)
2021	531,313
2022	536,496
2023	-

Actuarial Assumption

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019. The valuation used the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent	
Healthcare cost trend rate	9.0 percent	Gradually decreasing to an ultimate rate of 3.0 percent in year 10
Salary increases	3.0 percent to 8.25 percent Including inflation	
Investment rate of return	7.0 percent	Net of OPEB plan investment expense, including inflation

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

Mortality rates were based on the following:

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

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

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

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

Discount Rate: Changes in the total OPEB liability include benefit and assumptions changes, and the difference between actual and expected experience. The change in plan structure, outlined in the City’s Corrective Action Plan accepted by the State, caused the change in the single discount rate from 4.07% to 7.00%.

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

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

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Plan Investments

Investment Policy: The Plan’s policy regarding the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. The following was the board’s adopted asset allocation policy as of June 30, 2019:

Asset class	Target Allocation	Long-term expected real rate of return
US Equities	30.0%	5.8%
International Equities	10.0%	5.8%
Emerging Markets Equities	5.0%	6.9%
Fixed Income	25.0%	1.8%
Equity Hedge Assets	10.0%	3.6%
Private Equity	10.0%	10.9%
Real Assets	2.0%	4.0%
Private Real Estate	8.0%	6.0%

The long term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2019 for each major asset class are included in the target asset allocation summarized in the above table.

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

	1% decrease	Current discount rate	1% increase
	6.00%	7.00%	8.00%
Net OPEB Liability	\$116,241,143	\$96,130,621	\$79,350,733

City of Southfield

Notes to the Financial Statements

12. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

	1% decrease	Cost trend rate	1% increase
	8.0%, decreasing to 2.0%	9.0%, decreasing to 3.0%	10.0%, decreasing to 4.0%
Net OPEB Liability	\$76,938,462	\$96,130,621	\$119,258,473

13. DEFERRED COMPENSATION

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

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

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

City of Southfield

Notes to the Financial Statements

14. FUND BALANCE CONTSTRAINTS

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

	Major funds			Non-major funds
	General fund	Major Streets	Road Bond Construction	Other governmental
Non-spendable				
Prepays	\$ 668,394			\$ 91,547
Inventory	367,389			
Long-term receivable				3,427,263
Land held for resale	14,373,631			
Restricted for:				
Right-of-way funds/metro authority	1,127,660			
Sanitation reserve	474,897			
Deposits held with Oakland County				
Major streets		\$ 1,695,252		
Local streets				8,996,359
Parks and recreation				3,068,743
Cable PEG fees				135,676
Block grant				225,089
Michigan indigent defense				-
Drug law enforcement				578,777
Grants				144,876
Library				8,030,225
Auto theft grant				107,964
Donations, memorial trusts & sponsorships				436,164
Road bond debt				1,099,191
Drains-at-large debt				764,712
Library building authority construction				105,734
Capital improvement construction				508,582
Special assessment construction				268,122
Road bond construction			\$ 22,459,083	
Committed to:				
Specific programs (General)				
Dispatch improvements	1,048,298			
Emergency cleanup	747,594			
Equalization reserve	1,000,000			
Local improvement revolving - Northland	11,496,458			
Building infrastructure reserve	6,000,000			
Tax base initiatives reserve	3,000,000			
Wage adjustment	225,000			
Specific programs (Cable television)				
Franchise fees – general cable operations				578,524
Donations, memorial trusts & sponsorships				287,529
Assigned to:				
* Encumbrances	77,519			
Subsequent years' expenditures	700,000			
Capital improvement construction				6,907,860
Local improvement revolving				1,749,355
Special assessment construction				1,443,621
Unassigned				
General fund	15,476,115			
Michigan works grants				(42,079)
	<u>\$ 56,782,955</u>	<u>\$ 1,695,252</u>	<u>\$ 22,459,083</u>	<u>\$ 38,913,834</u>

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

City of Southfield

Notes to the Financial Statements

15. JOINT VENTURE

Southeastern Oakland County Water Authority

The City is a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11-member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2019, the City expensed \$7,290,647 of payments made to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

16. UPCOMING REPORTING CHANGES

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the fiscal year ending June 30, 2020.

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

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

City of Southfield

Notes to the Financial Statements

16. UPCOMING REPORTING CHANGES (continued)

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

City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 47,856,980	\$ 47,856,980	\$ 47,408,541	\$ (448,439)
Charges for services	3,382,539	3,497,539	3,663,098	165,559
Sanitation	3,048,563	3,048,563	3,010,400	(38,163)
Licenses and permits	3,232,575	3,232,575	3,822,998	590,423
Fines and forfeitures	3,472,800	3,472,800	3,275,417	(197,383)
Cable franchise fees	1,500,000	1,500,000	1,421,487	(78,513)
Intergovernmental:				
Federal	116,923	116,923	125,709	8,786
State	8,023,948	8,023,948	8,660,143	636,195
Other	680,518	680,518	952,176	271,658
Contributions			10,000	10,000
Investment earnings	500,000	500,000	1,427,988	927,988
Change in fair value of investments			365,413	365,413
Other	389,025	389,025	1,903,980	1,514,955
Total revenues	<u>72,203,871</u>	<u>72,318,871</u>	<u>76,047,350</u>	<u>3,728,479</u>
EXPENDITURES				
General government:				
Council	191,887	191,887	158,821	33,066
Mayor	217,901	217,901	114,646	103,255
Clerk's	1,038,619	1,038,659	938,470	100,189
Treasurer's	797,488	797,488	748,219	49,269
Administration	607,436	608,425	561,517	46,908
Fiscal services	2,535,649	2,561,124	2,328,303	232,821
Legal	909,507	909,507	827,748	81,759
Human resources	1,031,369	1,032,778	1,008,393	24,385
Technology & central services	2,717,949	3,096,346	1,889,261	1,207,085
Community relations	669,553	671,944	614,230	57,714
Total general government	<u>10,717,358</u>	<u>11,126,059</u>	<u>9,189,608</u>	<u>1,936,451</u>
Public Safety:				
Police	22,015,851	22,027,721	22,063,224	(35,503)
Fire	18,074,926	18,329,945	18,134,703	195,242
Building and safety engineering	3,304,758	3,343,092	2,748,429	594,663
46th Michigan district court	3,810,032	3,830,963	3,567,032	263,931
Civilian support services	4,448,383	4,473,349	4,035,230	438,119
Total public safety	<u>51,653,950</u>	<u>52,005,070</u>	<u>50,548,618</u>	<u>1,456,452</u>
Public Services:				
Planning	738,378	887,848	868,396	19,452
Community development	374,176	394,609	333,423	61,186
Sanitation	2,979,453	2,979,453	2,698,219	281,234
Road service administration	1,479,342	1,479,342	449,862	1,029,480
Total public services	<u>5,571,349</u>	<u>5,741,252</u>	<u>4,349,900</u>	<u>1,391,352</u>
Other:				
Insurance and bonds	586,815	587,365	678,225	(90,860)
Support services	2,680,028	12,816,773	2,661,157	10,155,616
Total other	<u>3,266,843</u>	<u>13,404,138</u>	<u>3,339,382</u>	<u>10,064,756</u>
Capital outlay	588,158	700,155	443,163	256,992
Debt service:				
Principal retirement	335,000	335,000	335,000	-
Interest and fiscal charges	34,487	34,487	31,506	2,981
Total debt	<u>369,487</u>	<u>369,487</u>	<u>366,506</u>	<u>2,981</u>
Total expenditures	<u>72,167,145</u>	<u>83,346,161</u>	<u>68,237,177</u>	<u>15,108,984</u>
Excess (deficiency) of revenues over (under) expenditures	36,726	(11,027,290)	7,810,173	18,837,463
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	75,000	75,000		(75,000)
Transfers out	(111,726)	(111,726)	(111,726)	-
Total other financing sources (uses)	<u>(36,726)</u>	<u>(36,726)</u>	<u>(111,726)</u>	<u>(75,000)</u>
Net change in fund balances	-	(11,064,016)	7,698,447	18,762,463
Fund balances - beginning	49,084,508	49,084,508	49,084,508	-
Fund balances - ending	<u>\$ 49,084,508</u>	<u>\$ 38,020,492</u>	<u>\$ 56,782,955</u>	<u>\$ 18,762,463</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2019

	Unaudited Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 282,126	\$ 282,126	\$ 280,838	\$ (1,288)
Charges for services	650,000	650,000	650,000	-
Intergovernmental:				
Federal			171,197	171,197
State	5,590,598	5,590,598	7,131,265	1,540,667
Other	109,272	109,272	64,659	(44,613)
Investment earnings	6,328	6,328	121,110	114,782
Change in fair value of investments			3,422	3,422
Other	-	-	104,341	104,341
Total revenues	<u>6,638,324</u>	<u>6,638,324</u>	<u>8,526,832</u>	<u>1,888,508</u>
EXPENDITURES				
Highways and streets:				
Administration	158,410	159,410	154,906	4,504
Road maintenance	1,357,033	1,358,887	1,622,714	(263,827)
Traffic services	746,177	746,177	1,165,824	(419,647)
Snow removal	813,577	812,577	741,660	70,917
Appearance	1,293,121	1,293,121	1,601,111	(307,990)
Total highways and streets	<u>4,368,318</u>	<u>4,370,172</u>	<u>5,286,215</u>	<u>(916,043)</u>
Capital outlay	15,061,611	18,858,697	11,441,806	7,416,891
Debt service:				
Principal	1,370,800	1,370,800	1,165,000	205,800
Interest and fiscal charges	178,593	178,593	178,593	
Total expenditures	<u>20,979,322</u>	<u>24,778,262</u>	<u>18,071,614</u>	<u>6,706,648</u>
Excess (deficiency) of revenues over (under) expenditures	(14,340,998)	(18,139,938)	(9,544,782)	8,595,156
OTHER FINANCING SOURCES				
Transfers in	<u>14,340,998</u>	<u>14,340,998</u>	<u>11,007,915</u>	<u>(3,333,083)</u>
Net change in fund balances		(3,798,940)	1,463,133	5,262,073
Fund balances - beginning	<u>232,119</u>	<u>232,119</u>	<u>232,119</u>	<u>-</u>
Fund balances - ending	<u>\$ 232,119</u>	<u>\$ (3,566,821)</u>	<u>\$ 1,695,252</u>	<u>\$ 5,262,073</u>

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

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

Southfield Employee Retirement System pension benefits

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024	\$ 2,498,235	\$ 2,677,559	\$ 2,804,144	\$ 2,885,356
Contributions in relation to the actuarially determined contribution	<u>3,623,322</u>	<u>3,668,687</u>	<u>2,727,775</u>	<u>2,866,029</u>	<u>3,233,204</u>	<u>3,108,024</u>	<u>2,498,235</u>	<u>2,677,559</u>	<u>2,804,144</u>	<u>2,885,356</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,716,566	\$ 13,548,441	\$ 13,340,553	\$ 13,407,323	\$ 13,455,647	\$ 14,054,199	\$ 15,400,000	\$ 16,800,000	\$ 17,800,000	\$ 18,700,000
Contribution as a Percentage of Covered Payroll	24.62%	27.08%	20.45%	21.38%	24.03%	22.11%	16.22%	15.94%	15.75%	15.43%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/17

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage, Closed
Remaining amortization period	29 years for the June 30, 2017 valuation
Asset valuation method	5- year smoothed market
Inflation	2.75% wage inflation; no explicit price inflation assumption is used in this valuation
Investment rate of return	7.50% (net of investment and administrative expenses)
Salary increases	3.00% to 6.00% including wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Post-Retirement: RP-2014 Healthy Annuitant Generational Mortality Tables with blue collar adjustments and extended via cubic spline. Pre-Retirement: RP-2014 Employee Generational Mortality Tables with blue collar adjustments and extended via cubic spline. Diability retirement: RP-2014 Disabled Mortality Tables extended via cubic spline. All tables are adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 is utilized with future mortality improvements assumed each year using scale MP-2015.

Other information

New assumptions were adopted for the June 30, 2016 valuation pursuant to the Experience Study dated September 16, 2016, which contains the rationale for those assumptions. All actuarial assumptions are based on future expectations, not market measures.

City of Southfield

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

Fire and Police Retirement System pension benefits

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046	\$ 5,107,319	\$ 4,004,031	\$ 3,229,416	\$ 3,330,660
Contributions in relation to the actuarially determined contribution	<u>7,009,077</u>	<u>6,638,423</u>	<u>6,241,527</u>	<u>5,664,576</u>	<u>5,933,162</u>	<u>5,256,046</u>	<u>5,107,319</u>	<u>4,004,031</u>	<u>3,229,416</u>	<u>3,330,660</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 18,595,691	\$ 18,904,937	\$ 18,741,427	\$ 18,610,174	\$ 18,452,501	\$ 18,819,454	\$ 19,000,000	\$ 19,700,000	\$ 20,700,000	\$ 20,900,000
Contribution as a Percentage of Covered Payroll	37.69%	35.11%	33.30%	30.44%	32.15%	27.93%	26.88%	20.33%	15.60%	15.94%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/17

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	29 Years for the June 30, 2017 valuation
Asset valuation method	5-year smoothed market
Investment rate of return	7.50% (net of investment and administrative expenses)
Inflation	3.25% wage inflation; no explicit price inflation assumption is used in this valuation
Salary increases	3.25% to 8.25% including wage inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Healthy retirees: RP-2014 Blue Collar Healthy Annuitant mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale. Disabled retirees: RP-2014 Disabled Annuitant mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale. Employees: RP-2014 Blue Collar Employees mortality tables with fully-generational projected mortality improvement based on the MP-2015 2-dimensional improvement scale
Other information	New assumptions were adopted for the June 30, 2016 valuation pursuant to the Experience Study dated April 8, 2016, which contains the rationale for these assumptions. All assumptions are based on future expectations, not market measures.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 20,058,979	\$ 17,857,831	\$ 15,266,641	\$ 14,587,166	\$ 15,160,312	\$ 14,834,993	\$ 15,281,881	\$ 12,151,671	\$ 10,303,454	\$ 11,713,010
Contributions in relation to the actuarially determined contribution	<u>10,722,115</u>	<u>8,751,955</u>	<u>8,378,689</u>	<u>8,322,260</u>	<u>7,715,534</u>	<u>7,171,029</u>	<u>6,676,976</u>	<u>12,374,897</u>	<u>11,775,695</u>	<u>9,854,208</u>
Contribution deficiency	\$ 9,336,864	\$ 9,105,876	\$ 6,887,952	\$ 6,264,906	\$ 7,444,778	\$ 7,663,964	\$ 8,604,905	\$ (223,226)	\$ (1,472,241)	\$ 1,858,802
Covered payroll	\$ 27,456,584	\$ 27,456,584	\$ 30,668,765	\$ 30,668,765	\$ 32,925,193	\$ 32,925,193	\$ 37,100,980	\$ 37,100,980	\$ 39,219,832	\$ 38,724,748
Contribution as a Percentage of Covered Payroll	39.05%	31.88%	27.32%	27.14%	23.43%	21.78%	18.00%	33.35%	30.02%	25.45%

Actuarial valuation information relative to the determination of contributions:

Valuation date: 6/30/17 Actuarially determined contribution rates are calculated as of June 30 of odd number years, which is 24 months prior to the beginning of the fiscal year biennium in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-Age Normal
Amortization method Level Dollar, Closed
Remaining amortization period 24 Years
Asset valuation method Market Value
Investment rate of return 5.50% (net of expenses, including inflation)
Inflation 2.50%
Salary increases 3.0% to 6.0% including wage inflation
Retirement age Experience-based table of rates that are specific to the type of eligibility condition.
Mortality **Post Retirement:** RPH-2014 Blue Collar Health Annuitant Mortality Table for males and females, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006.
Disabled Retirement: RPH-2014 Disabled Mortality Table for males and females is used, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006.
Pre-Retirement: RPH-2014 Blue Collar Employee Mortality Table for males and females is used, adjusted backward to 2006 with MP-2014. The provision for future mortality improvement is the fully generational projection table MP-2015, beginning in 2006.

Health care trend rates Trend starting at 9.0% and gradually decreasing to an ultimate trend rate of 3.0%
Aging Factor The tables used in developing the retiree premium are based on a recent Society of Actuaries study of health cost.
Expenses Investments and administrative expenses are net of the investment returns.
Other information Changes in the total OPEB liability include benefit and assumptions changes. The assumption change was the change in the SDR from 4.07% to 7.00% due to the change in funding policy outlined in the City's Corrective Action Plan accepted by the State. Benefit changes included the transition to Medicare Advantage plans for Medicare eligible retirees and changes to the retiree contributions for certain Police Officers, Police Command, and Public Safety Technicians

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						
	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,679,389	\$ 1,567,183	\$ 1,576,471	\$ 1,587,719	\$ 1,630,427	\$ 1,716,931
Interest	11,267,476	11,229,219	11,070,056	10,797,824	10,698,458	10,496,636
Changes in benefit terms					(29,546)	
Differences between expected and actual experience	2,091,982	(835,066)	386,982	(1,241,195)	(1,085,186)	
Changes in assumptions				12,032,895		
Benefit payments, including refunds	<u>(11,895,234)</u>	<u>(11,119,463)</u>	<u>(10,693,898)</u>	<u>(10,393,455)</u>	<u>(9,507,989)</u>	<u>(9,787,091)</u>
Net change in total pension liability	<u>3,143,613</u>	<u>841,873</u>	<u>2,339,611</u>	<u>12,783,788</u>	<u>1,706,164</u>	<u>2,426,476</u>
Total pension liability – beginning of year	<u>155,340,939</u>	<u>154,499,066</u>	<u>152,159,455</u>	<u>139,375,667</u>	<u>137,669,503</u>	<u>135,243,027</u>
Total pension liability – end of year	<u>\$ 158,484,552</u>	<u>\$ 155,340,939</u>	<u>\$ 154,499,066</u>	<u>\$ 152,159,455</u>	<u>\$ 139,375,667</u>	<u>\$ 137,669,503</u>
Plan fiduciary net position						
Contributions – employer	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029	\$ 3,233,204	\$ 3,108,024
Contributions – member	772,659	729,155	720,834	689,397	711,807	717,449
Net investment income	4,555,080	9,449,992	14,825,665	(3,280,426)	2,770,284	19,846,251
Benefit payments, including refunds	(11,895,234)	(11,119,463)	(10,693,898)	(10,393,455)	(9,507,989)	(9,787,091)
Other—Pension plan administrative expense	(61,018)	(33,827)	(60,693)	(166,074)	(141,901)	(121,077)
Other	<u>(31,268)</u>	<u>(1)</u>	<u>148,506</u>			
Net change in plan fiduciary net position	<u>(3,036,459)</u>	<u>2,694,543</u>	<u>7,668,189</u>	<u>(10,284,529)</u>	<u>(2,934,595)</u>	<u>13,763,556</u>
Plan fiduciary net position – beginning of year	<u>115,172,536</u>	<u>112,477,992</u>	<u>104,809,803</u>	<u>115,094,332</u>	<u>118,028,927</u>	<u>104,265,371</u>
Plan fiduciary net position – end of year	<u>\$ 112,136,077</u>	<u>\$ 115,172,535</u>	<u>\$ 112,477,992</u>	<u>\$ 104,809,803</u>	<u>\$ 115,094,332</u>	<u>\$ 118,028,927</u>
City's net pension liability - ending	<u>\$ 46,348,475</u>	<u>\$ 40,168,404</u>	<u>\$ 42,021,074</u>	<u>\$ 47,349,652</u>	<u>\$ 24,281,335</u>	<u>\$ 19,640,576</u>
Plan fiduciary net position as a % of total pension liability	<u>70.76%</u>	<u>74.14%</u>	<u>72.80%</u>	<u>68.88%</u>	<u>82.58%</u>	<u>85.73%</u>
Covered payroll	<u>\$ 14,716,566</u>	<u>\$ 13,548,441</u>	<u>\$ 13,340,553</u>	<u>\$ 13,407,323</u>	<u>\$ 13,455,647</u>	<u>\$ 14,054,199</u>
City's net pension liability as a % of covered payroll	<u>314.94%</u>	<u>296.48%</u>	<u>314.99%</u>	<u>353.16%</u>	<u>180.45%</u>	<u>139.75%</u>

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

City of Southfield

Required Supplementary Information

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

Last Ten Fiscal Years

(continued)

	Fire and Police Retirement System pension benefits					
	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 2,602,465	\$ 2,640,321	\$ 2,701,757	\$ 2,804,586	\$ 2,803,893	\$ 2,967,577
Interest	19,331,013	18,828,204	18,445,532	17,913,693	17,512,901	17,120,568
Changes in benefit terms	102,244					
Differences between expected and actual experience	2,075,076	4,577,169	1,787,826	1,243,252	781,324	
Changes in assumptions				9,830,854		
Benefit payments, including refunds	(20,554,811)	(18,090,480)	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Net change in total pension liability	<u>3,555,987</u>	<u>7,955,214</u>	<u>5,421,377</u>	<u>15,416,173</u>	<u>5,620,442</u>	<u>5,677,916</u>
Total pension liability – beginning of year	<u>266,723,008</u>	<u>258,767,794</u>	<u>253,346,417</u>	<u>237,930,244</u>	<u>232,309,802</u>	<u>226,631,886</u>
Total pension liability – end of year	<u>\$ 270,278,995</u>	<u>\$ 266,723,008</u>	<u>\$ 258,767,794</u>	<u>\$ 253,346,417</u>	<u>\$ 237,930,244</u>	<u>\$ 232,309,802</u>
Plan fiduciary net position						
Contributions – employer	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576	\$ 5,933,162	\$ 5,256,046
Contributions – member	506,015	453,274	457,293	444,861	466,794	475,435
Net investment income	7,720,973	13,854,087	20,166,668	2,221,494	3,099,104	30,545,333
Benefit payments, including refunds	(20,554,811)	(18,090,480)	(17,513,738)	(16,376,212)	(15,477,676)	(14,410,229)
Other—Pension plan administrative expense	(218,585)	(307,479)	(155,064)	(431,274)	(403,477)	(342,022)
Other	(34)	(1,660)				
Net change in plan fiduciary net position	<u>(5,537,365)</u>	<u>2,546,165</u>	<u>9,196,686</u>	<u>(8,476,555)</u>	<u>(6,382,093)</u>	<u>21,524,563</u>
Plan fiduciary net position – beginning of year	<u>199,783,883</u>	<u>197,237,717</u>	<u>188,041,031</u>	<u>196,517,586</u>	<u>202,899,679</u>	<u>181,375,116</u>
Plan fiduciary net position – end of year	<u>\$ 194,246,518</u>	<u>\$ 199,783,882</u>	<u>\$ 197,237,717</u>	<u>\$ 188,041,031</u>	<u>\$ 196,517,586</u>	<u>\$ 202,899,679</u>
City's net pension liability - ending	<u>\$ 76,032,477</u>	<u>\$ 66,939,126</u>	<u>\$ 61,530,077</u>	<u>\$ 65,305,386</u>	<u>\$ 41,412,658</u>	<u>\$ 29,410,123</u>
Plan fiduciary net position as a % of total pension liability	<u>71.87%</u>	<u>74.90%</u>	<u>76.22%</u>	<u>74.22%</u>	<u>82.59%</u>	<u>87.34%</u>
Covered payroll	<u>\$ 18,595,691</u>	<u>\$ 18,904,937</u>	<u>\$ 18,741,427</u>	<u>\$ 18,610,174</u>	<u>\$ 18,452,501</u>	<u>\$ 18,819,454</u>
City's net pension liability as a % of covered payroll	<u>408.87%</u>	<u>354.08%</u>	<u>328.31%</u>	<u>350.91%</u>	<u>224.43%</u>	<u>156.28%</u>

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

City of Southfield

Required Supplementary Information

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

Last Ten Fiscal Years

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

	2019	2018
Total OPEB liability		
Service cost	\$ 4,977,185	\$ 5,202,468
Interest	14,521,503	13,838,363
Changes in benefit terms	(128,610,260)	-
Differences between expected and actual experience	79,223	32,261,718
Changes in assumptions	(69,294,419)	(19,904,841)
Benefit payments, including refunds	(12,150,509)	(10,231,956)
Net change in total OPEB liability	<u>(190,477,277)</u>	<u>21,165,752</u>
Total OPEB liability – beginning of year	<u>360,380,332</u>	<u>339,214,579</u>
Total OPEB liability – end of year	<u>\$ 169,903,055</u>	<u>\$ 360,380,331</u>
Plan fiduciary net position		
Contributions – employer	\$ 10,722,115	\$ 8,751,955
Contributions – member	541,859	592,825
Net investment income	2,549,251	4,963,952
Benefit payments, including refunds	(12,150,509)	(10,231,956)
Other—Pension plan administrative expense	(2,435)	(22,677)
Other	-	(82,202)
Net change in plan fiduciary net position	<u>1,660,281</u>	<u>3,971,897</u>
Plan fiduciary net position – beginning of year	<u>72,112,152</u>	<u>68,140,255</u>
Plan fiduciary net position – end of year	<u>\$ 73,772,433</u>	<u>\$ 72,112,152</u>
City's net OPEB liability - ending	<u>\$ 96,130,622</u>	<u>\$ 288,268,179</u>
Plan fiduciary net position as a % of total OPEB liability	<u>43.42%</u>	<u>20.01%</u>
Covered payroll	<u>\$ 27,456,584</u>	<u>\$ 27,456,584</u>
City's net OPEB liability as a % of covered payroll	<u>350.12%</u>	<u>1049.91%</u>

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

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

Southfield Employee Retirement System pension benefits

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

2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
4.17%	7.82%	15.53%	-3.04%	1.12%	26.98%	18.39%	0.33%	30.95%	16.22%

Fire and Police Retirement System pension benefits

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

2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
3.75%	7.19%	11.06%	1.06%	1.25%	16.74%	9.08%	-3.43%	19.42%	12.22%

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

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

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

2019	2018	2017
3.75%	7.43%	6.31%

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

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

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation - Unaudited

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

MAJOR FUNDS

	General Fund		Major Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 74,105,235	\$ 74,105,235	\$ 20,979,322	\$ 20,979,322
Transfers	(75,000)	(111,726)	(14,340,998)	
Reimbursements	(1,826,364)	(1,826,364)		
Original (as presented)	<u>72,203,871</u>	<u>72,167,145</u>	<u>6,638,324</u>	<u>20,979,322</u>
Approved encumbrances		10,628,699		3,798,940
Council adjustments	115,000	550,317		
Final (as presented)	<u>\$ 72,318,871</u>	<u>\$ 83,346,161</u>	<u>\$ 6,638,324</u>	<u>\$ 24,778,262</u>

NON-MAJOR FUNDS

	Local Streets		Parks and Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 8,593,977	\$ 8,593,977	\$ 7,177,296	\$ 7,177,296
Transfers				(257,544)
Fund balance draws	(3,538,269)		(430,688)	
Approved encumbrances		19,884		92,637
Council adjustments			16,952	16,952
Final (as presented)	<u>\$ 5,055,708</u>	<u>\$ 8,613,861</u>	<u>\$ 6,763,560</u>	<u>\$ 7,029,341</u>

City of Southfield

Required Supplementary Information

Schedule of the Adopted Budget to Final Presentation Reconciliation - Unaudited

(continued)

NON-MAJOR FUNDS

	Cable Television		Block Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,020,655	\$ 1,020,655	\$ 511,979	\$ 511,979
Fund balance draws	(212,292)			
Council adjustments	125,593	125,593		10,000
Final (as presented)	<u>\$ 933,956</u>	<u>\$ 1,146,248</u>	<u>\$ 511,979</u>	<u>\$ 521,979</u>
	Michigan Indigent Defense			
	Approved Revenues	Approved Expenditures		
Council adopted budget	\$ 503,681	\$ 503,681		
Fund balance draws				
Final (as presented)	<u>\$ 503,681</u>	<u>\$ 503,681</u>		
	Drug Law Enforcement		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 260,200	\$ 260,200	\$ 32,000	\$ 32,000
Fund balance draws	(235,200)			
Final (as presented)	<u>\$ 25,000</u>	<u>\$ 260,200</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>
	Library		Michigan Works Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,808,567	\$ 7,808,567	\$ 1,891,285	\$ 1,891,285
Fund balance draws	(433,669)			
Council adjustments		44,319		
Final (as presented)	<u>\$ 7,374,898</u>	<u>\$ 7,852,886</u>	<u>\$ 1,891,285</u>	<u>\$ 1,891,285</u>
	Auto Theft Grant		Donations, Memorial Trusts & Sponsorships	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 175,865	\$ 175,865	\$ 200,000	\$ 200,000
Fund balance draws				209,167
Council adjustments			(23,500)	
Final (as presented)	<u>\$ 175,865</u>	<u>\$ 175,865</u>	<u>\$ 176,500</u>	<u>\$ 409,167</u>

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 13,852,452	\$ 1,736,639	\$ 8,565,948	\$ 24,155,039
Investments	8,561,750	116,630	4,902,264	13,580,644
Receivables, net (Note 5)	1,281,802	27,761	84,077	1,393,640
Special assessments			1,144,852	1,144,852
Prepays	91,547			91,547
Due from other funds (Note 8)	283,792		4,345	288,137
Due from component units	54,473			54,473
Due from other governmental units	320,907			320,907
Advances to other funds			2,025,876	2,025,876
Advances to component units			1,401,387	1,401,387
Restricted assets: (Note 4)				
Cash and cash equivalents			37,130	37,130
Total assets	<u>\$ 24,446,723</u>	<u>\$ 1,881,030</u>	<u>\$ 18,165,879</u>	<u>\$ 44,493,632</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 460,606		\$ 501,556	\$ 962,162
Accrued payroll	250,265			250,265
Due to other funds (Note 8)	734,404		7,331	741,735
Other short-term liabilities	29,978	\$ 17,127		47,105
Unearned revenue	242,952			242,952
Advances from local improvement revolving fund (Note 8)	24,602		2,001,274	2,025,876
Total liabilities	<u>1,742,807</u>	<u>17,127</u>	<u>2,510,161</u>	<u>4,270,095</u>
Deferred inflows of resources - unavailable (Note 5)	64,522	-	1,245,181	1,309,703
Fund balance: (Note 14)				
Non-spendable	91,547		3,427,263	3,518,810
Restricted	21,723,873	1,863,903	882,438	24,470,214
Committed	866,053			866,053
Assigned			10,100,836	10,100,836
Unassigned	(42,079)			(42,079)
Total fund balances	<u>22,639,394</u>	<u>1,863,903</u>	<u>14,410,537</u>	<u>38,913,834</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 24,446,723</u>	<u>\$ 1,881,030</u>	<u>\$ 18,165,879</u>	<u>\$ 44,493,632</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, 2019

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
REVENUES				
Property taxes	\$ 14,001,568	\$ 6,801,653		\$ 20,803,221
Special assessments	12,277		\$ 719,096	731,373
Charges for services	2,917,516			2,917,516
Fines and forfeitures	35,254			35,254
Federal forfeitures	87,475			87,475
Cable franchise fees	874,730			874,730
Intergovernmental:				
Federal	2,267,164			2,267,164
State	2,082,778			2,082,778
Contributions and donations	142,866		1,491	144,357
Investment earnings	718,218	121,091	106,743	946,052
Change in fair value of investments	234,519	17,122	233,242	484,883
Other	335,915	22,011	596,137	954,063
Total revenues	<u>23,710,280</u>	<u>6,961,877</u>	<u>1,656,709</u>	<u>32,328,866</u>
EXPENDITURES				
Current:				
General government	255,043			255,043
Public safety	407,270			407,270
Highways and streets	3,190,769			3,190,769
Community improvement	452,328			452,328
Social services	1,968,330			1,968,330
Culture and recreation	12,894,471			12,894,471
Other		149,532	27,626	177,158
Capital outlay	3,216,145		2,059,559	5,275,704
Debt service:				
Principal retirement	1,321,543	5,081,490		6,403,033
Interest and fiscal charges	834,457	1,911,526		2,745,983
Total expenditures	<u>24,540,356</u>	<u>7,142,548</u>	<u>2,087,185</u>	<u>33,770,089</u>
Deficiency of revenues under expenditures	(830,076)	(180,671)	(430,476)	(1,441,223)
OTHER FINANCING SOURCES (USES) (Note 8)				
Transfers in	2,908,407		1,470,019	4,378,426
Transfers out	(276,306)		(15,596)	(291,902)
Total other financing sources (uses)	<u>2,632,101</u>	-	<u>1,454,423</u>	<u>4,086,524</u>
Net change in fund balances	1,802,025	(180,671)	1,023,947	2,645,301
Fund balances - beginning	20,837,369	2,044,574	13,386,590	36,268,533
Fund balances - ending	<u>\$ 22,639,394</u>	<u>\$ 1,863,903</u>	<u>\$ 14,410,537</u>	<u>\$ 38,913,834</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

PARKS AND RECREATION

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

CABLE TELEVISION

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

BLOCK GRANT

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

MICHIGAN INDIGENT DEFENSE

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

DRUG LAW ENFORCEMENT

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

GRANTS

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

LIBRARY

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

MICHIGAN WORKS GRANTS

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

AUTO THEFT GRANT

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

DONATIONS, MEMORIAL TRUSTS & SPONSORSHIPS

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

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds - Special Revenue Funds
June 30, 2019

	Local Streets	Parks and Recreation	Cable Television	Block Grant	Michigan Indigent Defense	Drug Law Enforcement
ASSETS						
Cash and cash equivalents	\$ 8,317,328	\$ 2,570,294	\$ 374,097	\$ 452,795	\$ 245,252	\$ 591,767
Investments	302,616	711,167	143,798			
Receivables, net	404,454	195,982	214,906	109,221		355
Prepays		22,149	4,260			
Due from other funds				9,026		
Due from component units				20,005		
Due from other governmental units						
Total assets	<u>\$ 9,024,398</u>	<u>\$ 3,499,592</u>	<u>\$ 737,061</u>	<u>\$ 591,047</u>	<u>\$ 245,252</u>	<u>\$ 592,122</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 21,842	\$ 255,153	\$ 7,995	\$ 57,009	\$ 475	\$ 7,754
Accrued payroll		119,370	10,606	8,836		5,591
Due to other funds				300,113	1,825	
Other short-term liabilities	6,197	9,575				
Unearned revenue					242,952	
Advances from local improvement revolving fund		24,602				
Total liabilities	<u>28,039</u>	<u>408,700</u>	<u>18,601</u>	<u>365,958</u>	<u>245,252</u>	<u>13,345</u>
Deferred inflows of resources - unavailable	-	-	-	-	-	-
Fund balance:						
Non-spendable		22,149	4,260			
Restricted	8,996,359	3,068,743	135,676	225,089		578,777
Committed			578,524			
Unassigned						
Total fund balances	<u>8,996,359</u>	<u>3,090,892</u>	<u>718,460</u>	<u>225,089</u>	<u>-</u>	<u>578,777</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,024,398</u>	<u>\$ 3,499,592</u>	<u>\$ 737,061</u>	<u>\$ 591,047</u>	<u>\$ 245,252</u>	<u>\$ 592,122</u>

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

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds - Special Revenue Funds
June 30, 2019

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
ASSETS						
Cash and cash equivalents	\$ 110,450	\$ 449,413	\$ 161,595	\$ (150,501)	\$ 729,962	\$ 13,852,452
Investments		7,404,169				8,561,750
Receivables, net	64,480	291,688			716	1,281,802
Prepays		21,441	43,697			91,547
Due from other funds				274,766		283,792
Due from component units	34,468					54,473
Due from other governmental units			320,907			320,907
Total assets	<u>\$ 209,398</u>	<u>\$ 8,166,711</u>	<u>\$ 526,199</u>	<u>\$ 124,265</u>	<u>\$ 730,678</u>	<u>\$ 24,446,723</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$ 53,904	\$ 51,184	\$	\$ 5,290	\$ 460,606
Accrued payroll		46,935	51,852	7,075		250,265
Due to other funds			421,545	9,226	1,695	734,404
Other short-term liabilities		14,206				29,978
Unearned revenue						242,952
Advances from local improvement revolving fund						24,602
Total liabilities		<u>115,045</u>	<u>524,581</u>	<u>16,301</u>	<u>6,985</u>	<u>1,742,807</u>
Deferred inflows of resources - unavailable	64,522	-	-	-	-	64,522
Fund balance:						
Non-spendable		21,441	43,697			91,547
Restricted	144,876	8,030,225		107,964	436,164	21,723,873
Committed					287,529	866,053
Unassigned			(42,079)			(42,079)
Total fund balances	<u>144,876</u>	<u>8,051,666</u>	<u>1,618</u>	<u>107,964</u>	<u>723,693</u>	<u>22,639,394</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 209,398</u>	<u>\$ 8,166,711</u>	<u>\$ 526,199</u>	<u>\$ 124,265</u>	<u>\$ 730,678</u>	<u>\$ 24,446,723</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, 2019

	Local Streets	Parks and Recreation	Cable Television	Block Grant	Michigan Indigent Defense	Drug Law Enforcement
REVENUES						
Property taxes	\$ 2,735,458	\$ 4,333,059				
Special assessments						
Charges for services	650,000	1,916,670				
Fines and forfeitures						\$ 35,254
Federal forfeitures						87,475
Cable franchise fees			\$ 874,730			
Intergovernmental:						
Federal				\$ 364,176		
State	1,854,424				\$ 74,059	
Other						
Contributions and donations		23,258				
Investment earnings	354,677	163,578	2,709			28,375
Change in fair value of investments	24,251	19,904	23,723			1,067
Other	4,457	184,520		65,076		
Total revenues	<u>5,623,267</u>	<u>6,640,989</u>	<u>901,162</u>	<u>429,252</u>	<u>74,059</u>	<u>152,171</u>
EXPENDITURES						
Current:						
General government						
Public safety					74,059	149,611
Highways and streets	3,190,769					
Community improvement				452,328		
Social services						
Culture and recreation		6,520,755	959,705			
Capital outlay	3,079,494	35,660	87,612			6,950
Debt service:						
Principal retirement	91,543					
Interest and fiscal charges	15,525	16,482				
Total expenditures	<u>6,377,331</u>	<u>6,572,897</u>	<u>1,047,317</u>	<u>452,328</u>	<u>74,059</u>	<u>156,561</u>
Excess (deficiency) of revenues over (under) expenditures	(754,064)	68,092	(146,155)	(23,076)	-	(4,390)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,804,647	15,828				
Transfers out		(257,544)		(18,762)		
Total other financing sources (uses)	<u>2,804,647</u>	<u>(241,716)</u>	<u>-</u>	<u>(18,762)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,050,583	(173,624)	(146,155)	(41,838)	-	(4,390)
Fund balances - beginning	6,945,776	3,264,516	864,615	266,927		583,167
Fund balances - ending	<u>\$ 8,996,359</u>	<u>\$ 3,090,892</u>	<u>\$ 718,460</u>	<u>\$ 225,089</u>	<u>\$ -</u>	<u>\$ 578,777</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, 2019

	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
REVENUES						
Property taxes		\$ 6,933,051				\$ 14,001,568
Special assessments	\$ 12,277					12,277
Charges for services		350,846				2,917,516
Fines and forfeitures						35,254
Federal forfeitures						87,475
Cable franchise fees						874,730
Intergovernmental:						
Federal			\$ 1,902,988			2,267,164
State		62,468		\$ 91,827		2,082,778
Contributions and donations					\$ 119,608	142,866
Investment earnings	5,200	121,923			41,756	718,218
Change in fair value of investments	325	164,934			315	234,519
Other	525	37,302	18,087		25,948	335,915
Total revenues	18,327	7,670,524	1,921,075	91,827	187,627	23,710,280
EXPENDITURES						
Current:						
General government	31,925				223,118	255,043
Public safety				183,600		407,270
Highways and streets						3,190,769
Community improvement						452,328
Social services			1,950,479		17,851	1,968,330
Culture and recreation		5,322,665			91,346	12,894,471
Capital outlay		6,429				3,216,145
Debt service:						
Principal retirement		1,230,000				1,321,543
Interest and fiscal charges		802,450				834,457
Total expenditures	31,925	7,361,544	1,950,479	183,600	332,315	24,540,356
Excess (deficiency) of revenues over (under) expenditures	(13,598)	308,980	(29,404)	(91,773)	(144,688)	(830,076)
OTHER FINANCING SOURCES (USES)						
Transfers in				87,932		2,908,407
Transfers out						(276,306)
Total other financing sources (uses)	-	-	-	87,932	-	2,632,101
Net change in fund balances	(13,598)	308,980	(29,404)	(3,841)	(144,688)	1,802,025
Fund balances - beginning	158,474	7,742,686	31,022	111,805	868,381	20,837,369
Fund balances - ending	\$ 144,876	\$ 8,051,666	\$ 1,618	\$ 107,964	\$ 723,693	\$ 22,639,394

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

(continued)

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 2,717,798	\$ 2,735,458	\$ 17,660
Charges for services	650,000	650,000	-
Intergovernmental:			
State	1,676,582	1,854,424	177,842
Investment earnings	6,328	354,677	348,349
Change in fair value of investments		24,251	24,251
Other	5,000	4,457	(543)
Total revenues	<u>5,055,708</u>	<u>5,623,267</u>	<u>567,559</u>
EXPENDITURES			
Highways and streets:			
Administration	287,698	262,894	24,804
Road maintenance	2,062,498	1,813,256	249,242
Traffic services	230,593	118,930	111,663
Snow removal	700,074	400,403	299,671
Appearance	820,743	595,286	225,457
Total highways and streets	<u>4,101,606</u>	<u>3,190,769</u>	<u>910,837</u>
Capital outlay	4,398,634	3,079,494	1,319,140
Debt service:			
Principal retirement	91,543	91,543	-
Interest and fiscal charges	22,078	15,525	6,553
Total expenditures	<u>8,613,861</u>	<u>6,377,331</u>	<u>2,236,530</u>
Excess (deficiency) of revenues over (under) expenditures	(3,558,153)	(754,064)	2,804,089
OTHER FINANCING SOURCES			
Transfers in	-	2,804,647	2,804,647
Net change in fund balances	(3,558,153)	2,050,583	5,608,736
Fund balance - beginning	<u>6,945,776</u>	<u>6,945,776</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,387,623</u>	<u>\$ 8,996,359</u>	<u>\$ 5,608,736</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, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 4,300,703	\$ 4,333,059	\$ 32,356
Charges for services	2,146,072	1,916,670	(229,402)
Contributions	10,000	23,258	13,258
Investment earnings	100,000	163,578	63,578
Change in fair value of investments		19,904	19,904
Other	206,785	184,520	(22,265)
Total revenues	<u>6,763,560</u>	<u>6,640,989</u>	<u>(122,571)</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,426,381	2,322,120	104,261
Recreation division	1,077,932	1,102,167	(24,235)
Cultural arts division	114,023	78,510	35,513
Senior center division	275,691	267,714	7,977
Operations & facilities division	2,323,066	2,239,067	83,999
Golf	669,879	511,177	158,702
Total culture and recreation	<u>6,886,972</u>	<u>6,520,755</u>	<u>366,217</u>
Capital outlay	125,887	35,660	90,227
Debt service:			
Interest and fiscal charges	16,482	16,482	-
Total expenditures	<u>7,029,341</u>	<u>6,572,897</u>	<u>456,444</u>
Excess (deficiency) of revenues over (under) expenditures	(265,781)	68,092	333,873
OTHER FINANCING SOURCES (USES)			
Transfers in		15,828	15,828
Transfers out	(257,544)	(257,544)	-
Total other financing sources (uses)	<u>(257,544)</u>	<u>(241,716)</u>	<u>15,828</u>
Net change in fund balances	(523,325)	(173,624)	349,701
Fund balance - beginning	<u>3,264,516</u>	<u>3,264,516</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,741,191</u>	<u>\$ 3,090,892</u>	<u>\$ 349,701</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, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Cable franchise fees	\$ 931,143	\$ 874,730	\$ (56,413)
Investment earnings	2,813	2,709	(104)
Change in fair value of investments		23,723	23,723
Total revenues	<u>933,956</u>	<u>901,162</u>	<u>(32,794)</u>
EXPENDITURES			
Culture and recreation	1,028,636	959,705	68,931
Capital outlay	117,612	87,612	30,000
Total expenditures	<u>1,146,248</u>	<u>1,047,317</u>	<u>98,931</u>
Net change in fund balances	(212,292)	(146,155)	66,137
Fund balance - beginning	<u>864,615</u>	<u>864,615</u>	<u>-</u>
Fund balance - ending	<u>\$ 652,323</u>	<u>\$ 718,460</u>	<u>\$ 66,137</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, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 471,979	\$ 364,176	\$ (107,803)
Other	40,000	65,076	25,076
Total revenues	<u>511,979</u>	<u>429,252</u>	<u>(82,727)</u>
EXPENDITURES			
Community improvement	<u>521,979</u>	<u>452,328</u>	<u>69,651</u>
Deficiency of revenues under expenditures	(10,000)	(23,076)	(13,076)
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(18,762)</u>	<u>(18,762)</u>
Net change in fund balances	(10,000)	(41,838)	(31,838)
Fund balance - beginning	<u>266,927</u>	<u>266,927</u>	<u>-</u>
Fund balance - ending	<u>\$ 256,927</u>	<u>\$ 225,089</u>	<u>\$ (31,838)</u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Michigan Indigent Defense

For the Year Ended June 30, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental:			
State	\$ 422,681	\$ 74,059	\$ (348,622)
Other	81,000		(81,000)
Total revenues	<u>503,681</u>	<u>74,059</u>	<u>(429,622)</u>
 EXPENDITURES			
46th District Court	<u>503,681</u>	<u>74,059</u>	<u>429,622</u>
 Net change in fund balances	-	-	-
 Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 12,000	\$ 35,254	\$ 23,254
Federal forfeitures	12,000	87,475	75,475
Investment earnings	1,000	28,375	27,375
Change in fair value of investments		1,067	1,067
Total revenues	<u>25,000</u>	<u>152,171</u>	<u>127,171</u>
EXPENDITURES			
Public safety	244,200	149,611	94,589
Capital outlay	16,000	6,950	9,050
Total expenditures	<u>260,200</u>	<u>156,561</u>	<u>103,639</u>
Net change in fund balances	(235,200)	(4,390)	230,810
Fund balance - beginning	<u>583,167</u>	<u>583,167</u>	<u>-</u>
Fund balance - ending	<u>\$ 347,967</u>	<u>\$ 578,777</u>	<u>\$ 230,810</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, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Special assessments	\$ 13,000	\$ 12,277	\$ (723)
Investment earnings	2,000	5,200	3,200
Change in fair value of investments		325	325
Other	17,000	525	(16,475)
Total revenues	<u>32,000</u>	<u>18,327</u>	<u>(13,673)</u>
EXPENDITURES			
Community improvement	<u>32,000</u>	<u>31,925</u>	<u>75</u>
Net change in fund balances	-	(13,598)	(13,598)
Fund balance - beginning	<u>158,474</u>	<u>158,474</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 158,474</u></u>	<u><u>\$ 144,876</u></u>	<u><u>\$ (13,598)</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Library Fund

For the Year Ended June 30, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,881,124	\$ 6,933,051	\$ 51,927
Charges for services	362,812	350,846	(11,966)
Intergovernmental:			
State	50,000	62,468	12,468
Investment earnings	80,962	121,923	40,961
Change in fair value of investments		164,934	164,934
Other		37,302	37,302
Total revenues	<u>7,374,898</u>	<u>7,670,524</u>	<u>295,626</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,074,552	2,128,281	(53,729)
Adult reference	1,162,618	1,097,897	64,721
Children's division	773,075	585,749	187,326
Support services	968,660	892,562	76,098
Technology division	810,661	618,176	192,485
Total culture and recreation	<u>5,789,566</u>	<u>5,322,665</u>	<u>466,901</u>
Capital outlay	30,870	6,429	24,441
Debt service:			
Principal	1,230,000	1,230,000	-
Interest and fiscal charges	802,450	802,450	-
Total expenditures	<u>7,852,886</u>	<u>7,361,544</u>	<u>491,342</u>
Net change in fund balances	(477,988)	308,980	786,968
Fund balance - beginning	<u>7,742,686</u>	<u>7,742,686</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 7,264,698</u></u>	<u><u>\$ 8,051,666</u></u>	<u><u>\$ 786,968</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, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 1,891,285	\$ 1,902,988	\$ 11,703
Other		18,087	18,087
Total revenues	<u>1,891,285</u>	<u>1,921,075</u>	<u>29,790</u>
EXPENDITURES			
Social services	<u>1,891,285</u>	<u>1,950,479</u>	<u>(59,194)</u>
Net change in fund balances	-	(29,404)	(29,404)
Fund balance - beginning	<u>31,022</u>	<u>31,022</u>	<u>-</u>
Fund balance - ending	\$ <u><u>31,022</u></u>	\$ <u><u>1,618</u></u>	\$ <u><u>(29,404)</u></u>

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

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Auto Theft Grant Fund

For the Year Ended June 30, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 87,651	\$ 91,827	\$ 4,176
Investment earnings	563		(563)
Other	87,651		(87,651)
Total revenues	<u>175,865</u>	<u>91,827</u>	<u>(84,038)</u>
EXPENDITURES			
Public safety	<u>175,865</u>	<u>183,600</u>	<u>(7,735)</u>
Deficiency of revenues under expenditures	-	(91,773)	(91,773)
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>87,932</u>	<u>87,932</u>
Net change in fund balances	-	(3,841)	(3,841)
Fund balances - beginning	<u>111,805</u>	<u>111,805</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 111,805</u></u>	<u><u>\$ 107,964</u></u>	<u><u>\$ (3,841)</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, 2019

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Contributions	\$ 151,500	\$ 119,608	\$ (31,892)
Investment earnings		41,756	41,756
Change in fair value of investments		315	315
Other	25,000	25,948	948
Total revenues	<u>176,500</u>	<u>187,627</u>	<u>11,127</u>
EXPENDITURES			
General government	284,167	223,118	61,049
Social services	25,000	17,851	7,149
Culture and recreation	100,000	91,346	8,654
Total expenditures	<u>409,167</u>	<u>332,315</u>	<u>76,852</u>
Net change in fund balances	(232,667)	(144,688)	87,979
Fund balances - beginning	<u>868,381</u>	<u>868,381</u>	<u>-</u>
Fund balances - ending	<u>\$ 635,714</u>	<u>\$ 723,693</u>	<u>\$ 87,979</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

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

ROAD BOND DEBT

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

DRAINS-AT-LARGE

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

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Debt Service Funds
June 30, 2019

	Road Bond Debt	Drains-at- Large	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,096,509	\$ 640,130	\$ 1,736,639
Investments	1,000	115,630	116,630
Receivables, net	17,213	10,548	27,761
Total assets	<u>\$ 1,114,722</u>	<u>\$ 766,308</u>	<u>\$ 1,881,030</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Other short-term liabilities	\$ 15,531	\$ 1,596	\$ 17,127
Fund balance:			
Restricted for debt service	1,099,191	764,712	1,863,903
Total liabilities, deferred inflows and fund balances	<u>\$ 1,114,722</u>	<u>\$ 766,308</u>	<u>\$ 1,881,030</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, 2019

	Road Bond Debt	Drains-at- Large	Total
REVENUES			
Property taxes	\$ 6,442,649	\$ 359,004	\$ 6,801,653
Investment earnings	95,021	26,070	121,091
Change in fair value of investments	11,618	5,504	17,122
Other	21,936	75	22,011
Total revenues	<u>6,571,224</u>	<u>390,653</u>	<u>6,961,877</u>
EXPENDITURES			
Other	2,042	147,490	149,532
Debt service:			
Principal retirement	4,535,000	546,490	5,081,490
Interest and fiscal charges	1,828,689	82,837	1,911,526
Total expenditures	<u>6,365,731</u>	<u>776,817</u>	<u>7,142,548</u>
Net change in fund balances	205,493	(386,164)	(180,671)
Fund balances - beginning	893,698	1,150,876	2,044,574
Fund balances - ending	<u>\$ 1,099,191</u>	<u>\$ 764,712</u>	<u>\$ 1,863,903</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.

LOCAL IMPROVEMENT REVOLVING

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

SPECIAL ASSESSMENT CONSTRUCTION

This fund accounts for the construction phase of local improvements which benefit specific property owners and are ultimately financed through special assessments. Special assessments collected by this fund are used to pay internal loans borrowed for specific local improvements which benefit property owners.

City of Southfield
Combining Balance Sheet
Non-major Governmental Funds
Capital Project Funds
June 30, 2019

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Local Improvement Revolving	Special Assessment Construction	Total
ASSETS						
Cash and cash equivalents	\$ 202,903	\$ 3,001,329	\$ 300,270	1,669,000	3,392,446	\$ 8,565,948
Investments		4,835,199		67,065		4,902,264
Receivables, net	121	19,509		13,290	51,157	84,077
Special assessments					1,144,852	1,144,852
Due from other funds		4,345				4,345
Advances to other funds				2,025,876		2,025,876
Advances to component units				1,401,387		1,401,387
Restricted assets:						
Cash and cash equivalents		37,130				37,130
Total assets	<u>\$ 203,024</u>	<u>\$ 7,897,512</u>	<u>\$ 300,270</u>	<u>5,176,618</u>	<u>4,588,455</u>	<u>\$ 18,165,879</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	97,290	\$ 1,054	\$ 292,939		110,273	\$ 501,556
Due to other funds			7,331			7,331
Advances from local improvement revolving		480,016			1,521,258	2,001,274
Total liabilities	<u>\$ 97,290</u>	<u>481,070</u>	<u>300,270</u>	<u>-</u>	<u>1,631,531</u>	<u>2,510,161</u>
Deferred inflows of resources - unavailable	-	-	-	-	1,245,181	1,245,181
Fund balances:						
Non-spendable				3,427,263		3,427,263
Restricted	105,734	508,582			268,122	882,438
Assigned		6,907,860		1,749,355	1,443,621	10,100,836
Total fund balances	<u>105,734</u>	<u>7,416,442</u>	<u>-</u>	<u>5,176,618</u>	<u>1,711,743</u>	<u>14,410,537</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 203,024</u>	<u>\$ 7,897,512</u>	<u>\$ 300,270</u>	<u>5,176,618</u>	<u>4,588,455</u>	<u>\$ 18,165,879</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, 2019

	Library Building Authority Construction	Capital Improvement	Building Authority Construction	Local Improvement Revolving	Special Assessment Construction	Total
REVENUES						
Special assessments					\$ 719,096	\$ 719,096
Contributions and donations					1,491	1,491
Investment earnings	\$ 8,729	\$ 21,500		(15,691)	92,205	106,743
Change in fair value of investments	1,182	205,269		26,391	400	233,242
Other		310,000		252,881	33,256	596,137
Total revenues	<u>9,911</u>	<u>536,769</u>	\$ -	<u>263,581</u>	<u>846,448</u>	<u>1,656,709</u>
EXPENDITURES						
Construction and other costs	49	132		27,221	224	27,626
Capital outlay	<u>154,991</u>	<u>333,281</u>	<u>1,188,913</u>		<u>382,374</u>	<u>2,059,559</u>
Total expenditures	<u>155,040</u>	<u>333,413</u>	<u>1,188,913</u>	<u>27,221</u>	<u>382,598</u>	<u>2,087,185</u>
Excess (deficiency) of revenues over (under) expenditures	(145,129)	203,356	(1,188,913)	236,360	463,850	(430,476)
OTHER FINANCING SOURCES						
Transfers in		257,544	1,188,913		23,562	1,470,019
Transfers out					(15,596)	(15,596)
Total other financing sources (uses)	<u>-</u>	<u>257,544</u>	<u>1,188,913</u>	<u>-</u>	<u>7,966</u>	<u>1,454,423</u>
Net change in fund balances	(145,129)	460,900		236,360	471,816	1,023,947
Fund balances - beginning	<u>250,863</u>	<u>6,955,542</u>	<u>-</u>	<u>4,940,258</u>	<u>1,239,927</u>	<u>13,386,590</u>
Fund balances - ending	<u>\$ 105,734</u>	<u>\$ 7,416,442</u>	<u>\$ -</u>	<u>\$ 5,176,618</u>	<u>\$ 1,711,743</u>	<u>\$ 14,410,537</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.

HEALTH CARE

This fund accounts for the payment of health benefits for all active City employees.

FACILITIES MAINTENANCE

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

MOTOR POOL

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

EQUIPMENT REVOLVING

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

INSURANCE RISK RETENTION

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

City of Southfield
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total
ASSETS						
Current assets:						
Cash and cash equivalents (Note 3)	\$ 9,064,454	\$ 387,437	\$ 2,978,980	\$ 2,460,040	\$ 986,022	\$ 15,876,933
Investments (Note 3)		1,258,251	4,043,680	3,517,216	1,736,383	10,555,530
Receivables, net (Note 5)	4,300	12,699	40,760	21,983	23,470	103,212
Prepays and other assets	503,142		6,109		32,809	542,060
Due from other funds (Note 8)		243,545	9,226			252,771
Inventory			374,574			374,574
Total current assets	<u>9,571,896</u>	<u>1,901,932</u>	<u>7,453,329</u>	<u>5,999,239</u>	<u>2,778,684</u>	<u>27,705,080</u>
Noncurrent assets:						
Restricted cash and cash equivalents (Note 4)					2,067,541	2,067,541
Capital assets: (Note 6)						
Equipment and intangibles		423,435	14,040,768	9,857,989		24,322,192
Less accumulated depreciation		(346,890)	(11,194,089)	(8,577,092)		(20,118,071)
Net capital assets	<u>-</u>	<u>76,545</u>	<u>2,846,679</u>	<u>1,280,897</u>	<u>-</u>	<u>4,204,121</u>
Total noncurrent assets	<u>-</u>	<u>76,545</u>	<u>2,846,679</u>	<u>1,280,897</u>	<u>2,067,541</u>	<u>6,271,662</u>
Total assets	<u>9,571,896</u>	<u>1,978,477</u>	<u>10,300,008</u>	<u>7,280,136</u>	<u>4,846,225</u>	<u>33,976,742</u>
Deferred Outflows of Resources						
Related to Pensions		139,264	140,697			279,961
Related to OPEB		192,214	66,134			258,348
LIABILITIES						
Current liabilities:						
Accounts payable	23,533	532,094	312,541	50,282		918,450
Accrued liability	790,825					790,825
Accrued payroll		22,839	22,168			45,007
General insurance & workers' compensation accrual - payable from current assets					166,434	166,434
Accrued compensated absences - due within 1 year (Note 7)		61,562	52,651			114,213
Total current liabilities	<u>814,358</u>	<u>616,495</u>	<u>387,360</u>	<u>50,282</u>	<u>166,434</u>	<u>2,034,929</u>
Noncurrent liabilities:						
General insurance & workers' compensation accrual payable from restricted assets					2,067,541	2,067,541
Accrued compensated absences - due more 1 year (Note 7)		109,447	93,602			203,049
Net pension liability (Note 11)		1,869,506	1,888,739			3,758,245
Net OPEB liability (Note 12)		2,280,930	784,782			3,065,712
Total noncurrent liabilities	<u>-</u>	<u>4,259,883</u>	<u>2,767,123</u>	<u>-</u>	<u>2,067,541</u>	<u>9,094,547</u>
Total liabilities	<u>814,358</u>	<u>4,876,378</u>	<u>3,154,483</u>	<u>50,282</u>	<u>2,233,975</u>	<u>11,129,476</u>
Deferred Inflows of Resources						
Related to Pensions		15,581	15,741			31,322
Related to OPEB		885,954	304,823			1,190,777
NET POSITION						
Net investment in capital assets		76,545	2,846,679	1,280,897		4,204,121
Unrestricted	8,757,538	(3,544,503)	4,185,113	5,948,957	2,612,250	17,959,355
Total net position (deficit)	<u>\$ 8,757,538</u>	<u>\$ (3,467,958)</u>	<u>\$ 7,031,792</u>	<u>\$ 7,229,854</u>	<u>\$ 2,612,250</u>	<u>\$ 22,163,476</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, 2019

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total
OPERATING REVENUES						
Charges for consumption and service:						
Charges to other funds	\$ 10,073,897	\$ 4,487,701	\$ 5,109,928	\$ 850,000		\$ 20,521,526
Other	1,188,294	20				1,188,314
Total operating revenue	11,262,191	4,487,721	5,109,928	850,000	\$ -	21,709,840
OPERATING EXPENSES						
Administration		1,699,359	20,110			1,719,469
OPEB recovery		(3,242,834)	(919,104)			(4,161,938)
Health Care	8,134,423					8,134,423
Equipment and facility operation:						
Equipment maintenance			2,571,085	644,487		3,215,572
Communications			359,081			359,081
Maintenance staff		1,174,592				1,174,592
Custodial staff		1,835,092				1,835,092
Depreciation		16,599	1,214,790	437,477		1,668,866
Other					880,416	880,416
Total operating expenses	8,134,423	1,482,808	3,245,962	1,081,964	880,416	14,825,573
Operating income (loss)	3,127,768	3,004,913	1,863,966	(231,964)	(880,416)	6,884,267
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	234,716	26,438	72,414	110,241	58,643	502,452
Change in fair value of investments	2,867	25,761	83,529	84,114	36,727	232,998
Other		(51)	(228)	(10,847)	(7,445)	(18,571)
Total nonoperating revenues	237,583	52,148	155,715	183,508	87,925	716,879
Income (loss) before transfers	3,365,351	3,057,061	2,019,681	(48,456)	(792,491)	7,601,146
Transfers out		(1,171,660)				(1,171,660)
Change in net position	3,365,351	1,885,401	2,019,681	(48,456)	(792,491)	6,429,486
Total net position - beginning	5,392,187	(5,353,359)	5,012,111	7,278,310	3,404,741	15,733,990
Total net position (deficit) - ending	\$ 8,757,538	\$ (3,467,958)	\$ 7,031,792	\$ 7,229,854	\$ 2,612,250	\$ 22,163,476

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, 2019

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from (paid to) users	\$ 12,035,029	\$ 4,475,022	\$ 5,072,202	\$ 872,870	\$ (42,092)	\$ 22,413,031
Cash paid to employees		(849,196)	(1,271,657)		(80,081)	(2,200,934)
Cash received from (paid to) suppliers	(7,320,065)	(3,064,734)	(1,539,887)	(659,363)	(755,748)	(13,339,797)
Payments received on interfunds		187,684	325,563	2,000,000		2,513,247
Net cash provided by (used in) operating activities	<u>4,714,964</u>	<u>748,776</u>	<u>2,586,221</u>	<u>2,213,507</u>	<u>(877,921)</u>	<u>9,385,547</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out		(1,171,660)				(1,171,660)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of property equipment & adjustments, net of proceeds			(634,896)	(164,214)	(7,442)	(806,552)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments, net of proceeds		(417,410)	(1,341,444)	(1,166,795)	(576,025)	(3,501,674)
Investment earnings	237,583	52,150	155,943	194,355	95,370	735,401
Net cash provided by (used in) investing activities	<u>237,583</u>	<u>(365,260)</u>	<u>(1,185,501)</u>	<u>(972,440)</u>	<u>(480,655)</u>	<u>(2,766,273)</u>
Net increase (decrease) in cash, cash equivalents	4,952,547	(788,144)	765,824	1,076,853	(1,366,018)	4,641,062
Cash, cash equivalents, beginning of year	4,111,907	1,175,581	2,213,156	1,383,187	4,419,581	13,303,412
Cash, cash equivalents, end of year	<u>\$ 9,064,454</u>	<u>\$ 387,437</u>	<u>\$ 2,978,980</u>	<u>\$ 2,460,040</u>	<u>\$ 3,053,563</u>	<u>\$ 17,944,474</u>
Balance sheet reconciliation of cash & cash equivalents						
Cash, cash equivalents	\$ 9,064,454	\$ 387,437	\$ 2,978,980	\$ 2,460,040	\$ 986,022	\$ 15,876,933
Restricted cash, cash equivalents					2,067,541	2,067,541
Total cash, cash equivalents	<u>\$ 9,064,454</u>	<u>\$ 387,437</u>	<u>\$ 2,978,980</u>	<u>\$ 2,460,040</u>	<u>\$ 3,053,563</u>	<u>\$ 17,944,474</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 3,127,768	\$ 3,004,913	\$ 1,863,966	\$ (231,964)	\$ (880,416)	\$ 6,884,267
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation		16,599	1,214,790	437,477		1,668,866
Receivables	(4,300)	(12,699)	(40,760)	22,870	(9,283)	(44,172)
Prepays and other assets	777,138		3,034		(32,809)	747,363
Inventory			19,187			19,187
Deferred outflow		63,351	94,666			158,017
Accounts payable	23,533	127,959	27,068	(14,876)		163,684
Accrued liability	790,825					790,825
Accrued payroll, including compensated absences due in less than one year		14,863	24,716			39,579
General insurance & workers' compensation accrual					126,462	126,462
Provision for medical claims					(81,875)	(81,875)
Accrued compensated absences		(5,551)	11,134			5,583
Net pension liability		827,456	39,983			867,439
Net OPEB liability		(4,088,690)	(1,205,320)			(5,294,010)
Interfunds		187,684	325,563	2,000,000		2,513,247
Deferred inflow		612,891	208,194			821,085
Net cash provided by (used in) operating activities	<u>\$ 4,714,964</u>	<u>\$ 748,776</u>	<u>\$ 2,586,221</u>	<u>\$ 2,213,507</u>	<u>\$ (877,921)</u>	<u>\$ 9,385,547</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.

RETIREMENT TRUSTS

PENSION TRUST

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

RETIREE HEALTH CARE BENEFITS PLAN & TRUST

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

City of Southfield
Combining Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefits Trust Funds
June 30, 2019

	Pension		Other Post-	Totals
	Southfield Employee Retirement System	Fire & Police Retirement System	Employment Benefits Retiree Health Care Benefits Plan & Trust	
ASSETS				
Cash and cash equivalents	\$ 249	\$ 1,853,068	\$ 408,839	\$ 2,262,156
Investments:				
Debt securities	14,036,808	33,341,933	16,007,270	63,386,011
Equity securities	91,182,491	148,468,498	48,915,166	288,566,155
Short-term investments	2,268,527	4,746,876	4,598,852	11,614,255
Other investments	2,181,055	6,090,033	3,439,699	11,710,787
Total investments	<u>109,668,881</u>	<u>192,647,340</u>	<u>72,960,987</u>	<u>375,277,208</u>
Cash and investments held as collateral for securities lending:				
Repurchase agreements		8,687,004		8,687,004
Certificates of deposit		3,701,400		3,701,400
Variable rate certificates of deposit		5,423,453		5,423,453
Time deposits		444,619		444,619
Commercial paper		1,126,219		1,126,219
Agency bonds and notes		286,633		286,633
Asset backed commercial paper		2,543,584		2,543,584
Sweep vehicles		151,216		151,216
Money market mutual funds	3,151,909	205,383		3,357,292
Non-cash collateral		2,458,250		2,458,250
Total securities lending	<u>3,151,909</u>	<u>25,027,761</u>	<u>-</u>	<u>28,179,670</u>
Receivables, net	2,408,275	7,337	1,885,178	4,300,790
Prepaid	863,639		1,888,085	2,751,724
Total assets	<u>116,092,953</u>	<u>219,535,506</u>	<u>77,143,089</u>	<u>412,771,548</u>
LIABILITIES				
Accounts payable and accrued payroll	209,332	2,878	2,529,801	2,742,011
Due to other governmental units	595,636		50,030	645,666
Due to fiduciary		258,382		258,382
Obligations under securities lending agreements	3,151,909	25,027,761		28,179,670
Total liabilities	<u>3,956,877</u>	<u>25,289,021</u>	<u>2,579,831</u>	<u>31,825,729</u>
NET POSITION				
Restricted for pension benefits	112,136,076	194,246,485		306,382,561
Restricted for post-retirement health care benefits			74,563,258	74,563,258
Total net position	<u>\$ 112,136,076</u>	<u>\$ 194,246,485</u>	<u>\$ 74,563,258</u>	<u>\$ 380,945,819</u>

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

City of Southfield

Combining Statement of Changes in Fiduciary Net Position Pension and Other Post-Employment Benefits Trust Funds For the Year Ended June 30, 2019

	Pension		Other Post- Employment Benefits	
	Southfield Employee Retirement System	Fire & Police Retirement System	Retiree Health Care Benefits Plan & Trust	Totals
ADDITIONS				
Contributions:				
Plan members	\$ 772,659	\$ 506,015	\$ 541,859	\$ 1,820,533
Employer	3,623,322	7,009,077	10,722,116	21,354,515
Total contributions	4,395,981	7,515,092	11,263,975	23,175,048
Investment activity:				
Net increase in fair value of investments	3,452,346	4,623,130	863,708	8,939,184
Investment earnings	318,943	3,482,790	79,067	3,880,800
Dividends	1,137,010	702,148	1,922,792	3,761,950
Other	103,703			103,703
Total investment activity	5,012,002	8,808,068	2,865,567	16,685,637
Less investment expense:	517,940	1,087,094	316,315	1,921,349
Net investment activity	4,494,062	7,720,974	2,549,252	14,764,288
Total additions, net	8,890,043	15,236,066	13,813,227	37,939,336
DEDUCTIONS				
Benefits	11,895,234	20,558,431		32,453,665
Health care expense		34,164	11,282,039	11,316,203
Administrative expense		180,836	80,082	260,918
Total deductions	11,895,234	20,773,431	11,362,121	44,030,786
Net increase (decrease)	(3,005,191)	(5,537,365)	2,451,106	(6,091,450)
Net position - beginning	115,141,267	199,783,850	72,112,152	387,037,269
Net position - ending	\$ 112,136,076	\$ 194,246,485	\$ 74,563,258	\$ 380,945,819

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, 2019

	Imprest Payroll	Deposits and Escrow	46th District Court	Totals
ASSETS				
Cash and cash equivalents	\$ (211,769)	\$ 1,328,288	\$ 668,798	\$ 1,785,317
Investments		4,620,854		4,620,854
Receivables, net		4,937		4,937
Due from fiduciary	258,382			258,382
Total assets	<u>\$ 46,613</u>	<u>\$ 5,954,079</u>	<u>\$ 668,798</u>	<u>\$ 6,669,490</u>
LIABILITIES				
Accounts payable	\$ 46,613	\$ 53,170		\$ 99,783
Deposits and escrow		5,900,766	\$ 243,175	6,143,941
Interest payable		143		143
Due to other				
governmental units			425,623	425,623
Total liabilities	<u>\$ 46,613</u>	<u>\$ 5,954,079</u>	<u>\$ 668,798</u>	<u>\$ 6,669,490</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, 2019

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ (12,602)	\$ 176,486,215	\$ 176,685,382	\$ (211,769)
Due from fiduciary	219,177	137,232	98,027	258,382
TOTAL ASSETS	<u>\$ 206,575</u>	<u>\$ 176,623,447</u>	<u>\$ 176,783,409</u>	<u>\$ 46,613</u>
LIABILITIES				
Accounts payable	<u>\$ 206,575</u>	<u>\$ 92,635,592</u>	<u>\$ 92,795,554</u>	<u>\$ 46,613</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 2,796,416	\$ 325,948,113	\$ 327,416,241	\$ 1,328,288
Investments	3,152,482	1,473,307	4,935	4,620,854
Receivables, net	15,857	4,937	15,857	4,937
TOTAL ASSETS	<u>\$ 5,964,755</u>	<u>\$ 327,426,357</u>	<u>\$ 327,437,033</u>	<u>\$ 5,954,079</u>
LIABILITIES				
Accounts payable	\$ 16,636	\$ 2,736,928	\$ 2,700,394	\$ 53,170
Deposits and escrow	5,729,130	160,973,477	160,801,841	5,900,766
Interest payable	218,989	156,116	374,962	143
TOTAL LIABILITIES	<u>\$ 5,964,755</u>	<u>\$ 163,866,521</u>	<u>\$ 163,877,197</u>	<u>\$ 5,954,079</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, 2019

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 554,657	114,141	\$ -	\$ 668,798
LIABILITIES				
Deposits and escrow	\$ 166,111	77,064		\$ 243,175
Due to other governmental units	388,546	37,077		425,623
TOTAL LIABILITIES	<u>\$ 554,657</u>	<u>\$ 114,141</u>	<u>\$ -</u>	<u>\$ 668,798</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 3,338,471	\$ 502,548,469	\$ 504,101,623	\$ 1,785,317
Investments	3,152,482	1,473,307	4,935	4,620,854
Receivables, net	15,857	4,937	15,857	4,937
Due from fiduciary	219,177	137,232	98,027	258,382
TOTAL ASSETS	<u>\$ 6,725,987</u>	<u>\$ 504,163,945</u>	<u>\$ 504,220,442</u>	<u>\$ 6,669,490</u>
LIABILITIES				
Accounts payable	\$ 223,211	\$ 95,372,520	\$ 95,495,948	\$ 99,783
Deposits and escrow	5,895,241	161,050,541	160,801,841	6,143,941
Interest payable	218,989	156,116	374,962	143
Due to other governmental units	388,546	37,077		425,623
TOTAL LIABILITIES	<u>\$ 6,725,987</u>	<u>\$ 256,616,254</u>	<u>\$ 256,672,751</u>	<u>\$ 6,669,490</u>

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

City of Southfield, Michigan

Statistical Section June 30, 2019

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	190
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	195
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	201
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	204
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	213
Continuing Disclosure Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	217

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Southfield, Michigan

Net Position By Component Last Ten Fiscal Years (in dollars)

	<u>2019</u>	<u>2018 **</u>	<u>2017</u>	<u>2016</u>	<u>2015 *</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities										
Net investment in capital assets	102,881,393	101,005,048	95,674,999	95,813,554	44,661,333	88,692,768	91,559,223	93,389,840	96,615,975	98,978,617
Restricted	28,547,110	25,206,114	30,065,371	29,819,410	70,089,972	26,288,768	24,842,971	27,527,622	26,807,000	16,985,243
Unrestricted	(147,836,530)	(288,325,900)	(81,334,926)	(63,833,162)	(39,862,697)	12,855,588	19,470,703	36,362,533	26,962,026	45,701,194
Total governmental activities net position	<u>(16,408,027)</u>	<u>(162,114,738)</u>	<u>44,405,444</u>	<u>61,799,802</u>	<u>74,888,608</u>	<u>127,837,124</u>	<u>135,872,897</u>	<u>157,279,995</u>	<u>150,385,001</u>	<u>161,665,054</u>
Business-type activities										
Net investment in capital assets	97,382,754	98,951,625	93,842,676	74,685,935	61,656,052	48,161,029	45,424,573	42,942,563	43,508,935	44,233,548
Unrestricted	4,373,370	(7,121,199)	2,667,324	21,124,042	31,870,522	43,057,372	42,737,431	40,881,674	32,925,387	26,001,817
Total business-type activities net position	<u>101,756,124</u>	<u>91,830,426</u>	<u>96,510,000</u>	<u>95,809,977</u>	<u>93,526,574</u>	<u>91,218,401</u>	<u>88,162,004</u>	<u>83,824,237</u>	<u>76,434,322</u>	<u>70,235,365</u>
Primary government										
Net investment in capital assets	200,264,147	199,956,673	189,517,675	170,499,489	106,317,385	136,853,797	136,983,796	136,332,403	140,124,910	143,212,165
Restricted	28,547,110	25,206,114	30,065,371	29,819,410	70,089,972	26,288,768	24,842,971	27,527,622	26,807,000	16,985,243
Unrestricted	(143,463,160)	(295,447,099)	(78,667,602)	(42,709,120)	(7,992,175)	55,912,960	62,208,134	77,244,207	59,887,413	71,703,011
Total primary government net position	<u>85,348,097</u>	<u>(70,284,312)</u>	<u>140,915,444</u>	<u>157,609,779</u>	<u>168,415,182</u>	<u>219,055,525</u>	<u>224,034,901</u>	<u>241,104,232</u>	<u>226,819,323</u>	<u>231,900,419</u>

Notes:

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

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

City of Southfield, Michigan

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses net of Recovery*										
Governmental activities:										
General government	(8,953,254)	15,004,501	17,939,038	16,465,647	15,685,934	19,238,783	13,516,403	14,231,933	18,707,551	20,391,246
Public safety	(32,897,550)	68,115,664	65,696,598	63,045,761	50,953,807	49,905,628	49,874,106	41,684,855	44,108,179	47,493,784
Highway and streets	6,714,621	14,584,864	12,249,162	12,120,677	10,654,646	10,899,272	10,002,530	9,785,950	8,693,174	11,482,043
Public services	52,177	2,970,380	2,656,844	1,565,891	1,492,616	1,505,322	1,469,968	1,388,114	1,218,182	1,389,038
Sanitation	2,698,219	2,549,858	2,782,468	3,088,287	3,248,297	2,946,305	2,999,397	3,146,562	3,117,337	2,992,795
Community improvement	452,328	535,271	571,835	435,655	547,084	503,364	378,392	754,452	1,554,893	1,790,413
Social services	(1,209,965)	2,482,797	2,026,666	2,848,395	2,257,567	2,151,982	2,608,788	4,802,279	4,765,197	5,769,271
Culture and recreation	1,493,428	12,812,976	17,861,783	16,362,176	14,989,869	15,421,345	14,833,808	15,413,138	15,598,576	17,530,353
Interest on long-term debt	3,226,692	2,176,109	2,393,324	2,789,226	2,211,125	1,846,460	2,228,416	2,246,976	2,346,243	2,296,086
Total governmental activities expenses	(28,423,304)	121,232,420	124,177,718	118,721,715	102,040,945	104,418,461	97,911,808	93,454,259	100,109,332	111,135,029
Business-type activities:										
Water and sewer	38,883,241	41,557,721	42,158,425	39,297,717	35,239,077	35,004,942	32,946,783	31,348,426	28,956,192	27,331,285
Total primary government expenses	10,459,937	162,790,141	166,336,143	158,019,432	137,280,022	139,423,403	130,858,591	124,802,685	129,065,524	138,466,314
Program revenues										
Charges for services:										
General government	1,997,640	3,355,275	2,041,601	2,201,021	1,144,013	1,377,779	1,923,492	1,157,454	1,193,553	1,151,141
Public safety	9,921,251	9,613,579	9,629,419	9,150,364	9,675,824	8,385,676	8,352,338	8,432,922	8,334,575	7,672,765
Highways and streets		1,300,000								
Public services	558,912	1,315,538	666,814	1,245,286	706,405	482,508	605,056	745,171	633,602	642,088
Sanitation	3,010,400	2,675,041	2,523,464	3,179,966	3,070,248	3,070,933	3,161,928	3,135,091	3,142,554	3,255,094
Community improvement		541,309	1,987,860	376,099	363,381	210,232	149,078	322,502	295,215	469,455
Culture and recreation	4,442,256	3,160,789	3,467,265	3,671,531	4,306,858	4,278,961	4,184,976	4,174,246	3,966,195	3,907,991
Operating grants and contributions	13,173,234	13,436,067	12,019,411	8,869,321	9,474,674	11,106,575	9,725,082	13,024,964	11,355,728	14,502,804
Capital grants and contributions	1,491	114,250	2,075	2,075			332,053	74,886		1,100,000
Total governmental activities program revenues	33,105,184	35,511,848	32,335,834	28,695,663	28,741,403	28,912,664	28,434,003	31,067,236	28,921,422	32,701,338
Business-type activities:										
Charges for services:										
Water and sewer	48,380,692	44,183,759	42,818,241	41,074,852	37,888,336	36,671,976	38,241,205	38,002,545	35,022,377	33,039,764
Capital grants and contributions						3,345	121,440	161,652		
Total business-type activities program revenues	48,380,692	44,183,759	42,818,241	41,074,852	37,888,336	36,675,321	38,362,645	38,164,197	35,022,377	33,039,764
Total primary government program revenues	81,485,876	79,695,607	75,154,075	69,770,515	66,629,739	65,587,985	66,796,648	69,231,433	63,943,799	65,741,102
Net (Expense)/Revenue										
Governmental activities	61,528,488	(85,720,572)	(91,841,884)	(90,026,052)	(73,299,542)	(75,505,797)	(69,477,805)	(62,387,023)	(71,187,910)	(78,433,691)
Business-type activities	9,497,451	2,626,038	659,816	1,777,135	2,649,259	1,670,379	5,415,862	6,815,771	6,066,185	5,708,479
Total primary government net expense	71,025,939	(83,094,534)	(91,182,068)	(88,248,917)	(70,650,283)	(73,835,418)	(64,061,943)	(55,571,252)	(65,121,725)	(72,725,212)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	68,477,196	64,459,301	64,457,071	65,040,960	58,038,889	59,325,483	59,510,906	60,710,702	50,811,665	60,128,647
Unrestricted state shared revenues	8,452,935	8,130,949	7,632,236	6,580,135	6,464,147	6,351,775	6,184,435	6,016,116	6,224,989	6,228,151
Unrestricted investment earnings	2,991,644	1,114,275	1,136,782	2,446,327	1,132,298	989,671	301,515	627,531	557,099	1,237,133
Unrestricted investment earnings, fair value	1,092,860	705,968	(832,153)							
Miscellaneous	3,163,588	540,828	2,053,590	2,869,824	2,509,393	1,066,395	628,512	1,870,282	2,259,967	2,674,444
Transfers						(263,300)	986,505	57,386	54,137	56,882
Total governmental activities	84,178,223	74,951,321	74,447,526	76,937,246	68,144,727	67,470,024	67,611,873	69,282,017	59,907,857	70,325,257
Business-type activities:										
Unrestricted investment earnings (loss)	183,820	47,455	73,846	431,341	744,480	914,669	(112,248)	395,840	103,567	346,564
Unrestricted investment earnings (loss), fair value	18,391	(44,854)	(83,433)							
Miscellaneous	226,033	18,496	49,794	74,930	73,228	208,049	20,658	235,690	83,342	183,242
Transfers						263,300	(986,505)	(57,386)	(54,137)	(56,882)
Total business-type activities	428,244	21,097	40,207	506,271	817,708	1,386,018	(1,078,095)	574,144	132,772	472,924
Total primary government	84,606,467	74,972,418	74,487,733	77,443,517	68,962,435	68,856,042	66,533,778	69,856,161	60,040,629	70,798,181
Change in Net Position										
Governmental activities	145,706,711	(10,769,251)	(17,394,358)	(13,088,806)	(5,154,815)	(8,035,773)	(1,865,932)	6,894,994	(11,280,053)	(8,108,434)
Business-type activities	9,925,695	2,647,135	700,023	2,283,406	3,466,967	3,056,397	4,337,767	7,389,915	6,198,957	6,181,403
Total primary government	155,632,406	(8,122,116)	(16,694,335)	(10,805,400)	(1,687,848)	(4,979,376)	2,471,835	14,284,909	(5,081,096)	(1,927,031)

Notes:

*Includes recovery expenses: General Government (22,133,391), Public Safety (94,679,246), Highways and Streets (6,105,843), Public Services (3,079,569), Social Services (3,440,898), Culture and Recreation (13,325,488), Water and Sewer (4,434,501)

City of Southfield, Michigan

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General fund										
Non-spendable	15,409,414	13,302,124	8,622,061	6,475,886	4,221,267	943,657	1,126,971	1,087,648	1,148,696	
Restricted	1,602,557	1,000,439	690,567	737,229	281,160	1,274,069	1,682,768	1,520,237	1,285,124	
Committed	23,517,350	19,542,663	11,325,571	15,735,820	13,465,937	10,647,485	9,380,385	6,365,392	6,024,279	
Assigned	777,519	348,733	12,848,733	224,063	121,944	586,969	2,366,529	2,565,093	45,123	
Unassigned	15,476,115	14,890,551	12,455,795	8,210,574	7,760,254	7,826,124	1,932,931	1,574,840	486,981	
Reserved										1,534,382
Unreserved										14,218,642
Total general fund	<u>56,782,955</u>	<u>49,084,510</u>	<u>45,942,727</u>	<u>31,383,572</u>	<u>25,850,562</u>	<u>21,278,304</u>	<u>16,489,584</u>	<u>13,113,210</u>	<u>8,990,203</u>	<u>15,753,024</u>
Major streets ****										
Restricted	1,695,252	232,120	479,741	1,221,210						
Total major street fund	<u>1,695,252</u>	<u>232,120</u>	<u>479,741</u>	<u>1,221,210</u>						
Local streets **										
Restricted			7,934,388				1,985,106	3,635,875		
Committed								254,651		
Total local streets			<u>7,934,388</u>				<u>1,985,106</u>	<u>3,890,526</u>		
Cable Television *****										
Non-spendable			17,937	11,610						
Restricted			332,075	657,161						
Committed			564,846	571,173						
Total cable television			<u>914,858</u>	<u>1,239,944</u>						
Road Bond Construction ***										
Restricted	22,459,083	35,661,458	7,553,533	23,145,796	43,064,130					
Total road bond construction	<u>22,459,083</u>	<u>35,661,458</u>	<u>7,553,533</u>	<u>23,145,796</u>	<u>43,064,130</u>					
Capital Improvement **										
Restricted								665,137	684,676	2,150,270
Assigned								635,242	343,604	
Total capital improvement								<u>1,300,379</u>	<u>1,028,280</u>	<u>2,150,270</u>
Special assessment construction *****										
Restricted		248,221	273,029	383,163						
Committed			376,130	330,378						
Assigned		991,706	295,117	445,974						
Total special assessment construction		<u>1,239,927</u>	<u>944,276</u>	<u>1,159,515</u>						
Other Governmental Funds										
Non-spendable	3,518,810	71,434	61,236	61,460	111,969	249,055	100,832	112,180	158,289	
Restricted	24,470,214	22,627,824	15,022,875	23,489,423	22,178,484	21,436,016	17,767,970	18,171,039	22,181,680	
Committed	866,053	920,433	443,879	857,837	4,417,821	5,057,228	3,817,656	3,396,257	2,545,386	
Assigned	10,100,836	6,468,652	7,869,903	7,238,921	5,879,087	3,849,932	3,610,924	1,534,454	1,568,063	
Unassigned	(42,079)					(162,584)	(140,715)	(706,268)	(1,130,144)	
Reserved										6,716,141
Unreserved, reported in:										
Special revenue funds										19,231,796
Total other governmental funds	<u>38,913,834</u>	<u>30,088,343</u>	<u>23,397,893</u>	<u>31,647,641</u>	<u>32,587,361</u>	<u>30,429,647</u>	<u>25,156,667</u>	<u>22,507,662</u>	<u>25,323,274</u>	<u>25,947,937</u>

Notes:

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

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

*** Road Bond Construction major fund 2015-2016

**** Major Street Fund major fund 2016

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

City of Southfield, Michigan

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 *</u>	<u>2010</u>
Revenues										
Property taxes	68,492,600	64,830,466	63,910,955	64,893,949	58,299,529	59,427,443	59,318,129	60,710,702	50,811,665	64,076,424
Special assessments	731,373	1,147,885	471,232	376,100	363,379	210,234	337,955	322,503	295,215	469,453
Program earnings								46,432	89,708	266,303
Charges for services	7,230,614	8,952,924	6,040,334	6,672,822	5,726,183	5,553,689	5,855,958	5,805,936	5,701,533	5,543,522
Sanitation	3,010,400	2,675,041	2,523,464	3,179,966	3,070,248	3,070,933	3,161,928	3,135,091	3,142,554	3,255,094
Licenses and permits	3,822,998	4,073,723	3,769,054	2,695,547	3,626,811	2,465,614	2,062,659	2,133,162	2,143,357	2,047,212
Fines and forfeitures	3,310,671	3,170,861	3,541,331	4,305,908	4,579,780	4,550,607	4,562,075	4,940,172	4,725,666	4,363,309
Federal forfeitures	87,475	189,393	132,371	63,471	15,640	27,631	60,531			
Cable franchise fees	2,296,217	2,342,413	2,483,796	2,630,954	1,910,925	1,907,580	1,550,192	1,630,516	1,557,363	1,419,934
Intergovernmental:										
Federal	2,564,070	2,419,284	3,970,295	2,033,805	2,464,286	4,000,451	3,566,630	6,530,716	5,358,682	8,294,298
State	17,874,186	17,771,346	13,092,069	12,378,566	12,026,566	12,058,538	11,515,990	11,120,784	11,275,646	11,216,633
Other	1,016,835	2,213,780	790,374	844,810	1,301,666	725,760	771,331	1,253,776	677,982	899,853
Contributions and donations	154,357	345,608	280,980	648,277	120,060	442,991	80,855	164,257	340,387	153,873
Net investment earnings	2,991,634	1,350,889	1,137,292	2,493,770	1,132,298	989,664	301,516	627,531	557,100	1,237,125
Net investment earnings, fair value	1,092,860	345,161	(832,147)							
Other	2,962,384	835,602	1,725,482	2,441,090	2,556,041	1,255,103	628,518	1,695,658	2,098,278	3,674,444
Total revenues	117,638,674	112,664,376	103,036,882	105,659,035	97,193,412	96,686,238	93,774,267	100,117,236	88,775,136	106,917,477
Expenditures										
General government	9,444,651	9,193,826	9,357,206	8,846,432	7,970,532	7,631,283	8,118,011	8,704,424	9,572,707	10,207,779
Public safety	50,955,888	49,209,620	48,745,629	46,348,737	44,094,992	44,843,468	43,909,381	44,213,881	46,209,990	46,186,698
Highways and streets	8,476,984	8,150,738	7,489,049	5,871,047	6,173,142	6,205,694	5,841,206	6,294,730	8,981,332	10,774,737
Public services	1,651,681	2,457,165	1,402,491	901,302	692,765	677,969	609,558	696,105	820,990	766,661
Sanitation	2,698,219	2,549,858	2,782,468	3,088,287	3,248,297	2,946,305	2,999,397	3,146,562	3,117,337	2,992,795
Community improvement	452,328	535,271	571,835	435,655	547,084	503,364	378,392	755,660	1,555,446	1,534,952
Social services	1,968,330	1,773,621	1,597,920	1,728,259	1,871,601	2,047,022	2,435,970	4,556,490	4,707,580	5,710,361
Culture and recreation	12,894,471	11,916,827	11,963,738	11,911,344	12,024,450	12,017,523	11,980,291	13,202,079	15,262,884	14,853,419
Insurance and bonds	678,225	127,107	132,930	76,853	56,250	49,951	529,432	529,578	558,454	603,227
Support services	2,661,157	2,681,503	5,282,452	4,932,507	5,120,037	4,724,481	5,678,180	4,998,157	4,340,936	4,788,658
Other	177,158	4,088	42,615	46,975	575,505	468,123	387,455	556,950	1,464,158	3,057,515
Capital outlay	17,160,673	17,233,853	19,172,508	24,746,624	8,622,672	3,219,766	3,912,443	3,273,984		
Debt service										
Principal retirement	7,903,033	8,348,847	8,042,594	7,229,538	2,944,647	2,707,625	2,335,790	2,352,075	2,218,042	2,434,284
Interest and fiscal charges	3,083,030	2,199,927	2,437,034	2,882,536	1,996,487	1,924,616	2,201,538	2,258,317	2,359,384	2,305,876
Total expenditures	120,205,828	116,382,251	119,020,469	119,046,096	95,938,461	89,967,190	91,317,044	95,538,992	101,169,240	106,216,962
Excess of revenues over (under) expenditures	(2,567,154)	(3,717,875)	(15,983,587)	(13,387,061)	1,254,951	6,719,048	2,457,223	4,578,244	(12,394,104)	700,515
Other Financing Sources (Uses)										
Sale of capital assets								174,627		
Transfers in	15,386,341	11,540,412	29,664,407	27,084,718	8,493,780	3,932,251	4,552,193	3,923,927	7,642,338	6,162,236
Proceeds on long-term debt		30,885,000			73,275,000		3,430,000			
Premium on bond issuance		1,971,817			4,064,034					
Bond issuance cost							(42,139)			
Transfers out	(14,214,681)	(11,540,412)	(16,311,082)	(25,402,029)	(8,008,665)	(2,574,705)	(2,985,552)	(3,206,778)	(3,757,708)	(4,683,152)
Payment to escrow fund for refunding					(29,284,999)		(3,387,861)			
Total other financing sources (uses)	1,171,660	32,856,817	13,353,325	1,682,689	48,539,150	1,357,546	1,566,641	891,776	3,884,630	1,479,084
Net change in fund balances	(1,395,494)	29,138,942	(2,630,262)	(11,704,372)	49,794,101	8,076,594	4,023,864	5,470,020	(8,509,474)	2,179,599

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	
2019		\$ 15,476,115	\$ 68,237,177	22.7	%
2018		14,890,551	66,527,171	22.4	
2017		12,455,795	66,726,729	18.7	
2016		8,210,574	64,129,257	12.8	
2015		7,760,254	61,331,202	12.7	
2014		7,826,124	61,004,444	12.8	
2013		1,932,931	62,397,410	3.1	
2012		1,574,840	62,374,108	2.5	
2011*		486,981	64,128,702	0.8	
2010	\$ 1,282,152		65,064,386	2.0	

Notes:

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

City of Southfield, Michigan

General Governmental Tax Revenue By Source Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Funds						
	Major Funds			Non-Major Funds			
	General Fund	Major Streets	Local Streets	Special Revenue			Debt Service
				Municipal Fund	Parks & Recreation	Library	Drains-at-Large
2019	18.7960	0.0560	0.9440		1.7500	2.8000	0.1467
2018	18.0452	0.0560	0.9440		1.7500	2.8000	0.0267
2017	17.8926	0.1148	0.1059		1.7500	2.8000	0.1467
2016	17.9205	0.1148	1.1059		1.7500	2.8000	0.4873
2015	17.9730	0.1148	1.1059		1.7500	2.8000	0.4873
2014	18.2431	0.1148	1.1059		1.7500	2.8000	0.4873
2013	17.4638	0.1148	1.1059		1.7500	2.8000	0.4873
2012	16.5004	0.1324	1.0883		1.7500	2.8000	0.3591
2011	11.3115	0.0854	1.0260	*	1.6524	2.0934	0.1741
2010	11.1419		0.9440	0.3370	1.6524	2.0934	0.1741

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>
2019	\$ 66,833,066	\$ 63,753,403	95.4 %	\$ 2,789,983	\$ 47,206	\$ 66,590,592	99.6 %	\$ 232,611	0.3 %
2018	63,537,132	60,631,367	95.4	2,623,779	40,152	63,295,298	99.6	239,665	0.4
2017	62,437,580	59,523,884	95.3	2,605,735	39,326	62,168,945	99.6	268,293	0.4
2016	63,538,323	60,383,675	95.0	2,784,743	29,222	63,197,640	99.5	287,178	0.5
2015	57,054,765	53,923,027	94.5	2,911,453	41,203	56,875,683	99.7	230,646	0.4
2014	57,440,691	54,652,864	95.1	2,725,509	41,405	57,419,778	100.0	263,855	0.5
2013	58,239,005	54,583,381	93.7	3,321,912	71,291	57,976,584	99.5	261,021	0.4
2012	58,366,953	54,778,491	93.9	3,207,968	47,337	58,033,796	99.4	333,157	0.6
2011	48,073,059	44,762,478	93.1	3,103,510	118,769	47,984,757	99.8	83,409	0.2
2010	57,966,394	53,960,012	93.1	3,712,273	81,942	57,754,227	99.6	210,996	0.4

City Of Southfield, Michigan

Largest Taxpayers Last Ten Fiscal Years

2019 Rank	Taxpayer	2019 Taxable Value	Percentage of Total	2010 Rank	Taxpayer	2010 Taxable Value	Percentage
1	SL Town Etal	\$ 77,854,760	3.2 %	1	BRE Southfield (SL Town)	\$ 99,513,160	3.2 %
2	Radico	45,353,950	1.9	2	Verizon Wireless	48,931,510	1.6
3	Southfield Galleria	34,296,780	1.4	3	Galleria Properties	43,764,960	1.4
4	Denso International America	32,998,910	1.4	4	First Center Southfield	33,119,690	1.1
5	Hartman & Tyner	31,977,040	1.3	5	Allied Phase One Venture	31,299,620	1.0
6	DTE	28,903,590	1.2	6	Ramco Gershenson Properties	29,183,130	0.9
7	Lear Corporation	27,574,330	1.1	7	Lear Corporation	25,743,450	0.8
8	Goldoller Real Estate Investment	22,796,820	0.9	8	Denso International America	22,961,360	0.7
9	Ramco Gershenson Properties	22,699,450	0.9	9	American Ctr Acquisition	22,626,350	0.7
10	Finsilver friedment Dev	19,307,420	0.8	10	BASF Corp	21,489,940	0.7
Total taxable value 2019 -->		\$ 2,400,338,435				\$ 3,125,919,170	<-- Total taxable value 2010

City Of Southfield, Michigan

Assessed Value (AV) Of Taxable Property Last Ten Fiscal Years

State Equalized Valuation (SEV) (1) / Taxable Valuation (TV) (2)

FY Ending June 30	Real Property(AV)	Personal Property(AV)	Total Property(SEV)	TV	Decrease	
2019	\$ 3,071,690,050	\$ 325,912,740	\$ 3,397,602,790	\$ 2,562,758,500	5.3	%
2018	2,639,081,480	360,598,950	2,999,680,430	2,427,593,700	1.1	
2017	2,481,509,745	353,938,980	2,835,448,725	2,400,338,435	(0.7)	
2016	2,364,896,300	374,246,720	2,739,143,020	2,417,356,855	1.0	
2015	2,241,104,571	364,732,760	2,605,837,331	2,391,992,576	(1.9)	
2014	2,220,124,940	378,198,940	2,598,323,880	2,437,203,620	(3.5)	
2013	2,289,025,280	377,756,530	2,666,781,810	2,522,981,550	(6.8)	
2012	2,466,923,090	392,400,400	2,859,323,490	2,695,302,360	(15.2)	
2011	(4) 2,885,022,310	411,235,320	3,296,257,630	3,105,202,030	(17.8)	
2010	3,534,176,302	431,331,530	(4) 3,965,507,832	(4) 3,656,625,252	(2.6)	(3)

Notes:

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

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

(3) Assessing department provided corrected data to realign data by fiscal year for FY2008 - FY2010.

(4) Source: City of Southfield, Assessing Department.

City of Southfield, Michigan

Property Tax Rates (Per \$1,000 of Taxable Assessed Value)

Fiscal Year Ending June 30	General Fund				Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total All Rates
	Operating	Public Safety Expansion	PA 59 of 2012	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains-At-Large	UTGO Road Bond	
2019	6.609	6.891	0.020	5.055	1.750	2.800	1.000	0.221	0.147	2.580	27.073
2018	6.609	6.891	0.020	4.525	1.750	2.800	1.000	0.221	0.027	2.580	26.423
2017	6.609	6.891	0.021	4.371	1.750	2.800	1.000	0.221	0.147	2.580	26.390
2016	6.609	6.891	0.023	4.397	1.750	2.800	1.000	0.221	0.487	2.580	26.759
2015	6.609	6.891	0.023	4.450	1.750	2.800	1.000	0.221	0.487		24.231
2014	6.609	6.891	0.023	4.720	1.750	2.800	1.000	0.221	0.487		24.501
2013	6.609	6.891	0.021	3.942	1.750	2.800	1.000	0.221	0.487		23.722
2012	6.609	6.891		3.000	1.750	2.800	1.000	0.221	0.359		22.630
2011	6.609	2.833		1.869	1.652	2.093	0.944	0.167	0.174		16.341
2010	6.609	2.833		1.700	1.652	2.093	0.944	0.337	0.174		16.342

ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total City	Southfield Public School **	Oakland County Intermediate	Oakland County Operating Levy ++	Oakland County Community College	Total *	City % of Total	Birmingham Public School +	Oak Park Public School +
2019	18.575	5.771	0.147	2.580	27.073	25.987	3.281	5.333	1.543	63.217	42.8 %	17.443	14.999
2018	18.045	5.771	0.027	2.580	26.423	25.987	3.308	5.771	1.556	63.045	41.9	18.073	15.000
2017	17.893	5.771	0.147	2.580	26.390	25.987	3.340	5.785	1.571	63.072	41.8	17.395	15.459
2016	17.921	5.771	0.487	2.580	26.759	25.987	3.363	6.230	1.582	63.920	41.9	18.627	15.500
2015	17.973	5.771	0.487		24.231	27.077	3.369	4.646	1.584	60.908	39.8	19.224	15.500
2014	18.243	5.771	0.487		24.501	26.487	3.369	5.536	1.584	61.477	39.9	19.983	16.500
2013	17.464	5.771	0.487		23.722	26.487	3.369	5.536	1.584	60.698	39.1	19.460	16.500
2012	16.500	5.771	0.359		22.630	26.487	3.369	5.336	1.584	59.406	38.1	19.024	15.000
2011	11.311	4.857	0.174		16.342	25.287	3.369	5.336	1.584	51.918	31.5	18.079	13.200
2010	11.142	5.026	0.174		16.342	25.247	3.369	5.336	1.584	51.878	31.5	17.375	12.970

Notes:

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

** Rate includes 6 mills for state education.

+ Homestead rate used.

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

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)
2019	\$ 2,427,593,700	\$	57,488,128		1.024	\$	2,426,988,106	\$	2,485,025,360	\$	98,101,263	\$	2,386,924,097	1.0168	0.9794
2018	2,400,338,435		43,625,861		1.021		2,406,203,538		2,427,593,700		80,801,282		2,346,792,418	1.0253	0.9910
2017	2,417,356,855		45,983,621		1.009		2,392,715,593		2,400,338,435		81,765,852		2,318,572,583	1.0171	0.9440
2016	2,391,992,576		66,018,984		1.016		2,363,189,169		2,417,356,855		94,215,581		2,323,141,274	1.0172	0.9440
2015	2,437,203,620		52,195,164		1.016		2,423,168,591		2,391,992,576		75,432,640		2,316,559,936	1.0460	0.9440
2014	2,523,872,910		43,020,605		1.024		2,540,392,760		2,437,203,620		87,681,220		2,349,522,400	1.0812	0.9440
2013	2,695,302,360		65,017,432		1.027		2,701,302,621		2,523,872,910		90,161,072		2,433,711,838	1.1100	0.9440
2012	3,105,202,030		65,378,124		1.017		3,091,500,912		2,695,302,360		70,430,130		2,624,872,230	1.1778	0.9440
2011	3,656,625,252		62,575,642		0.997		3,583,267,461		3,105,202,030		63,534,400		3,041,667,630	1.1781	0.9440
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

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, 2019

	<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 71,739)</u>	<u>% Of State Equalized Value \$ 3,397,602,790</u>
DIRECT AND INDIRECT DEBT			
<u>Direct Debt</u>			
General Obligation Bonds-Unlimited Tax	\$ 30,370,000		
General Obligation Bonds-Unlimited Tax	23,175,000		
General Obligation Bonds-Limited Tax-Refunding	1,770,000		
Building Authority Bonds	17,330,000		
Water & Sewer Revenue Bonds	4,526,741		
General Obligation -Limited Tax	3,377,387		
Water and Sewer Capital - Limited Tax	67,015,000		
Michigan Transportation Fund Bonds	<u>5,655,000</u>		
Direct Debt	153,219,128	\$ 2,135.79	4.51 %
<u>Indirect Debt</u>			
Oakland County Contractual Obligations:			
Drains-At-Large	\$ <u>3,282,751</u>		
Indirect Debt	<u>3,282,751</u>	45.76	<u>0.10</u>
Gross Debt	156,501,879	2,181.55	4.61
<u>OVERLAPPING DEBT (2)</u>			
Southfield School District	94.23 % \$ 40,796,879		
Oak Park School District	18.29 1,147,698		
Birmingham School District	1.81 3,402,710		
Oakland County at Large	4.24 13,349,399		
Oakland County Intermediate School District	4.26 1,868,223		
Total Overlapping Debt	<u>60,564,909</u>	<u>844.24</u>	<u>1.78</u>
	<u>\$ 217,066,788</u>	<u>\$ 3,025.78</u>	<u>6.39 %</u>

Notes:

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

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

City Of Southfield, Michigan

Statement of Legal Debt Margin June 30, 2019

	Debt Margin Calculation			Statutory
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Limit
State Equalized Value at 12/31/17			100%	\$ 3,397,602,790
Debt Subject to Statutory Limitation				
General Obligation Bonds-Unlimited Tax	\$ 30,370,000		\$ 30,370,000	
General Obligation Bonds-Unlimited Tax	23,175,000		23,175,000	
General Obligation -Limited Tax	3,377,387		3,377,387	
Water and Sewer Capital - Limited Tax	67,015,000		67,015,000	
General Obligation Bonds-Limited Tax-Refunding	1,770,000		1,770,000	
Building Authority Bonds	17,330,000		17,330,000	
Oakland County Contractual Obligations-Drains	3,282,751		3,282,751	
Restricted Indebtedness	146,320,138		146,320,138	10%
Michigan Transportation Fund Bond	5,655,000		5,655,000	
Emergency Bonds				3.75%
Special Assessment Bonds				12%
Total	151,975,138		\$ 151,975,138	\$ 760,213,624
State of Michigan Water Supply and Sewage Disposal Revenue Bonds				
Series to 6/30/02				
1998A (LTGO) 2.25%				
1998B (LTGO) 2.50%	1,655,000			
1999 (LTGO) 2.50%	2,181,741			
2000 (LTGO) 2.50%	690,000			
Total Water and Sewage Disposal Revenue Bonds		\$ 4,526,741		
Gross City Debt		\$ 156,501,879		

Notes:

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

City Of Southfield, Michigan

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

Fiscal Year Ending <u>June 30</u>	<u>Population</u> (2)	<u>Taxable Value</u>	<u>Bonded Debt</u> (1)	Less Funds	<u>Net</u>	Ratio Of	<u>Net</u>
				<u>Available</u>		<u>Debt To</u>	
				<u>In Debt</u>	<u>Debt</u>	<u>Value</u>	<u>Capita</u>
2019	71,739	\$ 2,562,758,500	\$ 151,975,138	\$ 1,863,903	\$ 150,111,235	5.86	% \$ 2,092.46
2018	71,739	2,427,593,700	62,290,784	5,044,574	57,246,210	2.36	797.98
2017	71,739	2,400,338,435	66,949,631	2,331,571	64,618,060	2.69	900.74
2016	71,739	2,417,356,855	74,992,225	2,530,317	72,461,908	3.00	1,010.08
2015	71,739	2,391,992,576	82,221,763	1,464,207	80,757,556	3.38	1,125.71
2014	71,739	2,437,203,620	40,386,411	1,073,226	39,313,185	1.61	548.00
2013	71,739	2,522,981,550	43,094,036	550,347	42,543,689	1.69	593.03
2012	71,739	2,695,302,360	45,429,826		45,429,826	1.69	633.27
2011	71,739	3,105,202,030	47,781,901		47,781,901	1.54	666.05
2010	71,739	3,656,625,252	49,999,942	236,960	49,762,982	1.36	635.58

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

Fiscal Year Ending <u>June 30</u>	<u>Debt Service Requirements</u>			<u>Total</u>	<u>Ratio Of Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
				<u>Expenditures</u> (3)	<u>Expenditures</u>
2019	\$ 7,384,851	\$ 1,967,506	\$ 9,352,357	\$ 115,357,528	8.11 %
2018	8,348,847	2,199,927	10,548,774	124,720,432	8.46
2017	8,042,594	2,383,095	10,425,689	114,361,278	9.12
2016	7,229,538	2,734,021	9,963,559	114,758,571	8.68
2015	2,944,647	1,332,524	4,277,171	99,669,163	4.29
2014	2,707,625	1,770,415	4,478,040	92,877,415	4.82
2013	2,335,790 (4)	2,051,732	4,387,522	94,468,782	4.64
2012	2,352,075	2,063,617	4,415,692	98,871,731	4.47
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.34
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.01

Notes:

- (1) Excludes water revenue bonds
- (2) 2010 Census data from U.S. Census Bureau. (2a) Taxable Value updated by Assessing Dept.
- (3) Includes general, special revenue, capital, and component units.
- (4) Excludes refunding

City Of Southfield, Michigan

Demographic Statistics Last Ten Fiscal Years

Fiscal Year Ending Jun 30	Population (1)	Per Capita Income (2)(5)	Median Age (2)(5)	School Enrollment (3)	Unemployment Rate Percentage (4)		Retail Sales (000) (2)(6)
2019	73,158	\$ 28,096	42.5	5,618	4.9	%	*
2018	73,208	29,361	42.5	6,228	4.8		*
2017	71,739	29,045	42.5	9,584	4.2		*
2016	71,739	28,788	41.6	9,429	6.6		*
2015	71,739	26,944	42.1	9,429	10.3		*
2014	71,739	28,635	42.3	9,429	10.3		*
2013	71,739	28,850	42.0	9,429	11.1	\$	2,165,700
2012	71,739	28,692	42.4	9,191	11.2		*
2011	71,739	26,928	42.0	9,917	14.0		*
2010	71,739	29,816	40.1	8,188	13.6		*

Notes:

- (1) 2000 Census Data From U.S. Census Bureau & * updated 2010 data and 2011 data from U.S. Census Bureau 2010
 - (2) Survey of Buying Power: Sales and Marketing Management; New York, N.Y.
 - (3) Southfield Public Schools, Southfield, Michigan/2018 data from mischooldata.org
 - (4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as MI Empl Sec Comm/2010 City-Data.Com
 - (5) U.S. Census American Community Survey (For FY2007 and 2008)/2010 U.S. Census Fact Finder 2 as of June 2011
 - (6) Business demographics from combination of U.S. Census, American Community Surveys, www.BiggestUsCities.com
- * Information not available

City Of Southfield, Michigan

Principal Employers Last Ten Calendar Years

Rank	Taxpayer 2019	2019 Employees	Percentage of Total	Rank	Taxpayer 2009	2009 Employees	Percentage of Total
1	Ascension Health/St. John Providence Hospital	3,800	3.31 %	1	St. John Providence Hospital	3,600	2.78 %
2	Beaumont Health	3,600	3.13	2	Blue Cross Blue Shield	2,750	2.13
3	Credit Acceptance Corporation	1,500	1.30	3	IBM	1,700	1.31
4	Denso	1,500	1.30	4	Lear Corporation	1,600	1.24
5	Lear	1,500	1.30	5	Blue Care Network	1,000	0.77
6	Blue Care Network	980	0.85	6	Real Estate One	943	0.73
7	Veoneer	800	0.70	7	Federal Mogul	900	0.70
8	Doner	720	0.63	8	DENSO	800	0.62
9	Federal Mogul (Tennaco)	650	0.57	9	Plante Moran	778	0.60
10	BASF	600	0.52	10	Credit Acceptance Corporation	685	0.53

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

City Of Southfield, Michigan

Construction And Property Value Last Ten Calendar Years

Annual Construction By Category

--- Commercial & Industrial---

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

---- Single Family ----

<u>Calendar Year</u>	<u>Number Of Units</u>	<u>Value</u>	<u>Number Of Units</u>	<u>Value</u>	<u>Number Of Units</u>	<u>Value</u>
2019	5	\$ 20,775,883	0		19	\$ 7,268,077
2018	5	34,241,847	50	\$ 9,285,568	7	1,818,009
2017	15	31,099,574	12	54,088,085	5	1,372,481
2016	1	1,257,402			12	3,591,449
2015	5	21,435,020			7	2,123,858
2014	6	6,740,662			0	
2013	3	1,675,000			1	214,560
2012	6	3,583,500			1	20,000
2011	3	3,095,020			2	356,712
2010	4	3,845,800			6	3,738,388

Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2019	\$ 1,449,605,920	\$ 51,147,270	\$ 1,570,936,860
2018	1,300,355,590	53,732,990	1,284,992,900
2017	1,269,247,250	52,421,390	1,159,841,105
2016	1,287,316,130	50,353,100	1,027,227,070
2015	1,277,553,525	50,930,480	912,620,566
2014	1,294,577,850	52,971,310	872,575,780
2013	1,345,088,070	57,254,790	886,682,420
2012	1,447,107,940	63,315,040	956,500,110
2011	1,623,189,400	82,740,070	1,179,092,840
2010	1,789,855,022	96,125,570	1,648,195,710

Notes:

Source: City of Southfield Building and Assessing Departments

City Of Southfield, Michigan

Economic and Statistical History

June 30, 2019

AREA

26.7 square miles (since incorporation)

POPULATION

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

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

BUILDING CONSTRUCTION

<u>Year</u>	<u>Building Permits</u>	<u>Mechanical Permits</u>	<u>Value</u>
2019	1935	4153	\$ 138,573,560
2018	1904	5023	154,881,718
2017	1083	5782	156,214,594
2016	1500	1912	182,287,712
2015	1341	2334	134,296,693
2014	1482	2917	95,052,712
2013	1017	3063	69,344,365
2012	994	3116	56,599,910
2011	712	2335	39,091,462
2010	973	761	43,858,241

WATER & SEWER SERVICES

Users/Consumers: 18,956 Water and Sewer combined; 177 Sewer only and 1,273 Water only.
 Use & Consumption: 454,021,390 cubic feet purchased
 System Capacity: 34 million gallons per day (MGD)
 Distribution System: Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.
 Water Mains: 375.50 miles
 Fire Hydrants: 4,178
 Sewer Mains: 237.50 miles sanitary; 284.09 miles storm; 42.94 miles combined.

STREET FACILITIES

Streets: Total 246.40 miles, with 64.71 miles on the Major Street System and 181.69 miles on the Local Street System. Less than 5 miles remain unpaved.
 Alleys: Total under five miles.
 Sidewalks: Total 201.29 miles including twelve miles of paved bike paths.
 Street Lights: Total 2,221 Detroit Edison owned and 190 City owned.

PUBLIC SAFETY

Public Safety is organized for efficiency into three areas of overall administration and communications (PSA), police and fire.

Vehicles	P.S.A.	Police	1st Line/ Fire Reserve
Cars	0	50	6/0
Trucks	0	0	8/2
Life Support	0	0	4/3
Vans, 4WD, etc.	0	48	9/1**
Total	0	98*	27/6

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

**Fire count includes Mack Parade Truck in 'etc category.

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

POLICE PROTECTION

The Southfield Police Department uses CLEMIS CLEAR program from Oakland County CLEMIS for reporting incidents and calls for service.

Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines:
 Index Crimes: Includes eight offenses: murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft and arson. Chosen because of their seriousness and frequency of occurrence to serve as indicators of crime.

POLICE PROTECTION (continued)

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

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

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

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

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

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

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

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

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

Law Violations: Index Crimes - 1,738
 Non-Index Crimes - 3,193

Traffic Violations: 6,954

Incidents Handled: 51,551

POLICE PROTECTION (continued)

Year	Murder	Rape	Robbery	Aggravated Assault	Burglary	Larceny	Motor Vehicle Theft	Arson	Index Crimes	Non-Index Crimes	Total Crimes
2018	3	31	45	90	260	906	203	2	1,738	3,193	4,931

FIRE PROTECTION*

Alarms Answered: 14,844 runs
 Medical Emergency: 12,500 runs
 Fire Runs: 1,894 runs

* Fire runs are ESTIMATED totals based on YTD run volume as of 12/4/19

PARKS & RECREATION

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

The Department offers numerous recreation programs at facilities which include: 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 indoor ice surface; Beech Woods Recreation Center features over 17,000 square feet of gymnasium space. The Center has the capability to run three collegiate basketball games simultaneously, in addition to four volleyball or three tennis or pickleball courts and a complete wellness/fitness center. Outdoors activities consists of tennis courts, volleyball courts, an accessible playground and pavilion within the park. We have various outdoor Pavilions that can be used for Family reunions, Birthday parties and many other special events. We offer a full menu of Senior services and the TOSS transportation program which we partner with Smart. The Department is also responsible for the Parks and Recreation Building and Southfield Pavilion.

Southfield Parks and Recreation offers many programs for disabled athletes. The Civic Center Park is home to the first Miracle Field in the state; a custom synthetic turf and handicapped accessible dugouts, restrooms, and drinking fountains. The Beech Woods Recreation Center is proud to be the home of the Motor City Wheelz Wheelchair Basketball team.

PARKS & RECREATION (continued)

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is focused on providing quality, fun special events for families, including the *Daddy Daughter Dinner & Dance*, *EGGS'travaganza*, *Family Fun & Safety Night* (in partnership with the Southfield Police and Fire Departments), and *Boo Bash*. Quality entertainment is offered year-round with a variety of concert series including the popular free outdoor concerts held throughout the summer at the Burgh Historical Park Gazebo, *Eat to the Beat* noontime series at City Centre and the summer concert series on the front lawn. In 2019, we launched a month-long series of events celebrating Black History Month. The Department has received many national awards for excellence in recreational programming, as well as for beautification and environmental maintenance and programming.

LIBRARY

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

In 2019 the Library expanded hours to serve you better. We are now open four evenings until 9 PM each week and open seven days a year from September – May. Southfield Public Library welcomes many guests daily to utilize our collection of over 310,000 books, movies, music and more. There are more than 100 public use computers in the library and free Wi-Fi is available throughout the building. At our website: www.southfieldlibrary.org you can search our catalog; use your library card to access information not available on Google about homework help, business information, health resources and much more. We even provide access to Ancestry.com in the building.

The first level houses books, music, movies and audio books for children and young adults. Our children's area provides the sense of discovery with colorful special features including a Readers' Treehouse, cozy fireplace, Storybook Castle complete with a Dragon and Puppet Theater, the Space Station Program Room, the Imaginarium Garden and Early Literacy Computers. Our new youth Discovery Zone encourages children's imagination through cooperative play. Children's programs are available throughout the year including story times, Battle of the Books, and Summer Library Program. The teen room is filled with graphic novels, books, music and movies. We have something for everyone's interests.

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

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

Southfield residents can use our Digital Library anytime from any internet equipped location to download eBooks, audio books, comics, magazines, music, movies and TV via library provided online services including Hoopla, Overdrive, RB Digital and Kanopy. Learn how at: www.southfieldlibrary.org .

LIBRARY (continued)

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

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

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

City of Southfield, Michigan

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Election Data (1)</u>										
Registered voters	61,065	60,015	60,775	59,648	61,739	60,747	60,451	58,328	57,150	56,317
Absentee voters	11,805	5,220	13,308	5,309	8,375	5,240	14,020	4,683	7,084	5,251
Percent voting	59.64	18.84	71.02	21.27	49.08	18.67	72.67	16.05	49.50	22.48
<u>District Court</u>										
Number of Court Cases	41,638	38,022	40,917	47,118	52,209	54,354	57,305	54,155	57,582	49,807
<u>Police (2) (#)</u>										
Offenses-Group A (3)			4,929	4,547	5,081	5,081	5,434	5,574	6,148	7,443
Offenses-Group B (4)			992	1,253	1,414	1,414	1,216	1,743	3,833	4,297
Index Crimes (5)	1,738	2,208								
Non-Index Crimes(6)	3,193	3,219								
Traffic Violations	7,359	5,740	8,566	10,367	13,469	13,469	10,054	12,366	10,966	12,169
Incidents Handled	51,551	52,321	51,637	54,185	50,193	50,193	49,933	53,876	60,985	60,862
<u>Fire</u>										
Medical Emergencies	12,950	12,116	12,116	12,155	11,295	11,114	11,538	10,410	10,504	9,850
Fire Runs	1,894	2,139	2,139	1,977	2,072	1,620	1,978	1,772	1,948	1,853
<u>Library</u>										
Circulation	328,829	441,040	348,543	386,275	383,549	445,316	496,851	644,380	701,976	712,060
Collection Volume	255,940	312,308	259,344	315,318	297,916	291,728	291,168	288,949	314,778	289,404

Notes:

- (1) All election data is for the prior calendar year.
- (2) Southfield Police Department uses NET RMS program from Oakland County CLEMIS for reporting incidents and calls for service. Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines
- (#) Starting 2015 data collected is for prior calendar year
- (3) Group A offenses include murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft, arson, kidnapping/abduction, forgery, fraud (data collected 2009-2017)
- (4) Group B offenses include fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic (data collected 2009-2017)
- * Information not available
- (5) Index Crimes includes murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft and arson.
- (6) Non-Index Crimes include all reported criminal offenses of negligent manslaughter, non-aggravated assault, forgery & counterfeiting, fraud, embezzlement, stolen property, vandalism, weapons, prostitution & common law vice, sex offenses, narcotic laws, gambling, offenses against family & children, driving under the influence, liquor laws, disorderly conduct and all other crimes not listed here or in index crimes.

Source: City of Southfield

Source: Michigan Incident Crime Reporting (MICR)

City of Southfield, Michigan

Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	33	33	34	34	34	34	34	41	38	38
<u>Police</u>										
Stations	2	2	2	3	3	3	3	3	3	3
Vehicles	98	97	93	92	92	94	94	95	109	109
<u>Streets</u>										
Miles on major street system **	64.71	64.71	64.71	64.71	64.71	64.71	64.71	64.71	61.53	64.71
Total miles of streets	246.40	246.40	246.40	246.40	246.40	246.40	246.40	246.40	246.85	245.73
Miles of unpaved	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of alleyways	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
Miles of sidewalks	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29
Miles of paved bike paths	12	12	12	12	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	428,745,898	454,021,390	438,810,160	455,849,664	446,876,200	456,744,655	484,436,900	510,329,700	505,012,300	449,737,200
Miles of watermains **	375.5	375.5	375.50	375.50	375.32	375.32	375.32	375.32	375.32	397.73
Number of hydrants **	4,206	4,178	4,178	4,165	4,838	4,048	4,038	4,038	4,038	4,026
<u>Sewers</u>										
Miles sanitary **	237.5	237.5	237.50	237.50	237.23	237.23	237.23	237.23	237.23	272.46
Miles storm	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09
Miles combined **	42.94	42.94	42.94	42.94	42.94	42.94	42.94	42.94	42.94	54.47
<u>Parks and Recreation *</u>										
Number of developed parks	20	20	20	20	20	20	20	20	20	20
Acres of public parks	775	775	775	775	775	775	775	775	775	775
Number of tennis courts	13	12	18	16	16	16	16	16 ⁽²⁾	19	19 ⁽¹⁾
Outdoor education center/farm									1	1
9-hole golf courses	2	2	2	2	2	2	2	2	2	2
Ice arenas	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1

Notes:

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

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

* Data updated by City of Southfield Parks & Recreation

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

Source: City of Southfield

City of Southfield, Michigan

Authorized Full-Time Positions

Last Ten Fiscal Years

Department	2019	2018 ⁽¹⁾	2017	2016	2015	2014	2013	2012	2011	2010
Accounting	10.00	9.00	5.50	6.50	6.00	4.50	5.50	5.50	6.50	7.50
Administration	5.00	5.00	3.00	3.00	2.00	2.00	3.00	3.00	3.00	3.00
Assessing	8.50	8.50	6.50	7.65	7.65	7.65	7.00	7.00	6.90	
Building	21.40	20.90	9.90	14.40	15.40	15.40	16.40	17.50	20.00	20.00
Cable TV	9.00	9.00	7.50	5.50	6.00	6.50	5.50	5.50	5.25	7.00
Central Services	2.50	2.50	2.50	4.00	4.00	4.00	4.00	4.00	6.00	6.00
City Clerk	9.00	10.00	7.00	6.00	6.00	6.00	7.00	7.00	7.00	11.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Community Develop. Admin.	22.00	23.50	21.25	7.00	8.00	8.00	8.00	8.00	8.00	10.00
Community Develop. Block Grant ⁽²⁾	2.25	2.25								
Community Relations ⁽³⁾	5.00	5.00	6.00	3.00	3.00	3.00	4.00	5.00	5.25	5.50
District Court	40.75	38.75	36.75	33.75	36.25	36.25	38.25	37.50	38.00	39.50
Downtown Development Authority ⁽²⁾	2.00	2.00								
Emergency Management	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.50	1.00
Engineering	6.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	11.00
Facilities Maintenance	33.00	27.00	30.00	33.00	33.00	33.00	26.00	31.00	32.00	42.26
Fire	103.00	92.00	88.00	90.00	94.00	94.00	93.00	101.00	102.50	113.00
Fiscal Services/OMB	6.50	4.50	2.50	2.00	1.00	1.00	2.00	2.00	2.00	4.00
Human Resources	7.50	7.50	6.50	6.50	6.50	6.50	6.00	6.50	9.50	10.00
Human Services ⁽³⁾				3.50	3.50	3.50	4.00	3.00	4.00	4.50
Legal	6.00	6.00	6.00	7.00	6.75	6.75	7.50	7.50	7.50	8.00
Library	50.75	50.75	46.75	46.75	46.75	46.75	54.25	50.00	52.00	61.50
Mayor	3.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	15.50	14.50	7.00	8.50	9.50	9.50	12.25	13.25	13.25	14.75
Parks and Recreation	85.30	85.30	75.30	78.30	79.30	79.30	81.05	80.90	80.05	91.05
Planning	5.50	5.50	5.50	4.50	4.50	4.50	4.50	4.00	4.50	6.00
Police	184.66	182.16	158.66	154.66	158.66	158.66	169.16	172.66	187.66	202.16
Public Works Admin.								1.50	3.00	5.00
Purchasing	3.00	3.00	1.00	1.00	1.50	1.00	2.00	2.50	2.50	2.50
Section 8 ⁽⁴⁾	1.50	1.50								
Streets And Highways	40.00	38.00	33.00	29.50	25.50	25.50	25.00	25.00	25.00	36.62
Support Services ⁽²⁾	0.50	0.50								
Technology Services	13.25	12.00	8.00	8.50	8.50	8.50	9.00	9.00	10.00	11.00
Transportation	5.00	5.00	5.00	5.00	5.00	5.00	3.00	3.00	3.00	4.76
Treasurer	11.00	10.00	8.00	7.00	6.50	6.50	7.50	7.50	8.50	8.50
Water And Sewer	35.00	35.00	23.00	28.00	24.00	24.00	17.00	17.00	19.50	31.08
Totals	760.86	732.11	625.61	619.51	623.76	622.26	637.86	653.31	689.36	787.68

Notes:

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

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

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

Source: City of Southfield Office of Management & Budget

City of Southfield, Michigan

**Management Group Personnel
Salary Schedule June, 2019**

<p align="center">Grade T, \$99,418 - \$134,509 Deputy City Administrator</p>
<p align="center">Grade S, \$94,915 - \$128,420 Director of Public Works Director of Fiscal Services Police Chief Duputy City Attorney</p>
<p align="center">Grade R, \$88,505 - \$119,743 Director of Human Resources Fire Chief City Planner</p>
<p align="center">Grade Q, \$84,081 - \$113,759 City Librarian City Controller/Deputy Director, Fiscal Services Director of Technology Services Director of Parks and Recreation</p>
<p align="center">Grade P, \$80,255 - \$108,577 Attorney IV Building Official Business Development Director City Assessor City Engineer</p>
<p align="center">Grade O, \$73,140 - \$98,951 Community Relations Director</p>
<p align="center">Grade N, \$66,894 - \$90,503 Purchasing Agent Labor Relations Director Duputy City Librarian Deputy HR Director Deputy City Treasurer Deputy City Planner Deputy City Clerk Deputy City Assessor Attorney IV</p>
<p align="center">Grade M, \$61,515 - \$83,230 Attorney II Manager, HR Operations</p>
<p align="center">Grade L, \$56,771 - \$76,811 Attorney I</p>

Notes:
Source: City of Southfield, Human Resources/Payroll Pmathews

City of Southfield, Michigan

State Shared Revenues Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>State Shared Revenue</u>
2019	\$ 7,209,925
2018	6,934,690
2017	6,726,478
2016	6,411,745
2015	6,416,997
2014	6,304,301
2013	6,138,572
2012	5,973,225
2011	6,182,693
2010	6,182,706

Gas and Weight Taxes Last Ten Fiscal Years

<u>Fiscal Year Ending June 30</u>	<u>Type of Street</u>		<u>Total Gas and Weight Tax (Act 51) Receipts</u>
	<u>Major Road</u>	<u>Local Road</u>	
2019	\$ 6,186,862	\$ 1,854,424	\$ 8,041,285
2018	7,147,880	2,157,660	9,305,540
2017	3,903,308	1,170,612	5,073,920
2016	4,208,737	1,261,884	5,470,621
2015	3,995,734	1,197,306	5,193,040
2014	3,914,898	1,172,520	5,087,418
2013	3,799,468	1,136,566	4,936,034
2012	3,782,991	1,132,407	4,915,398
2011	3,753,339	1,129,517	4,882,856
2010	3,699,879	1,111,526	4,811,405

Notes:

Source: City of Southfield

City of Southfield, Michigan Labor Agreements

Name	Expiration Date	Number of employees covered
American Federation of State, County and Municipal Employees (AFSCME) Public Works and Parks & Recreation	6/30/2020	76
AFSCME Supervisors	6/30/2020	26
Technical, Professional, and Office Worker Association TPOAM	6/30/2020	122
Southfield Fire Fighters Association SFFA	6/30/2018 *	90
Southfield Police Officers Association SPOA	6/30/2020	99
Michigan Association of Police (MAP) Public Safety Communication Supervisors	6/30/2020	4
Police Officers Association of Michigan POAM	6/30/2020	13
Southfield Police Command Officers' Association SPCOA	6/30/2020	21
Southfield Deputy Chiefs Association SPDC	6/30/2012 *	2
Administrative Civil Service ACS		18
Management Group		20

Notes:

* Contracts have expired.