



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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for the year ended June 30, 2011  
**SOUTHFIELD, MICHIGAN**

# **City of Southfield, Michigan**

## **Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2011**

**Fiscal Services Division  
Accounting Department**

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# City of Southfield

26000 Evergreen Rd. • P.O. Box 2055 • Southfield, MI 48037-2055 • [www.cityofsouthfield.com](http://www.cityofsouthfield.com)

December 22, 2011

Honorable Mayor and Council  
Municipal Building  
Southfield, Michigan

RE: 2010-11 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, 2011, 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 14 of the Government Accounting Standards Board (GASB), (see pages 52 and 53). Component units are included because of the significance of their operational or financial relationships with the City. The component unit columns in the combined financial statements include the financial data of the City's six component units. These units are reported in a separate column to emphasize that they are legally separate from the City. They include the Local Development Finance Authority, the Tax Increment Finance Authority, the Economic Development Corporation, Cornerstone Development Authority, Brownfield Redevelopment Authority and the Non-Profit Housing Authority. Descriptions of each component unit appear in Note "1A" on pages 54 - 56 of this report.

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

**Mayor**

Brenda L. Lawrence

**Council President**

Joan Seymour

**City Clerk**

Nancy L. M. Banks

**City Treasurer**

Irv M. Lowenberg

**City Council**

Donald F. Fracassi

Myron A. Frasier

Sylvia Jordan

Sidney Lantz

Jeremy Moss

Kenson J. Siver



## **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 A-133, *Audits of State and Local Governments*. The single audit report includes independent auditor review and comments on internal controls, legal/regulatory compliance, and any findings of questioned costs.

### **CITY OF SOUTHFIELD, MICHIGAN: MUNICIPAL OVERVIEW**

The City of Southfield is comprised of over 26 square miles of abundant natural beauty, well-maintained homes and neighborhoods and majestic skyscrapers. Southfield offers a complete living community, featuring a nationally recognized public school system, several private and parochial schools and numerous colleges and universities. Conveniently located in Oakland County just minutes from almost anywhere in metro Detroit, 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, and over 27 million square feet of office space, Southfield is truly Michigan's premier business address. Approximately 9,000 businesses call Southfield home, including over 100 "Fortune 500" companies spanning several industries. 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.

Southfield is also proud to be home to more than 71,000 residents enjoying 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 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; yet today, it remains a major retail center. City leaders showed considerable foresight over the years in creating a high-visibility business community along major roadways, with neighborhoods strategically tucked into adjacent acreage and subdivisions.

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

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### **Letter of Transmittal**

recommendations on finance, zoning, transportation, state legislation, appointments and other key issues.

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

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

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

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

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

The City of Southfield won first place in the National League of Cities' (NLC) 2011 National Black Caucus of Local Elected Officials' (NBC LEO) City Cultural Diversity Awards for the City's International Festival cultural celebration. The City was honored at NBC LEO's annual Celebrate Diversity Breakfast during NLC's Congressional City Conference in Washington, DC as the first place winner for cities in the population category of 25,001-100,000. Southfield was recognized for the International Festival cultural event that celebrates cultures, customs and crafts from around the world. The International Festival is sponsored by the City of Southfield the International Institute of Metropolitan Detroit one weekend annually every October. The event offers international music and dance performances; children's activities; and ethnic art and craft demonstrations. Guests are also able to purchase imported products,

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handmade crafts, jewelry, fabrics, apparels and other unique gifts from around the world as well as a variety of international food and beverages. The City Cultural Diversity Awards program was established in 1995 by NLC's NBC-LEO constituency group to promote cultural diversity in community governance through citizen and community participation. Winning cities are selected from a pool of applicants and are grouped according to population.

The City of Southfield was also recognized for a third consecutive year in a study by researchers at the University of Michigan-Dearborn's Center for Innovation Research (iLabs) as a Five-Star Community that fosters entrepreneurial growth and economic development. The 2010 "eCities" study or "the Entrepreneurial Cities Index" found that several southeast Michigan municipalities "are hard at work attracting, cultivating, building and retaining entrepreneurial firms." The study, conducted by iLabs, the Center for Innovation Research in the UM-Dearborn School of Management, focused on entrepreneurship because of its importance to expansion and diversification of Michigan's regional economies and the impact small businesses have on job creation. The eCities research surveyed over 100 communities in the state of Michigan that are home to 128,242 entrepreneurs who earned \$3.4 billion in annual income. These communities also had \$1.2 billion in commercial development last year and account for nearly half the state's commercial property.

The City of Southfield's 2010 Annual Report/Calendar won the Award of Excellence in the 22<sup>nd</sup> annual national Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA). The award was given in the category of photography for communities in the population group 16,000-78,296. The competition judges concluded that "the photographs used throughout this high-quality, much sought-after publication shows the beauty of Southfield while helping to convey important city information." The Southfield 2010 Annual Report/Calendar was produced entirely in-house by the City's Community Relations Department. The City of Southfield's entry was one of more than 700 submitted from municipalities and counties from across the country. 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. Each year the number of entries in 3CMA's Savvy Awards competition continues to increase in quantity, quality, and scope of programs submitted.

The City of Southfield Parks & Recreation Department won the 2010 Michigan Recreation and Park Association (MRPA) Park Design Award for the City's Carpenter Lake Nature Preserve. MRPA Design Awards are given annually to MRPA member organizations for outstanding work in the areas of facility and landscape/site design. The City won for the new Carpenter Lake Nature Preserve located on 10 Mile Road just east of Inkster Road along the Ravines Branch of the Rouge River in Southfield. The preserve features 42-acres of mature Oak-Hickory woodlands, forested wetlands and native meadows overlooking the beautiful five-acre Carpenter Lake. The preserve offers residents nearly one mile of nature trails, interpretive signs and trailheads, numerous benches and easily-accessible fishing and viewing platforms.

Recently retired Southfield Parks & Recreation Director Bill Waterhouse was also selected as the recipient of the 2010 Michigan Recreation and Park Association (MRPA) Fellowship Award. Individual awards are presented to MRPA members who reflect the highest standards of the parks and recreation profession. The individual awards are the highest honors that the association awards, and include the

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Fellowship, Park Resource Leadership, New Professional, Recreation Leadership, Legislator of the Year, and Local Elected Official of the Year Awards. The Fellowship Award is presented to a member who has consistently demonstrated significant investment, support and guidance to fellow professionals. Nominees must also be a member of MRPA, in good standing, for a minimum of 20 years to be eligible. Founded in 1935, the Michigan Recreation and Park Association (MRPA) is a statewide non-profit association representing the parks and recreation industry. MRPA represents the interest of recreation professionals and citizen advocates throughout Michigan, providing advocacy, knowledge, and programs to enhance the parks and recreation field, as well as the skills of our individual members.

Southfield residents have 91 homeowners groups and 45 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.

With a majority of the metro area's speculative office space, Southfield remains the largest submarket in metro Detroit. 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 also places Southfield 20 minutes away from Detroit Metropolitan Airport and downtown Detroit, as well as most other metro-area communities. 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.

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

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

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Other key high-tech industries represented in Southfield include major electronic media and satellite facilities such as Hughes Network Systems, LLC, national affiliates ABC, CBS, FOX, The CW Television Network (formerly WB 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 Cross/Blue Shield of Michigan, 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, Panasonic Automotive Electronics, ThyssenKrupp, and many others.

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

The City Council approved a resolution authorizing the incorporation of the Southfield Growth Corporation in August 2009 for the purpose of administering the NSP grant as submitted and approved by HUD. The City has utilized these funds to finance five approved activities designed to strengthen our city, neighborhoods and property values. To date, more than 60 families and homes have been positively impacted through the program and additional revenues are anticipated upon the sale of properties to existing clients. Southfield's NSP is one of the top performing programs in the country and has exceeded all program goals and requirements.

The Southfield City Council adopted Ordinance 1569 in August 2009 to address vacant and foreclosed properties in the city. The ordinance requires owners of vacant property, both commercial and residential, to register the property with the City and to have the property inspected to ensure compliance with the City's building and maintenance codes. The ordinance further requires that all code violations be resolved – exemplifying the City's commitment to quality housing and community appearance standards. Since its inception in August through June 30, 2010, more than 1,000 properties have been registered with the City.

The continued weak economy has presented unprecedented challenges that have required budget cuts and an overall reduction in the size of government. As a result, Southfield continues to exercise tight controls on every expenditure and job vacancy. The City is down approximately 200 full-time equivalent positions or about 25 percent of the workforce, through a managed attrition program initiated in 2004 that has thus far avoided layoffs. In doing more with less, the City has increasingly relied on cross-

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training current employees to perform additional duties, an increased use of technology, resource sharing and process improvements that focus on efficiency. However, despite the City's best cost-saving, restructuring and revenue enhancing efforts, city leaders found it necessary to seek additional funding in order to continue to offer the same level of services to the community. Accordingly, the Southfield City Council voted unanimously at the January 24 City Council Meeting to approve a special election for a public safety (police, fire and EMS) millage to be placed before voters on May 3, 2011.

The City had maintained the same millage level for public safety since 1974, despite a 31 percent decrease in the City's tax base since fiscal year 2008-09. The total city millage rate had also been held flat at 16.3428 since 2003, which was lower than the rate of 20 years ago. Numerous projections had shown that replacement revenues were necessary to maintain the City's current service levels into the future, despite the successful and continuous effort to reduce costs and increase efficiency. The City could not maintain current service levels with the continuous decline in property taxes and State Shared revenues. The City's State Shared revenues, Southfield's second largest revenue source, had decreased by 35 percent (or \$3,324,318) over the past 10 years, from \$9,507,024 in 2001 to \$6,182,706 in 2010. An additional 12 percent decrease in property values was projected for fiscal year 2011-12. Since State law requires that every Michigan municipality must have a balanced budget, it became imperative that Southfield generate limited replacement revenues. Without the passage of the millage, the City would enter a serious structural deficit or be forced to resort to extensive layoffs resulting in reduced essential service levels, including police, fire and EMS. In order to avoid such outcomes, the City of Southfield placed a public safety millage before voters that would provide a total of 4.9183 mills, or: 4.0581 additional mills (\$10,759,861) for Police, Fire, and EMS protection; .0560 additional mills (\$148,481) for neighborhood streets maintenance; .0976 additional mills (\$258,782) for Parks & Recreation; and .7066 additional mills (\$1,873,517) for the Library.

On May 3, 2011 Southfield voters overwhelmingly approved the public safety millage, with 87 percent of voters in favor. While the increased millage funding will certainly help to stabilize Southfield's budget, the City must still plan to exercise cost cutting measures and continue to seek further organizational efficiencies through at least fiscal year 2015-16. This resolute focus is a must. It is required in the face of the cumulative effect of the erosion of property tax valuations resulting from the sluggish general economy and poor real estate market conditions.

Linamar, a world-class designer and diversified manufacturer of precision metallic components and systems for the automotive industry, energy and mobile industrial markets, currently has 190 people in the Detroit region (100 in Southfield and 90 in Livonia). The Southfield team is located on the ninth floor of the Travelers Tower building and will expand to half of the tenth floor, adding an additional 25 employees to the Southfield location in 2011.

International Automotive Components (IAC), a leading global supplier of automotive components and systems, including door and trim systems, instrument panels, consoles and cockpits, flooring and acoustics systems and headliner and overhead systems, will move more than 500 employees from its North American Corporate Headquarters and Engineering Center in Dearborn to a state-of-the-art facility in Southfield beginning in the spring of 2011. IAC signed a 10-year lease for the five-story, 114,000 square-foot facility located at 28333 Telegraph Road. International Automotive Components will also construct a new adjacent single-story, 9,002-square-foot showroom.

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3Point Machine is a leading supplier of precision machined components and assemblies to the Tier 1 and Tier 2 automotive, heavy duty, and military markets. They are currently in the process of building new tools for the C 520 Ford Escape Front and Rear Knuckle programming, with the capital portion of the project valued at approximately \$3.3M which will be completed in July 2011. Additionally, 3Point Machine purchased \$775,000 of Computer Numerical Control (CNC) equipment that will be deployed into production in the summer of 2011. To accommodate this growth the company will also hire an additional 18-25 new employees to operate the new machinery.

Maxitrol Company, a world leader in the development of technology for the natural gas industry including gas pressure regulators and gas flame modulation systems, was granted a tax abatement to facilitate the expansion of their operations in Southfield to a second building at 23600 Telegraph Road. Maxitrol relocated its Farmington Hills division and 16-20 jobs to the new site. It is anticipated that \$775,000 in machinery and equipment, furniture and fixtures and information technology will also be invested at the site.

1-800-LAW-FIRM is a national network of the country's top legal experts that cover the entire spectrum of legal practice including accidents and injuries, bankruptcy, consumer protection, defective products, pharmaceuticals, employment/labor law, professional malpractice, veterans claims, and whistleblower cases. The company is currently headquartered in Southfield at 24100 Southfield Road; however, they are in the process of renovating the former Loan Giant building located at 26500 Northwestern Highway to serve as their new national headquarters.

Serra Works of Telegraph, LLC, is constructing a new single-story, 33,522-square-foot Serra Chevrolet auto dealership with two (2) 117' high wind turbines. The property is located at 28111 Telegraph Road on the west side of Telegraph Road between the M-10 Lodge Freeway and Twelve Mile Road.

Tamaroff Honda is constructing a new 3,606-square-foot showroom expansion with related parking as well as layout revisions to the existing Honda automotive dealership located on Telegraph Road.

Advanced Auto Parts demolished the existing Dunn Blue Print buildings and constructed a new 6,119-square-foot retail structure with associated parking at 20380-20532 W. Eight Mile Road.

Affiliated Diagnostics completely renovated the former flower shop located on Northwestern Highway to open a new diagnostics center with a mobile MRI unit, associated parking and façade and landscaping improvements. The property is located at 26550 Northwestern Highway at the southeast corner of Northwestern Highway and Lahser Road.

Fifth Third Bank constructed three new drive-thru lane transaction stations and a canopy for the bank branch located at 23633 Greenfield Road on the west side of Greenfield Road just north of Providence Drive within the existing Clock Tower Plaza.

First Mercury Financial Corporation, a full-service provider of specialty liability insurance for niche and underserved commercial markets, renovated the 135,000-square-foot First Mercury Office Building located at 26600 Telegraph Road at the southeast corner of Telegraph Road and the I-696 Expressway.

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Planet Fitness completed façade renovations taking over a portion of the former Farmer Jack space located in Southfield Plaza at 29816 Southfield Road on the east side of Southfield Road between Twelve Mile and Webster Roads.

Uppleger DDS converted the previous Crush restaurant into a multi-tenant building to include a dental clinic and a future tenant at 30855 Southfield Road on the west side of the street between Webster & Thirteen Mile Roads. Work to be performed includes façade renovations and a new entrance canopy.

The City of Southfield was certified as one of several cities for the Michigan Suburban Alliance's "Redevelopment Ready" pilot program. The Redevelopment Ready Communities (RRC) project is the result of an innovative new certification process designed by developers and public officials to measure municipal preparedness for in-fill investment. The goal of the RRC project is to change market perceptions of older communities by streamlining local government administrative processes and removing redevelopment barriers through a certification system that encourages redevelopment. This system for certifying communities as "redevelopment ready" benefits both older communities and developers by creating a more efficient and predictable redevelopment process.

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

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

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

The City of Southfield Downtown Development Authority, commonly known as the Cornerstone Development Authority (CDA), was established in 1988 to reverse the trend of declining property values and conditions in southeastern Southfield. The CDA is an active member of the City's Business Development Team as well as the Southfield Area Chamber of Commerce. The Cornerstone Development Authority consists of a 13-member Board of Directors and is staffed by two full-time employees. In 2000, the Cornerstone Development Authority designated the area within its boundaries as the Cornerstone District – Southfield.



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The Southfield Cornerstone District is bordered on the north and south by Eight Mile Road and Mount Vernon, and on the east and west by Greenfield Road and Northwestern Highway. The CDA acts as a catalyst in the development and redevelopment of the district. Major stakeholders in the district, such as Providence Hospital, Northland Mall, and Oakland Community College offer the potential for growth.

The CDA launched an ambitious new initiative in January of 2011, the Healthcare Corridor economic development strategy, to actively recruit and promote new healthcare-related development in the area. The district already is supported by a strong healthcare infrastructure, highlighted by Providence Medical Center, the booming healthcare curriculum offered at the Oakland Community College Southfield campus, the seven-floor office housing 450 Health Alliance Plan (HAP) employees, the 10,000-square-foot Northland Park Dialysis Center, and CSL Plasma Center. The region's many amenities that attract healthcare investors range from physician groups to outpatient clinics to medical equipment companies, in addition to available land, professional office space, proximity to Wayne State University and University of Michigan medical schools, nearby highways and available skilled labor. Led by the City's Cornerstone Development Authority, these efforts are in partnership with Oakland County's Medical Main Street initiative, site location consultants and real estate developers that are all working together to attract healthcare and other investment to the city and county. One of the selling points of Southfield being a hub of healthcare activity and investment is the available workforce that lives within a 60 mile radius of property that can be properly zoned within city limits. Southfield's 48034 zip code is in the United States' top 101 zip codes for corporate employment. In addition, 14 percent of residential women in the City of Southfield are currently employed in the healthcare industry. The City will be actively communicating with a range of healthcare stakeholders and administrators from around Michigan and the Midwest. Developers who are looking to construct medical complexes and facilities will also be targeted. Southfield leaders feel that by attracting healthcare employers to the region around 8 Mile Road and M-10 (Lodge Freeway), there will also be opportunities to attract supporting big-box retailers and a range of restaurants to service that immediate working population.

In June of 2007, the CDA and St. John Providence Hospital partnered to launch the Southfield Farmer's Market at the Millennium Centre. The Farmer's Market provides locally grown fruits, vegetables, flowers, plants, jams, breads, baked goods and handicrafts sold by the farmers and artisans that produce them. The market is open every Thursday, rain or shine, June through October. The market also features free parking, admission and live music in addition to the large variety of fresh, locally grown produce. The market also launched a new Web site in the spring of 2008, [www.southfieldfarmersmarket.net](http://www.southfieldfarmersmarket.net), to keep patrons apprised of the latest news, activities and entertainment lineups for the season. The Southfield Farmer's Market moved their location for the 2010 season to the Northland Mall parking lot, a more central location with improved visibility that has resulted in increased attendance.

Also in the district, St. John's Providence Hospital continues to be a world-class healthcare institution, earning the prestigious *Top 100 Cardiovascular Hospital* designation for the past ten consecutive years. Providence Hospital is the only hospital in Michigan, and one of only three hospitals in the country, to receive this honor nine consecutive years. Providence Hospital was also selected as a *2010 Thomson Reuters 100 Top Hospitals: National Benchmarks Award winner* and *Everest Award winner*.

Curb appeal is important in maintaining the City's image and character. Public Works strives to ensure the City's streets, sidewalks, neighborhoods, and business districts remain safe, clean and appealing.

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Steps include the continuation of programs for ice and snow removal, mowing, and sweeping of three county roads: Lahser, 10 Mile and 12 Mile Roads; an extra sweep through residential streets; increased right-of-way, cemetery, and park mowing; and cleaning of ramps and side slopes during freeway road closures. The Public Works Department also works with the Neighborhood Associations to assist with the maintenance of neighborhood entranceways.

The Southfield Public Works Department continues to maintain and improve the City's infrastructure to ensure the safety and well-being of Southfield residents and businesses. In fiscal year 10-11, the department continued the upgrade and conversion of the SCADA system which monitors the City's sanitary sewage pump stations. The program has enabled the City's Water & Sewer Department to monitor and troubleshoot problems at these locations remotely, providing a higher level of protection from sewage backups. These improvements will continue to ensure that Southfield's water and sewer system remains safe and efficient for many years.

The Public Works Department continued to upgrade the water system in the low flow and high pressure districts to ensure that Southfield's water remains safe for the community. Flow test and pressure loggers were used to direct future upgrades and to assess the benefits of previous upgrade projects. The department replaced the water main and sanitary sewer under Southfield Freeway – moving the main out of the travel lanes between 8 Mile and Roxbury. The department also continues the Drinking Water Cross Connection Contamination Program as mandated by the Michigan Department of Environmental Quality (MDEQ). This program requires regular inspections of facilities to ensure avoidance of cross contamination of potable water, thus protecting public health and the environment.

The Water & Sewer Department, in conjunction with the Oakland County Water Resource Commission, conducted an Infiltration & Inflow Project to remove storm water from the city sanitary sewer system. A Closed Circuit (CC) TV Camera and smoke testing were used to locate problems throughout the City's sanitary sewer system. Removing the storm water from the system will also reduce the billable charges to the City for sewage treatment. The Water and Sewer Department also lined a total of 160 feet of sewer main and conducted sewer video main inspection on more than three thousand feet of line.

The Streets and Highways Division completed a Joint Seal/Overband Program on the Southfield Service Drive between 8 Mile and Winora as well as on 13 Mile Road between Evergreen and Southfield. The division also completed resurfacing and drainage improvements, installed new guard rails and reconstructed the retaining walls on the Inkster Bridge north of 9 Mile Road. Additionally, Streets and Highways completed the 10 Mile & Southfield Road Intersection Resurfacing Project in cooperation with the Oakland County Road Commission as well as 76 cement jobs and 50 asphalt repairs throughout the City.

Public Works Facilities Maintenance Division installed new boilers at the Southfield Municipal Complex that will more efficiently serve City Hall and the Public Works and Parks & Recreation buildings. Facilities Maintenance also installed new energy efficient lights in the Police and Public Parking Garages, the Parks Maintenance Garage and the DPS Yard in addition to new roofs at the Pebblecreek Park and Civic Center Picnic Shelters.

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The City of Southfield launched the *Southfield Goes Green* environmental awareness campaign to raise awareness about the environment while providing practical ideas that both residents and businesses can employ in their daily lives and operations. The Mayor and City Council have a long history of preserving green spaces and enacting ordinances that protect the environment. To that end, the Mayor formed the "Keep Southfield Green" Committee to address this important issue. As a proud Tree City USA Award recipient for the past 25 consecutive years, Southfield is committed to protecting green spaces with nearly 800 acres of park land including almost 400 acres of woodlands and wetlands set aside for preservation. The city of Southfield has also won several awards for its green, environmentally-friendly policies, programs and projects. Additionally, Southfield has been recognized by the Sierra Club as a "Cool City," the environmental organization's national campaign to 'Solve Global Warming One City at a Time.' The campaign has received a very positive response from the community, generating significant interest and support from residents, business and the media.

The City of Southfield Planning Department recently adopted new Low Impact Design (LID) Guidelines to help reduce the environmental impact of development and redevelopment projects throughout the city. The City's new Low Impact Design Guidelines promote building policies designed to improve the health of both the residents and the environment to ensure sustainability and long term economic vitality. The Southfield Planning Department also recently updated the City's Site Plan Review, Special Use Review and Property Rezoning forms to make them more streamlined and user-friendly. All of the new and revised forms are now available on the City's Web site at [www.cityofsouthfield.com](http://www.cityofsouthfield.com) on the 'Planning' page found under the 'City Departments' header.

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 2010-11 fiscal year, 19 entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, 43 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping through the City's annual Community Pride Awards program. The Southfield Parks & Garden Club, a new grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the year. The City also sponsored the 9<sup>th</sup> annual Southfield Flower Day in May of 2011 to promote beautification efforts by providing residents the opportunity to shop for plants and flowers from several local vendors in one convenient location. Each year, the event continues to grow to attract more Southfield residents who share the City's commitment to curb appeal and beautification efforts.

The City of Southfield launched the "Eyes on Southfield" program in August of 2007 to enable residents to notify the City with ease when a code or appearance issue is observed. Residents may simply call (248) 796-EYES (3937) 24 hours-a-day, seven days-a-week to report code or appearance concerns. With an increased focus on curb appeal, the Southfield Code Enforcement Department responds to most complaints within a 24- to 48-hour time period. Code Enforcement Officers canvass the City seven days-a-week to monitor the condition of Southfield homes and neighborhoods. In addition, the City relies on the "eyes and ears" of the entire community to report any appearance issues or code violations. When a violation exists, code officers will inform the resident or business of the issue and educate them how to correct it. If another violation occurs at the same property, the home or business owner will be issued a civil infraction and must appear in court. The Eyes on Southfield community appearance program has

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proven to be very successful—generating almost 1,200 calls and subsequent resolutions throughout fiscal year 2010-11.

Southfield remains safe and secure as a result of the dedicated, highly-trained and well equipped members of our award-winning police, fire and emergency management departments. The Southfield Police Department continues to be a national leader in developing effective community policing programs that are designed to augment the department's traditional police activities. At a time when many cities are forced to lay off staff or reduce services, the City of Southfield was able to reinstate two community police officer positions through a U.S. Department of Justice COPS Hiring Recovery Program (CHRP) grant. The grant provides funding directly to law enforcement agencies to hire new and/or rehire career law enforcement officers to increase community policing capacity and crime prevention efforts. The reinstated officers serve the entire community and focus on issues related to preventing crimes before they occur. The officers actively work with residents in the community to peacefully resolve problems through mediation and conflict resolution before they escalate into potential law enforcement matters.

At the direction of the Southfield City Council, the police department reinstated the position of animal warden to enforce Chapter 113, ANIMALS, of the City Code. The Animal Warden assists Southfield residents with most animal-related problems or issues on their property or within their immediate living space. Animal warden services include: animal bite complaints, vicious, stray or wild animal concerns, barking dogs, dead animal removal, and animal cruelty cases.

The Southfield City Council also adopted an ordinance to amend the Southfield City Code in July 2010 by adding new Section 9.88 to Chapter 113, Animals, of Title IX, Police Regulations, regarding electronic pet fences. The new Electronic Pet Fence Ordinance mandates that a sign must be placed at each corner of any property upon which such a fence is installed that is abutting a street. The signs ("Electronic Pet Fence in Use") are available free-of-charge to residents at the City's Neighborhood and Information Center.

The fire department's Life Support Unit (LSU), the City's emergency medical service, typically offers a response time of four minutes or less, as does the Police Department. The City of Southfield also became Michigan's first "heart safe" city by installing heart defibrillators in all municipal buildings as well as major office buildings and entertainment venues throughout the community. The Southfield Fire Department experienced a record setting year for emergency calls for service in 2010, responding to almost 12,000 calls, a 4 percent increase over 2009. The department also experienced a record number of EMS/patient transports as well as increased technical rescue and hazardous material calls. The Southfield Fire Prevention Bureau also remained busy presenting fire safety education in the local schools, reviewing site plans and plans for major building modifications, inspecting buildings, investigating fires and enforcing the International Fire Code.

In addition to all Michigan Counties, the City of Southfield is one of only approximately 20 cities in the State of Michigan that provides its residents with a dedicated Emergency Management Program (EMP). The Southfield EMP is the lead local governmental agency concerned with planning and preparing Southfield for potential disasters before they occur and to coordinate efforts during actual disaster responses. Southfield Emergency Management has received over \$850,000 in federal grants to better

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prepare and safe-guard our community. Since 2004, the division has trained thousands of persons in all forms of Disaster Preparedness using Homeland Security funding. Southfield EMP also actively maintains a 'Volunteer Program' consisting of up to 40 uniformed, trained and supplied persons available to assist public safety and the community. The City also opened its first 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.

The Emergency Management Division continues to train residents in the Community Emergency Response Team (CERT) concept where teams of volunteers are trained in search and rescue techniques, debris removal, first aid, and small fire containment to assist local first responders during disasters. To date, the City of Southfield has several qualified CERT teams available to the community. To become a certified CERT team, volunteers must attend a free 20-hour class in addition to an ongoing commitment to continued training. In 2008, the Southfield Department of Public Works CERT Team won first place in the first annual Michigan CERT Olympics. Emergency Management volunteers also received the Presidential Service Award from former President George W. Bush in 2008 and again in 2009 from President Barrack Obama. The Presidential Service Award recognizes volunteers and communities that give their time and talent to better the character, quality of life and safety of a community.

The City of Southfield's Human Services Department provides a number of programs and services designed to meet the specialized needs of our residents. These include Southfield-Lathrup Counseling Services, Legal Aid, Social Work Outreach Services, Older Adult Services, Services for the Disabled, Southfield Career Center, and the Southfield Human Services Providers. The department's primary focus is to help residents and families cope with difficult economic and life situations by providing foreclosure prevention counseling, direct assistance and/or referrals, crisis intervention, and coordination of special programs and services.

Utilizing the latest in technology, the City of Southfield launched a new public Geographic Information System (GIS) Web site on May 23 at [www.maps.cityofsouthfield.com](http://www.maps.cityofsouthfield.com) to allow users to access maps and property information using the City's GIS map data. Visitors have access to maps that show parcels, flood zones and voting districts throughout the City in addition to zoning and assessment data. The new mapping Web site also allows users to work directly with GIS mapping tools that provide the ability to search, measure and print.

In keeping with the City's tradition of transparency, Southfield strives to maintain open lines of communication the community through a variety of award-winning communication vehicles, including a comprehensive municipal Web site, city cable channel, and several informative publications and newsletters. Taking advantage of the latest technology, the City of Southfield launched a new e-mail/text instant alert system for residents and businesses in 2009. The service is one of the newest, fastest and most cost-effective ways to update the community about current City news and information via e-mail or wireless device.

The instant alert system is provided free-of-charge to both the City and the community by Oakland County through GovDelivery, the world's leading provider of government-to-citizen communication solutions. Sign-up is quick and easy right from the City's Web site: Southfield residents or businesses

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simply log on to [www.cityofsouthfield.com](http://www.cityofsouthfield.com) and enter their e-mail address. From here users verify their e-mail address (and/or wireless information) and set their preferences. Registered users then begin receiving updates as they are released from the City via their preferred method. The instant alert system is a quick, convenient and free way to keep the community apprised of any breaking news in the city.

The City of Southfield utilizes the latest social media to communicate with the community through the City of Southfield LinkedIn profile page and the City of Southfield, Michigan USA Facebook fan page. Both sites are used to disseminate information about the City to targeted audiences in a convenient and cost-effective manner. The City has received overwhelmingly positive feedback from users on both sites, with the City's Facebook fan page growing to encompass well over 4,000 "fans" of the City – a clear indication of its effectiveness.

The 2010 International Festival kicked-off with a U.S. Citizenship & Immigration Services (CIS) swearing-in ceremony of 57 new citizens from 27 different countries on October 15. The City of Southfield, in partnership with the International Institute of Metropolitan Detroit, Inc., sponsored the All World Market October 15-October 17 in the Southfield Pavilion. The event featured a fun, affordable and enriching weekend for the entire family, including: international music and dance performances; children's hands-on activities and crafts; and ethnic art and craft demonstrations. Guests were also able to purchase a wide variety of imported products, authentic handmade arts and crafts, jewelry, books and other unique gifts from over 30 vendors from around the world. A wide variety of ethnic food and beverages was also available for purchase. The event was a great success, with thousands of guests from Southfield and all of metro Detroit attending throughout the entire weekend.

The City of Southfield, the Southfield Public School District and the City Centre Advisory Board sponsored the "Inside Out" public art installation at the Southfield City Centre (on the corner of Civic Center Drive and Evergreen Road) from June 4 – July 1, 2011. The project was a collaboration with internationally-renowned French artist JR to create a large-scale participatory art exhibit that transforms messages of personal identity into pieces of artistic work. Additional outdoor exhibits were installed at Southfield Public High School, the Southfield Public Library and various businesses throughout the City Centre area. The outdoor exhibits showcased K-12 student portraits that were enlarged to 35"x 53" paper posters.

The long-awaited 'field Zone' youth center, a joint venture between the Southfield Centers for Youth, Inc. and the Southfield Community Foundation, opened in May of 2009. The 15,000-square-foot 'field Zone' is open to all middle and high school students living or attending school in Southfield. It's a fun and safe place for up to 400 teens to hang out, do homework, or just relax. There are also various programs designed to benefit teens and improve their lifestyles, including Project ME, Healthy Kids, and the Financial Zone. The \$3 million center features a snack bar, Internet café, game room, lounge area, music studio and practice rooms, activities room (dance, martial arts), theater, and three group study rooms. The center is located on the campus of the Southfield Municipal Complex in the former Southfield Public Library.

The City's Parks & Recreation Department offers 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

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range of recreation opportunities. The department continues to host the popular SumMore Fest in August on the front lawn of the Southfield Municipal Complex – bringing out hundreds of Southfielders. The front lawn of the Southfield Municipal Complex also continues to be the home of the annual Chaldean Festival. Each year, these events continue to grow, drawing visitors from across Southfield and all of the metro area.

Southfield's many parks remain extremely popular throughout the spring and summer months, hosting a wide range of athletic competitions and events such as little league games, adult softball, tennis and sand volleyball leagues and soccer games. Over 130 families rented one of three picnic shelters in the City in the 2010-11 fiscal year for their family and school reunions, church and business picnics or other special events. The Southfield Sports Arena pool saw more than 10,000 visitors throughout the summer, and over 14,000 rounds of golf were played at Beech Woods Golf Course in addition to almost 24,000 rounds played at Evergreen Hills Golf Course.

The Burgh Historical Park was the site of over 20 weddings throughout the spring and summer in addition to numerous showers and other gatherings. The beautiful gardens, outdoor gazebo, and newly completed Thomas N. Frommeyer Gardens and courtyard at The Burgh offer guests a unique, relaxing and beautiful setting for any special occasion. The Burgh's 1854 Methodist Church is home to the City's SRO Productions civic theater company, now in its twenty-third season. The Mary Thompson Farmhouse was recently restored as a museum and is now home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provide plots to close to 100 enthusiastic gardeners who offer tours to schools and scouting groups.

In addition to the many P&R classes, activities and facilities, the department also sponsors several special events for the community. In January 2011, Parks & Recreation celebrated its 25<sup>th</sup> Daddy-Daughter Dinner Dance with over 400 young ladies and their special guests (two of whom had been to at least 15 of our Daddy-Daughter Dances with children and now grandchildren!). The department brought back the popular Princess & Super Hero Day event in FY2010-11, teaming with Oakland County Commissioner Janet Jackson and the National Center for Missing and Exploited Children to offer educational, informational and fun activities to those in attendance. The Department also worked extensively with the Southfield Police and Fire Departments to create events such as the Family Fun & Safety Night. Working with the City Centre Advisory Board, the Parks & Recreation Department was able to offer another season of the Eat to the Beat lunchtime concerts at the City Centre. These concerts give area business people a chance to experience a relaxing lunch outdoors while enjoying quality, area musical acts once a month. The weekly Burgh Gazebo Concert series also continued to play to large audiences at the Burgh Historical Park.

The Department offers many programs for disabled athletes including the Miracle League, a baseball program played on a specialized field allowing for the use of wheelchairs and other walking devices, and the Jr. Michigan Thunderbirds Wheelchair Basketball program. The Thunderbirds practice and play home games at the Beech Woods Recreation Center and were awarded with a trip to the National Wheelchair Basketball Association's National Tournament in Colorado in April of 2011. Team Southfield, a team comprised of participants of our Therapeutic Recreation program (Southfield Special Forces) for mentally impaired individuals, participated in the Michigan Special Olympics held at Central Michigan University over the summer.

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The Suburban Mobility Authority for Regional Transportation (SMART) and the Parks & Recreation Department provided on average 250 people per week with transportation to doctors' offices, medical appointments, banking, grocery shopping, and daytrips in fiscal year 2010-11 through the TOSS program. TOSS (Transportation of Southfield Seniors) is a program that helps Southfield seniors maintain their independence without a car. The program receives funding from a number of sources such as SMART, Community Block Grant, Providence Hospital, Beaumont Hospital and Comerica Bank.

The Park Services Division, working with the City's Landscape Architect, designed and planted a number of new displays and beds throughout the Civic Center, Burgh Historical Park, road medians, and other city properties. In total, the Park Services staff was responsible for planting 3,466 bulbs, 21,955 flowers, 179 shrubs and 4 trees throughout the City in an effort to keep Southfield beautiful.

Numerous improvements were recently completed at several parks and facilities throughout the city, including upgrades to the Beech Woods Park tennis courts, removal of deteriorated tennis courts at Bedford Woods Park as well as the addition of new bleachers for the ballfield. Phase I of the Beech Woods Greening Project, an improvement initiative to replace the north parking lot with a new permeable pavement parking lot, install LED lighting, walkway, interpretive signs, new landscaping including native planting and stormwater bioswales, and three new tennis courts was completed. The new "green" project demonstrates innovative storm water management design practices to the public and was funded by \$179,000 in federal grants from the Environmental Protection Agency's (EPA) Rouge River Wet Weather Demonstration Project.

The Carpenter Lake Gro Zone Grant through the Alliance of Rouge Communities provided the City with native grasses and wildflower seed to re-seed a meadow at the Carpenter Lake Nature Preserve. The native meadow provides habitat to birds and other wildlife including over 30 species of butterflies that have been documented at the Preserve.

The Valley Woods Trailhead & Stormwater Project added steps and replaced a concrete ditch with a naturalized stormwater structure at the entrance to Valley Woods Nature Preserve at Civic Center Drive. The project was supported by a \$60,000 Rouge River Wet Weather Demonstration Project grant through the Environmental Protection Agency (EPA) as a joint project with the Department of Public Works. The project was initiated in June 2010.

A new monument was installed and dedicated to the Southfield Firefighters at the Historic Fire Hall located at the Burgh Historical Park in the spring of 2010 in addition to the completion of the Burgh Small Courtyard Garden Project in the fall. The project included the conversion of a small courtyard at The Burgh to accommodate small weddings and other events. The renovation included the installation of two new pergolas designed by the City's landscape architect and fabricated by the City's carpentry shop as well as benches, two fountains, and historic flower gardens. The site was dedicated in July of 2011 as the Thomas N. Frommeyer Courtyard in recognition of the contributions of the City's first Human Services Director.

The Southfield Public Library continues to further their mission: *"We Help People Succeed"* by providing the community with unparalleled services, programs and numerous public meeting spaces. The



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Southfield Public Library is a state-of-the-art facility that on average receives well over 2,000 visitors daily. During these difficult economic times, the Library has grown in importance as a source for information and entertainment for families who increasingly find themselves with often limited resources. The Southfield Public Library's many amenities include two computer labs; a sophisticated computer network with hundreds of data drops and Wi-Fi (Wireless Internet) access; numerous meeting rooms; two auditoriums; 16 group study rooms; three outdoor terraces; fireplaces on each level; the Bookends Café; and stunning architectural and interior design. The Southfield Public Library also offers several computer classes monthly, ranging from Computer Fundamentals to Microsoft Office software training for people at all levels of computer literacy. Additionally, the Library recently completed the renovation of the youth room, added new early literacy computer stations, expanded shelving in the picture book collection and young adult areas, and added two new learning manipulatives to the Storybook Castle.

The Southfield Public Library also offers residents with innovative programming, including the Grown-Up Summer Reading Program (Book-A-Trip) with over 100 participants and hundreds of books read throughout the summer as well as over 200 children and teens that participated in the youth summer library program. The Library partnered with the Michigan Freedom Trail Commission, the 102<sup>nd</sup> United States Colored Troops and the Michigan Commission on Save the Flags to present a summer-long Civil War program. During this program, an outstanding and new discovery about Southfield's role in the Underground Railroad and a confirmed location of a Southfield depot were revealed. Library staff also created Web sites for the Underground Railroad and Civil War veterans in Southfield which further supported the series. The information made available on these sites will assist both genealogy and history buffs alike. The Library's annual Battle of the Books programs continue to be very popular, with over 450 students and numerous coaches participating in 2011 in addition to over 2,100 children and parents that participated in story times. Several other library programs such as the Jazz & Blues series, the Family Dinner Theaters, Poetry, Pages & Scribes and the Local Author Book Fairs also continue to be very popular. In fiscal year 2010-11, 650,000 items were checked out to patrons; over 22,500 new items were added to the collection; 17,000 items were processed for MelCat inter-library loan; over 8,500 new library cards were issued for patrons; and more than 100,000 reference questions were answered.

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

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Trade Commission<sup>1</sup> of Mexico. Southfield's elected leadership is equally diverse and helps assure Southfield remains a nationally-recognized multicultural model.

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

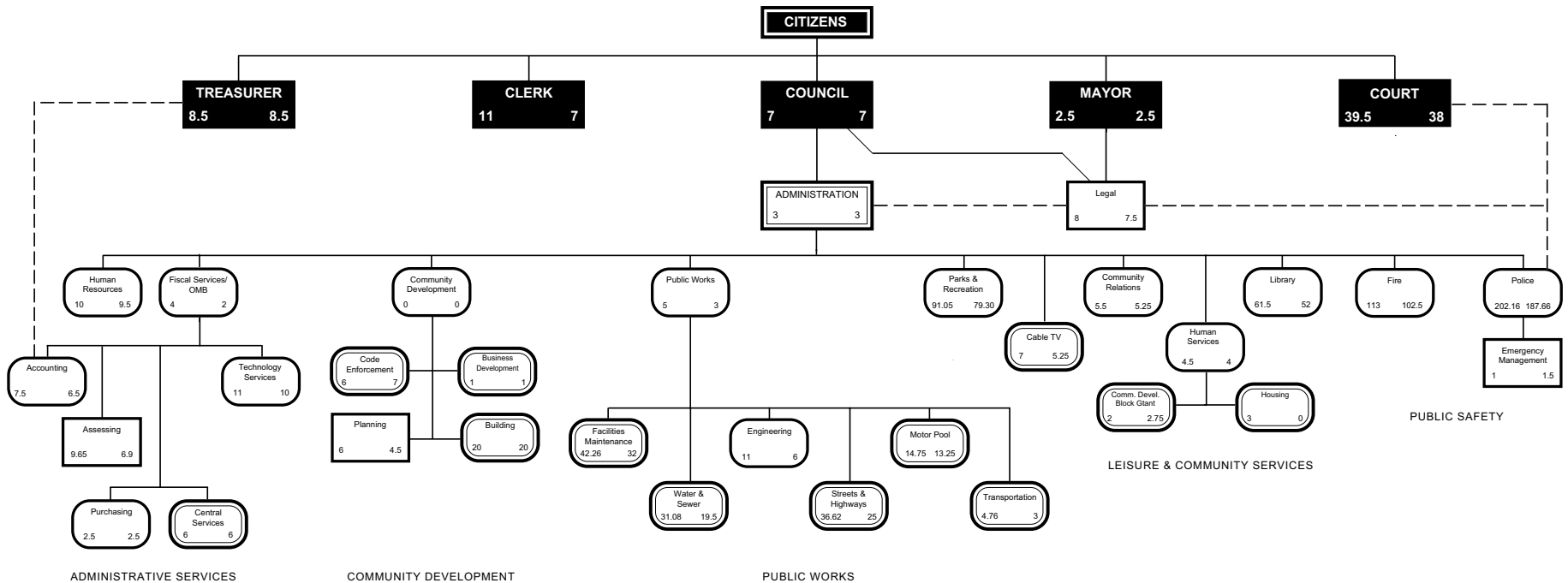
Respectfully submitted,



James G. Scharret  
City Administrator

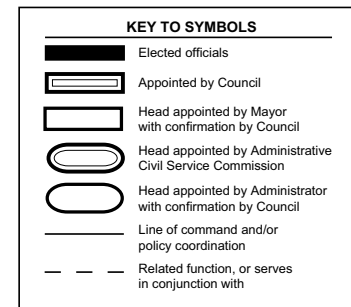
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# Organizational Chart



Number to left of department gives 2009-10 authorized personnel;  
number to right gives 2010-11on staff complement.

Approved Total 2009-10: 799.33  
Approved Total 2010-11: 691.36



# **CITY OF SOUTHFIELD, MICHIGAN**

**June 30, 2011**

**-MAYOR-**

***Brenda L. Lawrence***

**-CITY COUNCIL-**

***Myron A. Frasier, President***

***Joan Seymour, President Pro Tem***

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**-CITY TREASURER-**

***Irv M. Lowenberg***

**-CITY ADMINISTRATOR-**

***James G. Scharret***

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## Independent Auditor's Report

To the City Council  
City of Southfield, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan (the "City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Southfield's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Southfield Nonprofit Housing Corporation, which represents 47 percent, 47 percent, and 56 percent of the assets, net assets, and revenue, respectively, of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southfield Nonprofit Housing Corporation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the City Council  
City of Southfield, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southfield's basic financial statements. The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and retirement systems schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them. The City has not adopted the provisions of GASB 44, *Economic Condition Reporting: The Statistical Section*, which would have revised the content and format of various schedules in the statistical section.

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

During the year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note 1D. As a result of this required implementation, the Municipal Streets Fund has been consolidated into the Major and Local Street Funds and the Special Assessment Debt Service Fund was combined with the Special Assessment Construction Fund. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB Statement No. 54. Accordingly, these accounting changes have been retrospectively applied to prior periods presented.

*Plante & Moran, PLLC*

December 22, 2011



# **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, 2011. This analysis should be read in conjunction with the transmittal letter, beginning on page 1 of this report, and with the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### Government-Wide:

- Net assets (excluding component units) decreased by \$5.1 million, or 2.2%, from \$231.9 million to \$226.8 million.
- Governmental activities net assets decreased by \$11.3 million to \$150.4 million.
- Business-type activities net assets increased by \$6.2 million to \$76.4 million.

#### Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$35.3 million, with \$1.3 million being Non-spendable, \$24.1 million being restricted, \$8.6 million being committed for specific purposes and \$1.3 million being allocated between assigned or unassigned.
- The fiscal year 2011 governmental funds combined ending fund balance reflects a decrease of \$8.5 million from the prior fiscal year.
- This combined decrease, however, is made up of a decrease in the General fund ending balance of \$6.8 million, a decrease in the Parks and recreation fund ending balance of \$.8 million, a decrease in the Library fund ending balance of \$1.6 million, an increase in the Cable Television balance of \$.8 million and an increase in the Major Streets fund ending balance of \$1.0 million. The rest of the change is spread out amongst the various other governmental funds.
- The decreases in the General and Library Fund balances were primarily due to the reduction in tax revenues necessitating fund balance draws. In August 2011, City Council approved a \$.7 million use of fund balance for Parks and Recreation for capital projects which contributed to the overall decrease. Additionally, the Cable television fund balance increased \$.8 million as a second cable provider started service in the City and began remitting franchise fees of new subscribers. The increase in the Major streets fund balance is due to reclassifying a Council approved loan in the prior year to a Council approved transfer in order to eliminate a deficit.

#### Capital and Long-term Debt Activities:

- The City is \$290.9 million below its authorized debt limit.

# City of Southfield

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the City consists of the following components: 1) An Introductory Section which includes the Transmittal Letter; 2) A Financial Section which includes the Auditor's Report, the Management Discussion and Analysis, the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements), Required Supplementary Information such as a budget to actual comparison for the General Fund, additional Non-Required Information including combining financial statements for all non-major governmental funds and proprietary funds; and 3) A Statistical Section.

#### **Government-wide Financial Statements**

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

The Statement of Activities presents information showing the City's net assets change during fiscal year 2011. All changes in net assets 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. Seven 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 and the Southfield Non Profit Housing Corporation.

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

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

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

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

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

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

#### **Fund Financial Statements**

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

# City of Southfield

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

# City of Southfield

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

#### Notes to the Financial Statements

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

#### Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information (RSI) which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General fund and 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. These funds are added together, by fund type, and are presented in single columns in the basic financial statements, but are not reported individually, as are the major funds, on the government-wide statements.

#### FINANCIAL ANALYSIS

As previously stated, the City's combined net assets decreased by \$5.1 million over the course of this fiscal year's operations. The net assets of the governmental activities decreased in the amount of \$11.3 million; the net assets of the business type activities increased by \$6.2 million.

The following is a condensed Statement of Net Assets for the period ending June 30, 2011:

	<b>Net Assets</b>					
	<b>June 30, 2011</b>					
	(in millions of dollars)					
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total Primary Government</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>						
Current and other assets	\$ 76.7	\$ 88.5	\$ 37.8	\$ 29.5	\$ 114.5	\$ 118.0
Capital assets	144.1	148.4	64.8	67.4	208.9	215.8
Other long term assets	6.0	5.7			6.0	5.7
Total assets	<u>226.8</u>	<u>242.6</u>	<u>102.6</u>	<u>96.9</u>	<u>329.4</u>	<u>339.5</u>
<b>LIABILITIES</b>						
Current liabilities	9.2	9.8	6.7	3.3	15.9	13.1
Other liabilities	<u>67.2</u>	<u>71.1</u>	<u>19.5</u>	<u>23.4</u>	<u>86.7</u>	<u>94.5</u>
Total liabilities	<u>76.4</u>	<u>80.9</u>	<u>26.2</u>	<u>26.7</u>	<u>102.6</u>	<u>107.6</u>
<b>NET ASSETS</b>						
Invested in capital assets net of related debt	96.6	99.0	43.5	44.2	140.1	143.2
Restricted	26.8	30.8			26.8	30.8
Unrestricted	<u>27.0</u>	<u>31.9</u>	<u>32.9</u>	<u>26.0</u>	<u>59.9</u>	<u>57.9</u>
<b>Total Net Assets</b>	<u>\$ 150.4</u>	<u>\$ 161.7</u>	<u>\$ 76.4</u>	<u>\$ 70.2</u>	<u>\$ 226.8</u>	<u>\$ 231.9</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 assets during the fiscal year:

**Changes in Net Assets**  
**for the fiscal year ending June 30, 2011**  
(in millions of dollars)

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 17.6	\$ 17.1	\$ 35.0	\$ 33.0	\$ 52.6	\$ 50.1
Grants and contributions	11.4	15.6			11.4	15.6
General revenues						
Property taxes	50.8	60.1			50.8	60.1
Unrestricted state shared	6.2	6.2			6.2	6.2
Investment earnings	0.5	1.2	0.1	0.4	0.6	1.6
Other	2.3	2.7	0.1	0.2	2.4	2.9
<b>Total revenues</b>	<b><u>88.8</u></b>	<b><u>102.9</u></b>	<b><u>35.2</u></b>	<b><u>33.6</u></b>	<b><u>124.0</u></b>	<b><u>136.5</u></b>
<b>EXPENSES</b>						
General government	18.7	20.4			18.7	20.4
Public safety	44.1	47.4			44.1	47.4
Highway and streets	8.7	11.5			8.7	11.5
Public services	1.2	1.4			1.2	1.4
Sanitation	3.1	3.0			3.1	3.0
Community improvement	1.6	1.8			1.6	1.8
Social services	4.8	5.8			4.8	5.8
Culture and recreation	15.6	17.5			15.6	17.5
Water and sewer			29.0	27.3	29.0	27.3
Interest on long term debt	2.3	2.3			2.3	2.3
<b>Total expenses</b>	<b><u>100.1</u></b>	<b><u>111.1</u></b>	<b><u>29.0</u></b>	<b><u>27.3</u></b>	<b><u>129.1</u></b>	<b><u>138.4</u></b>
Excess (deficiency) before transfers	(11.3)	(8.2)	6.2	6.3	(5.1)	(1.9)
Transfers in		0.1				0.1
Transfers out				(0.1)		(0.1)
<b>Increase (decrease) in         net assets</b>	<b>(11.3)</b>	<b>(8.1)</b>	<b>6.2</b>	<b>6.2</b>	<b>(5.1)</b>	<b>(1.9)</b>
Beginning net assets	<u>161.7</u>	<u>169.8</u>	<u>70.2</u>	<u>64.0</u>	<u>231.9</u>	<u>233.8</u>
<b>Ending net assets</b>	<b>\$ <u>150.4</u></b>	<b>\$ <u>161.7</u></b>	<b>\$ <u>76.4</u></b>	<b>\$ <u>70.2</u></b>	<b>\$ <u>226.8</u></b>	<b>\$ <u>231.9</u></b>

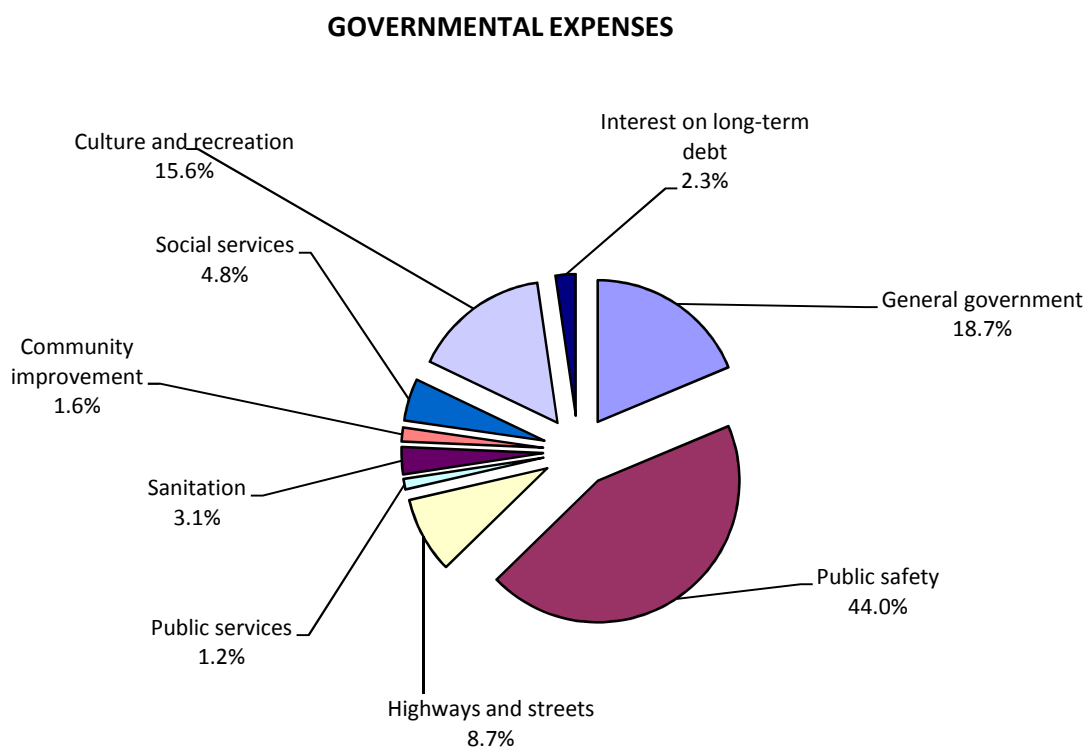
# City of Southfield

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS (continued)

The result of 2011 fiscal year's governmental activity was a decrease of \$11.3 million and an ending net assets balance of \$150.4 million. Of this total, \$96.6 million is invested in capital assets less related debt, \$26.8 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 \$27.0 million is listed as unrestricted, having no legal commitment.

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



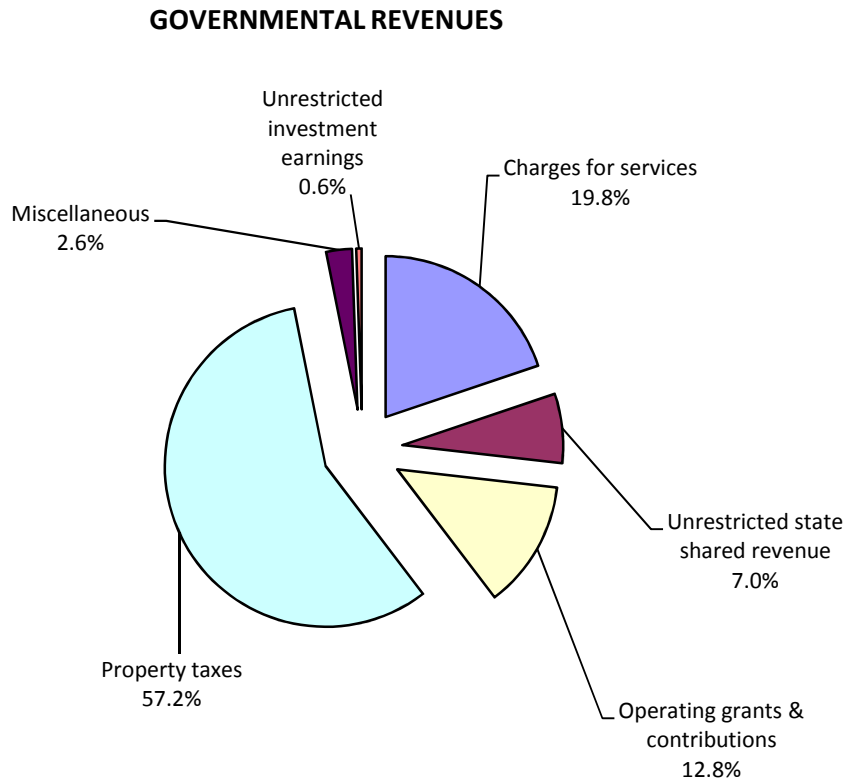
Governmental activity expenses for the fiscal year decreased by \$11.0 million. Public safety is the largest governmental activity, expending \$44.1 million of the governmental activities total expenses of \$100.1 million. It comprises 44.0% of total governmental expenses. This activity decreased by \$3.3 million. General government is the second largest governmental activity with total expenses of \$18.7 million, expending 18.7% of total governmental expenses. This activity decreased by \$1.7 million. Cultural and recreation is the third largest governmental activity with a total expense of \$15.6 million, expending 15.6% of total governmental expenses. This activity decreased by \$1.9 million. The main reason for the above decreases is continued cost cutting efforts necessitated by falling tax revenues. These three categories comprised 78.3% of total governmental activity expenses.

# City of Southfield

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS (continued)

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



In total, governmental revenue collections had a net decrease in fiscal year 2011 by \$14.1 million. This decrease is primarily derived from a \$9.3 million decrease in property taxes and a \$4.2 million decrease in operating grants and contributions. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 16.3428 mills. Property tax revenue generated \$50.8 million in 2011. It represented 57.2% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue. It represented 19.8% of all available sources of revenue for governmental activities. This source increased by \$.5 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 7.0% of all available sources of revenue. The Grants and contributions figure represents 12.8% of all available sources of revenue experiencing a \$4.2 million decrease due to one-time revenues received in 2010 for the federally funded Neighborhood stabilization fund and a \$1.0 million contribution to the Major streets fund from the Joint LDFA. Over 96.8% of the governmental activities are supported by these four revenue sources.



# City of Southfield

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS (continued)

#### **Business-type Activities:**

The net assets figure of Business-type activities increased by \$6.2 million during fiscal year 2011. Overall charges for services increased from 2010 by \$2.0 million or 6.1%. Operating expenses increased by \$1.7 million.

Of the total \$76.4 million of net assets in the business type activities, \$32.9 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, 2011 the General Fund reported a fund balance of \$9.0 million. This amount is a decrease of \$6.8 million from the prior June 30. Of the total fund balance, \$1.2 million is Non-spendable, \$1.3 million is restricted, \$6.0 million is Committed and \$.5 being allocated between assigned or unassigned.

#### General Fund Budgetary Highlights:

The City of Southfield's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is amended during the course of the fiscal year to reflect changing operational demands.

The General fund revenue budget was not adjusted during fiscal year 2011, with an original and final budget amount of \$57.0 million. General fund revenue totaled \$57.0 million with an immaterial positive variance. Property tax revenues were below budget projections by \$.9 million due to greater than anticipated tax appeals. Investment earnings were \$.4 million below anticipated levels reflecting an unusually low interest rate environment. Charges for services, Licenses and permits and Fines and forfeitures all exceeded budget projections by \$.3 million, \$.3 million and \$.7 million respectively.

The General fund expenditure budget was increased marginally during fiscal year 2011 to a final budget of \$63.6 million. Actual expenditures for fiscal year 2011 were \$64.1 million which was \$.6 million over budget due to tax appeals settlements reflected in support services.

In summary, the fiscal year 2011 Final Amended Budget anticipated using \$6.7 million of prior year's fund balance. The actual net change in fund balance was \$6.8 million; slightly greater than anticipated.

# City of Southfield

## Management's Discussion and Analysis

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

#### Capital Improvement Fund

The Capital improvement fund is a major fund due to several large capital projects supported by internal bond proceeds, transfers or loans. Projects such as Carpenter Lake restoration were continued in 2011. The Capital improvement fund had an ending fund balance of \$1.0 million.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2011, the City of Southfield had invested \$208.9 million, net of accumulated depreciation, in a broad range of capital assets. This reflects a decrease of \$6.9 million from 2010. Refer to Note 3C for additional capital asset information.

Long Term Debt – At the end of 2011, the City of Southfield had \$69.0 million in bonds outstanding. The amount of bonds with limited taxing authority in 2011 is \$30.7 million. A more detailed depiction of the City's long-term debt obligations is presented in Note 3D to the financial statements.

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

#### ECONOMIC OUTLOOK

The economic challenges facing the City of Southfield in the foreseeable future are among the most difficult in the City's 53-year history. The elements include:

- State unemployment figures in double digits, consistently at or near the top in the United States, with little relief in sight. October 2011 unemployment at 10.6% placed the State of Michigan with Mississippi tied for 47<sup>th</sup> place among the 50 states.
- The meltdown of the financial sector and the foreclosure crisis.
- State shared revenues (the largest single source of General Fund revenues after property taxes) have been steadily declining in recent years. The budget for this source peaked at \$9.8 million in fiscal 2001-02, versus \$5.0 million anticipated for 2011-12. This represents a decline of \$4.8 million or nearly 50% over the ten-year period.

# City of Southfield

## Management's Discussion and Analysis

### **ECONOMIC OUTLOOK (continued)**

- State monies for road repair and reconstruction, along with county and state resources to maintain their roads that are within the City of Southfield, are anticipated to be severely limited. This is a reflection of deteriorating general economic conditions, severe state budgetary problems, and the fact that the revenue base is primarily dependent on gas and weight tax receipts; which, in turn, are a reflection of the general economy and the increased fuel efficiency of newer commercial and passenger vehicles.
- Pressure on pension funding requirements which are a reflection of investment income and volatile stock market performance.
- We are levying our Charter maximum millage levels. There is no room within current millage allocations to produce increased revenues.
- Unprecedented decline in property tax valuations and receipts complicated by legal restrictions (Proposal A): In the entire history of the City, we have never had a decline in property tax valuations of more than 1.6%. In fact, only two years of the City's 53-year history reflect a decline—1.6% in 1983-84 and 0.6% in 1994-95. The tax base increased in each of the other 50 years. Yet, the tax base decreased 14.5% in 2010-11 and is anticipated to decline 13.0% in 2011-12. It must be noted that under Proposal A there is no limit to how far the tax base can fall, but comeback power of the governmental unit is severely limited by the annual growth limitation in the taxable value of existing real property—the lesser of 5% or the rate of inflation. Ultimately, this provides only three options to the local unit: a) resort to unacceptable use of one-time reserves until they are exhausted; b) ask the public for a millage increase after just having been granted one in a special election on May 3, 2011; or c) reduce the size and cost of government. The City of Southfield must adhere to option (c); the most disciplined, realistic and respectful approach to the public dollar.

Policy strengths and resources to meet these challenges include:

- The City has an established tradition of fiscal responsibility, proper budgetary practices, and consistent maintenance of reasonable reserves.
- The City has a proven capacity to handle fiscal challenges. Successful adherence to the 5-Year Fund Balance Stabilization Plan, covering the period 2004-05 through 2008-09, provides proof of that capacity. While the goal of the Plan was to end the 5-year period with a fund balance of at least \$8.0 million or approximately 12% of the subsequent year's budget, final audited results prove that we have exceeded the goal by a substantial margin. Given the challenges likely to be facing the City in the near future (unprecedented double-digit declines in the tax base), these reserves will be needed to sustain even the most essential of the core services. Thus, the leadership of the City is to be commended for their foresight in staying the course and preparing the municipality for even tougher times ahead; however, current reserves alone cannot sustain current service levels long-term.
- We have established the fact that we can do more with less and have the will and determination to size this municipal government to the resources available. Over the last five years, we have reduced the workforce by some 200 positions or nearly 25%, by attrition.

# City of Southfield

## Management's Discussion and Analysis

### ECONOMIC OUTLOOK (continued)

- We have a proven capacity to reduce costs, enhance productivity, and engage the cooperation of employees, as demonstrated by the constrained labor contracts achieved during the past seven years.
- A proven commitment to investments in technology for improved financial controls and reporting, as well as enhanced city-wide operational efficiencies is evident. The City's adaptable and continuously improving financial system was fully amortized in 2005-06, paving the way for solid budgetary monitoring and cost controls for years to come. Investment in improved road maintenance equipment and preventive maintenance strategies will allow us to maintain the appearance and functionality of the City through tough times. The continuous exploration of the potential for improved efficiency and effectiveness, through the optimum application of emerging/but proven technology, is a strong policy theme of the Mayor and City Council.
- Tax base focus is clearly demonstrable. The City of Southfield is resolutely committed to the maintenance and improvement of the tax base. Code and appearance issues get top priority attention, as exemplified by our 24/7 hotline (796-EYES) which encourages citizen input on any code or appearance issue at any time. The Code Enforcement and Community Appearance operation works on a seven-day-per week schedule to address concerns and monitor progress. Our widely recognized model approach for maintaining the appearance and physical integrity of vacant or foreclosed properties offers yet another example of the City's commitment to the tax base, strong neighborhoods, and attractive community appearance.

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

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

- The City maximizes grant funding opportunities. Over the past five years, grant funding has increased by \$8.3 million, or 230%, from \$3.6 million in 2005-06 to \$11.9 million in the 2010-11 approved budget. This increase includes \$4.6 million, or 236%, in Career Center grant funding for job training and placement, from \$1.4 million in the 2005-06 budget to \$4.7 million budgeted in 2010-11. The Career Center grant funding success is a demonstration of our commitment to the economic viability of the region. Though a substantial portion of this grant funding provides direct services to Southfield residents, the Career Center's services are regional in scope and widely recognized—within the state of Michigan and beyond—for performance excellence.

# **City of Southfield**

## **Management's Discussion and Analysis**

### **ECONOMIC OUTLOOK (continued)**

The figures above also include a grant of \$3.2 million from federal stimulus funds to address the residential foreclosure problem gripping the nation. We are attacking this problem on many fronts with the aim of stabilizing the City's neighborhoods and eliminating these vacancies, one-by-one, by providing a helping hand (not a handout) to responsible prospective homeowners who will not only occupy these vacant homes but will also invest in improvements to the property. Our unique program has been designed to leverage the grant award to provide the absolute maximum benefit to the Southfield community and to serve as a model for the proper stewardship of these federal funds on a local level.

In addition to these operating grants, we continue to maximize our grant funding opportunities for capital projects (e.g. Streets/Highway, Water/Sewer, and Facilities related projects). We are "shovel ready" in the vernacular of the federal and state granting authorities, administrative ready, and fully prepared to qualify for grant funding where appropriate and in the best interests of the City.

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

### **CONTACTING THE CITY'S FISCAL SERVICES DIVISION**

This financial report is designed to provide our residential and corporate taxpayers, investors, creditors, and any other interested parties with a general overview of the City's accountability for the financial resources under its purview and to demonstrate the City's commitment to proper standards of financial reporting. If there are questions about this report, or further information is needed, please contact James B. Pierce, City Controller, at (248) 796-5212.

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# City of Southfield

## Government-Wide Statement of Net Assets

June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Component Units	Proprietary Nonprofit Housing Corporation *
<b>ASSETS</b>					
Cash and cash equivalents	\$ 36,966,370	\$ 16,040,184	\$ 53,006,554	\$ 6,137,969	\$ 1,202,654
Investments	28,119,362	8,824,808	36,944,170	11,315,663	
Receivables, net <b>(Note 3B)</b>	7,074,369	12,463,777	19,538,146	247,136	66,554
Property investments	1,530,055		1,530,055		
Prepays	1,048,710	13,512	1,062,222	18,095	152,151
Internal balances <b>(Note 3F)</b>	363,443	(363,443)	-		
Due from primary government				300,000	
Due from component units	643,534		643,534	12,851	
Due from other governmental units	846,874		846,874		
Inventories	647,612	390,056	1,037,668		
Restricted assets: <b>(Note 3A)</b>					
Cash and cash equivalents	2,111,410		2,111,410		6,615,292
Long-term advances	3,377,867		3,377,867		
Capital assets: <b>(Note 3C)</b>					
Non-depreciable	14,965,440	1,442,614	16,408,054	350,000	2,543,410
Depreciable-net	129,144,370	63,335,110	192,479,480		5,993,301
Total assets	<u>226,839,416</u>	<u>102,146,618</u>	<u>328,986,034</u>	<u>18,381,714</u>	<u>16,573,362</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	5,573,175	4,147,187	9,720,362	57,662	300,981
Interest payable	408,578	128,872	537,450		
Insurance payable	1,264,107		1,264,107		
Workers' compensation payable	672,053		672,053		
Due to primary government				643,534	
Due to component units	300,000		300,000	12,851	
Due to other governmental units				4,234,151	
Unearned revenue <b>(Note 3B)</b>	1,029,244		1,029,244	8,649	
Noncurrent liabilities: <b>(Note 3D)</b>					
Due within one year	9,541,776	1,920,000	11,461,776	43,693	616,055
Due in more than one year	56,098,844	19,484,266	75,583,110	3,396,190	6,891,921
Net OPEB obligation: <b>(Note 4E)</b>	1,566,638	31,971	1,598,609		
Total liabilities	<u>76,454,415</u>	<u>25,712,296</u>	<u>102,166,711</u>	<u>8,396,730</u>	<u>7,808,957</u>
<b>NET ASSETS (Note 4A)</b>					
Invested in capital assets, net of related debt	96,615,975	43,508,935	140,124,910	350,000	1,028,735
Restricted					
Right-of-way funds/ Metro Authority	1,285,124		1,285,124		
Highways and streets	6,501,449		6,501,449		
Cable PEG fees	796,297		796,297		
Culture and recreation	9,884,587		9,884,587		
Social services	2,002,265		2,002,265		6,615,292
Grants (other)	175,832		175,832		
Public safety	668,014		668,014		
Debt service	1,173		1,173		
Capital projects	3,604,230		3,604,230		
Claims	1,888,029		1,888,029		
Unrestricted	26,962,026	32,925,387	59,887,413	9,634,984	1,120,378
Total net assets	<u>\$ 150,385,001</u>	<u>\$ 76,434,322</u>	<u>\$ 226,819,323</u>	<u>\$ 9,984,984</u>	<u>\$ 8,764,405</u>

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

\* Audited as of 12/31/10

**City of Southfield**  
**Government-wide Statement of Activities**  
**For the Year Ended June 30, 2011**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Governmental Component Units	Proprietary Nonprofit Housing Corporation *
Functions/Programs									
Primary government:									
Governmental activities:									
General government	\$ 18,707,551	\$ 1,193,553			\$ (17,513,998)		\$ (17,513,998)		
Public safety	44,108,179	8,334,575	\$ 965,851		(34,807,753)		(34,807,753)		
Highways and streets	8,693,174		5,009,117		(3,684,057)		(3,684,057)		
Public services	1,218,182	633,602	20,000		(564,580)		(564,580)		
Sanitation	3,117,337	3,142,554			25,217		25,217		
Community improvement	1,554,893	295,215	568,106		(691,572)		(691,572)		
Social services	4,765,197		4,312,956		(452,241)		(452,241)		
Culture and recreation	15,598,576	3,966,195	479,698		(11,152,683)		(11,152,683)		
Interest on long-term debt	2,346,243				(2,346,243)		(2,346,243)		
Total governmental activities	<u>100,109,332</u>	<u>17,565,694</u>	<u>11,355,728</u>	<u>-</u>	<u>(71,187,910)</u>		<u>(71,187,910)</u>		
Business-type activities:									
Water and Sewer	<u>28,956,192</u>	<u>35,022,377</u>				\$ 6,066,185	6,066,185		
Total primary government	<u>\$ 129,065,524</u>	<u>\$ 52,588,071</u>	<u>\$ 11,355,728</u>	<u>\$ -</u>			<u>(65,121,725)</u>		
Component units activities:									
Governmental	<u>\$ 2,393,815</u>	<u>\$ 1,000</u>	<u>\$ 12,623</u>	<u>\$ 143,160</u>				<u>\$ (2,237,032)</u>	
Proprietary activities:	<u>\$ 2,831,950</u>	<u>\$ 2,891,955</u>	<u>\$ 24,425</u>	<u>\$ -</u>					<u>\$ 84,430</u>
General revenues:									
Property taxes					50,811,665		50,811,665	2,292,565	
Unrestricted state shared revenues					6,224,989		6,224,989		
Unrestricted investment earnings					557,099	103,567	660,666	195,646	792,529
Miscellaneous					2,259,967	83,342	2,343,309	335,187	21,665
Transfers (Note 3F)					54,137	(54,137)	-		
Total general revenues and transfers					<u>59,907,857</u>	<u>132,772</u>	<u>60,040,629</u>	<u>2,823,398</u>	<u>814,194</u>
Change in net assets					(11,280,053)	6,198,957	(5,081,096)	586,366	898,624
Net assets - beginning					161,665,054	70,235,365	231,900,419	9,398,618	7,865,781
Net assets - ending					<u>\$ 150,385,001</u>	<u>\$ 76,434,322</u>	<u>\$ 226,819,323</u>	<u>\$ 9,984,984</u>	<u>\$ 8,764,405</u>

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

\* Audited as of 12/31/10



# City of Southfield

## Balance Sheet

### Governmental Funds

June 30, 2011

	Major Funds		Non-Major Funds	
	General	Capital Improvement	Other Governmental	Total Governmental
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,356,852	\$ 2,633,315	\$ 16,784,446	\$ 23,774,613
Investments	663,348	856,909	11,715,243	13,235,500
Receivables, net <b>(Note 3B)</b>	4,284,485	6,955	2,708,786	7,000,226
Property investments			1,530,055	1,530,055
Prepays	880,490		158,289	1,038,779
Due from other funds <b>(Note 3F)</b>	3,287,431	492,746	1,070,455	4,850,632
Due from component units	445,745		197,789	643,534
Due from other governmental units			846,874	846,874
Inventories	268,206			268,206
Restricted assets: <b>(Note 3A)</b>				
Cash and cash equivalents		211,391	11,990	223,381
<b>Total assets</b>	<u>\$ 14,186,557</u>	<u>\$ 4,201,316</u>	<u>\$ 35,023,927</u>	<u>\$ 53,411,800</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	2,153,378	3,518	789,022	2,945,918
Accrued payroll	1,323,702		347,357	1,671,059
Due to other funds <b>(Note 3F)</b>	306,260		4,175,229	4,481,489
Due to component units			300,000	300,000
Deferred revenue <b>(Note 3B)</b>	587,403		1,995,420	2,582,823
Other short-term liabilities	825,611		234,363	1,059,974
Advances from local improvement revolving fund <b>(Note 3F)</b>		3,169,518	1,859,262	5,028,780
<b>Total liabilities</b>	<u>5,196,354</u>	<u>3,173,036</u>	<u>9,700,653</u>	<u>18,070,043</u>
<b>Fund balances (deficit): (Note 4A)</b>				
Non-spendable	1,148,696		158,289	1,306,985
Restricted	1,285,124	684,676	22,181,680	24,151,480
Committed	6,024,279		2,545,386	8,569,665
Assigned	45,123	343,604	1,568,063	1,956,790
Unassigned	486,981		(1,130,144)	(643,163)
<b>Total fund balances</b>	<u>8,990,203</u>	<u>1,028,280</u>	<u>25,323,274</u>	<u>35,341,757</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,186,557</u>	<u>\$ 4,201,316</u>	<u>\$ 35,023,927</u>	<u>\$ 53,411,800</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 Assets**  
**June 30, 2011**

Fund balance for governmental activities	\$ 35,341,757
--	---------------

Amounts reported for governmental activities  
in the statement of net assets are different  
because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	138,118,204
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Long-term liabilities are not due and payable in the  
current period and therefore are not reported in the funds:

Accrued interest payable	(408,578)
Bonds payable	(47,717,216)
Compensated absences	(10,064,223)

Michigan tax tribunal liability	(6,937,941)
---------------------------------	-------------

Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds	1,553,581
---	-----------

Other post-employment benefits (OPEB)	(1,502,692)
---------------------------------------	-------------

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 assets.	<u>42,002,109</u>
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Government-wide net assets of governmental activities	\$ <u><u>150,385,001</u></u>
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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, 2011

	Major Funds		Non-Major Funds	
	General	Capital Improvement	Other Governmental	Total Governmental
<b>REVENUES</b>				
Property taxes	\$ 35,892,371		\$ 14,919,294	\$ 50,811,665
Special assessments			295,215	295,215
Program earnings			89,708	89,708
Charges for services	3,292,705		2,408,828	5,701,533
Sanitation	3,142,554			3,142,554
Licenses and permits	2,143,357			2,143,357
Fines and forfeitures	4,383,011		154,370	4,537,381
Federal forfeitures			188,285	188,285
Cable royalties			1,557,363	1,557,363
Intergovernmental:				
Federal	175,650		5,183,032	5,358,682
State	6,234,575		5,041,071	11,275,646
Other	551,721		126,261	677,982
Contributions and donations			340,387	340,387
Investment earnings	199,436	\$ 27,504	330,160	557,100
Other	973,794	310,000	814,484	2,098,278
Total revenues	56,989,174	337,504	31,448,458	88,775,136
<b>EXPENDITURES</b>				
Current:				
General government	9,263,171	285,355	24,181	9,572,707
Public safety	45,392,298		817,692	46,209,990
Highways and streets			8,981,332	8,981,332
Public services	820,990			820,990
Sanitation	3,117,337			3,117,337
Community improvement			1,555,446	1,555,446
Social services	242,562		4,465,018	4,707,580
Culture and recreation		20,495	15,242,389	15,262,884
Insurance and bonds	558,454			558,454
Support services	4,340,936			4,340,936
Other			1,464,158	1,464,158
Debt service:				
Principal retirement	230,000		1,988,042	2,218,042
Interest and fiscal charges	162,954		2,196,430	2,359,384
Total expenditures	64,128,702	305,850	36,734,688	101,169,240
Excess (deficiency) of revenues over (under) expenditures	(7,139,528)	31,654	(5,286,230)	(12,394,104)
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>				
Transfers in	525,192	684,768	6,432,378	7,642,338
Transfers out	(148,485)		(3,609,223)	(3,757,708)
Total other financing sources (uses)	376,707	684,768	2,823,155	3,884,630
Net change in fund balances	(6,762,821)	716,422	(2,463,075)	(8,509,474)
Fund balances - beginning as restated ( <b>Note 4A</b> )	15,753,024	311,858	27,786,349	43,851,231
<b>Fund balances - ending</b>	\$ 8,990,203	\$ 1,028,280	\$ 25,323,274	\$ 35,341,757

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

## City of Southfield

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities For the Year Ended June 30, 2011

Net change in fund balances – total governmental funds	\$ (8,509,474)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are recorded as capital assets	4,442,171
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.	(7,624,368)
Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt for capital assets is a reduction of net assets however, a reduction of the debt increases net assets. This is the amount of principal paid on long-term debt.	2,218,041
Current year's amortization for discounts payable.	(6,373)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount of expenditures for accumulated compensated absences is reported here.	471,109
Decrease in accrued interest payable on long-term debt	19,520
Delinquent personal property taxes are recorded in the statement of activities when the tax is assessed; they are not reported in the funds until collected or collectable within 60 days of year end	(564,068)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	388,910
Decrease in Other Post-Employment Benefits (OPEB)	1,334,669
Internal Service funds are used by management to charge the costs of certain activities, such as motor pool, and equipment replacement, to individual funds. The net activity of the internal service funds is reported with governmental activities.	<u>(3,450,190)</u>
Change in net assets government-wide statement of governmental activities	\$ <u><u>(11,280,053)</u></u>

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

**City of Southfield**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Business-type Activities - Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 16,040,184	\$ 13,191,755
Investments	8,824,808	14,883,862
Receivables, net <b>(Note 3B)</b>	12,463,777	74,143
Prepays	13,512	9,931
Due from other funds <b>(Note 3F)</b>	40,945	861,182
Inventory	390,056	379,406
Total current assets	37,773,282	29,400,279
Noncurrent assets:		
Restricted assets: <b>(Note 3A)</b>		
Cash and cash equivalents		1,888,029
Long-term advances to other funds <b>(Note 3F)</b>		5,028,780
Long-term advances to component units <b>(Note 3F)</b>		3,335,686
Long-term advances to employees		42,181
Capital assets: <b>(Note 3C)</b>		
Construction in progress	1,442,614	
Infrastructure	121,764,341	
Equipment and intangibles	2,810,815	23,616,161
Total capital assets	126,017,770	23,616,161
Less accumulated depreciation	(61,240,046)	(17,624,555)
Total capital assets (net of accumulated depreciation)	64,777,724	5,991,606
Total noncurrent assets	64,777,724	16,286,282
Total assets	102,551,006	45,686,561
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	3,866,617	256,884
Deposits and escrow	186,914	
Accrued payroll	93,656	248,612
Interest payable	128,872	
Insurance payable		1,264,107
Workers' compensation payable		672,053
Due to other funds <b>(Note 3F)</b>	404,388	866,882
Revenue bonds payable <b>(Note 3D)</b>	1,920,000	
Total current liabilities	6,600,447	3,308,538
Noncurrent liabilities:		
Accrued compensated absences-due more 1 year <b>(Note 3D)</b>	135,477	311,968
Other post-employment benefits:	31,971	63,946
Revenue bonds payable <b>(Note 3D)</b>	19,348,789	
Total noncurrent liabilities	19,516,237	375,914
Total liabilities	26,116,684	3,684,452
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	43,508,935	5,991,606
Restricted for claims		1,888,029
Unrestricted	32,925,387	34,122,474
Total net assets	\$ 76,434,322	\$ 42,002,109

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

# City of Southfield

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

### Proprietary Funds

For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for consumption and service:		
Water and sewage charges	\$ 34,645,410	
Charges to other funds		\$ 9,853,465
Installation charges	33,879	
Interest and penalties	343,088	
Other	83,342	713,573
Total operating revenues	<u>35,105,719</u>	<u>10,567,038</u>
<b>OPERATING EXPENSES</b>		
Administration	3,520,116	2,174,944
Equipment and facility operation		6,425,952
Transmission and distribution	19,925,553	
Service installation and meter reading	1,092,612	
Depreciation and capital adjustments	4,417,911	1,547,727
Other		394,522
Total operating expenses	<u>28,956,192</u>	<u>10,543,145</u>
Operating income	6,149,527	23,893
<b>NONOPERATING REVENUES</b>		
Intergovernmental - Federal		28,997
Investment earnings	103,567	309,281
Other		18,132
Total nonoperating revenue	<u>103,567</u>	<u>356,410</u>
Income before transfers	6,253,094	380,303
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>		
Transfers in		11,753
Transfers out	(54,137)	(3,842,246)
Total other financing sources (uses)	<u>(54,137)</u>	<u>(3,830,493)</u>
Change in net assets	6,198,957	(3,450,190)
Total net assets - beginning	<u>70,235,365</u>	<u>45,452,299</u>
<b>Total net assets - ending</b>	<u>\$ 76,434,322</u>	<u>\$ 42,002,109</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, 2011**

	Business-type Activities - Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from users	\$ 35,110,329	\$ 10,576,856
Cash paid to employees	(2,340,826)	(4,195,774)
Cash paid to suppliers	(21,304,561)	(5,313,631)
Net cash provided by operating activities	<u>11,464,942</u>	<u>1,067,451</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advance (payment) within an interfund	57,435	(1,314,677)
Long-term advances		2,869,197
Long-term advances to employees		11,175
Transfers in		11,753
Transfers out	(54,137)	(3,842,246)
Net cash provided by (used in) noncapital and related financing activities	<u>3,298</u>	<u>(2,264,798)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of property and equipment	(185,395)	(379,552)
Intergovernmental - Federal		28,997
System improvements	(1,632,903)	
Payment of revenue bonds	(1,875,000)	
Net cash used in capital and related financing activities	<u>(3,693,298)</u>	<u>(350,555)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments (purchases), net of purchases (sales)	(713,328)	1,104,165
Investment earnings	144,549	331,182
Net cash provided by (used in) investing activities	<u>(568,779)</u>	<u>1,435,347</u>
Net increase (decrease) in cash, cash equivalents	7,206,163	(112,555)
Cash, cash equivalents, beginning of year	8,834,021	15,192,339
Cash, cash equivalents, end of year	<u>\$ 16,040,184</u>	<u>\$ 15,079,784</u>
<b>Balance sheet reconciliation of cash &amp; cash equivalents</b>		
Cash, cash equivalents	\$ 16,040,184	\$ 13,191,755
Restricted cash, cash equivalents		1,888,029
Total cash, cash equivalents	<u>\$ 16,040,184</u>	<u>\$ 15,079,784</u>
<b>Reconciliation of operating income to net cash provided</b>		
(used in) by operating activities:		
Operating income	\$ 6,149,527	\$ 23,893
<b>Adjustments to reconcile operating income to net cash provided by</b>		
(used in) operating activities:		
Depreciation and capital adjustments	4,417,911	1,547,727
Receivables	(319,061)	(5,179)
Prepays	1,671	11,200
Inventory	322,000	3,797
Accounts payable	986,693	(115,543)
Accrued payroll	46,355	189,916
Other liabilities	(6,000)	
Interest payable	(11,313)	
Insurance payable		170,892
Workers' compensation payable		(485,801)
Accrued compensated absences	(94,442)	(216,656)
OPEB obligation	(28,399)	(56,795)
Net cash provided by operating activities	<u>\$ 11,464,942</u>	<u>\$ 1,067,451</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 Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,677,501	\$ 2,507,664
Investments, at fair value:		
Government obligations	40,346,212	2,000,248
Corporate bonds	38,138,804	
Common stock	214,732,922	
Real estate and other	36,053,932	
Total investments	329,271,870	2,000,248
Cash & investments held as collateral for securities lending:		
Repurchase agreements	5,587,500	
Agency bonds, notes & corporate bonds	5,291,782	
Certificates of & time deposits	8,350,121	
Asset backed floating rate notes	1,159,523	
Commercial paper	2,234,730	
Variable rate deposits, notes & bonds	2,350,174	
Money market demand accounts	8,663,410	
Sweep vehicles	757,451	
Non-cash collateral	204,912	
Total securities lending	34,599,603	-
Prepaid	167,836	
Receivables, net	254,162	2,022
Total assets	369,970,972	4,509,934
<b>LIABILITIES</b>		
Accounts payable & accrued payroll	230,693	215,528
Deposits and escrow		3,720,157
Interest payable		104
Due to other governmental units	756,288	574,145
Other	176,898	
Obligations under securities lending agreements	34,776,501	
Total liabilities	35,940,380	4,509,934
<b>NET ASSETS</b>		
Reserved for pension benefits	285,000,303	
Reserved for post-retirement health care benefits	49,030,289	
Total net assets	\$ 334,030,592	\$ -

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

# City of Southfield

## Statement of Changes in Fiduciary Net Assets

### Fiduciary Funds

For the Year Ended June 30, 2011

	Pension (and Other Post-Employment Benefits) Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Plan members	\$ 2,133,761
Employer	11,121,246
Total contributions	<u>13,255,007</u>
Investment activity:	
Net increase in fair value of investments	63,327,135
Investment earnings	2,872,817
Dividends	3,232,528
Other	74,760
Total investment activity	<u>69,507,240</u>
Less investment expense:	1,277,762
Net investment	<u>68,229,478</u>
Total additions	<u>81,484,485</u>
<b>DEDUCTIONS</b>	
Benefits	20,861,401
Health care expense	5,250,052
Administrative expense	490,625
Total deductions	<u>26,602,078</u>
Net increase	54,882,407
Net assets - beginning	<u>279,148,185</u>
<b>Net assets - ending</b>	<u><u>\$ 334,030,592</u></u>

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

# City of Southfield

## Statement of Net Assets

### Discretely Presented Component Units

June 30, 2011

	Economic Development Corporation	Brownfield Re-development Authority	Joint Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 23,161	\$ 36,980	\$ 84,622	\$ 2,177,827	\$ 2,112,356	\$ 1,703,023	\$ 6,137,969
Investments			881,632	816,904	3,297,099	6,320,028	11,315,663
Receivables, net ( <b>Note 3B</b> )	12	6,667	2,568	159,187	13,316	65,386	247,136
Prepays				18,095			18,095
Due from primary government						300,000	300,000
Due from component units	4,294	8,557					12,851
Total current assets	27,467	52,204	968,822	3,172,013	5,422,771	8,388,437	18,031,714
Capital assets: ( <b>Note 3C</b> )							
Land				350,000			350,000
Net capital assets	-	-	-	350,000	-	-	350,000
Total assets	27,467	52,204	968,822	3,522,013	5,422,771	8,388,437	18,381,714
<b>LIABILITIES</b>							
Accounts payable and other current liabilities		14,156		43,506			57,662
Due to primary government		400		6,344		636,790	643,534
Due to component units				4,294		8,557	12,851
Due to other governmental units		35,905			1,443,783	2,754,463	4,234,151
Unearned revenue ( <b>Note 3B</b> )		109		6,645		1,895	8,649
Noncurrent liabilities: ( <b>Note 3D</b> )							
Due within one year				43,693			43,693
Due in more than one year				60,504		3,335,686	3,396,190
Total non-current liabilities	-	-	-	104,197	-	3,335,686	3,439,883
Total liabilities	-	50,570	-	164,986	1,443,783	6,737,391	8,396,730
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt				350,000			350,000
Unrestricted	27,467	1,634	968,822	3,007,027	3,978,988	1,651,046	9,634,984
<b>Total net assets</b>	\$ 27,467	\$ 1,634	\$ 968,822	\$ 3,357,027	\$ 3,978,988	\$ 1,651,046	\$ 9,984,984

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, 2011**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets						Totals
		Charges for	Operating	Capital	Economic	Brownfield	Joint Local	Downtown	Tax	Local	
	Expenses	Services	Grants and	Grants and	Development	Re-development	Development	Development	Increment	Development	
			Contributions	Contributions	Corporation	Authority	Finance	Authority	Finance	Finance	
							Authority	Authority	Authority	Authority	
EDC											
Community improvement	\$ 6,138				\$ (6,138)						\$ (6,138)
Brownfield											
Community improvement	988,223	\$ 1,000		\$ 122,540		\$ (864,683)					(864,683)
Joint Local Development Finance Authority											
Community improvement	11						\$ (11)				(11)
DDA											
Community improvement	722,327		\$ 12,623	20,620				\$ (689,084)			(689,084)
Tax Increment Finance Authority											
Community improvement	90,339								\$ (90,339)		(90,339)
Local Development Finance Authority											
Community improvement	586,777									\$ (586,777)	(586,777)
Total component units	\$ 2,393,815	\$ 1,000	\$ 12,623	\$ 143,160							(2,237,032)
General revenues:											
Property taxes						790,669	283,717	719,029		499,150	2,292,565
Unrestricted investment earnings					175	1,864	11,457	26,162	61,038	94,950	195,646
Miscellaneous						69,814		225,038		40,335	335,187
Total general revenues					175	862,347	295,174	970,229	61,038	634,435	2,823,398
Change in net assets					(5,963)	(2,336)	295,163	281,145	(29,301)	47,658	586,366
Net assets - beginning					33,430	3,970	673,659	3,075,882	4,008,289	1,603,388	9,398,618
Net assets - ending					\$ 27,467	\$ 1,634	\$ 968,822	\$ 3,357,027	\$ 3,978,988	\$ 1,651,046	\$ 9,984,984

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

#### **Incorporation of city**

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

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

#### **A. Reporting entity**

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations given the level of financial interdependence with the City. Data from these units are combined with data of the City ("primary government"). Each discretely presented component unit, on the other hand, is legally separate with a board appointed by the City. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, has included them within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose a specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Data from these units is segregated from the primary government in the combined financial statements. Each blended and discretely presented component unit's financial information has been included based upon a June 30 year-end except for Southfield Non-profit Housing which numbers were based upon a December 31 year end.

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

- Southfield Growth Corporation
- City of Southfield Library Building Authority
- City of Southfield Building Authority

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity (continued)

The Southfield Growth Corporation whose activities are recorded in the Neighborhood Stabilization Program fund is governed by a 5 member board including the Deputy City Administrator, City Attorney, Purchasing Agent, Director of Planning and Housing Program specialist. The first three are appointed by the City Council, the Director of Planning is appointed by the Mayor and confirmed by the City Council and the specialist reports to the Deputy City Administrator, thereby appointing a voting majority. The Southfield Library Building Authority Board consists of 6 members appointed by City Council, thereby appointing a voting majority. In addition, the repayment of the Southfield Library Building Authority's bonds is financed through an operating millage for library operations. The Southfield Building Authority Board consists of 4 members appointed by City Council, and the City Administrator, thereby appointing a voting majority. The Building Authorities are reported as a Governmental Fund type.

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

**Economic Development Corporation ("EDC"):** The Economic Development Corporation ("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 Redevelopment Authority:** The Brownfield Redevelopment Authority is a corporate public body, created by the State of Michigan under Public Act 381 of 1996, consisting of the serving members of the Local Development 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:**

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

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity (continued)

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

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

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

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

**Southfield Nonprofit Housing Corporation:** The Corporation is organized as a nonprofit corporation formed on February 1, 1973, to provide housing for persons of low and moderate income in the City of Southfield. The City appoints a voting majority of the Corporation and is able to impose its will on the Corporation. The discretely presented component unit is reported as a Proprietary Fund type.

Complete financial statements can be obtained from the office of:

Tama, Budaj & Raab, P.C.  
Certified Public Accountants  
32783 Middlebelt Road  
Farmington Hills, MI 48334-1726

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity (continued)

##### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories: Invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.

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

#### **B. Basis of presentation**

The statement of net assets 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 assets and changes in fiduciary net assets.

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

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



# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### B. Basis of presentation (continued)

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

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

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings.

#### GOVERNMENTAL FUNDS

The city reports the following major governmental funds:

**GENERAL FUND:** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**CAPITAL IMPROVEMENT:** The Capital Improvement Fund is the basic Capital Project Fund of the City, accounting for all major projects not specifically segregated by bond ordinance.

The city reports the following major proprietary fund:

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

**Water and Sewer:** Water sales support the purchase of water from the Southeastern Oakland County Water Authority and the installation and maintenance of meters and mains throughout the City. Sewer disposal charges to customers pay for treatment of sewerage and fund installation and maintenance of sanitary sewers in the EVERGREEN area (west of Southfield Road) and of combined sanitary and storm sewers on the "SEOCSDS" area (east of Southfield Road).

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### B. Basis of presentation (continued)

Additionally, the City reports the following Internal Services and Fiduciary fund types:

#### Associated Governmental Funds

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

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

#### Fiduciary Funds

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

#### TRUST

**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 Employee Retirement Plan and the Fire & Police Plan.

**Retiree Health Care Benefits Plan & Trust:** This 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.

#### AGENCY

**Deposits and Escrow:** This fund is for builders' cash bonds and similar escrow deposits.

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

**46th District Court:** The district court operates in an agency capacity and collects fine and fee revenues and distributes them to the appropriate governmental unit or agency. The City is the District Control Unit for the district court, and it provides all facilities, services and payroll expenses required for the proper functioning of the district court.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### C. 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.

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

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

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Assets, liabilities, and equity

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

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

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

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

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

**(c) Inventories:** Inventories are stated at a first-in, first-out cost method and are accounted for using the purchasing method except for certain items used in the governmental and proprietary funds such as sign shop inventory which are accounted for on the consumption method.

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

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Assets, liabilities, and equity (continued)

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

The estimated useful lives are:

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

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

**(e) 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 Assets 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.

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

**(g) Fund equity:** In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: non-spendable, restricted, committed, assigned and unassigned. The City implemented Statement No. 54 during the year.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Assets, liabilities, and equity (continued)

In the fund financial statements, governmental funds report the following components of fund balance:

- Non-spendable: Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted: Reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change
- Committed: Amounts that have been formally set aside by the City for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- Assigned: Intent to spend resources on specific purposes expressed by the City Council as this authority has not been delegated to management. Although also Council determined, this classification is less restrictive and thus would not require formal action by Council.
- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and not been restricted, committed or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported; if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the City's policy is to first apply unrestricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned and unassigned.

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

**(h) 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.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Assets, liabilities, and equity (continued)

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

(j) **Reclassifications** – Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

### 2. COMPLIANCE AND ACCOUNTABILITY

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

- On or before March 1 – Each department head must submit a departmental budget to the City Administrator.
- On or before April 1- the Administrator shall submit the budget to the Mayor.
- On or before the first regular Council meeting in May - the Mayor shall submit the budget to Council.
- Not later than the third week in June - the Council shall adopt a budget by an affirmative vote of at least five members, at a Special Budget Meeting called for such purposes.
- The City's fiscal year begins July 1.
- The public is kept well informed throughout the budget process through the issuance of press releases, availability of budget documents at both the City Clerk's Office and Southfield Public Library at various stages in the formulation process, and creation of a budget summary videotape which plays periodically on the City's cable television station. Citizens are encouraged to actively participate in all public hearings.
- The individual department head is authorized to transfer budgeted amounts within the respective appropriation unit (e.g., Treasurer’s Office), unless the transfer involves personnel or capital line items, in which case, the approval of the Director of Financial Services or the City Administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by City Council. Such budget adjustments took place, as authorized by the City Council, for the year ended June 30, 2011, and the budgetary data reflects the effect of those amendments.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Data (continued)

- 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 note reconciling the adopted budget to the presented budget is disclosed in Note 3 E. 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.
- There was a budget amendment subsequent to year end to dissolve the Municipal streets fund and the activity was rolled into the Major and Local streets fund pursuant to the adoption of GASB 54.

#### Notes to RSI – Budgetary Information

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments or assignments of fund balances (depending on how the encumbrances will be paid) and do not constitute expenditures or liabilities because the goods or services have not been received at year end. The commitments will be re-appropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$1,410,177.

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

Major streets	Drug law enforcement
Local streets	Grants
Parks & recreation	Library
Cable television	Michigan works grants
Block grant	Auto theft grant
Section 8 housing	Donations, memorial trusts and sponsorships
Neighborhood stabilization program	

- The Block grant funds adopted annual budgets which included deficits. These funds were not in compliance with the Uniform Budget Act. The City plans to correct this for fiscal year 2012.

#### B. Budget Variances

During the year, the City incurred positive and negative revenue variances that were less than the amounts budgeted, as follows:



# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>General Fund</b>			
Revenues:			
Property taxes	\$ 36,840,064	\$ 35,892,371	\$ (947,693)
Investment earnings	600,000	199,436	(400,564)

The variance in property taxes was derived from the current year effect of prior year tax settlements. The variance in the Investment earnings budget was derived from lower than anticipated interest rate market.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Parks and Recreation</b>			
Revenues:			
Property taxes	\$ 5,044,032	\$ 4,898,750	\$ (145,282)
Charges for services	2,105,462	1,960,127	(145,335)

The variance in property taxes was derived from the current year effect of prior year tax settlements. The variance in charges for services was derived from lower than anticipated golf and recreation revenues.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Cable Television</b>			
Revenues:			
Cable royalties	\$ 913,868	\$ 1,557,363	\$ 643,495

The variance in franchise fees was derived from revenues generated by an additional cable television provider.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Section 8</b>			
Revenues:			
Other	\$ -	\$ 120,000	\$ 120,000

The variance is a result of a one-time donation.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Neighborhood Stabilization Program</b>			
Revenues:			
Intergovernmental-Federal	\$ 2,127,648	\$ 62,696	\$ (2,064,952)
Program earnings	1,063,808	89,708	(974,100)

The variances are derived due to timing of award and actual drawdown of grant and lag time for properties purchased by grant to be sold as program earnings.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Library Fund</b>			
Revenues:			
Property taxes	\$ 6,374,461	\$ 6,206,379	\$ (168,082)
Investment earnings	196,875	65,188	(131,687)

The variance in property taxes was derived from the current year effect of prior year tax settlements. The variance in the Investment earnings budget was derived from lower than anticipated interest rate market.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Michigan Works Grant Fund</b>			
Revenues:			
Intergovernmental:			
Federal	\$ 4,676,000	\$ 2,560,326	\$ (2,115,674)

The variance is a result of anticipated federal funding that was reduced.

During the year, the City incurred positive and negative expenditure variances that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>General Fund</b>			
Expenditures:			
Total general government	\$ 10,937,668	\$ 9,263,171	\$ 1,674,497
Total public safety	46,688,060	45,392,298	1,295,762
Other:			
Support services	617,717	4,340,936	(3,723,219)

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

The positive variances were the result of the City's commitment to hold vacancies and reduce expenditures. The variance in the Support services budget was derived from a budgetary credit to that appropriation equal to the anticipated budgetary savings in the other departmental budgets from vacancies. The City budgeted the vacancies within the originating department, but fully intended not to fill or utilize those dollars within those budgets. This has changed effective fiscal year ending 2012 and the vacancies within the General fund will now be reflected directly in the department and program line items. In addition, the effect of previous year tax appeals were greater than anticipated.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Local Streets</b>			
Expenditures:			
Administration	\$ 498,586	\$ 603,241	\$ (104,655)
Snow removal	692,718	783,999	(91,281)

The variance is a result of the effect of previous year tax appeals were greater than anticipated. The variance in Snow removal is a result of greater than anticipated winter weather.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Parks and Recreation</b>			
Expenditures:			
Administration	\$ 3,008,546	\$ 3,385,882	\$ (377,336)

The variance is a result of the effect of previous year tax appeals were greater than anticipated.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Grants fund</b>			
Expenditures:			
Public safety	\$ 88,753	\$ 129,989	\$ (41,236)
Community improvement	-	33,225	(33,225)

The variances are a result of the timing of multiyear grant or program expenditures. Budget is comprised of current year allocation.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Library fund</b>			
Expenditures:			
Administration	\$ 2,058,710	\$ 2,396,555	\$ (337,845)
The variance is a result of the effect of previous year tax appeals were greater than anticipated.			

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Donations, Memorial trusts &amp; sponsorships</b>			
Other financing sources:			
Transfers out	\$ -	\$ (473,285)	\$ (473,285)
The variance is a result of a GASB 54 reclassification to Capital Improvements fund. Capital Projects funds do not require adopted budgets so this fund was not adjusted either.			

### 2. COMPLIANCE AND ACCOUNTABILITY

#### C. Individual Fund Deficit Disclosure

The following individual fund has an accumulated deficit at June 30, 2011:

Block Grant	\$ (418,691)
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A majority of the deficit in the Community Development Block Grant arises from expenditures made on community improvement projects which are funded through a reimbursable grant from Housing and Urban Development. There is a time lag between actual expenditure and requests for reimbursement; therefore, related grant revenues have been deferred and will be recognized in the subsequent year.

Neighborhood stabilization program - unassigned	\$ (636,884)
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The deficit in the Neighborhood stabilization program unassigned fund balance arises from investments in property currently held that once sold the proceeds will be used to repay the internal loan from the LIRF fund.

Drains at Large - unassigned	\$ (74,569)
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The deficit in the Drains at Large fund is due to tax tribunal refunds. The tax revenues were less than anticipated.

# City of Southfield

## Notes to the Financial Statements

### **3. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits and Investments**

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 180 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 28 financial institutions for the deposit of its funds. The investment policy adopted by the council in accordance with Public Act 196 of 1997 is in accordance with statutory authority; however, the City employs a more conservative investment policy and invests only in the highest rated commercial paper. The City participates only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. Guidelines require that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement.

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

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

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

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

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. 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 \$7,894,132 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. 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.

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

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

##### Interest rate risk:

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

**City** – 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. At year end, the average maturities of investments are as follows:

Investments:	Fair Market Value	Weighted Average Maturity
U.S. government agencies	\$ 48,769,534	1.64 years
Municipal debt securities	1,522,528	6.02 years

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**SERS** – The SERS investment policy does not restrict investment maturities. At year end, the weighted average maturities of investments are as follows:

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	\$ 270,573	22.51 years
Corporate bonds	5,154,260	9.06 years
Foreign bonds	608,292	7.47 years
U.S. government agencies	1,455,533	1.81 years
U.S. government collateralized mortgage obligations	111,858	7.74 years
U.S. government mortgage backed securities	3,920,535	22.91 years
U.S. treasury notes and bonds	4,226,800	4.08 years
Other	209,376	27.79 years
Mutual Funds	7,477,684	8.13 years
High Yield Corporate Bond Series	1,532,264	Not Available

**SFPRS** – The SFPRS investment policy does not restrict investment maturities. At year end, the weighted average maturities of investments are as follows:

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	\$ 98,491	3.59 years
Corporate bonds	10,588,176	2.17 years
Corporate bonds	3,760,213	Not Available
Corporate convertible bonds	9,991,511	Not Available
U.S. government agencies	1,608,659	7.75 years
U.S. government agencies	15,233,174	Not Available
U.S. government mortgage backed securities	966,470	5.70 years
U.S. government issued commercial mortgage backed securities	356,305	8.91 years
Municipal bonds	1,537,059	4.74 years
Other	137,311	2.15 years
Other - Enervest Divsfd In Trust Units	337,932	Not Available
Real estate mortgage	6,000,000	Not Available

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

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

Investments:	Fair Market Value	Weighted Average Maturity
Collateral Pool	\$ 25,940,110	0.28 years

**SHCBTS** – The SHCBTS investment policy does not restrict investment maturities. At year end, the weighted average maturity of investments was as follows:

Investments:	Fair Market Value	Weighted Average Maturity
Loomis Sayles Inv Gr - Y	\$ 4,745,529	9.69 years
Loomis Sayles Global Bond Fund	4,172,072	7.21 years
Comerica Aggreg Bd Index Fd - 584	8,443,249	7.23 years

#### **Credit risk:**

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

**City** – The City has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
US government securities	\$ 48,769,534	AAA / Aaa	S&P / Moody's
Municipal debt securities	1,522,528	AAA / Aaa	S&P / Moody's
Bank investment pool	15,129,521	A1	Moody's
Local government investment pool	26,374,476	Not available	N/A



# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**SERS** – The SERS has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 270,573	Not rated	N/A
Corporate bonds	500,195	AAA	S&P
Corporate bonds	1,055,867	AA	S&P
Corporate bonds	3,462,998	A	S&P
Corporate bonds	135,200	BBB	S&P
Foreign bonds	186,456	AA	S&P
Foreign bonds	421,836	A	S&P
U.S. government agencies	1,455,533	AA	S&P
Collateralized mortgage obligations	111,858	Not rated	N/A
Mortgage backed securities	3,920,535	Not rated	N/A
Other	209,376	Not rated	N/A
U.S. treasury notes and bonds	4,226,800	AAA	S&P
Mutual funds	5,115,299	AAA	S&P
Mutual funds	72,318	A	S&P
Mutual funds	2,290,067	BBB	S&P
High Yield Corporate Bond Series	1,532,264	Not rated	N/A

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**SFPRS** – The SFPRS has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 98,491	Baa	Moody's
Corporate bonds	132,269	Aaa	Moody's
Corporate bonds	1,247,666	Aa	Moody's
Corporate bonds	3,466,351	A	Moody's
Corporate bonds	4,488,009	Baa	Moody's
Corporate bonds	560,945	Ba	Moody's
Corporate bonds	122,238	B	Moody's
Corporate bonds	4,330,911	Not rated	N/A
Corporate convertible bonds	505,191	Aaa	Moody's
Corporate convertible bonds	317,360	Aa	Moody's
Corporate convertible bonds	1,688,935	A	Moody's
Corporate convertible bonds	2,056,685	Baa	Moody's
Corporate convertible bonds	5,423,338	Not rated	N/A
U.S. government agencies	1,256,207	Aaa	Moody's
U.S. government agencies	119,877	Aa	Moody's
Real estate mortgage	6,000,000	Not rated	N/A
Municipal bonds	1,002,613	Aa	Moody's
Municipal bonds	226,554	A	Moody's
Municipal bonds	113,401	Baa	Moody's
Municipal bonds	194,493	Not rated	N/A
Other	475,243	Not rated	N/A

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

Investment	Fair Value	Rating	Rating Organization
Collateral Pool	\$ 25,940,110	A1+	Moody's

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**SHCBTS** – The SHCBTS has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Loomis Sayles Inv Gr - Y	\$ 1,378,576	AAA	S&P
Loomis Sayles Inv Gr - Y	467,909	AA	S&P
Loomis Sayles Inv Gr - Y	1,033,576	A	S&P
Loomis Sayles Inv Gr - Y	1,482,029	BBB	S&P
Loomis Sayles Inv Gr - Y	178,432	BB	S&P
Loomis Sayles Inv Gr - Y	61,217	B	S&P
Loomis Sayles Inv Gr - Y	15,660	Below B	S&P
Loomis Sayles Inv Gr - Y	128,129	Not rated	S&P
Loomis Sayles Global Bond Fund	1,387,214	Aaa	Moody's
Loomis Sayles Global Bond Fund	1,102,679	Aa	Moody's
Loomis Sayles Global Bond Fund	588,679	A	Moody's
Loomis Sayles Global Bond Fund	686,306	Baa	Moody's
Loomis Sayles Global Bond Fund	317,495	Ba	Moody's
Loomis Sayles Global Bond Fund	90,117	B	Moody's
Comerica Aggreg Bd Index Fd - 584	8,443,249	Aa1 / Aa2	Moody's

Of the total investment disclosures for City accounts, approximately \$17 million relate to discretely presented governmental component units which were combined with the City's investment account balance for purposes of this disclosure.

#### Concentration of credit risk:

**City** – The City places a 25% limit on the amount they may invest in any one issuer. The most significant concentrations held by the City relate to governmental securities. At year end, 16% of the City's investments are held in investments issued by FNMA, 16% in investments issued by FHLB and 7% in investments issued by FHLMC.

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

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

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

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

##### Foreign currency risk:

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

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

**SERS** –The SERS does not restrict the amount of investments in foreign. There were no securities subject to foreign currency risk at June 30, 2011.

**SFPRS** – The SFPRS does not restrict the amount of the investments in foreign currency. The following securities are subject to foreign currency risk:

Security	Foreign Currency	Fair Value
Fixed Income	Japanese yen	\$ 719,265
Fixed Income	Euro	604,950
Fixed Income	British pound sterling	263,675
Fixed Income	Canadian dollars	185,240
Fixed Income	Norwegian krone	134,758
Fixed Income	Danish krone	123,911
Fixed Income	Mexican peso	105,553
Fixed Income	Singapore dollars	78,435
Fixed Income	Indonesian rupiah	72,594
Fixed Income	Other currencies	382,996

**SHCBTS** – The following securities are subject to foreign currency risk:

Security	Foreign Currency	Fair Value
Equities	Australian dollars	\$ 236,502
Cash & Equivalents	Australian dollars	9,428
Equities	Canadian dollars	1,115,169
Fixed Income	Canadian dollars	335,950
Cash & Equivalents	Canadian dollars	60,064
Equities	British pound sterling	7,598,052
Cash & Equivalents	British pound sterling	467,191

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

##### Securities lending arrangements:

**SERS** – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the SERS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SERS's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2011, 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, 2011, the SERS had no credit risk exposure to borrowers. The collateral held (at market value) and the fair market value of underlying securities on loan for the SERS as of June 30, 2011 was \$8,454,581 and \$8,467,077, respectively.

**SFPRS** – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the SFPRS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SFPRS'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 100 percent of the market value of the loaned securities. During the year ended June 30, 2011, only United States currency was received as collateral. The cash collateral is invested in a pool by Northern Trust on behalf of the SFPRS.

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

The SFPRS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2011, the SFPRS had no credit risk exposure to borrowers. The collateral held (at market value) and the fair market value of underlying securities on loan for the SFPRS as of June 30, 2011 was \$26,145,022 and \$25,643,352, respectively.

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

##### Restricted Assets

The following is the detail of the governmental type activities (includes associated governmental funds) restricted assets at June 30, 2011:

##### **Major governmental fund:**

##### Capital Improvement:

Funds held by Oakland County Drain Commissioner to be used for construction and maintenance of drains

\$ 211,391

##### **Governmental funds (with associated governmental funds):**

##### Debt service:

Funds held by Oakland County Drain Commissioner to be used for debt service of drains

11,990

##### Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp

1,888,029

##### **Total restricted assets**

\$ 2,111,410

#### B. Receivables and Deferred Revenue

The major components of deferred revenues reported on the Balance Sheet as of June 30, 2011 were as follows:

The major components of deferred revenues reported on the Balance Sheet as of June 30, 2011 were as follows:

	Taxes	Special assessments	Miscellaneous receivables	Taxes	Grants	
Governmental activities:	Unavailable	Unavailable	Unavailable	Unearned	Unearned	Total
General fund	\$ 129,652		\$ 433,056	\$ 24,695		\$ 587,403
Other Non-major funds	59,681	\$ 931,190		11,368	\$ 993,181	1,995,420
Total governmental activities	\$ <u>189,333</u>	\$ <u>931,190</u>	\$ <u>433,056</u>	\$ <u>36,063</u>	\$ <u>993,181</u>	\$ <u>2,582,823</u>
			Unavailable		Unearned	
		Total	<u>1,553,579</u>		<u>1,029,244</u>	
Component units-governmental:						
Brownfield Re-development authority				\$ 109		
Downtown development authority				6,645		
Local development finance authority				1,895		
Total governmental component units				\$ <u>8,649</u>		

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### B. Receivables and Deferred Revenue (continued)

The major components of receivables reported on the Balance Sheet as of June 30, 2011 were as follows:

The major components of receivables reported on the Balance Sheet as of June 30, 2011 were as follows:

	Special	Accrued		Accrued	Delinquent	
Governmental activities:	<u>assessments</u>	<u>interest</u>	<u>Accounts</u>	<u>revenue</u>	<u>taxes</u>	<u>Total</u>
General fund		\$ 37,821	\$ 1,164,261	\$ 2,641,411	\$ 440,992	\$ 4,284,485
Capital improvement		6,955				6,955
Other Non-major funds	\$ 669,897	69,421	131,674	1,634,797	202,997	2,708,786
Total governmental funds	669,897	114,197	1,295,935	4,276,208	643,989	7,000,226
Associated governmental activities:						
Internal Service funds	-	74,143	-	-	-	74,143
Total governmental activities	\$ 669,897	\$ 188,340	\$ 1,295,935	\$ 4,276,208	\$ 643,989	\$ 7,074,369
Component units-governmental:						
Economic development corporation		\$ 12				\$ 12
Brownfield Re-development authority		26		\$ 1,588	\$ 5,053	6,667
Joint local development finance authority		2,568				2,568
Downtown development authority		6,094		14,657	138,436	159,187
Tax increment finance authority		13,316				13,316
Local development finance authority		24,216	\$ 1,689		39,481	65,386
Total component units-governmental		\$ 46,232	\$ 1,689	\$ 16,245	\$ 182,970	\$ 247,136
Business-type activities:						
Water fund		\$ 28,344	\$ 12,435,433			\$ 12,463,777

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

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### C. Capital assets

A summary of governmental property and equipment at June 30, 2011, follows:

	Balance July 1, 2010	Additions	Disposals & Reduction to CIP	Balance June 30, 2011
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>General</b>				
Capital assets, not being depreciated:				
Land	\$ 10,712,797	\$ 7,500		\$ 10,720,297
Construction in progress	4,892,571	2,199,841	\$ 2,847,269	4,245,143
Total capital assets not being depreciated	15,605,368	2,207,341	2,847,269	14,965,440
Capital assets, being depreciated				
Land improvements	24,010,886	228,060		24,238,946
Building and improvements	67,517,014	1,521,919		69,038,933
Infrastructure	110,880,240	3,199,923		114,080,163
Intangible	2,123,530	6,537		2,130,067
Drain usage rights	11,777,407			11,777,407
Equipment	6,805,449	125,660		6,931,109
Total capital assets being depreciated	223,114,526	5,082,099	-	228,196,625
Less accumulated depreciation:				
Land improvements	10,634,003	829,043		11,463,046
Building and improvements	27,527,470	1,930,780		29,458,250
Infrastructure	50,246,273	3,820,863		54,067,136
Intangible	673,478	129,492		802,970
Drain usage rights	3,733,881	461,932		4,195,813
Equipment	4,604,388	452,258		5,056,646
Total accumulated depreciation	97,419,493	7,624,368 (a)	-	105,043,861
Total general capital assets being depreciated, net	125,695,033	(2,542,269)	-	123,152,764
<b>Internal Service</b>				
Capital assets, being depreciated				
Intangible	385,338			385,338
Equipment	23,166,058	408,408	343,643	23,230,823
Total capital assets being depreciated	23,551,396	408,408	343,643	23,616,161
Less accumulated depreciation:				
Intangible	189,903	18,753		208,656
Equipment	16,219,844	1,528,974	332,919	17,415,899
Total accumulated depreciation	16,409,747	1,547,727	332,919	17,624,555
Total internal service capital assets being depreciated, net	7,141,649	(1,139,319)	10,724	5,991,606
Governmental activity capital assets depreciable, net	\$ 132,836,682	\$ (3,681,588)	\$ 10,724	\$ 129,144,370

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

General government	\$ 908,578
Public safety	305,305
Highways and streets	3,790,918
Public services	737,981
Culture and recreation	1,881,586
Total	\$ 7,624,368



# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### C. Capital assets (continued)

A summary of business-type property and equipment at June 30, 2011, follows:

	Balance July 1, 2010	Additions	Disposals & Reduction to CIP	Balance June 30, 2011
<b>Water and Sewer Fund</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,301,331	\$ 621,497	\$ 1,480,214	\$ 1,442,614
Capital assets, being depreciated:				
Infrastructure	119,272,721	2,491,620		121,764,341
Intangible	1,507,498			1,507,498
Equipment	1,117,922	185,395		1,303,317
Total Water and Sewer Fund	121,898,141	2,677,015	-	124,575,156
Less Accumulated Depreciation:				
Infrastructure	55,492,875	4,269,539		59,762,414
Intangible	445,479	75,904		521,383
Equipment	883,781	72,468		956,249
Total Accumulated Depreciation	56,822,135	4,417,911	-	61,240,046
Total Capital Assets, being depreciated	65,076,006	(1,740,896)	-	63,335,110
Total Capital Assets	\$ 67,377,337	\$ (1,119,399)	\$ 1,480,214	\$ 64,777,724

A summary of discretely presented component unit property and equipment at June 30, 2011, follows:

	Balance July 1, 2010	Additions	Disposals & Reduction to CIP	Balance June 30, 2011
<b>DDA</b>				
Capital assets, not being depreciated:				
Land	\$ 350,000	\$ -	\$ -	\$ 350,000
Capital assets, being depreciated				
Equipment	63,421	-	-	63,421
Less: Accumulated Depreciation	63,421	-	-	63,421
Total Capital Assets, being depreciated	\$ -	\$ -	\$ -	\$ -

#### Construction and other significant commitments

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

	Commitments
Street construction	\$ 1,175,277
Equipment	402,296
Bldg improvements	233,462
Water system improvements	1,327,159
	<u>\$ 3,138,194</u>

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### D. Long-Term Debt and Other Obligations

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

	July 1, 2010	Additions	Deductions	June 30, 2011	Due - 1 Year	Due - More 1 Year
<b>GOVERNMENTAL ACTIVITIES</b>						
General obligation debt						
* 1.625% to 5.375 % Drains-at-large, City's share of county debt						
City's share of county debt	\$ 8,519,942		523,041	7,996,901	545,985	7,450,916
4.75% to 5.5% Library Building Authority General						
Obligation Limited Tax	27,315,000		655,000	26,660,000	725,000	25,935,000
2.5% to 4.5% - 2003 General Obligation Limited Tax	4,240,000		230,000	4,010,000	240,000	3,770,000
3.25% to 4.0% Michigan Transportation Fund bonds	9,925,000		810,000	9,115,000	845,000	8,270,000
Unamortized discounts on bonds	(71,058)	6,373		(64,685)		(64,685)
Total general obligation debt	49,928,884	6,373	2,218,041	47,717,216	2,355,985	45,361,231
Other long-term obligations						
Compensated absences	10,718,618	964,677	1,185,282	10,498,013	4,051,459	6,446,554
Michigan tax tribunal contingency	6,937,941			6,937,941	2,958,850	3,979,091
<b>ASSOCIATED GOVERNMENTAL ACTIVITIES</b>						
Other long-term obligations						
Compensated absences	528,623	41,367	82,540	487,450	175,482	311,968
<b>Total governmental long-term debt</b>	<b>\$ 68,114,066</b>	<b>1,012,417</b>	<b>3,485,863</b>	<b>65,640,620</b>	<b>9,541,776</b>	<b>56,098,844</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
General obligation debt						
State of Michigan water supply and sewage disposal revenue bonds series 1999						
(LTGO) 2.25 to 2.5 %	\$ 23,143,789		1,875,000	21,268,789	1,920,000	19,348,789
Other long-term obligations						
Compensated absences	229,919	27,197	70,503	186,613	51,136	135,477
<b>Total business-type long-term debt</b>	<b>23,373,708</b>	<b>27,197</b>	<b>1,945,503</b>	<b>21,455,402</b>	<b>1,971,136</b>	<b>19,484,266</b>
<b>COMPONENT UNIT ACTIVITIES</b>						
Other long-term obligations						
Long-term advances	3,335,686			3,335,686		3,335,686
Compensated absences	1,745	2,654	2,654	1,745		1,745
Michigan tax tribunal contingency	55,149	47,303		102,452	43,693	58,759
<b>Total governmental component units long-term debt</b>	<b>3,392,580</b>	<b>49,957</b>	<b>2,654</b>	<b>3,439,883</b>	<b>43,693</b>	<b>3,396,190</b>
Total debt	\$ 94,880,354	1,089,571	5,434,020	90,535,905	11,556,605	78,979,300

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

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### D. Long-Term Debt and Other Obligations

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

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

By statute, the City's general obligation and component unit debt in the aggregate is restricted to 10% of the state equalized value of all property within the City. The City's special assessment debt is restricted to 12%. The City currently has no outstanding special assessment debt. For the current year, the state equalized value of the property within the City was \$ 3,296,257,630. The City has issued and outstanding \$38,666,901 of general obligation bonds, subject to a limit of \$329,625,763.

The contractual obligations to the State within the Business-type activities in the previous exhibit are the result of the State issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the water and sewer fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water & sewer mains to include the west side of the City. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$23,960,379. During the current year, net operating revenues of the system, was \$6,149,527 compared to the annual debt requirement excluding accruals of \$2,413,115.

The annual requirements (excluding the other long-term obligations) on bonded debt to pay principal and to pay interest on debt outstanding at June 30, 2011 (in thousands of dollars) are as follows:

	Governmental activities			Business-type Water & Sewer		
	Prin.	Int.	Total	Prin.	Int.	Total
2012	\$ 2,355	\$ 2,081	\$ 4,432	\$ 1,920	\$ 492	\$ 2,412
2013	2,504	1,998	4,502	1,960	446	2,406
2014	2,661	1,907	4,568	2,015	398	2,413
2015	2,824	1,808	4,632	2,065	348	2,413
2016	2,988	1,695	4,683	2,120	298	2,418
2017	3,157	1,574	4,731	2,170	246	2,416
2018	3,364	1,446	4,810	2,225	193	2,418
2019	3,550	1,307	4,857	2,267	139	2,406
2020	3,739	1,157	4,896	2,215	85	2,300
2021	2,657	999	3,656	1,565	38	1,603
2022	2,728	879	3,607	747	8	755
2023	2,634	755	3,389			
2024	2,552	629	3,181			
2025	1,712	511	2,223			
2026	1,703	414	2,117			
2027	1,693	331	2,024			
2028	1,683	247	1,930			
2029	1,667	164	1,831			
2030	1,546	81	1,631			
Total	\$ 47,717	\$ 19,983	\$ 67,700	\$ 21,269	\$ 2,691	\$ 23,960

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### E. Reconciliation of the Adopted Budget to Final Presentation

While the City doesn't adopt budgets in accordance with GAAP, the Schedule of Revenues, Expenditures, and changes in Fund Balances-Budget and Actual presented in this CAFR have been modified to meet GAAP standards. The following note reconciles the Council adopted budget with these schedules. The major modifications are derived from transfers, expenditure reimbursements and Fund Balance draws being budgeted as revenues and expenditures.

#### MAJOR FUND

	General Fund	
	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 66,836,151	\$ 66,836,151
Transfers		(148,485)
Reimbursements	(3,383,140)	(3,383,140)
Fund balance draws	<u>(6,478,506)</u>	
Original (as presented)	<u>56,974,505</u>	<u>63,304,526</u>
Approved encumbrances		<u>249,258</u>
Final (as presented)	<u>\$ 56,974,505</u>	<u>\$ 63,553,784</u>

#### NON-MAJOR FUNDS

	Major Streets		Local Streets		Parks & Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 5,864,618	\$ 5,864,618	\$ 5,796,026	\$ 5,796,026	\$ 7,338,725	\$ 7,338,725
Transfers	(3,325,735)		(19,402)	(825,735)		(273,716)
Reimbursements	(650,413)	(650,413)	(702,554)	(702,554)		
Fund balance draws	(329,351)		(825,735)			
Approved encumbrances				1,195,658		123,056
Council adjustments	<u>2,551,416</u>	<u>2,551,416</u>	<u>43,711</u>	<u>43,711</u>		<u>691,388</u>
Final (as presented)	<u>\$ 4,110,535</u>	<u>\$ 7,765,621</u>	<u>\$ 4,292,046</u>	<u>\$ 5,507,106</u>	<u>\$ 7,338,725</u>	<u>\$ 7,879,453</u>

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### E. Reconciliation of the Adopted Budget to Final Presentation (continued)

##### NON-MAJOR FUNDS

	Cable		CDBG		Section 8	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 926,693	\$ 926,693	\$ 595,822	\$ 595,822	\$ 2,203,989	\$ 2,203,989
Final (as presented)	<u>\$ 926,693</u>	<u>\$ 926,693</u>	<u>\$ 595,822</u>	<u>\$ 595,822</u>	<u>\$ 2,203,989</u>	<u>\$ 2,203,989</u>

	NSP		Drug Law		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 3,191,456	\$ 3,191,456	\$ 531,291	\$ 531,291	88,753	88,753
Fund balance draws			(216,916)			
Approved encumbrances				45,878		
Final (as presented)	<u>\$ 3,191,456</u>	<u>\$ 3,191,456</u>	<u>\$ 314,375</u>	<u>\$ 577,169</u>	<u>\$ 88,753</u>	<u>\$ 88,753</u>

	Library		Michigan Works		Auto Theft	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 8,579,306	\$ 8,579,306	\$ 4,676,000	\$ 4,676,000	\$ 269,251	\$ 269,251
Transfers		(2,005,413)			(133,455)	
Fund balance draws	(1,522,969)					
Approved encumbrances		2,790		160		
Final (as presented)	<u>\$ 7,056,337</u>	<u>\$ 6,576,683</u>	<u>\$ 4,676,000</u>	<u>\$ 4,676,160</u>	<u>\$ 135,796</u>	<u>\$ 269,251</u>

Donations, memorial trusts & sponsorships		
	Approved Revenues	Approved Expenditures
Council adjustments	\$ 200,000	\$ 200,000
Final (as presented)	<u>\$ 200,000</u>	<u>\$ 200,000</u>

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### F. Interfund balances and transfers

Interfund receivable and payable balances related to the governmental, associated governmental and business type funds at June 30, 2011 are as follows:

Receivable Fund	Payable Fund				Total Payable fund
	General fund	Non-major funds	Water and sewer Fund	Internal service funds	
General fund		\$ 2,425,412	\$ 314,193	\$ 547,826	\$ 3,287,431
Capital improvement	\$ 14,017	472,260	5,286	1,183	492,746
Non-major funds	15,244	726,216	27,279	301,716	1,070,455
Total governmental activities	29,261	3,623,888	346,758	850,725	4,850,632
Associated governmental activities:					
Internal Service funds	276,999	510,396	57,630	16,157	861,182
Water sewer fund		40,945			40,945
Total Receivable fund	\$ 306,260	\$ 4,175,229	\$ 404,388	\$ 866,882	\$ 5,752,759

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 & associated governmental funds at June 30, 2011 are as follows:

Transfers Out:	Transfers In:				Total Transfers out
	General fund	Capital improvement	Non-major governmental funds	Internal Service	
Governmental activities:					
General fund			\$ 148,485		\$ 148,485
Other Non-major funds		\$ 630,631	2,966,839	\$ 11,753	3,609,223
Total governmental activities	\$ -	630,631	3,115,324	11,753	3,757,708
Associated governmental activities:					
Internal service	525,192	-	3,317,054		3,842,246
Business-type activities:					
Water fund	-	54,137	-	-	54,137
Total transfers in	\$ 525,192	\$ 684,768	\$ 6,432,378	\$ 11,753	\$ 7,654,091

For the most part, interfund transfers occur during the normal course of operations to fund capital projects. In some cases dedicated millage revenues are recorded in individual special revenue funds and are used by other funds for debt payments.

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### F. Interfund balances and transfers (continued)

Advances by the Local Improvement Revolving Fund to other primary government funds and component units are as follows:

#### PRIMARY GOVERNMENT

##### Major governmental

Capital Improvement	\$ 3,169,518
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##### Non-major governmental

Neighborhood Stabilization Program	1,200,000
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Special Assessment Construction	659,262
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Total non-major governmental	1,859,262
------------------------------	-----------

Total primary government	\$ 5,028,780
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#### COMPONENT UNITS

##### Governmental

Local Development Finance Authority	\$ 3,335,686
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### 4. OTHER INFORMATION

#### A. Fund Balance Constraints

##### Reporting Change Disclosure under GASB 54

During the year, the City adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. These beginning fund balances were restated as follows:

	Major streets	Local streets	Municipal streets
Beginning fund balance	\$ (78,773)	\$ 5,153,282	\$ 699,019
Reclassifications under GASB 54	416,438	282,581	(699,019)
Beginning fund balance, as restated	\$ 337,665	\$ 5,435,863	\$ -

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### A. Fund Balance Constraints (continued)

	Special assessment construction	Special assessment debt
Beginning fund balance	\$ 936,758	\$ 1,136,403
Reclassifications under GASB 54	1,136,403	(1,136,403)
Beginning fund balance, as restated	<u>\$ 2,073,161</u>	<u>\$ -</u>

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

	General fund	Major Capital Projects fund Capital Improvements fund	Non-Major funds Other Governmental funds
<b>Non-spendable</b>	\$ 1,148,696		\$ 158,289
<b>Restricted for:</b>			
Right-of-way funds/Metro Authority	1,285,124		
Deposits held with Oakland County		\$ 211,391	11,990
Deposits held for Lahser road project		473,285	
Property investments			1,530,055
Major streets			1,337,177
Local streets			5,149,158
Parks & Recreation			5,095,798
Cable PEG fees			796,297
Section 8			261,257
Drug Law enforcement			667,791
Grants			119,736
Library			4,745,394
Michigan works grants			210,953
Auto theft grant			223
Donations & memorial trusts			771,802
Library building authority construction			841,848
Special assessment construction			642,201



# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### A. Fund Balance Constraints (continued)

		Major Capital Projects fund	Non-Major funds
		Capital Improvements fund	Other Governmental funds
	General fund		
<b>Committed to:</b>			
Specific programs (General)			
Dispatch improvements	\$ 632,159		
Emergency cleanup	611,164		
Equalization reserves	4,780,956		
Specific programs (Cable)			
Franchise fees – general cable operations			1,904,830
Equipment replacement			250,000
Donations & memorial trusts			310,228
Capital improvements			
Special assessment construction			80,328
<b>Assigned to:</b>			
Encumbrances	45,123		
Subsequent year's expenditures			
Capital improvements		\$ 343,604	
Special assessment construction			1,568,063
<b>Unassigned</b>			
General fund	486,981		
Block Grant			(418,691)
Neighborhood stabilization program			(636,884)
Drains at large			(74,569)
	\$ <u><u>8,990,203</u></u>	\$ <u><u>1,028,280</u></u>	\$ <u><u>25,323,274</u></u>

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### A. Fund Balance Constraints (continued)

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

	Non-Major funds
	Other Governmental funds
<b>Council approved earmarks on restricted assets:</b>	
Specific programs (Major streets)	
Equalization reserves	73,749
Specific programs (Local streets)	
Equalization reserves	475,925
Specific programs (P & R)	
Equalization reserves	709,040
Bedford woods	117,850
Handicapped programs	12,818
SMART programs	31,552
Specific programs (Library)	
Equalization reserves	898,272
Capital projects	554,676
Residential program initiatives	29,754
Technological development	133,633

### 4. OTHER INFORMATION

#### B. Property Taxes

Property taxes are levied each July 1 on the taxable value of property, as equalized by the State at 50% of estimated market value as of the preceding December 31 and subject to the tax limitations prescribed by state law. The state equalized valuation of real and personal property located in the City, based on the December 31, 2009 valuation, was \$3,296,257,630 and the unadjusted taxable value was \$3,105,202,030. The City's operating tax rate was 6.6094 mills which is the charter limit. In addition, extra voted and other authorized millage for special operations, pensions, expansion and debt retirement brought the total tax rate for the City to 16.3428 mills (excluding the DDA mill). The sum of these millages generated \$50,747,695 in property tax revenues reported on the financial statements net of adjustments.

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 2010 rate of inflation cap of -.3%, the City of Southfield's 2008-09 State Equalized Evaluation ("SEV") of \$3,296,257,630 was capped at a Taxable Assessed Valuation ("TAV") of \$3,105,202,030.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### B. Property Taxes (continued)

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

#### C. Contingencies

##### Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee medical benefit claims. 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" or owned automobiles. The City is self-insured for workers compensation claims up to \$600,000 per occurrence. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MMRMA program is approved and regulated by the Michigan Insurance Bureau and provides coverage of \$15 million per occurrence, with the first \$250,000 self insured retention being the responsibility of the City for all liability claims. For property damage claim coverage, the MMRMA provides combined property coverage of \$157 million, with the City's self insured retention responsibility being as follows;

	City's Self Insured Retention
Vehicle damage	\$1,000 per vehicle for any vehicle with a value greater than \$15,000. Fully responsible for vehicles with a value under \$15,000.
Property and Crime	A maximum of \$11,000 per occurrence.
Sewage System Outflow	\$500,000 per occurrence

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### C. Contingencies (continued)

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

Changes in the estimated liability for the past two fiscal years were as follows:

	2011	2010
Estimated liability - beginning of year	2,251,068	1,722,309
Estimated claims incurred, including		
reinsurance premiums and changes in estimates	957,293	2,585,051
Claim and insurance premium payments		
and reinsurance recoveries	(1,272,201)	(2,056,292)
Estimated liability - end of year	<u>1,936,160</u>	<u>2,251,068</u>

#### Litigation

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

#### Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling \$840,082,593 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$13,729,302 exclusive of interest and penalties. However, based on management's analysis in conjunction with their third party attorney, the City believes the true potential loss to be \$6,937,941. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Tribunal issues its ruling.

#### D. Pension Trusts

##### Plan description

The City of Southfield's Act 345 Fire and Police Retirement System ("FPRS") is a single-employer plan consisting of a defined contribution plan and a defined benefit plan. The system covers all sworn firefighters and police officers. Employee contribution rates are determined by bargaining agreements and Act 345.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

To be eligible to retire under the provisions of a service retirement, a member must attain at least 20 years of service credit with the Retirement System. The current benefit is calculated using 2.8 percent (2.5 percent for new Fire employees starting September 2011) of final average compensation multiplied by a maximum of 25 years service credit, with applicable reductions based on retirement options.

A lump-sum withdrawal of the accumulated refundable employee contributions and accrued interest can be refunded to a member from the defined contribution plan account at the time of termination or service retirement. A lifetime monthly defined benefit pension is also provided. Members are vested into the defined benefit plan once they attain 10 years of service. A vested deferred pension is provided as long as the member leaves the accumulated contributions and accrued interest with the Retirement System.

The Southfield Employee Retirement System ("SERS") plan is an ordinance-based, single-employer defined benefit plan that covers full-time career personnel of the City, other than the City Attorney, who has an individual retirement plan by contract, and sworn police officers and firefighters. Sworn fire and police employees are members of the Southfield Fire and Police Retirement System (FPRS), a local plan adopted under state statute (Act 345). Management group employees and elected officials hired after June 1, 2005, who are otherwise eligible for membership in SERS, may opt out of SERS membership in favor of a defined contribution plan. Effective March 31, 1997, newly-elected judges of the 46<sup>th</sup> District Court are ineligible for participation in the local pension plan.

SERS employee contribution rates are determined by bargaining agreements, or the pension ordinance. To be eligible for regular retirement, a SERS member hired prior to June 1, 2005 (or later date based on collective bargaining agreements) must meet one of the following conditions: attain age 57 years with 25 years of service; age 65 years with 5 years of service; age 62 years with 20 or more years of service; or members may retire when their age plus years of credited service equals 82. SERS members hired on or after June 1, 2005 must meet one of the following conditions: attain age 57 with 25 years of service; age 65 with 10 years of service; or age 62 with 20 years of service. The pension benefit is a percentage (2.5% for employees hired prior to June 1, 2005 and 2.0% for employees hired after June 1, 2005) of final average compensation multiplied by the total years of service credit, with applicable reductions based on retirement option selections. The multiplier in effect is determined by bargaining agreements or the pension ordinance.

Employer contribution rates are actuarially determined for both the SERS and FPRS plans. In addition, FPRS funds post-retirement health care benefits for its retirees. Each retirement system also provides disability, death and vested deferred benefits which have their own specific eligibility requirements, calculation provisions and health insurance options as provided by either FPRS or SERS. Employees are not permitted to receive loans from either plan.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

Based on the most recent actuarial valuations of the plans as of June 30, 2010, membership for each plan is as follows:

	SERS	FPRS	Total
Active members			
Vested	231	171	402
Nonvested-Tier I	95	74	169
Nonvested-Tier II	15		15
Total active members	341	245	586
Retirees and beneficiaries	279	276	555
Inactive vested members	29	1	30
	<u>649</u>	<u>522</u>	<u>1,171</u>

Assets in both plans represent investments used to fund retirement pension benefits for members of the plans. Additionally, a portion of assets held in the FPRS plan are being used to fund post-employment healthcare benefits for members in that plan. Retirement investments are subject to a number of restrictions stipulated by state law as to the type, quality and concentration of investments. A separate financial report is not issued for the pension plans.

#### Actuarial cost method

- 1) Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry-age actuarial cost method having the following assumptions.
  - The annual normal cost for each individual active member, payable from the date of employment to the date of retirement (or the date of drop, if earlier), is sufficient to accumulate the value of the members benefit at the time of retirement
  - Each annual normal cost is a constant percentage of the members year-by-year projected covered pay.
- 2) Unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent-of-payroll contributions over a period of 30 years for SERS and 20 years for FPRS. Unfunded actuarial accrued liabilities (the portion of total liabilities not covered by present assets or expected future normal cost contributions) were amortized by level percent-of-payroll contributions.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

##### Funded Status and Funding Progress

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

**Fire and Police Retirement System** – as of June 30, 2010, the plan was 96.1 percent funded. The actuarial accrued liability for benefits was \$200.1 million, and the actuarial value of assets was \$192.2 million resulting in an actuarial accrued liability of \$7.9 million. The covered payroll (annual payroll for active employees covered by the plan) was \$20.7 million, and the ratio for the actuarial accrued liability to the covered payroll was 38.2%.

**Employees Retirement System** – as of June 30, 2010, the plan was 72.3 percent funded. The actuarial accrued liability for benefits was \$132.9 million, and the actuarial value of assets was \$96.2 million resulting in an unfunded actuarial accrued liability of \$36.8 million. The covered payroll (annual payroll for active employees covered by the plan) was \$17.8 million. The ratio of the unfunded actuarial accrued liability to the covered payroll was 206.6%.

##### Reserves

As of June 30, 2010 (the most recent actuarial valuation), the plans legally required reserves have been fully funded for SERS, however due to the market declines over the past few years which most significantly impacted the systems beginning in fiscal 2009, the FPRS has not fully funded required reserves as of this most recent valuation. The system continues to fund in accordance with actuarial recommended contributions and thus is working with their third party actuary to get both plan reserves requirements back to being fully funded.

At June 30, 2011, of the plan net assets, \$0 of the SERS and \$6,941,015 of the FPRS net assets have been reserved to pay for retiree health insurance

As of June 30, 2011 the plans legally required reserves have been fully funded as follows:

	SERS	FPRS
Employee's contributions	\$ 3,735,486	\$ 11,472,833
Employer's contributions	24,927,498	63,630,530
Retired benefit payments	<u>70,824,995</u>	<u>117,349,976</u>
Total	\$ <u>99,487,979</u>	\$ <u>192,453,339</u>

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

#### Annual Pension Cost and Net Pension Obligation

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

	SERS		
	2011	2010	2009
Annual required contribution/pension cost	\$ 2,804,144	\$ 2,885,356	\$ 2,809,926
Contribution made	<u>(2,804,144)</u>	<u>(2,885,356)</u>	<u>(2,809,926)</u>
Increase (decrease) in net pension obligation	<u>-</u>	<u>-</u>	<u>-</u>

	FPRS		
	2011	2010	2009
Annual required contribution/pension cost	\$ 3,229,416	\$ 3,330,660	\$ 3,006,652
Contribution made	<u>(3,229,416)</u>	<u>(3,330,660)</u>	<u>(3,006,652)</u>
Increase (decrease) in net pension obligation	<u>-</u>	<u>-</u>	<u>-</u>

#### Contributions required and contributions made

The City's funding policy provides for periodic employer and employee contributions to both plans expressed as percentages of annual-covered payroll which are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry-age actuarial funding method. Actuarial assumptions include an assumed rate of inflation of 4.5%, an assumed investment income rate of 8% for SERS and a 5 year smooth market. Actuarial assumptions include an assumed rate of inflation of 4.25%, an assumed investment income rate of 7.75% for FPRS and a 4 year smoothed market. If the number of active members remains constant, then the total active member payroll is 5.5 to 10.3% for seniority/merit in SERS which includes 4.5% annually for inflation, and 4.25 to 14.25% for seniority/merit in FPRS which includes 4.25% annually for inflation. Each annual normal cost is a constant percentage of the members' year by year projected covered pay. The funding credit and unfunded actuarial accrued liabilities for SERS are amortized as a level percent of payroll over a period of 30 years and 20 years for FPRS. The aggregate unfunded actuarial accrued liability/full funding credit for the FPRS is not amortized. The interest on the full funding credit offsets normal cost contributions.



# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

##### Trend information

The following three year trend information presented below for both pension plans discloses annual pension benefits paid.

Annual pension benefits paid:

		<b>2011</b>		<b>2010</b>		<b>2009</b>
SERS	\$	7,854,212	\$	7,043,318	\$	6,216,661
FPRS		13,007,189		15,142,115		14,125,569

The following three year trend information presented below for both pension plans discloses annual pension contributions.

Annual pension contributions:

		<b>2011</b>		<b>2010</b>		<b>2009</b>
EMPLOYER SERS	\$	2,804,144	\$	2,885,356	\$	2,809,926
EMPLOYEE SERS		519,178		424,571		15,851
EMPLOYER FPRS		3,229,416		3,330,660		3,066,652
EMPLOYEE FPRS		831,216		856,136		927,924

Annual employee pension contributions as a percentage by collective bargaining unit:

	<b>SERS</b>	<b>FPRS</b>	<b>DROP</b>
TPOAM	3 %		
ACS	3		
AFSCME 3636	3		
MANAGEMENT	3		
COURT	3		
AFSCME 329	3.41		
PST	0		
PSS	0		
* FIRE		5 %	5 %
POLICE		3.75	0
POLICE COMMAND		5	0
* DEPUTY CHIEF		5	0

\* Retroactive total per collective bargaining agreement ratified September 12, 2011.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### E. Other Post-Employment Benefits

**Plan description:** The City provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Care Benefits Plan and Trust (the “Trust”) under Section 115 of the Internal Revenue Code of 1986 as amended. Additionally, the Fire and Police Retirement System plan includes reserves that are designated to pay for retiree healthcare costs of Police and Fire covered members. These amounts were contributions that were made into the pension plan before the Retiree Health Care Benefits Trust was established and are specifically earmarked to be used for retiree healthcare. The City anticipates that these amounts will be completely exhausted by fiscal year 2013, at which point the retiree healthcare benefits will be funded entirely by the Trust and/or the City’s operational budget. Benefits are provided to Fire and Police Retirement System (FPRS) employees and Southfield Employees Retirement Systems groups. Currently, the SERS Trust and the FRSP Trust plans have 585 and 468 members respectively (including employees in active service, terminated employees’ not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

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

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

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### E. Other Post-Employment Benefits (continued)

**Funding progress:** For the year ended June 30, 2011 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2010. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation's computed contribution and actual funding are summarized as follows:

	<b>SERS</b>	<b>FPRS</b>	<b>Total</b>
Annual required contribution (recommended)	\$ 4,436,674	\$ 5,866,780	\$ 10,303,454
Interest on the prior year's net OPEB obligation	174,201	6,907	181,108.00
Less: Adjustment to the annual required contribution	<u>(123,977)</u>	<u>(4,750)</u>	<u>(128,727.00)</u>
Annual OPEB cost	\$ 4,486,898	\$ 5,868,937	\$ 10,355,835
Amounts contributed:			
Payments of current premiums/claims	\$ 2,310,093	\$ 4,377,915	\$ 6,688,008
Advanced funding	<u>1,712,885</u>	<u>3,374,802</u>	<u>5,087,687</u>
Total OPEB contributions	4,022,978	7,752,717	11,775,695
Change in Net OPEB obligation	<u>463,920</u>	<u>(1,883,780)</u>	<u>(1,419,860)</u>
Beginning year Net OPEB obligation	<u>2,903,352</u>	<u>115,117</u>	<u>3,018,469</u>
End of year Net OPEB obligation (asset)	<u>\$ 3,367,272</u>	<u>\$ (1,768,663)</u>	<u>\$ 1,598,609</u>

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

	<b>SERS</b>	<b>FPRS</b>	<b>Total</b>
Annual OPEB costs	\$ 4,486,898	\$ 5,868,937	\$ 10,355,835
Percentage contributed	<u>89.7%</u>	<u>132.1%</u>	<u>113.7%</u>
Net OPEB obligation (asset)	\$ 3,367,272	\$ (1,768,663)	\$ 1,598,609

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### E. Other Post-Employment Benefits (continued)

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

Employees Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2010 \$	9,992,728	\$ 79,594,475	\$ 69,601,747	12.55%	\$ 18,537,947	375.46%
2009	7,187,944	66,040,301	58,852,357	10.88%	19,236,720	305.94%
2008	5,568,324	68,578,718	63,010,394	8.12%	19,487,986	323.33%

Fire and Police Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2010 \$	31,298,427 *	\$ 123,265,132	\$ 91,966,705	25.39%	\$ 20,681,885	444.67%
2009	28,033,938	106,560,574	78,526,636	26.31%	19,488,028	402.95%
2008	31,240,927	114,031,342	82,790,415	27.40%	20,279,707	408.24%

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

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

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### **E. Other Post-employment Benefits (continued)**

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

In the June 30, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 4.25 percent after eight years. Both rates included a 4.25 percent inflation assumption for Fire and Police; while the general employees' is assumed to be 4.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was thirty years.

#### **F. Deferred Compensation Plan**

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

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

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

#### **G. Upcoming Accounting Pronouncements**

GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements in November 2010. This Statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernment) in which the transferor conveys to an operator the right and relation obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### G. Upcoming Accounting Pronouncements (continued)

The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2012-2013 fiscal year.

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity Omnibus. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting components units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the Statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2012-2013 fiscal year.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, was issued in December 2010. This Statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2012-2013 fiscal year.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was issued by the GASB in June 2011 and will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

# City of Southfield

## Schedule of Revenues, Expenditures, and Changes in Fund Balances

### Budget and Actual - General Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 36,840,064	\$ 36,840,064	\$ 35,892,371	\$ (947,693)
Charges for services	3,026,719	3,026,719	3,292,705	265,986
Sanitation	3,177,843	3,177,843	3,142,554	(35,289)
Licenses and Permits	1,857,094	1,857,094	2,143,357	286,263
Fines and forfeitures	3,713,260	3,713,260	4,383,011	669,751
Intergovernmental:				
Federal	112,116	112,116	175,650	63,534
State	6,399,682	6,399,682	6,234,575	(165,107)
Other	597,516	597,516	551,721	(45,795)
Investment earnings	600,000	600,000	199,436	(400,564)
Other	650,211	650,211	973,794	323,583
Total revenues	56,974,505	56,974,505	56,989,174	14,669
<b>EXPENDITURES</b>				
General government:				
Council	166,454	166,454	149,913	16,541
Mayor	212,563	212,563	208,406	4,157
Administration	464,957	464,957	436,602	28,355
Legal	923,010	923,010	919,226	3,784
Clerk's	915,171	915,171	796,923	118,248
Human Resources	1,143,261	1,145,241	900,282	244,959
Finance/OMB	1,165,294	1,165,294	912,204	253,090
Other - unclassified	5,795,915	5,944,978	4,939,615	1,005,363
Total general government	10,786,625	10,937,668	9,263,171	1,674,497
Public Safety:				
Police	21,688,512	21,733,310	21,392,204	341,106
Fire	14,699,208	14,742,865	14,231,931	510,934
Building and safety engineering	2,758,560	2,758,560	2,717,852	40,708
46th Michigan District Court	3,589,694	3,589,694	3,427,506	162,188
Civilian support services	3,863,631	3,863,631	3,622,805	240,826
Total public safety	46,599,605	46,688,060	45,392,298	1,295,762
Public Services:				
Community development	142,189	151,948	135,257	16,691
Sanitation	3,261,843	3,261,843	3,117,337	144,506
Road service administration	692,950	692,950	685,733	7,217
Total public services	4,096,982	4,106,741	3,938,327	168,414
Social Services	244,857	244,857	242,562	2,295
Other:				
Insurance and bonds	562,192	562,192	558,454	3,738
Support services	617,717	617,717	4,340,936	(3,723,219)
Total other	1,179,909	1,179,909	4,899,390	(3,719,481)
Debt				
Principal retirement	230,000	230,000	230,000	-
Interest and fiscal charges	166,548	166,549	162,954	3,595
Total debt	396,548	396,549	392,954	3,595
Total expenditures	63,304,526	63,553,784	64,128,702	(574,918)
Deficiency of revenues under expenditures	(6,330,021)	(6,579,279)	(7,139,528)	(560,249)
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>				
Transfers in			525,192	525,192
Transfers out	(148,485)	(148,485)	(148,485)	-
Total other financing sources (uses)	(148,485)	(148,485)	376,707	525,192
Net change in fund balances	(6,478,506)	(6,727,764)	(6,762,821)	(35,057)
Fund balances - beginning	15,753,024	15,753,024	15,753,024	-
<b>Fund balances - ending</b>	<b>\$ 9,274,518</b>	<b>\$ 9,025,260</b>	<b>\$ 8,990,203</b>	<b>\$ (35,057)</b>

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

# City of Southfield

## Required Supplementary Information

### Schedule of Funding Progress

### Six-Year Historical Trend Information

#### Fire and Police Retirement System Pension Benefits

(dollar amounts in millions)

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2010 \$	192.2	\$ 200.1	\$ 7.9	96.1 %	\$ 20.7	-
2009	202.6	195.5	(7.1)	103.6 %	19.5	-
2008	208.8	194.2	(14.6)	107.5 %	20.3	-
2007	197.0	183.7	(13.3)	107.2 %	19.4	-
2006	184.0	178.2	(5.8)	103.3 %	19.6	-
2005	178.0	172.3	(5.7)	103.3 %	19.6	-

#### Employees Retirement System Pension Benefits

(dollar amounts in millions)

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2010 \$	96.2	\$ 132.9	\$ 36.8	72.3 %	\$ 17.8	206.6%
2009	97.9	127.3	29.3	77.0 %	18.7	156.2%
2008	99.5	127.8	28.2	77.9 %	19.2	147.1%
2007	96.1	121.7	25.6	78.9 %	19.6	130.9%
2006	91.7	116.0	24.3	79.0 %	19.9	122.2%
2005	92.0	102.5	10.5	89.7 %	19.9	52.9%



# City of Southfield

## Required Supplementary Information

### Schedule of Funding Progress

(continued)

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2010, the latest actuarial valuation, follows:

	<b>Employee Retirement</b>	<b>Fire and Police</b>
Actuarial Cost Method		Individual Entry Age
All members excluding Non-Union	Entry Age Normal	
Non-Union members	Aggregate	
Amortization Method	Level percent of payroll	Level percent of payroll
Remaining amortization period	30 years (closed)	20 years (open)
Asset valuation method	5-year smoothed market	4-year smoothed market
Actuarial assumption		
Investment rate of return	8%	7.75%
Wage inflation	4.5%	4.25%
Projected salary increases*	5.5% - 10.3%	4.25% - 14.25%
Post-retirement benefit increases	Ad-hoc as provided by ordinance	None

\* Includes wage and step increases

# City of Southfield

## Required Supplementary Information Schedule of Employer Contributions Six-Year Historical Trend Information

### Fire and police retirement system pension benefits

<b>Valuation Year ended June 30,</b>	<b>Fiscal year ended June 30,</b>	<b>Contribution rates as a percent of actual payroll</b>	<b>Computed dollar contribution based on actual payroll</b>	<b>Percent contributed</b>
2009	2011	15.94%	\$ 3,229,416	100.00%
2008	2010	13.32%	3,330,660	100.00%
2007	2009	13.54%	3,066,652	100.00%
2006	2008	16.30%	3,480,735	100.00%
2005	2007	16.55%	3,318,326	100.00%
2004	2006	17.57%	3,559,734	100.00%

### Employee retirement system pension benefit

<b>Valuation Year ended June 30,</b>	<b>Fiscal year ended June 30,</b>	<b>Contribution rates as a percent of actual payroll</b>	<b>Computed dollar contribution based on actual payroll</b>	<b>Percent contributed</b>
2009	2011	15.76%	\$ 2,804,144	100.00%
2008	2010	15.40%	2,885,356	100.00%
2007	2009	14.04%	2,809,926	100.00%
2006	2008	13.41%	2,697,591	100.00%
2005	2007	14.56%	2,962,888	100.00%
2004	2006	13.03%	2,575,412	100.00%

**City of Southfield**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,188,800	\$ 90,781	\$ 3,504,865	\$ 16,784,446
Investments	11,394,628		320,615	11,715,243
Receivables: <b>(Note 3B)</b>				
Special assessments			669,897	669,897
Other	2,028,333	4,086	6,470	2,038,889
Property investments	1,530,055			1,530,055
Prepays	134,146	24,143		158,289
Due from other funds <b>(Note 3F)</b>	874,939	139,140	56,376	1,070,455
Due from component units	191,663	6,126		197,789
Due from other governmental units	846,874			846,874
Restricted assets: <b>(Note 3A)</b>				
Cash and cash equivalents		11,990		11,990
<b>Total assets</b>	<u>\$ 30,189,438</u>	<u>\$ 276,266</u>	<u>\$ 4,558,223</u>	<u>\$ 35,023,927</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	710,503		78,519	789,022
Accrued payroll	347,357			347,357
Due to other funds <b>(Note 3F)</b>	4,157,124		18,105	4,175,229
Due to component units		300,000		300,000
Deferred revenue <b>(Note 3B)</b>	1,324,127	1,396	669,897	1,995,420
Other short-term liabilities	221,057	13,306		234,363
Advances from local improvement revolving fund <b>(Note 3F)</b>	1,200,000		659,262	1,859,262
<b>Total liabilities</b>	<u>7,960,168</u>	<u>314,702</u>	<u>1,425,783</u>	<u>9,700,653</u>
<b>Fund balance (deficit): (Note 4A)</b>				
Non-spendable	134,146	24,143		158,289
Restricted	20,685,641	11,990	1,484,049	22,181,680
Committed	2,465,058		80,328	2,545,386
Assigned			1,568,063	1,568,063
Unassigned <b>(Note 2C)</b>	(1,055,575)	(74,569)		(1,130,144)
<b>Total fund balances (deficit)</b>	<u>22,229,270</u>	<u>(38,436)</u>	<u>3,132,440</u>	<u>25,323,274</u>
<b>Total liabilities and fund balances</b>	<u>\$ 30,189,438</u>	<u>\$ 276,266</u>	<u>\$ 4,558,223</u>	<u>\$ 35,023,927</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

### Nonmajor Governmental Funds

For the Year Ended June 30, 2011

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>REVENUES</b>				
Property taxes	\$ 14,405,029	\$ 514,265		\$ 14,919,294
Special assessments	28,060		\$ 267,155	295,215
Program earnings	89,708			89,708
Charges for services	2,408,828			2,408,828
Fines and forfeitures	154,370			154,370
Federal forfeitures	188,285			188,285
Cable royalties	1,557,363			1,557,363
Intergovernmental:				
Federal	5,183,032			5,183,032
State	5,041,071			5,041,071
Other	126,261			126,261
Contributions and donations	340,387			340,387
Investment earnings	286,061	3,121	40,978	330,160
Other	519,529	225,969	68,986	814,484
Total revenues	<u>30,327,984</u>	<u>743,355</u>	<u>377,119</u>	<u>31,448,458</u>
<b>EXPENDITURES</b>				
Current:				
General Government	24,181			24,181
Public safety	817,692			817,692
Highways and streets	8,981,332			8,981,332
Community improvement	1,555,446			1,555,446
Social services	4,465,018			4,465,018
Culture and recreation	15,242,389			15,242,389
Other		378,016	1,086,142	1,464,158
Debt service:				
Principal retirement	884,900	1,103,142		1,988,042
Interest and fiscal charges	595,898	1,551,446	49,086	2,196,430
Total expenditures	<u>32,566,856</u>	<u>3,032,604</u>	<u>1,135,228</u>	<u>36,734,688</u>
Deficiency of revenues under expenditures	(2,238,872)	(2,289,249)	(758,109)	(5,286,230)
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>				
Transfers in	3,718,530	2,013,853	699,995	6,432,378
Transfers out	<u>(3,597,470)</u>		<u>(11,753)</u>	<u>(3,609,223)</u>
Total other financing sources (uses)	121,060	2,013,853	688,242	2,823,155
Net change in fund balances	(2,117,812)	(275,396)	(69,867)	(2,463,075)
Fund balances - beginning as restated ( <b>Note 4A</b> )	24,347,082	236,960	3,202,307	27,786,349
<b>Fund balances (deficit) - ending</b>	<u>\$ 22,229,270</u>	<u>\$ (38,436)</u>	<u>\$ 3,132,440</u>	<u>\$ 25,323,274</u>

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

#### **MAJOR STREETS FUND**

Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads, roadsides, and storm sewers. Snow removal and traffic control are also supported by this funding source. Major Streets may include federal and state trunk lines maintained by the County and other relatively heavily traversed roads ("mile" roads) maintained by the City. Additional funds are provided through Public Act 298 of 1917 for all Major streets mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City.

#### **LOCAL STREETS**

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

#### **PARKS AND RECREATION**

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

#### **CABLE TELEVISION**

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

#### **BLOCK GRANT**

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

## **SPECIAL REVENUE FUNDS (continued)**

### **SECTION 8 HOUSING**

Section 8 Housing Fund was established to account for rent subsidies provided by the U.S. Department of Housing and Urban Development which are made available to eligible persons.

### **NEIGHBORHOOD STABILIZATION PROGRAM**

Pursuant to Housing Economic Relief Act (HERA) of 2008, federal grant funds are used to allow the City to purchase foreclosed or abandoned homes to rehabilitate, resell, or redevelop them in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The NSP also provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

### **DRUG LAW ENFORCEMENT**

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

### **GRANTS**

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

### **LIBRARY**

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

### **MICHIGAN WORKS GRANTS**

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

### **AUTO THEFT GRANT**

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

### **DONATIONS, MEMORIAL TRUSTS AND SPONSORSHIPS**

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

**City of Southfield**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**June 30, 2011**

	Major Streets	Local Streets	Parks and Recreation	Cable Television	Block Grant	Section 8 Housing
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,481,259	\$ 2,647,779	\$ 2,642,766	\$ 596,460	\$ 310,153	\$ 1,014,598
Investments	429,553	3,002,137	2,748,492	1,979,802		
Receivables, net	619,776	269,887	147,001	402,367	250,685	9
Prepays	650		35,400	1,048		
Due from other funds	98,761	92,793	89,661			
Due from component units	3,252	40,323	65,327			
<b>Total assets</b>	<u>\$ 2,633,251</u>	<u>\$ 6,052,919</u>	<u>\$ 5,728,647</u>	<u>\$ 2,979,677</u>	<u>\$ 560,838</u>	<u>\$ 1,014,607</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	361,663	121,890	133,978	525	46,593	5,961
Accrued payroll			158,949	13,957	2,973	1,499
Due to other funds	922,870	716,794	210,021	13,020	472,742	4,733
Deferred revenue	2,533	15,459	22,788		457,221	741,157
Other short-term liabilities	8,358	49,618	71,713			
<b>Total liabilities</b>	<u>1,295,424</u>	<u>903,761</u>	<u>597,449</u>	<u>27,502</u>	<u>979,529</u>	<u>753,350</u>
<b>Fund balance (deficit): (Note 4A)</b>						
Non-spendable	650		35,400	1,048		
Restricted	1,337,177	5,149,158	5,095,798	796,297		261,257
Committed				2,154,830		
Unassigned (Note 2C)					(418,691)	
<b>Total fund balances (deficit)</b>	<u>1,337,827</u>	<u>5,149,158</u>	<u>5,131,198</u>	<u>2,952,175</u>	<u>(418,691)</u>	<u>261,257</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,633,251</u>	<u>\$ 6,052,919</u>	<u>\$ 5,728,647</u>	<u>\$ 2,979,677</u>	<u>\$ 560,838</u>	<u>\$ 1,014,607</u>

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

**City of Southfield**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**June 30, 2011**

	Neighborhood Stabilization Program	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 191,614	\$ 683,377	\$ 111,175	\$ 2,055,417	\$ 490,909	\$ 8,579	\$ 954,714	\$ 13,188,800
Investments				2,637,820			596,824	11,394,628
Receivables, net	5,953	4,259	76,636	214,282	19	33,269	4,190	2,028,333
Property investments	1,530,055							1,530,055
Prepays		8,628		88,220			200	134,146
Due from other funds	461,954		26,642	105,078			50	874,939
Due from component units				82,761				191,663
Due from other governmental units					846,874			846,874
<b>Total assets</b>	<u>\$ 2,189,576</u>	<u>\$ 696,264</u>	<u>\$ 214,453</u>	<u>\$ 5,183,578</u>	<u>\$ 1,337,802</u>	<u>\$ 41,848</u>	<u>\$ 1,555,978</u>	<u>\$ 30,189,438</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	3,135	9,866	785	17,122	6,602		2,383	710,503
Accrued payroll		4,186	484	120,524	21,282	19,894	3,609	347,357
Due to other funds	93,270	4,293	37,352	93,577	1,098,965	21,731	467,756	4,157,124
Deferred revenue			56,096	28,873				1,324,127
Other short-term liabilities		1,500		89,868				221,057
Advances from local improvement revolving fund	1,200,000							1,200,000
<b>Total liabilities</b>	<u>1,296,405</u>	<u>19,845</u>	<u>94,717</u>	<u>349,964</u>	<u>1,126,849</u>	<u>41,625</u>	<u>473,748</u>	<u>7,960,168</u>
<b>Fund balance (deficit): (Note 4A)</b>								
Non-spendable		8,628		88,220			200	134,146
Restricted	1,530,055	667,791	119,736	4,745,394	210,953	223	771,802	20,685,641
Committed							310,228	2,465,058
Unassigned (Note 2C)	(636,884)							(1,055,575)
<b>Total fund balances</b>	<u>893,171</u>	<u>676,419</u>	<u>119,736</u>	<u>4,833,614</u>	<u>210,953</u>	<u>223</u>	<u>1,082,230</u>	<u>22,229,270</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,189,576</u>	<u>\$ 696,264</u>	<u>\$ 214,453</u>	<u>\$ 5,183,578</u>	<u>\$ 1,337,802</u>	<u>\$ 41,848</u>	<u>\$ 1,555,978</u>	<u>\$ 30,189,438</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

### Nonmajor Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2011

	Major Streets	Local Streets	Parks and Recreation	Cable Television	Block Grant	Section 8 Housing
<b>REVENUES</b>						
Property taxes	\$ 238,259	\$ 3,061,641	\$ 4,898,750			
Charges for services			1,960,127			
Cable royalties				\$ 1,557,363		
Intergovernmental:						
Federal			100,000		\$ 415,702	\$ 1,914,319
State	3,753,339	1,129,517				
Other	126,261					
Contributions and donations			150,000			
Investment earnings	18,166	74,637	80,950	31,706	510	244
Other	80,354	3,086	208,075	7,665	80,276	120,000
Total revenues	<u>4,216,379</u>	<u>4,268,881</u>	<u>7,397,902</u>	<u>1,596,734</u>	<u>496,488</u>	<u>2,034,563</u>
<b>EXPENDITURES</b>						
Current:						
Highways and streets	5,308,358	3,672,974				
Community improvement					589,892	
Social services						1,914,318
Culture and recreation			7,874,876	759,948		
Debt service:						
Principal retirement	810,000	74,900				
Interest and fiscal charges	427,412	48,694	119,792			
Total expenditures	<u>6,545,770</u>	<u>3,796,568</u>	<u>7,994,668</u>	<u>759,948</u>	<u>589,892</u>	<u>1,914,318</u>
Excess (deficiency) of revenues over (under) expenditures	(2,329,391)	472,313	(596,766)	836,786	(93,404)	120,245
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,329,553	66,717	76,658			
Transfers out		(825,735)	(280,422)		(12,253)	
Total other financing sources (uses)	<u>3,329,553</u>	<u>(759,018)</u>	<u>(203,764)</u>	<u>-</u>	<u>(12,253)</u>	<u>-</u>
Net change in fund balances	1,000,162	(286,705)	(800,530)	836,786	(105,657)	120,245
Fund balances (deficit) - beginning as restated ( <b>Note 4A</b> )	337,665	5,435,863	5,931,728	2,115,389	(313,034)	141,012
<b>Fund balances (deficit)- ending</b>	<u>\$ 1,337,827</u>	<u>\$ 5,149,158</u>	<u>\$ 5,131,198</u>	<u>\$ 2,952,175</u>	<u>\$ (418,691)</u>	<u>\$ 261,257</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

### Nonmajor Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2011

	Neighborhood Stabilization Program	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
<b>REVENUES</b>								
Property taxes				\$ 6,206,379				\$ 14,405,029
Special assessments			\$ 28,060					28,060
Program earnings	\$ 89,708							89,708
Charges for services				448,701				2,408,828
Fines and forfeitures		\$ 154,370						154,370
Federal forfeitures		188,285						188,285
Cable royalties								1,557,363
Intergovernmental:								
Federal	62,696		129,989		\$ 2,560,326			5,183,032
State				39,310		\$ 118,905		5,041,071
Other								126,261
Contributions and donations							\$ 190,387	340,387
Investment earnings	23	6,981	1,515	65,188	184	145	5,812	286,061
Other		5,548	1,276	13,249				519,529
Total revenues	<u>152,427</u>	<u>355,184</u>	<u>160,840</u>	<u>6,772,827</u>	<u>2,560,510</u>	<u>119,050</u>	<u>196,199</u>	<u>30,327,984</u>
<b>EXPENDITURES</b>								
Current:								
General government			24,181					24,181
Public safety		417,667	129,989			270,036		817,692
Highways and streets								8,981,332
Community improvement	932,329		33,225					1,555,446
Social services					2,550,700			4,465,018
Culture and recreation				6,435,169			172,396	15,242,389
Debt service:								
Principal retirement								884,900
Interest and fiscal charges								595,898
Total expenditures	<u>932,329</u>	<u>417,667</u>	<u>187,395</u>	<u>6,435,169</u>	<u>2,550,700</u>	<u>270,036</u>	<u>172,396</u>	<u>32,566,856</u>
Excess (deficiency) of revenues over (under) expenditures	(779,902)	(62,483)	(26,555)	337,658	9,810	(150,986)	23,803	(2,238,872)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in				97,117		148,485		3,718,530
Transfers out				(2,005,775)			(473,285)	(3,597,470)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,908,658)</u>	<u>-</u>	<u>148,485</u>	<u>(473,285)</u>	<u>121,060</u>
Net change in fund balances	(779,902)	(62,483)	(26,555)	(1,571,000)	9,810	(2,501)	(449,482)	(2,117,812)
Fund balances - beginning as restated ( <b>Note 4A</b> )	<u>1,673,073</u>	<u>738,902</u>	<u>146,291</u>	<u>6,404,614</u>	<u>201,143</u>	<u>2,724</u>	<u>1,531,712</u>	<u>24,347,082</u>
<b>Fund balances - ending</b>	<u>\$ 893,171</u>	<u>\$ 676,419</u>	<u>\$ 119,736</u>	<u>\$ 4,833,614</u>	<u>\$ 210,953</u>	<u>\$ 223</u>	<u>\$ 1,082,230</u>	<u>\$ 22,229,270</u>

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

(continued)

# City of Southfield

## Schedule of Revenues, Expenditures, and Changes in Fund Balances

### Final Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 260,485	\$ 238,259	\$ (22,226)
Intergovernmental:			
State	3,664,768	3,753,339	88,571
Other	99,387	126,261	26,874
Investment earnings	12,656	18,166	5,510
Other	73,239	80,354	7,115
Total revenues	<u>4,110,535</u>	<u>4,216,379</u>	<u>105,844</u>
<b>EXPENDITURES</b>			
Highways and streets:			
Administration	178,905	151,649	27,256
Road construction	2,631,769	1,856,299	775,470
Road maintenance	1,088,124	903,573	184,551
Traffic service	712,662	710,536	2,126
Snow removal	849,237	846,051	3,186
Appearance	1,067,512	840,250	227,262
Debt service:			
Principal	810,000	810,000	-
Interest and fiscal charges	427,412	427,412	-
Total expenditures	<u>7,765,621</u>	<u>6,545,770</u>	<u>1,219,851</u>
Excess (deficiency) of revenues over (under) expenditures	(3,655,086)	(2,329,391)	1,325,695
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>3,325,735</u>	<u>3,329,553</u>	<u>3,818</u>
Net change in fund balances	(329,351)	1,000,162	1,329,513
Fund balances - beginning as restated ( <b>Note 4A</b> )	<u>337,665</u>	<u>337,665</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 8,314</u>	<u>\$ 1,337,827</u>	<u>\$ 1,329,513</u>

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

# City of Southfield

## Schedule of Revenues, Expenditures, and Changes in Fund Balances

### Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 3,131,755	\$ 3,061,641	\$ (70,114)
Intergovernmental:			
State	1,089,649	1,129,517	39,868
Investment earnings	12,656	74,637	61,981
Other	57,986	3,086	(54,900)
Total revenues	4,292,046	4,268,881	(23,165)
<b>EXPENDITURES</b>			
Highways and streets:			
Administration	498,586	603,241	(104,655)
Road construction	1,832,664	900,347	932,317
Road maintenance	1,696,370	1,089,551	606,819
Traffic service	242,501	121,389	121,112
Snow removal	692,718	783,999	(91,281)
Appearance	420,673	174,447	246,226
Debt service:			
Principal retirement	74,900	74,900	-
Interest and fiscal charges	48,694	48,694	-
Total expenditures	5,507,106	3,796,568	1,710,538
Excess (deficiency) of revenues over (under) expenditures	(1,215,060)	472,313	1,687,373
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	19,402	66,717	47,315
Transfers out	(825,735)	(825,735)	-
Total other financing sources (uses)	(806,333)	(759,018)	47,315
Net change in fund balance	(2,021,393)	(286,705)	1,734,688
Fund balance - beginning as restated ( <b>Note 4A</b> )	5,435,863	5,435,863	-
<b>Fund balance - ending</b>	\$ 3,414,470	\$ 5,149,158	\$ 1,734,688

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 5,044,032	\$ 4,898,750	\$ (145,282)
Charges for services	2,105,462	1,960,127	(145,335)
Intergovernmental:			
Federal		100,000	100,000
Contributions and donations		150,000	150,000
Investment earnings	50,625	80,950	30,325
Other revenue	138,606	208,075	69,469
Total revenues	<u>7,338,725</u>	<u>7,397,902</u>	<u>59,177</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Administration	3,008,546	3,385,882	(377,336)
Recreation division	942,692	902,635	40,057
Cultural arts division	171,904	182,672	(10,768)
Senior center division	327,686	286,560	41,126
Operations & facilities division	2,575,824	2,354,784	221,040
Golf	720,799	762,343	(41,544)
Debt service:			
Interest and fiscal charges	132,002	119,792	12,210
Total expenditures	<u>7,879,453</u>	<u>7,994,668</u>	<u>(115,215)</u>
Deficiency of revenues under expenditures	(540,728)	(596,766)	(56,038)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		76,658	76,658
Transfers out	(273,716)	(280,422)	(6,706)
Total other financing sources (uses)	<u>(273,716)</u>	<u>(203,764)</u>	<u>69,952</u>
Net change in fund balance	(814,444)	(800,530)	13,914
Fund balance - beginning	<u>5,931,728</u>	<u>5,931,728</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 5,117,284</u>	<u>\$ 5,131,198</u>	<u>\$ 13,914</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Cable royalties	\$ 913,868	\$ 1,557,363	\$ 643,495
Investment earnings	5,625	7,665	2,040
Other	7,200	31,706	24,506
Total revenues	926,693	1,596,734	670,041
<b>EXPENDITURES</b>			
Culture and recreation	926,693	759,948	166,745
Net change in fund balance	-	836,786	836,786
Fund balance - beginning	2,115,389	2,115,389	-
<b>Fund balance - ending</b>	<b>\$ 2,115,389</b>	<b>\$ 2,952,175</b>	<b>\$ 836,786</b>

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 595,822	\$ 415,702	\$ (180,120)
Investment earnings		510	510
Other		80,276	80,276
Total revenues	<u>595,822</u>	<u>496,488</u>	<u>(99,334)</u>
<b>EXPENDITURES</b>			
Community improvement	<u>595,822</u>	<u>589,892</u>	<u>5,930</u>
Deficiency of revenues under expenditures	-	(93,404)	(93,404)
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(12,253)</u>	<u>(12,253)</u>
Net change in fund balance	-	(105,657)	(105,657)
Fund balance (deficit) - beginning	<u>(313,034)</u>	<u>(313,034)</u>	<u>-</u>
<b>Fund balance (deficit) - ending</b>	<u><u>\$ (313,034)</u></u>	<u><u>\$ (418,691)</u></u>	<u><u>\$ (105,657)</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 - Section 8 Housing Fund

For the Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 2,203,989	\$ 1,914,319	\$ (289,670)
Investment earnings		244	244
Other		120,000	120,000
Total revenues	<u>2,203,989</u>	<u>2,034,563</u>	<u>(169,426)</u>
<b>EXPENDITURES</b>			
Social services	<u>2,203,989</u>	<u>1,914,318</u>	<u>289,671</u>
Net change in fund balance	-	120,245	120,245
Fund balance - beginning	<u>141,012</u>	<u>141,012</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 141,012</u></u>	<u><u>\$ 261,257</u></u>	<u><u>\$ 120,245</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 - Neighborhood Stabilization Program Fund For the Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 2,127,648	\$ 62,696	\$ (2,064,952)
Investment earnings		23	23
Program earnings	1,063,808	89,708	(974,100)
Total revenues	<u>3,191,456</u>	<u>152,427</u>	<u>(3,039,029)</u>
<b>EXPENDITURES</b>			
Community improvement	<u>3,191,456</u>	<u>932,329</u>	<u>2,259,127</u>
Net change in fund balance	-	(779,902)	(779,902)
Fund balance - beginning	<u>1,673,073</u>	<u>1,673,073</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,673,073</u>	<u>\$ 893,171</u>	<u>\$ (779,902)</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Fines and forfeitures	\$ 160,000	\$ 154,370	\$ (5,630)
Federal forfeitures	140,000	188,285	48,285
Investment earnings	7,875	6,981	(894)
Other	6,500	5,548	(952)
Total revenues	<u>314,375</u>	<u>355,184</u>	<u>40,809</u>
<b>EXPENDITURES</b>			
Public safety	<u>577,169</u>	<u>417,667</u>	<u>159,502</u>
Net change in fund balance	(262,794)	(62,483)	200,311
Fund balance - beginning	<u>738,902</u>	<u>738,902</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 476,108</u></u>	<u><u>\$ 676,419</u></u>	<u><u>\$ 200,311</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 - Grants Fund

For the Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 88,753	\$ 129,989	\$ 41,236
Investment earnings		1,515	1,515
Special assessments		28,060	28,060
Other		1,276	1,276
Total revenues	<u>88,753</u>	<u>160,840</u>	<u>72,087</u>
<b>EXPENDITURES</b>			
General government		24,181	(24,181)
Public Safety	88,753	129,989	(41,236)
Community improvement		33,225	(33,225)
Total expenditures	<u>88,753</u>	<u>187,395</u>	<u>(98,642)</u>
Net change in fund balance	-	(26,555)	(26,555)
Fund balance - beginning	<u>146,291</u>	<u>146,291</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 146,291</u>	<u>\$ 119,736</u>	<u>\$ (26,555)</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 6,374,461	\$ 6,206,379	\$ (168,082)
Charges for services	469,320	448,701	(20,619)
Intergovernmental:			
State	15,681	39,310	23,629
Investment earnings	196,875	65,188	(131,687)
Other	-	13,249	13,249
Total revenues	<u>7,056,337</u>	<u>6,772,827</u>	<u>(283,510)</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Administration	2,058,710	2,396,555	(337,845)
Adult reference	1,445,904	1,318,795	127,109
Children's division	793,235	705,480	87,755
Circulation division	1,309,917	1,134,609	175,308
Support services division	968,917	879,730	89,187
Total expenditures	<u>6,576,683</u>	<u>6,435,169</u>	<u>141,514</u>
Excess (deficiency) of revenues over (under) expenditures	479,654	337,658	(141,996)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		97,117	97,117
Transfers out	(2,005,413)	(2,005,775)	(362)
Total other financing sources (uses)	<u>(2,005,413)</u>	<u>(1,908,658)</u>	<u>96,755</u>
Net change in fund balance	(1,525,759)	(1,571,000)	(45,241)
Fund balance - beginning	<u>6,404,614</u>	<u>6,404,614</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,878,855</u>	<u>\$ 4,833,614</u>	<u>\$ (45,241)</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 4,676,000	\$ 2,560,326	\$ (2,115,674)
Investment earnings		184	184
Total revenues	4,676,000	2,560,510	(2,115,490)
<b>EXPENDITURES</b>			
Social services	4,676,160	2,550,700	2,125,460
Net change in fund balance	(160)	9,810	9,970
Fund balance - beginning	201,143	201,143	-
<b>Fund balance - ending</b>	<b>\$ 200,983</b>	<b>\$ 210,953</b>	<b>\$ 9,970</b>

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
State	\$ 134,671	\$ 118,905	\$ (15,766)
Investment earnings	1,125	145	(980)
Total revenues	135,796	119,050	(16,746)
<b>EXPENDITURES</b>			
Public safety	269,251	270,036	(785)
Deficiency of revenues under expenditures	(133,455)	(150,986)	(17,531)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	133,455	148,485	15,030
Net change in fund balances	-	(2,501)	(2,501)
Fund balances - beginning	2,724	2,724	-
<b>Fund balances - ending</b>	\$ 2,724	\$ 223	\$ (2,501)

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Contributions	\$ 200,000	\$ 190,387	\$ (9,613)
Investment earnings		5,812	5,812
Total revenues	200,000	196,199	(3,801)
<b>EXPENDITURES</b>			
Culture and recreation	200,000	172,396	27,604
Excess of revenues over expenditures	-	23,803	23,803
<b>OTHER FINANCING USES</b>			
Transfers out	-	(473,285)	(473,285)
Net change in fund balances	-	(449,482)	(449,482)
Fund balances - beginning	1,531,712	1,531,712	-
<b>Fund balances - ending</b>	<u>\$ 1,531,712</u>	<u>\$ 1,082,230</u>	<u>\$ (449,482)</u>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUNDS**

These funds account 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.

#### **LIBRARY BUILDING AUTHORITY DEBT**

General Library taxes are provided, through operating fund rent payments to pay debt service for construction.

#### **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**  
**Nonmajor Governmental Funds**  
**Debt Service Funds**  
**June 30, 2011**

	Drains-at- Large Debt
	<u>          </u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 90,781
Receivables, net	4,086
Prepays	24,143
Due from other funds	139,140
Due from component units	6,126
Restricted assets:	
Cash and cash equivalents	11,990
<b>Total assets</b>	<u><u>\$ 276,266</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Due to component units	300,000
Deferred revenue	1,396
Other short-term liabilities	13,306
<b>Total liabilities</b>	<u><u>314,702</u></u>
<b>Fund balance (deficit): (Note 4A)</b>	
Non-spendable	24,143
Restricted	11,990
Unassigned (Note 2C)	(74,569)
<b>Total fund balance (deficit)</b>	<u><u>(38,436)</u></u>
<b>Total liabilities</b>	
<b>and fund balances</b>	<u><u>\$ 276,266</u></u>

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

# City of Southfield

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Debt Service Funds For the Year Ended June 30, 2011

	Library Building Authority Debt	Drains-at- Large Debt	Total
<b>REVENUES</b>			
Property taxes		\$ 514,265	\$ 514,265
Investment earnings		3,121	3,121
Other		225,969	225,969
Total revenues	\$ -	743,355	743,355
<b>EXPENDITURES</b>			
Other	363	377,653	378,016
Debt service:			
Principal retirement	655,000	448,142	1,103,142
Interest and fiscal charges	1,350,412	201,034	1,551,446
Total expenditures	2,005,775	1,026,829	3,032,604
Deficiency of revenues under expenditures	(2,005,775)	(283,474)	(2,289,249)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	2,005,775	8,078	2,013,853
Net change in fund balances	-	(275,396)	(275,396)
Fund balances - beginning as restated ( <b>Note 4A</b> )	-	236,960	236,960
<b>Fund balances (deficit) - ending</b>	\$ -	\$ (38,436)	\$ (38,436)

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

## **NONMAJOR 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**

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. The Authority's Debt Service Funds are presented in the preceding section.

#### **CIVIC CENTER IMPROVEMENT**

This fund was created for maintenance and improvement of the City Civic Center.

#### **BUILDING AUTHORITY**

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. The Authority's Debt Service Funds are presented in the preceding section.

#### **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**  
**Nonmajor Governmental Funds**  
**Capital Project Funds**  
**June 30, 2011**

	Library Building Authority Construction	Civic Center Improvement	Building Authority Construction	Special Assessment Construction	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 518,441	\$ 11,742	\$ 16,265	\$ 2,958,417	\$ 3,504,865
Investments	320,615				320,615
Receivables:					
Special assessments				669,897	669,897
Other	3,489	11	17	2,953	6,470
Due from other funds			56,376		56,376
<b>Total assets</b>	<b>\$ 842,545</b>	<b>\$ 11,753</b>	<b>\$ 72,658</b>	<b>\$ 3,631,267</b>	<b>\$ 4,558,223</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable			72,658	5,861	78,519
Due to other funds	697	11,753		5,655	18,105
Deferred revenue				669,897	669,897
Advances from local improvement revolving fund				659,262	659,262
<b>Total liabilities</b>	<b>697</b>	<b>11,753</b>	<b>72,658</b>	<b>1,340,675</b>	<b>1,425,783</b>
<b>Fund balances: (Note 4A)</b>					
Restricted	841,848			642,201	1,484,049
Committed				80,328	80,328
Assigned				1,568,063	1,568,063
<b>Total fund balances</b>	<b>841,848</b>	<b>-</b>	<b>-</b>	<b>2,290,592</b>	<b>3,132,440</b>
<b>Total liabilities     and fund balances</b>	<b>\$ 842,545</b>	<b>\$ 11,753</b>	<b>\$ 72,658</b>	<b>\$ 3,631,267</b>	<b>\$ 4,558,223</b>

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

### Nonmajor Governmental Funds

### Capital Project Funds

For the Year Ended June 30, 2011

	Library Building Authority Construction	Civic Center Improvement	Building Authority Construction	Special Assessment Construction	Total
<b>REVENUES</b>					
Special assessments				\$ 267,155	\$ 267,155
Investment earnings	\$ 10,493	\$ 120	\$ 166	30,199	40,978
Other				68,986	68,986
Total revenues	10,493	120	166	366,340	377,119
<b>EXPENDITURES</b>					
Capital outlay, construction and other costs	270,044	-	716,275	99,823	1,086,142
Debt service:					
Interest charges				49,086	49,086
Total expenditures	270,044	-	716,275	148,909	1,135,228
Excess (deficiency) of revenues over (under) expenditures	(259,551)	120	(716,109)	217,431	(758,109)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in			699,995		699,995
Transfers out		(11,753)			(11,753)
Total other financing sources (uses)	-	(11,753)	699,995		688,242
Net change in fund balances	(259,551)	(11,633)	(16,114)	217,431	(69,867)
Fund balances - beginning as restated ( <b>Note 4A</b> )	1,101,399	11,633	16,114	2,073,161	3,202,307
<b>Fund balances - ending</b>	<b>\$ 841,848</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,290,592</b>	<b>\$ 3,132,440</b>

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

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## **INTERNAL SERVICE FUNDS**

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

### **FACILITIES MAINTENANCE**

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

### **MOTOR POOL**

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

### **EQUIPMENT REVOLVING**

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

### **INSURANCE RISK RETENTION**

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

### **LOCAL IMPROVEMENT REVOLVING**

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

### **EMPLOYEE INCENTIVE LOAN PROGRAM**

This fund was created to encourage City employees to choose Southfield as their city of residence and to support the City's goals of neighborhood stability and redevelopment. Monies loaned to employees as an incentive to purchase a home in Southfield are repaid over a period not to exceed seven years.

**City of Southfield**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Employee Incentive Loan Program	Total
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 1,637,649	\$ 3,444,724	\$ 1,871,234	\$ 2,377,189	\$ 3,683,360	\$ 177,599	\$ 13,191,755
Investments			7,086,332	3,362,097	4,435,433		14,883,862
Receivables, net <b>(Note 3B)</b>	1,971	3,668	29,131	18,221	21,137	15	74,143
Prepays		9,931					9,931
Due from other funds <b>(Note 3F)</b>	437,317	275,581			148,284		861,182
Inventory		379,406					379,406
Total current assets	2,076,937	4,113,310	8,986,697	5,757,507	8,288,214	177,614	29,400,279
Noncurrent assets:							
Restricted cash and cash equivalents <b>(Note 3A)</b>				1,888,029			1,888,029
Long-term advances to other funds <b>(Note 3F)</b>					5,028,780		5,028,780
Long-term advances to component units <b>(Note 3F)</b>					3,335,686		3,335,686
Long-term advances to employees						42,181	42,181
Capital assets: <b>(Note 3C)</b>							
Equipment	385,338	12,824,432	10,406,391				23,616,161
Less accumulated depreciation	(208,653)	(10,673,883)	(6,742,019)				(17,624,555)
Net capital assets	176,685	2,150,549	3,664,372	-	-	-	5,991,606
Total noncurrent assets	176,685	2,150,549	3,664,372	1,888,029	8,364,466	42,181	16,286,282
Total assets	2,253,622	6,263,859	12,651,069	7,645,536	16,652,680	219,795	45,686,561
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	178,833	38,825	39,226				256,884
Accrued payroll	166,887	81,725					248,612
Insurance payable				1,264,107			1,264,107
Workers' compensation payable				672,053			672,053
Due to other funds <b>(Note 3F)</b>	57,225	9,242	5,535	787,322	7,558		866,882
Total current liabilities	402,945	129,792	44,761	2,723,482	7,558	-	3,308,538
Noncurrent liabilities:							
Accrued compensated absences-due more 1 year <b>(Note 3D)</b>	204,442	107,526					311,968
Other post-employment benefits	42,648	19,984		1,314			63,946
Total noncurrent liabilities	247,090	127,510	-	1,314	-	-	375,914
Total liabilities	650,035	257,302	44,761	2,724,796	7,558	-	3,684,452
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	176,685	2,150,549	3,664,372				5,991,606
Restricted for claims				1,888,029			1,888,029
Unrestricted	1,426,902	3,856,008	8,941,936	3,032,711	16,645,122	219,795	34,122,474
Total net assets	\$ 1,603,587	\$ 6,006,557	\$ 12,606,308	\$ 4,920,740	\$ 16,645,122	\$ 219,795	\$ 42,002,109

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



# City of Southfield

## Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

### Internal Service Funds

For the Year Ended June 30, 2011

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Employee Incentive Loan Program	Total
<b>OPERATING REVENUES</b>							
Charges for consumption and service:							
Charges to other funds	\$ 5,916,227	\$ 3,937,238					\$ 9,853,465
Other		30,189		\$ 415,874	\$ 267,510		713,573
Total operating revenue	5,916,227	3,967,427	\$ -	415,874	267,510	\$ -	10,567,038
<b>OPERATING EXPENSES</b>							
Administration	2,108,013	66,931					2,174,944
Equipment and facility operation:							
Equipment maintenance		2,690,917	146,175				2,837,092
Communications		291,169					291,169
Maintenance staff	1,396,722						1,396,722
Custodial staff	1,900,969						1,900,969
Depreciation and capital adjustments	18,751	746,461	782,515				1,547,727
Other			5,535	381,384	7,558	45	394,522
Total operating expenses	5,424,455	3,795,478	934,225	381,384	7,558	45	10,543,145
Operating income (loss)	491,772	171,949	(934,225)	34,490	259,952	(45)	23,893
<b>NONOPERATING REVENUES</b>							
Intergovernmental-Federal	28,997						28,997
Investment earnings	14,086	30,290	123,994	68,685	71,994	232	309,281
Other	18,132						18,132
Total nonoperating revenues	61,215	30,290	123,994	68,685	71,994	232	356,410
Income (loss) before transfers	552,987	202,239	(810,231)	103,175	331,946	187	380,303
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	11,753						11,753
Transfers out	(453,766)	-	-	(888,480)	(2,500,000)	-	(3,842,246)
Total other financing sources (uses)	(442,013)	-	-	(888,480)	(2,500,000)	-	(3,830,493)
Change in net assets	110,974	202,239	(810,231)	(785,305)	(2,168,054)	187	(3,450,190)
Total net assets - beginning	1,492,613	5,804,318	13,416,539	5,706,045	18,813,176	219,608	45,452,299
<b>Total net assets - ending</b>	<u>\$ 1,603,587</u>	<u>\$ 6,006,557</u>	<u>\$ 12,606,308</u>	<u>\$ 4,920,740</u>	<u>\$ 16,645,122</u>	<u>\$ 219,795</u>	<u>\$ 42,002,109</u>

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, 2011**

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Employee Incentive Loan Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from users	\$ 5,914,716	\$ 3,978,756		415,874	\$ 267,510		\$ 10,576,856
Cash paid to employees	(2,831,720)	(1,257,457)		(106,597)			(4,195,774)
Cash paid to suppliers	(2,729,538)	(1,831,200)	(157,583)	(587,707)	(7,558)	(45)	(5,313,631)
Net cash provided by (used in) operating activities	353,458	890,099	(157,583)	(278,430)	259,952	(45)	1,067,451
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Payment within an interfund	(392,568)	(98,121)	(409,465)	(357,553)	(56,970)		(1,314,677)
Long-term advances					2,869,197		2,869,197
Long-term advances to employees						11,175	11,175
Transfers in	11,753						11,753
Transfers out	(453,766)			(888,480)	(2,500,000)		(3,842,246)
Net cash provided by (used in) noncapital and related financing activities	(834,581)	(98,121)	(409,465)	(1,246,033)	312,227	11,175	(2,264,798)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Purchases of property and equipment	18,131	(235,377)	(162,306)	-	-	-	(379,552)
Intergovernmental - Federal	28,997						28,997
Net cash provided by (used in) capital and related financing activities	47,128	(235,377)	(162,306)	-	-	-	(350,555)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds (loss) from sale of investments, net of purchases			(699,967)	1,487,562	316,570		1,104,165
Investment earnings	16,188	32,958	117,420	79,307	85,071	238	331,182
Net cash provided by (used in) investing activities	16,188	32,958	(582,547)	1,566,869	401,641	238	1,435,347
Net increase (decrease) in cash, cash equivalents	(417,807)	589,559	(1,311,901)	42,406	973,820	11,368	(112,555)
Cash, cash equivalents, beginning of year	2,055,456	2,855,165	3,183,135	4,222,812	2,709,540	166,231	15,192,339
Cash, cash equivalents, end of year	\$ 1,637,649	\$ 3,444,724	\$ 1,871,234	\$ 4,265,218	\$ 3,683,360	\$ 177,599	\$ 15,079,784
<b>Balance sheet reconciliation of cash &amp; cash equivalents</b>							
Cash, cash equivalents	\$ 1,637,649	\$ 3,444,724	\$ 1,871,234	\$ 2,377,189	\$ 3,683,360	\$ 177,599	\$ 13,191,755
Restricted cash, cash equivalents				1,888,029			1,888,029
Total cash, cash equivalents	\$ 1,637,649	\$ 3,444,724	\$ 1,871,234	\$ 4,265,218	\$ 3,683,360	\$ 177,599	\$ 15,079,784
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 491,772	\$ 171,949	\$ (934,225)	\$ 34,490	\$ 259,952	\$ (45)	\$ 23,893
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>							
Depreciation and capital adjustments	18,751	746,461	782,515				1,547,727
Receivables	(1,511)	(3,668)					(5,179)
Prepays		11,200					11,200
Inventory		3,797					3,797
Accounts payable	(77,328)	(32,342)	(5,873)				(115,543)
Accrued payroll	124,707	63,220		1,989			189,916
Insurance payable				170,892			170,892
Workers' compensation payable				(485,801)			(485,801)
Accrued compensated absences	(163,915)	(52,741)					(216,656)
OPEB obligation	(39,018)	(17,777)					(56,795)
Net cash provided by (used in) operating activities	\$ 353,458	\$ 890,099	\$ (157,583)	\$ (278,430)	\$ 259,952	\$ (45)	\$ 1,067,451

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

## **FIDUCIARY FUNDS**

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

### **TRUST**

#### **PENSION TRUST**

This fund accounts for employee and employer pension contributions, accumulated assets, administrative expenses, investment income and payments to beneficiaries.

#### **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 Assets

### Pension and Other Post-Employment Benefits Trust Funds

June 30, 2011

	Pension		Other Post-Employment Benefits	
	Employee Retirement	Fire and Police	Retiree Health Care Benefits Plan & Trust	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,172	\$ 5,605,948	\$ 60,381	\$ 5,677,501
Investments, at fair value:				
Government obligations	11,726,939	19,701,673	8,917,600	40,346,212
Corporate bonds	5,154,260	24,541,295	8,443,249	38,138,804
Common stock	71,061,084	119,397,029	24,274,809	214,732,922
Real estate and other	12,726,537	23,208,546	118,849	36,053,932
Total investments	100,668,820	186,848,543	41,754,507	329,271,870
Cash & investments held as collateral for securities lending:				
Repurchase agreements		5,587,500		5,587,500
Agency bonds, notes & corporate bonds		5,291,782		5,291,782
Certificates of & time deposits		8,350,121		8,350,121
Asset backed floating rate notes		1,159,523		1,159,523
Commercial paper	193,243	2,041,487		2,234,730
Variable rate deposits, notes & bonds		2,350,174		2,350,174
Money market demand accounts	8,261,338	402,072		8,663,410
Sweep vehicles		757,451		757,451
Non-cash collateral		204,912		204,912
Total securities lending	8,454,581	26,145,022	-	34,599,603
Prepaid			167,836	167,836
Receivables, net	147,612		106,550	254,162
<b>Total assets</b>	<b>109,282,185</b>	<b>218,599,513</b>	<b>42,089,274</b>	<b>369,970,972</b>
<b>LIABILITIES</b>				
Accounts payable & accrued payroll	229,541	1,152		230,693
Due to other governmental units	756,288			756,288
Other	176,898			176,898
Obligations under securities lending agreements	8,631,479	26,145,022		34,776,501
<b>Total liabilities</b>	<b>9,794,206</b>	<b>26,146,174</b>	<b>-</b>	<b>35,940,380</b>
<b>NET ASSETS</b>				
Reserved for pension benefits	99,487,979	185,512,324		285,000,303
Reserved for post-retirement health care benefits		6,941,015	42,089,274	49,030,289
<b>Total net assets</b>	<b>\$ 99,487,979</b>	<b>\$ 192,453,339</b>	<b>\$ 42,089,274</b>	<b>\$ 334,030,592</b>

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

# City of Southfield

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Post-Employment Benefits Trust Funds For the Year Ended June 30, 2011

	Pension		Other Post- Employment Benefits	
	Employee Retirement	Fire and Police	Retiree Health Care Benefits Plan & Trust	Totals
<b>ADDITIONS</b>				
Contributions:				
Plan members	\$ 519,178	\$ 831,216	\$ 783,367	\$ 2,133,761
Employer	2,804,144	3,229,416	5,087,686	11,121,246
Total contributions	3,323,322	4,060,632	5,871,053	13,255,007
Investment activity:				
Net increase in				
fair value of investments	22,895,160	37,002,106	3,429,869	63,327,135
Investment earnings (loss)	660,695	2,215,514	(3,392)	2,872,817
Dividends	670,836	1,382,414	1,179,278	3,232,528
Other	66,898	7,862		74,760
Total investment	24,293,589	40,607,896	4,605,755	69,507,240
Less investment expense:	424,933	825,997	26,832	1,277,762
Net investment activity	23,868,656	39,781,899	4,578,923	68,229,478
Total additions	27,191,978	43,842,531	10,449,976	81,484,485
<b>DEDUCTIONS</b>				
Benefits	7,854,212	13,007,189		20,861,401
Health care expense		3,507,568	1,742,484	5,250,052
Administrative expense	187,229	246,945	56,451	490,625
Total deductions	8,041,441	16,761,702	1,798,935	26,602,078
Net increase	19,150,537	27,080,829	8,651,041	54,882,407
Net assets - beginning	80,337,442	165,372,510	33,438,233	279,148,185
<b>Net assets - ending</b>	<b>\$ 99,487,979</b>	<b>\$ 192,453,339</b>	<b>\$ 42,089,274</b>	<b>\$ 334,030,592</b>

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

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## **FIDUCIARY FUNDS**

### **AGENCY**

#### **DEPOSITS AND ESCROW**

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

#### **IMPREST PAYROLL**

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

#### **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 46<sup>th</sup> District Court.

# City of Southfield

## Combining Statement of Fiduciary Net Assets

### Agency Funds

June 30, 2011

	<u>Imprest Payroll</u>	<u>Deposits and Escrow</u>	<u>46th District Court</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 214,582	\$ 1,511,360	\$ 781,722	\$ 2,507,664
Investments		2,000,248		2,000,248
Receivables, net		2,022		2,022
<b>Total assets</b>	<u>\$ 214,582</u>	<u>\$ 3,513,630</u>	<u>\$ 781,722</u>	<u>\$ 4,509,934</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 214,478	\$ 1,050		\$ 215,528
Deposits and escrow		3,512,580	\$ 207,577	3,720,157
Interest payable	104			104
Due to other governmental units			574,145	574,145
<b>Total liabilities</b>	<u>\$ 214,582</u>	<u>\$ 3,513,630</u>	<u>\$ 781,722</u>	<u>\$ 4,509,934</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, 2011

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
<b>IMPREST PAYROLL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 204,357	\$ 62,970,051	\$ 62,959,826	\$ 214,582
Due from fiduciary	962	112,281	113,243	-
<b>TOTAL ASSETS</b>	<u>\$ 205,319</u>	<u>\$ 63,082,332</u>	<u>\$ 63,073,069</u>	<u>\$ 214,582</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 204,840	\$ 39,597,619	\$ 39,587,981	\$ 214,478
Interest payable	479	1,547	1,922	104
<b>TOTAL LIABILITIES</b>	<u>\$ 205,319</u>	<u>\$ 39,599,166</u>	<u>\$ 39,589,903</u>	<u>\$ 214,582</u>
<b>DEPOSITS AND ESCROW</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,447,254	\$ 169,665,799	\$ 169,601,693	\$ 1,511,360
Investments	2,495,461	273,570,982	274,066,195	2,000,248
Receivables, net	4,683	8,490	11,151	2,022
<b>TOTAL ASSETS</b>	<u>\$ 3,947,398</u>	<u>\$ 443,245,271</u>	<u>\$ 443,679,039</u>	<u>\$ 3,513,630</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,073	\$ 346,778	\$ 352,801	\$ 1,050
Deposits and escrow	3,940,277	34,850,737	35,278,434	3,512,580
Interest payable	48	550,425	550,473	-
<b>TOTAL LIABILITIES</b>	<u>\$ 3,947,398</u>	<u>\$ 35,747,940</u>	<u>\$ 36,181,708</u>	<u>\$ 3,513,630</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, 2011

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
<b>46th DISTRICT COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 791,057	\$ -	\$ 9,335	\$ 781,722
<b>LIABILITIES</b>				
Deposits and escrow	\$ 245,502		\$ 37,925	\$ 207,577
Due to other governmental units	545,555	\$ 28,590		574,145
<b>TOTAL LIABILITIES</b>	<u>\$ 791,057</u>	<u>\$ 28,590</u>	<u>\$ 37,925</u>	<u>\$ 781,722</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,442,668	\$ 232,635,850	\$ 232,570,854	\$ 2,507,664
Investments	2,495,461	273,570,982	274,066,195	2,000,248
Receivables, net	4,683	8,490	11,151	2,022
Due from fiduciary	962	112,281	113,243	-
<b>TOTAL ASSETS</b>	<u>\$ 4,943,774</u>	<u>\$ 506,327,603</u>	<u>\$ 506,761,443</u>	<u>\$ 4,509,934</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 211,913	\$ 39,944,397	\$ 39,940,782	\$ 215,528
Deposits and escrow	4,185,779	34,850,737	35,316,359	3,720,157
Interest payable	527	551,972	552,395	104
Due to other governmental units	545,555	28,590		574,145
<b>TOTAL LIABILITIES</b>	<u>\$ 4,943,774</u>	<u>\$ 75,375,696</u>	<u>\$ 75,809,536</u>	<u>\$ 4,509,934</u>

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

(continued)

# City of Southfield, Michigan

## Statistical Section

June 30, 2011

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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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	149
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	155
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	159
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.	
<b>Demographic and Economic Information</b>	162
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	169
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.	
<b>Continuing Disclosure</b>	172
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.	

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 Assets By Component Last Five Fiscal Years

	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 96,622,538	\$ 95,788,777	\$ 99,498,443	\$ 98,978,617	\$ 96,615,975
Restricted	17,123,664	21,381,750	17,184,888	16,985,243	26,807,000
Unrestricted	52,521,113	51,018,061	53,090,157	45,701,194	26,962,026
Total governmental activities net assets	<u>\$ 166,267,315</u>	<u>\$ 168,188,588</u>	<u>\$ 169,773,488</u>	<u>\$ 161,665,054</u>	<u>\$ 150,385,001</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 41,433,296	\$ 42,298,075	\$ 44,285,188	\$ 44,233,548	\$ 43,508,935
Restricted					
Unrestricted	12,588,656	17,331,934	19,768,774	26,001,817	32,925,387
Total business-type activities net assets	<u>\$ 54,021,952</u>	<u>\$ 59,630,009</u>	<u>\$ 64,053,962</u>	<u>\$ 70,235,365</u>	<u>\$ 76,434,322</u>
Primary government					
Invested in capital assets, net of related debt	\$ 138,055,834	\$ 138,086,852	\$ 143,783,631	\$ 143,212,165	\$ 140,124,910
Restricted	17,123,664	21,381,750	17,184,888	16,985,243	26,807,000
Unrestricted	65,109,769	68,349,995	72,858,931	71,703,011	59,887,413
Total primary government net assets	<u>\$ 220,289,267</u>	<u>\$ 227,818,597</u>	<u>\$ 233,827,450</u>	<u>\$ 231,900,419</u>	<u>\$ 226,819,323</u>

# City Of Southfield, Michigan

## Changes In Net Assets Last Five Fiscal Years

	Fiscal Year Ended				
	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011
<b>Expenses</b>					
Governmental activities:					
General government	\$ 18,524,088	\$ 19,428,469	\$ 13,922,094	\$ 20,391,246	\$ 18,707,551
Public safety	44,430,868	45,984,377	46,895,967	47,493,784	44,108,179
Highway and streets	8,917,020	9,997,853	10,813,836	11,482,043	8,693,174
Public services	1,767,535	1,628,937	534,227	1,389,038	1,218,182
Sanitation	3,135,037	3,318,995	3,114,136	2,992,795	3,117,337
Community improvement	983,371	765,710	1,849,575	1,790,413	1,554,893
Social services	3,928,231	4,260,962	5,820,354	5,769,271	4,765,197
Culture and recreation	12,270,136	16,951,218	15,754,194	17,530,353	15,598,576
Interest on long-term debt	2,442,534	2,526,544	2,485,853	2,296,086	2,346,243
Total governmental activities expenses	<u>96,398,820</u>	<u>104,863,065</u>	<u>101,190,236</u>	<u>111,135,029</u>	<u>100,109,332</u>
Business-type activities:					
Water and sewer	27,337,692	27,583,980	27,080,634	27,331,285	28,956,192
Total primary government expenses	<u>\$ 123,736,512</u>	<u>\$ 132,447,045</u>	<u>\$ 128,270,870</u>	<u>\$ 138,466,314</u>	<u>\$ 129,065,524</u>
<b>Program revenues</b>					
Charges for services:					
General government	\$ 1,263,737	\$ 1,217,147	\$ 1,185,978	\$ 1,151,141	\$ 1,193,553
Public safety	8,100,022	7,982,449	7,184,088	7,672,765	8,334,575
Public services	780,328	724,340	1,000,017	642,088	633,602
Sanitation	3,288,850	3,298,391	2,788,701	3,255,094	3,142,554
Social Services	-	-	-	-	-
Community improvement	391,333	582,288	307,361	469,455	295,215
Culture and recreation	3,893,893	3,825,297	4,036,391	3,907,991	3,966,195
Operating grants and contributions	11,018,576	8,175,429	11,774,151	14,502,804	11,355,728
Capital grants and contributions	1,252,893	354,025	506,150	1,100,000	-
Total governmental activities program revenues	<u>29,989,632</u>	<u>26,159,366</u>	<u>28,782,837</u>	<u>32,701,338</u>	<u>28,921,422</u>
Business-type activities:					
Charges for services:					
Water and sewer	31,726,037	32,648,690	30,990,998	33,039,764	35,022,377
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>31,726,037</u>	<u>32,648,690</u>	<u>30,990,998</u>	<u>33,039,764</u>	<u>35,022,377</u>
Total primary government program revenues	<u>\$ 61,715,669</u>	<u>\$ 58,808,056</u>	<u>\$ 59,773,835</u>	<u>\$ 65,741,102</u>	<u>\$ 63,943,799</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (66,409,188)	\$ (78,703,699)	\$ (72,407,399)	\$ (78,433,691)	\$ (71,187,910)
Business-type activities	4,388,345	5,064,710	3,910,364	5,708,479	6,066,185
Total primary government net expense	<u>\$ (62,020,843)</u>	<u>\$ (73,638,989)</u>	<u>\$ (68,497,035)</u>	<u>\$ (72,725,212)</u>	<u>\$ (65,121,725)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 59,906,757	\$ 62,138,583	\$ 62,427,297	\$ 60,128,647	\$ 50,811,665
Unrestricted state shared revenues	5,659,838	11,894,554	6,997,030	6,228,151	6,224,989
Unrestricted investment earnings	3,718,849	4,341,955	2,246,603	1,237,133	557,099
Gain on sale of capital assets	-	-	498,175	-	-
Miscellaneous	2,072,421	2,204,425	1,769,203	2,674,444	2,259,967
Transfers	337,882	45,455	53,991	56,882	54,137
Total governmental activities	<u>71,695,747</u>	<u>80,624,972</u>	<u>73,992,299</u>	<u>70,325,257</u>	<u>59,907,857</u>
Business-type activities:					
Grants and contributions not restricted to specific programs					
Interest and investment earnings	413,912	496,176	459,454	346,564	103,567
Miscellaneous	261,713	92,626	108,126	183,242	83,342
Transfers	(337,882)	(45,455)	(53,991)	(56,882)	(54,137)
Total business-type activities	<u>337,743</u>	<u>543,347</u>	<u>513,589</u>	<u>472,924</u>	<u>132,772</u>
Total primary government	<u>\$ 72,033,490</u>	<u>\$ 81,168,319</u>	<u>\$ 74,505,888</u>	<u>\$ 70,798,181</u>	<u>\$ 60,040,629</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 5,286,559	\$ 1,921,273	\$ 1,584,900	\$ (8,108,434)	\$ (11,280,053)
Business-type activities	4,726,088	5,608,057	4,423,953	6,181,403	6,198,957
Total primary government	<u>\$ 10,012,647</u>	<u>\$ 7,529,330</u>	<u>\$ 6,008,853</u>	<u>\$ (1,927,031)</u>	<u>\$ (5,081,096)</u>

# City of Southfield, Michigan

## Fund Balances, Governmental Funds Last Ten Fiscal Years

	Fiscal Year Ended									
	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>
General Fund										
Nonspendable										\$ 1,148,696
Restricted										1,285,124
Committed										6,024,279
Assigned										45,123
Unassigned										486,981
Reserved	\$ 546,382	\$ 367,957	\$ 117,690	\$ 189,208	\$ 550,489	\$ 525,041	\$ 1,217,099	\$ 1,147,909	\$ 1,534,382	
Unreserved	<u>22,798,687</u>	<u>20,710,151</u>	<u>16,624,098</u>	<u>14,548,555</u>	<u>13,724,612</u>	<u>14,455,735</u>	<u>16,089,446</u>	<u>14,298,511</u>	<u>14,218,642</u>	
Total general fund	<u>\$ 23,345,069</u>	<u>\$ 21,078,108</u>	<u>\$ 16,741,788</u>	<u>\$ 14,737,763</u>	<u>\$ 14,275,101</u>	<u>\$ 14,980,776</u>	<u>\$ 17,306,545</u>	<u>\$ 15,446,420</u>	<u>\$ 15,753,024</u>	<u>\$ 8,990,203</u>
All Other Governmental Funds										
Nonspendable										\$ 158,289
Restricted										22,181,680
Committed										2,545,386
Assigned										1,568,063
Unassigned										(1,130,144)
Reserved	\$ 10,437,297	\$ 4,718,800	\$ 3,407,858	\$ 18,675,070	\$ 9,284,327	\$ 7,805,333	\$ 9,488,625	\$ 7,025,900	\$ 6,716,141	
Unreserved, reported in:										
Special revenue funds	6,844,964	7,334,047	10,445,192	11,817,766	16,311,683	19,117,959	16,124,569	17,854,293	19,231,796	
Capital projects funds	<u>17,573,417</u>	<u>3,719,988</u>	<u>7,206,768</u>	<u>1,682,220</u>	<u>651,713</u>	<u>(70,062)</u>	<u>403,056</u>	<u>1,345,019</u>	<u>2,150,270</u>	<u>1,028,280</u>
Total all other governmental funds	<u>\$ 34,855,678</u>	<u>\$ 15,772,835</u>	<u>\$ 21,059,818</u>	<u>\$ 32,175,056</u>	<u>\$ 26,247,723</u>	<u>\$ 26,853,230</u>	<u>\$ 26,016,250</u>	<u>\$ 26,225,212</u>	<u>\$ 28,098,207</u>	<u>\$ 26,351,554</u>

\* Fund balance classifications were changed as a result of the implementation of GASB 54.

## City of Southfield, Michigan

### Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years

	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>
<b>Revenues</b>										
Property taxes	\$ 50,467,346	\$ 53,484,423	\$ 54,873,260	\$ 56,580,394	\$ 57,438,780	\$ 59,906,757	\$ 62,138,582	\$ 58,479,539	\$ 64,076,424	\$ 50,811,665
Special assessments	139,465	144,711	256,106	226,617	351,650	391,334	582,286	307,360	469,453	295,215
Program earnings	-	-	-	-	-	-	-	-	266,303	89,708
Charges for services	8,536,445	4,925,841	4,840,769	5,724,118	6,105,995	6,161,016	5,773,170	5,962,325	5,543,522	5,701,533
Sanitation	-	2,635,950	2,796,697	2,891,792	3,174,219	3,288,850	3,298,391	2,788,701	3,255,094	3,142,554
Licenses and permits	2,504,585	2,138,586	2,139,257	2,284,166	2,415,319	2,266,707	2,303,092	1,929,428	2,047,212	2,143,357
Fines and forfeitures	3,879,502	3,285,295	3,654,601	3,448,333	4,541,759	4,676,288	4,630,338	4,301,060	4,363,309	4,725,666
Franchise fees	-	632,599	794,955	784,539	796,165	933,968	1,042,624	1,241,083	1,419,934	1,557,363
Intergovernmental:	19,827,155	17,900,570	21,151,052	19,171,434	-	-	-	-	-	-
Federal	-	-	-	-	3,425,270	5,262,829	5,140,874	5,720,885	8,294,298	5,358,682
State	-	-	-	-	13,460,688	11,591,002	10,822,057	15,974,466	11,216,633	11,275,646
Other	-	-	-	-	1,865,718	877,146	842,908	792,977	899,853	677,982
Contributions and donations	-	139,316	164,355	145,494	153,597	200,330	163,091	122,515	153,873	340,387
Investment earnings	6,274,486	1,852,586	391,341	1,290,051	2,128,092	3,718,849	4,341,970	2,246,593	1,237,125	557,100
Other	<u>1,065,532</u>	<u>1,578,738</u>	<u>4,358,997</u>	<u>1,094,619</u>	<u>1,497,722</u>	<u>2,072,421</u>	<u>2,199,173</u>	<u>1,868,587</u>	<u>3,674,444</u>	<u>2,098,278</u>
Total revenues	<u>92,694,516</u>	<u>88,718,615</u>	<u>95,421,390</u>	<u>93,641,557</u>	<u>97,354,974</u>	<u>101,347,497</u>	<u>103,278,556</u>	<u>101,735,519</u>	<u>106,917,477</u>	<u>88,775,136</u>
<b>Expenditures</b>										
General government	10,190,386	12,520,374	13,181,000	10,450,600	12,902,435	14,237,883	10,087,795	10,987,723	10,207,779	9,572,707
Public safety	36,985,614	39,300,653	40,913,571	42,957,930	43,448,812	43,818,743	46,039,407	45,968,224	46,186,698	46,209,990
Highways and streets	12,124,101	15,905,920	9,938,064	8,366,140	15,962,775	11,224,023	9,979,749	12,277,818	10,774,737	8,981,332
Public services	3,858,964	640,846	666,943	1,071,101	1,141,958	1,244,991	1,016,601	839,089	766,661	820,990
Sanitation	-	3,269,942	3,384,947	3,098,198	3,005,450	3,135,037	3,318,995	3,114,136	2,992,795	3,117,337
Community improvement	895,391	1,673,691	1,097,284	804,973	688,469	983,888	766,041	1,849,947	1,534,952	1,555,446
Social services	2,697,028	2,868,596	3,070,466	2,883,289	3,059,036	3,626,144	4,044,774	5,559,894	5,710,361	4,707,580
Culture and recreation	13,593,624	28,391,832	16,075,431	14,267,105	15,200,412	14,754,784	15,337,823	14,986,054	14,853,419	15,262,884
Other	4,637,218	30,335	2,147,253	7,403,661	1,913,946	1,505,418	2,162,297	1,440,274	3,057,515	1,464,158
Insurance and bonds	-	812,074	709,707	632,071	685,698	700,088	601,949	592,966	603,227	558,454
Support services	-	4,482,115	5,694,201	3,738,158	4,586,846	3,685,933	5,075,993	3,399,010	4,788,658	4,340,936
Capital outlay	17,228,005	-	-	-	-	-	-	-	-	-
Debt service										
Principal retirement	2,143,970	2,321,134	2,948,637	1,317,119	1,150,655	1,486,950	3,113,402	2,247,151	2,434,284	2,218,042
Interest and fiscal charges	<u>2,257,588</u>	<u>2,259,677</u>	<u>2,323,407</u>	<u>2,276,831</u>	<u>2,522,495</u>	<u>2,442,607</u>	<u>2,648,689</u>	<u>2,401,280</u>	<u>2,305,876</u>	<u>2,359,384</u>
Total expenditures	<u>106,611,889</u>	<u>114,477,189</u>	<u>102,150,911</u>	<u>99,267,176</u>	<u>106,268,987</u>	<u>102,846,489</u>	<u>104,193,515</u>	<u>105,663,566</u>	<u>106,216,962</u>	<u>101,169,240</u>
Excess of revenues over (under) expenditures	(13,917,373)	(25,758,574)	(6,729,521)	(5,625,619)	(8,914,013)	(1,498,992)	(914,959)	(3,928,047)	700,515	(12,394,104)
<b>Other Financing Sources (Uses)</b>										
Bond/Loan proceeds	-	1,975,000	4,851,171	12,441,024	-	-	932,958	792,290	-	-
Sale of capital assets	-	-	-	-	-	-	-	498,175	-	-
Transfers in	11,774,656	7,065,795	10,348,811	7,447,155	14,918,362	8,811,134	6,614,191	5,444,907	6,162,236	7,642,338
Transfers out	<u>(9,711,310)</u>	<u>(5,771,242)</u>	<u>(7,519,798)</u>	<u>(5,151,347)</u>	<u>(13,706,042)</u>	<u>(6,000,960)</u>	<u>(5,143,401)</u>	<u>(4,458,488)</u>	<u>(4,683,152)</u>	<u>(3,757,708)</u>
Total other financing sources (uses)	<u>2,063,346</u>	<u>3,269,553</u>	<u>7,680,184</u>	<u>14,736,832</u>	<u>1,212,320</u>	<u>2,810,174</u>	<u>2,403,748</u>	<u>2,276,884</u>	<u>1,479,084</u>	<u>3,884,630</u>
Net change in fund balances	\$ <u>(11,854,027)</u>	\$ <u>(22,489,021)</u>	\$ <u>950,663</u>	\$ <u>9,111,213</u>	\$ <u>(7,701,693)</u>	\$ <u>1,311,182</u>	\$ <u>1,488,789</u>	\$ <u>(1,651,163)</u>	\$ <u>2,179,599</u>	\$ <u>(8,509,474)</u>

# City Of Southfield, Michigan

## General Fund Balance Compared To Annual Expenditures Last Ten Fiscal Years

<b>Fiscal Year Ending June 30</b>		<b>Undesignated Fund Balance</b>	<b>Unassigned Fund Balance</b>	<b>Annual Expenditures</b>	<b>Balance As Percent Of Expenditures</b>
2002	\$	7,545,390		\$ 55,256,370	13.7%
2003		3,841,110		58,064,585	6.6%
2004		2,972,962		61,147,556	4.9%
2005		5,711,531		61,159,478	9.3%
2006		5,922,094		61,966,586	9.6%
2007		5,946,729		62,582,301	9.5%
2008		5,980,632		66,073,509	9.1%
2009		4,274,837		64,249,281	7.0%
2010		1,282,152		65,064,386	2.0%
2011	*		\$ 486,981	64,128,702	0.8%

\* Fund balance classifications were changed as a result of the implementation of GASB 54.



# City of Southfield, Michigan

## General Governmental Tax Revenue By Source Last Ten Fiscal Years

Governmental Funds								
Fiscal Year Ended June 30	Major Funds		Non-Major Funds					
	<u>General Fund</u>	<u>Capital</u>	Special Revenue				Debt Service	
			<u>Municipal Fund</u>	<u>Parks &amp; Recreation</u>	<u>Library</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Drains at Large</u>
2002	10.7329	0.3065	0.5348	1.6524	2.0934		0.9440	N/A
2003	10.7482	0.2748	0.4401	1.6524	2.0934		0.9440	N/A
2004	10.9002	0.2615	0.4913	1.6524	2.0934		0.9440	N/A
2005	11.0436	0.0277	0.4227	1.6524	2.0934		0.9440	0.1590
2006	11.1515	N/A	0.4227	1.6524	2.0934		0.9440	0.0788
2007	11.1191	N/A	0.3361	1.6524	2.0934		0.9440	0.1978
2008	11.2091	N/A	0.2539	1.6524	2.0934		0.9440	0.1900
2009	11.1364	N/A	0.3322	1.6524	2.0934		0.9440	0.1844
2010	11.1419	N/A	0.3370	1.6524	2.0934		0.9440	0.1741
2011	11.3115	N/A	*	-	2.0934	0.0854	1.0260	0.1741

\* 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

<b>Fiscal Year Ending Jun 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent Of Levy Collected</b>	<b>Delinquent Real Tax Reimburse</b>	<b>Delinquent Personal Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent Of Total Tax Collect. To Tax Levy</b>	<b>Out- standing Delinq. Personal Taxes</b>	<b>Percent of Delinq. Taxes To Tax Levy</b>
2002	\$ 48,423,568	\$ 45,844,481	94.7 %	\$ 2,066,704	\$ 11,574	\$ 47,911,185	98.9 %	\$ 512,383	1.1 %
2003	50,904,589	47,932,449	94.2	2,372,308	58,622	50,304,756	98.8	599,832	1.2
2004	52,521,185	49,823,413	94.9	2,154,404	40,969	52,018,785	99.0	539,288	1.0
2005	54,916,497	52,142,667	94.9	2,286,487	37,729	54,466,883	99.2	487,285	0.9
2006	56,401,493	53,191,336	94.3	2,775,221	37,174	56,003,731	99.3	385,036	0.7
2007	57,479,365	53,734,965	93.5	3,506,368	64,980	57,306,313	99.7	169,503	0.3
2008	59,298,870	55,100,862	92.9	3,913,538	203,884	59,218,284	99.9	77,138	0.1
2009	59,875,490	56,077,575	93.7	3,520,784	46,599	59,644,958	99.6	225,257	0.4
2010	57,966,394	53,960,012	93.1	3,712,273	81,942	57,754,227	99.6	210,996	0.4
2011	48,073,059	44,762,478	93.1	3,103,510	118,769	47,984,757	99.8	83,409	0.2

## 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 30-Jun	Real Property(AV)	Personal Property(AV)	Total Property(SEV)	TV	Increase/ Decrease	
2002	\$ 3,159,012,430	\$ 513,878,170	\$ 3,672,890,600	\$ 3,078,615,673	TV	5.1 %
2003	3,416,720,080	519,877,800	3,936,597,880	3,230,941,830	TV	4.9
2004	3,583,436,040	457,372,200	4,040,808,240	3,268,025,510	TV	1.1
2005	3,727,441,360	452,521,050	4,179,962,410	3,386,748,000	TV	3.6
2006	3,800,543,077	437,831,900	4,238,374,977	3,482,684,152	TV	2.8
2007	3,870,636,770	434,458,060	4,305,094,830	3,604,818,967	TV	3.5
2008	3,928,252,190	443,694,640	4,371,946,830	3,725,952,640	TV	3.4
2009	3,879,379,890	431,953,600 (4)	4,311,333,490 (4)	3,752,556,640	TV	0.7
2010	3,534,176,302	431,331,530 (4)	3,965,507,832 (4)	3,656,625,252	TV	-2.6 (3)
2011	(4) 2,885,022,310	411,235,320	3,296,257,630	3,105,202,030	TV	-15.1

**Notes:**

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

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

(3) Assessing department provided corrected data to realign data by fiscal year for FY2002 - FY2010.

(4) Source: City of Southfield, Assessing Department.

## City of Southfield, Michigan

### Property Tax Rates (Per \$1,000 of Taxable Assessed Value)

Fiscal Year Ending June 30	General Fund			Special Revenue Funds				Debt Service Funds		
	Operating	Public Safety Expansion	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains At Large	Building Authority	Total All Rates
2002	6.609	2.833	1.291	1.652	2.093	0.944	0.535		0.307	16.264
2003	6.609	2.833	1.301	1.652	2.093	0.944	0.440		0.275	16.147
2004	6.609	2.833	1.458	1.652	2.093	0.944	0.491		0.262	16.342
2005	6.609	2.833	1.602	1.652	2.093	0.944	0.423	0.159	0.028	16.343
2006	6.609	2.833	1.710	1.652	2.093	0.944	0.423	0.079	0.000	16.343
2007	6.609	2.833	1.677	1.652	2.093	0.944	0.336	0.198	0.000	16.342
2008	6.609	2.833	1.767	1.652	2.093	0.944	0.254	0.190	0.000	16.341
2009	6.609	2.833	1.695	1.652	2.093	0.944	0.332	0.184	0.000	16.342
2010	6.609	2.833	1.700	1.652	2.093	0.944	0.337	0.174	0.000	16.342
2011	6.609	2.833	1.869	1.652	2.093	0.944	0.167	0.174	0.000	16.342

#### ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Total City	Southfield Public School	Oakland County Intermediate	Oakland County Operating Levy	Oakland County Community College	Total *	City % of Total	Birmingham Public School +	Oak Park Public School +
2002	10.733	5.225	0.307	16.264 **	28.909	3.453 ++	4.965	1.595	55.738	29.2	18.485	14.273
2003	10.748	5.130	0.275	16.153	28.895	3.422	5.252	1.609	55.331	29.2	17.751	14.173
2004	10.900	5.181	0.262	16.343	27.895	3.400	5.247	1.598	54.481	30.0	16.427	12.310
2005	11.044	5.113	0.187	16.343	27.895	3.379	5.244	1.589	54.449	30.0	18.413	13.000
2006	11.152	5.112	0.079	16.343	27.893	3.369	5.241	1.584	54.430	30.0	18.210	13.000
2007	11.119	5.025	0.198	16.342	27.893	3.369	5.236	1.584	54.424	30.0	17.818	12.890
2008	11.208	4.943	0.190	16.341	27.250	3.369	5.236	1.584	53.780	30.4	17.160	12.970
2009	11.137	5.021	0.184	16.342	22.204	3.369	5.336	1.584	48.835	33.5	16.742	12.970
2010	11.142	5.026	0.174	16.342	25.247	3.369	5.336	1.584	51.878	31.5	17.375	12.970
2011	11.311	4.857	0.174	16.342	25.287	3.369	5.336	1.584	51.918	31.5	18.079	13.200

\* Southfield Public Schools are used in the example because their portion of taxable assessed valuation (\$3,553,110,742) 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 and Zoo Authority.

Source: Southfield Treasurer's Office

## City Of Southfield, Michigan

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

Fiscal Year Ending June 30	Preceding Year's					TAV	Actual	New	Adjusted	Rollback					
	TAV	-	Losses	X	CPI	=	Ceiling	TAV	-	TAV	=	TAV	Ratio (1)	Factor (2)	
2002 \$	2,929,875,361	\$	132,984,677		1.032	\$	2,886,391,186	\$	3,078,615,673	\$	176,560,727	\$	2,902,054,946	0.9946	0.9440
2003	3,078,615,673		116,702,592		1.032		3,056,694,300		3,230,941,830		180,893,047		3,050,048,783	1.0022	0.9440
2004	3,230,941,830		137,098,147		1.015		3,140,251,338		3,268,025,510		169,450,040		3,098,575,470	1.0135	0.9440
2005	3,268,025,510		102,696,868		1.023		3,238,131,201		3,386,748,000		197,099,758		3,189,648,242	1.0152	0.9440
2006	3,386,748,000		113,723,281		1.023		3,348,304,288		3,482,084,152		136,257,076		3,345,827,076	1.0007	0.9440
2007	3,482,684,152		86,930,522		1.033		3,507,193,700		3,604,818,967		140,348,534		3,464,470,433	1.0123	0.9440
2008	3,604,818,967		94,159,344		1.037		3,640,554,029		3,725,952,640		129,377,149		3,596,575,491	1.0122	0.9440
2009	3,725,952,640		34,955,818		1.023		3,775,889,749		3,752,219,740		62,794,559		3,689,425,181	1.0234	0.9440
2010	3,752,219,740		61,761,943		1.044		3,852,837,940		3,656,625,252		100,407,629		3,556,217,623	1.1781	0.9440
2011	3,656,625,252		62,575,642		0.997		3,583,267,461		3,105,202,030		63,534,400		3,041,667,630	1.1781	0.9440

**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, 2011

			Principal Amount Outstanding	Debt Principal Per Capita (1) (Pop. 71,739)	% Of State Equalized Value \$ 3,296,257,630
<b>DIRECT AND INDIRECT DEBT</b>					
<b><u>Direct Debt</u></b>					
General Obligation Bonds-Limited Tax			\$ 4,010,000		
Building Authority Bonds			26,660,000		
Water & Sewer Revenue Bonds			21,268,789		
Michigan Transportation Fund Bonds			9,115,000		
Direct Debt			61,053,789	\$ 851	1.85 %
<b><u>Indirect Debt</u></b>					
Oakland County Contractual Obligations:					
- Drains At Large	\$ 7,996,901				
Indirect Debt			7,996,901	111.47	0.26
Gross Debt			69,050,690	962.53	2.11
<b><u>OVERLAPPING DEBT (2)</u></b>					
Southfield School District	95.49%	\$ 78,201,536			
Oak Park School District	22.12%	4,792,298			
Birmingham School District	2.31%	4,916,373			
Oakland County at Large	5.58%	5,429,716			
Oakland County Intermediate School District	5.59%	3,487,009			
Oakland County Community College	5.61%	284,708			
Overlapping Debt			97,111,640	1,353.68	2.95
			\$ 166,162,330	\$ 2,316.21	5.06 %

**Note:**

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

(2) Overlapping debt figures as of 6/23/2011 supplied by the Michigan Advisory Council, Detroit, Michigan.

# City Of Southfield, Michigan

## Statement of Legal Debt Margin June 30, 2011

	Debt Margin Calculation			
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Applicable Percentage
State Equalized Value at 12/31/09				100% \$ 3,296,257,630
Debt Subject to Statutory Limitation				
General Obligation Bonds-Limited Tax	\$ 4,010,000		\$ 4,010,000	
Building Authority Bonds	26,660,000		26,660,000	
Oakland County Contractual Obligations-Drains	7,996,901		7,996,901	
Restricted Indebtedness	\$ 38,666,901		38,666,901	10%
Michigan Transportation Fund Bond	9,115,000		9,115,000	
Emergency Bonds				3.75%
Special Assessment Bonds				12%
Total	47,781,901		\$ 47,781,901	\$ 737,537,645
State of Michigan Water Supply and Sewage Disposal Revenue Bonds				
Series to 6/30/02				
1998A (LTGO) 2.25%	892,048			
1998B (LTGO) 2.50%	7,510,000			
1999 (LTGO) 2.50%	7,266,741			
2000 (LTGO) 2.50%	5,600,000			
Total Water & Sewage Disposal Revenue Bonds		\$ 21,268,789		
Gross City Debt		\$ 69,050,690		

### 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 Assessed Value And Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year Ending June 30	Population (2)	Taxable Value	Bonded Debt (1)	Less Funds Available In Debt Service Funds	Net Bonded Debt	Ratio Of Net Bonded Debt To Taxable Value	Net Bonded Debt Per Capita
2002	78,296	\$ 3,078,615,673	\$ 42,991,736	\$ 2,283,942	\$ 40,707,794	1.32 %	519.92
2003	78,296	3,230,941,830	41,391,437	1,931,390	39,460,047	1.22	503.99
2004	78,296	3,268,025,510	49,070,764	1,277,020	47,793,744	1.46	610.42
2005	78,296	3,386,748,000	61,849,781	825,031	61,024,750	1.80	779.00
2006	78,296	3,482,084,152	60,180,237	484,670	59,695,567	1.71	762.43
2007	78,296	3,604,818,967	58,071,903	615,315	57,456,588	1.59	733.84
2008	78,296	3,725,952,640	55,114,960	626,862	54,488,098	1.46	695.92
2009	78,296 (2a)	3,752,219,740	52,822,465	544,301	52,278,164	1.39	667.70
2010	71,739	3,656,625,252	49,999,942	236,960	49,762,982	1.36	635.58
2011	71,739	3,105,202,030	47,781,901	-	47,781,901	1.54	666.05

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

Fiscal Year Ending June 30	Debt Service Requirements			Total General Expenditures (3)	Ratio Of Debt Service To Expenditures
	Principal	Interest	Total		
2002	\$ 2,143,970	\$ 2,320,072	\$ 4,464,042	\$ 111,434,327	4.20 %
2003	2,007,382	2,258,065	4,265,447	115,849,647	3.70
2004	4,108,847 (4)	1,980,810	6,089,657	103,185,170	5.90
2005	1,050,703 (5)	2,124,653	3,175,356	99,418,921	3.20
2006	1,790,844	2,510,103	4,300,947	99,838,380	4.30
2007	2,108,334	2,440,043	4,548,377	102,474,054	4.40
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.50
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.20
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.00
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.30

**Notes:**

- (1) Excludes water revenue bonds
- (2) 2010 Census data from U.S. Census Bureau. (2a) Taxable Value updated by Assessing Dept.
- (3) Includes general, special revenue, capital, and component units.
- (4) Includes bond call.
- (5) Excludes bonds defeased in the amount of \$27,175,000.



# City Of Southfield, Michigan

## Demographic Statistics Last Ten Fiscal Years

<b>Fiscal Year Ending Jun 30</b>	<b>Population</b> (1)	<b>Per Capita Income</b> (2)(5)	<b>Median Age</b> (2)(5)	<b>School Enrollment</b> (3)	<b>Unemployment Rate Percentage</b> (4)	<b>Retail Sales (000)</b> (2)
2002	78,296	\$ 23,835	35.7	10,195	5.9	\$ 2,802,830
2003	78,296	27,023	35.9	10,631	5.9	2,764,128
2004	78,296	23,485	36.2	10,007	5.5	2,342,814
2005	78,296	21,990	36.2	10,099	7.9	2,315,321
2006	78,296	22,501	36.8	9,916	7.7	2,029,972
2007	78,296	*	39.8	9,485	8.6	*
2008	78,296	*	38.0	9,205	9.5	*
2009	78,296	*	38.3	8,854	18.1	*
2010	71,739	29,816	40.1	8,188	13.6	*
2011	71,739	26,928	42.0	9,917	14.0	*

### Notes:

(1) 1990/2000 Census Data From U.S. Census Bureau & \* updated 2010 data and 2011 data from U.S. Census Bureau 2010

(2) Survey of Buying Power: Sales and Marketing Management; New York, N.Y.

(3) Southfield Public Schools, Southfield, Michigan/2010 Data from City-Data.Com

(4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as MI Empl Sec Comm/2010 City-Data.Com

(5) U.S. Census American Community Survey (For FY2007 and 2008)/2010 U.S. Census Fact Finder 2 as of June 2011

\* Information no longer available

# City Of Southfield, Michigan

## Construction And Property Value Last Ten Calendar Years

### Annual Construction By Category

#### --- Commercial & Industrial---

#### ---- Multi-Family ----

#### ---- Single Family ----

<u>Calendar</u> <u>Year</u>	<u>Number</u> <u>Of Units</u>	<u>Value</u>	<u>Number</u> <u>Of Units</u>	<u>Value</u>	<u>Number</u> <u>Of Units</u>	<u>Value</u>
2002	16	\$ 27,292,518	17	\$ 8,574,664	53	\$ 7,892,462
2003	13	26,300,486	7	4,695,068	79	15,530,225
2004	8	16,210,000	8	2,957,145	69	11,613,829
2005	12	27,060,063	0	-	71	10,531,501
2006	4	12,496,655	4	2,634,073	39	7,884,206
2007	16	25,352,632	3	2,820,569	42	9,688,170
2008 <sup>(1)</sup>	13	21,505,836	5	5,165,383	17	3,654,450
2009	9	17,433,423	0	-	5	970,728
2010	4	3,845,800	0	-	6	3,738,388
2011	3	3,095,020	0	-	2	356,712

### Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2002	\$ 1,603,662,800	\$ 55,278,190	\$ 1,500,071,440
2003	1,721,234,450	58,111,090	1,637,374,540
2004	1,773,624,540	60,869,190	1,748,942,310
2005	1,807,791,760	64,334,500	1,855,315,100
2006	1,801,405,640	64,725,410	1,934,412,027
2007	1,811,935,070	59,482,360	1,999,219,340
2008	1,807,018,700	78,808,770	2,042,424,720
2009	1,819,991,830	79,359,210	1,980,028,850
2010	1,789,855,022	96,125,570	1,648,195,710
2011	1,623,189,400	82,740,070	1,179,092,840

#### Notes:

(1) Building department corrected data for FY2008.

Source: City of Southfield Building and Assessing Departments

# City Of Southfield, Michigan

## Economic and Statistical History

June 30, 2011

### 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	29.20%	23,089	29.50%	20,857	29.10%
25 through 64	40,777	53.80%	43,319	55.30%	38,731	54.00%
65 and older	12,850	17.00%	11,888	15.20%	12,151	16.90%
Total Persons	75,728	100.00%	78,296	100.00%	71,739	100.00%

<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	3.40%	-	-	-	-
5,000 - 9,999	1,774	5.50%	2,242	6.60%	2,680	8.50%
10,000 - 14,999	1,951	6.10%	1,412	4.20%	2,018	6.40%
15,000 - 24,999	3,988	12.40%	3,495	10.30%	3,941	12.50%
25,000 and over	23,331	72.60%	26,822	78.90%	22,888	72.60%
Total Households	32,141	100.00%	33,971	100.00%	31,527	100.00%

### BUILDING CONSTRUCTION

<u>Year</u>	<u>Permits</u>	<u>Value</u>	<u>Year</u>	<u>Permits</u>	<u>Value</u>
2002	1,461	\$ 99,472,942	2007	1,030	\$ 100,553,384
2003	1,231	109,138,521	2008	1,008	75,367,575
2004	1,368	78,239,744	2009	1,034	67,130,316
2005	1,263	110,358,912	2010	973	42,675,431
2006	1,259	80,260,782	2011	712	35,753,539

### WATER & SEWER SERVICES

Users/Consumers: 19,271 Water and Sewer combined; 173 Sewer only and 1,363 Water only.

Use & Consumption: 505,449,000 cubic feet purchased

System Capacity: 34 million gallons per day (MGD)

Distribution System: Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.

## Economic and Statistical History (continued)

### WATER & SEWER SERVICES (continued)

Water Mains: 375.32 miles  
Fire Hydrants: 4,038  
Sewer Mains: 237.23 miles sanitary; 284.09 miles storm; 42.94 miles combined.

### STREET FACILITIES

Streets: Total 246.85 miles, with 61.53 miles on the Major Street System and 180.32 miles on the Local Street System. Less than 5 miles remain unpaved.  
Alleys: Total under five miles.  
Sidewalks: Total 201.29 miles including ten miles of paved bike paths.  
Street Lights: Total 2,411 including Detroit Edison owned.

### PUBLIC SAFETY

Public Safety is organized for efficiency into three areas of overall administration and communications (PSA), police and fire.

Vehicles	1 <sup>st</sup> Line/		
	P.S.A.	Police	Fire Reserve
Cars	2	70	12/0
Trucks	0	1	8/6
Life Support	0	0	4/2
Vans, 4WD, etc.	0	23	10/0
Total	2	94*	34/8

\*The Police count does not include vehicles that are waiting to be prepped at D.P.W. Motorpool.

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

### POLICE PROTECTION

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

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

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

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

## **Economic and Statistical History (continued)**

### **POLICE PROTECTION (continued)**

Law Violations:	Group A Offenses - 6,148 Group B Offenses - 3,833
Traffic Violations:	10,966
Incidents Handled:	60,985

### **FIRE PROTECTION**

Alarms Answered:	12,452 runs
Medical Emergency:	10,504 runs

### **PARKS & RECREATION**

The Parks and Recreation Department is responsible for 780 acres of park land and open space at 33 sites within the City. The newly-opened Carpenter Lake Nature Preserve features 42 acres of woodlands, forested wetlands and native meadows overlooking the beautiful five-acre Carpenter Lake. The Department offers over 1,000 recreation programs at facilities which include 2 nine-hole golf courses, a lighted driving range, a 50-meter outdoor swimming pool, a senior adult center, an indoor athletic field house, and a neighborhood recreation center. There are numerous ball fields, tennis and handball courts, picnic areas and shelters. Soccer fields, play lots and sand volleyball courts are located throughout the City for residents' enjoyment. A heated tee facility at the Beech Woods Driving Range opened in the winter of 2009 to offer residents year-round opportunities to improve their golf game. The City recently partnered with the Little Caesars Amateur Sports Foundation to take over the administration of the ice arena portion of the Southfield Sports Arena.

The Department is also responsible for a number of historical properties including the Burgh Historical Park, the Miller Barn at Inglenook Park and the Mary Thompson Farmhouse. The Burgh Historical Park includes an outdoor gazebo and six historic buildings which bustle with activities, including concerts, weddings, and a variety of other family and community events. The Burgh's 1854 Methodist Church is home to the City's SRO Productions civic theater company, now in its twenty-third season. The Mary Thompson Farmhouse was restored as a museum and is home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provide plots to over 100 enthusiastic gardeners who offer tours to school and scouting groups.

The Department offers many programs for disabled athletes including the Miracle League, a baseball program for disabled youth, and the Jr. Thunderbirds Wheelchair Basketball Program. Golf programs have been expanded to include youth programs such as Michigan First Tee and Midnight Golf, along with the PGA sponsored GAIN program for disabled golfers.

## **Economic and Statistical History (continued)**

### **PARKS & RECREATION (continued)**

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is also focused when it comes to special events, including the Daddy-Daughter Dinner & Dance which celebrated its 25th year in 2011 and the Boo at the Burgh event which saw over 1,700 visitors participate in the event over the 3-day period. Quality entertainment is offered through the two popular, free outdoor concert series held throughout the summer at the Burgh Gazebo and Eat to the Beat noontime series at City Centre. The Department has received many national awards for excellence in recreational programming, as well as for beautification and environmental maintenance and programming.

### **LIBRARY**

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

Southfield Public Library welcomes over 2,000 guests daily to utilize our collection of over 250,000 books, movies, music and more. There are more than 190 public use computers in the library and free WI-FI is available throughout the building. Visit our website at [www.southfieldlibrary.org](http://www.southfieldlibrary.org) where you can search our catalog; using your library card, find information not available on Google or genealogy, homework help, business information, health resources and much more.

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

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

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

## **Economic and Statistical History (continued)**

### **LIBRARY (continued)**

A couple of new collections have been added to keep up with the evolution of the book. Patrons may now download e-books and audiobooks from the Library online.

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.

Beyond everything in the Southfield Public Library; 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 and get you started on a job search. Librarians are your guide to the world of information, both in print and online.

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

# City of Southfield, Michigan

## Capital Asset Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
<u>Police</u>										
Stations	3	3	3	3	3	3	3	3	3	3
<u>Streets</u>										
Miles of improved	290.01	290.01	290.01	290.01	290.01	290.01	290.01	290.01	290.01	246.85 **
Miles of unimproved	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
<u>Sewers</u>										
Miles of combination storm/sanitary	54.47	54.47	54.47	54.47	54.47	54.47	54.47	54.47	54.47	42.94 **
Miles of sanitary	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46	237.23 **
Miles of storm	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09
<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	2221
City owned	190	190	190	190	190	190	190	190	190	190
<u>Water</u>										
Annual distribution in million cubic feet	623,557,628	635,942,331	576,904,844	559,549,232	576,499,344	504,851,000	523,052,200	482,841,900	449,737,200	505,012,300
Miles of watermains	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73	375.32 **
Number of hydrants	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,038 **
<u>Parks and Recreation *</u>										
Number of developed parks	20	20	20	20	20	20	20	20	20	20
Acres of public parks	747 <sup>(1)</sup>	788 <sup>(2)</sup>	800 <sup>(2A)</sup>	800	800 <sup>(3)</sup>	775	775	775	775	775
Number of tennis courts	22	20	20	20	20	20	16 <sup>(4)</sup>	16 <sup>(4)</sup>	19 <sup>(5)</sup>	19 <sup>(5)</sup>
Outdoor education center/farm	1	1	1	1	1	1	1	1	1	1
18-hole golf course	2	2	2	2	2	2	2	2	2	2
Ice arena	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1

### Notes:

<sup>(1)</sup> Deducted 10 acres from sale of the Centre for the Arts

<sup>(2)</sup> Added 16 acres to Valley Woods Nature Preserve from purchase of 16 acre Berberian Woods, 42 acres of Carpenter Lake Nature Preserve  
Deducted 5 acres from sale of Optimist Park(2A) Purchase additional 12 acre farm property in 2004 at Carpenter Lake

<sup>(3)</sup> Deducted 25 acres, now managed by Oakland County Parks & Recreation

<sup>(4)</sup> Removed 4 tennis courts at Beech Woods (Some to be replaced at a later date)

<sup>(5)</sup> 3 New Tennis Courts at Beech Woods (Completed in 2011)

\* Data updated by City of Southfield Parks & Recreation

\*\* Data updated by City of Southfield Streets & Highway

Source: City of Southfield



# City of Southfield, Michigan

## Authorized Full-Time Positions

### Last Ten Fiscal Years

Department	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
Accounting	9.00	8.40	8.40	8.40	7.50	7.50	7.50	7.50	6.50
Administration	5.00	4.00	4.00	2.00	2.00	2.00	2.00	3.00	3.00
Assessing	11.50	11.15	11.15	10.65	10.65	9.65	9.65	9.65	6.90
Building	21.00	21.00	21.00	21.00	21.00	20.00	20.00	20.00	20.00
Cable TV	8.00	7.00	7.00	7.00	7.00	7.00	6.50	7.00	5.25
Central Services	6.00	6.00	6.00	7.00	7.00	6.00	6.00	6.00	6.00
City Clerk	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	7.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civilian Operations/Communications <sup>(1)</sup>	25.00	25.00	25.00	24.00	24.00	-	-	-	-
Community Develop. Admin.	16.50	14.00	15.00	13.00	13.00	13.00	12.00	10.00	8.00
Community Relations	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.50	5.25
District Court	40.00	40.00	40.00	39.00	39.50	39.50	39.50	39.50	38.00
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Engineering	11.00	10.00	11.00	11.00	10.00	11.00	11.00	11.00	6.00
Facilities Maintenance	39.26	44.26	44.26	44.26	42.26	42.26	42.26	42.26	32.00
Fire	114.00	114.00	114.00	113.00	113.00	113.00	113.00	113.00	102.50
Fiscal Services/OMB	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	2.00
Human Resources <sup>(2), (3)</sup>	17.75	18.75	11.00	9.00	9.00	8.50	10.00	10.00	9.50
Human Services	5.50	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.00
Labor Relations <sup>(3)</sup>	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Legal	10.00	10.00	10.00	9.00	8.00	8.00	8.00	8.00	7.50
Library	40.50	64.50	64.50	64.50	61.50	61.50	61.50	61.50	52.00
Mayor	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	14.00	14.00	14.00	15.00	15.00	15.00	14.75	14.75	13.25
Parks and Recreation	112.27	110.27	101.80	93.80	92.80	92.80	91.05	91.05	80.05
Planning	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	4.50
Police <sup>(1) (6)</sup>	186.89	186.89	186.89	182.89	177.66	201.66	202.16	202.16	187.66
Public Works Admin.	7.50	7.00	7.00	7.00	6.00	6.00	6.00	5.00	3.00
Purchasing	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50
Retirement Administration <sup>(4)</sup>	-	1.00	1.00	-	-	-	-	-	-
Streets And Highways	31.62	31.62	31.62	36.62	36.62	36.62	36.62	36.62	25.00
Support Services	-	-	-	-	-	-	-	-	-
Technology Services <sup>(5)</sup>	11.50	11.50	11.50	11.50	11.00	11.00	11.00	11.00	10.00
Transportation	5.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	3.00
Treasurer	10.00	8.60	8.60	8.60	8.50	8.50	8.50	8.50	8.50
Water And Sewer	32.08	31.08	31.08	31.08	30.08	30.08	30.08	31.08	19.50
Totals	<u>833.13</u>	<u>851.78</u>	<u>837.56</u>	<u>820.06</u>	<u>803.83</u>	<u>801.33</u>	<u>798.33</u>	<u>797.33</u>	<u>689.36</u>

<sup>(1)</sup> Effective July 1, 2007, Civilian Operations/Communications budget became part of Police budget.

<sup>(2)</sup> In 2004-05, eight contractual daycare positions were eliminated upon the closing of the daycare center.

<sup>(3)</sup> Effective July 1, 2008, Labor Relations budget became part of Human Resources budget.

<sup>(4)</sup> New Department in 2003-04.

<sup>(5)</sup> Effective July 1, 2003, department title was changed from Information Services to Technology Services.

Source: City of Southfield Office of Management & Budget

## City of Southfield, Michigan

### Management Group (Exempt) Personnel Salary Schedule July, 2011

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

Source: City of Southfield, Human Resources

# City of Southfield, Michigan

## State Shared Revenues Last Ten Fiscal Years

<b>Fiscal Year Ended June 30</b>	<b>State Shared Revenue</b>
2002	\$ 9,180,112
2003	8,357,169
2004	7,744,680
2005	8,968,087
2006	7,483,714
2007	5,612,524
2008	8,383,945
2009	7,476,776
2010	6,182,706
2011	6,182,693

## Gas and Weight Taxes Last Ten Fiscal Years

<b>Fiscal Year Ended June 30</b>	<b>Type of Street</b>		<b>Total Gas and Weight Tax (Act 51) Receipts</b>
	<b>Major Road</b>	<b>Local Road</b>	
2002	\$ 3,861,911	\$ 1,153,277	\$ 5,015,188
2003	3,908,950	1,168,476	5,077,426
2004	4,210,673	1,264,156	5,474,829
2005	4,060,585	1,222,393	5,282,978
2006	4,009,988	1,207,717	5,217,705
2007	3,964,295	1,193,146	5,157,441
2008	1,647,039	495,743	2,142,782
2009	6,023,732	1,809,212	7,832,944
2010	3,699,879	1,111,526	4,811,405
2011	3,753,339	1,129,517	4,882,856

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	6/30/2010 *	74
AFSCME, Supervisors	6/30/2010 *	33
Technical, Professional, and Office Worker Association TPOAM	6/30/2010 *	137
Fire SFFA	6/30/2009 *	93
Police SPOA	6/30/2009	109
Public Safety Communication Supervisors MAP	6/30/2005	5
Public Safety Technicians POAM	6/30/2009	16
Southfield Police Command Officers' Association SPCOA	6/30/2009	30
Southfield Deputy Chiefs Association SPDC	6/30/2010 *	1

\* Note: As of September 2011, AFSCME 329, AFSCME 3636, TPOAM, SFFA & SPDC have new contracts that expire 6/30/12.