



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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for the year ended June 30, 2010  
**SOUTHFIELD, MICHIGAN**

# **City of Southfield, Michigan**

## **Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2010**

**Fiscal Services Division  
Accounting Department**

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# City of Southfield

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December 20, 2010

Honorable Mayor and Council  
Municipal Building  
Southfield, Michigan

RE: 2009-10 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, 2010, 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 50 and 51 of this letter and the Table of Contents). 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 "1" on pages 53 - 54 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.

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<b>Mayor</b>	<b>Council President</b>	<b>City Clerk</b>	<b>City Treasurer</b>
Brenda Lawrence	Myron A. Frasier	Nancy L. M. Banks	Irv M. Lowenberg

**City Council**

Donald F. Fracassi	Janna K. Garrison	Sidney Lantz	Joan Seymour	Kenson Siver	Linnie M. Taylor
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## **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. Conveniently located 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 as well. 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.

The City of Southfield offers a complete living community, featuring a nationally recognized public school system, 10 colleges and universities, and more than 700 acres of park land. Southfield is home to 78,000 residents and over 100 "Fortune 500" companies. With a daytime population nearing 175,000, over 27 million square feet of office space and more than seven million square feet of retail and industrial space—Southfield is also Michigan's undisputed business center. In fact, Southfield boasts more office space than the central business districts of Cleveland, Cincinnati, Detroit, Indianapolis or Kansas City. Residents and businesses alike come to Southfield for its central location, excellent city services and easy access to all of southeastern Michigan.

Southfield's large business community dates back to the mid 1950's. Corporations seeking spacious suburban offices were attracted to Southfield, and within a half-decade, dozens of high-profile firms called Southfield home. Growth was spurred by the nation's first regional shopping center, Northland Center, which opened in Southfield in 1954; 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.

In addition to the City's extensive business community, Southfield is also a model of multiculturalism. Its residential and business populations reflect the world's diversity. Southfield residents celebrate the rich tapestry of cultural, religious and racial heritage in the community. Southfield provides excellent quality of life; preeminent City services; central location; and diverse and affordable housing, with neighborhoods ranging from urban town homes to pastoral country sides.

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

## **City of Southfield**

### **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 experienced elected officials and administrative staff with a typical tenure of 10 or more years of service, providing stability and proven leadership for the City. Within the City's management group, many hold advanced academic degrees, numerous professional designations and professional certification 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 was named one of the nation's most livable metro-area suburbs in 2007 by Forbes magazine as part of its annual national survey on its Web site at [www.forbes.com](http://www.forbes.com). The evaluation was based on market research conducted by NeighborhoodScout.com, a statistical database that gathers figures from the U.S. Census, the National Center for Education Statistics, the Office of Federal Housing Enterprise Oversight, the FBI and the U.S. Justice Department. Southfield was selected as metro Detroit's "most livable" community for its large commercial district, affordable housing, quality schools and safe neighborhoods. The research measured the education level of residents, home ownership rates, home values, quality of schools, and the crime index.

The City of Southfield won two Project of the Year Awards from the Michigan Chapter of the American Public Works Association (APWA) for the Carpenter Lake Restoration Project and the Municipal Complex

## **City of Southfield**

### **Letter of Transmittal**

South Parking Lot Project. The APWA Project of the Year Awards were established to recognize and promote excellence in the management and administration of public works projects.

The Carpenter Lake Restoration Project won in the category of the Environment less than \$5 million. The purpose of the project was to restore Carpenter Lake for storm water management, public recreation and fish and wildlife habitat to create the Carpenter Lake Nature Preserve. The City's Parks & Recreation and Public Works departments worked in partnership with environmental consultants and contractors to replace the existing dam, dredge the lake to restore it to its original size, and to establish fish and wildlife habitat features. Recreation enhancements included trail development, interpretive signage, public parking, shoreline stabilization and habitat restoration for new public access to fishing. The use of porous paving and other storm water management features, including a bioswale, were incorporated in the parking lot to provide control of runoff. This method greatly reduces flooding and pollution of the Rouge River.

The Southfield Municipal Complex South Parking Lot won in the category of Structures less than \$5 million. The project replaced and reconfigured the existing south parking lot servicing the municipal offices, police department and golf course. The project goals were to improve the parking lot's functionality, reduce its environmental impact and enhance public safety and usability. The project involved removing the existing concrete pavement and installing a new pervious asphalt pavement, bioswale and landscaping. The lot was reconfigured to increase pedestrian safety by rerouting vehicles outside the limits of the parking area. As a result, the new parking lot is more pedestrian friendly with improved traffic circulation and increased handicap accessibility. All pedestrian facilities were updated to meet Americans with Disabilities Act (ADA) requirements. The project also features one of the first and largest installations of porous pavement at a municipal facility in the state of Michigan. The new lot was designed and constructed utilizing new technology and materials that make it environmentally-friendly, reducing storm water runoff by one-third and filtering it before it reaches streams and other waterways. This approach not only helps to protect the environment, but also to reduce the impact upon the immediate habitat.

The City of Southfield was named as one of nine metro area communities that are "top performers at attracting and retaining entrepreneurial firms" in a 2009 study by researchers at the University of Michigan-Dearborn College of Business. Southfield was also recognized in the 2008 study and was honored for the City's "continuing efforts at supporting entrepreneurship." The "eCities" study or "the Entrepreneurial Cities Index" found that several southeast Michigan municipalities "are hard at work attracting, cultivating, building and holding 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. This third annual UM-Dearborn study found that successful municipalities leverage their existing assets to provide opportunities for small business growth and entrepreneurial development. The study used the data supplied by the communities as well as other public records to assemble a six-factor, 31-item index to measure entrepreneurial activity, looking at such factors as clustering, incentives, growth, policies, community and education.

The City of Southfield's 2010 Annual Report/Calendar won an Award of Excellence in the 22<sup>nd</sup> annual national Savvy Awards Competition sponsored by the City-County Communications and Marketing

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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 show 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 900 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 Savvies salute effective city/county/agency government programs that exhibit professionalism, creativity and innovation.

The City of Southfield was selected as a Diversity Champion in the 2010 Corp! Magazine Salute to Diversity Awards. Honorees were selected based on significant achievements in promoting diversity and inclusion, and contributions to diversity issues in business and the community. The City of Southfield was selected in the category of Diversity Champion for creating, sustaining, and promoting special diversity programs and initiatives; encouraging community awareness, understanding and relationships in the name of diversity and inclusion; promoting diversity education and training; highlighting diversity events and accomplishments; and fostering civic involvement to promote diversity and inclusion. The Corp! Magazine Salute to Diversity Awards supports the belief that diversity and multiculturalism in business and government drives creativity and innovation. Corp! Magazine was founded in 1998 to inform and entertain business owners and senior executives by providing informative features, news and profiles.

The Community Relations Department began working with the U.S. Census Bureau in mid 2009 to coordinate the 2010 Census in Southfield. The department organized Southfield’s Complete Count Committee with members of the City’s Total Living Commission (TLC), Commission on Senior Adults (COSA), and the Southfield Public Schools to develop an action plan to ensure a high response rate from Southfield residents. The Community Relations Department established a Census 2010 slogan – Southfield: Stand Up & Be Counted! – as well as several press releases, media advisories and news stories to launch a comprehensive public information campaign. Promotional materials were also produced utilizing funding from the U.S. Census Bureau in addition to an informational section on the City’s Web site and lead article in the spring 2010 issue of *Southfield Living*, the City’s official newsletter. The U.S. Census Bureau began address canvassing in Southfield on April 20 to verify the address and physical location of each living quarters in the city. Census questionnaires were mailed to every household in Southfield in March 2010 with a requested return date of April 1, 2010. Initial return results indicate a high-rate of return for Southfield residents based on national averages.

Southfield residents have 87 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 56 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.

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Southfield remains the largest office space 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.

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, Autoliv Electronics - North America and many others.

Like many communities throughout Michigan and the nation, Southfield is dealing with a record number of foreclosures and unprecedented decline in property valuations. 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

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rehabilitate, resell, or redevelop them in an effort to stabilize neighborhoods and reduce the decline in property values. 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.

On August 3, 2009 the City Council approved a resolution authorizing the incorporation of the Southfield Growth Corporation for the purpose of administering the NSP grant as submitted and approved by HUD. The City plans to utilize 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 of 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 and registrations are valid for one-year. Since its inception in August through June 30, 2010, more than 1,000 vacant properties have been registered with the City.

Despite the soft economy, almost 32,000-square-feet of new commercial development valued at more than \$3.5 million was constructed in Southfield in fiscal year 2009-10. An additional 186,000-square-feet of commercial alterations valued at more than \$7.2 million and over 62,000-square-feet of commercial additions valued at \$10.2 million also took place during this period.

In the 2009-10 fiscal year, several new development and redevelopment projects were approved, in progress or completed.

Oakland Community College constructed a 69,530-square-foot addition for new classrooms and offices to the existing 100,600-square-foot Oakland Community College for a total of 170,130 square feet with associated parking. The property is located at 22322 Rutland between Nine Mile Road and Northwestern Highway.

Young Israel of Southfield constructed a 3,200-square-foot, one-story building addition (with a study hall, children's play area and a social hall) to the existing 8,400-square-foot building for a total of 11,600-square-feet. The property is located at 27705 Lahser Road between Eleven and Twelve Mile Roads.

Burger King constructed a new 3,000-square-foot restaurant with drive-thru at 23660 Telegraph Road between Nine and Ten Mile Roads.

Capital Welding demolished an existing collision shop and constructed a new 14,000-square-foot warehouse/shop building at 21750 W. Eight Mile Road just east of Lahser Road.

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CVS Pharmacy built a 2,825-square-foot building addition and constructed a stand-alone 12,900-square-foot CVS Pharmacy with drive-thru and associated parking. The property is located at 21911 W. Eleven Mile Road on the southeast corner of Lahser Road and Eleven Mile Road.

Pizzeria Biga opened a new pizzeria bar/restaurant at the site of the former Il Posto restaurant located at 29110 Franklin Road at the northeast corner of Franklin Road and Northwestern Highway. The 5,100-square-foot restaurant seats one hundred inside, twenty in the bar area and another sixty on the patio.

Southfield Chrysler enclosed two portions of their existing canopy (2,430-square-feet total) to construct an entry beam and canopy at the existing Southfield Chrysler dealership located at 28100 Telegraph Road between Northwestern Highway and Twelve Mile Road.

Uppleger DDS requested to convert the previous Crush restaurant located at 30855 Southfield Road to a multi-tenant building that will include a dental clinic and additional tenant. Work to be performed includes new façade renovations and an entrance canopy.

Ventura & Associates, Inc. constructed a 12,020-square-foot kidney dialysis center with associated parking at 21000 Northwestern Highway between Eight Mile Road and Northland Park Drive. The center sits on the site of the former Stouffer's Northland Inn, a four-acre plot of land in downtown Southfield. Constructed from the ground up, the center is a joint project of Henry Ford Health System, Detroit Medical Center's Sinai-Grace Hospital, and Southfield-based physicians group Nephron Associates. The \$4 million, state-of-the-art facility is managed by Greenfield Health Systems, a division of Henry Ford Health System.

R.L. Polk completed its corporate headquarters move to the Travelers Tower II Building, where it occupies five floors and is an anchor tenant. More than 450 Polk employees moved to the new 138,000-square-foot location at 26533 Evergreen Road, Suite 900.

#### **Other significant new leases or renewals in Southfield (over 10,000 square feet) include:**

- First Mercury Financial Corporation (67,574-square-feet)
- Microsoft Corporation (52,573-square-feet)
- Sommer, Schwartz & Silver (37,124-square-feet)
- Universal Image Production (35,940-square-feet)
- Automotive Credit Corporation (33,252-square-feet)
- Atlantic Stone (28,500-square-feet)
- Specs Howard School of Media (24,100-square-feet)
- Atwell-Hicks (22,712-square-feet)
- Encore Upscale (21,000-square-feet)
- Linamar Sales Corporation (20,000-square-feet)
- ImageSoft (16,000-square-feet)
- Nexcess (16,000-square-feet)
- Sterling Bank & Trust (14,928-square-feet)
- MPI International (14,389-square-feet)
- Global Industries (14,000-square-feet)
- Family Dollar (11,500-square-feet)

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- Computerized Facilities Integration (11,500-square-feet)
- William Beaumont Hospital (11,148-square-feet)
- The Epitec Group (10,645-square-feet)
- Family Dollar (10,645-square-feet)
- DSSI (10,556-square-feet)
- Beaumont Kidney Specialty Services (10,000-square-feet)

The City of Southfield signed an official cooperation agreement with the Michigan Economic Development Corporation (MEDC) in October of 2007 with the goal of encouraging collaboration to 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. Created in 1999 by an Inter-local Agreement executed by local economic development corporations under Public Act 338 of 1974, the MEDC has signed partnerships with 134 economic development organizations, educational institutions, businesses and communities across the state.

The City of Southfield was also 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.

Southfield is among a select group of cities to achieve certification after meeting an extensive set of criteria. An independent third party reviewed community processes and certified that Southfield's planning and economic development operations meet the benchmark. 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.

Southfield continues to adhere to the highest standards of service to the community, including strong emphasis on fiscal responsibility. The City has continued to maintain its AA+ bond rating, placing Southfield in the top tier of the more than 450 public agencies within the State of Michigan currently rated by Standard & Poors, one of the nation's major bond rating agencies. Standard & Poor's rating is reflective of the City's ability to show adherence to its fund budget stabilization plan as well as the city's stable, steadily increasing, diversified local economy; above-average wealth and income levels; and moderate to low debt burden. The City of Southfield has also been recognized for excellence in financial reporting by the Government Finance Officers Association.

## **City of Southfield**

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The Southfield City Council approved the development of a new Comprehensive Master Plan in 2006 to maintain Southfield's position as a premier business and residential community. The City's central location, extensive business community and varied demographic composition uniquely positions Southfield to exert a positive influence on the future growth and development of metropolitan Detroit. While there were many policies and procedures shaping the City's success over the years, the time came for Southfield to develop a new plan for the future. Current City land use decisions have evolved from major new developments to infill and redevelopment. The Plan provides guidance to the City when deciding future new development, redevelopment and capital improvement projects. It will also document the City's planning history. The continuing implementation of the Comprehensive Master Plan will preserve the best of Southfield and serve as a catalyst for change where it is needed through the 21<sup>st</sup> Century and beyond.

The City hired a team of consultants to work with staff to develop the Comprehensive Master Plan to outline policies and recommendations for the current and future physical development of the City. After almost two years of intensive research and planning, the Plan was completed and presented to City Council and the community. As a first-tier community, neither fully urban nor completely suburban, Southfield needed a plan that would blend the old with the new. A significant amount of attention was given to public participation to incorporate ideas and concerns from those who know Southfield best—the residents and businesses. Each step of the planning process involved communication between the City, residents, business owners and other community stakeholders. The Comprehensive Master Plan clearly states policies and recommendations for the physical development of the City. In addition, the Plan addresses issues and opportunities; land use; housing; transportation; utilities and community facilities; environmental resources; economic development; community character/image; intergovernmental cooperation; and the implementation of the Plan itself.

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. In recent years, the Southfield Brownfield Authority has facilitated the redevelopment of several key parcels in our community, including the Lear Corporation World Headquarters, Spring Haven housing development (former Southfield Downs Trailer Park), and the renovation of Tel-Twelve Mall.

The City of Southfield Brownfield Redevelopment Authority was awarded a \$200,000 grant from the Environmental Protection Agency in April of 2008 for brownfield inventory, assessment and remediation planning. The funds are being used to identify, assess and catalog sites that are potentially contaminated with hazardous substances and to conduct clean up and redevelopment planning needed to remediate sites where pollution or other hazardous substances make expansion or redevelopment difficult. Grant dollars will also be used to coordinate community involvement and outreach programs relative to brownfield redevelopment.

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

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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.

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 has been experiencing steady success with property development and redevelopment. Major stakeholders in the district, such as Providence Hospital, Northland Mall, and Oakland Community College continue to advance. National retailer Target has enhanced their presence in the district by completely renovating and expanding their store and adding services that were not previously available. The CDA also recently welcomed back AT&T to the district as a stakeholder. The residential areas of the district also continue to improve with success from condo conversions and apartment upgrades at Solaire Towers and North Park Place Apartments.

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 announced a move for the 2010 season to the Northland Mall parking lot, a more central location with increased visibility.

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 nine 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 *2009 Thomson Reuters 100 Top Hospitals: National Benchmarks Award winner* and *Everest Award winner*.

The Southfield Public Works Department continues to maintain and improve the City's infrastructure to ensure the safety and comfort of Southfield residents and businesses. In fiscal year 09-10, the department continued the upgrade and conversion of the SCADA system which monitors the City's sanitary sewage pump stations. The three-year \$500,000 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. Permanent emergency backup generators were installed at two more lift stations at a cost of \$300,000. This effort will provide backup power to the City's sanitary sewer lift stations in the event of a power outage. These improvements will continue to ensure that Southfield's water and sewer system remains safe and efficient for many years.

The Public Works Department also installed a 12" water main along 12 Mile Road from Southfield Road east to just past Red Leaf Lane. This is a part of the City's on-going efforts to complete infrastructure improvements in this district. The department also resurfaced Ten Mile Road from Telegraph to Evergreen, Franklin Road from American Drive to Eleven Mile Road, added traffic signal improvements, and lined the 18" and 21" sanitary sewer at Franklin Road and Eleven Mile Road. The department continues the Drinking Water Cross Connection Contamination Program as mandated by the Michigan

## **City of Southfield**

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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 City of Southfield launched the *Southfield Goes Green* environmental awareness campaign in 2009 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 in 2007 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.

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

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 2009, 12 entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, 50 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 new Southfield Parks & Garden Club, a grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the City. Additionally, the City sponsored the 8<sup>th</sup> annual Southfield Flower Day in May of 2010 to promote beautification efforts by providing residents the opportunity to shop for plants and flowers from several local vendors in one convenient location.

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

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a civil infraction and must appear in court. The Eyes on Southfield community appearance program has proven to be very successful—generating approximately 1,000 calls and subsequent resolutions throughout fiscal year 2009-10.

Southfield remains safe and secure as a result of the dedicated, highly-trained and well equipped members of our award-winning “9-1-1” police, fire and emergency management departments. The police department continues to be a trend setter by developing effective community policing programs designed to augment traditional police activities. The department launched the ‘Operation GOT M’ program in conjunction with homeowner’s associations to better address community nuisance complaints. The fire department’s Life Support Unit (LSU), the City’s emergency medical service, typically offers a response time of four minutes or less. 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.

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 in 2009. The reinstatements were made possible through a U.S. Department of Justice COPS Hiring Recovery Program (CHRP) grant that was secured by the Southfield Police Department. 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 City of Southfield is one of approximately 20 communities in the State of Michigan that provides residents with a dedicated Emergency Management Division. The division is the lead local governmental agency concerned with planning and preparing the community for potential disasters before they occur and coordinating efforts during actual disasters. Since 2002, the Emergency Management division has applied for and secured over \$800,000 in federal grants to better prepare and safe-guard Southfield. Since 2004, the division has trained over 3,100 persons in disaster preparedness using Homeland Security funding. The City also has 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

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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.

The City continues to keep the community apprised of the latest news and information 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 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 launched a LinkedIn City profile page and a Facebook City fan page to further promote Southfield in a convenient and cost-effective manner. The City launched the City's profile on LinkedIn, the premier professional networking Web site, in March of 2009. A Facebook fan page was launched in September of 2009 that has already grown to encompass well over 3,000 "fans" of the City. Both sites are used to communicate relevant information about the City to targeted audiences for virtually no cost. The City has received overwhelmingly positive feedback from users on both sites. The City's Facebook fan page in particular has received very positive comments and feedback – a clear indication of its effectiveness and usefulness.

The 2009 All World Market kicked-off with a U.S. Citizenship & Immigration Services (CIS) swearing-in ceremony of more than 52 new citizens from 28 different countries on October 2. The City of Southfield, in partnership with the International Institute of Metropolitan Detroit, Inc., sponsored the All World Market October 2 – October 4 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

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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 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 choices, including 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, close to the new library, baseball diamonds, public pool, sand volleyball, tennis courts, and other great recreational activities. The center is a fun, safe, drug and violence free environment where teens are welcome to hang out and become involved with a variety of positive recreational choices. The nearly \$3 million required for construction, equipment and two years of operation were raised through private and corporate donations.

The City's Department of Parks and Recreation offers more than 1,000 high-quality programs and services to both residents and business people of all ages and interests. The Parks and Recreation department continues to offer exciting new programs and community partnerships to provide a wide range of recreation options. The American Heart Association Heart Walk occurs annually on the front lawn of the Southfield Municipal Complex – bringing out more than 10,000 walkers who support this worthy cause. The front lawn of the Southfield Municipal Complex also continues to be the home of the annual Chaldean Festival. Each year, the event continues to grow, drawing thousands of visitors from across the metro area.

The Parks and Recreation Department is responsible for maintaining over 780 acres of park land and open space at 33 sites throughout the City. The addition of the Carpenter Lake Nature Preserve and the Berberian property brings the City to over 330 acres of natural areas set aside for preservation. The Department offers hundreds of recreation programs at facilities which include two nine-hole golf courses, a lighted driving range, a 50-meter outdoor swimming pool, a senior adult center, an indoor athletic field house, an indoor ice arena and a neighborhood recreation center. There are also numerous ball fields, tennis and handball courts, picnic areas and shelters, soccer fields, play lots and sand volleyball courts located throughout the City for residents to enjoy. The new heated golf tees driving range opened in the winter of 2009 at Beech Woods Golf Course, the City's beautiful 2,778 yard, par 34 course that includes a 50-tee (27 heated) lighted driving range and a PGA Professional on staff.

The department oversees the City's Carpenter Lake Nature Preserve located along the Ravines Branch of the Rouge River. The preserve features 42 acres of mature Oak-Hickory woodlands, forested wetlands and native meadows overlooking the beautiful five-acre Carpenter Lake. The preserve also offers nearly one mile of nature trails, interpretive signs and trailheads, numerous benches and easily-accessible fishing and viewing platforms. The Carpenter Lake Nature Preserve was funded with the support of a \$1,030,000 Rouge River National Wet Weather Demonstration Project grant from the Environmental Protection Agency (EPA) and by a \$500,000 Michigan Natural Resources Trust Fund grant from the Michigan Department of Natural Resources (DNR). An additional \$500,000 DNR grant was also awarded

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for the construction of the Carpenter Lake Nature Interpretive Center. The City retained Harley, Ellis & Devoreaux to develop architectural plans for a nature center that will utilize green, sustainable design. The nature center will feature hands-on displays to educate the public about local flora and fauna and also provide other educational nature-based programs for the community, schools and other groups.

The Parks & Recreation Department is also responsible for a number of historical properties throughout the city, 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 22<sup>nd</sup> 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 nearly 100 enthusiastic senior gardeners who offer tours to school and scouting groups. The Senior Gardens have been recognized as one of the best community gardens in the nation by the John Deere Company. The department also offers many programs for physically-challenged athletes including the Miracle League of Michigan 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 physically-challenged golfers.

The Miracle League of Michigan continues to operate the first Miracle League baseball field in the State of Michigan on the grounds of the Southfield Municipal Complex. The league is a non-profit organization determined to give every child with mental and physical disabilities the chance to play baseball. Many sponsors helped to offset the estimated \$535,000 in construction costs. The Miracle League gives every child the chance to be part of a team and enjoy the all-American game of baseball. The custom-designed venue incorporates a cushioned synthetic turf that accommodates wheelchairs and other walking devices while helping to prevent injuries. During each Miracle League game, every child is given an opportunity to hit the ball and score a run. The field is the first of its kind in the area and it serves children throughout the entire State of Michigan.

In addition to day-to-day programming, the Parks and Recreation Department sponsors several special events such as the Daddy-Daughter Dinner & Dance, EGGS'travaganza and Boo at The Burgh. In fiscal year 2009-10, the department introduced two new events, Princess & Super Hero Day and Family Fun & Safety Night (presented in conjunction with the Southfield Police Department), that were very well received. Quality entertainment continues to be offered year-round with a variety of concert series including the evening Burgh Gazebo concerts and the Eat to the Beat lunchtime series at the City Centre. Both series are free and held weekly outdoors throughout the entire summer.

The Southfield City Council authorized a two-year agreement with Little Caesars Amateur Sports Foundation in May 2009 to manage operations at the Southfield Civic Center Sports Arena. The agreement also includes management of the sports arena concession facilities. The Southfield Parks & Recreation Department now works in partnership with the Little Caesars Amateur Sports Foundation to provide programs, services and events such as hockey clinics, celebrity hockey games, figure skating and hockey tournaments. General and family ice skating and holiday and vacation open skating are also still available to the general public. With the continuing economic downturn, this partnership provided a new way to cut costs while still offering residents outstanding recreation programs and facilities. Moreover, the agreement allows the Sports Arena to not only remain operational, but also to provide

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enhanced programming for youth, families and the entire community without raising taxes or fees. The Little Caesars Amateur Sports Foundation has also made significant improvements to the Southfield Sports Arena including new ice rink lighting; replacement of the plexiglass around the rink; custom built boys and girls locker rooms; and cosmetic changes to the lobby, pro shop and concession stand areas.

Several upgrades and improvements were also completed at the Beech Woods Park in fiscal year 2009-10, including replacement of the north parking lot, installation of three new tennis courts, and improved parking lot lighting. The project included the addition of new interpretive signage, landscaping and Americans with Disabilities Act (ADA) compliant walkways around the parking lot and tennis courts. Sustainable design features were incorporated that included permeable pavers, a bioswale to collect tennis court water run off, LED lighting, and heat reflecting color coating. The project was funded through two Environmental Protection Agency (EPA) grants from the Rouge River National Wet Weather Demonstration Project totaling \$200,000. Additionally, the old play area at Simms Park was upgraded with \$18,500 worth of new equipment that was donated by Walgreens.

The Southfield Public Library continues to be a world-class institution—providing the community with unparalleled services, programs and numerous public meeting spaces. The Southfield Public Library is a state-of-the-art facility that averages more than 800,000 visitors annually or over 2,400 visitors every day. The Library continually adds new books, movies, music, magazines, audio books and online resources to serve our patrons. They also offer selected materials in large print and in foreign languages. The Southfield Public Library's many amenities include two computer labs; 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 offers several computer classes every month, ranging from Computer Fundamentals to Microsoft Word II for people at all levels of computer literacy. The library's annual Battle of the Books program continues to be very popular, with over 560 students and more than 200 coaches participating in 2010. 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 with residents.

Southfield remains a model of multiculturalism. As home to large concentrations of Chaldean (Catholic Iraqi), African-American, Jewish, Armenian, Russian Orthodox and Korean residents; Southfield is truly one of the most diverse communities in Michigan. 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

## **City of Southfield**

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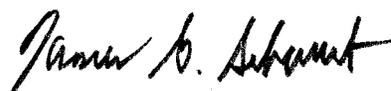
Trade Commission of Mexico. Southfield's elected leadership is equally diverse and helps assure Southfield remains a nationally-recognized multicultural model.

An international city bustling with people from a rich array of cultural, ethnic and religious backgrounds, Southfield's most recognizable landmarks include the gold-domed St. John's Armenian Church and the striking Congregation Shaarey Zedek, among the most beautiful examples of religious architecture in Michigan. The distinctive gold and black towers of the Southfield Town Center, Southfield's signature landmark, are home to many of the international firms in the community. Experiencing this multicultural environment makes youth and adults alike more at ease in the global village of the 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, emphasis 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. Nevertheless, like all Michigan municipalities, the City of Southfield has been severely impacted by the ongoing economic meltdown. The continued weak economy has presented unprecedented challenges that have required significant budget cuts and an overall reduction in the size of government. As a result, Southfield continues tight controls on every expenditure and job vacancy. Over just the last six years, the City is down more than 160 employees, or nearly 20 percent of the workforce, through a managed attrition program that has thus far avoided layoffs. In doing more with less, the City has increasingly relied on cross-training current employees to perform additional duties, an increased use of technology, resource sharing and process improvements that focus on efficiency. 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.

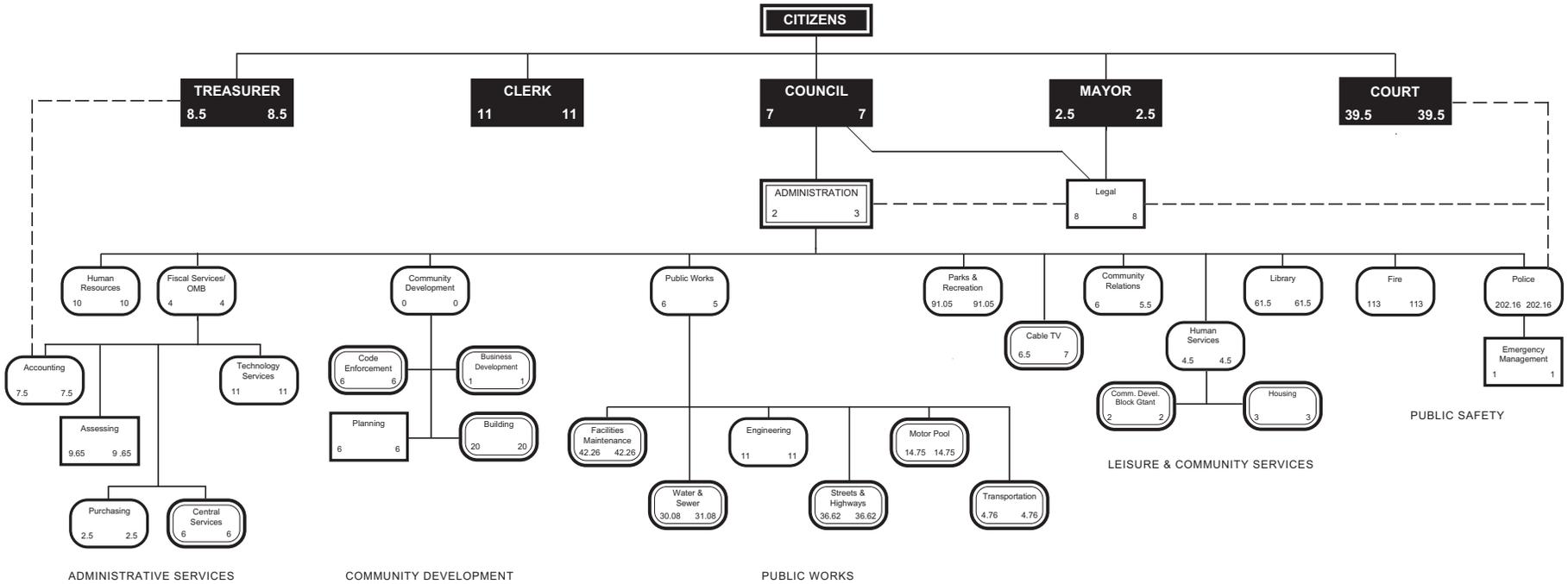
The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality. Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's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

# Organizational Chart



Number to left of department gives 2008-09 authorized personnel;  
 number to right gives 2009-10 authorized complement.  
 Approved Total 2008-09: 798.33  
 Approved Total 2009-10: 799.33

**KEY TO SYMBOLS**

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

# **CITY OF SOUTHFIELD, MICHIGAN**

**June 30, 2010**

**-MAYOR-**

***Brenda L. Lawrence***

**-CITY COUNCIL-**

***Donald F. Fracassi, President***

***Sidney Lantz, President Pro Tem***

***Myron A. Frasier***

***Janna K. Garrison***

***Joan Seymour***

***Kenson J. Siver***

***Linnie M. Taylor***

**-CITY CLERK-**

***Nancy L. M. Banks***

**-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, 2010, 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 48 percent, 46 percent, and 36 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, 2010 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 have also issued our report dated December 20, 2010 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.

*Plante & Moran, PLLC*

December 20, 2010

# 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, 2010. 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 \$1.9 million, or 0.8%, from \$233.8 million to \$231.9 million.
- Governmental activities net assets decreased by \$8.1 million to \$161.7 million.
- Business-type activities net assets increased by \$6.2 million to \$70.2 million.

#### Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$43.9 million, with \$24.5 million being reserved, designated, or otherwise earmarked for specific purposes.
- The fiscal year 2010 governmental funds combined ending fund balance reflects an increase of \$2.2 million from the prior fiscal year.
- This combined increase, however, is made up of an increase in the General fund ending balance of \$.3 million, an increase in the Local streets fund ending balance of \$.9 million, an increase in the Municipal streets fund ending balance of \$.6 million, an increase in the Parks and recreation fund ending balance of \$.5 million, an increase in the Library fund ending balance of \$.3 million, an increase in the Neighborhood stabilization program fund reserves for property investments net of the negative undesignated fund balance of \$1.6 million and a decrease in the Major Streets fund ending balance of \$1.9 million.
- The increase in the Neighborhood stabilization program fund was derived through grant funded real estate acquisitions which when resold will be used to pay their outstanding loan or to be re-invested in the community. The other increases in Fund balances were primarily due to the timing of tax revenue payments received which were deferred in the previous year. Additionally, the Cable television fund balance increased \$.6 million as a second cable provider started service in the City and began remitting franchise fees. The decrease in the Major streets fund balance is due to a high volume of construction projects and engineering in order to qualify for Federal or State funding as the City is committed to maintain its infrastructure.

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

- The City is \$356.5 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 2010. 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 \$1.9 million over the course of this fiscal year's operations. The net assets of the governmental activities decreased in the amount of \$8.1 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, 2010:

	<b>Net Assets</b>					
	<b>June 30, 2010</b>					
	(in millions of dollars)					
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total Primary Government</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>						
Current and other assets	\$ 88.5	\$ 88.7	\$ 29.5	\$ 23.9	\$ 118.0	\$ 112.6
Capital assets	148.4	151.0	67.4	69.9	215.8	220.9
Other long term assets	5.7	6.3			5.7	6.3
Total assets	<u>242.6</u>	<u>246.0</u>	<u>96.9</u>	<u>93.8</u>	<u>339.5</u>	<u>339.8</u>
<b>LIABILITIES</b>						
Current liabilities	9.8	7.6	3.3	3.9	13.1	11.5
Other liabilities	71.1	68.6	23.4	25.9	94.5	94.5
Total liabilities	<u>80.9</u>	<u>76.2</u>	<u>26.7</u>	<u>29.8</u>	<u>107.6</u>	<u>106.0</u>
<b>NET ASSETS</b>						
Invested in capital assets net of related debt	99.0	99.5	44.2	44.3	143.2	143.8
Restricted	17.0	17.2			17.0	17.2
Unrestricted	45.7	53.1	26.0	19.7	71.7	72.8
<b>Total Net Assets</b>	<u>\$ 161.7</u>	<u>\$ 169.8</u>	<u>\$ 70.2</u>	<u>\$ 64.0</u>	<u>\$ 231.9</u>	<u>\$ 233.8</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, 2010 (in millions of dollars)

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 17.1	\$ 16.5	\$ 33.0	\$ 31.0	\$ 50.1	\$ 47.5
Grants and contributions	15.6	12.3			15.6	12.3
General revenues						
Property taxes	60.1	62.4			60.1	62.4
Unrestricted state shared	6.2	7.0			6.2	7.0
Investment earnings	1.2	2.2	0.4	0.5	1.6	2.7
Other	2.7	2.3	0.2	0.1	2.9	2.4
<b>Total revenues</b>	<u>102.9</u>	<u>102.7</u>	<u>33.6</u>	<u>31.6</u>	<u>136.5</u>	<u>134.3</u>
<b>EXPENSES</b>						
General government	20.4	13.9			20.4	13.9
Public safety	47.4	46.9			47.4	46.9
Highway and streets	11.5	10.8			11.5	10.8
Public services	1.4	0.5			1.4	0.5
Sanitation	3.0	3.1			3.0	3.1
Community improvement	1.8	1.9			1.8	1.9
Social services	5.8	5.8			5.8	5.8
Culture and recreation	17.5	15.8			17.5	15.8
Water and sewer			27.3	27.1	27.3	27.1
Interest on long term debt	2.3	2.5			2.3	2.5
<b>Total expenses</b>	<u>111.1</u>	<u>101.2</u>	<u>27.3</u>	<u>27.1</u>	<u>138.4</u>	<u>128.3</u>
Excess (deficiency) before transfers	(8.2)	1.5	6.3	4.5	(1.9)	6.0
Transfers in	0.1	0.1			0.1	0.1
Transfers out			(0.1)	(0.1)	(0.1)	(0.1)
<b>Increase (decrease) in net assets</b>	<u>(8.1)</u>	<u>1.6</u>	<u>6.2</u>	<u>4.4</u>	<u>(1.9)</u>	<u>6.0</u>
Beginning net assets	<u>169.8</u>	<u>168.2</u>	<u>64.0</u>	<u>59.6</u>	<u>233.8</u>	<u>227.8</u>
<b>Ending net assets</b>	<u>\$ 161.7</u>	<u>\$ 169.8</u>	<u>\$ 70.2</u>	<u>\$ 64.0</u>	<u>\$ 231.9</u>	<u>\$ 233.8</u>

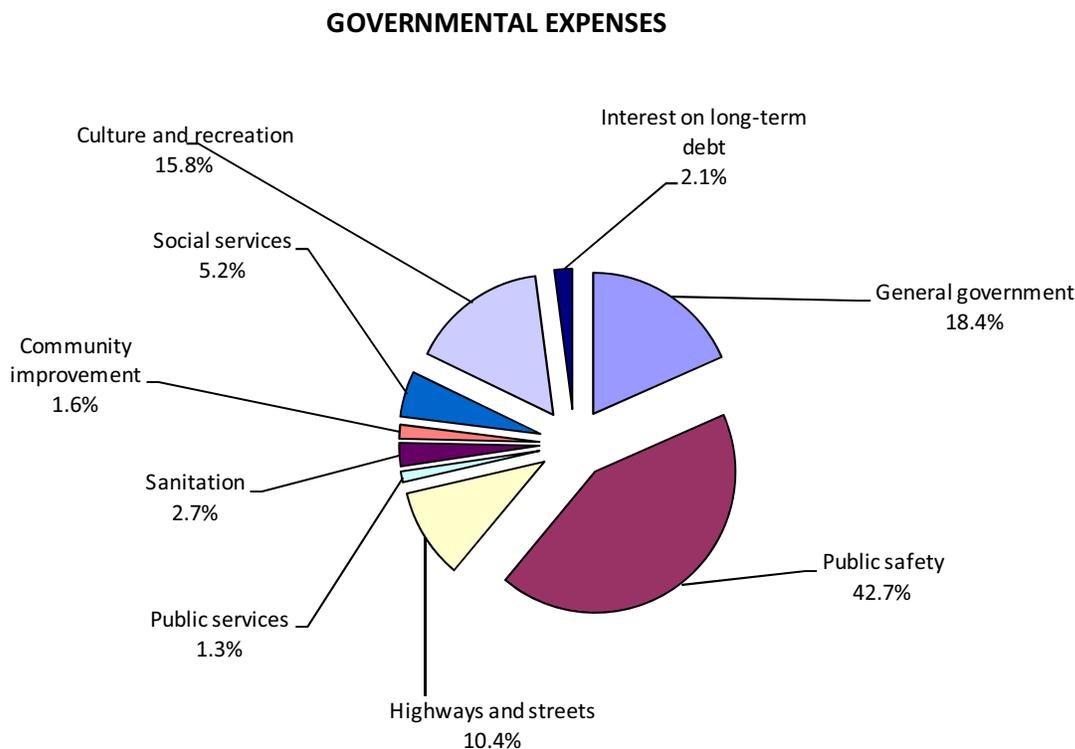
# City of Southfield

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS (continued)

The result of 2010 fiscal year's governmental activity was a decrease of \$8.1 million and an ending net assets balance of \$161.7 million. Of this total, \$99.0 million is invested in capital assets less related debt, \$17.0 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 \$45.7 million is listed as unrestricted, having no legal commitment.

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



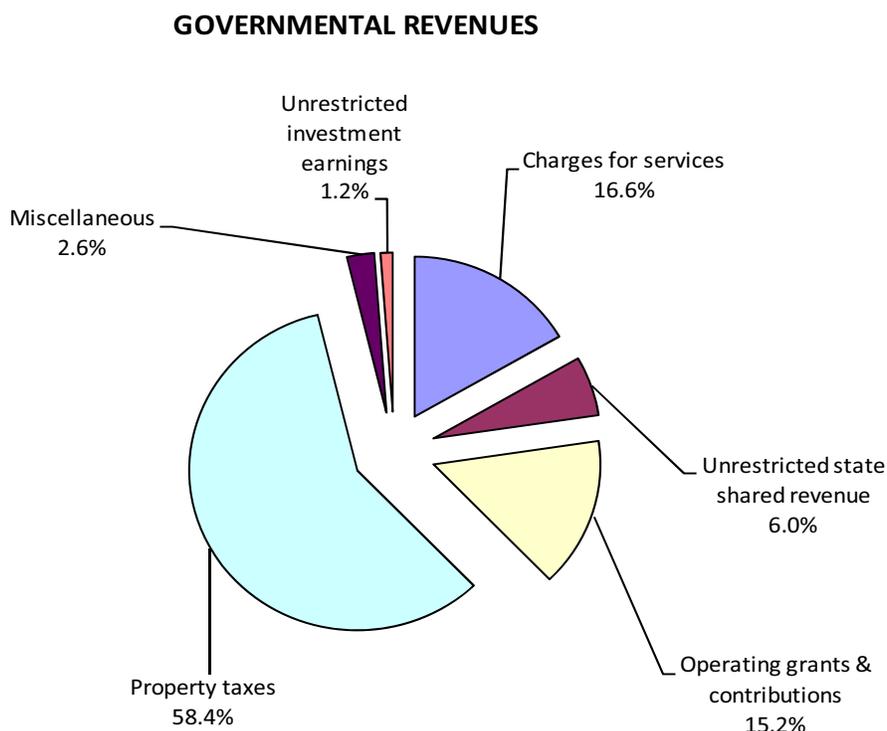
Governmental activity expenses for the fiscal year increased by \$9.9 million. Public safety is the largest governmental activity, expending \$47.4 million of the governmental activities total expenses of \$111.1 million. It comprises 42.7% of total governmental expenses. This activity increased by \$.5 million. General government is the second largest governmental activity with total expenses of \$20.4 million, expending 18.4% of total governmental expenses. This activity increased by \$6.5 million. Cultural and recreation is the third largest governmental activity with a total expense of \$17.5 million, expending 15.8% of total governmental expenses. This activity increased by \$1.7 million. The main reasons for the above increases are a result of large tax appeals, OPEB expense and personnel costs. These three categories expend over 76.9% of total governmental activity expenses.

# City of Southfield

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS (continued)

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



In total, governmental revenue collections had a net increase in fiscal year 2010 by \$.2 million. This increase is derived from decreases in property taxes, state shared revenues and unrestricted investment earnings offset by increases in charges for services and 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 \$60.1 million in 2010. It represented 58.4% of all available sources of revenue. Charges for services are the second largest source of governmental activity revenue. It represented 16.6% of all available sources of revenue for governmental activities. This source increased by \$.6 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 6.0% of all available sources of revenue. It decreased by \$.8 million over 2009. The Grants and contributions figure represents 15.2% of all available sources of revenue experiencing a \$3.3 million increase over 2009 due to revenues received for the federally funded Neighborhood stabilization fund and a \$1.0 million contribution to the Major streets fund from the Joint LDFA. Over 96.2% 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 2010. Overall charges for services increased from 2009 by 6.5%. This increase is reflected in charges for services in the amount of \$2.0 million. Operating expenses increased by \$.2 million.

Of the total \$70.2 million of net assets in the business type activities, \$26.0 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, 2010, the General Fund reported a fund balance of \$15.8 million. This amount is an increase of \$.3 million from the prior June 30. Of the total fund balance, \$14.5 million is reserved, designated or earmarked for specific purposes. These designations include \$7.0 million for subsequent year's expenditure and \$4.8 million for equalization reserves.

#### 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 increased minimally to recognize a federal grant during fiscal year 2010, with a final budgeted amount of \$64.0 million. General fund revenue totaled \$65.7 million, \$1.7 million above the final budget. Property tax revenues exceeded budget projections by \$3.1 million due to timing of payments and their recognition. Intergovernmental revenue from State sources and Investment earnings were both \$.9 million below anticipated levels.

The General fund expenditure budget was increased marginally during fiscal year 2010 to a final budget of \$65.6 million. Actual expenditures for fiscal year 2010 were \$65.1 million which was \$.6 million below budget. This total is comprised mostly by savings from a cost reduction program including hiring restrictions and aggressive budget and expenditure monitoring.

In summary, the fiscal year 2010 Final Amended Budget anticipated using \$2.0 million of prior year's fund balance. The fund balance figure, net of transfers, has increased by \$.3 million.

# City of Southfield

## Management's Discussion and Analysis

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

#### Major Streets Fund

The Major streets fund is used to classify revenues and expenditures for main roadways in the City of Southfield. The major source of revenues is derived from ACT 51 revenues from the State. As of 2010, the Major streets fund reported a deficit fund balance of \$(.1) million. This amount is a decrease of \$1.9 million from the prior June 30. This decrease is attributed to the City's continuing efforts to maintain road infrastructure and the timing of revenues. The city loaned this fund \$2.5 million in order to keep projects underway and engineer shovel ready projects so the City could seek Federal funding.

#### 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 2010. The Capital improvement fund had an ending fund balance of \$.3 million.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2010, the City of Southfield had invested \$215.8 million, net of accumulated depreciation, in a broad range of capital assets. This reflects a decrease of \$5.1 million from 2009. Refer to Note 3C for additional capital asset information.

Long Term Debt – At the end of 2010, the City of Southfield had \$73.1 million in bonds outstanding. The amount of bonds with limited taxing authority in 2010 is \$31.6 million. A more detailed depiction of the City's long-term debt obligations is presented in Note 3D to the financial statements.

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

### ECONOMIC OUTLOOK

The economic challenges facing the City of Southfield in the foreseeable future are unprecedented in the City's 52-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.
- The meltdown of the financial sector and the foreclosure crisis.
- State shared revenues (the largest single source of General Fund revenues after property taxes) have been steadily declining in recent years. The budget for this source peaked at \$9.8 million in fiscal 2001-02, versus \$6.2 million anticipated for 2010-11. This represents a decline of \$3.6 million or 37% for the 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 52-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 3.0% in 2009-10 and is anticipated to decline 14.5% in 2010-11. 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 in unprecedented tough economic times; or c) reduce the size and cost of government. The City of Southfield has adhered to option (c)—the most disciplined and respectful approach to the public dollar. However, looking further ahead, multiple options must be considered.

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, as demonstrated by the City's AA+ Standard and Poor's bond rating.
- 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 160 positions or approximately 19%, 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 six 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 62% 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 recently 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 unprecedented in the 52-year history of the municipality. Yet, past actions taken to 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**

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, 2010

	Primary Government			Component Units	
	Governmental	Business-type	Total	Governmental	Proprietary
	Activities	Activities		Component Units	Nonprofit Housing Corporation *
<b>ASSETS</b>					
Cash and cash equivalents	\$ 42,887,877	\$ 8,834,021	\$ 51,721,898	\$ 7,816,814	\$ 1,186,497
Investments	31,772,599	8,111,480	39,884,079	8,374,589	
Receivables, net (Note 3B)	8,210,437	12,185,698	20,396,135	501,372	52,458
Property investments	2,216,032		2,216,032		
Prepays	1,076,988	15,183	1,092,171	1,145	150,693
Internal balances (Note 3F)	306,008	(306,008)	-		
Due from primary government				660,000	
Due from component units	547,087		547,087		
Due from other governmental units	762,906		762,906		
Inventories	692,613	712,056	1,404,669		
Restricted assets: (Note 3A)					
Cash and cash equivalents	2,252,515		2,252,515		5,999,015
Long-term advances	3,389,042		3,389,042		
Capital assets: (Note 3C)					
Non-depreciable	15,605,368	2,301,331	17,906,699	350,000	2,543,410
Depreciable-net	132,836,682	65,076,006	197,912,688		6,239,957
Total assets	<u>242,556,154</u>	<u>96,929,767</u>	<u>339,485,921</u>	<u>17,703,920</u>	<u>16,172,030</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	5,614,495	3,120,139	8,734,634	56,381	229,614
Interest payable	428,098	140,185	568,283		
Insurance payable	1,093,215		1,093,215		
Workers' compensation payable	1,157,854		1,157,854		
Due to primary government				547,087	
Due to component units	660,000		660,000		
Due to other governmental units				4,234,151	
Unearned revenue (Note 3B)	865,271		865,271	27,800	
Noncurrent liabilities: (Note 3D)					
Due within one year	9,499,184	1,938,002	11,437,186	43,693	568,658
Due in more than one year	58,614,882	21,435,706	80,050,588	3,396,190	7,507,977
Net OPEB obligation: (Note 4E)	2,958,101	60,370	3,018,471		
Total liabilities	<u>80,891,100</u>	<u>26,694,402</u>	<u>107,585,502</u>	<u>8,305,302</u>	<u>8,306,249</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	98,978,617	44,233,548	143,212,165	350,000	706,732
Restricted					
Right-of-way funds/					
Metro Authority	1,285,124		1,285,124		
Specific programs	1,780,970		1,780,970		
Highways and streets	5,852,301		5,852,301		
Cable franchise fees	2,115,389		2,115,389		
Culture and recreation	125,846		125,846		
Social services	160		160		
Grants	2,161,359		2,161,359		
Public safety	741,626		741,626		
Debt service	1,135,404		1,135,404		
Claims	1,787,064		1,787,064		
Unrestricted	45,701,194	26,001,817	71,703,011	9,048,618	7,159,049
Total net assets	<u>\$ 161,665,054</u>	<u>\$ 70,235,365</u>	<u>\$ 231,900,419</u>	<u>\$ 9,398,618</u>	<u>\$ 7,865,781</u>

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

\* Audited as of 12/31/09

**City of Southfield**  
**Government-wide Statement of Activities**  
**For the Year Ended June 30, 2010**

Functions/Programs	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 *
Primary government:									
Governmental activities:									
General government	\$ 20,391,246	\$ 1,151,141	\$ 125,000		\$ (19,115,105)		\$ (19,115,105)		
Public safety	47,493,784	7,672,765	1,085,399		(38,735,620)		(38,735,620)		
Highways and streets	11,482,043		4,902,134	\$ 1,000,000	(5,579,909)		(5,579,909)		
Public services	1,389,038	642,088		100,000	(646,950)		(646,950)		
Sanitation	2,992,795	3,255,094			262,299		262,299		
Community improvement	1,790,413	469,455	2,969,719		1,648,761		1,648,761		
Social services	5,769,271		5,234,120		(535,151)		(535,151)		
Culture and recreation	17,530,353	3,907,991	186,432		(13,435,930)		(13,435,930)		
Interest on long-term debt	2,296,086				(2,296,086)		(2,296,086)		
Total governmental activities	<u>111,135,029</u>	<u>17,098,534</u>	<u>14,502,804</u>	<u>1,100,000</u>	<u>(78,433,691)</u>		<u>(78,433,691)</u>		
Business-type activities:									
Water and Sewer	<u>27,331,285</u>	<u>33,039,764</u>				\$ 5,708,479	5,708,479		
Total primary government	<u>\$ 138,466,314</u>	<u>\$ 50,138,298</u>	<u>\$ 14,502,804</u>	<u>\$ 1,100,000</u>			<u>(72,725,212)</u>		
Component units activities:									
Governmental	<u>\$ 4,308,150</u>	<u>\$ 127,342</u>	<u>\$ 174,774</u>	<u>\$ -</u>				<u>\$ (4,006,034)</u>	
Proprietary activities:	<u>\$ 3,049,418</u>	<u>\$ 2,913,914</u>	<u>\$ 23,956</u>	<u>\$ -</u>					<u>\$ (111,548)</u>
			General revenues:						
			Property taxes		60,128,647		60,128,647	3,260,337	
			Unrestricted state shared revenues		6,228,151		6,228,151		
			Unrestricted investment earnings		1,237,133	346,564	1,583,697	396,736	633,977
			Miscellaneous		2,674,444	183,242	2,857,686	873,192	50,650
			Transfers (Note 3F)		56,882	(56,882)	-		
			Total general revenues and transfers		<u>70,325,257</u>	<u>472,924</u>	<u>70,798,181</u>	<u>4,530,265</u>	<u>684,627</u>
			Change in net assets		(8,108,434)	6,181,403	(1,927,031)	524,231	573,079
			Net assets - beginning		169,773,488	64,053,962	233,827,450	8,874,387	7,292,702
			Net assets - ending		<u>\$ 161,665,054</u>	<u>\$ 70,235,365</u>	<u>\$ 231,900,419</u>	<u>\$ 9,398,618</u>	<u>\$ 7,865,781</u>

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

\* Audited as of 12/31/09

**City of Southfield**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	Major Funds			Non-Major Funds	
	General	Major Streets	Capital Improvement	Other Governmental	Total Governmental
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,405,714	\$ 864,450	\$ 606,855	\$ 19,605,583	\$ 29,482,602
Investments	1,249,998	1,925,087	2,851,980	9,757,507	15,784,572
Receivables, net <b>(Note 3B)</b>	4,991,144	615,886	14,061	2,498,481	8,119,572
Property investments				2,216,032	2,216,032
Prepays	888,366			167,491	1,055,857
Due from other funds <b>(Note 3F)</b>	4,110,122	18,332	11,540	755,274	4,895,268
Due from component units	366,247			180,840	547,087
Due from other governmental units				762,906	762,906
Inventories	309,410				309,410
Restricted assets: <b>(Note 3A)</b>					
Cash and cash equivalents			211,391	254,060	465,451
<b>Total assets</b>	<u>\$ 20,321,001</u>	<u>\$ 3,423,755</u>	<u>\$ 3,695,827</u>	<u>\$ 36,198,174</u>	<u>\$ 63,638,757</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	1,130,176	246,109	2,968	966,813	2,346,066
Accrued payroll	905,311			273,543	1,178,854
Due to other funds <b>(Note 3F)</b>	378,856	756,419		2,133,608	3,268,883
Due to component units				660,000	660,000
Deferred revenue <b>(Note 3B)</b>	687,689			1,906,319	2,594,008
Other short-term liabilities	1,465,945			375,793	1,841,738
Advances from local improvement revolving fund <b>(Note 3F)</b>		2,500,000	3,381,001	2,016,976	7,897,977
<b>Total liabilities</b>	<u>4,567,977</u>	<u>3,502,528</u>	<u>3,383,969</u>	<u>8,333,052</u>	<u>19,787,526</u>
<b>Fund balances (deficit): (Note 4A)</b>					
Reserved for:					
Right-of-way funds/Metro Authority	1,285,124				1,285,124
Encumbrances	249,258			1,367,542	1,616,800
Property investments				2,216,032	2,216,032
Specific programs (special revenue)				1,531,712	1,531,712
Debt service				1,373,363	1,373,363
Restricted assets			211,391	16,101	227,492
Unreserved:					
Designated for:					
Subsequent year's expenditures	6,978,506				6,978,506
Specific programs	5,957,984			3,274,538	9,232,522
Undesignated	1,282,152	(78,773)			1,203,379
Reported in:					
Special revenue				16,036,031	16,036,031
Capital projects			100,467	2,049,803	2,150,270
<b>Total fund balances (deficit)</b>	<u>15,753,024</u>	<u>(78,773)</u>	<u>311,858</u>	<u>27,865,122</u>	<u>43,851,231</u>
<b>Total liabilities and fund balances</b>	<u>\$ 20,321,001</u>	<u>\$ 3,423,755</u>	<u>\$ 3,695,827</u>	<u>\$ 36,198,174</u>	<u>\$ 63,638,757</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, 2010**

Fund balance for governmental activities	\$ 43,851,231
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.	141,300,401
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(428,098)
Bonds payable	(49,928,884)
Compensated absences	(10,535,331)
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	1,728,737
Other post-employment benefits (OPEB)	(2,837,360)
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>45,452,299</u>
Government-wide net assets of governmental activities	<u>\$ 161,665,054</u>

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

**City of Southfield**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	Major Funds			Non-Major Funds	
	General	Major Streets	Capital Improvement	Other Governmental	Total Governmental
<b>REVENUES</b>					
Property taxes	\$ 44,781,160			\$ 19,295,264	\$ 64,076,424
Special assessments				469,453	469,453
Program earnings				266,303	266,303
Charges for services	3,055,468			2,488,054	5,543,522
Sanitation	3,255,094				3,255,094
Licenses and permits	2,047,212				2,047,212
Fines and forfeitures	3,828,539			348,086	4,176,625
Federal forfeitures				186,684	186,684
Franchise fees				1,419,934	1,419,934
Intergovernmental:					
Federal	83,685		\$ 100,000	8,110,613	8,294,298
State	6,249,271	\$ 3,699,879		1,267,483	11,216,633
Other	809,124	90,729			899,853
Contributions and donations				153,873	153,873
Investment earnings	447,778	93,559	115,450	580,338	1,237,125
Other	1,161,014	1,014,778	313,873	1,184,779	3,674,444
Total revenues	<u>65,718,345</u>	<u>4,898,945</u>	<u>529,323</u>	<u>35,770,864</u>	<u>106,917,477</u>
<b>EXPENDITURES</b>					
Current:					
General government	9,794,758		294,338	118,683	10,207,779
Public safety	45,340,728			845,970	46,186,698
Highways and streets		6,686,919		4,087,818	10,774,737
Public services	766,661				766,661
Sanitation	2,992,795				2,992,795
Community improvement				1,534,952	1,534,952
Social services	382,636			5,327,725	5,710,361
Culture and recreation			16,793	14,836,626	14,853,419
Insurance and bonds	603,227				603,227
Support services	4,788,658				4,788,658
Other				3,057,515	3,057,515
Debt service:					
Principal retirement	225,000	775,000	305,983	1,128,301	2,434,284
Interest and fiscal charges	169,923	404,538	6,885	1,724,530	2,305,876
Total expenditures	<u>65,064,386</u>	<u>7,866,457</u>	<u>623,999</u>	<u>32,662,120</u>	<u>106,216,962</u>
Excess (deficiency) of revenues over (under) expenditures	653,959	(2,967,512)	(94,676)	3,108,744	700,515
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>					
Transfers in		1,081,926	492,114	4,588,196	6,162,236
Transfers out	(347,355)		(94,570)	(4,241,227)	(4,683,152)
Total other financing sources (uses)	<u>(347,355)</u>	<u>1,081,926</u>	<u>397,544</u>	<u>346,969</u>	<u>1,479,084</u>
Net change in fund balances	306,604	(1,885,586)	302,868	3,455,713	2,179,599
Fund balances - beginning	<u>15,446,420</u>	<u>1,806,813</u>	<u>8,990</u>	<u>24,409,409</u>	<u>41,671,632</u>
<b>Fund balances (deficit) - ending (Note 2B)</b>	<u>\$ 15,753,024</u>	<u>\$ (78,773)</u>	<u>\$ 311,858</u>	<u>\$ 27,865,122</u>	<u>\$ 43,851,231</u>

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

# City of Southfield

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities For the Year Ended June 30, 2010

Net change in fund balances – total governmental funds	\$ 2,179,599
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	5,736,769
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.	(7,395,700)
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.	2,434,284
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.	335,105
Decrease in accrued interest payable on long-term debt	16,176
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 90 days of year end	171,135
Delinquent real 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 90 days of year end	(3,947,778)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	81,363
Increase in Other Post-Employment Benefits (OPEB)	(1,808,973)
Increase in Michigan tax tribunal contingency	(3,203,320)
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>(2,700,721)</u>
Change in net assets government-wide statement of governmental activities	<u>\$ (8,108,434)</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, 2010**

	Business-type Activities - Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,834,021	\$ 13,405,275
Investments	8,111,480	15,988,027
Receivables, net <b>(Note 3B)</b>	12,185,698	90,865
Prepays	15,183	21,131
Due from other funds <b>(Note 3F)</b>		314,435
Inventory	712,056	383,203
Total current assets	<u>29,858,438</u>	<u>30,202,936</u>
Noncurrent assets:		
Restricted assets: <b>(Note 3A)</b>		
Cash and cash equivalents		1,787,064
Long-term advances to other funds <b>(Note 3F)</b>		7,897,977
Long-term advances to component units <b>(Note 3F)</b>		3,335,686
Long-term advances to employees		53,356
Capital assets: <b>(Note 3C)</b>		
Construction in progress	2,301,331	
Infrastructure	119,272,721	
Equipment and intangibles	2,625,420	23,551,396
Total capital assets	<u>124,199,472</u>	<u>23,551,396</u>
Less accumulated depreciation	<u>(56,822,135)</u>	<u>(16,409,747)</u>
Total capital assets (net of accumulated depreciation)	67,377,337	7,141,649
Total noncurrent assets	<u>67,377,337</u>	<u>20,215,732</u>
Total assets	<u>97,235,775</u>	<u>50,418,668</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	2,879,924	372,427
Deposits and escrow	192,914	
Accrued payroll	47,301	58,696
Interest payable	140,185	
Insurance payable		1,093,215
Workers' compensation payable		1,157,854
Due to other funds <b>(Note 3F)</b>	306,008	1,634,812
Revenue bonds payable <b>(Note 3D)</b>	1,875,000	
Total current liabilities	<u>5,441,332</u>	<u>4,317,004</u>
Noncurrent liabilities: <b>(Note 3D)</b>		
Accrued compensated absences-due 1 year	63,002	190,304
Accrued compensated absences-due more 1 year	166,917	338,320
Other post-employment benefits: <b>(Note 4E)</b>	60,370	120,741
Revenue bonds payable	21,268,789	
Total noncurrent liabilities	<u>21,559,078</u>	<u>649,365</u>
Total liabilities	<u>27,000,410</u>	<u>4,966,369</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	44,233,548	7,141,649
Restricted for claims		1,787,064
Unrestricted	26,001,817	36,523,586
<b>Total net assets</b>	<u>\$ 70,235,365</u>	<u>\$ 45,452,299</u>

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, 2010

	Business-type Activities - <u>Enterprise Fund</u> <u>Water and Sewer</u>	Associated Governmental <u>Internal</u> <u>Service Funds</u>
<b>OPERATING REVENUES</b>		
Charges for consumption and service:		
Water and sewage charges	\$ 32,585,134	
Charges to other funds		\$ 10,460,460
Installation charges	97,979	
Interest and penalties	356,651	
Other	183,242	238,302
Total operating revenues	<u>33,223,006</u>	<u>10,698,762</u>
<b>OPERATING EXPENSES</b>		
Administration	3,663,181	2,160,318
Equipment and facility operation		6,828,097
Transmission and distribution	18,451,468	
Service installation and meter reading	872,962	
Depreciation and capital adjustments	4,343,674	1,633,898
Other		1,987,800
Total operating expenses	<u>27,331,285</u>	<u>12,610,113</u>
Operating income (loss)	5,891,721	(1,911,351)
<b>NONOPERATING REVENUES</b>		
Loss on disposition of assets		(7,425)
Investment earnings	346,564	639,157
Other		1,100
Total nonoperating revenue	<u>346,564</u>	<u>632,832</u>
Income (loss) before transfers	6,238,285	(1,278,519)
<b>OTHER FINANCING USES</b>		
Transfers out (Note 3F)	<u>(56,882)</u>	<u>(1,422,202)</u>
Change in net assets	6,181,403	(2,700,721)
Total net assets - beginning	<u>64,053,962</u>	<u>48,153,020</u>
<b>Total net assets - ending</b>	<u>\$ 70,235,365</u>	<u>\$ 45,452,299</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, 2010**

	Business-type Activities - <u>Enterprise Fund</u> <u>Water and Sewer</u>	Associated Governmental Internal <u>Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from users	\$ 32,857,000	\$ 10,643,535
Cash paid to employees	(2,252,767)	(4,254,156)
Cash paid to suppliers	(21,348,284)	(6,320,043)
Net cash provided by operating activities	<u>9,255,949</u>	<u>69,336</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advance (payment) within an interfund	(62,740)	5,297,915
Long-term payments		(2,566,614)
Payment of long-term advances received from component units		375,917
Long-term advances to employees		3,977
Transfers out	(56,882)	(1,422,202)
Net cash provided by (used in) noncapital and related financing activities	<u>(119,622)</u>	<u>1,688,993</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of property and equipment	(1,664,672)	(772,598)
System improvements	(108,140)	
Payment of revenue bonds	(2,519,222)	
Net cash used in capital and related financing activities	<u>(4,292,034)</u>	<u>(772,598)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments, net of purchases	(2,390,342)	1,971,403
Investment earnings	373,760	748,635
Net cash provided by (used in) investing activities	<u>(2,016,582)</u>	<u>2,720,038</u>
Net increase in cash, cash equivalents	2,827,711	3,705,769
Cash, cash equivalents, beginning of year	6,006,310	11,486,570
Cash, cash equivalents, end of year	<u>\$ 8,834,021</u>	<u>\$ 15,192,339</u>
<b>Balance sheet reconciliation of cash &amp; cash equivalents</b>		
Cash, cash equivalents	\$ 8,834,021	\$ 13,405,275
Restricted cash, cash equivalents		1,787,064
Total cash, cash equivalents	<u>\$ 8,834,021</u>	<u>\$ 15,192,339</u>
<b>Reconciliation of operating income to net cash provided</b>		
(used in) by operating activities:		
Operating income (loss)	\$ 5,891,721	\$ (1,911,351)
<b>Adjustments to reconcile operating income to net cash provided by</b>		
(used in) operating activities:		
Depreciation and capital adjustments	4,343,674	1,633,898
Receivables	(183,026)	(460)
Prepays	(6,728)	(6,183)
Inventory	(176,252)	(48,584)
Accounts payable	(611,100)	(248,045)
Accrued payroll	(16,954)	41,312
Other liabilities	6,000	
Interest payable	(16,315)	
Insurance payable		449,592
Workers' compensation payable		79,168
Accrued compensated absences	(13,560)	3,011
OPEB obligation	38,489	76,978
Net cash provided by operating activities	<u>\$ 9,255,949</u>	<u>\$ 69,336</u>

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

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**City of Southfield**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2010**

	Pension (and Other Post-Employment Benefits) <u>Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Plan members	\$ 2,097,026
Employer	10,679,005
Total contributions	<u>12,776,031</u>
Investment activity:	
Net increase in fair value of investments	21,082,535
Investment earnings	3,253,364
Dividends	2,518,577
Total investment activity	<u>26,854,476</u>
Less investment expense:	1,015,711
Net investment	<u>25,838,765</u>
Total additions	<u>38,614,796</u>
<b>DEDUCTIONS</b>	
Benefits	22,185,433
Health care expense	3,225,000
Administrative expense	635,464
Total deductions	<u>26,045,897</u>
Net increase	12,568,899
Net assets - beginning	<u>266,579,286</u>
<b>Net assets - ending</b>	<b>\$ <u>279,148,185</u></b>

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, 2010**

	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	\$ 31,714	\$ 10,312	\$ 37,299	\$ 1,243,438	\$ 3,047,959	\$ 3,446,092	\$ 7,816,814
Investments			379,435	1,314,300	2,384,697	4,296,157	8,374,589
Receivables, net <b>(Note 3B)</b>	1,716	63,012	3,006	342,130	19,416	72,092	501,372
Prepays				1,145			1,145
Due from primary government						660,000	660,000
Due from component units			253,919			538,579	792,498
Total current assets	33,430	73,324	673,659	2,901,013	5,452,072	9,012,920	18,146,418
Capital assets: <b>(Note 3C)</b>							
Land				350,000			350,000
Equipment				63,421			63,421
Less accumulated depreciation				(63,421)			(63,421)
Net capital assets	-	-	-	350,000	-	-	350,000
Total assets	33,430	73,324	673,659	3,251,013	5,452,072	9,012,920	18,496,418
<b>LIABILITIES</b>							
Accounts payable and other current liabilities		8,403		49,667		(1,689)	56,381
Due to primary government		24,367				522,720	547,087
Due to component units						792,498	792,498
Due to other governmental units		35,905			1,443,783	2,754,463	4,234,151
Unearned revenue <b>(Note 3B)</b>		679		21,267		5,854	27,800
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	-	69,354	-	175,131	1,443,783	7,409,532	9,097,800
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt				350,000			350,000
Unrestricted	33,430	3,970	673,659	2,725,882	4,008,289	1,603,388	9,048,618
<b>Total net assets</b>	\$ 33,430	\$ 3,970	\$ 673,659	\$ 3,075,882	\$ 4,008,289	\$ 1,603,388	\$ 9,398,618

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, 2010**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets						Totals
		Charges for Services	Capital Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	
EDC										
Community improvement	\$ 6,166			\$ (6,166)						\$ (6,166)
Brownfield										
Community improvement	1,143,446	\$ 4,059		\$ (1,139,387)						(1,139,387)
Joint Local Development Finance Authority										
Community improvement	1,000,011					\$ (1,000,011)				(1,000,011)
DDA										
Community improvement	983,873	123,283	\$ 174,774				\$ (685,816)			(685,816)
Tax Increment Finance Authority										
Community improvement	101,139							\$ (101,139)		(101,139)
Local Development Finance Authority										
Community improvement	<u>1,073,515</u>								\$ (1,073,515)	<u>(1,073,515)</u>
Total component units	<u>\$ 4,308,150</u>	<u>\$ 127,342</u>	<u>\$ 174,774</u>	<u>(6,166)</u>	<u>(1,139,387)</u>	<u>(1,000,011)</u>	<u>(685,816)</u>	<u>(101,139)</u>	<u>(1,073,515)</u>	<u>(4,006,034)</u>
General revenues:										
Property taxes					847,990	309,096	1,421,144		682,107	3,260,337
Unrestricted investment earnings				321	1,477	17,521	61,538	117,772	198,107	396,736
Miscellaneous					200,955		12,063	526	659,648	873,192
Total general revenues				<u>321</u>	<u>1,050,422</u>	<u>326,617</u>	<u>1,494,745</u>	<u>118,298</u>	<u>1,539,862</u>	<u>4,530,265</u>
Change in net assets				(5,845)	(88,965)	(673,394)	808,929	17,159	466,347	524,231
Net assets - beginning				39,275	92,935	1,347,053	2,266,953	3,991,130	1,137,041	8,874,387
Net assets - ending				<u>\$ 33,430</u>	<u>\$ 3,970</u>	<u>\$ 673,659</u>	<u>\$ 3,075,882</u>	<u>\$ 4,008,289</u>	<u>\$ 1,603,388</u>	<u>\$ 9,398,618</u>

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

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **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.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted resources.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

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.

#### **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.

**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.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**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).

Additionally, the City reports the following 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 and the Fire & Police.

**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.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**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.

#### 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.

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) Interfund 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”.

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.

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.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**(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 the financial statements, governmental funds report reservations of fund equity not available for expenditure, encumbered or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

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: nonspendable, restricted, committed, assigned and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ended June 30, 2011.

**(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 amount, if any.

### 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, 2010, 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.

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

Local streets	Neighborhood stabilization program
Municipal streets	Drug law enforcement
Parks & recreation	Grants
Cable television	Library
Block grant	Michigan works grants
Section 8 housing	Auto theft grant

\* Donations and memorial trusts

\* Currently this fund is not in compliance with the Uniform Budget Act. The City plans to correct this for fiscal year 2012.

- The Major streets and 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 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	\$ 11,065,455	\$ 9,794,758	\$ 1,270,697
Total public safety	47,406,547	45,340,728	2,065,819
Public Services:			
Community development	136,259	213,640	(77,381)
Other:			
Support services	1,691,144	4,788,658	(3,097,514)

# 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 Community development budget was derived from lower than anticipated reimbursements due to timing of drawdowns from Housing and Urban Development. 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.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Major Streets</b>			
Expenditures:			
Road construction	\$ 2,784,499	\$ 2,949,205	\$ (164,706)

The Road construction variance is a result of the high volume of construction work and pre-engineering of shovel ready projects in order to qualify for federal funding.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Section 8</b>			
Expenditures:			
Social services	\$ 1,774,796	\$ 1,954,287	\$ (179,491)

The Social services variance is a result of the increased demand for housing and the use of previously deferred revenue.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>General Fund</b>			
Revenues:			
Property taxes	\$ 41,664,053	\$ 44,781,160	\$ 3,117,107
Sanitation	3,041,550	3,255,094	213,544
Intergovernmental:			
State	7,164,453	6,249,271	(915,182)
Investment earnings	1,325,000	447,778	(877,222)

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

The variance in the State revenue budget was derived from lower than anticipated Sales tax payments. The variance in the Investment earnings budget was derived from lower than anticipated interest rate market. The above positive variances are the result of revenues for fiscal year 2008-2009 that were unavailable at year end and were recorded this fiscal year.

#### C. Individual Fund Deficit Disclosure

The following individual fund has an accumulated deficit at June 30, 2010:

Major streets	(78,773)
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The deficit in the Major Streets fund arises from expenditures made on road improvement projects which the City feels necessary to complete although funds are not readily available. A loan from the Local Improvement Revolving fund (LIRF) was received to cover necessary commitments to the future. Since the City internally financed these projects rather than bonding, no proceeds from the loan are recorded as revenue creating a deficit. A fifteen year payback arrangement has been agreed upon to repay the loan and eliminate the deficit.

Block Grant	\$ (313,034)
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The deficit in the Block Grant fund 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 - undesignated	(542,959)
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The deficit in the Neighborhood stabilization program undesignated 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.

# 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 (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The City has designated 17 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:

### 3. DETAILED NOTES ON ALL FUNDS

# City of Southfield

## Notes to the Financial Statements

### 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 \$14,375,768 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	\$ 51,114,803	2.51 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	\$ 261,125	23.51 years
Corporate bonds	5,798,280	8.42 years
Corporate bonds	7,479,073	Not available
Foreign bonds	491,088	5.19 years
U.S. government agencies	956,721	2.23 years
U.S. government collateralized mortgage obligations	210,071	8.62 years
U.S. government mortgage backed securities	3,931,518	23.20 years
U.S. treasury notes and bonds	3,007,511	9.39 years
Other	687,681	30.02 years

**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	\$ 3,033,523	7.53 years
Corporate bonds	18,785,678	7.64 years
Corporate bonds	5,171,830	Not available
U.S. government agencies	4,400,949	3.76 years
U.S. government mortgage backed securities	783,808	6.48 years
U.S. government issued mortgage backed securities	358,754	9.91 years
U.S. treasury notes and bonds	1,141,372	0.18 years
Municipal bonds	1,522,928	5.66 years
Real estate mortgage	6,000,000	Not available
Other negotiable instruments	16,875,546	1.82 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
Corporate bonds	\$ 12,764,627	6.35 years
Foreign bonds	3,569,656	6.56 years

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

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

##### Credit risk:

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

**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:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank Investment Pool	\$ 408,097	Not available	N/A
Bank Investment Pool	13,782,427	A1	Moody's
Local Government Investment Pool	24,491,354	Not available	N/A
Local Government Investment Pool	4,051,668	Not rated	N/A

**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:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Corporate asset backed securities	\$ 261,125	Not rated	N/A
Corporate bonds	758,295	AAA	S&P
Corporate bonds	718,451	AA	S&P
Corporate bonds	3,911,716	A	S&P
Corporate bonds	409,819	BBB	S&P
Corporate bonds	7,479,023	Not rated	N/A
Foreign bonds	240,346	AA	S&P
Foreign bonds	250,743	BBB	S&P
U.S. government agencies	956,721	AAA	S&P
Collateralized mortgage obligations	210,071	Not rated	N/A
Mortgage backed securities	3,931,518	Not rated	N/A
Other	687,681	Not rated	N/A
U.S. treasury notes and bonds	3,007,511	AAA	S&P

**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 on the next page:

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

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

Investment	Fair Value	Rating	Rating Organization
Commercial paper	\$ 14,906,588	A1+	Moody's
Commercial paper	1,682,196	A1	Moody's
Commercial paper	16,655	A2	Moody's
Commercial paper	49,966	B - C	Moody's
Corporate asset backed securities	122,544	Baa	Moody's
Corporate asset backed securities	2,244,365	AAA	S&P
Corporate asset backed securities	387,160	AA+	S&P
Corporate asset backed securities	113,528	A-	S&P
Corporate asset backed securities	157,193	BBB	S&P
Corporate asset backed securities	8,733	BBB- - NR	S&P
Corporate bonds	1,604,451	Aa	Moody's
Corporate bonds	3,634,334	A	Moody's
Corporate bonds	2,908,456	Baa	Moody's
Corporate bonds	446,580	Ba	Moody's
Corporate bonds	115,269	B	Moody's
Corporate bonds	5,421,488	Not rated	N/A
Corporate bonds	541,680	AAA	S&P
Corporate bonds	93,441	AA+	S&P
Corporate bonds	27,400	A-	S&P
Corporate bonds	37,939	BBB	S&P
Corporate bonds	2,108	BBB- - NR	S&P
Corporate convertible bonds	440,563	Aaa	Moody's
Corporate convertible bonds	300,991	Aa	Moody's
Corporate convertible bonds	2,393,632	A	Moody's
Corporate convertible bonds	1,685,584	Baa	Moody's
Corporate convertible bonds	4,303,594	Not rated	N/A
Municipal bonds	1,082,005	Aa	Moody's
Municipal bonds	233,072	A	Moody's
Municipal bonds	112,351	Baa	Moody's
Municipal bonds	95,501	Not rated	N/A
Other	220,140	Not rated	N/A
Real estate mortgage	6,000,000	Not rated	N/A
U.S. government agencies	1,835,259	Aaa	Moody's
U.S. government agencies	2,565,690	AAA	S&P
U.S. government issued commercial mortgage backed securities	358,754	Aaa	Moody's
U.S. government mortgage backed securities	783,808	Aaa	Moody's
U.S. treasury notes and bonds	1,141,372	AAA	S&P

# 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:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Corporate bonds	\$ 12,764,627	Aa1 / Aa2	Moody's
Foreign bonds	3,569,656	Aa1 / Aa2	Moody's

Of the total investment disclosures for City accounts, approximately \$16 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, 20% of the City's investments are held in investments issued by FNMA and 25% in investments issued by FHLB.

**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.

#### 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, 2010.

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

<u>Security</u>	<u>Foreign Currency</u>	<u>Fair Value</u>
Foreign stocks	Canadian dollars	\$ 199,175
Foreign stocks	British pound sterling	7,395,195
Foreign fixed income	Canadian dollars	74,156
Cash & Equivalents	Canadian dollars	33,804
Cash & Equivalents	British pound sterling	310,153

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

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

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

#### 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, 2010, 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, 2010, the SERS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SERS as of June 30, 2010 was \$8,342,717 and \$8,257,730, 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, 2010, 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, 2010, the SFPRS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SFPRS as of June 30, 2010 was \$23,978,413 and \$23,236,927 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, 2010:

##### **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 237,959

##### Capital Improvement:

Funds held for historic site preservation 16,101  
 Total governmental funds 254,060

##### Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp 1,787,064

**Total restricted assets** **\$ 2,252,515**

#### B. Receivables and Deferred Revenue

The major components of deferred revenues reported on the Balance Sheet as of June 30, 2010 were as follows:

	Taxes	Special assessments	Grants	Taxes	Grants	Total
	<u>Unavailable</u>	<u>Unavailable</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Unearned</u>	<u>Total</u>
Governmental activities:						
General fund	\$ 577,659			\$ 110,030		\$ 687,689
Other Non-major funds	<u>175,743</u>	\$ 856,175	\$ 119,160	<u>33,474</u>	\$ 721,767	<u>1,906,319</u>
Total governmental activities	<u>\$ 753,402</u>	<u>\$ 856,175</u>	<u>\$ 119,160</u>	<u>\$ 143,504</u>	<u>\$ 721,767</u>	<u>\$ 2,594,008</u>
Component units-governmental:						
Brownfield Re-development authority	3,566			\$ 679		\$ 4,245
Downtown development authority	111,650			21,267		132,917
Local development finance authority	<u>30,732</u>			<u>5,854</u>		<u>36,586</u>
Total governmental component units	<u>\$ 145,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,800</u>	<u>\$ -</u>	<u>\$ 173,748</u>
			<u>Unavailable</u>		<u>Unearned</u>	
		Total	<u>1,728,737</u>		<u>865,271</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, 2010 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		\$ 40,420	\$ 1,332,462	\$ 2,799,585	\$ 818,677	\$ 4,991,144
Major streets		7,440	2,493	605,953		615,886
Capital improvement		14,061				14,061
Other Non-major funds	\$ 805,244	87,150	127,996	1,229,024	249,067	2,498,481
Total governmental funds	805,244	149,071	1,462,951	4,634,562	1,067,744	8,119,572
Associated governmental activities:						
Internal Service funds		90,405		460		90,865
Total governmental activities	\$ 805,244	\$ 239,476	\$ 1,462,951	\$ 4,635,022	\$ 1,067,744	\$ 8,210,437
Component units-governmental:						
Economic development corporation		\$ 16	\$ 1,700			\$ 1,716
Brownfield Re-development authority		163		\$ 57,796	\$ 5,053	63,012
Joint local development finance authority		3,006				3,006
Downtown development authority		9,121		174,774	158,235	342,130
Tax increment finance authority		19,416				19,416
Local development finance authority		28,537			43,555	72,092
Total component units-governmental	\$ -	\$ 60,259	\$ 1,700	\$ 232,570	\$ 206,843	\$ 501,372
Business-type activities:						
Water fund		\$ 40,976	\$ 12,143,413	\$ 1,309		\$ 12,185,698

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, 2010, follows:

	Balance July 1, 2009	Additions	Disposals & Reduction to CIP	Balance June 30, 2010
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>General</b>				
Capital assets, not being depreciated:				
Land	\$ 10,712,797			\$ 10,712,797
Construction in progress	1,920,841	\$ 3,795,062	\$ 823,332	4,892,571
Total capital assets not being depreciated	<u>12,633,638</u>	<u>3,795,062</u>	<u>823,332</u>	<u>15,605,368</u>
Capital assets, being depreciated				
Land improvements	23,780,974	229,912		24,010,886
Building and improvements	65,965,252	1,551,762		67,517,014
Infrastructure	110,451,778	428,462		110,880,240
Intangible	2,111,530	12,000		2,123,530
Drain usage rights	11,590,499	186,908		11,777,407
Equipment	6,449,454	355,995		6,805,449
Total capital assets being depreciated	<u>220,349,487</u>	<u>2,765,039</u>	<u>-</u>	<u>223,114,526</u>
Less accumulated depreciation:				
Land improvements	9,813,763	820,240		10,634,003
Building and improvements	25,702,951	1,824,519		27,527,470
Infrastructure	46,510,326	3,735,947		50,246,273
Intangible	545,240	128,238		673,478
Drain usage rights	3,275,687	458,194		3,733,881
Equipment	4,175,826	428,562		4,604,388
Total accumulated depreciation	<u>90,023,793</u>	<u>7,395,700 (a)</u>	<u>-</u>	<u>97,419,493</u>
Total general capital assets being depreciated, net	<u>130,325,694</u>	<u>(4,630,661)</u>	<u>-</u>	<u>125,695,033</u>
<b>Internal Service</b>				
Capital assets, being depreciated				
Intangible	225,884			225,884
Equipment	23,423,773	773,698	871,959	23,325,512
Total capital assets being depreciated	<u>23,649,657</u>	<u>773,698</u>	<u>871,959</u>	<u>23,551,396</u>
Less accumulated depreciation:				
Intangible	56,024	11,038		67,062
Equipment	15,584,359	1,622,861	864,535	16,342,685
Total accumulated depreciation	<u>15,640,383</u>	<u>1,633,899</u>	<u>864,535</u>	<u>16,409,747</u>
Total internal service capital assets being depreciated, net	<u>8,009,274</u>	<u>(860,201)</u>	<u>7,424</u>	<u>7,141,649</u>
Governmental activity capital assets depreciable, net	<u>\$ 138,334,968</u>	<u>\$ (5,490,862)</u>	<u>\$ 7,424</u>	<u>\$ 132,836,682</u>

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

General government	\$ 629,959
Public safety	354,146
Highways and streets	3,736,519
Public services	606,084
Culture and recreation	2,068,992
Total	<u>\$ 7,395,700</u>

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### C. Capital assets (continued)

A summary of business-type property and equipment at June 30, 2010, follows:

	Balance July 1, 2009	Additions	Disposals & Reduction to CIP	Balance June 30, 2010
<b>Water and Sewer Fund</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 653,244	\$ 1,648,087	\$ -	\$ 2,301,331
Capital assets, being depreciated:				
Infrastructure	119,164,581	108,140		119,272,721
Intangible	1,507,498			1,507,498
Equipment	1,101,336	16,585		1,117,922
Total Water and Sewer Fund	<u>121,773,415</u>	<u>124,725</u>	<u>-</u>	<u>121,898,140</u>
Less Accumulated Depreciation:				
Infrastructure	51,296,816	4,196,059		55,492,875
Intangible	369,574	75,904		445,479
Equipment	812,070	71,711		883,781
Total Accumulated Depreciation	<u>52,478,460</u>	<u>4,343,674</u>	<u>-</u>	<u>56,822,135</u>
Total Capital Assets, being depreciated	<u>69,294,955</u>	<u>(4,218,949)</u>	<u>-</u>	<u>65,076,006</u>
Total Capital Assets	<u>\$ 69,948,199</u>	<u>\$ (2,570,862)</u>	<u>\$ -</u>	<u>\$ 67,377,337</u>

A summary of discretely presented component unit property and equipment at June 30, 2010, follows:

	Balance July 1, 2009	Additions	Disposals & Reduction to CIP	Balance June 30, 2010
<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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### **Construction and other significant commitments**

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

Street construction	\$ 3,745,956
Equipment	206,591
Bldg improvements	149,011
Technology enhancements	147,824
Water system improvements	791,261
	<u>\$ 5,040,644</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, 2009	Additions	Deductions	June 30, 2010	Due - 1 Year	Due - More 1 Year
GOVERNMENTAL ACTIVITIES						
General obligation debt						
* 1.625% to 5.375 % Drains-at-large, City's share of county debt						
City's share of county debt	\$ 9,073,243		553,301	8,519,942	522,442	7,997,500
4.75% to 5.5% Library Building Authority General Obligation Limited Tax	27,890,000		575,000	27,315,000	655,000	26,660,000
2.5% to 4.5% - 2003 General Obligation Limited Tax	4,465,000		225,000	4,240,000	230,000	4,010,000
3.25% to 4.0% Michigan Transportation Fund bonds	10,700,000		775,000	9,925,000	810,000	9,115,000
Unamortized discounts on bonds	(77,431)	6,373		(71,058)		(71,058)
Total general obligation debt	<u>52,050,812</u>	<u>6,373</u>	<u>2,128,301</u>	<u>49,928,884</u>	<u>2,217,442</u>	<u>47,711,442</u>
Other long-term obligations						
Installment purchase agreement	305,983		305,983			
Compensated absences	11,026,592	992,394	1,300,368	10,718,618	4,132,588	6,586,030
Michigan tax tribunal contingency	3,734,621	3,203,320		6,937,941	2,958,850	3,979,091
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Other long-term obligations						
Compensated absences	525,613	46,681	43,671	528,623	190,304	338,319
<b>Total governmental long-term debt</b>	<u>\$ 67,643,621</u>	<u>4,248,768</u>	<u>3,778,323</u>	<u>68,114,066</u>	<u>9,499,184</u>	<u>58,614,882</u>
BUSINESS-TYPE ACTIVITIES						
General obligation debt						
State of Michigan water supply and sewage disposal revenue bonds series 1999 (LTGO) 2.25 to 2.5 %	\$ 24,968,789		1,825,000	23,143,789	1,875,000	21,268,789
3.05 % to 6.5 % Evergreen/Farmington sewer disposal system bonds, City's share of county debt	694,222		694,222			
Other long-term obligations						
Compensated absences	288,060	19,703	77,844	229,919	63,002	166,917
Long-term advances						
<b>Total business-type long-term debt</b>	<u>25,951,071</u>	<u>19,703</u>	<u>2,597,066</u>	<u>23,373,708</u>	<u>1,938,002</u>	<u>21,435,706</u>
COMPONENT UNIT ACTIVITIES						
Other long-term obligations						
Long-term advances	3,711,602		375,916	3,335,686		3,335,686
Compensated absences	41,109		39,364	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>	<u>3,807,860</u>	<u>47,303</u>	<u>415,280</u>	<u>3,439,883</u>	<u>43,693</u>	<u>3,396,190</u>
Total debt	<u>\$ 97,402,552</u>	<u>4,315,774</u>	<u>6,790,669</u>	<u>94,927,657</u>	<u>11,480,879</u>	<u>83,446,778</u>

\* 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 \$ 3,965,507,832. The City has issued and outstanding \$40,074,942 of general obligation bonds, subject to a limit of \$396,550,783.

#### Defeased Debt

In prior years, the City defeased certain bonds in the amount of \$27,125,000 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. On May 1, 2010, those bonds were called and the defeased debt extinguished. The City currently has no outstanding defeased debt.

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, 2010 (in thousands of dollars) are as follows:

	Governmental activities			Business-type Water & Sewer		
	Prin.	Int.	Total	Prin.	Int.	Total
2011	\$ 2,217	\$ 2,156	\$ 4,373	\$ 1,875	\$ 561	\$ 2,436
2012	2,351	2,081	4,432	1,920	516	2,436
2013	2,504	1,998	4,502	1,960	469	2,429
2014	2,661	1,907	4,568	2,015	422	2,437
2015	2,824	1,808	4,632	2,065	373	2,438
2016	2,988	1,695	4,683	2,120	323	2,443
2017	3,157	1,574	4,731	2,170	272	2,442
2018	3,364	1,446	4,810	2,225	220	2,445
2019	3,550	1,307	4,857	2,267	166	2,433
2020	3,739	1,157	4,896	2,215	111	2,326
2021	2,657	999	3,656	1,565	58	1,623
2022	2,728	879	3,607	747	19	765
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	1,544	81	1,625			
Total	\$ 49,928	\$ 22,139	\$ 72,067	\$ 23,144	\$ 3,510	\$ 26,654

# 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 FUNDS

	General Fund	
	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 68,639,964	\$ 68,639,964
Transfers		(447,356)
Reimbursements	(2,710,029)	(2,710,029)
Fund balance draws	<u>(1,940,442)</u>	<u>                    </u>
Original (as presented)	<u>63,989,493</u>	<u>65,482,579</u>
Approved encumbrances		110,548
Council adjustments	<u>53,988</u>	<u>53,988</u>
Final (as presented)	\$ <u><u>64,043,481</u></u>	\$ <u><u>65,647,115</u></u>

	Major Streets	
	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 8,493,636	\$ 8,493,636
Transfers	(1,335,027)	
Reimbursements	(347,992)	(347,991)
Fund balance draws	<u>(2,110,794)</u>	<u>                    </u>
Original (as presented)	<u>4,699,823</u>	<u>8,145,645</u>
Approved encumbrances		547,325
Final (as presented)	\$ <u><u>4,699,823</u></u>	\$ <u><u>8,692,970</u></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

	Local Streets		Municipal Streets		Parks & Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 6,989,670	\$ 6,989,670	\$ 1,247,343	\$ 1,247,343	\$ 8,225,109	\$ 8,225,109
Transfers				(635,027)		(301,180)
Reimbursements	(411,993)	(411,993)				
Approved encumbrances	(2,165,533)	753,951				142,029
Council adjustments						648,500
Final (as presented)	<u>\$ 4,412,144</u>	<u>\$ 7,331,628</u>	<u>\$ 1,247,343</u>	<u>\$ 612,316</u>	<u>\$ 8,225,109</u>	<u>\$ 8,714,458</u>

	Cable		CDBG		Section 8	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 925,922	\$ 925,922	\$ 641,769	\$ 641,769	\$ 1,774,796	\$ 1,774,796
Transfers		(7,424)		(106,471)		
Approved encumbrances		26,665				
Council adjustments		30,278				
Final (as presented)	<u>\$ 925,922</u>	<u>\$ 975,441</u>	<u>\$ 641,769</u>	<u>\$ 535,298</u>	<u>\$ 1,774,796</u>	<u>\$ 1,774,796</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	\$ 550,416	\$ 550,416		
Fund balance draws			(204,916)			
Council adjustments					\$ 173,072	\$ 173,072
Final (as presented)	<u>\$ 3,191,456</u>	<u>\$ 3,191,456</u>	<u>\$ 345,500</u>	<u>\$ 550,416</u>	<u>\$ 173,072</u>	<u>\$ 173,072</u>

	Library		Michigan Works		Auto Theft	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 8,580,383	\$ 8,580,383	\$ 6,189,000	\$ 6,189,000	\$ 262,540	\$ 262,540
Transfers	(340,551)	(1,953,538)		(6,315)	(113,356)	
Approved encumbrances		4,135				
Final (as presented)	<u>\$ 8,239,832</u>	<u>\$ 6,630,980</u>	<u>\$ 6,189,000</u>	<u>\$ 6,182,685</u>	<u>\$ 149,184</u>	<u>\$ 262,540</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, 2010 are as follows:

Receivable Fund	Payable Fund					Total Payable fund
	General fund	Major streets	Non-major funds	Water and sewer Fund	Internal service funds	
General fund	\$ 708,365	\$ 1,715,935	\$ 99,655	\$ 1,586,167	\$ 4,110,122	
Major streets			18,332		18,332	
Capital improvement			11,540		11,540	
Non-major funds	\$ 378,856	285,583	42,190	48,645	755,274	
Total governmental activities	378,856	708,365	2,001,518	171,717	4,895,268	
Associated governmental activities:						
Internal Service funds		48,054	132,090	134,291	314,435	
Total Receivable fund	\$ 378,856	\$ 756,419	\$ 2,133,608	\$ 306,008	\$ 5,209,703	

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, 2010 are as follows:

Transfers Out:	Major streets	Capital improvement	Non-major governmental funds	Total Transfers out
Governmental activities:				
General fund		\$ 233,999	\$ 113,356	\$ 347,355
Capital improvement			94,570	94,570
Other Non-major funds	\$ 1,081,926	191,873	2,967,428	4,241,227
Total governmental activities	1,081,926	425,872	3,175,354	4,683,152
Associated governmental activities:				
Internal service	-	9,360	1,412,842	1,422,202
Business-type activities:				
Water fund	-	56,882	-	56,882
Total transfers in	\$ 1,081,926	\$ 492,114	\$ 4,588,196	\$ 6,162,236

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 operational expenditures or 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

Major Streets	\$ 2,500,000
Capital Improvement	<u>3,381,001</u>

##### Non-major governmental

Neighborhood Stabilization Program	1,200,000
Special Assessment Construction	<u>816,976</u>
Total non-major governmental	<u>2,016,976</u>
Total primary government	<u>\$ 7,897,977</u>

#### COMPONENT UNITS

##### Governmental

Local Development Finance Authority	\$ <u>3,335,686</u>
-------------------------------------	---------------------

### 4. OTHER INFORMATION

#### A. Fund Balance Reserved and Designated

The fund balance totals as of June 30, 2010:

#### RESERVED

##### Right-of-way funds/Metro Authority

General Fund	\$ <u>1,285,124</u>
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##### Encumbrances

General Fund	249,258
Non-Major Special Revenue funds	<u>1,367,542</u>
Total encumbrances	<u>\$ 1,616,800</u>

##### Donations and Memorial Trusts

Non-Major Special Revenue fund	\$ <u>1,531,712</u>
--------------------------------	---------------------

##### Debt Service funds

Drains at large debt	236,960
Special assessment debt	<u>1,136,403</u>
Total debt service	<u>\$ 1,373,363</u>

##### Restricted assets

Capital Improvement Fund	211,391
Non-Major Capital Improvement fund	
Building Authority Construction	<u>16,101</u>
Total Restricted assets	<u>\$ 227,492</u>

#### DESIGNATED

##### Subsequent year's expenditures

General Fund	\$ <u>6,978,506</u>
--------------	---------------------

##### Specific programs

General Fund	
Dispatch improvements	582,964
Emergency clean up	594,064
Equalization reserve	<u>4,780,956</u>
Total specific programs	<u>\$ 5,957,984</u>

##### Non-Major Special Revenue Funds

Local streets	
Equalization reserve	\$ 405,068
Municipal streets	
Equalization reserve	144,606
Parks and Recreation	
Equalization reserve	709,040
Bedford Woods (Cell phone tower)	105,119
Handicapped programs	12,818
SMART programs	<u>31,552</u>
Total Parks & Recreation specific programs	<u>858,529</u>
Library	
Equalization reserve	898,272
Capital projects	554,676
Residential program initiatives	29,754
Technological development	<u>133,633</u>
Total Library specific programs	<u>1,616,335</u>
Cable Television, equipment replacement	<u>250,000</u>
Total non-major special revenue funds	<u>\$ 3,274,538</u>

# City of Southfield

## Notes to the Financial Statements

### 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, 2008 valuation, was \$3,965,507,832 and the taxable value was \$3,656,625,252. 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. The sum of these millages generated \$57,754,227 in property tax revenues.

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 2009 rate of inflation cap of 4.4%, the City of Southfield's 2007-08 State Equalized Evaluation ("SEV") of \$3,965,507,832 was capped at a Taxable Assessed Valuation ("TAV") of \$3,656,625,252.

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 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 \$151 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.

#### 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 \$863,792,115 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$14,116,782 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.

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 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 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.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

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 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 (current multiplier) 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.

Based on the most recent actuarial valuations of the plans as of June 30, 2009, membership for each plan is as follows:

	SERS	FPRS	Total
Active members			
Vested	214	167	381
Nonvested-Tier 1	133	62	195
Nonvested-Tier 11	16	-	16
Total active members	363	229	592
Retirees and beneficiaries	259	264	523
Inactive vested members	30	2	32
	652	495	1,147

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

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 25 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. Interest on the full funding credit was used to offset normal cost contributions for FPRS.

#### 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, 2009, the plan was 103.6 percent funded. The actuarial accrued liability for benefits was \$195.5 million, and the actuarial value of assets was \$202.6 million resulting in an over-funded actuarial accrued liability of \$7.1 million. The covered payroll (annual payroll for active employees covered by the plan) was \$19.5 million, and the ratio for the over-funded actuarial accrued liability to the covered payroll was 36.4%.

**Employees Retirement System** – as of June 30, 2009, the plan was 77.0 percent funded. The actuarial accrued liability for benefits was \$127.3 million, and the actuarial value of assets was \$98.0 million resulting in an unfunded actuarial accrued liability of \$29.3 million. The covered payroll (annual payroll for active employees covered by the plan) was \$18.7 million. The ratio of the unfunded actuarial accrued liability to the covered payroll was 156.2%.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

##### Reserves

As of June 30, 2009 (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, 2010, of the plan net assets, \$0 of the SERS and \$10,502,839 of the FPRS net assets have been reserved to pay for retiree health insurance

##### 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:

	<b>SERS</b>	<b>FPRS</b>
Annual required contribution/pension cost	\$ 2,885,356	\$ 3,330,660
Contribution made	<u>(2,885,356)</u>	<u>(3,330,660)</u>
Increase (decrease) in net pension obligation	<u><u>-</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 will increase 4.5% annually for inflation, with an additional increase of one to 5.8% for seniority/merit in SERS and 4.25% annually for inflation with an additional 0 to 10% for seniority/merit in FPRS. 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 25 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.

##### Trend information

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

	<b>2010</b>	<b>2009</b>	<b>2008</b>
SERS	\$ 7,043,318	\$ 6,216,661	\$ 6,096,772
FPRS	15,142,115	14,125,569	11,648,942

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

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

		<b>2010</b>		<b>2009</b>		<b>2008</b>
EMPLOYER SERS	\$	2,885,356	\$	2,809,926	\$	2,697,591
EMPLOYEE SERS		424,571		15,851		19,872
EMPLOYER FPRS		3,330,660		3,066,652		3,311,991
EMPLOYEE FPRS		856,136		927,924		829,145

#### 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, 2010 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2009. 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)	\$ 4,796,821	\$ 6,916,189	\$ 11,713,010
Interest on the prior year's net OPEB obligation	<u>84,049</u>	<u>(18,408)</u>	<u>65,641.00</u>
Annual OPEB cost	\$ 4,880,870	\$ 6,897,781	\$ 11,778,651
Amounts contributed:			
Payments of current premiums/claims	\$ 1,902,915	\$ 3,488,303	\$ 5,391,218
Advanced funding	<u>1,475,426</u>	<u>2,987,564</u>	<u>4,462,990</u>
Total OPEB contributions	3,378,341	6,475,867	9,854,208
Change in Net OPEB obligation	<u>1,502,529</u>	<u>421,914</u>	<u>1,924,443</u>
Beginning year Net OPEB obligation	<u>1,400,823</u>	<u>(306,795)</u>	<u>1,094,028</u>
End of year Net OPEB obligation	<u><u>\$ 2,903,352</u></u>	<u><u>\$ 115,119</u></u>	<u><u>\$ 3,018,471</u></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	\$ 4,880,870	\$ 6,897,781	\$ 11,778,651
Percentage contributed	<u>69.2%</u>	<u>93.9%</u>	<u>83.7%</u>
Net OPEB obligation	\$ 2,903,352	\$ 115,119	\$ 3,018,471

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

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

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

Employees Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
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%
2007	4,972,240	62,257,843	57,285,603	7.99%	20,754,738	276.01%

Fire and Police Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
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%
2007	32,159,466	106,647,105	74,487,639	30.16%	21,121,085	352.67%

\* 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, 2009, 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, 2009, 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.

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**City of Southfield**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 41,664,053	\$ 41,664,053	\$ 44,781,160	\$ 3,117,107
Charges for services	3,310,041	3,310,041	3,055,468	(254,573)
Sanitation	3,041,550	3,041,550	3,255,094	213,544
Licenses and Permits	1,911,707	1,911,707	2,047,212	135,505
Fines and forfeitures	3,973,490	3,973,490	3,828,539	(144,951)
Intergovernmental:				
Federal	90,480	144,468	83,685	(60,783)
State	7,164,453	7,164,453	6,249,271	(915,182)
Other	597,516	597,516	809,124	211,608
Investment earnings	1,325,000	1,325,000	447,778	(877,222)
Other	911,203	911,203	1,161,014	249,811
Total revenues	<u>63,989,493</u>	<u>64,043,481</u>	<u>65,718,345</u>	<u>1,674,864</u>
<b>EXPENDITURES</b>				
General government:				
Council	166,454	166,454	138,275	28,179
Mayor	211,018	211,018	207,880	3,138
Administration	436,335	436,335	431,130	5,205
Legal	894,533	894,533	892,247	2,286
Clerk's	1,056,884	1,065,389	937,902	127,487
Human Resources	1,123,077	1,124,927	1,122,693	2,234
Finance/OMB	1,131,968	1,132,114	942,826	189,288
Other - unclassified	6,008,164	6,034,685	5,121,805	912,880
Total general government	<u>11,028,433</u>	<u>11,065,455</u>	<u>9,794,758</u>	<u>1,270,697</u>
Public Safety:				
Police	21,963,568	22,013,831	21,069,726	944,105
Fire	15,060,770	15,115,699	14,586,282	529,417
Building and safety engineering	2,612,641	2,612,641	2,533,260	79,381
46th Michigan District Court	3,579,422	3,594,059	3,437,687	156,372
Civilian support services	4,070,317	4,070,317	3,713,773	356,544
Total public safety	<u>47,286,718</u>	<u>47,406,547</u>	<u>45,340,728</u>	<u>2,065,819</u>
Public Services:				
Community development	128,939	136,259	213,640	(77,381)
Sanitation	3,125,450	3,125,450	2,992,795	132,655
Road service administration	782,092	782,092	553,021	229,071
Total public services	<u>4,036,481</u>	<u>4,043,801</u>	<u>3,759,456</u>	<u>284,345</u>
Social Services	424,307	424,307	382,636	41,671
Other:				
Insurance and bonds	617,563	617,563	603,227	14,336
Support services	1,690,779	1,691,144	4,788,658	(3,097,514)
Total other	<u>2,308,342</u>	<u>2,308,707</u>	<u>5,391,885</u>	<u>(3,083,178)</u>
Debt				
Principal retirement	225,000	225,000	225,000	-
Interest and fiscal charges	173,298	173,298	169,923	3,375
Total debt	<u>398,298</u>	<u>398,298</u>	<u>394,923</u>	<u>3,375</u>
Total expenditures	<u>65,482,579</u>	<u>65,647,115</u>	<u>65,064,386</u>	<u>582,729</u>
Excess (deficiency) of revenues over (under) expenditures	(1,493,086)	(1,603,634)	653,959	2,257,593
<b>OTHER FINANCING USES</b>				
Transfers out	(447,356)	(447,356)	(347,355)	100,001
Net change in fund balances	<u>(1,940,442)</u>	<u>(2,050,990)</u>	<u>306,604</u>	<u>2,357,594</u>
Fund balances - beginning	15,446,420	15,446,420	15,446,420	-
<b>Fund balances - ending</b>	<u>\$ 13,505,978</u>	<u>\$ 13,395,430</u>	<u>\$ 15,753,024</u>	<u>\$ 2,357,594</u>

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

# City of Southfield

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

### Final Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
State	\$ 4,592,625	\$ 4,592,625	\$ 3,699,879	\$ (892,746)
Other			90,729	90,729
Investment earnings	16,875	16,875	93,559	76,684
Other	90,323	90,323	1,014,778	924,455
Total revenues	<u>4,699,823</u>	<u>4,699,823</u>	<u>4,898,945</u>	<u>199,122</u>
<b>EXPENDITURES</b>				
Highways and streets:				
Administration	224,664	224,664	200,737	23,927
Road construction	2,325,000	2,784,499	2,949,205	(164,706)
Road maintenance	1,491,299	1,504,925	1,219,300	285,625
Traffic service	726,592	726,592	684,136	42,456
Snow removal	867,405	867,405	475,391	392,014
Appearance	1,331,147	1,405,347	1,158,150	247,197
Debt service:				
Principal	775,000	775,000	775,000	-
Interest and fiscal charges	404,538	404,538	404,538	-
Total expenditures	<u>8,145,645</u>	<u>8,692,970</u>	<u>7,866,457</u>	<u>826,513</u>
Excess (deficiency) of revenues over (under) expenditures	(3,445,822)	(3,993,147)	(2,967,512)	1,025,635
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>1,335,027</u>	<u>1,335,027</u>	<u>1,081,926</u>	<u>(253,101)</u>
Net change in fund balances	(2,110,795)	(2,658,120)	(1,885,586)	772,534
Fund balances - beginning	<u>1,806,813</u>	<u>1,806,813</u>	<u>1,806,813</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ (303,982)</u>	<u>\$ (851,307)</u>	<u>\$ (78,773)</u>	<u>\$ 772,534</u>

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

# City of Southfield

## Required Supplementary Information

### Schedule of Funding Progress

#### Six-Year Historical Trend Information

#### 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>
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	-
2004	177.4	170.2	(7.2)	104.2 %	20.4	-

#### 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>
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%
2004	91.1	96.6	5.5	94.3 %	21.4	25.7%

# 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, 2009, the latest actuarial valuation, follows:

	<b>Employee Retirement</b>	<b>Fire and Police</b>
	<hr/>	<hr/>
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	25 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>
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%
2003	2005	17.55%	3,731,299	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>
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%
2003	2005	6.78%	1,565,071	100.00%

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**City of Southfield**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,893,231	\$ 1,661,265	\$ 2,051,087	\$ 19,605,583
Investments	8,938,059		819,448	9,757,507
Receivables:				
Special assessments		799,542	5,702	805,244
Other	1,667,789	18,939	6,509	1,693,237
Property investments	2,216,032			2,216,032
Prepays	143,348	24,143		167,491
Due from other funds	571,152	100,556	83,566	755,274
Due from component units	175,637	5,203		180,840
Due from other governmental units	762,906			762,906
Restricted assets:				
Cash and cash equivalents		237,959	16,101	254,060
<b>Total assets</b>	<b>\$ 30,368,154</b>	<b>\$ 2,847,607</b>	<b>\$ 2,982,413</b>	<b>\$ 36,198,174</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	872,982		93,831	966,813
Accrued payroll	273,543			273,543
Due to other funds	2,133,608			2,133,608
Due to component units		660,000		660,000
Deferred revenue	1,086,373	814,244	5,702	1,906,319
Other short-term liabilities	375,793			375,793
Advances from local improvement revolving fund	1,200,000		816,976	2,016,976
<b>Total liabilities</b>	<b>5,942,299</b>	<b>1,474,244</b>	<b>916,509</b>	<b>8,333,052</b>
<b>Fund balance:</b>				
Reserved for:				
Encumbrances	1,367,542			1,367,542
Property investments	2,216,032			2,216,032
Specific programs	1,531,712			1,531,712
Debt service		1,373,363		1,373,363
Restricted assets			16,101	16,101
Unreserved, Designated for:				
Specific programs	3,274,538			3,274,538
Undesignated	16,036,031		2,049,803	18,085,834
<b>Total fund balances</b>	<b>24,425,855</b>	<b>1,373,363</b>	<b>2,065,904</b>	<b>27,865,122</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,368,154</b>	<b>\$ 2,847,607</b>	<b>\$ 2,982,413</b>	<b>\$ 36,198,174</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

For the Year Ended June 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>REVENUES</b>				
Property taxes	\$ 18,630,050	\$ 665,214		\$ 19,295,264
Special assessments	24,767	234,381	\$ 210,305	469,453
Program earnings	266,303			266,303
Charges for services	2,488,054			2,488,054
Fines and forfeitures	348,086			348,086
Federal forfeitures	186,684			186,684
Franchise fees	1,419,934			1,419,934
Intergovernmental:				
Federal	8,110,613			8,110,613
State	1,267,483			1,267,483
Contributions and donations	153,873			153,873
Investment earnings	519,011	14,277	47,050	580,338
Other	820,373	284,179	80,227	1,184,779
Total revenues	<u>34,235,231</u>	<u>1,198,051</u>	<u>337,582</u>	<u>35,770,864</u>
<b>EXPENDITURES</b>				
Current:				
General Government	118,683			118,683
Public safety	845,970			845,970
Highways and streets	4,087,818			4,087,818
Community improvement	1,534,952			1,534,952
Social services	5,327,725			5,327,725
Culture and recreation	14,836,626			14,836,626
Other	5,795	875,018	2,176,702	3,057,515
Debt service:				
Principal retirement	74,899	1,053,402		1,128,301
Interest and fiscal charges	179,825	1,544,705		1,724,530
Total expenditures	<u>27,012,293</u>	<u>3,473,125</u>	<u>2,176,702</u>	<u>32,662,120</u>
Excess (deficiency) of revenues over (under) expenditures	7,222,938	(2,275,074)	(1,839,120)	3,108,744
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	113,356	2,048,608	2,426,232	4,588,196
Transfers out	(3,010,455)	(783,873)	(446,899)	(4,241,227)
Total other financing sources (uses)	<u>(2,897,099)</u>	<u>1,264,735</u>	<u>1,979,333</u>	<u>346,969</u>
Net change in fund balances	4,325,839	(1,010,339)	140,213	3,455,713
Fund balances - beginning	<u>20,100,016</u>	<u>2,383,702</u>	<u>1,925,691</u>	<u>24,409,409</u>
<b>Fund balances - ending</b>	<u>\$ 24,425,855</u>	<u>\$ 1,373,363</u>	<u>\$ 2,065,904</u>	<u>\$ 27,865,122</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:

#### **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.

#### **MUNICIPAL STREETS**

The Municipal Street fund was established to account for activities of the road appearance program, which was initiated in 1989-90 to provide a uniform standard for all roadside mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City. It is separately funded through Public Act 298 of 1917.

#### **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).

#### **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.

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

**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 AND MEMORIAL TRUSTS**

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, 2010

	Local Streets	Municipal Streets	Parks and Recreation	Cable Television	Block Grant	Section 8 Housing
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,767,862	\$ 669,645	\$ 4,417,817	\$ 1,267,032	\$ 654,634	\$ 550,159
Investments	1,962,884		1,749,887	497,562		
Receivables, net	293,785	18,571	127,768	377,836	162,585	24
Prepays			21,419	438		
Due from other funds	41,666	38,205	140,513			
Due from component units	32,983	11,775	57,735			
<b>Total assets</b>	<u>\$ 6,099,180</u>	<u>\$ 738,196</u>	<u>\$ 6,515,139</u>	<u>\$ 2,142,868</u>	<u>\$ 817,219</u>	<u>\$ 550,183</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	366,034		171,082	9,763	21,703	6,249
Accrued payroll			160,562	11,695	2,162	1,217
Due to other funds	472,889		63,899	6,021	669,253	
Deferred revenue	36,947	15,145	62,836		437,135	401,705
Other short-term liabilities	70,028	24,032	125,032			
<b>Total liabilities</b>	<u>945,898</u>	<u>39,177</u>	<u>583,411</u>	<u>27,479</u>	<u>1,130,253</u>	<u>409,171</u>
<b>Fund balance (deficit): (Note 2B)</b>						
Reserved for:						
Encumbrances	1,195,658		123,056			
Unreserved,						
Designated for:						
Specific programs	405,068	144,606	858,529	250,000		
Undesignated	3,552,556	554,413	4,950,143	1,865,389	(313,034)	141,012
<b>Total fund balances (deficit)</b>	<u>5,153,282</u>	<u>699,019</u>	<u>5,931,728</u>	<u>2,115,389</u>	<u>(313,034)</u>	<u>141,012</u>
<b>Total liabilities and fund balances</b>	<u>\$ 6,099,180</u>	<u>\$ 738,196</u>	<u>\$ 6,515,139</u>	<u>\$ 2,142,868</u>	<u>\$ 817,219</u>	<u>\$ 550,183</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, 2010**

	Neighborhood Stabilization Program	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations & Memorial Trusts	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 388,990	\$ 791,014	\$ 147,721	\$ 2,466,702	\$ 229,780	\$ 101,561	\$ 440,314	\$ 15,893,231
Investments				3,632,735			1,094,991	8,938,059
Receivables, net	298,531	2,016	88,208	260,221		31,370	6,855	1,667,770
Property investments	2,216,032							2,216,032
Prepays		2,357		118,934	19		200	143,367
Due from other funds	150,107			200,661				571,152
Due from component units				73,144				175,637
Due from other governmental units					762,906			762,906
<b>Total assets</b>	<b>\$ 3,053,660</b>	<b>\$ 795,387</b>	<b>\$ 235,929</b>	<b>\$ 6,752,397</b>	<b>\$ 992,705</b>	<b>\$ 132,931</b>	<b>\$ 1,542,360</b>	<b>\$ 30,368,154</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	113,959	50,070	1,525	47,136	79,796		5,665	872,982
Accrued payroll		3,099	36	65,859	20,987	2,943	4,983	273,543
Due to other funds	66,628	1,816	37,146		688,692	127,264		2,133,608
Deferred revenue			50,931	79,587	2,087			1,086,373
Other short-term liabilities		1,500		155,201				375,793
Advances from local improvement revolving fund	1,200,000							1,200,000
<b>Total liabilities</b>	<b>1,380,587</b>	<b>56,485</b>	<b>89,638</b>	<b>347,783</b>	<b>791,562</b>	<b>130,207</b>	<b>10,648</b>	<b>5,942,299</b>
<b>Fund balance (deficit): (Note 2B)</b>								
Reserved for:								
Encumbrances		45,878		2,790	160			1,367,542
Property investments	2,216,032							2,216,032
Specific programs							1,531,712	1,531,712
Unreserved,								
Designated for:								
Specific programs				1,616,335				3,274,538
Undesignated	(542,959)	693,024	146,291	4,785,489	200,983	2,724		16,036,031
<b>Total fund balances</b>	<b>1,673,073</b>	<b>738,902</b>	<b>146,291</b>	<b>6,404,614</b>	<b>201,143</b>	<b>2,724</b>	<b>1,531,712</b>	<b>24,425,855</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,053,660</b>	<b>\$ 795,387</b>	<b>\$ 235,929</b>	<b>\$ 6,752,397</b>	<b>\$ 992,705</b>	<b>\$ 132,931</b>	<b>\$ 1,542,360</b>	<b>\$ 30,368,154</b>

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, 2010

	Local Streets	Municipal Streets	Parks and Recreation	Cable Television	Block Grant	Section 8 Housing
<b>REVENUES</b>						
Property taxes	\$ 3,502,123	\$ 1,246,050	\$ 6,121,015			
Charges for services			1,992,161			
Franchise fees				\$ 1,419,934		
Intergovernmental:						
Federal					\$ 453,880	\$ 1,855,146
State	1,111,526					
Investment earnings	147,162	4,528	137,935	21,581	670	388
Other	277,680	10,835	272,452	465	178,794	
Total revenues	5,038,491	1,261,413	8,523,563	1,441,980	633,344	1,855,534
<b>EXPENDITURES</b>						
Current:						
Highways and streets	4,039,744	48,074				
Community improvement					653,933	
Social services						1,954,287
Culture and recreation			7,635,361	754,334		
Other					5,795	
Debt service:						
Principal retirement	74,899					
Interest and fiscal charges	51,127		128,698			
Total expenditures	4,165,770	48,074	7,764,059	754,334	659,728	1,954,287
Excess (deficiency) of revenues over (under) expenditures	872,721	1,213,339	759,504	687,646	(26,384)	(98,753)
<b>OTHER FINANCING USES</b>						
Transfers out	-	(635,027)	(301,180)	(7,424)	(106,471)	-
Net change in fund balances	872,721	578,312	458,324	680,222	(132,855)	(98,753)
Fund balances (deficit) - beginning	4,280,561	120,707	5,473,404	1,435,167	(180,179)	239,765
<b>Fund balances (deficit)- ending</b>	\$ 5,153,282	\$ 699,019	\$ 5,931,728	\$ 2,115,389	\$ (313,034)	\$ 141,012

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, 2010

	Neighborhood Stabilization Program	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations & Memorial Trusts	Total
<b>REVENUES</b>								
Property taxes				\$ 7,760,862				\$ 18,630,050
Special assessments			\$ 24,767					24,767
Program earnings	\$ 266,303							266,303
Charges for services				495,893				2,488,054
Fines and forfeitures		\$ 348,086						348,086
Federal forfeitures		186,684						186,684
Franchise fees								1,419,934
Intergovernmental:								
Federal	2,249,539		173,072		\$ 3,378,976			8,110,613
State				32,559		\$ 123,398		1,267,483
Contributions and donations							\$ 153,873	153,873
Investment earnings		10,771	2,854	152,824	73	34	40,191	519,011
Other		4,091	571	75,485				820,373
Total revenues	<u>2,515,842</u>	<u>549,632</u>	<u>201,264</u>	<u>8,517,623</u>	<u>3,379,049</u>	<u>123,432</u>	<u>194,064</u>	<u>34,235,231</u>
<b>EXPENDITURES</b>								
Current:								
General government			118,683					118,683
Public safety		537,068	48,072			260,830		845,970
Highways and streets								4,087,818
Community improvement	842,769		38,250					1,534,952
Social services					3,373,438			5,327,725
Culture and recreation				6,310,987			135,944	14,836,626
Other								5,795
Debt service:								
Principal retirement								74,899
Interest and fiscal charges								179,825
Total expenditures	<u>842,769</u>	<u>537,068</u>	<u>205,005</u>	<u>6,310,987</u>	<u>3,373,438</u>	<u>260,830</u>	<u>135,944</u>	<u>27,012,293</u>
Excess (deficiency) of revenues over (under) expenditures	1,673,073	12,564	(3,741)	2,206,636	5,611	(137,398)	58,120	7,222,938
<b>OTHER FINANCING USES</b>								
Transfers in						113,356		113,356
Transfers out				(1,954,038)	(6,315)			(3,010,455)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,954,038)</u>	<u>(6,315)</u>	<u>113,356</u>	<u>-</u>	<u>(2,897,099)</u>
Net change in fund balances	1,673,073	12,564	(3,741)	252,598	(704)	(24,042)	58,120	4,325,839
Fund balances - beginning	-	726,338	150,032	6,152,016	201,847	26,766	1,473,592	20,100,016
<b>Fund balances - ending</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>\$ 24,425,855</u>

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

(continued)

# City of Southfield

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

### Final Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2010

	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 3,292,988	\$ 3,502,123	\$ 209,135
Intergovernmental:			
State	1,088,281	1,111,526	23,245
Investment earnings	16,875	147,162	130,287
Other	14,000	277,680	263,680
Total revenues	<u>4,412,144</u>	<u>5,038,491</u>	<u>626,347</u>
<b>EXPENDITURES</b>			
Highways and streets:			
Administration	573,141	533,381	39,760
Road construction	2,887,419	350,913	2,536,506
Road maintenance	1,863,083	1,654,000	209,083
Traffic service	246,689	189,489	57,200
Snow removal	673,072	545,255	127,817
Appearance	962,198	766,706	195,492
Debt service:			
Principal retirement	74,899	74,899	-
Interest and fiscal charges	51,127	51,127	-
Total expenditures	<u>7,331,628</u>	<u>4,165,770</u>	<u>3,165,858</u>
Net change in fund balance	(2,919,484)	872,721	3,792,205
Fund balance - beginning	<u>4,280,561</u>	<u>4,280,561</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 1,361,077</u></u>	<u><u>\$ 5,153,282</u></u>	<u><u>\$ 3,792,205</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 - Municipal Streets Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 1,247,343	\$ 1,246,050	\$ (1,293)
Investment earnings		4,528	4,528
Other		10,835	10,835
Total revenues	<u>1,247,343</u>	<u>1,261,413</u>	<u>14,070</u>
<b>EXPENDITURES</b>			
Highways and streets	<u>612,316</u>	<u>48,074</u>	<u>564,242</u>
Excess of revenues over expenditures	635,027	1,213,339	578,312
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(635,027)</u>	<u>(635,027)</u>	<u>-</u>
Net change in fund balance	-	578,312	578,312
Fund balance - beginning	<u>120,707</u>	<u>120,707</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 120,707</u></u>	<u><u>\$ 699,019</u></u>	<u><u>\$ 578,312</u></u>

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

# City of Southfield

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

### Final Budget and Actual - Parks and Recreation Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 5,822,345	\$ 6,121,015	\$ 298,670
Charges for services	2,182,241	1,992,161	(190,080)
Investment earnings	67,500	137,935	70,435
Other revenue	153,023	272,452	119,429
Total revenues	<u>8,225,109</u>	<u>8,523,563</u>	<u>298,454</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Administration	3,372,284	2,821,089	551,195
Recreation division	1,031,114	960,883	70,231
Cultural arts division	190,971	186,693	4,278
Senior center division	328,957	344,745	(15,788)
Operations & facilities division	2,767,925	2,445,980	321,945
Golf	894,509	875,971	18,538
Debt service:			
Interest and fiscal charges	128,698	128,698	-
Total expenditures	<u>8,714,458</u>	<u>7,764,059</u>	<u>950,399</u>
Excess (deficiency) of revenues over (under) expenditures	(489,349)	759,504	1,248,853
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(301,180)</u>	<u>(301,180)</u>	<u>-</u>
Net change in fund balance	(790,529)	458,324	1,248,853
Fund balance - beginning	<u>5,473,404</u>	<u>5,473,404</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 4,682,875</u></u>	<u><u>\$ 5,931,728</u></u>	<u><u>\$ 1,248,853</u></u>

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

# City of Southfield

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

### Final Budget and Actual - Cable Television Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Franchise fees	\$ 911,422	\$ 1,419,934	\$ 508,512
Investment earnings	7,500	21,581	14,081
Other	7,000	465	(6,535)
Total revenues	<u>925,922</u>	<u>1,441,980</u>	<u>516,058</u>
<b>EXPENDITURES</b>			
Culture and recreation	<u>975,441</u>	<u>754,334</u>	<u>221,107</u>
Excess (deficiency) of revenues over (under) expenditures	(49,519)	687,646	737,165
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(7,424)</u>	<u>(7,424)</u>	<u>-</u>
Net change in fund balance	(56,943)	680,222	737,165
Fund balance - beginning	<u>1,435,167</u>	<u>1,435,167</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 1,378,224</u></u>	<u><u>\$ 2,115,389</u></u>	<u><u>\$ 737,165</u></u>

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

# City of Southfield

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

### Final Budget and Actual - Block Grant Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 641,769	\$ 453,880	\$ (187,889)
Investment earnings		670	670
Other		178,794	178,794
Total revenues	<u>641,769</u>	<u>633,344</u>	<u>(8,425)</u>
<b>EXPENDITURES</b>			
Community improvement	535,298	653,933	(118,635)
Other		5,795	(5,795)
Total expenditures	<u>535,298</u>	<u>659,728</u>	<u>(124,430)</u>
Excess (deficiency) of revenues over (under) expenditures	106,471	(26,384)	(132,855)
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(106,471)</u>	<u>(106,471)</u>	<u>-</u>
Net change in fund balance	-	(132,855)	(132,855)
Fund balance (deficit) - beginning	<u>(180,179)</u>	<u>(180,179)</u>	<u>-</u>
<b>Fund balance (deficit) - ending</b>	<u>\$ (180,179)</u>	<u>\$ (313,034)</u>	<u>\$ (132,855)</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 1,774,796	\$ 1,855,146	\$ 80,350
Investment earnings		388	388
Total revenues	<u>1,774,796</u>	<u>1,855,534</u>	<u>80,738</u>
<b>EXPENDITURES</b>			
Social services	<u>1,774,796</u>	<u>1,954,287</u>	<u>(179,491)</u>
Net change in fund balance	-	(98,753)	(98,753)
Fund balance - beginning	<u>239,765</u>	<u>239,765</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 239,765</u></u>	<u><u>\$ 141,012</u></u>	<u><u>\$ (98,753)</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 3,191,456	\$ 2,249,539	\$ (941,917)
Program earnings		266,303	266,303
Total revenues	<u>3,191,456</u>	<u>2,515,842</u>	<u>(675,614)</u>
<b>EXPENDITURES</b>			
Community improvement	<u>3,191,456</u>	<u>842,769</u>	<u>2,348,687</u>
Net change in fund balance	-	1,673,073	1,673,073
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ 1,673,073</u></u>	<u><u>\$ 1,673,073</u></u>

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

# City of Southfield

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

### Final Budget and Actual - Drug Law Enforcement Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Fines and forfeitures	\$ 150,000	\$ 348,086	\$ 198,086
Federal forfeitures	175,000	186,684	11,684
Investment earnings	10,500	10,771	271
Other	10,000	4,091	(5,909)
Total revenues	<u>345,500</u>	<u>549,632</u>	<u>204,132</u>
<b>EXPENDITURES</b>			
Public safety	<u>550,416</u>	<u>537,068</u>	<u>13,348</u>
Net change in fund balance	(204,916)	12,564	217,480
Fund balance - beginning	<u>726,338</u>	<u>726,338</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 521,422</u></u>	<u><u>\$ 738,902</u></u>	<u><u>\$ 217,480</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 173,072	\$ 173,072	\$ -
Investment earnings		2,854	2,854
Special assessments		24,767	24,767
Other		571	571
Total revenues	<u>173,072</u>	<u>201,264</u>	<u>28,192</u>
<b>EXPENDITURES</b>			
General government	125,000	118,683	6,317
Public Safety	48,072	48,072	-
Community improvement		38,250	(38,250)
Total expenditures	<u>173,072</u>	<u>205,005</u>	<u>(31,933)</u>
Net change in fund balance	-	(3,741)	(3,741)
Fund balance - beginning	<u>150,032</u>	<u>150,032</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 150,032</u></u>	<u><u>\$ 146,291</u></u>	<u><u>\$ (3,741)</u></u>

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

# City of Southfield

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

### Final Budget and Actual - Library Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 7,376,238	\$ 7,760,862	\$ 384,624
Charges for services	455,304	495,893	40,589
Intergovernmental:			
State	66,026	32,559	(33,467)
Investment earnings	262,500	152,824	(109,676)
Other	79,764	75,485	(4,279)
Total revenues	<u>8,239,832</u>	<u>8,517,623</u>	<u>277,791</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Administration	2,073,467	2,151,308	(77,841)
Adult reference	1,489,633	1,405,944	83,689
Children's division	796,993	743,280	53,713
Circulation division	1,265,484	1,112,201	153,283
Support services division	1,005,403	898,254	107,149
Total expenditures	<u>6,630,980</u>	<u>6,310,987</u>	<u>319,993</u>
Excess of revenues over expenditures	1,608,852	2,206,636	597,784
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(1,953,538)</u>	<u>(1,954,038)</u>	<u>(500)</u>
Net change in fund balance	(344,686)	252,598	597,284
Fund balance - beginning	<u>6,152,016</u>	<u>6,152,016</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 5,807,330</u></u>	<u><u>\$ 6,404,614</u></u>	<u><u>\$ 597,284</u></u>

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

# City of Southfield

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

### Final Budget and Actual - Michigan Works Grants Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 6,189,000	\$ 3,378,976	\$ (2,810,024)
Investment earnings		73	73
Total revenues	<u>6,189,000</u>	<u>3,379,049</u>	<u>(2,809,951)</u>
<b>EXPENDITURES</b>			
Social services	<u>6,182,685</u>	<u>3,373,438</u>	<u>2,809,247</u>
Excess (deficiency) of revenues over (under) expenditures	6,315	5,611	(704)
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(6,315)</u>	<u>(6,315)</u>	<u>-</u>
Net change in fund balance	-	(704)	(704)
Fund balance - beginning	<u>201,847</u>	<u>201,847</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 201,847</u>	<u>\$ 201,143</u>	<u>\$ (704)</u>

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

# City of Southfield

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

### Final Budget and Actual - Auto Theft Grant Fund

For the Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
State	\$ 147,684	\$ 123,398	\$ (24,286)
Investment earnings	1,500	34	(1,466)
Total revenues	<u>149,184</u>	<u>123,432</u>	<u>(25,752)</u>
<b>EXPENDITURES</b>			
Public safety	<u>262,540</u>	<u>260,830</u>	<u>1,710</u>
Deficiency of revenues under expenditures	(113,356)	(137,398)	(24,042)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>113,356</u>	<u>113,356</u>	<u>-</u>
Net change in fund balances	-	(24,042)	(24,042)
Fund balances - beginning	<u>26,766</u>	<u>26,766</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 26,766</u></u>	<u><u>\$ 2,724</u></u>	<u><u>\$ (24,042)</u></u>

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

## **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.

#### **SPECIAL ASSESSMENT DEBT**

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**  
**Debt Service Funds**  
**June 30, 2010**

	<u>Drains-at- Large Debt</u>	<u>Special Assessment Debt</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 525,862	\$ 1,135,403	\$ 1,661,265
Receivables:			
Special assessments		799,542	799,542
Other	17,939	1,000	18,939
Prepays	24,143		24,143
Due from other funds	100,556		100,556
Due from component units	5,203		5,203
Restricted assets:			
Cash and cash equivalents	237,959		237,959
<b>Total assets</b>	<u>\$ 911,662</u>	<u>\$ 1,935,945</u>	<u>\$ 2,847,607</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Due to component units	660,000		660,000
Deferred revenue	14,702	799,542	814,244
<b>Total liabilities</b>	<u>674,702</u>	<u>799,542</u>	<u>1,474,244</u>
<b>Fund balance:</b>			
Reserved for Debt Service	236,960	1,136,403	1,373,363
<b>Total liabilities     and fund balances</b>	<u>\$ 911,662</u>	<u>\$ 1,935,945</u>	<u>\$ 2,847,607</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, 2010

	Library Building Authority Debt	Drains-at- Large Debt	Special Assessment Debt	Total
<b>REVENUES</b>				
Property taxes		\$ 665,214		\$ 665,214
Special assessments			\$ 234,381	234,381
Investment earnings		7,648	6,629	14,277
Other		242,677	41,502	284,179
Total revenues	\$ -	915,539	282,512	1,198,051
<b>EXPENDITURES</b>				
Other	500	812,392	62,126	875,018
Debt service:				
Principal retirement	575,000	478,402		1,053,402
Interest and fiscal charges	1,378,538	166,167		1,544,705
Total expenditures	1,954,038	1,456,961	62,126	3,473,125
Excess (deficiency) of revenues over (under) expenditures	(1,954,038)	(541,422)	220,386	(2,275,074)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,954,038	94,570	-	2,048,608
Transfers out			(783,873)	(783,873)
	1,954,038	94,570	(783,873)	1,264,735
Net change in fund balances	-	(446,852)	(563,487)	(1,010,339)
Fund balances - beginning	-	683,812	1,699,890	2,383,702
<b>Fund balances - ending</b>	\$ -	\$ 236,960	\$ 1,136,403	\$ 1,373,363

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.

**ROAD CONSTRUCTION:** The Road Construction Fund accounts for proceeds from the sale of Michigan Transportation fund bonds.

#### **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. Any debt service related to these projects is presented in the preceding section.

**City of Southfield**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**Capital Project Funds**  
**June 30, 2010**

	Library Building Authority Construction	Civic Center Improvement	Building Authority Construction	Special Assessment Construction	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 281,324	\$ 11,623		\$ 1,758,140	\$ 2,051,087
Investments	819,448				819,448
Receivables:					
Special assessments				5,702	5,702
Other	4,337	10	\$ 549	1,613	6,509
Due from other funds			83,566		83,566
Restricted assets:					
Cash and cash equivalents			16,101		16,101
<b>Total assets</b>	<u>\$ 1,105,109</u>	<u>\$ 11,633</u>	<u>\$ 100,216</u>	<u>\$ 1,765,455</u>	<u>\$ 2,982,413</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	3,710		84,102	6,019	93,831
Deferred revenue				5,702	5,702
Advances from local improvement revolving fund				816,976	816,976
<b>Total liabilities</b>	<u>3,710</u>	<u>-</u>	<u>84,102</u>	<u>828,697</u>	<u>916,509</u>
<b>Fund balances:</b>					
Reserved for restricted assets			16,101		16,101
Unreserved:					
Undesignated	1,101,399	11,633	13	936,758	2,049,803
<b>Total fund balances</b>	<u>1,101,399</u>	<u>11,633</u>	<u>16,114</u>	<u>936,758</u>	<u>2,065,904</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,105,109</u>	<u>\$ 11,633</u>	<u>\$ 100,216</u>	<u>\$ 1,765,455</u>	<u>\$ 2,982,413</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

#### Capital Project Funds

For the Year Ended June 30, 2010

	<u>Road Construction</u>	<u>Library Building Authority Construction</u>	<u>Civic Center Improvement</u>	<u>Building Authority Construction</u>	<u>Special Assessment Construction</u>	<u>Total</u>
<b>REVENUES</b>						
Special assessments					\$ 210,305	\$ 210,305
Investment earnings	\$ 2,769	\$ 24,469	\$ 159	\$ 221	19,432	47,050
Other	8,600			536	71,091	80,227
Total revenues	<u>11,369</u>	<u>24,469</u>	<u>159</u>	<u>757</u>	<u>300,828</u>	<u>337,582</u>
<b>EXPENDITURES</b>						
Capital outlay, construction and other costs	-	363,068	-	1,646,351	167,283	2,176,702
Excess (deficiency) of revenues over (under) expenditures	11,369	(338,599)	159	(1,645,594)	133,545	(1,839,120)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				1,642,359	783,873	2,426,232
Transfers out	(446,899)					(446,899)
Total other financing sources (uses)	<u>(446,899)</u>	<u>-</u>	<u>-</u>	<u>1,642,359</u>	<u>783,873</u>	<u>1,979,333</u>
Net change in fund balances	(435,530)	(338,599)	159	(3,235)	917,418	140,213
Fund balances - beginning	435,530	1,439,998	11,474	19,349	19,340	1,925,691
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ 1,101,399</u>	<u>\$ 11,633</u>	<u>\$ 16,114</u>	<u>\$ 936,758</u>	<u>\$ 2,065,904</u>

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

## **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, 2010**

	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	\$ 2,055,456	\$ 2,855,165	\$ 3,183,135	\$ 2,435,748	\$ 2,709,540	\$ 166,231	\$ 13,405,275
Investments			6,386,365	4,849,659	4,752,003		15,988,027
Receivables, net	2,562	2,668	22,557	28,843	34,214	21	90,865
Prepays		21,131					21,131
Due from other funds	50,918	179,761			83,756		314,435
Inventory		383,203					383,203
Total current assets	<u>2,108,936</u>	<u>3,441,928</u>	<u>9,592,057</u>	<u>7,314,250</u>	<u>7,579,513</u>	<u>166,252</u>	<u>30,202,936</u>
Noncurrent assets:							
Restricted cash and cash equivalents				1,787,064			1,787,064
Long-term advances to other funds					7,897,977		7,897,977
Long-term advances to component units					3,335,686		3,335,686
Long-term advances to employees						53,356	53,356
Capital assets:							
Equipment	385,338	12,906,657	10,259,401				23,551,396
Less accumulated depreciation	(189,903)	(10,245,024)	(5,974,820)				(16,409,747)
Net capital assets	<u>195,435</u>	<u>2,661,633</u>	<u>4,284,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,141,649</u>
Total noncurrent assets	<u>195,435</u>	<u>2,661,633</u>	<u>4,284,581</u>	<u>1,787,064</u>	<u>11,233,663</u>	<u>53,356</u>	<u>20,215,732</u>
Total assets	<u>2,304,371</u>	<u>6,103,561</u>	<u>13,876,638</u>	<u>9,101,314</u>	<u>18,813,176</u>	<u>219,608</u>	<u>50,418,668</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	256,161	71,167	45,099				372,427
Accrued payroll	42,180	18,505		(1,989)			58,696
Insurance payable				1,093,215			1,093,215
Workers' compensation payable				1,157,854			1,157,854
Due to other funds	63,394	11,543	415,000	1,144,875			1,634,812
Total current liabilities	<u>361,735</u>	<u>101,215</u>	<u>460,099</u>	<u>3,393,955</u>	<u>-</u>	<u>-</u>	<u>4,317,004</u>
Noncurrent liabilities:							
Accrued compensated absences-due 1 year	132,608	57,696					190,304
Accrued compensated absences-due more 1 year	235,749	102,571					338,320
Other post-employment benefits	81,666	37,761		1,314			120,741
Total noncurrent liabilities	<u>450,023</u>	<u>198,028</u>	<u>-</u>	<u>1,314</u>	<u>-</u>	<u>-</u>	<u>649,365</u>
Total liabilities	<u>811,758</u>	<u>299,243</u>	<u>460,099</u>	<u>3,395,269</u>	<u>-</u>	<u>-</u>	<u>4,966,369</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	195,435	2,661,633	4,284,581				7,141,649
Restricted for claims				1,787,064			1,787,064
Unrestricted	1,297,178	3,142,685	9,131,958	3,918,981	18,813,176	219,608	36,523,586
Total net assets	<u>\$ 1,492,613</u>	<u>\$ 5,804,318</u>	<u>\$ 13,416,539</u>	<u>\$ 5,706,045</u>	<u>\$ 18,813,176</u>	<u>\$ 219,608</u>	<u>\$ 45,452,299</u>

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

# City of Southfield

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

### Internal Service Funds

For the Year Ended June 30, 2010

	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	\$ 5,827,227	\$ 4,049,823	\$ 583,410				\$ 10,460,460
Other		45,383			\$ 192,919		238,302
Total operating revenue	5,827,227	4,095,206	583,410	\$ -	192,919	\$ -	10,698,762
<b>OPERATING EXPENSES</b>							
Administration	2,095,855	64,463					2,160,318
Equipment and facility operation:							
Equipment maintenance		2,522,550	656,423				3,178,973
Communications		350,726					350,726
Maintenance staff	1,334,476						1,334,476
Custodial staff	1,963,922						1,963,922
Depreciation and capital adjustments	19,673	791,072	823,153				1,633,898
Other			5,023	1,974,709	8,017	51	1,987,800
Total operating expenses	5,413,926	3,728,811	1,484,599	1,974,709	8,017	51	12,610,113
Operating income (loss)	413,301	366,395	(901,189)	(1,974,709)	184,902	(51)	(1,911,351)
<b>NONOPERATING REVENUES</b>							
Loss on disposition of assets			(7,425)				(7,425)
Investment earnings	29,950	23,432	222,778	167,322	195,462	213	639,157
Other	1,100						1,100
Total nonoperating revenues	31,050	23,432	215,353	167,322	195,462	213	632,832
Income (loss) before transfers	444,351	389,827	(685,836)	(1,807,387)	380,364	162	(1,278,519)
<b>OTHER FINANCING USES</b>							
Transfers out	(1,408,241)	(2,582)	-	(11,379)	-	-	(1,422,202)
Change in net assets	(963,890)	387,245	(685,836)	(1,818,766)	380,364	162	(2,700,721)
Total net assets - beginning	2,456,503	5,417,073	14,102,375	7,524,811	18,432,812	219,446	48,153,020
<b>Total net assets - ending</b>	<b>\$ 1,492,613</b>	<b>\$ 5,804,318</b>	<b>\$ 13,416,539</b>	<b>\$ 5,706,045</b>	<b>\$ 18,813,176</b>	<b>\$ 219,608</b>	<b>\$ 45,452,299</b>

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, 2010**

	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	\$ 5,826,767	\$ 4,040,439	\$ 583,410		\$ 192,919		\$ 10,643,535
Cash paid to employees	(2,613,027)	(1,163,314)		\$ (477,815)			(4,254,156)
Cash paid to suppliers	(2,660,602)	(2,030,053)	(651,197)	(970,123)	(8,017)	\$ (51)	(6,320,043)
Net cash provided by (used in) operating activities	553,138	847,072	(67,787)	(1,447,938)	184,902	(51)	69,336
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Advance (payment) within an interfund	(122,749)	1,486,453	3,415,000	602,967	(83,756)		5,297,915
Long-term payments					(2,566,614)		(2,566,614)
Payment of long-term advances received from component units					375,917		375,917
Long-term advances to employees						3,977	3,977
Transfers out	(1,408,241)	(2,582)		(11,379)			(1,422,202)
Net cash provided by (used in) noncapital and related financing activities	(1,530,990)	1,483,871	3,415,000	591,588	(2,274,453)	3,977	1,688,993
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Purchases of property and equipment	(4,795)	(509,727)	(258,076)	-	-	-	(772,598)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sale of investments, net of purchases			(4,840,547)	2,757,735	4,054,215		1,971,403
Investment earnings	30,379	21,669	251,917	202,823	241,641	206	748,635
Net cash provided by (used in) investing activities	30,379	21,669	(4,588,630)	2,960,558	4,295,856	206	2,720,038
Net increase (decrease) in cash, cash equivalents	(952,268)	1,842,885	(1,499,493)	2,104,208	2,206,305	4,132	3,705,769
Cash, cash equivalents, beginning of year	3,007,724	1,012,280	4,682,628	2,118,604	503,235	162,099	11,486,570
Cash, cash equivalents, end of year	\$ 2,055,456	\$ 2,855,165	\$ 3,183,135	\$ 4,222,812	\$ 2,709,540	\$ 166,231	\$ 15,192,339
<b>Balance sheet reconciliation of cash &amp; cash equivalents</b>							
Cash, cash equivalents	\$ 2,055,456	\$ 2,855,165	\$ 3,183,135	\$ 2,435,748	\$ 2,709,540	\$ 166,231	\$ 13,405,275
Restricted cash, cash equivalents				1,787,064			1,787,064
Total cash, cash equivalents	\$ 2,055,456	\$ 2,855,165	\$ 3,183,135	\$ 4,222,812	\$ 2,709,540	\$ 166,231	\$ 15,192,339
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 413,301	\$ 366,395	\$ (901,189)	\$ (1,974,709)	\$ 184,902	\$ (51)	\$ (1,911,351)
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>							
Depreciation and capital adjustments	19,673	791,072	823,153				1,633,898
Receivables	(460)						(460)
Prepays		(6,183)					(6,183)
Inventory		(48,584)					(48,584)
Accounts payable	14,303	(272,597)	10,249				(248,045)
Accrued payroll	30,050	13,251		(1,989)			41,312
Insurance payable				449,592			449,592
Workers' compensation payable				79,168			79,168
Accrued compensated absences	23,926	(20,915)					3,011
OPEB obligation	52,345	24,633					76,978
Net cash provided by (used in) operating activities	\$ 553,138	\$ 847,072	\$ (67,787)	\$ (1,447,938)	\$ 184,902	\$ (51)	\$ 69,336

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, 2010**

	Pension		Other Post-	Totals
	Employee Retirement	Fire and Police	Employment Benefits Retiree Health Care Benefits Plan & Trust	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,232,097	\$ 5,601,882	\$ 43,008	\$ 8,876,987
Investments, at fair value:				
Government obligations	5,155,064	9,253,967	3,527,809	17,936,840
Corporate bonds	6,558,945	40,439,921	12,806,475	59,805,341
Common stock	69,708,294	118,022,015	16,744,743	204,475,052
Real estate and other	6,219,102	14,743,250		20,962,352
Total investments	<u>87,641,405</u>	<u>182,459,153</u>	<u>33,079,027</u>	<u>303,179,585</u>
Prepaid			145,207	145,207
Receivables, net	<u>162,253</u>	<u>550,227</u>	<u>180,354</u>	<u>892,834</u>
Total assets	<u>91,035,755</u>	<u>188,611,262</u>	<u>33,447,596</u>	<u>313,094,613</u>
<b>LIABILITIES</b>				
Accounts payable	1,525,452	864	9,363	1,535,679
Due to other governmental units	915,131			915,131
Due to fiduciary		961		961
Obligations under securities lending agreements	<u>8,257,730</u>	<u>23,236,927</u>		<u>31,494,657</u>
Total liabilities	<u>10,698,313</u>	<u>23,238,752</u>	<u>9,363</u>	<u>33,946,428</u>
<b>NET ASSETS</b>				
Reserved for pension benefits	80,337,442	154,869,671		235,207,113
Reserved for post-retirement health care benefits		10,502,839	33,438,233	43,941,072
<b>Total net assets</b>	<u>\$ 80,337,442</u>	<u>\$ 165,372,510</u>	<u>\$ 33,438,233</u>	<u>\$ 279,148,185</u>

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, 2010

	Pension		Other Post- Employment Benefits	
	Employee Retirement	Fire and Police	Retiree Health Care Benefits Plan & Trust	Totals
<b>ADDITIONS</b>				
Contributions:				
Plan members	\$ 424,571	\$ 856,136	\$ 816,319	\$ 2,097,026
Employer	2,885,356	3,330,660	4,462,989	10,679,005
Total contributions	3,309,927	4,186,796	5,279,308	12,776,031
Investment activity:				
Net increase in				
fair value of investments	10,103,940	8,535,862	2,442,733	21,082,535
Investment earnings	812,062	2,441,249	53	3,253,364
Dividends	633,164	1,162,318	723,095	2,518,577
Total investment	11,549,166	12,139,429	3,165,881	26,854,476
Less investment expense:	362,425	633,232	20,054	1,015,711
Net investment	11,186,741	11,506,197	3,145,827	25,838,765
Total additions	14,496,668	15,692,993	8,425,135	38,614,796
<b>DEDUCTIONS</b>				
Benefits	7,043,318	15,142,115		22,185,433
Health care expense		3,225,000		3,225,000
Administrative expense	173,579	395,994	65,891	635,464
Total deductions	7,216,897	18,763,109	65,891	26,045,897
Net increase (decrease)	7,279,771	(3,070,116)	8,359,244	12,568,899
Net assets - beginning	73,057,671	168,442,626	25,078,989	266,579,286
<b>Net assets - ending</b>	<b>\$ 80,337,442</b>	<b>\$ 165,372,510</b>	<b>\$ 33,438,233</b>	<b>\$ 279,148,185</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, 2010

	<u>Imprest Payroll</u>	<u>Deposits and Escrow</u>	<u>46th District Court</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 204,358	\$ 1,447,254	\$ 791,057	\$ 2,442,669
Investments		2,495,462		2,495,462
Receivables, net		4,683		4,683
Due from fiduciary	<u>961</u>			<u>961</u>
<b>Total assets</b>	<u>\$ 205,319</u>	<u>\$ 3,947,399</u>	<u>\$ 791,057</u>	<u>\$ 4,943,775</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 204,842	\$ 7,073		\$ 211,915
Deposits and escrow		3,940,278	\$ 245,502	4,185,780
Interest payable	477	48		525
Due to other governmental units			<u>545,555</u>	<u>545,555</u>
<b>Total liabilities</b>	<u>\$ 205,319</u>	<u>\$ 3,947,399</u>	<u>\$ 791,057</u>	<u>\$ 4,943,775</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, 2010

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
<b>IMPREST PAYROLL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 692,405	\$ 64,928,550	\$ 65,416,598	\$ 204,357
Due from fiduciary	133,392	97,893	230,323	962
<b>TOTAL ASSETS</b>	<u>\$ 825,797</u>	<u>\$ 65,026,443</u>	<u>\$ 65,646,921</u>	<u>\$ 205,319</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 825,469	\$ 64,356,670	\$ 64,977,299	\$ 204,840
Interest payable	328	4,895	4,744	479
<b>TOTAL LIABILITIES</b>	<u>\$ 825,797</u>	<u>\$ 64,361,565</u>	<u>\$ 64,982,043</u>	<u>\$ 205,319</u>
<b>DEPOSITS AND ESCROW</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 604,250	\$ 388,146,759	\$ 388,032,099	\$ 718,910
Investments	3,246,577	524,877	547,649	3,223,805
Receivables, net	20,903	11,730	27,950	4,683
<b>TOTAL ASSETS</b>	<u>\$ 3,871,730</u>	<u>\$ 388,683,366</u>	<u>\$ 388,607,698</u>	<u>\$ 3,947,398</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,200	\$ 2,010,331	\$ 2,016,458	\$ 7,073
Deposits and escrow	3,856,520	201,932,868	201,849,111	3,940,277
Interest payable	2,010	29,655	31,617	48
<b>TOTAL LIABILITIES</b>	<u>\$ 3,871,730</u>	<u>\$ 203,972,854</u>	<u>\$ 203,897,186</u>	<u>\$ 3,947,398</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, 2010

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
<b>46th DISTRICT COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,100,968	\$ 1,431,426	\$ 1,741,337	\$ 791,057
<b>LIABILITIES</b>				
Deposits and escrow	\$ 256,265	\$ 291,526	\$ 302,289	\$ 245,502
Due to other governmental units	844,703	1,268,825	1,567,973	545,555
<b>TOTAL LIABILITIES</b>	<u>\$ 1,100,968</u>	<u>\$ 1,560,351</u>	<u>\$ 1,870,262</u>	<u>\$ 791,057</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,397,623	\$ 454,506,735	\$ 455,190,034	\$ 1,714,324
Investments	3,246,577	524,877	547,649	3,223,805
Receivables, net	20,903	11,730	27,950	4,683
Due from fiduciary	133,392	97,893	230,323	962
<b>TOTAL ASSETS</b>	<u>\$ 5,798,495</u>	<u>\$ 455,141,235</u>	<u>\$ 455,995,956</u>	<u>\$ 4,943,774</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 838,669	\$ 66,367,001	\$ 66,993,757	\$ 211,913
Deposits and escrow	4,112,785	202,224,394	202,151,400	4,185,779
Interest payable	2,338	34,550	36,361	527
Due to other governmental units	844,703	1,268,825	1,567,973	545,555
<b>TOTAL LIABILITIES</b>	<u>\$ 5,798,495</u>	<u>\$ 269,894,770</u>	<u>\$ 270,749,491</u>	<u>\$ 4,943,774</u>

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

(continued)

# City of Southfield, Michigan

## Statistical Section

June 30, 2010

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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> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	137
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	143
<b>Debt Capacity</b> 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.	147
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	150
<b>Operating Information</b> 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.	157
<b>Continuing Disclosure</b> 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.	160

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>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 43,981,356	\$ 96,622,538	\$ 95,788,777	\$ 99,498,443	\$ 98,978,617
Restricted	21,977,261	17,123,664	21,381,750	17,184,888	16,985,243
Unrestricted	46,210,673	52,521,113	51,018,061	53,090,157	45,701,194
Total governmental activities net assets	\$ <u>112,169,290</u>	\$ <u>166,267,315</u>	\$ <u>168,188,588</u>	\$ <u>169,773,488</u>	\$ <u>161,665,054</u>
 <b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 39,807,997	\$ 41,433,296	\$ 42,298,075	\$ 44,285,188	\$ 44,233,548
Unrestricted	9,487,867	12,588,656	17,331,934	19,768,774	26,001,817
Total business-type activities net assets	\$ <u>49,295,864</u>	\$ <u>54,021,952</u>	\$ <u>59,630,009</u>	\$ <u>64,053,962</u>	\$ <u>70,235,365</u>
 <b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 83,789,353	\$ 138,055,834	\$ 138,086,852	\$ 143,783,631	\$ 143,212,165
Restricted	21,977,261	17,123,664	21,381,750	17,184,888	16,985,243
Unrestricted	55,698,540	65,109,769	68,349,995	72,858,931	71,703,011
Total primary government net assets	\$ <u>161,465,154</u>	\$ <u>220,289,267</u>	\$ <u>227,818,597</u>	\$ <u>233,827,450</u>	\$ <u>231,900,419</u>

# City Of Southfield, Michigan

## Changes In Net Assets Last Five Fiscal Years

	Fiscal Year Ended				
	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010
<b>Expenses</b>					
Governmental activities:					
General government	\$ 19,532,789	\$ 18,524,088	\$ 19,428,469	\$ 13,922,094	\$ 20,391,246
Public safety	43,865,374	44,430,868	45,984,377	46,895,967	47,493,784
Highway and streets	6,620,471	8,917,020	9,997,853	10,813,836	11,482,043
Public services	1,269,836	1,767,535	1,628,937	534,227	1,389,038
Sanitation	3,005,450	3,135,037	3,318,995	3,114,136	2,992,795
Community improvement	688,507	983,371	765,710	1,849,575	1,790,413
Social services	3,259,447	3,928,231	4,260,962	5,820,354	5,769,271
Culture and recreation	15,624,153	12,270,136	16,951,218	15,754,194	17,530,353
Interest on long-term debt	2,677,980	2,442,534	2,526,544	2,485,853	2,296,086
Total governmental activities expenses	<u>96,544,007</u>	<u>96,398,820</u>	<u>104,863,065</u>	<u>101,190,236</u>	<u>111,135,029</u>
Business-type activities:					
Water and sewer	26,181,432	27,337,692	27,583,980	27,080,634	27,331,285
Total primary government expenses	<u>\$ 122,725,439</u>	<u>\$ 123,736,512</u>	<u>\$ 132,447,045</u>	<u>\$ 128,270,870</u>	<u>\$ 138,466,314</u>
<b>Program revenues</b>					
Charges for services:					
General government	\$ 1,049,757	\$ 1,263,737	\$ 1,217,147	\$ 1,185,978	\$ 1,151,141
Public safety	8,193,658	8,100,022	7,982,449	7,184,088	7,672,765
Public services	749,867	780,328	724,340	1,000,017	642,088
Sanitation	3,174,219	3,288,850	3,298,391	2,788,701	3,255,094
Community improvement	351,650	391,333	582,288	307,361	469,455
Culture and recreation	3,865,955	3,893,893	3,825,297	4,036,391	3,907,991
Operating grants and contributions	11,375,671	11,018,576	8,175,429	11,774,151	14,502,804
Capital grants and contributions	-	1,252,893	354,025	506,150	1,100,000
Total governmental activities program revenues	<u>28,760,777</u>	<u>29,989,632</u>	<u>26,159,366</u>	<u>28,782,837</u>	<u>32,701,338</u>
Business-type activities:					
Charges for services:					
Water and sewer	30,360,684	31,726,037	32,648,690	30,990,998	33,039,764
Total primary government program revenues	<u>\$ 59,121,461</u>	<u>\$ 61,715,669</u>	<u>\$ 58,808,056</u>	<u>\$ 59,773,835</u>	<u>\$ 65,741,102</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (67,783,230)	\$ (66,409,188)	\$ (78,703,699)	\$ (72,407,399)	\$ (78,433,691)
Business-type activities	4,179,252	4,388,345	5,064,710	3,910,364	5,708,479
Total primary government net expense	<u>\$ (63,603,978)</u>	<u>\$ (62,020,843)</u>	<u>\$ (73,638,989)</u>	<u>\$ (68,497,035)</u>	<u>\$ (72,725,212)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 57,438,780	\$ 59,906,757	\$ 62,138,583	\$ 62,427,297	\$ 60,128,647
Unrestricted state shared revenues	7,529,602	5,659,838	11,894,554	6,997,030	6,228,151
Unrestricted investment earnings	2,128,092	3,718,849	4,341,955	2,246,603	1,237,133
Gain on sale of capital assets	-	-	-	498,175	-
Miscellaneous	1,497,723	2,072,421	2,204,425	1,769,203	2,674,444
Transfers	984,112	337,882	45,455	53,991	56,882
Total governmental activities	<u>69,578,309</u>	<u>71,695,747</u>	<u>80,624,972</u>	<u>73,992,299</u>	<u>70,325,257</u>
Business-type activities:					
Interest and investment earnings	91,887	413,912	496,176	459,454	346,564
Miscellaneous	452,581	261,713	92,626	108,126	183,242
Transfers	(984,112)	(337,882)	(45,455)	(53,991)	(56,882)
Total business-type activities	<u>(439,644)</u>	<u>337,743</u>	<u>543,347</u>	<u>513,589</u>	<u>472,924</u>
Total primary government	<u>\$ 69,138,665</u>	<u>\$ 72,033,490</u>	<u>\$ 81,168,319</u>	<u>\$ 74,505,888</u>	<u>\$ 70,798,181</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 1,795,079	\$ 5,286,559	\$ 1,921,273	\$ 1,584,900	\$ (8,108,434)
Business-type activities	3,739,608	4,726,088	5,608,057	4,423,953	6,181,403
Total primary government	<u>\$ 5,534,687</u>	<u>\$ 10,012,647</u>	<u>\$ 7,529,330</u>	<u>\$ 6,008,853</u>	<u>\$ (1,927,031)</u>

## City of Southfield, Michigan

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

	Fiscal Year Ended									
	<u>6/30/2001</u>	<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>
General Fund										
Reserved	\$ 789,103	\$ 546,382	\$ 367,957	\$ 117,690	\$ 189,208	\$ 550,489	\$ 525,041	\$ 1,217,099	\$ 1,147,909	\$ 1,534,382
Unreserved	<u>22,496,809</u>	<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>\$ 23,285,912</u>	<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>
All Other Governmental Funds										
Reserved	\$ 5,719,969	\$ 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	13,390,789	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>27,781,377</u>	<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>
Total all other governmental funds	<u>\$ 46,892,135</u>	<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>

## City of Southfield, Michigan

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

	<u>6/30/2001</u>	<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>
<b>Revenues</b>										
Property taxes	\$ 48,692,539	\$ 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
Special assessments	130,542	139,465	144,711	256,106	226,617	351,650	391,334	582,286	307,360	469,453
Program earnings	-	-	-	-	-	-	-	-	-	266,303
Charges for services	8,358,482	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
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
Licenses and permits	2,338,782	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
Fines and forfeitures	3,223,027	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
Franchise fees	-	-	632,599	794,955	784,539	796,165	933,968	1,042,624	1,241,083	1,419,934
Intergovernmental:	19,999,755	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
State	-	-	-	-	-	13,460,688	11,591,002	10,822,057	15,974,466	11,216,633
Other	-	-	-	-	-	1,865,718	877,146	842,908	792,977	899,853
Contributions and donations	-	-	139,316	164,355	145,494	153,597	200,330	163,091	122,515	153,873
Investment earnings	6,101,892	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
Other	1,236,773	1,065,532	1,578,738	4,358,997	1,094,619	1,497,722	2,072,421	2,199,173	1,868,587	3,674,444
<b>Total revenues</b>	<b>90,081,792</b>	<b>92,694,516</b>	<b>88,718,615</b>	<b>95,421,390</b>	<b>93,641,557</b>	<b>97,354,974</b>	<b>101,347,497</b>	<b>103,278,556</b>	<b>101,735,519</b>	<b>106,917,477</b>
<b>Expenditures</b>										
General government	9,691,121	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
Public safety	36,041,768	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
Highways and streets	10,062,567	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
Public services	3,877,770	3,858,964	640,846	666,943	1,071,101	1,141,958	1,244,991	1,016,601	839,089	766,661
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
Community improvement	981,537	895,391	1,673,691	1,097,284	804,973	688,469	983,888	766,041	1,849,967	1,534,952
Social services	2,774,808	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
Culture and recreation	12,072,708	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
Other	5,001,277	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
Insurance and bonds	-	-	812,074	709,707	632,071	685,698	700,088	601,949	592,966	603,227
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
Capital outlay	4,266,926	17,228,005	-	-	-	-	-	-	-	-
Debt service										
Principal retirement	2,113,985	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
Interest and fiscal charges	1,387,466	2,257,588	2,259,677	2,323,407	2,276,831	2,522,495	2,442,607	2,648,689	2,401,280	2,305,876
<b>Total expenditures</b>	<b>88,271,933</b>	<b>106,611,889</b>	<b>114,477,189</b>	<b>102,150,911</b>	<b>99,267,176</b>	<b>106,268,987</b>	<b>102,846,489</b>	<b>104,193,515</b>	<b>105,663,566</b>	<b>106,216,962</b>
Excess (deficiency) of revenues over (under) expenditures	1,809,859	(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
<b>Other financing sources (uses)</b>										
Bond/Loan proceeds	29,607,050	-	1,975,000	4,851,171	12,441,024	-	-	932,958	792,290	-
Sale of capital assets	-	-	-	-	-	-	-	-	498,175	-
Transfers in	8,414,056	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
Transfers out	(7,459,203)	(9,711,310)	(5,771,242)	(7,519,798)	(5,151,347)	(13,706,042)	(6,000,960)	(5,143,401)	(4,458,488)	(4,683,152)
<b>Total other financing sources (uses)</b>	<b>30,561,903</b>	<b>2,063,346</b>	<b>3,269,553</b>	<b>7,680,184</b>	<b>14,736,832</b>	<b>1,212,320</b>	<b>2,810,174</b>	<b>2,403,748</b>	<b>2,276,884</b>	<b>1,479,084</b>
<b>Net change in fund balances</b>	<b>\$ 32,371,762</b>	<b>\$ (11,854,027)</b>	<b>\$ (22,489,021)</b>	<b>\$ 950,663</b>	<b>\$ 9,111,213</b>	<b>\$ (7,701,693)</b>	<b>\$ 1,311,182</b>	<b>\$ 1,488,789</b>	<b>\$ (1,651,163)</b>	<b>\$ 2,179,599</b>

# 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>Annual Expenditures</b>	<b>Balance As Percent Of Expenditures</b>
2001	\$ 7,316,869	\$ 54,206,915	13.5%
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%

# City of Southfield, Michigan

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

Fiscal Year Ended June 30	Governmental Funds						
	Major Funds		Non-Major Funds				
	General Fund	Capital	Special Revenue				Debt Service
			Municipal Fund	Parks & Recreation	Library	Local Street	Drains at Large
2001	10.8427	0.3804	0.5083	1.6614	2.1048	0.9492	N/A
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

## City Of Southfield, Michigan

### Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ending Jun 30	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Real Tax Reimburse	Delinquent Personal Tax Collections	Total Tax Collections	Percent Of Total Tax Collect. To Tax Levy	Out- standing Delinq. Personal Taxes	Percent of Delinq. Taxes To Tax Levy
2001	\$ 47,637,367	* \$ 45,397,597	95.3%	\$ 1,763,241	\$ 25,252	\$ 47,160,838	99.0%	\$ 476,529	1.0%
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%

\* Reflects first year of full levy of Library millage approved by the City's voters on March 9, 1999.

## City Of Southfield, Michigan

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

FY Ending 30-Jun	State Equalized Valuation (SEV) (1) / Taxable Valuation (TV) (2)						Increase
	Real Property(AV)	Personal Property(AV)	Total Property(SEV)	TV			
2001	\$ 2,955,145,140	\$ 497,451,340	\$ 3,452,596,480	\$ 2,929,875,361			3.7%
2002	3,159,012,430	513,878,170	3,672,890,600	3,078,615,673			5.1%
2003	3,416,720,080	519,877,800	3,936,597,880	3,230,941,830			4.9%
2004	3,583,436,040	457,372,200	4,040,808,240	3,268,025,510			1.1%
2005	3,727,441,360	452,521,050	4,179,962,410	3,386,748,000			3.6%
2006	(3) 3,800,543,077	437,831,900	4,238,374,977	3,482,684,152			2.8%
2007	(3) 3,870,636,770	434,458,060	4,305,094,830	3,604,818,967			3.5%
2008	(3) 3,928,252,190	443,694,640	4,371,946,830	3,725,952,640			3.4%
2009	3,879,379,890	431,953,600 (4)	4,311,333,490 (4)	3,752,556,640			0.7%
2010	3,534,176,302	431,331,530 (4)	3,965,507,832 (4)	3,656,625,252			-2.6%

**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 establishing 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 for FY2006 - FY2008.

(4) Source: Oakland County Website

## City of Southfield, Michigan

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

Fiscal Year Ending June 30	General Fund			Special Revenue Funds				Debt Service Funds			Total All Rates
	Operating	Public Safety Expansion	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains At Large	Building Authority		
2001	6.645	2.848	1.350	1.661	2.105	0.949	0.508		0.380	16.446	
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	

#### 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 +
2001	10.843	5.223	0.380	16.446 **	28.909	3.453 ++	4.965	1.595	55.368	29.7	18.485	14.272
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

\* 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.

## City Of Southfield, Michigan

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

Fiscal Year Ending <u>June 30</u>	Preceding Year's <u>TAV</u>	-	<u>Losses</u>	X	<u>CPI</u>	=	<u>TAV Ceiling</u>	-	<u>Actual TAV</u>	-	<u>New TAV</u>	=	<u>Adjusted TAV</u>	Ratio <sup>(1)</sup>	Rollback Factor <sup>(2)</sup>
2001	\$ 2,825,989,180		\$ 137,447,971		1.019		\$ 2,739,623,492		\$ 2,929,875,361		\$ 114,894,355		\$ 2,814,981,006	0.9732	0.9492
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		100,417,629		3,556,217,623	1.1781	0.9440

**Notes:**

(1) Ratio of TAV ceiling to adjusted TAV.

(2) The rollback factor is intended to provide local taxing units with a tax revenue ceiling, equal to 1978 authorized millage rates times 1978 assessments increased only by the official Consumer Price Index (CPI) index plus new construction. Any excess property tax authority above this ceiling is "rolled back" through application of a millage reduction fraction. The 1978 base millage reduction fraction was 1.000, which becomes the upper limit for future factors. As a compound millage reduction factor, the factor for one year is the product of the rollback factor of the previous year multiplied by the ratio of inflated taxable assessed value (TAV) divided by adjusted TAV of the current year. The inflated TAV for any year is calculated by multiplying the TAV of the previous year by the consumer price index for that year. This is compared to the adjusted TAV or the actual TAV for that year less net new construction (additions minus losses).

## City Of Southfield, Michigan

### Computation of Direct and Overlapping Debt at June 30, 2010

			<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 78,296)</u>	<u>% Of State Equalized Value</u>
<b>DIRECT AND INDIRECT DEBT</b>					
<b><u>Direct Debt</u></b>					
General Obligation Bonds-Limited Tax			\$ 4,240,000		
Building Authority Bonds			27,315,000		
Water & Sewer Revenue Bonds			23,143,789		
Michigan Transportation Fund Bonds			9,925,000		
Direct Debt			64,623,789	\$ 825.38	1.58%
<b><u>Indirect Debt</u></b>					
Oakland County Contractual Obligations:					
- Evergreen/Farmington Sewage Disposal	\$ 8,519,942				
Indirect Debt			8,519,942	108.82	0.21
Gross Debt			73,143,731	934.20	1.85
<b><u>Less Deductions</u></b>					
Drains at Large	236,960				
Total Deductions			236,960	3.03	0.01
Net City Debt			72,906,771	931.17	1.84
<b><u>OVERLAPPING DEBT (2)</u></b>					
Southfield School District	95.49%	\$ 81,758,538			
Oak Park School District	22.12%	5,159,490			
Birmingham School District	2.31%	4,945,710			
Oakland County at Large	5.58%	5,496,926			
Oakland County Intermediate School District	5.59%	3,618,687			
Oakland County Community College	5.61%	336,881			
Overlapping Debt			101,316,232	1,294.02	2.56
			\$ 174,223,003	\$ 2,225.18	4.40%

**Note:**

(1) Final 2000 census data from the U.S. Census Bureau.

(2) Overlapping debt figures as of 12/15/2010 supplied by the Michigan Advisory Council, Detroit, Michigan.

# City Of Southfield, Michigan

## Statement of Legal Debt Margin June 30, 2010

	<b>Debt Margin Calculation</b>			<b>Statutory</b>
	<b>Gross</b>	<b>Statutory (1)</b>	<b>Net</b>	<b>Percentage</b>
	<b>Indebtedness</b>	<b>Deductions</b>	<b>Indebtedness</b>	<b>Limit</b>
State Equalized Value at 12/31/09				100%
				\$ 3,965,507,832
Debt Subject to Statutory Limitation				
General Obligation Bonds-Limited Tax	\$ 4,240,000		\$ 4,240,000	
Building Authority Bonds	27,315,000		27,315,000	
Oakland County Contractual Obligations-Drains	8,519,942		8,519,942	
Restricted Indebtedness	\$ 40,074,942		40,074,942	10%
Michigan Transportation Fund Bond	9,925,000		9,925,000	
Emergency Bonds				3.75%
Special Assessment Bonds				12%
Total	49,999,942		\$ 49,999,942	
State of Michigan Water Supply and Sewage Disposal Revenue Bonds				
Series to 6/30/02				
1998A (LTGO) 2.25%	992,048			
1998B (LTGO) 2.50%	8,165,000			
1999 (LTGO) 2.50%	7,836,741			
2000 (LTGO) 2.50%	6,150,000			
Total Water & Sewage Disposal Revenue Bonds		\$ 23,143,789		
Gross City Debt		\$ 73,143,731		

**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 <u>June 30</u>	<u>Population</u>	<u>Taxable Value</u>	<u>Bonded Debt</u> <sup>(1)</sup>	Less Funds	<u>Net</u>	Ratio Of	<u>Net</u>
				<u>Available</u>		<u>Debt To</u>	
				<u>In Debt</u>	<u>Bonded Debt</u>	<u>Value</u>	<u>Debt Per</u>
				<u>Service Funds</u>			<u>Capita</u>
2001	78,296 <sup>(2)</sup>	\$ 2,929,875,361	\$ 37,283,425	\$ 2,505,457	\$ 34,777,968	1.19%	\$ 444.19
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	3,752,556,640	52,822,465	544,301	52,278,164	1.39%	667.70
2010	78,296	3,656,625,252	49,999,942	236,960	49,762,982	1.36%	635.58

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

Fiscal Year Ending <u>June 30</u>	<u>Debt Service Requirements</u>			<u>Total</u>	<u>Ratio Of Debt</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
				<u>Expenditures</u> <sup>(3)</sup>	<u>Expenditures</u>
2001	\$2,688,985	\$ 1,489,067	\$ 4,178,052	\$ 96,369,159	4.3%
2002	2,143,970	2,320,072	4,464,042	111,434,327	4.2%
2003	2,007,382	2,258,065	4,265,447	115,849,647	3.7%
2004	4,108,847 <sup>(4)</sup>	1,980,810	6,089,657	103,185,170	5.9%
2005	1,050,703 <sup>(5)</sup>	2,124,653	3,175,356	99,418,921	3.2%
2006	1,790,844	2,510,103	4,300,947	99,838,380	4.3%
2007	2,108,334	2,440,043	4,548,377	102,474,054	4.4%
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.5%
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.2%
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.0%

**Notes:**

- (1) Excludes water revenue bonds
- (2) Final census data from U.S. Census Bureau.
- (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)
2001	78,296	27,023	35.9	9,878	4.2	2,764,128
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	75,531	29,816	40.1	8,188	13.6	*

**Notes:**

(1) 1990/2000 Census Data From U.S. Census Bureau.

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

(3) Southfield Public Schools, Southfield, Michigan.

(4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as Michigan Employment Security Commission.

(5) U.S. Census American Community Survey (For FY2007 and 2008)

\* Information no longer available

## City Of Southfield, Michigan

### Construction And Property Value Last Ten Calendar Years

#### Annual Construction By Category

Calendar Year	--- Commercial & Industrial---		---- Multi-Family ----		---- Single Family ----	
	Number Of Units	Value	Number Of Units	Value	Number Of Units	Value
2001	22	\$ 72,066,172	16	\$ 6,319,025	38	\$ 5,129,541
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	-	-	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	-	-	5	970,728
2010	4	3,845,800	-	-	6	3,738,388

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

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2001	\$ 1,603,662,800	\$ 55,278,190	\$ 1,500,071,440
2002	1,721,234,450	58,111,090	1,637,374,540
2003	1,773,624,540	60,869,190	1,748,942,310
2004	1,807,791,760	64,334,500	1,855,315,100
2005	1,801,405,640	64,725,410	1,934,412,027
2006	1,811,935,070	59,482,360	1,999,219,340
2007	1,807,018,700	78,808,770	2,042,424,720
2008	1,819,991,830	79,359,210	1,980,028,850
2009	1,789,855,022	96,125,570	1,648,195,710
2010	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, 2010

### AREA

26.7 square miles (since incorporation)

### POPULATION

U.S. CENSUS <u>Age Distrib.</u>	1980		1990		2000	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
24 and under	24,701	32.70%	22,101	29.20%	23,089	29.50%
25 through 64	39,775	52.60%	40,777	53.80%	43,319	55.30%
65 and older	11,092	14.70%	12,850	17.00%	11,888	15.20%
<b>Total Persons</b>	<b>75,568</b>	<b>100.00%</b>	<b>75,728</b>	<b>100.00%</b>	<b>78,296</b>	<b>100.00%</b>

<u>Income Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
\$ 5,000 and under	1,652	5.60%	1,097	3.40%	-	-
5,000 - 9,999	2,543	8.60%	1,774	5.50%	2,242	6.60%
10,000 - 14,999	3,038	10.20%	1,951	6.10%	1,412	4.20%
15,000 - 24,999	6,634	22.40%	3,988	12.40%	3,495	10.30%
25,000 and over	15,798	53.20%	23,331	72.60%	26,822	78.90%
<b>Total Households</b>	<b>29,665</b>	<b>100.00%</b>	<b>32,141</b>	<b>100.00%</b>	<b>33,971</b>	<b>100.00%</b>

### BUILDING CONSTRUCTION

<u>Year</u>	<u>Permits</u>	<u>Value</u>	<u>Year</u>	<u>Permits</u>	<u>Value</u>
2001	1,460	\$ 129,443,898	2006	1,259	\$ 80,260,782
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

## Economic and Statistical History (continued)

### WATER & SEWER SERVICES

Users/Consumers:	18,722 Water and Sewer combined; 168 Sewer only and 1,332 Water only.
Use & Consumption:	449,705,900 cubic feet purchased
System Capacity:	34 million gallons per day (MGD)
Distribution System:	Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.
Water Mains:	354.80 miles
Fire Hydrants:	3,570
Sewer Mains:	205.19 miles sanitary; 61.38 miles storm; 39.93 miles combined.

### STREET FACILITIES

Streets:	Total 245.73 miles, with 64.71 miles on the Major Street System and 180.02 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 1,720.

### PUBLIC SAFETY

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

<b>Vehicles</b>	<b>P.S.A.</b>	<b>Police</b>	<b>1<sup>st</sup> Line/ Fire Reserve</b>
Cars	2	81	8/0
Trucks	0	1	7/5
Life Support	0	0	5/2
Vans, 4WD, etc.	0	25	11/0
<b>Total</b>	<b>2</b>	<b>107</b>	<b>31/7</b>

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:

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

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

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).

Law Violations:           Group A Offenses - 7,443  
                                  Group B Offenses - 4,297

Traffic Violations:       12,169

Incidents Handled:       60,862

### **FIRE PROTECTION**

Alarms Answered:       11,703 runs

Medical Emergency:     9,850 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-first 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 Senior Gardens has been recognized as one of the best community gardens in the nation and have received numerous awards from the Michigan State Fair.

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

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

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.

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 Star Spangled Southfield fireworks event and Southfield Sports Festival. Quality entertainment is offered year-round with a variety of concert series including the popular free outdoor concerts held throughout the summer at the Burgh 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 250,000+ books, movies, music and more. There are more than 190 public use computers in the library and free WI-FI is available everywhere in the building. Visit our new 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 recently enhanced 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 ensure 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)**

We have created a Business StartUp Center 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, IM, 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.

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>2001</u>	<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>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	290.01
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	54.47
Miles of sanitary	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46
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	2,221
City owned	161	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
Miles of watermains	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73
Number of hydrants	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026
<u>Parks and Recreation</u>										
Number of developed parks	23	23	23	23	23	23	23	23	23	23
Acres of public parks	734	734 <sup>(2)</sup>	787	787	787	787 <sup>(3)</sup>	766	766	766	766
Number of tennis courts	20	20	20	20	20	20	20	16 <sup>(4)</sup>	16 <sup>(4)</sup>	16 <sup>(4)</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

<sup>(3)</sup> Deducted 21 acres; Now managed by Oakland County Parks at Catalpa Oaks, but still open parkland in City

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

Source: City of Southfield

# City of Southfield, Michigan

## Authorized Full-Time Positions Last Ten Fiscal Years

Department	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
Accounting	9.00	9.00	9.00	8.40	8.40	8.40	7.50	7.50	7.50	7.50
Administration	5.00	5.00	5.00	4.00	4.00	2.00	2.00	2.00	2.00	3.00
Assessing	11.50	11.50	11.50	11.15	11.15	10.65	10.65	9.65	9.65	10.15
Building	21.00	21.00	21.00	21.00	21.00	21.00	21.00	20.00	20.00	20.50
Cable TV	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	6.50	8.00
Central Services	4.00	4.00	6.00	6.00	6.00	7.00	7.00	6.00	6.00	6.00
City Clerk	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civilian Operations/Commun. <sup>(1)</sup>	25.00	25.00	25.00	25.00	25.00	24.00	24.00	-	-	-
Community Develop. Admin. <sup>(2)</sup>	16.50	16.50	16.50	14.00	15.00	13.00	13.00	13.00	12.00	11.00
Community Relations	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
District Court	40.00	40.00	40.00	40.00	40.00	39.00	39.50	39.50	39.50	39.50
Emergency Management <sup>(3)</sup>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	5.00
Engineering	10.00	10.00	11.00	10.00	11.00	11.00	10.00	11.00	11.00	11.00
Facilities Maintenance	39.26	39.26	39.26	44.26	44.26	44.26	42.26	42.26	42.26	41.88
Fiscal Services/OMB	5.00	5.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Fire	114.00	114.00	114.00	114.00	114.00	113.00	113.00	113.00	113.00	118.00
Human Resources <sup>(4) (5)(9)</sup>	17.75	17.75	17.75	18.75	11.00	9.00	9.00	8.50	10.00	9.50
Human Services	6.50	6.50	5.50	5.50	5.50	4.50	4.50	4.50	4.50	5.50
Labor Relations <sup>(5)(9)</sup>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Legal	10.00	10.00	10.00	10.00	10.00	9.00	8.00	8.00	8.00	8.00
Library	40.50	40.50	40.50	64.50	64.50	64.50	61.50	61.50	61.50	61.50
Mayor	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	14.00	14.00	14.00	14.00	14.00	15.00	15.00	15.00	14.75	15.75
Parks And Recreation	112.27	112.27	112.27	110.27	101.80	93.80	92.80	92.80	91.05	92.80
Planning	8.00	8.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.50
Police <sup>(1)(6)</sup>	185.89	186.89	186.89	186.89	186.89	182.89	177.66	201.66	202.16	204.16
Public Works Admin.	8.50	8.50	7.50	7.00	7.00	7.00	6.00	6.00	6.00	5.00
Purchasing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50
Retirement Administration <sup>(7)</sup>	-	-	-	1.00	1.00	-	-	-	-	-
Streets And Highways	31.62	31.62	31.62	31.62	31.62	36.62	36.62	36.62	36.62	36.62
Support Services	-	-	-	-	-	-	-	-	-	-
Technology Services <sup>(8)</sup>	10.50	10.50	11.50	11.50	11.50	11.50	11.00	11.00	11.00	11.00
Transportation	5.76	5.76	5.76	4.76	4.76	4.76	4.76	4.76	4.76	5.00
Treasurer	10.00	10.00	10.00	8.60	8.60	8.60	8.50	8.50	8.50	8.50
Water And Sewer	<u>31.08</u>	<u>32.08</u>	<u>32.08</u>	<u>31.08</u>	<u>31.08</u>	<u>31.08</u>	<u>30.08</u>	<u>30.08</u>	<u>30.08</u>	<u>31.50</u>
Totals	<u>832.13</u>	<u>834.13</u>	<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>815.86</u>

**Notes:**

- <sup>(1)</sup> Effective July 1, 2007, Civilian Operations/Communications Department became part of Police budget.
- <sup>(2)</sup> Four contractual grants administration positions were recognized as career positions in 2000-01.
- <sup>(3)</sup> New Department in 2000-01. Function was previously a part of the Police Department.
- <sup>(4)</sup> Eight contractual daycare positions were recognized as career positions in 2000-01. In 2004-05, those eight positions were eliminated upon the closing of the daycare.
- <sup>(5)</sup> Three grants funded police officer positions were recognized as permanent career positions in 2000-01.
- <sup>(6)</sup> Three grants-funded police officer positions were recognized as permanent career positions in 2000-01.
- <sup>(7)</sup> New Department in 2003-04.
- <sup>(8)</sup> Effective July 1, 2003, department title was changed from Information Services to Technology Services
- <sup>(9)</sup> Labor Relations became part of HR budget

**City of Southfield, Michigan**

**Management Group (Exempt) Personnel  
Salary Schedule July, 2009**

<p align="center"><b>Grade E - U, \$98,949 - \$133,872</b> Deputy City Administrator/Fiscal Services Director</p>
<p align="center"><b>Grade E - T, \$92,757 - \$125,496</b> Deputy City Administrator</p>
<p align="center"><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 align="center"><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</p>
<p align="center"><b>Grade E - Q, \$78,447 - \$106,135</b> City Librarian City Controller/Deputy City Treasurer Director of Technology Services</p>
<p align="center"><b>Grade E - P, \$74,876 - \$101,302</b> Attorney IV City Assessor City Engineer Human Services Director</p>
<p align="center"><b>Grade E - O, \$68,239 - \$92,321</b></p>
<p align="center"><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 align="center"><b>Grade E - M, \$57,393 - \$77,653</b> Attorney II</p>
<p align="center"><b>Grade E - L, \$52,968 - \$71,664</b> Attorney I</p>

# City of Southfield, Michigan

## State Shared Revenues Last Ten Fiscal Years

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<u>Fiscal Year Ended June 30</u>	<u>State Shared Revenue</u>
2001	\$ 9,507,024
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

## Gas and Weight Taxes Last Ten Fiscal Years

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<u>Fiscal Year Ended June 30</u>	<u>Type of Street</u>		<u>Total Gas and Weight Tax (Act 51) Receipts</u>
	<u>Major Road</u>	<u>Local Road</u>	
2001	\$ 3,766,569	\$ 1,122,653	\$ 4,889,222
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

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	34
Technical, Professional, and Office Worker Association TPOAM	6/30/2010	142
Fire SFFA	6/30/2006	93
Police SPOA	6/30/2006	116
Public Safety Communication Supervisors MAP	6/30/2005	5
Public Safety Technicians POAM	6/30/2005	15
Southfield Police Command Officers' Association SPCOA	6/30/2006	32