

**Comprehensive Annual  
Financial Report of the  
City of Birmingham, Michigan  
as prepared by the  
Department of Finance**

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**Fiscal Year Ended June 30, 2019**

**City Commission**

Patricia Bordman, Mayor  
Pierre Boutros, Mayor Pro-Tem  
Carroll DeWeese, Commissioner  
Andrew Harris, Commissioner  
Rackeline J. Hoff, Commissioner  
Mark Nickita, Commissioner  
Stuart Lee Sherman, Commissioner

**City Manager**

Joseph A. Valentine

**Director of Finance/Treasurer**

Mark Gerber

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# City of Birmingham, Michigan

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## **Introductory Section**

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October 28, 2019

To the Honorable Mayor and City Commission  
City of Birmingham  
Birmingham, Michigan 48012

With this letter, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 for the City of Birmingham. This report has been prepared pursuant to, and in compliance with state statutes which require the City to publish within six months of the close of each fiscal year a complete set of financial statements in compliance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America.

The financial statements have been prepared by the City's finance department for the purpose of disclosing the City's financial condition to its residents, elected officials and other interested parties. Management assumes full responsibility for both the completeness and reliability of the information contained in this report including all disclosures based upon a comprehensive framework of internal control, which has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Birmingham's financial statements for the year ended June 30, 2019 are fairly presented in conformity with GAAP. Plante & Moran, PLLC's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile**

The City of Birmingham was incorporated in 1933 as a home-rule city. It is located in the southeastern portion of Oakland County approximately 20 miles north of downtown Detroit. Covering 4.73 square miles and serving a population of 20,319, the community is able to maintain the feel of a small town while offering the recreational and cultural advantages of a prosperous urban area.

The City operates under the council-manager form of government. The seven commission members, one of whom serves as mayor, are elected for four-year overlapping terms on a non-partisan basis. Policy-making and legislative authority are vested in the governing commission. The city commission appoints the city manager and city clerk, who reports, as do all other department heads, to the city manager. The city manager is responsible for carrying out the policies and ordinances of the city commission and overseeing the day-to-day operations of the City.

The City provides a wide range of services, including police and fire protection; the construction and maintenance of roads and other infrastructure; recreational activities and cultural events; community planning, zoning and code enforcement; refuse collection, water-receiving and sewage-disposal services. The Baldwin Public Library, Principal Shopping District, Brownfield Redevelopment Authority and the Corridor Improvement Authority are also included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These four component units are reported within the component unit's column in the combined financial statements. Additional information pertaining to these four component units can be found in the notes to the financial statements (see Note 1).

The City Commission is required to adopt a final budget no later than the second Monday in June. This annual budget provides the foundation for the City of Birmingham's financial planning and control. The budget is prepared by fund, function (e.g., community development), and department (e.g., planning). Upon final adoption, the budget becomes the authority for the various agencies and departments to expend funds, subject to controls established by the city charter and state law. At any meeting after the adoption of the budget, the City Commission may amend the budget by an affirmative vote of the majority.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the environment in which the City operates.

**Local Economy** - The region, which includes the City of Birmingham and some of the nation's most affluent suburbs, has a labor force of approximately 737,000. Locally, the June 2019 unemployment rate of 2.5% is slightly higher than last year's rate of 2.4% and remains well below the state's unemployment rate of 4.2% and less than the national rate of 3.7% for the same period. It is anticipated that this area (Oakland County) will gain approximately 10,300 jobs this year and continue to add 10,900 and 10,300 jobs in each of the next two subsequent years, respectively. This job growth comes on top of the significant employment gains experienced since 2010, which saw employment gains exceeding 136,000 jobs.

The economic picture for suburban Oakland County, where Birmingham is located, continued to improve over the past year. The local economy is now in its tenth year of recovery since the recession's low point in 2009. The area's recovery is supported by a U. S. Economy that continues to expand, a robust local housing market, and vehicle sales near historic highs with all three of the area's major auto manufacturers participating. Additionally, the recovery is now more broad-based with improvement in other sectors as well. The area continues to be the premier local economy in Michigan and is among the most prominent county economies in the nation ranking ninth in aggregate rankings with counties of similar size.

Birmingham is an affluent City, with per capita income of \$78,668 compared to Michigan's per capita income of \$28,938. Educational attainment levels are also well above the national average. Approximately 77% of City residents have completed a bachelor's degree or higher compared to 28% for the state. The City has a vibrant downtown, which is continuing to evolve with the addition of new mixed-use developments, which combine retail, office and residential space. The downtown is known nationally for its eclectic mix of upscale boutiques, galleries, antique shops and restaurants. As of June 2019, retail occupancy in the City's Principal Shopping District was at 96%, which was the same as last year. The downtown's office market decreased slightly with an 87% occupancy rate compared to 88% in June 2018. In addition to the Principal Shopping District, the City is developing two other business districts: the Triangle District and the Rail District.

The State is in its tenth year of economic recovery with significant job creation having added almost 540,000 jobs over the past nine years. Much of the recovery is attributable to growth in the manufacturing sector and the recovery of the automobile industry. Although Michigan is still a manufacturing intensive state, going forward it is projected that the top four job producers over the next two years will be: construction, trade and utilities; professional and business services; and leisure and hospitality services, which will create a more diverse economy for the state. After a decade of job loss, high unemployment and declining state revenues, the Michigan economy is now into a sustained and broadening recovery. The State's sales tax revenues are expected to increase with constitutional revenue sharing payments for cities, villages and townships increasing by 3% based on estimated sales tax collections. Funding to qualified communities that adopt best practices under the State's City, Village, and Township Revenue Sharing (CTVRS) program will remain the same as the previous year. The City believes it will continue to meet the requirements under the CTVRS program implemented by the State in order to be eligible to receive its percentage of the statutory revenue sharing appropriated. Approximately 5% of the City's total General Fund revenues come from constitutional and statutory revenue sharing payments received from the State.

The City's taxable value declined by approximately 16% from fiscal year 2007-2008 to 2011-2012 during the severe real estate market downturn, however, as a result of redevelopment in the City, the City's taxable value has now recovered the loss and continues to grow. New residential construction permits decreased by 9% from the prior fiscal year, but is still a very strong number. This is the sixth consecutive year where building permit activity has been very strong. Additionally, there are currently 32 new house permits in various phases of review for approval.

The City has developed and maintains a strong financial position. The City's strong financial position is attributable to continued good financial performance, maintenance of fund balance levels, and prudent proactive management of the City's operations supported by conservative budgeting. The City continues to maintain its AAA bond rating, which is the highest rating achievable. This rating was recently reaffirmed by Standards and Poor's in September 2016 and by Fitch Ratings in May 2017. This rating places the City of Birmingham in an elite group of communities throughout the country.

**Long-term Financial Planning** – The City remains proactive and strategically plans well into the future. Annually a five-year financial forecast is prepared. The forecast provides a financial framework from which to evaluate the on-going financial condition of the City. It also provides a rational basis for identifying areas of greatest concern and devising fiscal strategy.

Because the City is at a mature stage in its life cycle, it continues to be important to maintain and invest in our infrastructure such as roads, water and sewer improvements and repairs, parking facilities, and the City's recreational facilities. To facilitate planning to meet the City's capital improvement needs, each year a six-year capital improvements program is developed. The capital improvements program is a financial plan that details all planned projects and improvements for the current and subsequent five years. In addition to estimated expenditures, funding sources and total annual operating costs are also detailed.

Because of the limitations placed on taxable values by Proposal A, the ability of governmental units in the State to recover from a downturn is significantly curtailed. As a result, the City has had to implement various strategies in order to reduce costs and increase non-property tax revenue. These strategies include: reducing staffing levels by 17%, increasing employee deductibles and co-pays to the health insurance plan, switching new hires to a defined-contribution plan for retirement and retiree health-care, consolidating dispatch services with the Village of Beverly Hills, and providing fire department medical transports.

**Major Initiatives** – The City has planned for fiscal year 2020 approximately \$14.4 million in capital investment in the City. This includes \$6.4 million in road and sidewalk improvements which include: Maple Rd. between Southfield Rd. and Woodward Ave., Coolidge Hwy. between Derby Rd. and Maple Rd., Cranbrook Rd. between Maple Rd. and 14 Mile Rd., Grant St. between Lincoln Ave. and Humphrey Ave., and 14 Mile Rd. between Greenfield Rd. The City has also planned approximately \$4.6 million in water and sewer improvements related to the road improvements. Additionally, the City is planning \$2.1 million in improvements to the automobile parking system for weather proofing the Pierce St. structure. Vehicle and equipment replacements are planned to cost \$1 million.

These projects are significant because efficient transportation networks and modern infrastructure are increasingly important in an economic environment. Well maintained and efficient transportation systems provide the backbone for economic activity.

**Technology Plan** – Improvements have shifted from building the computer infrastructure established in the Information Systems Strategic Plan to maintaining the City's technology infrastructure and providing improvements where it makes solid business sense. As a result of the high level of dependence on technology, the City continues to provide the needed resources to enable all municipal employees to work more efficiently. Projects that have been approved for funding include:

- Upgrades to the City's network
- Workstation upgrades and tablets
- Replacement of monitors, scanners and printers

**Legislation** – Legislation has and will continue to impact the City of Birmingham well into the future. Through its involvement with the Michigan Municipal League, the Michigan Government Finance Officers Association and other organizations, the City is actively involved in legislative proposals affecting the financial activities of municipalities.

**Pension and Other Postemployment Benefits** - The City of Birmingham Employees' Retirement System is a single-employer defined-benefit pension plan, which covers eligible full-time employees of the City. A seven-member board of trustees manages this fund under the provisions of the City of Birmingham's defined-benefit pension ordinance. The plan is now closed to all new hires of the City. The City instead makes contributions into a defined-contribution retirement plan for new employees. The funding status of the pension fund based on the 2018 actuarial report declined to 86.6% compared to 90.1% in the prior year. As a matter of policy, the City of Birmingham fully funds each year's annual required contribution to the pension plan, which for the fiscal year ending June 30, 2019 totaled \$1.9 million.

The City of Birmingham also provides retiree health-care benefits to qualifying full-time employees under a single-employer defined-benefit health-care plan in accordance with labor contracts. The City is required to contribute at a rate equivalent to the annual required contribution, which is 51.4% of payroll, or \$3 million. In an effort to reduce the OPEB liability, the City contributed an additional \$443,000 beyond the annual required contribution during the fiscal year ending June 30, 2019. The retiree health-care defined benefit plan was 67.9% funded as of the latest actuarial valuation dated June 30, 2018 and is now closed to all employee groups. A defined-contribution retiree health-care plan for employees not eligible to participate in the defined-benefit plan has been established. The retiree health-care defined-contribution plan funding rate for the various employee groups is detailed in Note 14.

## **Awards and Acknowledgements**

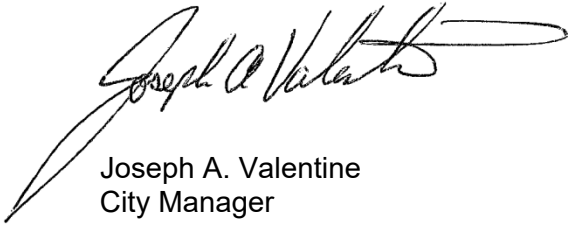
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 29th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City has also received the GFOA's Award for Distinguished Budget Presentation for its fiscal year 2019 annual budget. This was the 29th consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report was made possible by the dedicated service of the entire staff of the Finance Department. Each of these individuals has our sincere appreciation for the contributions made in the preparation of this report, as well as all additional individuals who assisted in this effort. Appreciation is also expressed to the City Commission for their consistent support throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph A. Valentine". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joseph A. Valentine  
City Manager

A handwritten signature in black ink, appearing to read "Mark Gerber". The signature is bold and cursive, with a long horizontal stroke extending to the right.

Mark Gerber  
Director of Finance/Treasurer



Government Finance Officers Association

**Certificate of  
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Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

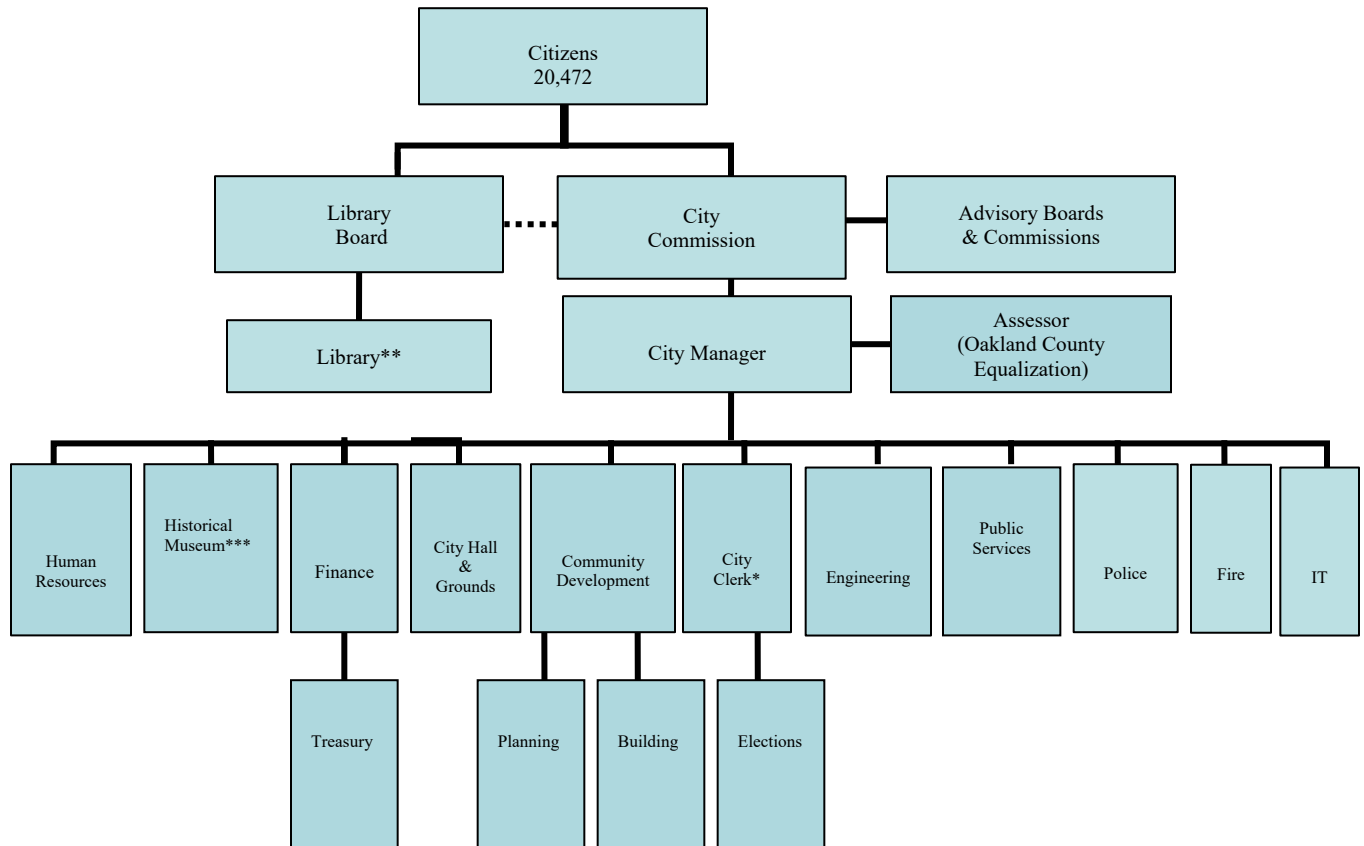
**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO

# Birmingham

## 2018-2019 Organization Chart



- \* Appointed by the City Commission; reports to the City Manager.
- \* \* The City shall provide tax levy of not less than  $\frac{1}{2}$  mill and not more than  $1\frac{3}{4}$  mills.
- \* \* \* Birmingham Historical Museum is a non-departmental activity that reports to the City Manager.



**Financial Section**

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## **Independent Auditor's Report**

To the Honorable Mayor and the City Commission  
City of Birmingham, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Michigan (the "City") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City of Birmingham, Michigan's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Michigan as of June 30, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Honorable Mayor and the City Commission  
City of Birmingham, Michigan

***Other Matters***

***Required Supplemental Information***

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

***Other Information***

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

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

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

*Plante & Moreau, PLLC*

October 21, 2019

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

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# City of Birmingham, Michigan

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## Management's Discussion and Analysis

The City of Birmingham's management's discussion and analysis (MD&A) is designed to provide an objective and easy-to-read analysis of the City's financial activities based on current information and facts. The MD&A is intended to serve as an introduction to the City's basic financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget and identify fund issues.

The information contained within this MD&A is only a component of the entire financial statements. Readers are encouraged to read it in conjunction with the transmittal letter, which can be found on pages i-vi of this report and the City's financial statements, which follow this section.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2019:

- The City's total revenues were \$68.5 million, while expenses totaled \$54.3 million.
  - Governmental activities generated \$41.9 million in revenue and \$34.6 million in expenses.
  - Business-type activities generated \$26.6 million in revenue and \$19.8 million in expenses.
- Total net position of the City increased by \$14.1 million this year.
  - Total net position related to the City's governmental activities increased by approximately \$6.6 million. Of that amount, investment in capital assets increased by \$3.1 million, restricted net position decreased by \$.3 million, and unrestricted net position increased by \$3.8 million.
  - Net position of our business-type activities increased overall by \$7.5 million. Of that amount, \$1.9 million was invested in capital assets while unrestricted net position increased by \$5.6 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14.7 million, or 38.4 percent, of total General Fund expenditures and transfers out (including major and local street activity). Total unassigned fund balance of the General Fund increased \$1.2 million from the prior year.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

### Overview of the Financial Statements

In addition to the MD&A (this section), the City's annual report consists of three other parts: (1) basic financial statements, (2) required supplemental information, and (3) an optional section that presents combining statements for nonmajor governmental, enterprise, internal service, and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the City:

**Government-wide Financial Statements** - These statements provide readers with a broad overview of the City's finances, in a manner similar to a private sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer-term view of the City's finances and whether taxpayers have funded the full cost of providing governmental services. The first two statements are government-wide financial statements and include the following:

- The statement of net position presents information pertaining to all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Birmingham that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City include water and sewer disposal systems, automobile parking, and municipal golf courses.

The government-wide financial statements include not only the City of Birmingham itself (known as the primary government), but also the legally separate Baldwin Public Library, Principal Shopping District, Corridor Improvement Authority, and the Brownfield Redevelopment Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

**Fund Financial Statements** – The remaining statements are fund financial statements. The City of Birmingham, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the City's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. The City's three fund financial statements include the following:

- **Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- **Proprietary Funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, offer short- and long-term financial information.
  - In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - The City also utilizes internal service funds (the other type of proprietary fund) to report activities that provide supplies and services to the City's other programs and activities, such as the City's equipment fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.
- **Fiduciary Funds** - Fiduciary funds provide information about resources held for the benefit of parties outside the government - like the retirement plan for the City's employees - in which the City acts solely as a trustee or agent. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

**Notes to the Financial Statements** – The financial statements also include notes that provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

# City of Birmingham, Michigan

## Management's Discussion and Analysis (Continued)

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. This information includes a budgetary comparison for the City's General Fund. It also includes combining statements for the City's nonmajor governmental funds, internal service funds and fiduciary funds. Immediately following the supplemental information is a statistical section, which provides certain information pertaining to general government revenues, expenditures, tax revenues and collections, and demographic and other statistical data.

### Financial Analysis of the City as a Whole

**Net Position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position increased 7.9 percent from last year to \$194.8 million (See Table A-1). The following table shows, in a condensed format, the net position of the City as of June 30, 2018 and 2019:

**Table A-1**  
**City of Birmingham's Net Position**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
<b>Assets</b>							
Current and other assets	\$ 43.6	42.1	\$ 33.4	27.7	\$ 77.0	\$ 69.8	10.3
Capital assets	85.6	84.0	88.9	88.5	174.5	172.5	1.2
Total assets	129.2	126.1	122.3	116.2	251.5	242.3	3.8
<b>Deferred Outflows of Resources</b>	5.2	4.3	0.5	0.5	5.7	4.8	18.8
<b>Liabilities</b>							
Current liabilities	3.5	4.5	2.6	2.0	6.1	6.5	(6.2)
Long-term liabilities	41.7	49.8	7.0	9.7	48.7	59.5	(18.2)
Total liabilities	45.2	54.3	9.6	11.7	54.8	66.0	(17.0)
<b>Deferred Inflows of Resources</b>	6.9	0.4	0.7	-	7.6	0.4	1,800.0
<b>Net Position</b>							
Net investment in capital assets	77.1	74.0	84.6	82.7	161.7	156.7	3.2
Restricted	3.2	3.5	-	-	3.2	3.5	(8.6)
Unrestricted	2.0	(1.8)	27.9	22.3	29.9	20.5	45.9
Total net position	<u>\$ 82.3</u>	<u>\$ 75.7</u>	<u>\$ 112.5</u>	<u>\$ 105.0</u>	<u>\$ 194.8</u>	<u>\$ 180.7</u>	7.8

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

The City's current assets increased \$7.2 million, or 10.3 percent, as a result of an increase in cash and investments of \$7.4 million. A majority of that increase was in the business-type activities where cash and investments increased \$5.4 million as a result of operations in the Automobile Parking System Fund and the Water Supply System Receiving Fund.

Deferred outflows of resources increased \$.9 million, or 18.8%, as a result of OPEB assumption changes made as a result of a 5-year experience study. The deferred outflows will be allocated to future years and will be used to increase OPEB expense.

The City's long-term liabilities decreased \$10.8 million, or 18.2%, as a result of a decrease in bonded debt of \$3.2 million and a decrease in the OPEB liability of \$10.2 million. This was partially offset by an increase in the pension liability of \$2.5 million. A majority of the decrease in long-term liabilities occurred in governmental activities where long-term liabilities decreased \$8.1 million.

Deferred inflows of resources increased \$7.2 million as a result of OPEB costs being less than expected by the actuary. The deferred inflows will be allocated to future years and will be used to decrease OPEB expense. A majority of the deferred inflows of resources occurred in the governmental activities.

The City's net position related to governmental activities increased \$6.6 million, or 8.7 percent, and net position related to business-type activities increased \$7.5 million, or 7.1 percent over the 2018 fiscal year. Of the City's total net position, 83 percent is made up of its investment in capital assets, less any related debt used to acquire those assets. The City's net position related to investment in capital assets for governmental activities increased by \$3.1 million, or 4.2 percent resulting from additions in capital assets being greater than depreciation during the year. Continued improvements to the City's water-mains, sanitary sewers and parking structures (business-type activities) resulted in an increase of \$1.9 million in capital asset investment. The City uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net position of the City totaled \$3.2 million at June 30, 2019 and decreased by \$.3 million, or 8.6 percent, from the prior year. Restricted net position reported in governmental activities has limits on its use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purpose for which they were intended, such as expenditures for solid waste disposal or debt-service requirements. The remaining unrestricted net position may be used to meet the City's ongoing operations. Governmental activities unrestricted net position increased by \$3.8 million, or 211.1 percent, and business-type activities unrestricted net position increased by \$5.6 million, or 25.1 percent.

**Changes in Net Position** - The City's combined total revenue increased \$1.9 million, or 2.9 percent from 2018 to 2019 as shown in Table A-2. The City's revenue comes from two major sources: property taxes and charges for services, which represent approximately 88 percent of total revenue. Property taxes represented 45 percent of total revenue in 2019 and 44 percent in 2018. Charges for services represented 43 percent of the total revenue in 2019 and 44 percent in 2018. The balance of the revenue is derived mainly from state and federal sources.

# City of Birmingham, Michigan

## Management's Discussion and Analysis (Continued)

The City's combined total expenses remained the same as the prior year at \$54.3 million. The City's expenses cover a wide range of services, with public safety and public works representing approximately 44 percent of total expenses. For both fiscal years, the City had revenue in excess of expenses for both governmental and business-type activities.

Table A-2 below and the narrative that follows consider the operations of governmental and business-type activities separately.

**Table A-2**  
**Changes in City of Birmingham's Net Position**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
<b>Revenues</b>							
Program revenue:							
Charges for services	\$ 6.9	\$ 6.8	\$ 22.4	\$ 22.6	\$ 29.3	\$ 29.4	(0.3)
Operating grants and contributions	2.6	2.8	0.8	0.3	3.4	3.1	9.7
Capital grants and contributions	0.7	2.6	0.2	-	0.9	2.6	(65.4)
General revenue:							
Property taxes	28.4	26.9	2.4	2.3	30.8	29.2	5.5
State-shared revenue	2.1	2.0	-	-	2.1	2.0	5.0
Unrestricted investment earnings	1.2	0.4	0.8	0.1	2.0	0.5	300.0
Miscellaneous	-	(0.2)	-	-	-	(0.2)	(100.0)
Total revenues	41.9	41.3	26.6	25.3	68.5	66.6	2.9
<b>Program Expenses</b>							
General government	4.9	4.9	-	-	4.9	4.9	-
Public safety	14.0	15.4	-	-	14.0	15.4	(9.1)
Public works	10.0	9.8	-	-	10.0	9.8	2.0
Community and economic development	3.0	2.8	-	-	3.0	2.8	7.1
Recreation and culture	2.5	2.6	-	-	2.5	2.6	(3.8)
Interest on long-term debt	0.2	0.3	-	-	0.2	0.3	(33.3)
Water and sewer	-	-	13.6	13.4	13.6	13.4	1.5
Parking	-	-	5.2	4.1	5.2	4.1	26.8
Golf courses	-	-	1.0	1.0	1.0	1.0	-
Total expenses	34.6	35.8	19.8	18.5	54.4	54.3	0.2
<b>Increase in Net Position Before Transfers</b>	7.3	5.5	6.8	6.8	14.1	12.3	14.6
Transfers	(0.7)	(0.4)	0.7	0.4	-	-	-
<b>Increase in Net Position</b>	6.6	5.1	7.5	7.2	14.1	12.3	14.6
<b>Net Position - Beginning of year</b>	75.7	70.6	105.0	97.8	180.7	168.4	7.3
<b>Net Position - End of year</b>	<u>\$ 82.3</u>	<u>\$ 75.7</u>	<u>\$ 112.5</u>	<u>\$ 105.0</u>	<u>\$ 194.8</u>	<u>\$ 180.7</u>	7.8

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

**Governmental Activities** - Total revenue for governmental activities increased \$.6 million, or 1.5 percent. This was attributable to an increase of \$1.5 million, or 5.6 percent, in revenue received from property taxes and an increase in investment earnings of \$.8 million, or 200%. This was partially offset by a decrease of \$1.9 million, or 73.1 percent, in capital grants and contributions. The increase in property taxes is a result of a 6.5 percent increase in taxable value. The increase in investment earnings is the result of unrealized market gains on investments. The decrease in capital grants and contributions is the result of a special assessment in 2018 for sidewalk improvements associated with the reconstruction of Old Woodward Ave.

Total expenses decreased \$1.2 million or 3.3 percent. The decrease in expenses was attributable to a decrease in public safety expenses of \$1.4 million. The decrease in public safety was primarily the result of a decrease in personnel costs associated with retiree health care costs.

**Business-type Activities** - Total revenue for business-type activities increased by \$1.3 million, or 5.1 percent, primarily as a result of an increase in investment income of \$.7 million and grant income in the Sewage Disposal Fund of \$.5 million.

Total expenses for business-type activities increased \$1.3 million, or 7%, primarily related to the Automobile Parking System Fund. The increase was the result of costs associated with developing preliminary plans and agreements for demolishing and constructing a new parking structure in the central business district.

### Financial Analysis of the City's Funds

**Governmental Funds** - The analysis of the City's major funds begins on page 16, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. As noted earlier, the City of Birmingham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as to show accountability for certain activities, such as special property tax millages. The City has nine governmental funds, categorized into five fund types. Based on criteria set forth by the Governmental Accounting Standards Board, the City's only major governmental fund for fiscal year 2019 is the General Fund.

As of June 30, 2019, the governmental funds of the City of Birmingham reported a combined fund balance of \$26.9 million. This represents an increase of \$2.5 million in comparison with the prior year. Approximately \$14.7 million of total fund balance, or 54.7 percent, constitutes unassigned fund balance, which is reported in the General Fund, the principal operating fund of the City. Unassigned fund balance is available for appropriation and may be used to meet the City's ongoing obligations to citizens and creditors without external or internal limitation. The remaining \$12.2 million of fund balance is categorized into four components: non-spendable, restricted, committed, and assigned fund balance. Additional information pertaining to the components of fund balance can be found in Note 1 and 10 of this report.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

The fund balance of the City's General Fund (including major and local street activity) represents 83 percent, or \$22.3 million, of total governmental fund balances. The General Fund's fund balance increased by \$1.4 million from the prior year. The increase was primarily attributable to personnel cost savings from vacant positions in various departments. A total of \$14.7 million of the General Fund's fund balance is unassigned while \$3 million is committed and \$3.2 million is assigned for street and sidewalk projects and repairs.

**Proprietary Funds** - In addition to governmental funds, the City uses proprietary funds, which provide similar type of information as that contained in the government-wide financial statements, but in more detail. The Water and Sewage Disposal Funds, Automobile Parking System Fund, Municipal Golf Courses Fund and Internal Service Funds make up the City's proprietary funds.

Unrestricted net position for the Water and Sewage Disposal Funds total \$2.6 million and \$5.9 million, respectively. The Automobile Parking System unrestricted position totaled \$17.9 million. The Sewage Disposal System total net position increase of \$2.7 million was the result of a decrease in long-term debt of \$1.5 million, operating income of \$.4 million, and a transfer from the General Fund of \$.8 million. The Water Supply System net position increase of \$1.3 million was the result of property tax revenue of \$.8 million and operating income of \$.5 million. The net position for the Automobile Parking System increased by \$3.5 million as a result of operating income.

### **General Fund Budgetary Highlights**

Actual revenues for the year ended June 30, 2019, were approximately \$300,000 higher than the budget as a result of higher investment earnings than anticipated. City departments stayed below budget as a result of reduced expenditures for personnel costs as a result of retirements and vacancies (\$1.1 million) and projects which were encumbered before year end but completed after year end (\$1.2 million). This resulted in total expenditures being lower than the amended budget by \$2.8 million, or 7 percent.

The expenditure budget was increased by approximately \$3.2 million to provide funding for park improvements of \$.4 million, improvements at the 48<sup>th</sup> District Court of \$.4 million, and \$2.3 million for open purchase orders from fiscal year 2018.

### **Capital Asset and Debt Administration**

**Capital Assets** - The City of Birmingham had a total of \$174.5 million invested in capital assets (net of accumulated depreciation) at the end of the fiscal year (see Table A-3). This was an increase of 1.2 percent over the previous year. The City's investment in capital assets includes land, buildings, water and sewer lines, roads, highways and bridges, park facilities, and machinery and equipment.



# City of Birmingham, Michigan

## Management's Discussion and Analysis (Continued)

**Table A-3**  
**City of Birmingham Capital Assets**  
**(net of depreciation – in millions)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Land	\$ 10.3	\$ 10.3	\$ 1.6	\$ 1.6	\$ 11.9	\$ 11.9	-
Art and historic treasures	0.8	0.8	-	-	0.8	0.8	-
Buildings and improvements	26.9	27.3	19.1	19.4	46.0	46.7	(1.5)
Equipment	5.9	5.9	1.1	1.2	7.0	7.1	(1.4)
Infrastructure	40.6	36.3	65.9	65.3	106.5	101.6	4.8
Construction in progress	1.0	3.4	1.3	1.0	2.3	4.4	(47.7)
Total	<u>\$ 85.5</u>	<u>\$ 84.0</u>	<u>\$ 89.0</u>	<u>\$ 88.5</u>	<u>\$ 174.5</u>	<u>\$ 172.5</u>	1.2

Total governmental capital assets increased \$1.5 million, or 1.8%, compared to last year. This was a result of a net increase in infrastructure of \$4.3 million. This was partially offset by a decrease in buildings and construction in progress of \$2.8 million. The decrease in buildings is the result of depreciation exceeding capital additions. The decrease in construction in progress is the result of the completion of infrastructure work on Old Woodward Ave. in 2019.

Total business-type capital assets increased by \$.5 million, or .5% compared to last year. The increase was the result of infrastructure improvements of \$.6 million and an increase in construction in progress of \$.3 million. Construction in progress of \$1.3 million for 2019 is the result of projects which were not completed at the end of the 2019 fiscal year for water, sewer and parking system improvements. The increase in infrastructure is the result of improvements made in the water and sewer systems. Additional information pertaining to capital assets can be found in Note 7 of this report.

**Long-term debt** - The City's total indebtedness as of June 30, 2019, is \$14.7 million. Of this amount, \$10.3 million is general-obligation bonds, which is an amount considerably below the debt limit of \$305.6 million. In addition, the City has contractual obligations totaling \$2.2 million. This amount represents the City's portion of the George W. Kuhn retention/treatment facility and the North Arm Drain Project.

The City of Birmingham maintains an "AAA" rating from Standard & Poor's and Fitch and an "Aa1" rating from Moody's for general obligation debt. Additional information on the City's long-term debt can be found in Note 8 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

Increases in taxable value, and an increase in capital expenditures were the focus of developing the fiscal year 2019-2020 budget. On the revenue side, property tax revenues account for 69 percent of the City's total General Fund revenues and 47 percent of all City revenues. As a result

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

of continuing redevelopment in the City and a healthy real estate market, the taxable value increase for fiscal year 2019-2020 is 5.8 percent. This increase will result in an increase in operating property tax revenues for the year of approximately \$1.2 million. Housing and commercial redevelopment over the past 5 years has increased building permit revenue. It is now the second highest source of revenue for the General Fund. State-shared taxes provide revenue to the City of about \$3.9 million a year in the form of revenue sharing payments and gas and weight taxes. State-shared revenue is the City's third largest revenue source for the General Fund. Investment earnings are expected to slowly improve for the next fiscal year. In 2019, the City earned more than \$1.4 million in investment income (excluding a \$.9 million market gain), while for 2019-2020 \$1.5 million in investment income has been budgeted. Pension contributions will slightly increase, retiree health care contributions will be stable and contributions to defined contribution plans will increase as new employees are hired. Additionally, costs are expected to increase for personnel, supplies, and contractual services. Capital expenditures are budgeted to increase from prior year with \$14.4 million being invested in the City's infrastructure.

The City has taken steps in the past to ensure that costs are kept in line with revenue projections. These steps include reducing full-time staffing levels by 17 percent from fiscal year 2000 levels, not creating or filling existing positions whenever possible, increasing employee deductibles and co-pays to their health care, consolidating dispatch services with the Village of Beverly Hills, and increasing service revenue by providing fire department medical transports.

The City continues to pursue service-sharing agreements with surrounding communities, achieve efficiencies through technological improvements, and implementing limited revenue enhancement measures.

The City's 2020 total levy, which includes the operating, refuse, library and debt service levies, totals 14.3584 mills, which represents a decrease from the prior year's levy of 14.5142 mills. The decrease in millage rate resulted from a decrease in the City's operating, refuse, library and debt service levies as a result of an increase in taxable value.

During the 2019 fiscal year, fund balance in the General Fund (including major and local street activity) increased by \$1.4 million to \$22.3 million. The increase in fund balance during the year was primarily attributable to a decrease in expenditures as a result of retirements and vacancies as well as projects which did not get spent by June 30th. For fiscal year 2020, the City adopted a balanced budget. Unassigned fund balance will continue to be maintained at the City Commission's policy of 17-40 percent of budgeted expenditures for unforeseen emergencies. General Fund property tax revenue is estimated at \$26.1 million for fiscal year 2020.

### **Request for Information**

This financial information is designed to provide a general overview of the City of Birmingham's finances to the City's citizens, customers, investors, creditors and others who are interested in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Birmingham's Finance Department, P.O. Box 3001, Birmingham, MI 48012.

## **Basic Financial Statements**

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# City of Birmingham, Michigan

## Statement of Net Position June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 5, 6)	\$ 38,868,964	\$ 28,025,438	\$ 66,894,402	\$ 4,606,100
Receivables - Net:				
Customers	344,350	4,471,931	4,816,281	-
Special Assessments	2,826,134	443,728	3,269,862	66,838
Delinquent personal property taxes	17,597	-	17,597	-
Inventories	125,841	12,446	138,287	-
Prepaid costs and other assets (Note 1)	107,839	15,192	123,031	42,614
Due from other governmental units	794,107	403,999	1,198,106	89,809
Restricted assets (Note 9)	491,351	-	491,351	-
Capital assets - Net (Note 7)				
Assets subject to depreciation	73,445,327	86,108,764	159,554,091	3,342,038
Assets not subject to depreciation	12,172,651	2,849,920	15,022,571	258,787
<b>Total assets</b>	<b>129,194,161</b>	<b>122,331,418</b>	<b>251,525,579</b>	<b>8,406,186</b>
<b>Deferred Outflows of Resources</b>				
Deferred amount on debt refunding	339,246	117,726	456,972	-
Deferred amount on pension (Note 13)	2,583,700	179,681	2,763,381	114,906
Deferred amount on OPEB (Note 14)	2,230,836	216,534	2,447,370	87,137
<b>Liabilities</b>				
Accounts payable	2,007,841	2,301,347	4,309,188	195,567
Accrued and other liabilities	745,720	328,416	1,074,136	104,244
Unearned revenue (Note 11)	24,825	14,130	38,955	4,275
Provision for uninsured losses and liabilities (Note 12)	732,341	-	732,341	-
Noncurrent liabilities:				
Due within one year (Note 8)	2,533,410	1,627,617	4,161,027	107,735
Due in more than one year:				
Long-term debt & employee benefits (Note 8)	8,504,962	2,870,592	11,375,554	9,511
Net pension liability (Note 13)	16,981,709	1,180,926	18,162,635	755,235
Net OPEB liability (Note 14)	13,680,045	1,327,837	15,007,882	534,344
Total liabilities	45,210,853	9,650,865	54,861,718	1,710,911
<b>Deferred Inflows of Resources</b>				
Deferred amount on pension (Note 13)	174,016	12,102	186,118	7,739
Deferred amount on OPEB (Note 14)	6,675,186	647,923	7,323,109	260,731
<b>Net Position</b>				
Net investment in capital assets	77,053,948	84,610,449	161,664,397	3,600,825
Restricted:				
Solid waste	657,167	-	657,167	-
Debt service	89,477	-	89,477	-
Law and drug enforcement	148,821	-	148,821	-
Construction code activities (Note 4)	1,246,522	-	1,246,522	-
Cemetery maintenance:				
Expendable	54,723	-	54,723	-
Non-expendable	737,218	-	737,218	-
Other	285,126	-	285,126	-
Corridor improvement authority	-	-	-	18,770
Brownfield redevelopment authority	-	-	-	52,378
Library donations:				
Expendable	-	-	-	648,939
Non-expendable	-	-	-	828,860
Unrestricted	2,014,886	27,924,020	29,938,906	1,479,076
<b>Total net position</b>	<b>\$ 82,287,888</b>	<b>\$ 112,534,469</b>	<b>\$ 194,822,357</b>	<b>\$ 6,628,848</b>

# City of Birmingham, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,893,492	\$ 427,170	\$ 170,870	\$ -
Public safety	14,031,828	2,253,531	111,900	-
Public works	10,000,670	709,763	2,186,467	383,669
Community and economic development	2,973,055	2,731,975	127,947	-
Recreation and culture	2,525,496	755,079	35,924	331,800
Interest on long-term debt	208,285	-	3,771	-
Total governmental activities	34,632,826	6,877,518	2,636,879	715,469
Business-type activities:				
Water and sewer	13,636,052	13,252,149	777,507	166,953
Automobile parking	5,152,835	8,128,648	-	-
Golf courses	1,017,751	1,061,725	-	-
Total business-type activities	19,806,638	22,442,522	777,507	166,953
Total primary government	<u>\$ 54,439,464</u>	<u>\$ 29,320,040</u>	<u>\$ 3,414,386</u>	<u>\$ 882,422</u>
Component units:				
Baldwin Public Library	\$ 3,743,465	\$ 993,278	\$ 340,383	-
Brownfield Redevelopment Authority	395,688	3,520	-	-
Corridor Improvement Authority	-	-	-	-
Principal Shopping District	1,182,650	795	1,215,796	-
Total component units	<u>\$ 5,321,803</u>	<u>\$ 997,593</u>	<u>\$ 1,556,179</u>	<u>\$ -</u>
Unrestricted general revenues:				
Property taxes				
State-shared revenues				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Changes in Net Position</b>				
<b>Net Position - Beginning of Year</b>				
<b>Net Position - End of Year</b>				

# City of Birmingham, Michigan

## Statement of Activities Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (4,295,452)	\$ -	\$ (4,295,452)	\$ -
(11,666,397)	-	(11,666,397)	-
(6,720,771)	-	(6,720,771)	-
(113,133)	-	(113,133)	-
(1,402,693)	-	(1,402,693)	-
(204,514)	-	(204,514)	-
(24,402,960)	-	(24,402,960)	-
-	560,557	560,557	-
-	2,975,813	2,975,813	-
-	43,974	43,974	-
-	3,580,344	3,580,344	-
(24,402,960)	3,580,344	(20,822,616)	-
-	-	-	(2,409,804)
-	-	-	(392,168)
-	-	-	-
-	-	-	33,941
-	-	-	(2,768,031)
28,425,728	2,382,976	30,808,704	3,576,827
2,046,874	5,361	2,052,235	35,551
1,218,824	852,941	2,071,765	170,033
9,466	-	9,466	(6,975)
(675,000)	675,000	-	-
31,025,892	3,916,278	34,942,170	3,775,436
6,622,932	7,496,622	14,119,554	1,007,405
75,664,956	105,037,847	180,702,803	5,621,443
<b>\$ 82,287,888</b>	<b>\$ 112,534,469</b>	<b>\$ 194,822,357</b>	<b>\$ 6,628,848</b>

# City of Birmingham, Michigan

## Governmental Funds Balance Sheet June 30, 2019

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments (Note 5, 6)	\$ 23,202,312	\$ 4,776,826	\$ 27,979,138
Receivables - Net:			
Customers	303,076	41,274	344,350
Special Assessments	2,683,311	142,823	2,826,134
Delinquent personal property taxes	17,597	-	17,597
Prepaid items and other assets	16,076	-	16,076
Due from other governmental units	773,245	20,861	794,106
Inventories	125,841	-	125,841
Total assets	<u>\$ 27,121,458</u>	<u>\$ 4,981,784</u>	<u>\$ 32,103,242</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,455,514	\$ 311,721	\$ 1,767,235
Accrued and other liabilities	666,131	2,150	668,281
Unearned revenue (Note 11)	24,825	-	24,825
Total liabilities	2,146,470	313,871	2,460,341
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - special assessments and property taxes	2,486,506	142,823	2,629,329
Unavailable revenue - parking tickets and charges for services	160,928	24	160,952
Total deferred inflows of resources	2,647,434	142,847	2,790,281
<b>Fund Balances (Notes 4, 10)</b>			
Nonspendable	141,317	737,218	878,535
Restricted	1,246,522	1,235,290	2,481,812
Committed	3,039,980	1,003,693	4,043,673
Assigned	3,213,721	1,548,865	4,762,586
Unassigned	14,686,014	-	14,686,014
Total fund balances	<u>22,327,554</u>	<u>4,525,066</u>	<u>26,852,620</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,121,458</u>	<u>\$ 4,981,784</u>	<u>\$ 32,103,242</u>

The Notes to Financial Statements are an  
Integral Part of this Statement



# City of Birmingham, Michigan

## Government Funds Reconciliation of Fund Balances to the Statement of Net Position June 30, 2019

<b>Fund Balance - Total Governmental Funds</b>	<b>\$ 26,852,620</b>
--	----------------------

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

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	85,617,978
---	------------

Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	2,790,281
---	-----------

Long-term liabilities are not due and payable in the current period and are not reported in the funds, including related accrued interest	(10,156,345)
---	--------------

Deferred outflows related to debt refunding activities	339,246
--	---------

Long-term pension liabilities are not due and payable in the current period and are not reported in the governmental funds	(16,981,709)
--	--------------

Long-term OPEB liabilities are not due and payable in the current period and are not reported in the governmental funds	(13,680,045)
---	--------------

Certain changes in Net Pension Liability are reported as deferred inflows and deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds.	2,409,684
--	-----------

Certain changes in Net OPEB Liability are reported as deferred inflows and deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds.	(4,444,350)
---	-------------

Internal Service Funds are included as part of governmental activities, net of amounts included above as capital assets, long-term pension and OPEB liabilities, and pension and OPEB-related deferred inflows and outflows.	<u>9,540,528</u>
--	------------------

<b>Net Position - Governmental Activities</b>	<b><u>\$ 82,287,888</u></b>
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The Notes to Financial Statements are an  
Integral Part of this Statement

# City of Birmingham, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2019

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 25,074,207	\$ 3,459,466	\$ 28,533,673
Licenses and permits	3,147,702	-	3,147,702
Federal grants	42,044	97,160	139,204
State and local sources	4,485,635	51,084	4,536,719
Charges for services	3,116,843	128,440	3,245,283
Fines and forfeitures	1,725,867	-	1,725,867
Use of money and property	1,008,762	179,479	1,188,241
Other	926,677	337,438	1,264,115
	<u>39,527,737</u>	<u>4,253,067</u>	<u>43,780,804</u>
Total revenues			
<b>Expenditures</b>			
Current:			
General government	5,357,049	-	5,357,049
Public safety	13,725,729	-	13,725,729
Public works	6,295,761	-	6,295,761
Highway and streets	3,792,409	-	3,792,409
Community and economic development	3,018,157	48,547	3,066,704
Solid waste disposal	-	1,956,826	1,956,826
48th District Court	1,219,055	-	1,219,055
Capital outlay	2,627,621	1,022,518	3,650,139
Debt service	-	1,582,515	1,582,515
	<u>36,035,781</u>	<u>4,610,406</u>	<u>40,646,187</u>
Total expenditures			
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	3,491,956	(357,339)	3,134,617
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 3)	100,000	1,453,000	1,553,000
Transfers out (Note 3)	(2,228,000)	-	(2,228,000)
	<u>(2,128,000)</u>	<u>1,453,000</u>	<u>(675,000)</u>
Total other financing sources (uses)			
<b>Net Changes in Fund Balance</b>	1,363,956	1,095,661	2,459,617
<b>Fund Balances - Beginning of year</b>	<u>20,963,598</u>	<u>3,429,405</u>	<u>24,393,003</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 22,327,554</b></u>	<u><b>\$ 4,525,066</b></u>	<u><b>\$ 26,852,620</b></u>

The Notes to Financial Statements are an  
Integral Part of this Statement

## City of Birmingham, Michigan

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### **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2019**

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,459,617

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 allocated over their  
estimated useful lives as depreciation (Note 2) 1,597,552

Special assessment revenues are recorded in the statement of activities  
when the assessment is set; they are not reported in the funds until  
collected or collectible within 60 days of year end (407,518)

Accrued interest expense on long-term liabilities is recorded in the  
statement of activities, but not in the governmental funds where it is  
recorded when paid 79,230

Bond principal are expenditures in the governmental funds, but not in  
the statement of activities (where it reduces long-term debt) 1,295,000

Government funds report retiree health care contributions; in the statement of  
activities, retiree health care expense is actuarially determined 4,407,532

Government funds report pension contributions; in the statement of activities,  
pension expense is actuarially determined (3,340,764)

Decreases in accumulated employee sick and vacation pay are recorded  
when earned in the statement of activities (35,854)

Internal Service Funds are also included as governmental activities 568,137

**Change in Net Position of Governmental Activities** **\$ 6,622,932**

# City of Birmingham, Michigan

## Proprietary Funds Statement of Net Position June 30, 2019

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Assets</b>						
Current Assets:						
Cash and investments (Note 5, 6)	\$ 3,501,217	\$ 3,641,158	\$ 19,032,674	\$ 1,850,389	\$ 28,025,438	\$ 10,889,828
Receivables - Net - Customers	1,384,903	3,118,314	412,442	-	4,915,659	-
Due from state	-	403,999	-	-	403,999	-
Inventories	-	-	12,446	-	12,446	-
Prepaid costs	-	-	13,178	2,014	15,192	91,764
Total current assets	4,886,120	7,163,471	19,470,740	1,852,403	33,372,734	10,981,592
Non-current assets:						
Restricted assets (Note 9)	-	-	-	-	-	491,351
Capital assets - Net (Note 7)	21,241,676	45,745,335	20,342,467	1,629,206	88,958,684	4,350,819
Total noncurrent assets	21,241,676	45,745,335	20,342,467	1,629,206	88,958,684	4,842,170
Total assets	26,127,796	52,908,806	39,813,207	3,481,609	122,331,418	15,823,762
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refunding	-	117,726	-	-	117,726	-
Deferred amount on pension (Note 13)	114,226	21,587	33,475	10,393	179,681	36,895
Deferred amount on OPEB (Note 14)	134,345	19,296	49,827	13,066	216,534	44,288
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	453,046	824,709	985,381	38,211	2,301,347	162,472
Provision for uninsured losses and liabilities (Note 12)	-	-	-	-	-	732,341
Accrued and other liabilities	99,160	184,197	12,414	32,645	328,416	91,973
Unearned revenue (Note 11)	-	-	-	14,130	14,130	-
Current portion of long-term debt and employee benefits (Note 8)	8,222	1,598,245	-	21,150	1,627,617	65,431
Total current liabilities	560,428	2,607,151	997,795	106,136	4,271,510	1,052,217
Noncurrent liabilities:						
Provision for employee benefits	1,009	-	-	1,867	2,876	880,198
Net pension liability (Note 13)	750,790	141,895	219,943	68,298	1,180,926	242,508
Net OPEB liability (Note 14)	823,835	118,331	305,548	80,123	1,327,837	271,588
Long-term debt - Net of current portion (Note 8)	-	2,867,716	-	-	2,867,716	-
Total noncurrent liabilities	1,575,634	3,127,942	525,491	150,288	5,379,355	1,394,294
Total liabilities	2,136,062	5,735,093	1,523,286	256,424	9,650,865	2,446,511
<b>Deferred Inflows of Resources</b>						
Deferred amount on pension (Note 13)	7,694	1,454	2,254	700	12,102	2,485
Deferred amount on OPEB (Note 14)	401,992	57,739	149,094	39,098	647,923	132,522
<b>Net Position</b>						
Net investment in capital assets	21,241,676	41,397,100	20,342,467	1,629,206	84,610,449	4,350,819
Unrestricted	2,588,943	5,876,029	17,879,408	1,579,640	27,924,020	8,972,608
Total net position	\$ 23,830,619	\$ 47,273,129	\$ 38,221,875	\$ 3,208,846	\$ 112,534,469	\$ 13,323,427

The Notes to Financial Statements are an  
Integral Part of this Statement

# City of Birmingham, Michigan

## Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2019

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Operating Revenues</b>						
Sale of water	\$ 4,588,306	\$ -	\$ -	\$ -	\$ 4,588,306	\$ -
Sewage disposal charges	-	8,663,843	-	-	8,663,843	-
Golf course fees and charges	-	-	-	1,061,725	1,061,725	-
Charges for services	-	-	-	-	-	5,911,483
Automobile parking system fees and charges	-	-	8,128,648	-	8,128,648	-
Total operating revenues	4,588,306	8,663,843	8,128,648	1,061,725	22,442,522	5,911,483
<b>Operating Expenses</b>						
Cost of water produced/purchased	1,986,553	-	-	-	1,986,553	-
Cost of sewage treatment	-	6,215,161	-	-	6,215,161	-
Operation and maintenance	1,188,186	1,049,272	3,935,121	869,599	7,042,178	1,363,838
General and administrative	206,342	232,159	117,012	37,071	592,584	3,360,260
Depreciation (Note 7)	835,681	1,785,250	1,100,702	111,081	3,832,714	1,044,561
Total operating expenses	4,216,762	9,281,842	5,152,835	1,017,751	19,669,190	5,768,659
<b>Operating Income (Loss)</b>	371,544	(617,999)	2,975,813	43,974	2,773,332	142,824
<b>Nonoperating Revenue (Expenses)</b>						
Investment income	110,582	127,704	538,374	76,281	852,941	325,330
Interest expense	-	(137,448)	-	-	(137,448)	-
Gain (loss) on disposal of assets	-	-	-	-	-	76,589
Intergovernmental revenue	1,647	781,221	-	-	782,868	-
Special assessments	51,447	115,506	-	-	166,953	-
Property taxes	752,306	1,630,670	-	-	2,382,976	-
Total nonoperating revenue	915,982	2,517,653	538,374	76,281	4,048,290	401,919
<b>Income (Loss) - Before transfers and capital contributions</b>	1,287,526	1,899,654	3,514,187	120,255	6,821,622	544,743
<b>Capital Contributions</b>	-	-	-	-	-	23,394
<b>Transfers from (to) Other Funds (Note 3)</b>	-	775,000	-	(100,000)	675,000	-
<b>Changes in Net Position</b>	1,287,526	2,674,654	3,514,187	20,255	7,496,622	568,137
<b>Net Position - Beginning of year</b>	22,543,093	44,598,475	34,707,688	3,188,591	105,037,847	12,755,290
<b>Net Position - End of year</b>	<u>\$ 23,830,619</u>	<u>\$ 47,273,129</u>	<u>\$ 38,221,875</u>	<u>\$ 3,208,846</u>	<u>\$ 112,534,469</u>	<u>\$ 13,323,427</u>

The Notes to Financial Statements are an  
Integral Part of this Statement

# City of Birmingham, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2019

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and others	\$ 4,632,058	\$ 8,460,803	\$ 8,098,708	\$ 1,065,656	\$ 22,257,225	\$ 5,864,812
Payments to suppliers	(2,486,300)	(7,455,750)	(2,816,419)	(412,469)	(13,170,938)	(4,081,592)
Payments to employees	(1,004,970)	(511,384)	(607,756)	(480,827)	(2,604,937)	(394,892)
Net cash provided by (used in) operating activities	1,140,788	493,669	4,674,533	172,360	6,481,350	1,388,328
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers from other funds	-	775,000	-	-	775,000	-
Transfers to other funds	-	-	-	(100,000)	(100,000)	-
State grants and shared revenue	1,646	781,221	-	-	782,867	-
Property taxes	752,216	585,080	-	-	1,337,296	-
Net cash provided (used) by noncapital financing activities	753,862	2,141,301	-	(100,000)	2,795,163	-
<b>Cash Flows from Capital and Related Financing Activities</b>						
Principal and interest paid on capital debt	-	(1,632,289)	-	-	(1,632,289)	-
Purchase of capital assets	(1,436,884)	(2,021,656)	(805,730)	(15,117)	(4,279,387)	(1,079,590)
Special assessments	34,472	89,823	-	-	124,295	-
Proceeds from sale of capital assets	-	-	-	-	-	79,935
Property taxes - restricted for capital debt	-	1,045,400	-	-	1,045,400	-
Net cash used in capital and related financing activities	(1,402,412)	(2,518,722)	(805,730)	(15,117)	(4,741,981)	(999,655)
<b>Cash Flows from Investing Activities -</b>						
Interest received on investments	110,583	127,705	538,376	76,279	852,943	325,329
<b>Net Changes in Cash and Cash Equivalents</b>	602,821	243,953	4,407,179	133,522	5,387,475	714,002
<b>Cash and Cash Equivalents - Beginning of year</b>	2,898,396	3,397,205	14,625,495	1,716,867	22,637,963	10,667,177
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 3,501,217</u>	<u>\$ 3,641,158</u>	<u>\$ 19,032,674</u>	<u>\$ 1,850,389</u>	<u>\$ 28,025,438</u>	<u>\$ 11,381,179</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>						
Cash and investments	\$ 3,501,217	\$ 3,641,158	\$ 19,032,674	\$ 1,850,389	\$ 28,025,438	\$ 10,889,828
Restricted investments (Note 9)	-	-	-	-	-	491,351
<b>Total cash and cash equivalents</b>	<u>\$ 3,501,217</u>	<u>\$ 3,641,158</u>	<u>\$ 19,032,674</u>	<u>\$ 1,850,389</u>	<u>\$ 28,025,438</u>	<u>\$ 11,381,179</u>

The Notes to Financial Statements are an  
Integral Part of this Statement

# City of Birmingham, Michigan

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2019

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>						
Operating income (loss)	\$ 371,544	\$ (617,999)	\$ 2,975,813	\$ 43,974	\$ 2,773,332	\$ 142,824
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	835,681	1,785,250	1,100,702	111,081	3,832,714	1,044,561
Changes in assets and liabilities:						
Receivables	44,866	(203,022)	(29,940)	-	(188,096)	-
Other assets	(76,368)	(995)	(30,529)	(8,814)	(116,706)	228,962
Accounts payable	140,560	(321,474)	891,276	(23,726)	686,636	12,549
Accrued and other liabilities	(175,495)	(148,091)	(232,789)	49,845	(506,530)	(40,568)
Net cash provided by operating activities	<u>\$ 1,140,788</u>	<u>\$ 493,669</u>	<u>\$ 4,674,533</u>	<u>\$ 172,360</u>	<u>\$ 6,481,350</u>	<u>\$ 1,388,328</u>

The Notes to Financial Statements are an  
Integral Part of this Statement

## City of Birmingham, Michigan

### Fiduciary Fund Statement of Fiduciary Net Position June 30, 2019

	Pension and Other Employee Benefits	Agency Fund
<b>Assets</b>		
Cash and cash equivalents (Note 5, 6)	\$ 3,424,850	\$ 2,111,873
Investments:		
U.S. government securities	10,275,458	-
Stocks	108,871,085	-
Bonds	15,916,002	-
Receivables and accrued interest	259,950	-
Other assets	53,668	4,100
Total assets	138,801,013	<u><u>\$ 2,115,973</u></u>
<b>Liabilities</b>		
Accounts payable	27,983	\$ 7,339
Accrued and other liabilities	715,331	2,108,634
Total liabilities	743,314	<u><u>\$ 2,115,973</u></u>
<b>Net Position</b> - restricted for pensions and OPEB	<u><u>\$ 138,057,699</u></u>	

The Notes to Financial Statements are an  
Integral Part of this Statement



## City of Birmingham, Michigan

### Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2019

	<u>Pension and Other Employee Benefits</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 2,638,827
Net change in fair value of investments	3,695,999
Less investment expenses	<u>(684,506)</u>
Net investment income	5,650,320
Contributions:	
Employer	5,274,071
Plan members	<u>408,035</u>
Total contributions	5,682,106
Other revenue	<u>95,132</u>
Total net additions	11,427,558
<b>Deductions</b>	
Benefit payments	10,556,402
Refunds of contributions	839,707
Administrative expenses and other	<u>178,822</u>
Total deductions	<u>11,574,931</u>
<b>Change in Net Position</b>	(147,373)
<b>Net Position - Restricted for Pensions and OPEB</b>	
Beginning of year	<u>138,205,072</u>
End of year	<u><u>\$ 138,057,699</u></u>

The Notes to Financial Statements are an  
Integral Part of this Statement

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**Component Units**  
**Statement of Net Position**  
**June 30, 2019**

	Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Totals
<b>Assets</b>					
Cash and investments (Note 5, 6)	\$ 3,790,714	\$ 94,863	\$ 18,770	\$ 701,753	\$ 4,606,100
Receivables	-	10,573	-	56,265	66,838
Due from other governmental units	89,809	-	-	-	89,809
Capital assets - Net (Note 7)	3,600,575	-	-	250	3,600,825
Other	<u>37,789</u>	<u>-</u>	<u>-</u>	<u>4,825</u>	<u>42,614</u>
Total assets	7,518,887	105,436	18,770	763,093	8,406,186
<b>Deferred Outflows of Resources</b>					
Deferred amount on pension (Note 13)	101,841	-	-	13,065	114,906
Deferred amount on OPEB (Note 14)	74,932	-	-	12,205	87,137
<b>Liabilities</b>					
Accounts payable	110,732	53,058	-	31,777	195,567
Accrued and other liabilities	81,349	-	-	22,895	104,244
Unearned Revenue	-	-	-	4,275	4,275
Noncurrent liabilities (Note 8):					
Due within one year	92,762	-	-	14,973	107,735
Due in more than one year:					
Employee benefits (Note 8)	8,189	-	-	1,322	9,511
Net pension liability (Note 13)	669,361	-	-	85,874	755,235
Net OPEB liability (Note 14)	<u>459,500</u>	<u>-</u>	<u>-</u>	<u>74,844</u>	<u>534,344</u>
Total liabilities	1,421,893	53,058	-	235,960	1,710,911
<b>Deferred Inflows of Resources</b>					
Deferred amount on pension (Note 13)	6,859	-	-	880	7,739
Deferred amount on OPEB (Note 14)	224,212	-	-	36,519	260,731
<b>Net Position</b>					
Net investment in capital assets	3,600,575	-	-	250	3,600,825
Restricted:					
Corridor improvement authority	-	-	18,770	-	18,770
Brownfield redevelopment authority	-	52,378	-	-	52,378
Library donations					
Expendable	648,939	-	-	-	648,939
Non-expendable	828,860	-	-	-	828,860
Unrestricted	<u>964,322</u>	<u>-</u>	<u>-</u>	<u>514,754</u>	<u>1,479,076</u>
Total net position	<u>\$ 6,042,696</u>	<u>\$ 52,378</u>	<u>\$ 18,770</u>	<u>\$ 515,004</u>	<u>\$ 6,628,848</u>

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		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Baldwin Public Library - Culture and recreation</b>	\$ 3,743,465	\$ 993,278	\$ 340,383
<b>Brownfield Redevelopment Authority</b> Community development	395,688	3,520	-
<b>Corridor Improvement Authority</b> Community development	-	-	-
<b>Principal Shopping District -</b> Community development	<u>1,182,650</u>	<u>795</u>	<u>1,215,796</u>
Total governmental activities	<u><b>\$ 5,321,803</b></u>	<u><b>\$ 997,593</b></u>	<u><b>\$ 1,556,179</b></u>

General revenues:

Taxes  
State sources  
Investment earnings  
Loss on sale of equipment

Total general revenues

**Changes in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

**Component Units  
Statement of Activities  
Year Ended June 30, 2019**

Net (Expense) Revenue and Changes in Net Position				
Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Total
\$ (2,409,804)	\$ -	\$ -	\$ -	\$ (2,409,804)
-	(392,168)	-	-	(392,168)
-	-	-	-	-
-	-	-	33,941	33,941
(2,409,804)	(392,168)	-	33,941	(2,768,031)
3,259,573	317,254	-	-	3,576,827
35,551	-	-	-	35,551
137,605	14,153	581	17,694	170,033
(6,975)	-	-	-	(6,975)
3,425,754	331,407	581	17,694	3,775,436
1,015,950	(60,761)	581	51,635	1,007,405
5,026,746	113,139	18,189	463,369	5,621,443
<b>\$ 6,042,696</b>	<b>\$ 52,378</b>	<b>\$ 18,770</b>	<b>\$ 515,004</b>	<b>\$ 6,628,848</b>

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#### Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Birmingham (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Birmingham:

##### **Reporting Entity**

The City is governed by an elected seven-member commission. As required by generally accepted accounting principles, these financial statements present the City of Birmingham and its component units.

**Discretely Presented Component Units** – The individual component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The component units are reported within the component unit's column in the combined financial statements. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

- a. The Baldwin Public Library is governed by a six-member board elected directly by the citizens of Birmingham and funded by a specially voted property tax levy. However, the City Commission approves the Library's annual budget, levies the Library millage, and provides the Library facilities. The Library is not able to issue its own debt. The City is ultimately responsible for any deficiencies that exceed any default remedies that may exist.
- b. The Principal Shopping District was created to promote economic activity within the principal shopping districts of the City by conducting market research and public relations campaigns, developing, coordinating, and conducting retail and institutional promotions, and sponsoring special events and related activities. Its board consists of eight to 12 members appointed by the city manager with the concurrence of the City Commission. The City Commission is responsible for approving the District's budget and setting the amount of its annual assessment.
- c. The Brownfield Redevelopment Authority was created under Act 381 of the Public Acts of the State of Michigan of 1996, to identify and treat distressed areas of the City in order to promote revitalization. The authority is governed by a five member board which is appointed by the mayor of the City subject to the approval of the City Commission. The City Commission is responsible for approving the Authority's budget.
- d. The Corridor Improvement Authority was created under Act 280 of the Public Acts of the State of Michigan of 2005 to redevelop its commercial corridors and promote economic growth in identified areas. The authority is governed by a seven member board, which is appointed by the mayor of the City subject to the approval of the City Commission. The City Commission is responsible for approving the Authority's budget as well as any master plans for improvements.

## Notes to the Financial Statements

June 30, 2019

### Note 1 - Summary of Significant Accounting Policies (Continued)

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The Corporation, whose governing body was selected by the City Commission, transferred its remaining assets to the Principal Shopping District during the year ended June 30, 1994 and is currently inactive. Therefore, there are no financial assets or operations to be reported.

Complete financial statements of the active component units can be obtained from their respective administrative offices at the address below:

Baldwin Public Library  
300 West Merrill  
Birmingham, MI 48012-3002

Principal Shopping District  
151 Martin Street  
Birmingham, MI 48009

Brownfield Redevelopment Authority  
151 Martin Street  
Birmingham, MI 48009

Corridor Improvement Authority  
151 Martin Street  
Birmingham, MI 48009

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers 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 revenue.

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



#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

##### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the State at year end on behalf of the government also are recognized as revenue. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

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

The government reports the following major governmental fund:

**General Fund** – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

**Automobile Parking System Fund** – The Automobile Parking System Fund accounts for the activities of the parking structures and meters.

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Water Supply System Receiving Fund** – The Water Supply System Receiving Fund accounts for water sales that finance water purchased from the Southeastern Oakland County Water Authority and the installation and maintenance of meters and mains within the City.

**Sewage Disposal System Fund** – The Sewage Disposal System Fund accounts for the activities of the sewage collection system. The City of Birmingham disposes of sewage through two county-operated facilities. Operating in the north and southeastern sections of the City is the Southeastern Oakland County Sewage Disposal District, and in the southwestern section of the City, sewage and storm disposal is provided by the Evergreen-Farmington System.

Additionally, the government reports the following fund types:

**Internal Service Funds** – Internal Service Funds account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the government on a cost reimbursement basis.

**Pension Trust and Retiree Health Care Funds** – The Pension Trust Fund and Retiree Health Care Fund accounts for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified employees and for health care benefits provided to employees during retirement.

**Agency Fund** – The Agency Fund accounts for assets held for the benefit of employees, contractors, and other taxing authorities. The fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

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

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

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for water sales and services, sewage disposal, golf course, and automobile parking system fees and charges. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of water, sewage disposal, operations and maintenance, general and administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

#### **Property Tax Revenue**

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2019 is based on the 2018 levy, which was billed July 1, 2018.

The 2018 taxable valuation of the City totaled \$2,359,367,180, on which ad valorem taxes levied consisted of 11.2099 mills for operating purposes. These mills were allocated to the General Fund (10.6399), Sewer Fund (.2494) and Water Fund (.3206). Additionally, .8036 mills and 1.1116 mills were levied for solid waste disposal and debt service, respectively. This resulted in \$26.5 million for operating expenses, \$1.9 million for refuse services, and \$2.6 million for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Funds financial statements as tax revenue.

#### **Component Unit (Baldwin Public Library) Property Taxes**

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2019 is based on the 2018 levy, which was billed July 1, 2018.

The 2018 taxable value totaled \$2,359,367,180; the Library's millage rate was 1.3891 mills, which resulted in property tax billings of \$3.3 million. The amount recognized as revenue reflects reductions for Board of Review, Michigan Tax Tribunal, and delinquencies, as well as recoveries of prior year delinquencies.

## Notes to the Financial Statements

June 30, 2019

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Assets, Liabilities, and Net Position or Fund Equity

**Cash and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and investments with a maturity of three months or less when acquired. Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. Pooled investment income is generally allocated to each fund using a weighted average.

**Receivables** – All customer receivables are shown net of allowances for uncollectible amounts. For the year ended June 30, 2019, there was approximately \$423,000 in allowances for parking fines, \$30,700 in allowances for delinquent personal property taxes, and approximately \$29,000 in allowances for miscellaneous receivables.

**Inventories and Prepaid Costs** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds consist of road salt which is measured at June 30<sup>th</sup> based on market prices. Expenditures for each fund are adjusted based on the inventory valuation.

Prepays in the government funds are recorded using the consumption method. Certain payments to vendors are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	15-25 years
Buildings and improvements	10-50 years
Improvements other than buildings	10-50 years
Land improvements	10-50 years
Machinery and equipment	5-10 years
Water and sewer distribution systems	40-50 years

## Notes to the Financial Statements

June 30, 2019

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Compensated Absences (Vacation and Sick Leave)** – It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is calculated for the full cost of vacation leave benefits and a portion of the sick leave benefits when accumulated sick leave hours exceed a certain balance. Upon termination or retirement, an employee is entitled to any unused vacation leave benefits. Only upon retirement, however, can an employee be paid a portion of their unused sick leave balance, provided their sick leave balance is over a certain amount. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only for those employees who have terminated as of the end of the year.

**Long-term Obligations** – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

**Net Pension Liability** – Beginning in fiscal year 2015, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires governments providing defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide, proprietary and discretely presented component units' statements and is computed differently than the prior unfunded actuarial accrued liability, using specific parameters set forth by the GASB.

**Net Other Post Employment Benefit (OPEB) Liability** – Beginning in fiscal year 2018, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires governments providing defined benefit post-employment benefits (other than pensions) to recognize the net OPEB liability and the OPEB expense on their financial statements. The net OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. The OPEB expense recognized each fiscal year is equal to the change in the net OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net OPEB liability is recorded on the government-wide, proprietary and discretely presented component units' statements and is computed differently than the prior unfunded actuarial accrued liability, using specific parameters set forth by the GASB.

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has several items that qualify for reporting in this category. The first is a deferred charge on a bond refunding reported in the government-wide and proprietary funds' statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is deferred outflows as a result of pension experience. This amount is in the government-wide and proprietary funds' statement of net position. It is the result of a difference between the assumptions the actuary made and what actually occurred. This amount will be amortized over 3.4112 years and be an addition to pension expense. The third item is deferred outflows as a result of a change in pension actuary assumptions. This amount is in the government-wide and proprietary funds' statement of net position. It is the result of a difference between previous actuary assumptions and current assumptions. This amount will be amortized over 3.4112 years and included in pension expense. The fourth item is deferred outflows as a result of pension earnings. This is also reported in the government-wide and proprietary funds' statements of net position. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over five years and be an addition to pension expense. The fifth item is deferred outflows as a result of a change in OPEB actuary assumptions. This amount is in the government-wide and proprietary funds' statement of net position. It is the result of a difference between previous actuary assumptions and current assumptions. This amount will be amortized over 2.2331 years and included in OPEB expense. The last item is deferred outflows as a result of OPEB earnings. This is also reported in the government-wide and proprietary funds' statements of net position. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over five years and be an addition to OPEB expense.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first is deferred inflows of resources related to unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from four sources: property taxes, special assessments, parking tickets, and certain charges for services. These amounts are deferred and recognized as inflows of resources until the period that the amounts become available. The second item is deferred inflows as a result of pension experience. This amount is in the government-wide and proprietary funds' statement of net position. It is the result of a difference between the assumptions the actuary made and what actually occurred. This amount will be amortized over the next 3.4112 years as a reduction to pension expense. The third item is a deferred inflow as a result of OPEB experience. This

## Notes to the Financial Statements

June 30, 2019

### Note 1 - Summary of Significant Accounting Policies (Continued)

amount is in the government-wide and proprietary funds' statements of net position. It is the result of a difference between the assumptions the actuary made and what actually occurred. This amount will be amortized over the next 2.2331 years and be a reduction to OPEB expense.

**Fund Equity** – In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

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

- Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the City Commission for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Commission.
- Assigned – Intent to spend resources on specific purposes expressed by the City Commission or the Finance Director, who is authorized by resolution approved by the City Commission to make assignments.
- Unassigned – Amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City Commission has adopted a minimum fund balance policy which states that unassigned fund balance in the General Fund can be no less than 17 percent of the budgeted expenditures in that fund.

## Notes to the Financial Statements

June 30, 2019

### Note 1 - Summary of Significant Accounting Policies (Continued)

Starting in fiscal year 2014, the City reported Major and Local Street Fund activities in the General Fund. The Major and Local Street Funds no longer met the requirements of GASB 54 as special revenue funds as the majority of the funding for these activities was coming from transfers from the General Fund. The detail for the Major and Local Street Funds can still be found in the Other Supplemental Information section of this report.

**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.

### Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

#### Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation”. The details of this \$1,597,552 difference are as follows:

Capital outlay	\$ 5,850,893
Depreciation expense	<u>(4,253,341)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,597,552</u>



**Notes to the Financial Statements  
June 30, 2019**

**Note 3 - Interfund Receivables, Payables, and Transfers**

For the year ended June 30, 2019, interfund transfers reported in the fund statements were as follows:

		Transfers Out	
		Golf Courses	
	General Fund	Other Nonmajor Enterprise Fund	Total
Transfers in:			
General Fund	\$ -	\$ 100,000 (2)	\$ 100,000
Capital Projects Fund	1,453,000 (1)	-	1,453,000
Sewage Disposal System Fund	775,000 (3)	-	775,000
Total	<u>\$ 2,228,000</u>	<u>\$ 100,000</u>	<u>\$ 2,328,000</u>

The following describes the nature of significant transfers:

- (1) Provide funding for capital projects.
- (2) Return of funds for building improvement.
- (3) Provide funding for lawsuit payout.

**Note 4 - Stewardship, Compliance, and Accountability**

**State Construction Code Act** – The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

A summary of the cumulative surplus and activity for the year ended June 30, 2019 is as follows:

Surplus as of June 30, 2018	\$1,458,458
Building permit revenue	2,361,287
Related expenses:	
Direct costs	\$2,171,097
Estimated indirect costs	<u>402,126</u>
Total construction code expenses	2,573,223
Surplus as of June 30, 2019	<u>\$1,246,522</u>

#### Note 5 - Cash 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 accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit 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; banker's acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool.

The Pension Trust Fund and the Retiree Health Care Fund are 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 business, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated two banks for the deposit of local unit funds. The investment policy adopted by the commission in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs. The City's deposits and investment policies are in accordance with statutory authority.

The City's cash and investments are subject to four types of risk, which are examined in more detail below:

**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. The City's investment policy restricts depository accounts to federally insured institutions located within the state of Michigan (consistent with state law). At year end, the City had approximately \$5.1 million in total bank deposits (certificates of deposit, checking and savings accounts). Of that amount, approximately \$4.8 million is considered 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. The City's general investment policy restricts the average maturity of investments to 3 years. The maximum maturities for investments are: U.S. Treasuries and agencies – five years, certificates of deposits – one year, commercial paper – 270 days, bankers' acceptances – 180 days, and repurchase agreements – 60 days. The City's pension and retiree health care investment policy restricts cash equivalents to a maturity of one year or less. At year end, the City's investments have the following range of maturity dates:

**Notes to the Financial Statements**

**June 30, 2019**

**Note 5 - Cash and Investments (Continued)**

Investment Type	Market Value	Maturity (Years)			
		< 1	1 - 5	6 - 10	> 10
U.S. Treasury:					
General investments	\$ 24,717,299	\$ 12,327,380	\$ 12,389,919	\$ -	\$ -
Retirement Fund	3,508,698	44,973	1,498,645	640,765	1,324,315
Retiree Health Care	2,056,094	83,954	835,614	580,584	555,942
	30,282,091	12,456,307	14,724,178	1,221,349	1,880,257
U.S. Agency:					
General investments	38,667,234	19,693,930	18,973,304	-	-
Retirement Fund	3,185,423	-	7,001	236,740	2,941,682
Retiree Health Care	1,525,243	-	14,064	284,903	1,226,276
	43,377,900	19,693,930	18,994,369	521,643	4,167,958
Corporate/Municipal Debt:					
General investments	-	-	-	-	-
Retirement Fund	7,359,710	-	2,666,742	2,455,272	2,237,696
Retiree Health Care	3,514,093	7,992	1,439,607	1,045,666	1,020,828
	10,873,803	7,992	4,106,349	3,500,938	3,258,524
Mutual Funds (Avg Maturity):					
General investments	407,677	-	239,962	167,715	-
Retirement Fund	3,772,723	-	3,772,723	-	-
Retiree Health Care	1,269,476	-	1,269,476	-	-
	5,449,876	-	5,282,161	167,715	-
Total	\$89,983,670	\$ 32,158,229	\$43,107,057	\$ 5,411,645	\$ 9,306,739

**Credit Risk** – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City's general investment policy further limits investments to: commercial paper to the highest rating (A-1/P-1); bankers' acceptances whose long-term debt rating is at least an A; obligations of this state or its political subdivisions to the highest rating (A-1/P-1); pooled funds with a rating of at least an A. The City's retirement and retiree health care funds' investment policies require the bond portfolio to have at least 80 percent of its holdings in securities rated no less than investment grade.

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

Investment Type	Rating	Value	Rating Agency
U.S. Agency Securities	Aaa	\$ 39,348,447	Moody
	Unrated	4,029,453	
Corporate/Municipal Bonds	Unrated	2,788,176	Moody
	Aaa	707,786	
	Aa1	474,751	
	Aa2	404,179	
	Aa3	533,789	
	A1	402,236	

**Notes to the Financial Statements**

**June 30, 2019**

**Note 5 - Cash and Investments (Continued)**

<u>Investment Type</u>	<u>Rating</u>	<u>Value</u>	<u>Rating Agency</u>
	A2	795,804	Moody
	A3	892,895	Moody
	Baa1	1,093,116	Moody
	Baa2	649,269	Moody
	Baa3	1,310,441	Moody
	Ba1	546,007	Moody
	Ba2	91,423	Moody
	Ba3	49,908	Moody
	B1	27,604	Moody
	B2	20,444	Moody
	B3	85,975	Moody
Pooled Funds	Unrated	8,814,584	
	AAA	2,121,629	S&P
Mutual Funds	Unrated	5,449,876	

**Note 6 - Fair Value Measurements**

**Concentration of Credit Risk** – At June 30, 2019, the City had investments greater than 5% of its holdings with the following issuers:

<u>Issuer</u>	<u>General Investments</u>
Federal Farm Credit Bank	12%
Federal Home Loan Mortgage	9%
Federal Home Loan Bank	16%
Federal National Mortgage Assoc.	17%

The City's General Investment Policy allows investing in U.S. agency securities up to 75% of the total general investment portfolio and up to 25% of the general investment portfolio in any one issuer.

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

## Notes to the Financial Statements June 30, 2019

### Note 6 - Fair Value Measurements (Continued)

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

The City has the following recurring fair value measurements as of June 30, 2019:

#### General Investments:

##### Assets and Liabilities Measured at Fair Value on a Recurring Basis

	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
<b>Investments by fair value level:</b>				
Debt Securities:				
U.S. treasury securities	\$ 24,717,299	\$ 24,717,299	\$ -	\$ -
U.S. agency securities	38,667,234	-	38,667,234	-
Mutual funds	<u>407,677</u>	<u>407,677</u>	<u>-</u>	<u>-</u>
Total debt securities	63,792,210	25,124,976	38,667,234	-
Equity Securities				
Mutual funds	<u>334,262</u>	<u>334,262</u>	<u>-</u>	<u>-</u>
Total Investments by fair value level	64,126,472	25,459,238	38,667,234	-
<b>Investments measured at the net asset value:</b>				
Pooled Cash Funds	<u>2,121,629</u>			
Total investments measured at fair value	<u>\$ 66,248,101</u>			
<b>Retirement and Retiree Health Care Funds:</b>				
	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
<b>Investments by fair value level:</b>				
Debt Securities:				
U.S. treasury securities	\$ 5,564,792	\$ 5,564,792	\$ -	\$ -
U.S. agency securities	681,214	-	681,214	-
Collateralized debt obligations	140,307	-	140,307	-
Mortgage backed securities	3,889,145	-	3,889,145	-
Corporate bonds	10,873,803	-	10,873,803	-
Mutual funds	<u>5,042,199</u>	<u>5,042,199</u>	<u>-</u>	<u>-</u>
Total debt securities	26,191,460	10,606,991	15,584,469	-
Equity Securities:				
U.S. large cap	26,425,401	26,425,401	-	-
U.S. mid cap	24,411,764	24,411,764	-	-
U.S. small cap	12,090,857	12,090,857	-	-
Foreign	<u>22,139,386</u>	<u>22,139,386</u>	<u>-</u>	<u>-</u>
Total equity securities	85,067,408	85,067,408	-	-
Total Investments by fair value level	111,258,868	95,674,399	15,584,469	-
<b>Investments measured at the net asset value:</b>				
U.S. Large Cap Value	9,800,174			
Multi-Strategy Hedge Fund	<u>14,003,503</u>			
Total investments measured at the NAV	<u>23,803,677</u>			
Total Investments measured at fair value	<u>\$ 135,062,545</u>			

## Notes to the Financial Statements

June 30, 2019

### Note 6 - Fair Value Measurements (Continued)

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

The fair value of U.S. agency securities, collateralized debt obligations, mortgaged backed securities, and corporate bonds at June 30, 2019 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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

#### Investments in Entities that Calculate Net Asset Value per Share

The City holds shares in investment pools and hedge funds where the fair value of the investments is measured on a recurring basis using net asset value per share of the investment pool as a practical expedient.

At the year ended June 30, 2019, the fair value, unfunded commitments and redemption rules of those investments is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if applicable)</u>	<u>Redemption Notice Period</u>
<b>General Investments:</b>				
Michigan CLASS Investment Pool	\$ 2,121,629	None	N/A	N/A
<b>Retirement and Retiree Health Care Funds:</b>				
U.S. Large Cap Value	9,800,174	None	N/A	N/A
Multi-Strategy Hedge Fund	14,003,503	None	Monthly	30 days
	<u>23,803,677</u>			
Total investments measured at fair value	<u>\$ 25,925,306</u>			

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The U.S. Large Cap Value mutual fund invests in high quality companies with prospects for future profitability that significantly stronger than what is reflected in the current stock price. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

**Notes to the Financial Statements**

**June 30, 2019**

**Note 6 - Fair Value Measurements (Continued)**

The Multi-Strategy Hedge Funds class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this class includes investments in currencies, bonds, interest rates, commodities, and stocks. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

**Note 7 - Capital Assets**

Capital asset activity of the primary government's governmental and business-type activities was as follows:

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 10,337,835	\$ -	\$ -	\$ 10,337,835
Art and historical treasures	810,949	10,000	-	820,949
Construction in progress	<u>3,387,889</u>	<u>953,597</u>	<u>3,327,619</u>	<u>1,013,867</u>
Subtotal	14,536,673	963,597	3,327,619	12,172,651
Capital assets being depreciated:				
Road and sidewalks	61,623,444	7,510,817	5,064,345	64,069,916
Buildings and improvements	24,996,632	360,082	28,970	25,327,744
Improvements other than buildings	13,084,282	139,985	-	13,224,267
Machinery and equipment	<u>18,895,187</u>	<u>1,317,014</u>	<u>961,242</u>	<u>19,250,959</u>
Subtotal	118,599,545	9,327,898	6,054,557	121,872,886
Accumulated depreciation:				
Road and sidewalks	25,369,747	3,126,354	5,064,345	23,431,756
Buildings and improvements	5,153,215	257,470	28,970	5,381,715
Improvements other than buildings	5,622,024	598,317	-	6,220,341
Machinery and equipment	<u>13,035,882</u>	<u>1,315,761</u>	<u>957,896</u>	<u>13,393,747</u>
Subtotal	<u>49,180,868</u>	<u>5,297,902</u>	<u>6,051,211</u>	<u>48,427,559</u>
Net capital assets being depreciated	<u>69,418,677</u>	<u>4,029,996</u>	<u>3,346</u>	<u>73,445,327</u>
Net capital assets	<u>\$ 83,955,350</u>	<u>\$ 4,993,593</u>	<u>\$ 3,330,965</u>	<u>\$ 85,617,978</u>

**Notes to the Financial Statements**  
**June 30, 2019**

**Note 7 - Capital Assets (Continued)**

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,597,920	\$ -	\$ -	\$ 1,597,920
Construction in progress	<u>1,010,793</u>	<u>1,122,825</u>	<u>881,618</u>	<u>1,252,000</u>
Subtotal	2,608,713	1,122,825	881,618	2,849,920
Capital assets being depreciated:				
Water and sewer distribution systems	103,804,687	3,217,334	-	107,022,021
Land improvements	3,429,092	779,843	-	4,208,935
Building and building improvements	40,500,336	-	-	40,500,336
Machinery and equipment	<u>2,547,557</u>	<u>41,005</u>	<u>-</u>	<u>2,588,562</u>
Subtotal	150,281,672	4,038,182	-	154,319,854
Accumulated depreciation:				
Water and sewer distribution systems	38,483,210	2,628,448	-	41,111,658
Land improvements	760,843	162,299	-	923,142
Building and building improvements	23,782,270	862,562	-	24,644,832
Machinery and equipment	<u>1,352,053</u>	<u>179,405</u>	<u>-</u>	<u>1,531,458</u>
Subtotal	<u>64,378,376</u>	<u>3,832,714</u>	<u>-</u>	<u>68,211,090</u>
Net capital assets being depreciated	<u>85,903,296</u>	<u>205,468</u>	<u>-</u>	<u>86,108,764</u>
Net capital assets	<u>\$ 88,512,009</u>	<u>\$ 1,328,293</u>	<u>\$ 881,618</u>	<u>\$ 88,958,684</u>

Capital asset activity for the City's component units was as follows:

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
<b>Component Units</b>				
Capital assets not being depreciated:				
Fine arts	\$ 111,818	\$ -	\$ 500	\$ 111,318
Construction in progress	<u>-</u>	<u>147,469</u>	<u>-</u>	<u>147,469</u>
Subtotal	111,818	147,469	500	258,787
Capital assets being depreciated:				
Equipment and building improvements	4,847,717	248,432	264,692	4,831,457
Books, periodicals, etc.	<u>5,528,366</u>	<u>327,681</u>	<u>836,189</u>	<u>5,019,858</u>
Subtotal	10,376,083	576,113	1,100,881	9,851,315
Less accumulated depreciation	<u>6,945,924</u>	<u>657,759</u>	<u>1,094,406</u>	<u>6,509,277</u>
Net capital assets being depreciated	<u>3,430,159</u>	<u>(81,646)</u>	<u>6,475</u>	<u>3,342,038</u>
Net capital assets	<u>\$ 3,541,977</u>	<u>\$ 65,823</u>	<u>\$ 6,975</u>	<u>\$ 3,600,825</u>



**Notes to the Financial Statements****June 30, 2019****Note 7 - Capital Assets (Continued)**

Depreciation expense was charged to programs of the primary government as follows:

## Governmental activities:

General government	\$ 269,255
Public safety	194,750
Public works	3,126,618
Economic development	4,100
Recreation and culture	658,618
Internal Service Fund depreciation is charged to the various function based on their usage of the asset	<u>1,044,561</u>

Total governmental activities \$ 5,297,902

## Business-type activities:

Water and sewer	\$ 2,620,931
Automobile parking system	1,100,702
Golf courses	<u>111,081</u>

Total business-type activities \$ 3,832,714

**Construction Commitments** – At year end, the City of Birmingham has active construction projects. The City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water system improvements	\$ 1,420,679	\$ 635,250
Street/bridge projects	5,941,486	2,746,240
Sewer improvements	4,277,441	746,460
Parking deck improvements	6,491	1,025,980
Building improvements	2,757,972	250,869
Sidewalks and alleys	2,562,752	618,672
Park improvements	<u>924,162</u>	<u>928,931</u>
Total	<u>\$ 17,890,983</u>	<u>\$ 6,952,402</u>

**Notes to the Financial Statements**  
**June 30, 2019**

**Note 8 - Long-term Debt**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are obligations that pledge the full faith and credit of the government. Direct borrowings are contractual agreements and also general obligations of the government.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
General obligation bonds:							
2008 Parks and Recreation Bonds:							
Amount of issue - \$4,000,000	3.00% -	\$100,000 -					
Maturing through 2029	4.00%	\$300,000	200,000	-	(200,000)	-	-
Unamortized bond discount			(1,012)	-	1,012	-	-
2016 Refunding Bonds:							
Amount of issue - \$14,375,000	2.00% -	\$275,000 -					
Maturing through 2029	5.00%	\$2,460,000	9,250,000	-	(1,095,000)	8,155,000	1,375,000
Unamortized bond premium			866,940	-	(118,665)	748,275	-
Total general obligation bonds			10,315,928	-	(1,412,653)	8,903,275	1,375,000
Direct borrowings:							
MDEQ Brownfield Redevelopment Loan	2.00%	\$27,398 -					
Amount of loan - \$300,000		\$32,743					
Maturing through 2019			53,495	-	(53,495)	-	-
Total bonds and direct borrowings			10,369,423	-	(1,466,148)	8,903,275	1,375,000
Accumulated employee benefits			2,168,803	1,163,278	(1,196,984)	2,135,097	1,158,410
Total governmental activities			<u>\$ 12,538,226</u>	<u>\$ 1,163,278</u>	<u>\$ (2,663,132)</u>	<u>\$ 11,038,372</u>	<u>\$ 2,533,410</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$945,629 of internal service funds employee benefit obligations is included in the above amounts. Employee benefit obligations for governmental activities are generally liquidated by the General Fund.

## Notes to the Financial Statements June 30, 2019

### Note 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
General obligation bonds:							
2016 Refunding Bonds:							
Amount of issue - \$14,375,000	2.00% -	\$275,000 -					
Maturing through 2029	5.00%	\$2,460,000	3,135,000	-	(965,000)	2,170,000	1,065,000
Unamortized bond premium			162,651	-	(54,217)	108,434	-
Total general obligation bonds			3,297,651	-	(1,019,217)	2,278,434	1,065,000
Direct Borrowings:							
George W. Kuhn Drain Bonds:							
Amount of issue - \$5,834,286							
(Net of 2016 defeasance)	2.50% -	\$42,654 -					
Maturing through 2028	6.00%	\$349,529	2,175,446	-	(345,904)	1,829,542	353,969
North Arm Drain Bonds:							
Amount of issue - \$13,877,387	1.10% -	\$121,756 -					
Maturing through 2021	1.30%	\$174,693	532,914	-	(174,930)	357,984	179,276
Total direct borrowings			2,708,360	-	(520,834)	2,187,526	533,245
Total bonds and direct borrowings			6,006,011	-	(1,540,051)	4,465,960	1,598,245
Accumulated employee benefits			33,820	21,723	(23,294)	32,249	29,372
Total business-type activities			<u>\$ 6,039,831</u>	<u>\$ 21,723</u>	<u>\$ (1,563,345)</u>	<u>\$ 4,498,209</u>	<u>\$ 1,627,617</u>

The above direct borrowings to the County and the City of Royal Oak (North Arm Drain) are the result of the County and City of Royal Oak issuance of bonds on the City's behalf. The City has pledged to raise property taxes, to the extent permitted by law, to fund the obligation to repay the County and City of Royal Oak. Proceeds from the County and City of Royal Oak bonds provided financing for the construction of combined sewer overflow retention basins and sewer interceptor lines. The remaining principal and interest to be paid on the County and City of Royal Oak bonds is \$2,187,526 and \$152,497, respectively.

Annual debt service requirements (excluding bond premiums and discounts) to maturity for the above bond and note obligations are as follows:

	Governmental Activities		Business-type Activities			
	General Obligation Bonds		General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,375,000	\$ 234,500	\$ 1,065,000	\$ 43,400	\$ 533,245	\$ 50,140
2021	1,355,000	193,450	1,105,000	11,050	540,745	37,583
2022	1,310,000	166,800	-	-	370,820	26,850
2023	1,270,000	141,000	-	-	300,210	17,911
2024	1,450,000	92,050	-	-	304,612	10,618
2025-2029	1,395,000	139,100	-	-	137,894	9,395
Total	<u>\$ 8,155,000</u>	<u>\$ 966,900</u>	<u>\$ 2,170,000</u>	<u>\$ 54,450</u>	<u>\$ 2,187,526</u>	<u>\$ 152,497</u>

## Notes to the Financial Statements

June 30, 2019

### Note 8 - Long-term Debt (Continued)

**Component Units** – Long-term debt of the component units consists of an accrual for employee benefits.

### Note 9 - Restricted Assets

The balance of the restricted assets in the internal service funds is approximately \$491,000, which represents health reimbursement accounts (HRA's) for full-time employees. Employees participating in the city's health insurance coverage can use these accounts to reimburse themselves for their out-of-pocket deductible and co-insurance payments. If an employee terminates employment before retirement, any unused funds are returned to the city.

### Note 10 - Governmental Fund Balances

Below are the details regarding the classifications of governmental fund balances:

	General Fund	Other Nonmajor Governmental Funds	Total
Fund balances:			
Nonspendable			
Prepays and inventory	\$ 141,317	\$ -	\$ 141,317
Cemetery principal		737,218	737,218
Restricted for:			
Solid waste disposal	-	657,143	657,143
Law enforcement	-	148,821	148,821
Park improvements	-	285,126	285,126
Debt service	-	89,477	89,477
Construction Code	1,246,522	-	1,246,522
Cemetery maintenance	-	54,723	54,723
Committed to:			
Traffic signals	29,046	-	29,046
Street improvements	1,899,566	-	1,899,566
Street maintenance	49,706	-	49,706
Park improvements	47,406	611,747	659,153
Alley improvements	56,715	-	56,715
Sidewalk improvements	516,219	-	516,219
Streetlight improvements	-	145,229	145,229
Building maintenance	2,570	-	2,570
Building improvements	-	246,717	246,717
Property maintenance	61,328	-	61,328
Equipment	8,665	-	8,665
Other purposes	368,759	-	368,759
Assigned to:			
Street improvements	2,823,164	214,375	3,037,539
Street maintenance	159,963	-	159,963
Building renovation and improvements	-	313	313
Alley improvements	9,029	-	9,029
Sidewalk improvements	45,795	53,304	99,099
Streetlight improvements	-	27,273	27,273
Park & recreation improvements	-	757,212	757,212
Equipment	1,229	-	1,229
Property maintenance	28,133	94,131	122,264
Building maintenance	3,938	402,257	406,195
Other purposes	142,470	-	142,470
Unassigned	14,686,014	-	14,686,014
Total fund balances	\$ 22,327,554	\$ 4,525,066	\$ 26,852,620

#### Note 11 - Unearned Revenue

Unearned revenue in the General Fund represents resources received for the subsequent year's operations.

Unearned revenue in the Golf Course Funds are unredeemed gift cards.

#### Note 12 - 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 is insured under the Michigan Municipal League for workers' compensation claims, general liability, and property loss and is self-insured for other employee and retiree health and dental claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The City estimates the liability for general liability and employee health and dental 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. These estimates are recorded in the Risk Management Internal Service Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2019</u>	<u>2018</u>
Unpaid claims – Beginning of year	\$ 693,941	\$ 302,708
Incurred claims – Including claims incurred but not reported	2,271,113	2,775,594
Claim payments	<u>(2,232,713)</u>	<u>(2,384,361)</u>
Unpaid claims – End of year	<u>\$ 732,341</u>	<u>\$ 693,941</u>

#### Note 13 - Retirement Plans

##### Defined Benefit Plan

##### Plan Description

*Plan administration.* The City of Birmingham Employees' Retirement System (the "System") is a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to eligible general and public safety employees of the City and their beneficiaries. The plan is administered by the City of Birmingham Employees' Retirement System Pension Board. The Birmingham Employees' Retirement System (BERS)

#### Note 13 - Retirement Plans (Continued)

was established on April 3, 1944 under Chapter XIX of the City Charter and may be amended from time to time by ordinance approved by the City Commission subject to collective bargaining as required by state law.

Management of BERS is vested with the Retirement Board, which consists of seven voting members—three elected by plan members, three appointed by the City Commission, which includes a citizen who is an elector of the City and who is not eligible to participate in the retirement system, and the City Manager. In addition, there is one nonvoting ex-officio retired/beneficiary member elected by the retired members and beneficiaries currently receiving benefits from the system.

*Plan membership.* At June 30, 2019, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	223
Inactive plan members entitled to but not yet receiving benefits	22
Deferred retirement option program (DROP)	1
Active plan members	70
Active plan members (death/disability only)	41
Total plan members	357

The pension plan is currently closed to any new members. New Police and Fire hires in a defined contribution plan but eligible for death and disability benefits are included as members in a defined benefit plan.

*Benefits provided.* BERS provides retirement, disability, and death benefits to plan members and their beneficiaries in accordance with the City's pension ordinance. Postretirement cost of living adjustments are not provided. Retirement benefits for members are calculated as a percent of member's final average compensation (FAC) based on the highest three consecutive years out of the last ten years times the member's years of service. The percentages used for the various groups are as follows:

- *General, Library, AFSCME and Police Support:* 2.5% of total years of service.
- *Teamsters:* 2.5% of first 30 years of service and 1% of years of service over 30, subject to a maximum of 90% of FAC.
- *Police Patrol, Fire and Fire Command:* 3.0% of first 30 years of service and 1% of years of service over 30, subject to a maximum of 95% of FAC.
- *Police Officials hired before November 1, 1973:* 2.85% of first 30 years of service and 1% of years of service over 30.
- *Police Command and Police Officials hired after November 1, 1973:* 3.0% of first 30 years of service, subject to a maximum of 90% of FAC.

#### Note 13 - Retirement Plans (Continued)

General plan members may retire at any age after 57 with at least 25 years of service except Teamster members may retire at age 55. Public safety plan members may retire at any age after 50 with at least 25 years of service except Police Officials may retire at age 53. Plan members who are vested in the system may receive a deferred retirement if eligibility requirements are met. Eligibility for AFSCME, general, library, police support hired before January 1, 2007 and Teamster employees hired before July 1, 2006: 10 years of service (seven for General members effective September 1, 2000 and Library members effective July 1, 2004) and benefit begins at age 60. Eligibility for Police and Fire is 10 years of service and benefits begin at age 55.

Upon regular retirement, a member may elect to withdraw their accumulated contributions. If this lump sum election is made, the retirement allowance is reduced by the actuarial equivalent of the amount withdrawn. A plan member who leaves City service may withdraw their accumulated contributions plus any accumulated interest.

All plan members, including new Police and Fire hires in the City's defined contribution plan, are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. The annual amount of a duty disability retirement to voluntary retirement age is 60% of FAC. Maximum total disability income, including worker's compensation, is 70% of FAC. Minimum disability benefit after worker's compensation offset is 20% of FAC. Upon attaining voluntary retirement age, additional service credit is granted and benefit is recomputed. Duty disability retirement is payable to general members upon expiration of worker's compensation. The non-duty disability retirement is computed as regular retirement with a maximum benefit, which when added to worker's compensation cannot exceed 70% of FAC. The minimum benefit is 20% of FAC. A multiplier of 2.25% of FAC at the time of disability is used for Teamster members.

Death benefits are provided to members. For duty death before retirement, those members that are covered by social security the benefit includes refund of accumulated contributions plus the same amount that was paid by worker's compensation to the widow or dependent widower, unmarried children under 18 and dependent children and parents. For members not covered by social security the benefit includes refund of accumulated contributions plus one-third of final compensation to the widow or dependent widower, plus one-fourth of final compensation to dependent or unmarried children under 18 plus one-sixth of final compensation to dependent parents. Worker's compensation payments are offset. Pensions to widows and parents are paid for life or until remarriage. For non-duty death before retirement, eligibility includes 20 years of service or age 55 with 10 or more years of service. Fire members hired prior to April 1, 2012 are eligible for non-duty death benefit after 15 years of service. The non-duty death retirement is computed as regular retirement actuarially reduced in accordance with a 100% joint and survivor election.

#### Note 13 - Retirement Plans (Continued)

*Contributions.* Member contribution rate is established by contract and or resolution as approved by the City Commission. Contributions by the City are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2019, the average active member contribution rate was 3.0 percent of annual pay, and the City's average contribution rate was 12.54 percent of annual payroll, plus \$436,767 for the unfunded accrued liability for general members and 18.32 percent of annual payroll, plus \$538,102 for the unfunded accrued liability for public safety members (including defined contribution members receiving death and disability only benefits under the plan).

#### Investments

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the BERS Board by a majority vote of its members. It is the policy of the BERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	35-55%
Global Equities	10-20%
Emerging Markets	4%
Fixed Income	
Domestic Fixed Income	20-35%
Global Fixed Income	5%
Cash Equivalents	5-10%
Alternative Investments	10%

Emerging markets is part of the total allocation to global (international) equities. State law limits total allocation in international equities plus international fixed income to 20 percent of total assets. The total allocation to alternative investments may not exceed 15 percent under the "Small Plan-Basket Clause" provision of Michigan Public Act 314 of 1965, as amended.

*Concentrations.* The pension plan did not hold investments other than those issued or explicitly guaranteed by the U.S. government in any one organization that represent 5 percent or more of the pension plan's fiduciary net position.



## Notes to the Financial Statements

June 30, 2019

### Note 13 - Retirement Plans (Continued)

*Rate of return.* For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.96 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Reserves

State law requires employee contributions to be segregated. As of June 30, 2019, the System's legally required reserves have been fully funded as follows:

Reserve for employer contributions	\$ 13,752,095
Reserve for employees' contributions	4,809,676
Reserve for DROP	382,877
Reserve for retired benefit payments	<u>81,423,308</u>
Total	<u>\$ 100,367,956</u>

#### Deferred Retirement Option Program

Police and Fire command members who were plan members on January 1, 2005 and at least 50 years old with 30 or more years of service and police official members who were plan members on January 1, 2005 and at least 53 years of age with minimum 30 years of service may elect to participate in a deferred retirement option plan (DROP). Under this plan, the member's benefit is deposited into an account that receives four percent compound interest annually while the member remains an active member. No member contributions are made while in the DROP and no additional retirement benefits are earned. Members may remain in the DROP for a maximum of five years at which time they receive their account balance and begin receiving the benefit accrued to the date of entry into the program. The amount of reserves at June 30, 2019 held by the pension plan for the DROP program totaled \$382,877.

#### Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2019 were as follows:

Total pension liability	\$ 119,285,826
Plan fiduciary net position	<u>100,367,956</u>
City's net pension liability	<u>\$ 18,917,870</u>

Plan fiduciary net position as a  
percentage of the total pension liability 84.14%

## Notes to the Financial Statements

June 30, 2019

### Note 13 - Retirement Plans (Continued)

The City has chosen to use June 30, 2019 as its measurement date for the net pension liability. The June 30, 2019 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of June 30, 2019. The June 30, 2019 total pension liability was determined by an actuarial valuation performed as of June 30, 2018, which used update procedures to roll forward the estimated liability to June 30, 2019.

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

	Primary Government		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balances at June 30, 2018</b>	\$ 114,193,226	\$ 98,639,933	\$ 15,553,293
<b>Changes for the year:</b>			
Service cost	1,167,656	-	1,167,656
Interest	7,535,583	-	7,535,583
Changes in benefits	-	-	-
Difference between expected and actual experience	(265,250)	-	(265,250)
Changes in assumptions	-	-	-
Contributions - employer	-	1,836,253	(1,836,253)
Contributions - employee	-	173,671	(173,671)
Net investment income	-	3,940,295	(3,940,295)
Benefit payments, including refunds	(8,246,483)	(8,246,483)	-
Administrative expenses	-	(132,780)	132,780
Miscellaneous other changes	-	11,208	(11,208)
<b>Balances at June 30, 2019</b>	<b>\$ 114,384,732</b>	<b>\$ 96,222,097</b>	<b>\$ 18,162,635</b>

	Component Units		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balances at June 30, 2018</b>	\$ 4,894,592	\$ 4,227,941	\$ 666,651
<b>Changes for the year:</b>			
Service cost	39,641	-	39,641
Interest	255,824	-	255,824
Changes in benefits	-	-	-
Difference between expected and actual experience	(9,005)	-	(9,005)
Changes in assumptions	-	-	-
Contributions - employer	-	62,339	(62,339)
Contributions - employee	-	5,896	(5,896)
Net investment income	-	133,768	(133,768)
Benefit payments, including refunds	(279,958)	(279,958)	-
Administrative expenses	-	(4,508)	4,508
Miscellaneous other changes	-	381	(381)
<b>Balances at June 30, 2019</b>	<b>\$ 4,901,094</b>	<b>\$ 4,145,859</b>	<b>\$ 755,235</b>

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense (including the defined contribution plan) of \$6,411,322. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Notes to the Financial Statements**  
**June 30, 2019**

**Note 13 - Retirement Plans (Continued)**

	Primary Government		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 360,531	\$ 186,118	\$ 174,413
Changes in assumptions	874,120	-	874,120
Net difference between projected and actual earnings on pension plan investments	1,528,730	-	1,528,730
Total	<u>\$ 2,763,381</u>	<u>\$ 186,118</u>	<u>\$ 2,577,263</u>

	Component Units		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 14,992	\$ 7,739	\$ 7,253
Changes in assumptions	36,348	-	36,348
Net difference between projected and actual earnings on pension plan investments	63,566	-	63,566
Total	<u>\$ 114,906</u>	<u>\$ 7,739</u>	<u>\$ 107,167</u>

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

	Net Deferred Outflows (Inflows) of Resources	
Year Ending June 30,	Primary Government	Component Units
2020	\$ 2,044,440	\$ 85,011
2021	(53,080)	(2,207)
2022	77,513	3,223
2023	508,390	21,140
Total	<u>\$ 2,577,263</u>	<u>\$ 107,167</u>

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

## Notes to the Financial Statements

June 30, 2019

### Note 13 - Retirement Plans (Continued)

Price inflation	2.5 percent
Salary increase	3.25 percent
Merit and seniority increase	0-2 percent
Investment rate of return	6.75 percent

Mortality rates were based on the RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

Rates of retirement were used to measure the probability of eligible members retiring during the next year. Rates of separation and rates of disability among active members were also measured. These assumptions are generally based on past experience, often modified for projected changes in conditions.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017 updated for the June 30, 2018 valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant. For each major asset class that is included in the pension plan target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	5.22%
Global (International) Equity	6.51%
Fixed Income	0.20%
Alternative Investments	3.70%
Cash	0.00%

*\*Real rate of return reduced by investment manager inflation rate assumption of 2.5%*

**Discount rate.** A single discount rate of 6.75 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.75 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially

## Notes to the Financial Statements

June 30, 2019

### Note 13 - Retirement Plans (Continued)

determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the single discount rate of 6.75 percent, as well as what the City's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease 5.75%	Current Single Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$ 132,591,972	\$ 119,285,826	\$ 108,058,667
Plan Fiduciary Net Position	<u>100,367,956</u>	<u>100,367,956</u>	<u>100,367,956</u>
Net Pension Liability (Asset)	<u>\$ 32,224,016</u>	<u>\$ 18,917,870</u>	<u>\$ 7,690,711</u>

*Pension allocations:* The allocation of key pension elements was based on each reporting unit's proportionate share of actuarial required contributions as follows:

	Primary Government	Component Units
Proportionate share of the net pension liability	96%	4%
Net pension liability	\$ 18,162,635	\$ 755,235
Pension expense	5,517,923	135,175
Deferred outflows of resources representing the net differences between expected and actual experience	360,531	14,992
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	1,528,730	63,566
Deferred outflows of resources representing changes in assumptions	874,120	36,348
Deferred inflows of resources representing the net differences between expected and actual experience	186,118	7,739
Amortization of deferred outflows (inflows):		
June 30, 2020	2,044,440	85,011
June 30, 2021	(53,080)	(2,207)
June 30, 2022	77,513	3,223
June 30, 2023	508,390	21,140
June 30, 2024	-	-
Thereafter	-	-
Total	\$ 2,577,263	\$ 107,167
Sensitivity Analysis:		
Net pension liability at 5.75 percent discount rate	\$ 30,937,579	\$ 1,286,437
Net pension liability at 7.75 percent discount rate	7,383,685	307,026

**Note 13 - Retirement Plans (Continued)**

**Defined Contribution Plan**

**Plan description and funding requirements** – The City has established a 401(a) defined contribution plan subject to section 1 of the City Charter. Plan provisions are established and amended by the City Commission either through resolution or union contracts. Department heads, non-union, AFSCME and library employees hired on or after January 1, 2007, Teamster employees hired on or after July 1, 2006, police officers/command hired after July 1, 2011, and firefighters hired on or after April 1, 2012 are eligible for this plan. Library and AFSCME employees hired before January 1, 2007, can also enroll in this plan if they opt out of the defined benefit retirement plan. Contribution funding rates and vesting periods are as follows:

	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees	Police Employees	Fire Employees
Employer Contribution	9.5%	6%	8%	9.5%	15%	15.0%
Employee Contribution	4%	3%	3.5%	4%	6.5%	6.5%
Vesting Period	5 years	3 years	5 years	5 years	7 years	7 years

At June 30, 2019, the following numbers of employees were in the plan along with the respective employer and employee contributions:

	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees	Police Employees	Fire Employees
Number of Employees	21	23	17	17	21	23
Employer Contributions	\$133,898	\$54,490	\$59,946	\$85,719	\$201,517	\$222,654
Employee Contributions	\$57,768	\$27,245	\$29,799	\$36,936	\$87,324	\$99,102

**Note 14 - Postemployment Benefits**

**Defined Benefit Retirement Health Care Plan**

**Plan Description**

*Plan administration.* The City of Birmingham Retirement Health Care Fund (RHCF) is a single-employer defined benefit healthcare plan that is used to provide postemployment defined benefits other than pensions (OPEB) to eligible general and public safety employees of the City and their beneficiaries. The Birmingham Retirement Health Care Fund was established on January 1, 2001, in accordance with the Michigan Public Employee Health Care Fund Act, Act 149 of the Public Acts of 1999.

## Notes to the Financial Statements

June 30, 2019

### Note 14 - Postemployment Benefits (Continued)

Management of the RHCF is vested with the Retiree Health Care Investment Committee, which consists of five voting members: the City Manager, a member of the City Commission, a citizen member appointed by the City Commission, the City Treasurer, and a non-supervisory employee appointed by the City Manager.

*Plan membership.* At June 30, 2019, the RHCF had the following plan membership:

Inactive plan members or beneficiaries currently receiving benefits	307
Inactive plan members entitled to but not yet receiving benefits	7
DROP members	1
Active plan members	<u>62</u>
Total plan members	377

The RHCF plan is currently closed to any new members.

*Benefits provided.* RHCF provides medical and prescription benefits to eligible retirees and their dependents. Benefits are provided through a self-insurance program which is administered by a third party administrator.

*Contributions.* Member contribution rate is established by contract and or resolution as approved by the City Commission. Contributions by the City are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2019, the average active member contribution rate was 2.0 percent of annual pay and the City's average contribution rate was 51.35% of annual payroll.

In addition, retired plan members or their beneficiaries hired prior to January 1, 1993 (July 1, 2002 for Library) contribute the following amounts (some retirees' contributions will differ from the amounts below depending on the terms of the contract when they retired):

Monthly Premiums								
Status	Police Patrol, Police Support	Police Command	General, Police Officials	AFSCME	Teamsters	Firefighters	Fire Command	Library
Single - below age 65	\$80	\$80	\$30	\$100	\$100	\$100	\$60	\$40
Single - age 65 and over	40	40	15	50	50	50	30	20
Couple - below age 65	160	160	60	200	200	200	120	80
Couple - age 65 and over	80	80	30	100	100	100	60	40

For all regular full-time General, AFSCME, Teamsters, and Library employees hired on or after January 1, 1993 (July 1, 2002 for Library), the retiree contributes 50% of the calculated premium.

#### Note 14 - Postemployment Benefits (Continued)

For the fiscal year ended June 30, 2019, plan members or beneficiaries receiving benefits contributed \$117,816. The City is required to contribute at a rate equivalent to the annual required contribution (ARC) (51.35% or \$3 million). Administrative costs of the RHCF are financed by investment earnings.

#### Investments

*Investment policy.* The RHCF policy in regard to the allocation of invested assets is established and may be amended by the City Commission by a majority vote of its members. It is the policy of the BERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	35-55%
Global Equities	10-20%
Emerging Markets	4%
Fixed Income	
Domestic Fixed Income	20-35%
Global Fixed Income	5%
Cash Equivalents	5-10%
Alternative Investments	10%

Emerging markets is part of the total allocation to global (international) equities. State law limits total allocation in international equities plus international fixed income to 20 percent of total assets. The total allocation to alternative investments may not exceed 15 percent under the "Small Plan-Basket Clause" provision of Michigan Public Act 314 of 1965, as amended.

*Concentrations.* The RHCF did not hold investments other than those issued or explicitly guaranteed by the U.S. government in any one organization that represent 5 percent or more of the pension plan's fiduciary net position.

*Rate of return.* For the year ended June 30, 2019, the annual money-weighted rate of return on RHCF plan investments, net of RHCF investment expense, was 4.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net OPEB Liability of the City

The net OPEB liability of the City has been measured as of June 30, 2019 and is composed of the following:



## Notes to the Financial Statements

June 30, 2019

### Note 14 - Postemployment Benefits (Continued)

The components of the net OPEB liability at June 30, 2019 were as follows:

Total OPEB liability	\$ 53,231,969
Plan fiduciary net position	<u>37,689,743</u>
City's net OPEB liability	<u>\$ 15,542,226</u>

Plan fiduciary net position as a  
percentage of the total pension liability 70.8%

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

	Primary Government		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balances at June 30, 2018</b>	\$ 59,216,560	\$ 33,917,945	\$ 25,298,615
<b>Changes for the year:</b>			
Service cost	463,991	-	463,991
Interest	3,888,365	-	3,888,365
Changes in benefits	-	-	-
Difference between expected and actual experience	(12,950,671)	-	(12,950,671)
Changes in assumptions	3,206,934	-	3,206,934
Contributions - employer	-	3,211,856	(3,211,856)
Contributions - plan members	-	217,393	(217,393)
Net investment income	-	1,499,850	(1,499,850)
Benefit payments, including re	(2,660,844)	(2,737,934)	77,090
Administrative expenses	-	(39,521)	39,521
Miscellaneous other changes	-	86,864	(86,864)
<b>Balances at June 30, 2019</b>	<u>\$ 51,164,335</u>	<u>\$ 36,156,453</u>	<u>\$ 15,007,882</u>

	Component Units		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balances at June 30, 2018</b>	\$ 2,477,841	\$ 1,419,253	\$ 1,058,588
<b>Changes for the year:</b>			
Service cost	23,637	-	23,637
Interest	198,086	-	198,086
Changes in benefits	-	-	-
Difference between expected and actual experience	(659,750)	-	(659,750)
Changes in assumptions	163,372	-	163,372
Contributions - employer	-	163,623	(163,623)
Contributions - plan members	-	11,075	(11,075)
Net investment income	-	76,407	(76,407)
Benefit payments, including re	(135,552)	(139,479)	3,927
Administrative expenses	-	(2,013)	2,013
Miscellaneous other changes	-	4,424	(4,424)
<b>Balances at June 30, 2019</b>	<u>\$ 2,067,634</u>	<u>\$ 1,533,290</u>	<u>\$ 534,344</u>

**Notes to the Financial Statements**

**June 30, 2019**

**Note 14 - Postemployment Benefits (Continued)**

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

For the year ended June 30, 2019, the City recognized an OPEB recovery (including the defined contribution plan) of \$2,107,284. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 7,323,109	\$ (7,323,109)
Changes in assumptions	2,053,026	-	2,053,026
Net difference between projected and actual earnings on OPEB plan investments	394,344	-	394,344
Total	<u>\$ 2,447,370</u>	<u>\$ 7,323,109</u>	<u>\$ (4,875,739)</u>

	Component Units		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 260,731	\$ (260,731)
Changes in assumptions	73,096	-	73,096
Net difference between projected and actual earnings on OPEB plan investments	14,041	-	14,041
Total	<u>\$ 87,137</u>	<u>\$ 260,731</u>	<u>\$ (173,594)</u>

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

**Notes to the Financial Statements**

**June 30, 2019**

**Note 14 - Postemployment Benefits (Continued)**

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources	
	Primary Government	Component Units
2020	\$ (4,160,244)	\$ (148,120)
2021	(954,474)	(33,983)
2022	77,683	2,766
2023	161,296	5,743
2024	-	-
Thereafter	-	-
Total	<u>\$ (4,875,739)</u>	<u>\$ (173,594)</u>

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, which used update procedures to roll forward the estimated liability to fiscal year June 30, 2019. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Price inflation	2.5 percent
Salary increase	3.25 percent
Investment rate of return	6.75 percent
Health care trend rate	8.0 percent for the first year, then gradually decreasing to 3.5% in year 10

Mortality rates were based on the RP-2014 Employee Generational Mortality Tables, with blue-collar adjustments and extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

Rates of retirement were used to measure the probability of eligible members retiring during the next year. Rates of separation and rates of disability among active members were also measured. These assumptions are generally based on past experience, often modified for projected changes in conditions.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017 updated for the June 30, 2018 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant. For each major asset class that is included in the OPEB plan target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

**Notes to the Financial Statements**

**June 30, 2019**

**Note 14 - Postemployment Benefits (Continued)**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	5.22%
Global (International) Equity	6.51%
Fixed Income	0.20%
Alternative Investments	3.70%
Cash	0.00%

*\*Real rate of return reduced by investment manager inflation rate assumption of 2.5%*

**Discount rate.** A single discount rate of 6.75 percent was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.75 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the net OPEB liability to changes in the discount rate.** The following presents the net OPEB liability of the City, calculated using the single discount rate of 6.75 percent, as well as what the City's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

<u>Current Single Discount</u>		
<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
\$22,009,810	\$15,542,226	\$10,169,968

**Sensitivity of the net pension liability to changes in the healthcare cost trend rate.** The following presents the net pension liability of the City, calculated using the assumed trend rates of 8 percent decreasing to 3.5 percent, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.0 percent decreasing to 2.5 percent) or 1-percentage-point higher (9.0 percent decreasing to 4.5 percent) than the current rate:

<u>Current Healthcare</u>		
<u>1% Decrease</u>	<u>Cost Trend Rate</u>	<u>1% Increase</u>
<u>(7% decreasing</u>	<u>8% decreasing to</u>	<u>(9% decreasing</u>
<u>to 2.5%)</u>	<u>to 3.5%)</u>	<u>to 4.5%)</u>
\$9,395,154	\$15,542,226	\$22,980,084

**Notes to the Financial Statements**

**June 30, 2019**

**Note 14 - Postemployment Benefits (Continued)**

*OPEB allocations:* The allocation of key pension elements was based on each reporting unit's proportionate share of actuarial required contributions as follows:

	Primary <u>Government</u>	Component <u>Units</u>
Proportionate share of the net OPEB liability	96.6%	3.4%
Net OPEB liability	\$ 15,007,882	\$ 534,344
OPEB expense	(1,950,149)	(346,910)
Deferred outflows of resources representing changes in assumptions	2,053,026	73,096
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	394,344	14,041
Deferred inflows of resources representing the net differences between expected and actual experience	7,323,109	260,731
Amortization of deferred outflows (inflows):		
June 30, 2020	(4,160,244)	(148,120)
June 30, 2021	(954,474)	(33,983)
June 30, 2022	77,683	2,766
June 30, 2023	161,296	5,743
June 30, 2024	-	-
Thereafter	-	-
Total	\$ (4,875,739)	\$ (173,594)
Sensitivity Analysis:		
<u>Single Discount Rate Assumption</u>		
Net OPEB liability at 5.75 percent discount rate	\$ 21,253,122	\$ 756,688
Net OPEB liability at 7.75 percent discount rate	9,820,329	349,639
<u>Healthcare Cost Trend Rate Assumption</u>		
Net OPEB liability at 1% increase	\$ 22,190,038	\$ 790,046
Net OPEB liability at 1% decrease	9,072,152	323,002

**Defined Contribution Retirement Health Care Plan**

The City established a defined contribution retirement health savings plan pursuant to section 1 of the City Charter. Plan provisions are established and amended by the City Commission either through resolution or union contracts. The plan covers non-union, library, and Teamster employees hired on or after July 1, 2006, AFSCME employees hired after January 1, 2007, firefighters hired on or after July 1, 2009, police officers/command hired on or after July 1, 2011 and firefighters hired on or after April 1, 2012. In addition, Teamster and AFSCME employees currently eligible for defined benefit health care benefits will also receive a defined contribution benefit. Participation in this plan is optional for non-union employees. Also, non-union employees hired before July 1, 2006, may opt out of the defined benefit retirement health care plan and enroll in this plan. Contribution rates and vesting periods are as follows:

**Notes to the Financial Statements**

**June 30, 2019**

**Note 14 - Postemployment Benefits (Continued)**

	Hire Date	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees	Fire Employees	Police Employees
Employer Contribution	After 7/1/2011	n/a	n/a	n/a	n/a	n/a	2%
	After 7/1/2009	n/a	n/a	n/a	n/a	\$80/pay	n/a
	After 7/1/2006 <sup>(1)</sup>	\$70/pay	\$50/pay	\$70/pay	\$70/pay	n/a	n/a
	1/1/1993 - 6/30/2006 <sup>(2)</sup>	n/a	n/a	\$70/pay	\$70/pay	n/a	n/a
	Prior to 1/1/1993	n/a	n/a	\$30/pay	\$70/pay	n/a	n/a
Employee Contribution	After 7/1/2011	n/a	n/a	n/a	n/a	n/a	2%
	After 7/1/2009	n/a	n/a	n/a	n/a	3%	n/a
	After 7/1/2006	2%	2%	2%	3%	n/a	n/a
	1/1/1993 - 6/30/2006	n/a	n/a	None	1.5%	n/a	n/a
	Prior to 1/1/1993	n/a	n/a	None	None	n/a	n/a
Vesting Period	After 7/1/2011	n/a	n/a	n/a	n/a	n/a	7 years
	After 7/1/2009	n/a	n/a	n/a	n/a	7 years	n/a
	After 7/1/2006	5 years	5 years	5 years	5 years	n/a	n/a
	1/1/1993 - 6/30/2006	n/a	n/a	Immediate	Immediate	n/a	n/a
	Prior to 1/1/1993	n/a	n/a	Immediate	Immediate	n/a	n/a

At June 30, 2019, the following numbers of employees were in the plan along with the respective employer and employee contributions:

	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees	Fire Employees	Police Employees
Number of Employees	21	13	23	28	27	21
Employer Contributions	\$35,140	\$16,500	\$35,050	\$48,440	\$44,560	\$26,677
Employee Contributions	\$28,884	\$13,362	\$18,317	\$38,395	\$50,288	\$26,869

**Note 15 – Tax Abatements**

The Brownfield Redevelopment Authority, a discretely presented component unit, was established under Act 381 of the Public Acts of the State of Michigan of 1996. The Authority reviews requests from taxpayers seeking reimbursement of environmental contamination on their properties. If the Authority deems the taxpayer's request to be reasonable, they will recommend approval to the City Commission. Once the agreement with the taxpayer is approved by the City Commission, the taxpayer is reimbursed for actual environmental expenses up to the amount in the agreement using the property taxes generated from the increased value of the property as a result of the new development (Tax Incremental Financing). Once a taxpayer has been reimbursed for their expenses, the portion of the taxable value that was captured to pay for the reimbursement is recaptured by the City. As a result of these brownfield agreements, the property tax revenue is reduced. For the fiscal year ended June 30, 2019, the Authority abated \$132,175 of taxes to the City under this program. There are no provisions to recapture taxes.

#### **Note 16 - Joint Ventures**

##### **Birmingham Area Cablecasting Board**

The City is a member of the Birmingham Area Cablecasting Board, which provides cable program coordinating services to the residents of Birmingham, Beverly Hills, and Franklin Village. The City receives quarterly checks from Comcast, which consist of revenue related to franchise and use fees. The City then distributes a fixed percentage of the amounts received to the Village of Beverly Hills for administrative services. The City is unaware of any additional benefit or detriment upon dissolution of this joint venture. The City's equity interest in the joint venture is insignificant. Complete financial statements for the Birmingham Area Cablecasting Board can be obtained from the administrative offices at 30400 Telegraph Road, Suite 328, Birmingham, MI 48010.

##### **Southeastern Oakland County Water Authority**

The City is a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2019, the City expensed \$1,986,553 of payments made to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

##### **Southeastern Oakland County Resources Recovery Authority**

The City is a member of the Southeastern Oakland County Resource Recovery Authority, which consists of 14 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2019, the City expensed \$1,651,638 of payments to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Resource Recovery Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

#### **Note 16 - Joint Ventures (Continued)**

##### **48th Judicial District Court**

The City is a participant with Bloomfield Township, the Charter Township of West Bloomfield, and the City of Bloomfield Hills in the operations of the 48th Judicial District Court (the "Court"). The City advances its allocated share of Court expenditures and receives a share of the Court revenue based on relative caseload levels. The City's share of Court expenditures amounted to \$1,232,846 and its share of Court revenue amounted to \$1,147,391 for the Court's year ended December 31, 2018. Complete audited financial statements for the Court can be obtained from the Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

#### **Note 17 - Upcoming GASB Pronouncements**

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

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

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



## Notes to the Financial Statements

June 30, 2019

### Note 17 - Upcoming GASB Pronouncements (Continued)

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the City's financial statements for the June 30, 2022 fiscal year.

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## **Required Supplemental Information**

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# City of Birmingham, Michigan

## Required Supplemental Information Budgetary Comparison Schedule – General Fund Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual (Budgetary Basis) (See Note B)	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Property taxes	\$ 24,941,490	\$ 24,941,490	\$ 25,074,207	\$ 132,717
Licenses and permits	3,173,150	3,173,150	3,147,702	(25,448)
Intergovernmental revenue	2,130,740	2,130,740	2,341,212	210,472
Charges for services	3,356,410	3,356,410	3,116,843	(239,567)
Fines and forfeitures	1,838,990	1,838,990	1,725,867	(113,123)
Interest and rent	398,230	398,230	869,227	470,997
Other	536,410	536,410	438,596	(97,814)
Transfers from other funds	100,000	100,000	100,000	-
Total revenue	36,475,420	36,475,420	36,813,654	338,234
<b>Expenditures</b>				
General government	5,959,170	5,778,818	5,303,208	475,610
Public safety	13,666,220	13,788,395	13,408,527	379,868
Community development	3,437,110	3,541,404	2,994,264	547,140
Engineering and public services	4,902,770	7,227,076	6,247,697	979,379
Transfers to other funds	8,510,150	9,368,657	8,969,955	398,702
Total expenditures	36,475,420	39,704,350	36,923,651	2,780,699
<b>Excess of Revenue Over (Under) Expenditures</b>	-	(3,228,930)	(109,997)	3,118,933
<b>Fund Balances - Beginning of year</b>	17,306,655	17,306,655	17,306,655	-
<b>Fund Balances - End of year</b>	<u>\$ 17,306,655</u>	<u>\$ 14,077,725</u>	<u>\$ 17,196,658</u>	<u>\$ 3,118,933</u>

# City of Birmingham, Michigan

Fiscal year ending June 30,

	2019	2018	2017	2016
<b>Total Pension Liability</b>				
Service Cost	\$ 1,207,297	\$ 1,176,990	\$ 1,198,113	\$ 1,309,774
Interest on the Total Pension Liability	7,791,407	7,548,033	7,736,173	7,698,227
Benefit Changes	-	-	-	-
Difference between expected and actual experience of the Total Pension Liability	(274,255)	816,510	412,640	414,101
Assumption Changes	-	2,271,712	-	-
Benefit Payments and Refunds	(8,526,441)	(7,919,279)	(8,141,551)	(9,506,829)
<b>Net Change in Total Pension Liability</b>	198,008	3,893,966	1,205,375	(84,727)
<b>Total Pension Liability - Beginning</b>	119,087,818	115,193,852	113,988,477	114,073,204
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 119,285,826</b>	<b>\$ 119,087,818</b>	<b>\$ 115,193,852</b>	<b>\$ 113,988,477</b>
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	\$ 1,898,592	\$ 1,853,059	\$ 1,830,875	\$ 1,915,308
Employee Contributions	179,567	191,515	199,299	219,861
Pension Plan Net Investment Income	4,074,063	8,869,776	8,622,637	(485,602)
Benefit Payments and Refunds	(8,526,441)	(7,919,279)	(8,141,551)	(9,506,829)
Pension Plan Administrative Expense	(137,288)	(148,148)	(124,630)	(148,755)
Other	11,589	(12,841)	3,512	(12,768)
<b>Net Change in Plan Fiduciary Net Position</b>	(2,499,918)	2,834,082	2,390,142	(8,018,785)
<b>Plan Fiduciary Net Position - Beginning</b>	102,867,874	100,033,792	97,643,650	105,662,435
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 100,367,956</b>	<b>\$ 102,867,874</b>	<b>\$ 100,033,792</b>	<b>\$ 97,643,650</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 18,917,870</b>	<b>\$ 16,219,944</b>	<b>\$ 15,160,060</b>	<b>\$ 16,344,827</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.14%	86.38%	86.84%	85.66%
Covered Payroll	\$ 8,560,125	\$ 8,529,792	\$ 8,282,695	\$ 8,120,260
Net Pension Liability as a Percentage of Covered Payroll	221.00%	190.16%	183.03%	201.28%

**Required Supplemental Information**  
**Pension System**  
**Multiyear Schedule of Changes in the Employers'**  
**Net Pension Liability and Related Ratios**  
**June 30, 2019**

	2015		2014		2013		2012		2011		2010
\$	1,402,945	\$	1,550,051	\$	1,425,969	\$	1,551,564	\$	1,698,232	\$	1,728,674
	7,674,711		7,544,288		7,427,615		7,321,735		6,938,134		6,832,543
	71,306		7,401		-		-		-		-
	(110,215)		-		(1,880,744)		(888,950)		3,555,951		(176,806)
	-		-		1,144,602		-		-		-
	(7,805,595)		(6,524,400)		(6,501,053)		(6,316,926)		(6,961,012)		(6,760,471)
	1,233,152		2,577,340		1,616,389		1,667,423		5,231,305		1,623,940
	112,840,052		110,262,712		108,646,323		106,978,900		101,747,595		100,123,655
\$	114,073,204	\$	112,840,052	\$	110,262,712	\$	108,646,323	\$	106,978,900	\$	101,747,595
<hr/>											
\$	2,484,308	\$	4,157,410	\$	2,392,449	\$	2,006,765	\$	1,706,539	\$	1,757,591
	238,890		267,282		269,829		291,456		303,939		336,771
	1,560,189		15,497,945		9,367,741		(653,250)		17,899,291		6,921,670
	(7,805,595)		(6,524,400)		(6,501,053)		(6,316,926)		(6,961,012)		(6,760,471)
	(153,495)		-		-		-		20,621		26,477
	-		33,033		-		-		-		-
	(3,675,703)		13,431,270		5,528,966		(4,671,955)		12,969,378		2,282,038
	109,338,138		95,906,868		90,377,902		95,049,857		82,080,479		79,798,441
\$	105,662,435	\$	109,338,138	\$	95,906,868	\$	90,377,902	\$	95,049,857	\$	82,080,479
\$	8,410,769	\$	3,501,914	\$	14,355,844	\$	18,268,421	\$	11,929,043	\$	19,667,116
<hr/>											
	92.63%		96.90%		86.98%		83.19%		88.85%		80.67%
\$	8,355,347	\$	8,055,081	\$	8,638,321	\$	9,204,012	\$	9,789,046	\$	10,714,397
	100.66%		43.47%		166.19%		198.48%		121.86%		183.56%

# City of Birmingham, Michigan

## Required Supplemental Information Pension System Multiyear Schedule of Contributions June 30, 2019

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	1,336,970	1,757,591	(420,621)	10,714,397	16.40%
2011	1,798,758	1,706,539	92,219	9,789,046	17.43%
2012	2,159,904	2,006,765	153,139	9,204,012	21.80%
2013	2,600,130	2,392,449	207,681	8,638,321	27.70%
2014	2,930,506	4,157,410	(1,226,904)	8,055,081	51.61%
2015	2,522,331	2,484,308	38,023	8,355,347	29.73%
2016	1,940,069	1,915,308	24,761	8,120,260	23.59%
2017	1,863,849	1,830,875	32,974	8,282,695	22.10%
2018	1,827,814	1,853,059	(25,245)	8,529,792	21.72%
2019	1,907,234	1,898,592	8,642	8,560,125	22.18%



**Required Supplemental Information**  
**Pension System**  
**Multiyear Schedule of Investment Returns**  
**June 30, 2019**

**Last Ten Fiscal Years**  
(which may be built prospectively starting from 2014)

<b>FY Ending June 30,</b>	<b>Annual Return<sup>a</sup></b>
2014	15.86%
2015	1.65%
2016	-0.63%
2017	9.00%
2018	8.98%
2019	3.96%

<sup>a</sup> Annual money-weighted rate of return, net of investment expenses.

# City of Birmingham, Michigan

## Required Supplemental Information OPEB Plan Multiyear Schedule of Changes in the Net OPEB Liability and Related Ratios June 30, 2019

### Multiyear Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

#### Last Ten Fiscal Years

(Schedule is built prospectively upon implementation of GASB 74)

Fiscal year ending June 30,	2019	2018	2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 487,628	\$ 565,820	\$ 590,987
Interest on the Total OPEB Liability	4,086,451	4,070,318	3,967,381
Changes of benefit terms	-	(6,854)	(10,070)
Difference between expected and actual experience of the Total OPEB Liability	(13,610,421)	(236,661)	(200,672)
Assumption Changes	3,370,306	918,824	-
Benefit Payments and Refunds	(2,796,396)	(2,963,077)	(2,765,954)
<b>Net Change in Total OPEB Liability</b>	(8,462,432)	2,348,370	1,581,672
<b>Total OPEB Liability - Beginning</b>	61,694,401	59,346,031	57,764,359
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 53,231,969</u>	<u>\$ 61,694,401</u>	<u>\$ 59,346,031</u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	\$ 3,375,479	\$ 2,962,544	\$ 3,621,084
Employee Contributions	110,652	118,951	124,608
OPEB Plan Net Investment Income	1,576,257	2,711,103	2,738,447
Benefit Payments, including Refunds of Employee Contributions	(2,796,396)	(2,963,077)	(2,765,954)
OPEB Plan Administrative Expense	(41,534)	(179,175)	(173,050)
Other	128,087	223,252	182,648
<b>Net Change in Plan Fiduciary Net Position</b>	2,352,545	2,873,598	3,727,783
<b>Plan Fiduciary Net Position - Beginning</b>	35,337,198	32,463,600	28,735,817
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 37,689,743</u>	<u>\$ 35,337,198</u>	<u>\$ 32,463,600</u>
<b>Net OPEB Liability - Ending (a) - (b)</b>	\$ 15,542,226	\$ 26,357,203	\$ 26,882,431
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	70.80%	57.28%	54.70%
Covered Payroll	\$ 5,404,835	\$ 5,821,568	\$ 6,420,864
Net OPEB Liability as a Percentage of Covered Payroll	287.56%	452.75%	418.67%

# City of Birmingham, Michigan

## Required Supplemental Information OPEB Plan Multiyear Schedule of Contributions June 30, 2019

### Last Ten Fiscal Years

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	1,909,135	1,983,548	(74,413)	10,547,709	18.81%
2011	2,725,219	2,725,219	-	10,153,572	26.84%
2012	2,519,357	2,519,357	-	9,235,181	27.28%
2013	2,953,074	3,953,074	(1,000,000)	8,512,751	46.44%
2014	3,512,474	3,512,474	-	8,172,345	42.98%
2015	4,163,622	4,767,127	(603,505)	7,479,113	63.74%
2016	3,445,378	3,445,378	-	6,819,830	50.52%
2017	3,248,597	3,621,084	(372,487)	6,117,885	59.19%
2018	2,977,041	2,962,544	14,497	5,821,568	50.89%
2019	2,959,086	3,375,479	(416,393)	5,404,835	62.45%

**Required Supplemental Information  
OPEB Plan  
Multiyear Schedule of Investment Returns  
June 30, 2019**

**Last Ten Fiscal Years**

(Schedule is built prospectively upon implementation of GASB 74)

<b>FY Ending June 30,</b>	<b>Annual Return<sup>a</sup></b>
2017	8.98%
2018	8.07%
2019	4.55%

<sup>a</sup> Annual money-weighted rate of return, net of investment expenses.

## Notes to Required Supplemental Information

June 30, 2019

### Note A - Compliance and Accountability

**Budgetary Information** – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, except that fund balance appropriations and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end.

The annual budget is prepared by the City management and adopted by the city commission. The City adopts its General Fund budget and Special Revenue Fund budget by budgetary center (major activity or function), and by fund type for Debt Service Funds. This is in accordance with the State's legal requirement and is the level of classification detail at which, by law, expenditures may not exceed appropriations. The following process is required to amend the City's budget:

- a) The city manager is authorized to transfer budgeted amounts within budgetary centers. This is accomplished by the use of an internal budget adjustment form, initialed and approved by the requesting department head, reviewed and approved by the finance director, and then approved by the city manager. Any revisions that alter the total expenditures of any budgetary center must be approved by the city commission.
- b) At any meeting after the passage of the appropriation resolution, the city commission may amend such resolution so as to authorize the transfer of unused balances appropriated for one purpose to another purpose. A formal budget amendment request is prepared by the finance director and submitted to the city manager for approval, prior to submission to the city commission.

Budgeted amounts of the revenues and expenditures presented for the General, Special Revenue, Debt Service, and Capital Projects Funds are reported as originally adopted or as amended by the city commission. Individual amendments were not material in relation to the original appropriations that were adopted.

Unexpended appropriations lapse at year end except for those approved for carryforward by the City Commission. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary procedures. Material encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)."

## Notes to Required Supplemental Information

June 30, 2019

### Note B – Explanation of Differences between General Fund Expenditures on a Budgetary Basis and GAAP Basis

Contributions made to the 48<sup>th</sup> District Court appear as a functional expense in the Statement of Revenue, Expenditures and Changes in Fund Balance, but as a transfer to other funds on a budgetary basis. Adjustments to the Governmental Funds' Statement of Revenue, Expenditures, and Changes in Fund Balances (General Fund) to reconcile to the General Fund Budgetary Comparison Schedule are as follows:

Expenditures:	
48 <sup>th</sup> District Court	\$(1,219,055)
Transfers out	<u>1,219,055</u>
Total expenditure adjustments	<u>\$ -0-</u>

Revenue and expenditures from the Major and Local Street Funds are included in the General Fund to comply with GASB 54, but are budgeted on an individual fund basis. Adjustments to the Governmental Funds' Statement of Revenue, Expenditures, and Changes in Fund Balances (General Fund) to reconcile to the General Fund Budgetary Comparison Schedule are as follows:

Revenues:	
State sources	\$(2,186,467)
Use of money and property	(139,535)
Other	<u>(488,080)</u>
Total revenue adjustments	<u>\$(2,814,082)</u>
Expenditures:	
Highway and streets	\$(3,792,409)
Capital outlay	(2,627,621)
Transfers out	<u>5,079,900</u>
Total expenditure adjustments	<u>\$(1,340,130)</u>

Contributions made to the Retiree Health Care Fund in excess of actuarially determined amounts appear as a functional expense in the Statement of Revenues, Expenditures, and Changes in Fund Balance, but as a transfer to other funds on a budgetary basis. Adjustments to the Governmental Funds' Statement of Revenue, Expenditures, and Changes in Fund Balances (General Fund) to reconcile to the General Fund Budgetary Comparison Schedule are as follows:

Expenditures:	
General government	\$ (53,841)
Public safety	(317,202)
Community development	(48,064)
Public works	(23,893)
Transfers out	<u>443,000</u>
Total expenditure adjustments	<u>\$ -0-</u>

## Notes to Required Supplemental Information June 30, 2019

### Note C – Notes to Schedule of Pension System Contributions

**Valuation Date:** 6/30/2017  
**Notes** Actuarially determined contribution amounts are calculated as of June 30 each year, which is one year prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates for the fiscal year ending June 30, 2019\*:**

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	Police and Fire: 26 years, closed General: 21 years closed
Asset Valuation Method	4-year smoothed market
Inflation	3.5%; No explicit price inflation assumption is used in this valuation.
Salary Increases	Police and Fire: 3.5% - 5.6% General: 3.5%-6.2%
Investment Rate of Return	7.00% (Net of investment and administrative expense)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2013 valuation pursuant to an experience study of the period 2007-2012.
Mortality	RP-2000 Male (90%) and Female (90%) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.

*\* Based on valuation assumptions used in the June 30, 2017 actuarial valuation.*

### Note D – Notes to Schedule of OPEB Plan Contributions

**Valuation Date:** 6/30/2016  
**Notes** Actuarially determined contribution amounts are calculated for two years as of June 30th of even numbered years which is 1 year prior to the beginning of the fiscal year in which contributions are report.

**Methods and Assumptions Used to Determine Contribution Rates for the fiscal year ending June 30, 2019\*:**

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	Market Value of Assets
Inflation	No explicit price inflation assumption used.
Salary Increases	3.5% - 6.2%, including inflation
Investment Rate of Return	7.00%, net of OPEB plan investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Table projected 20 years (multiplied by 90%)
Health Care Trend Rates	8.0% trend for the first year, then gradually decreasing to 3.5% in year 10.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Excise Tax	A load of 6.0% for current retirees and 9.0% for future retirees was applied in connection with the "Cadillac" Tax.

**Other Information:**  
**Notes** None

*\* Based on valuation assumptions used in the June 30, 2016 actuarial valuation.*

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## **Other Supplemental Information**

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# City of Birmingham, Michigan

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures	Parks and Recreation
<b>Assets</b>				
Cash and investments (Note 5, 6)	\$ 734,673	\$ -	\$ 148,821	\$ 89,477
Receivables - Net:				
Customers	24	-	-	-
Special assessments	-	-	-	-
Due from other governmental units	-	3,442	-	-
Total assets	<u>\$ 734,697</u>	<u>\$ 3,442</u>	<u>\$ 148,821</u>	<u>\$ 89,477</u>
<b>Liabilities, Deferred Inflow of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 75,380	\$ 3,442	\$ -	\$ -
Accrued and other liabilities	2,150	-	-	-
Total liabilities	77,530	3,442	-	-
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - charges for services	24	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	24	-	-	-
<b>Fund Balances (Note 10)</b>				
Nonspendable	-	-	-	-
Restricted	657,143	-	148,821	89,477
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	<u>657,143</u>	<u>-</u>	<u>148,821</u>	<u>89,477</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 734,697</u>	<u>\$ 3,442</u>	<u>\$ 148,821</u>	<u>\$ 89,477</u>

**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

Nonmajor Permanent Fund Greenwood Cemetery Perpetual Care	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 762,691	\$ 3,041,164	\$ 4,776,826
29,250	12,000	41,274
-	142,823	142,823
-	17,419	20,861
<b><u>\$ 791,941</u></b>	<b><u>\$ 3,213,406</u></b>	<b><u>\$ 4,981,784</u></b>
\$ -	\$ 232,899	\$ 311,721
-	-	2,150
-	232,899	313,871
-	-	24
-	142,823	142,823
-	142,823	142,847
737,218	-	737,218
54,723	285,126	1,235,290
-	1,003,693	1,003,693
-	1,548,865	1,548,865
<u>791,941</u>	<u>2,837,684</u>	<u>4,525,066</u>
<b><u>\$ 791,941</u></b>	<b><u>\$ 3,213,406</u></b>	<b><u>\$ 4,981,784</u></b>

# City of Birmingham, Michigan

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures	Parks and Recreation
<b>Revenues</b>				
Property taxes	\$ 1,885,647	\$ -	\$ -	\$ 1,573,819
Federal grants	-	48,547	48,613	-
State sources	4,224			3,662
Charges for services	18,190	-	-	-
Use of money and property	42,875	-	3,911	3,771
Other revenue	265	-	3,260	-
Total revenues	1,951,201	48,547	55,784	1,581,252
<b>Expenditures</b>				
Current:				
Solid waste	1,956,826	-	-	-
Community development	-	48,547	-	-
Capital	13,150	-	59,594	-
Debt service	-	-	-	1,582,515
Total expenditures	1,969,976	48,547	59,594	1,582,515
<b>Excess of Revenues Over (Under) Expenditures</b>	(18,775)	-	(3,810)	(1,263)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
<b>Net Change in Fund Balance</b>	(18,775)	-	(3,810)	(1,263)
<b>Fund Balances - Beginning of year</b>	675,918	-	152,631	90,740
<b>Fund Balances - End of year</b>	<u>\$ 657,143</u>	<u>\$ -</u>	<u>\$ 148,821</u>	<u>\$ 89,477</u>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2019**

Nonmajor Permanent Fund Greenwood Cemetery Perpetual Care	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 3,459,466
-	-	97,160
-	43,198	51,084
110,250	-	128,440
47,417	81,505	179,479
-	333,913	337,438
157,667	458,616	4,253,067
-	-	1,956,826
-	-	48,547
-	949,774	1,022,518
-	-	1,582,515
-	949,774	4,610,406
157,667	(491,158)	(357,339)
-	1,453,000	1,453,000
157,667	961,842	1,095,661
634,274	1,875,842	3,429,405
<u>\$ 791,941</u>	<u>\$ 2,837,684</u>	<u>\$ 4,525,066</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Capital Projects Fund Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 23,990	\$ 23,990	\$ 43,198	\$ 19,208
Interest and rent	16,030	16,030	81,505	65,475
Other revenue	333,000	345,000	333,913	(11,087)
Transfers from other funds	<u>1,031,000</u>	<u>1,453,000</u>	<u>1,453,000</u>	<u>-</u>
Total revenue	1,404,020	1,838,020	1,911,616	73,596
<b>Expenditures</b>	<u>1,299,000</u>	<u>2,761,370</u>	<u>949,774</u>	<u>1,811,596</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	105,020	(923,350)	961,842	1,885,192
<b>Fund Balances - Beginning of year</b>	<u>1,875,842</u>	<u>1,875,842</u>	<u>1,875,842</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><u>\$ 1,980,862</u></u>	<u><u>\$ 952,492</u></u>	<u><u>\$ 2,837,684</u></u>	<u><u>\$ 1,885,192</u></u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds Year Ended June 30, 2019

### Special Revenue Fund - Solid Waste

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Taxes	\$ 1,875,000	\$ 1,875,000	\$ 1,885,647	\$ 10,647
Intergovernmental	4,450	4,450	4,224	(226)
Charges for services	17,600	17,600	18,190	590
Interest	20,890	20,890	42,875	21,985
Other	-	-	265	265
Total revenue	1,917,940	1,917,940	1,951,201	33,261
<b>Expenditures</b>				
Personnel services	162,820	162,820	156,417	6,403
Supplies	12,000	12,000	5,649	6,351
Other Charges	1,806,490	1,809,138	1,794,760	14,378
Capital Outlay	15,000	18,275	13,150	5,125
Total expenditures	1,996,310	2,002,233	1,969,976	32,257
<b>Excess of Revenue Over (Under) Expenditures</b>	(78,370)	(84,293)	(18,775)	65,518
<b>Fund Balances - Beginning of year</b>	675,918	675,918	675,918	-
<b>Fund Balances - End of year</b>	<u>\$ 597,548</u>	<u>\$ 591,625</u>	<u>\$ 657,143</u>	<u>\$ 65,518</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2019

### Special Revenue Fund - Community Development Block Grant

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue - Intergovernmental</b>	\$ 32,020	\$ 64,778	\$ 48,547	\$ (16,231)
<b>Expenditures - Community development</b>	<u>32,020</u>	<u>64,778</u>	<u>48,547</u>	<u>16,231</u>
<b>Excess of Revenue Over Expenditures</b>	-	-	-	-
<b>Fund Balances - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2019

### Special Revenue Fund - Law and Drug Forfeiture Fund

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Fines and forfeitures	\$ 35,000	\$ 35,000	\$ 48,613	\$ 13,613
Interest and other	1,620	1,620	3,911	2,291
Other	-	-	3,260	3,260
Total revenue	36,620	36,620	55,784	19,164
<b>Expenditures</b>				
Capital outlay	62,820	62,820	59,594	3,226
Total expenditures	62,820	62,820	59,594	3,226
<b>Excess of Revenue Over (Under)     Expenditures</b>	(26,200)	(26,200)	(3,810)	22,390
<b>Fund Balances - Beginning of year</b>	152,631	152,631	152,631	-
<b>Fund Balances - End of year</b>	<u><u>\$ 126,431</u></u>	<u><u>\$ 126,431</u></u>	<u><u>\$ 148,821</u></u>	<u><u>\$ 22,390</u></u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2019

### Debt Service Fund

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Taxes	\$ 1,579,260	\$ 1,579,260	\$ 1,573,819	\$ (5,441)
Intergovernmental	3,950	3,950	3,662	(288)
Interest and other	4,290	4,290	3,771	(519)
Total revenue	1,587,500	1,587,500	1,581,252	(6,248)
<b>Expenditures</b>	<u>1,584,000</u>	<u>1,584,000</u>	<u>1,582,515</u>	<u>1,485</u>
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	3,500	3,500	(1,263)	(4,763)
<b>Fund Balances - Beginning of year</b>	<u>90,740</u>	<u>90,740</u>	<u>90,740</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 94,240</b></u>	<u><b>\$ 94,240</b></u>	<u><b>\$ 89,477</b></u>	<u><b>\$ (4,763)</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2019

### Permanent Fund - Greenwood Cemetery Perpetual Care Fund

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Charges for Services	\$ 80,000	\$ 80,000	\$ 110,250	\$ 30,250
Interest and other	<u>12,000</u>	<u>12,000</u>	<u>47,417</u>	<u>35,417</u>
Total revenue	92,000	92,000	157,667	65,667
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	92,000	92,000	157,667	65,667
<b>Fund Balances - Beginning of year</b>	<u>634,274</u>	<u>634,274</u>	<u>634,274</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 726,274</b></u>	<u><b>\$ 726,274</b></u>	<u><b>\$ 791,941</b></u>	<u><b>\$ 65,667</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2019

	Equipment	Personal Services	Risk Management	Total
<b>Assets</b>				
Current assets:				
Cash and investments (Note 5, 6)	\$ 5,759,614	\$ 497,614	\$ 4,632,600	\$ 10,889,828
Prepaid costs	<u>5,551</u>	<u>-</u>	<u>86,213</u>	<u>91,764</u>
Total current assets	5,765,165	497,614	4,718,813	10,981,592
Noncurrent assets:				
Restricted assets (Note 9)	-	-	491,351	491,351
Capital assets - Net	<u>4,350,819</u>	<u>-</u>	<u>-</u>	<u>4,350,819</u>
Total noncurrent assets	<u>4,350,819</u>	<u>-</u>	<u>491,351</u>	<u>4,842,170</u>
Total assets	10,115,984	497,614	5,210,164	15,823,762
<b>Deferred Outflows of Resources</b>				
Deferred amount on pension (Note 13)	36,895	-	-	36,895
Deferred amount on OPEB (Note 14)	<u>44,288</u>	<u>-</u>	<u>-</u>	<u>44,288</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	161,947	-	525	162,472
Accrued liabilities	13,839	-	78,134	91,973
Provision for uninsured losses and liabilities	-	-	732,341	732,341
Current portion of long-term debt and employee benefits (Note 8)	<u>20,772</u>	<u>-</u>	<u>44,659</u>	<u>65,431</u>
Total current liabilities	196,558	-	855,659	1,052,217
Noncurrent liabilities:				
Provision for employee benefits	1,834	431,172	447,192	880,198
Net pension liability (Note 13)	242,508	-	-	242,508
Net OPEB liability (Note 14)	<u>271,588</u>	<u>-</u>	<u>-</u>	<u>271,588</u>
Total noncurrent liabilities	<u>515,930</u>	<u>431,172</u>	<u>447,192</u>	<u>1,394,294</u>
Total liabilities	712,488	431,172	1,302,851	2,446,511
<b>Deferred Inflows of Resources</b>				
Deferred amount on pension (Note 13)	2,485	-	-	2,485
Deferred amount on OPEB (Note 14)	<u>132,522</u>	<u>-</u>	<u>-</u>	<u>132,522</u>
<b>Net Position</b>				
Net investment in capital assets	4,350,819	-	-	4,350,819
Unrestricted	<u>4,998,853</u>	<u>66,442</u>	<u>3,907,313</u>	<u>8,972,608</u>
Total net position	<u>\$ 9,349,672</u>	<u>\$ 66,442</u>	<u>\$ 3,907,313</u>	<u>\$ 13,323,427</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2019

	Equipment	Personal Services	Risk Management	Total
<b>Operating Revenues - Charges to other funds</b>	\$ 2,112,965	46,671	\$ 3,751,847	\$ 5,911,483
<b>Operating Expenses</b>				
General and administrative	-	-	3,360,260	3,360,260
Supplies and other operating expenses	1,363,838	-	-	1,363,838
Depreciation	1,044,561	-	-	1,044,561
Total operating expenses	2,408,399	-	3,360,260	5,768,659
<b>Operating Income (Loss)</b>	(295,434)	46,671	391,587	142,824
<b>Nonoperating Income</b>				
Interest earned	188,998	15,407	120,925	325,330
Local grant	-	-	-	-
Gain on sale of capital assets	76,589	-	-	76,589
Net nonoperating income	265,587	15,407	120,925	401,919
<b>Income (Loss)</b>	(29,847)	62,078	512,512	544,743
<b>Capital Contributions</b>	23,394	-	-	23,394
<b>Changes in Net Position</b>	(6,453)	62,078	512,512	568,137
<b>Net Position - Beginning of year</b>	9,356,125	4,364	3,394,801	12,755,290
<b>Net Position - End of year</b>	<u><u>\$ 9,349,672</u></u>	<u><u>\$ 66,442</u></u>	<u><u>\$ 3,907,313</u></u>	<u><u>\$ 13,323,427</u></u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2019

	Equipment	Personal Services	Risk Management	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and others	\$ 2,112,965	\$ -	\$ 3,751,847	\$ 5,864,812
Payments to suppliers	(976,018)	-	(3,105,574)	(4,081,592)
Payments to employees	(394,892)	-	-	(394,892)
Net cash provided by (used in) operating activities	742,055	-	646,273	1,388,328
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(1,079,590)	-	-	(1,079,590)
Proceeds from sale of capital assets	79,935	-	-	79,935
Net cash used in capital and related financing activities	(999,655)	-	-	(999,655)
<b>Cash Flows from Investing Activities - Interest received on investments</b>	188,998	15,407	120,924	325,329
<b>Net Changes in Cash and Cash Equivalents</b>	(68,602)	15,407	767,197	714,002
<b>Cash and Cash Equivalents - Beginning of year</b>	5,828,216	482,207	4,356,754	10,667,177
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 5,759,614</u>	<u>\$ 497,614</u>	<u>\$ 5,123,951</u>	<u>\$ 11,381,179</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 5,759,614	\$ 497,614	\$ 4,632,600	\$ 10,889,828
Restricted investments	-	-	491,351	491,351
Total cash and cash equivalents	<u>\$ 5,759,614</u>	<u>\$ 497,614</u>	<u>\$ 5,123,951</u>	<u>\$ 11,381,179</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ (295,434)	\$ 46,671	\$ 391,587	\$ 142,824
Adjustment to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	1,044,561	-	-	1,044,561
Changes in assets and liabilities:				
Receivables	-	-	-	-
Other assets	(18,839)	-	247,801	228,962
Accounts payable	12,024	-	525	12,549
Accrued and other liabilities	(257)	(46,671)	6,360	(40,568)
Net cash provided by (used in) operating activities	<u>\$ 742,055</u>	<u>\$ -</u>	<u>\$ 646,273</u>	<u>\$ 1,388,328</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Net Position Fiduciary Funds June 30, 2019

	Pension Trust Fund	Retiree Health Care	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,309,540	\$ 1,115,310	\$ 3,424,850
Investments (Note 5, 6)			
U.S. government securities	6,694,121	3,581,337	10,275,458
Stocks	80,218,359	28,652,726	108,871,085
Bonds	11,132,433	4,783,569	15,916,002
Receivables and accrued interest	173,181	86,769	259,950
Other assets	-	53,668	53,668
Total assets	100,527,634	38,273,379	138,801,013
<b>Liabilities</b>			
Accounts payable	-	27,983	27,983
Accrued and other liabilities	159,678	555,653	715,331
Total liabilities	159,678	583,636	743,314
<b>Net Position - Restricted for pensions and OPEB</b>	<b>\$ 100,367,956</b>	<b>\$ 37,689,743</b>	<b>\$ 138,057,699</b>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Changes in Net Position Fiduciary Funds Year Ended June 30, 2019

	Pension Trust Fund	Retiree Health Care	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 1,934,913	\$ 703,914	\$ 2,638,827
Net change in fair value of investments	2,655,144	1,040,855	3,695,999
Less investment expenses	<u>(515,994)</u>	<u>(168,512)</u>	<u>(684,506)</u>
Net investment income	4,074,063	1,576,257	5,650,320
Contributions:			
Employer	1,898,592	3,375,479	5,274,071
Plan members	<u>179,567</u>	<u>228,468</u>	<u>408,035</u>
Total contributions	2,078,159	3,603,947	5,682,106
Other revenue	<u>3,844</u>	<u>91,288</u>	<u>95,132</u>
Total net additions	6,156,066	5,271,492	11,427,558
<b>Deductions</b>			
Benefit payments	7,678,989	2,877,413	10,556,402
Refunds of contributions	839,707	-	839,707
Administrative expenses	<u>137,288</u>	<u>41,534</u>	<u>178,822</u>
Total deductions	8,655,984	2,918,947	11,574,931
<b>Changes in Net Position</b>	(2,499,918)	2,352,545	(147,373)
<b>Net Position - Restricted for Pensions and OPEB</b>			
Beginning of year	<u>102,867,874</u>	<u>35,337,198</u>	<u>138,205,072</u>
End of year	<u><b>\$ 100,367,956</b></u>	<u><b>\$ 37,689,743</b></u>	<u><b>\$ 138,057,699</b></u>



# City of Birmingham, Michigan

## Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Assets</b>				
Cash and investments	\$ 2,390,273	\$114,213,824	\$114,492,224	\$ 2,111,873
Other assets	4,100	-	-	4,100
Total assets	<u><b>\$ 2,394,373</b></u>	<u><b>\$114,213,824</b></u>	<u><b>\$114,492,224</b></u>	<u><b>\$ 2,115,973</b></u>
<b>Liabilities</b>				
Accounts payable	\$ 265,774	\$ 71,104,605	\$ 71,363,040	\$ 7,339
Accrued liabilities and deposits	2,128,599	185,179,851	185,199,816	2,108,634
Total liabilities	<u><b>\$ 2,394,373</b></u>	<u><b>\$256,284,456</b></u>	<u><b>\$256,562,856</b></u>	<u><b>\$ 2,115,973</b></u>

### Oakway Mutual Aid Hazmat Response Team (included above)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Assets</b>				
Cash and investments	<u>\$ 71,069</u>	<u>\$ 104,317</u>	<u>\$ 59,662</u>	<u>\$ 115,724</u>
<b>Liabilities</b>				
Accrued liabilities and deposits	<u>\$ 71,069</u>	<u>\$ 104,317</u>	<u>\$ 59,662</u>	<u>\$ 115,724</u>

# City of Birmingham, Michigan

## Other Supplemental Information Balance Sheet GAAP Based General Fund June 30, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Total GAAP Based General Fund
<b>Assets</b>				
Cash and investments (Note 5, 6)	\$ 17,948,050	\$ 3,545,416	\$ 1,708,846	\$ 23,202,312
Receivables - Net:				
Customers	301,576	500	1,000	303,076
Special Assessments	2,336,365	10,453	336,493	2,683,311
Delinquent personal property taxes	17,597	-	-	17,597
Prepaid items and other assets	16,076	-	-	16,076
Due from other governmental units	432,742	242,158	98,345	773,245
Inventories	-	89,886	35,955	125,841
	<u>-</u>	<u>89,886</u>	<u>35,955</u>	<u>125,841</u>
Total assets	<u><b>\$ 21,052,406</b></u>	<u><b>\$ 3,888,413</b></u>	<u><b>\$ 2,180,639</b></u>	<u><b>\$ 27,121,458</b></u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 866,892	\$ 330,215	\$ 258,407	\$ 1,455,514
Accrued and other liabilities	623,549	14,944	27,638	666,131
Unearned revenue	24,825	-	-	24,825
	<u>24,825</u>	<u>-</u>	<u>-</u>	<u>24,825</u>
Total liabilities	1,515,266	345,159	286,045	2,146,470
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments and property taxes	2,180,554	6,691	299,261	2,486,506
Unavailable revenue - parking tickets and charges for services	159,928	-	1,000	160,928
	<u>159,928</u>	<u>-</u>	<u>1,000</u>	<u>160,928</u>
Total deferred inflows of resources	2,340,482	6,691	300,261	2,647,434
<b>Fund Balances (Notes 4, 10)</b>				
Nonspendable	15,476	89,886	35,955	141,317
Restricted	1,246,522	-	-	1,246,522
Committed	1,018,052	1,039,544	982,384	3,039,980
Assigned	230,594	2,407,133	575,994	3,213,721
Unassigned	14,686,014	-	-	14,686,014
	<u>14,686,014</u>	<u>-</u>	<u>-</u>	<u>14,686,014</u>
Total fund balances	<u>17,196,658</u>	<u>3,536,563</u>	<u>1,594,333</u>	<u>22,327,554</u>
Total liabilities, deferred inflows of resources and fund balances	<u><b>\$ 21,052,406</b></u>	<u><b>\$ 3,888,413</b></u>	<u><b>\$ 2,180,639</b></u>	<u><b>\$ 27,121,458</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Schedule of Revenues, Expenditures, and Changes in Fund Balance GAAP Based General Fund Year Ended June 30, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Total GAAP Based General Fund
<b>Revenues</b>				
Property taxes	\$ 25,074,207	\$ -	\$ -	\$ 25,074,207
Licenses and permits	3,147,702	-	-	3,147,702
Federal grants	42,044	-	-	42,044
State sources	2,128,298	1,621,238	565,229	4,314,765
Local sources	170,870	-	-	170,870
Charges for services	3,116,843	-	-	3,116,843
Fines and forfeitures	1,725,867	-	-	1,725,867
Use of money and property	869,227	79,877	59,658	1,008,762
Other	438,596	83,345	404,736	926,677
Total revenues	36,713,654	1,784,460	1,029,623	39,527,737
<b>Expenditures</b>				
Current:				
General government	5,357,049	-	-	5,357,049
Public safety	13,725,729	-	-	13,725,729
Public works	6,295,761	-	-	6,295,761
Highway and streets	-	1,749,709	2,042,700	3,792,409
Community and economic development	3,018,157	-	-	3,018,157
48th District Court	1,219,055	-	-	1,219,055
Capital outlay	-	810,999	1,816,622	2,627,621
Total expenditures	29,615,751	2,560,708	3,859,322	36,035,781
<b>Excess of Revenues Over (Under) Expenditures</b>	7,097,903	(776,248)	(2,829,699)	3,491,956
<b>Other Financing Sources (Uses)</b>				
Transfers in	100,000	2,579,900	2,500,000	5,179,900
Transfers out	(7,307,900)	-	-	(7,307,900)
Total other financing sources (uses)	(7,207,900)	2,579,900	2,500,000	(2,128,000)
<b>Net Changes in Fund Balance</b>	(109,997)	1,803,652	(329,699)	1,363,956
<b>Fund Balances - Beginning of year</b>	17,306,655	1,732,911	1,924,032	20,963,598
<b>Fund Balances - End of year</b>	<u>\$ 17,196,658</u>	<u>\$ 3,536,563</u>	<u>\$ 1,594,333</u>	<u>\$ 22,327,554</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Major Street Fund Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 1,205,910	\$ 1,297,692	\$ 1,621,238	\$ 323,546
Other revenue	1,850	1,850	83,344	81,494
Interest and rent	12,980	12,980	79,877	66,897
Transfers from other funds	2,500,000	2,579,900	2,579,900	-
Total revenue	3,720,740	3,892,422	4,364,359	471,937
<b>Expenditures</b>				
Maintenance of streets and bridges	454,580	485,804	447,930	37,874
Street cleaning	156,840	158,549	140,810	17,739
Street trees	255,670	255,671	242,126	13,545
Traffic controls and engineering	405,350	839,453	690,747	148,706
Snow and ice removal	322,820	322,800	209,097	113,703
Administrative	18,980	19,000	18,998	2
Capital outlay - Engineering and construction of roads and bridges	1,209,770	2,283,242	810,999	1,472,243
Total expenditures	2,824,010	4,364,518	2,560,707	1,803,811
<b>Excess of Revenue Over (Under) Expenditures</b>	896,730	(472,096)	1,803,652	2,275,748
<b>Fund Balances - Beginning of year</b>	1,732,911	1,732,911	1,732,911	-
<b>Fund Balances - End of year</b>	<b>\$ 2,629,641</b>	<b>\$ 1,260,815</b>	<b>\$ 3,536,563</b>	<b>\$ 2,275,748</b>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Local Street Fund Year Ended June 30, 2019

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 492,550	\$ 492,550	\$ 565,229	\$ 72,679
Other revenue	644,970	644,970	404,736	(240,234)
Interest and rent	35,030	35,030	59,658	24,628
Transfers from other funds	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
Total revenue	3,672,550	3,672,550	3,529,623	(142,927)
<b>Expenditures</b>				
Maintenance of streets and bridges	1,065,190	1,179,179	1,125,306	53,873
Street cleaning	178,580	180,272	169,147	11,125
Street trees	517,350	522,359	514,399	7,960
Traffic controls and engineering	70,020	70,020	67,729	2,291
Snow and ice removal	181,670	161,670	141,841	19,829
Administrative	26,730	26,750	26,748	2
Capital outlay - Engineering and construction of roads and bridges	<u>1,292,270</u>	<u>2,647,984</u>	<u>1,814,152</u>	<u>833,832</u>
Total expenditures	<u>3,331,810</u>	<u>4,788,233</u>	<u>3,859,322</u>	<u>928,911</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	340,740	(1,115,683)	(329,699)	785,984
<b>Fund Balances - Beginning of year</b>	<u>1,924,032</u>	<u>1,924,032</u>	<u>1,924,032</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 2,264,772</b></u>	<u><b>\$ 808,349</b></u>	<u><b>\$ 1,594,333</b></u>	<u><b>\$ 785,984</b></u>

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## **Statistical Section**

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# City of Birmingham, Michigan

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## Statistical Section

This part of the City of Birmingham's comprehensive annual financial report represents 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>Pages</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.	104-113
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	114-121
<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.	122-128
<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 and to help make comparisons over time with other governments.	129-131
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	132-139

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# City of Birmingham, Michigan

## Schedule 1

	Fiscal Year Ended June 30			
	<u>2010</u>	<u>2011<sup>a</sup></u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 54,202,554	\$ 54,349,065	\$ 58,469,335	\$ 61,172,079
Restricted	9,419,471	1,679,316	1,511,696	1,202,425
Unrestricted	28,448,687	38,398,279	35,739,505	34,441,332
Total governmental activities net position	<b>\$ 92,070,712</b>	<b>\$ 94,426,660</b>	<b>\$ 95,720,536</b>	<b>\$ 96,815,836</b>
Business-type activities				
Net investment in capital assets	\$ 54,079,062	\$ 57,120,041	\$ 61,916,894	\$ 64,889,098
Unrestricted	16,202,069	16,489,930	16,494,696	17,313,733
Total business-type activities net position	<b>\$ 70,281,131</b>	<b>\$ 73,609,971</b>	<b>\$ 78,411,590</b>	<b>\$ 82,202,831</b>
Primary government				
Net investment in capital assets	\$ 108,281,616	\$ 111,469,106	\$ 120,386,229	\$ 126,061,177
Restricted	9,419,471	1,679,316	1,511,696	1,202,425
Unrestricted	44,650,756	54,888,209	52,234,201	51,755,065
Total primary government net position	<b>\$ 162,351,843</b>	<b>\$ 168,036,631</b>	<b>\$ 174,132,126</b>	<b>\$ 179,018,667</b>

<sup>(a)</sup> Starting in fiscal year June 30, 2011, Major and Local Streets net position was reclassified from restricted to unrestricted.

**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Fiscal Year Ended June 30					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 60,326,290	\$ 64,121,601	\$ 65,602,783	\$ 69,052,322	\$ 73,978,247	\$ 77,053,948
1,544,085	2,073,884	3,220,943	3,724,946	3,542,901	3,219,054
36,452,264	28,673,965	26,960,806	25,786,707	(1,856,192)	2,014,886
<b>\$ 98,322,639</b>	<b>\$ 94,869,450</b>	<b>\$ 95,784,532</b>	<b>\$ 98,563,975</b>	<b>\$ 75,664,956</b>	<b>\$ 82,287,888</b>
\$ 69,787,491	\$ 75,165,784	\$ 78,240,354	\$ 79,904,424	\$ 82,681,652	\$ 84,610,449
16,324,595	14,243,461	15,231,635	20,661,104	22,356,195	27,924,020
<b>\$ 86,112,086</b>	<b>\$ 89,409,245</b>	<b>\$ 93,471,989</b>	<b>\$ 100,565,528</b>	<b>\$ 105,037,847</b>	<b>\$ 112,534,469</b>
\$ 130,113,781	\$ 139,287,385	\$ 143,843,137	\$ 143,843,133	\$ 156,659,899	\$ 161,664,397
1,544,085	2,073,884	3,220,943	3,724,946	3,542,901	3,219,054
52,776,859	42,917,426	42,192,441	42,192,445	20,500,003	29,938,906
<b>\$ 184,434,725</b>	<b>\$ 184,278,695</b>	<b>\$ 189,256,521</b>	<b>\$ 189,760,524</b>	<b>\$ 180,702,803</b>	<b>\$ 194,822,357</b>

# City of Birmingham, Michigan

## Schedule 2

	Fiscal Year Ended June 30			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental activities:</b>				
Expenses				
General government	\$ 4,409,008	\$ 4,365,192	\$ 4,585,252	\$ 4,362,683
Public safety	11,389,356	11,214,160	11,125,068	12,352,387
Public works	8,165,768	8,182,861	7,646,906	7,907,576
Community and economic development	1,570,274	1,391,438	1,540,647	1,869,942
Recreation and culture	1,941,500	1,995,905	2,158,428	2,228,181
Interest on long-term debt	806,707	742,076	723,494	652,613
Total expenses	<u>28,282,613</u>	<u>27,891,632</u>	<u>27,779,795</u>	<u>29,373,382</u>
Program Revenues				
Charges for services:				
General government	528,799	415,289	422,454	346,917
Public safety	1,369,818	1,258,651	1,405,229	1,649,780
Public works	321,013	262,024	279,041	480,797
Community and economic development	1,117,689	1,357,113	1,674,422	1,788,165
Recreation and culture	817,442	805,793	801,556	740,867
Operating grants and contributions	1,252,029	1,313,530	1,486,253	1,488,250
Capital grants and contributions	363,579	426,356	126,507	149,532
Total program revenues	<u>5,770,369</u>	<u>5,838,756</u>	<u>6,195,462</u>	<u>6,644,308</u>
Total Governmental Activities Net Program Expense	<u>22,512,244</u>	<u>22,052,876</u>	<u>21,584,333</u>	<u>22,729,074</u>
General Revenues and Other Changes in Net Position				
Property taxes	22,677,733	22,534,629	21,784,190	22,069,399
State-shared revenues	1,496,216	1,518,034	1,649,070	1,692,523
Investment earnings	707,362	450,037	490,319	140,479
Miscellaneous	61,652	52,124	(6,924)	13,573
Gain (loss) on sale of assets	-	-	-	-
Transfers	20,000	(146,000)	(1,038,446)	(91,600)
Total general revenues and other changes in net position	<u>24,962,963</u>	<u>24,408,824</u>	<u>22,878,209</u>	<u>23,824,374</u>
Total Governmental Activities Change in Net Position	<u>\$ 2,450,719</u>	<u>\$ 2,355,948</u>	<u>\$ 1,293,876</u>	<u>\$ 1,095,300</u>

**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Fiscal Year Ended June 30					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 4,591,157	\$ 4,619,740	\$ 6,264,622	\$ 4,862,662	\$ 4,863,080	\$ 4,893,492
13,331,879	13,947,661	14,637,734	14,795,343	15,416,851	14,031,828
8,343,679	8,672,353	9,016,674	9,102,127	9,828,034	10,000,670
1,865,348	2,119,998	2,366,340	2,601,667	2,795,313	2,973,055
2,237,603	2,316,487	2,338,521	2,573,438	2,608,146	2,525,496
<u>768,992</u>	<u>576,404</u>	<u>536,604</u>	<u>411,274</u>	<u>262,755</u>	<u>208,285</u>
<u>31,138,658</u>	<u>32,252,643</u>	<u>35,160,495</u>	<u>34,346,511</u>	<u>35,774,179</u>	<u>34,632,826</u>
350,647	368,499	375,217	376,744	366,178	427,170
2,313,167	2,177,838	1,994,957	2,159,647	2,416,754	2,253,531
512,638	626,002	852,470	730,917	767,016	709,763
2,520,303	2,498,721	3,039,334	2,953,561	2,515,811	2,731,975
761,138	739,723	748,931	730,992	746,813	755,079
1,773,788	1,815,104	1,753,564	1,851,276	2,781,969	2,636,879
<u>114,422</u>	<u>788,601</u>	<u>1,361,243</u>	<u>1,678,046</u>	<u>2,546,143</u>	<u>715,469</u>
<u>8,346,103</u>	<u>9,014,488</u>	<u>10,125,716</u>	<u>10,481,183</u>	<u>12,140,684</u>	<u>10,229,866</u>
<u>22,792,555</u>	<u>23,238,155</u>	<u>25,034,779</u>	<u>23,865,328</u>	<u>23,633,495</u>	<u>24,402,960</u>
22,050,256	22,997,639	23,643,093	24,471,841	26,946,752	28,425,728
1,737,507	1,755,780	1,890,617	1,898,536	1,968,613	2,046,874
496,571	402,382	393,742	256,370	361,433	1,218,824
15,024	23,992	22,409	18,024	26,260	9,466
-	-	-	-	(234,498)	-
-	(400,000)	-	-	(400,000)	(675,000)
<u>24,299,358</u>	<u>24,779,793</u>	<u>25,949,861</u>	<u>26,644,771</u>	<u>28,668,560</u>	<u>31,025,892</u>
<u><u>\$ 1,506,803</u></u>	<u><u>\$ 1,541,638</u></u>	<u><u>\$ 915,082</u></u>	<u><u>\$ 2,779,443</u></u>	<u><u>\$ 5,035,065</u></u>	<u><u>\$ 6,622,932</u></u>

# City of Birmingham, Michigan

## Schedule 2

	Fiscal Year Ended June 30			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Business-type Activities:</b>				
Expenses				
Water and sewer	\$ 10,101,858	\$ 10,667,174	\$ 11,778,806	\$ 11,759,723
Automobile parking	3,217,660	3,255,726	3,207,699	3,450,244
Golf courses	<u>1,070,307</u>	<u>1,150,525</u>	<u>1,119,386</u>	<u>1,043,575</u>
Total expenses	<u>14,389,825</u>	<u>15,073,425</u>	<u>16,105,891</u>	<u>16,253,542</u>
Revenues				
Charges for services:				
Water and sewer	8,597,161	10,031,937	11,292,145	11,123,065
Automobile parking	3,570,668	3,837,198	4,099,706	4,257,830
Golf courses	946,467	881,120	1,003,354	1,267,239
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>-</u>	<u>125,120</u>	<u>-</u>	<u>-</u>
Total revenues	<u>13,114,296</u>	<u>14,875,375</u>	<u>16,395,205</u>	<u>16,648,134</u>
Total Business-type Activities Net Program Expense	<u>1,275,529</u>	<u>198,050</u>	<u>(289,314)</u>	<u>(394,592)</u>
General Revenues and Other Changes in Net Position				
Property taxes	3,785,008	3,251,700	3,332,265	3,330,208
State-shared revenues	-	-	-	-
Investment earnings	230,570	129,190	141,594	(25,159)
Transfers	<u>(20,000)</u>	<u>146,000</u>	<u>1,038,446</u>	<u>91,600</u>
Total general revenues and other changes in net position	<u>3,995,578</u>	<u>3,526,890</u>	<u>4,512,305</u>	<u>3,396,649</u>
Total Business-type Activities Change in Net Position	<u>\$ 2,720,049</u>	<u>\$ 3,328,840</u>	<u>\$ 4,801,619</u>	<u>\$ 3,791,241</u>
Total Primary Government Change in Net Position	<u>\$ 2,533,704</u>	<u>\$ 2,781,701</u>	<u>\$ 3,380,964</u>	<u>\$ 4,794,695</u>

**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Fiscal Year Ended June 30					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 11,972,959	\$ 12,252,253	\$ 13,590,169	\$ 12,891,283	\$ 13,379,319	\$ 13,636,052
2,884,360	3,252,464	3,322,942	3,868,547	4,095,490	5,152,835
976,578	888,033	959,774	996,620	1,026,864	1,017,751
<u>15,833,897</u>	<u>16,392,750</u>	<u>17,872,885</u>	<u>17,756,450</u>	<u>18,501,673</u>	<u>19,806,638</u>
10,824,681	10,261,009	11,581,428	13,289,298	13,638,932	13,252,149
4,323,808	4,738,537	5,362,752	6,811,536	7,881,619	8,128,648
1,076,745	1,099,894	1,169,544	1,142,587	1,075,498	1,061,725
-	-	-	-	243,669	777,507
-	-	-	-	-	166,953
<u>16,225,234</u>	<u>16,099,440</u>	<u>18,113,724</u>	<u>21,243,421</u>	<u>22,839,718</u>	<u>23,386,982</u>
<u>(391,337)</u>	<u>293,310</u>	<u>(240,839)</u>	<u>(3,486,971)</u>	<u>(4,338,045)</u>	<u>(3,580,344)</u>
3,353,599	3,356,360	3,701,766	3,571,627	2,327,137	2,382,976
-	-	7,818	6,881	6,879	5,361
164,319	112,065	112,321	28,060	123,908	852,941
-	400,000	-	-	400,000	675,000
<u>3,517,918</u>	<u>3,868,425</u>	<u>3,821,905</u>	<u>3,606,568</u>	<u>2,857,924</u>	<u>3,916,278</u>
<u>\$ 3,909,255</u>	<u>\$ 3,575,115</u>	<u>\$ 4,062,744</u>	<u>\$ 7,093,539</u>	<u>\$ 7,195,969</u>	<u>\$ 7,496,622</u>
<u>\$ 3,804,814</u>	<u>\$ 3,924,279</u>	<u>\$ 3,599,107</u>	<u>\$ 4,977,826</u>	<u>\$ 12,231,034</u>	<u>\$ 14,119,554</u>

# City of Birmingham, Michigan

## Schedule 3

	Fiscal Year Ended June 30			
	2010	2011 <sup>a</sup>	2012 <sup>a</sup>	2013 <sup>a</sup>
General Fund				
Reserved	\$ 886,030	\$ -	\$ -	\$ -
Designated	251,880	-	-	-
Unreserved	10,363,888	-	-	-
Nonspendable	-	799,384	14,038	18,099
Restricted	-	-	-	-
Committed	-	2,426	102,890	230,619
Assigned	-	94,497	101,677	77,690
Unassigned	-	12,187,402	13,080,161	11,952,797
Total General Fund	<b>\$ 11,501,798</b>	<b>\$ -</b>	<b>\$ 13,298,766</b>	<b>\$ 12,279,205</b>
All Other Governmental Funds				
Reserved	\$ 9,347,952	\$ -	\$ -	\$ -
Designated, reported in:				
Capital projects fund	4,395,691	-	-	-
Unreserved, reported in:				
Capital projects fund	917,256	-	-	-
Nonspendable	-	193,612	234,022	192,294
Restricted	-	1,335,045	1,049,272	726,570
Committed	-	144,846	1,963,812	1,597,063
Assigned	-	12,518,147	9,269,127	9,458,373
Unassigned	-	(1,330)	-	-
Total all other governmental funds	<b>\$ 14,660,899</b>	<b>\$ -</b>	<b>\$ 12,516,233</b>	<b>\$ 11,974,300</b>

**Source:** Governmental Funds Balance Sheet.

<sup>a</sup> Fund balance classifications for fiscal years 2011 thru 2019 are in conformance with GASB 54.

Prior years have not been restated because all information needed for the new classifications is either not available or not readily available.

<sup>b</sup> Starting fiscal year 2014, Major Streets Fund and Local Streets Fund are combined with General Fund.



**Fund Balances**  
**Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30					
<u>2014</u> <sup>a b</sup>	<u>2015</u> <sup>a b</sup>	<u>2016</u> <sup>a b</sup>	<u>2017</u> <sup>a b</sup>	<u>2018</u> <sup>a b</sup>	<u>2019</u> <sup>a b</sup>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
123,410	197,610	178,002	132,805	110,019	141,317
386,189	818,420	1,441,998	1,697,372	1,458,458	1,246,522
3,948,210	2,782,722	2,006,219	2,019,922	4,629,611	3,039,980
3,032,596	1,560,008	1,818,677	2,861,302	1,276,119	3,213,721
11,890,406	12,057,185	12,313,189	12,272,202	13,489,391	14,686,014
<b>\$ 19,380,811</b>	<b>\$ 17,415,945</b>	<b>\$ 17,758,085</b>	<b>\$ 18,983,603</b>	<b>\$ 20,963,598</b>	<b>\$ 22,327,554</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	320,489	509,673	596,792	737,218
671,754	753,217	946,978	1,010,758	977,434	1,235,290
1,158,216	163,270	554,201	2,417,769	853,901	1,003,693
3,781,318	4,101,066	3,685,245	1,294,518	1,001,278	1,548,865
-	-	-	-	-	-
<b>\$ 5,611,288</b>	<b>\$ 5,017,553</b>	<b>\$ 5,506,913</b>	<b>\$ 5,232,718</b>	<b>\$ 3,429,405</b>	<b>\$ 4,525,066</b>

# City of Birmingham, Michigan

## Schedule 4

	Fiscal Year Ended June 30				
	2010	2011	2012	2013	2014
<b>Revenues</b>					
Property taxes	\$ 22,860,104	\$ 22,681,289	\$ 21,915,493	\$ 22,208,626	\$ 22,180,652
Licenses and permits	1,515,554	1,683,426	1,997,651	2,134,522	2,886,950
Federal grants	236,478	186,528	141,052	68,628	121,101
State and local sources	2,718,412	2,676,147	2,914,805	3,047,133	3,215,410
Charges for services	2,250,830	2,108,899	2,054,713	2,461,171	2,690,234
Fines and forfeitures	1,214,127	1,036,303	1,202,215	1,369,078	1,784,432
Use of money and property	595,958	353,133	398,452	52,597	402,398
Other revenues <sup>a</sup>	710,693	577,295	635,681	491,043	570,898
Total revenues	32,102,156	31,303,020	31,260,062	31,832,798	33,852,075
<b>Expenditures</b>					
General government	4,942,453	4,772,333	4,775,432	4,934,254	5,126,508
Public safety	10,731,549	10,699,725	10,432,022	11,851,735	12,978,613
Public works	3,644,733	3,229,878	3,645,813	4,042,009	3,780,627
Highway and streets	3,269,797	2,906,394	2,287,052	2,298,758	2,695,251
Community and economic development	1,586,976	1,427,516	1,501,419	1,913,016	1,952,815
Solid waste disposal	1,637,880	1,643,041	1,680,741	1,724,849	1,679,168
48th District Court	836,635	655,417	647,089	993,219	1,239,132
Capital outlay	5,504,239	2,637,088	4,608,750	3,312,249	2,377,087
Debt service					
Interest	773,084	729,296	684,328	632,603	589,278
Principal	1,245,000	1,345,000	1,475,000	1,600,000	850,000
Total Expenditures	34,172,346	30,045,688	31,737,646	33,302,692	33,268,479
Excess of revenues over (under) expenditures	(2,070,190)	1,257,332	(477,584)	(1,469,894)	583,596
<b>Other Financing Sources (Uses)</b>					
Transfer from component units to primary government	-	-	-	-	-
Transfers in	5,231,430	3,720,000	3,885,040	3,885,044	435,000
Transfers out	(5,067,160)	(3,866,000)	(4,866,486)	(3,976,644)	(280,000)
Bond issuance	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Payments to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	164,270	(146,000)	(981,446)	(91,600)	155,000
Net change in fund balances	\$ (1,905,920)	\$ 1,111,332	\$ (1,459,030)	\$ (1,561,494)	\$ 738,596
Debt service as a percentage of noncapital expenditures <sup>b</sup>	6.4%	7.2%	7.5%	8.1%	7.6%

<sup>a</sup>Beginning in fiscal year 2012, special assessment revenue is included in "other" revenues on the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance. In previous years, special assessment revenue was included in "Property Taxes". Years 2010-2011 have been restated to reflect this change.

<sup>b</sup>Noncapital expenditures for this ratio are calculated by subtracting capital outlay (to the extent capitalized for the Statement of Net Position) from current expenditures. Included in the number subtracted are capitalized assets contained within the functional expenditure categories. This capital outlay number can be found in the Notes to Financial Statements, Note #2.

**Changes in Fund Balances**  
**Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30				
2015	2016	2017	2018	2019
\$ 23,128,051	\$ 23,743,932	\$ 24,574,830	\$ 27,053,055	\$ 28,533,673
2,888,640	3,459,940	3,380,395	2,933,593	3,147,702
99,510	96,297	70,662	170,682	139,204
3,707,425	3,712,840	3,786,807	4,658,178	4,536,719
2,945,360	3,098,821	2,956,288	2,887,669	3,245,283
1,703,518	1,475,443	1,603,222	1,809,467	1,725,867
294,443	300,980	144,987	280,373	1,188,241
750,540	336,661	567,730	545,276	1,264,115
35,517,487	36,224,914	37,084,921	40,338,293	43,780,804
5,160,703	4,917,650	4,877,956	5,082,664	5,357,049
12,821,342	11,985,817	12,331,514	12,514,149	13,725,729
3,860,925	4,096,617	4,255,138	4,972,448	6,295,761
2,688,769	2,580,756	2,559,228	3,310,283	3,792,409
2,127,032	2,264,518	2,655,328	2,667,429	3,066,704
1,681,330	1,678,769	1,882,849	1,905,403	1,956,826
1,228,831	1,019,722	1,116,515	1,261,046	1,219,055
6,596,735	4,278,081	4,356,706	6,373,004	3,650,139
555,421	516,484	522,704	340,185	287,515
955,000	1,055,000	1,155,000	1,310,000	1,295,000
37,676,088	34,393,414	35,712,938	39,736,611	40,646,187
(2,158,601)	1,831,500	1,371,983	601,682	3,134,617
-				
643,920	371,900	344,890	856,570	1,553,000
(1,043,920)	(1,371,900)	(874,890)	(1,281,570)	(2,228,000)
-	-	10,360,000	-	-
-	-	985,605	-	-
-	-	(11,236,265)	-	-
(400,000)	(1,000,000)	(420,660)	(425,000)	(675,000)
\$ (2,558,601)	\$ 831,500	\$ 951,323	\$ 176,682	\$ 2,459,617
4.7%	5.7%	5.4%	4.8%	4.5%

# City of Birmingham, Michigan

## Schedule 5

Fiscal Year Ended	Taxable Value				
	Residential	Commercial	Industrial	Personal	
June 30	Property	Property	Property	Property	Total
2010	1,617,415,820	341,086,070	9,698,800	55,942,140	2,024,142,830
2011	1,488,863,310	325,777,590	9,576,870	53,902,590	1,878,120,360
2012	1,407,917,640	318,640,620	2,830,890	57,211,130	1,786,600,280
2013	1,425,457,540	304,941,550	2,290,130	59,031,370	1,791,720,590
2014	1,474,714,050	303,977,570	1,955,450	61,381,350	1,842,028,420
2015	1,540,325,490	296,543,260	1,851,050	56,364,370	1,895,084,170
2016	1,637,922,800	301,626,590	1,178,200	60,309,460	2,001,037,050
2017	1,736,355,550	309,427,800	1,181,570	63,223,860	2,110,188,780
2018	1,827,013,140	325,812,540	1,077,760	66,440,970	2,220,344,410
2019	1,937,849,150	348,412,220	1,100,370	72,005,440	2,359,367,180

**Source:** Oakland County Equalization Department

**Note 1:** All valuations are taken from the original warrant for each year and do not reflect any supplemental warrants or subsequent Board of Review/Tax Tribunal adjustments.

**Note 2:** Property in the City of Birmingham is re-assessed annually. On March 15, 1994, the voters of the State of Michigan approved Proposal A, which includes significant changes to Section 3 of Article IX of the State constitution. Starting in 1995, the value against which taxes are spread was changed from assessed value to taxable value. Taxable value represents assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation for as long as the parcel does not change ownership. When ownership is transferred, the taxable value reverts to the assessed value.

<sup>a</sup>Per \$1,000 of taxable value.

**Assessed Value and Taxable  
Value of Property  
Last Ten Fiscal Years**

<b>Total Direct Tax Rate<sup>a</sup></b>	<b>Estimated Actual Value</b>	<b>Taxable Value as a Percentage of Actual Value</b>	<b>Total Assessed Value</b>	<b>Assessed Value as a Percentage of True Value</b>
14.22	4,740,351,530	42.7%	2,370,175,765	50%
15.00	4,176,535,800	45.0%	2,088,267,900	50%
15.60	3,795,560,580	47.1%	1,897,780,290	50%
15.46	3,783,979,380	47.4%	1,891,989,690	50%
15.07	3,985,280,520	46.2%	1,992,640,260	50%
15.09	4,367,489,880	43.4%	2,183,744,940	50%
14.83	4,992,316,400	40.1%	2,496,158,200	50%
14.76	5,505,741,060	38.3%	2,752,870,530	50%
14.67	5,793,800,260	38.3%	2,896,900,130	50%
14.51	6,112,446,160	38.6%	3,056,223,080	50%

# City of Birmingham, Michigan

## Schedule 6

Fiscal Year Ended	City Direct Rates					Overlapping Rates			
	Basic Charter Operating Rate <sup>a</sup>	Refuse <sup>b</sup>	Baldwin Public Library <sup>c</sup>	Debt Service <sup>d</sup>	Total Direct	Oakland County			
						County	Community College	Intermediate School District	Total County Rate
June 30									
2010	11.05	0.72	1.00	1.45	14.22	4.65	1.58	3.37	9.60
2011	11.59	0.71	1.10	1.60	15.00	4.65	1.58	3.37	9.60
2012	11.69	0.84	1.32	1.75	15.60	4.65	1.58	3.37	9.60
2013	11.69	0.88	1.10	1.80	15.47	4.65	1.58	3.37	9.60
2014	11.69	0.93	1.10	1.36	15.08	4.65	1.58	3.37	9.60
2015	11.69	0.96	1.10	1.34	15.09	4.65	1.58	3.37	9.60
2016	11.49	0.92	1.10	1.32	14.83	4.54	1.58	3.36	9.48
2017	11.18	0.87	1.41	1.30	14.76	4.49	1.57	3.34	9.40
2018	11.25	0.83	1.41	1.19	14.68	4.49	1.56	3.31	9.36
2019	11.21	0.80	1.39	1.11	14.51	4.49	1.54	3.28	9.31

**Source:** City of Birmingham Finance Department

**Note:** The following state requirements limit the City's ability to increase tax rates:

1) The Headlee constitutional amendment: this amendment to the state constitution approved in 1978 places an upper limit on the annual operating millage rate. The maximum rate is calculated by a formula tied to the rate of inflation and previous years' cumulative "roll-back factor." The Headlee maximum allowable millage rates per \$1,000 of taxable valuation for fiscal year 2018-2019 are as follows: general operating 11.72, refuse 1.76, library 1.39. There is no Headlee limitation on debt service. The Headlee limitation may be waived only by a vote of the electorate.

2) Truth in Assessing Act: this act approved in 1981 requires a rollback in maximum authorized tax rates when the total assessed value of all property in the City is less than the total State Equalized Value. To-date this has not applied to the City of Birmingham.

<sup>a</sup>The City charter general operating-tax-rate limit is 20.00 mills per \$1,000 of taxable valuation.

<sup>b</sup>Michigan law allows the City to levy up to 3.00 mills per \$1,000 of taxable value for refuse collection.

<sup>c</sup>The City charter provides for a tax levy in support of the library (a discretely-presented component unit). The levy must be no less than 0.50 mills and no more than 1.75 mills per \$1,000 of taxable valuation.

<sup>d</sup>City debt, unless otherwise provided by state law, must be approved by the electorate. The city commission shall levy taxes sufficient to pay the annual debt service.

<sup>e</sup>Suburban Mobility Authority for Regional Transportation.

**Direct and Overlapping  
Property Tax Rates  
Last Ten Fiscal Years**  
*(rate per \$1,000 of taxable value,  
rounded to two decimals places)*

<u>Overlapping Rates</u>					<u>Total Rates</u>	
<u>Birmingham Public Schools</u>						
<u>SMART<sup>e</sup></u>	<u>Zoo Authority</u>	<u>Art</u>	<u>Homestead</u>	<u>Non-Homestead</u>	<u>Homestead</u>	<u>Non-Homestead</u>
0.59	0.10	0.00	17.38	26.90	41.89	51.41
0.59	0.10	0.00	18.08	26.90	43.37	52.19
0.59	0.10	0.00	19.02	27.00	44.91	52.89
0.59	0.10	0.20	19.46	27.42	45.22	53.18
0.59	0.10	0.20	19.92	27.90	45.49	53.46
1.00	0.10	0.20	19.22	27.90	45.21	53.89
1.00	0.10	0.20	18.63	27.90	44.24	53.51
0.99	0.10	0.20	18.40	27.90	43.85	53.35
0.99	0.10	0.20	18.07	27.80	43.40	53.13
1.00	0.10	0.19	17.44	27.65	42.55	52.76

# City of Birmingham, Michigan

## Schedule 7

June 30, 2019				
<u>Taxpayer</u>	<u>Type of Property</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
Fuller Central Park Properties	Office, Retail	\$ 34,562,460	1	1.55%
DTE Energy	Utility	15,796,720	2	0.71%
US Reif 325 N Old Woodward MI LLC	Retail, Condominiums	10,627,330	3	0.48%
Woodward Brown Assoc	Office, Retail	9,374,090	4	0.42%
THC Investors	Hotel	9,227,690	5	0.41%
Consumers Energy Company	Utility	9,210,590	6	0.41%
Maple Elm Development Co LLC	Office, Retail	8,525,000	7	0.38%
VS Birmingham Holdings LLC	Office, Retail	8,469,300	8	0.38%
Palladium of Birmingham LLC	Retail	7,615,390	9	0.34%
Merrillwood Building LLC	Office, Residential, Apts	6,069,680	10	0.27%
Geoff Hockman & Associates	Hotel, Office, Residential			
James Eshaki/J.P. Equities LLC	Office, Retail			
Associates of 555	Office, Retail, Apts			
Rosso Development	Residential, Apts, Office			
BP Commercial	Office, Hotels			
Topvalco	Retail			
Prudential Properties	Office, Retail			
Total taxable value of 10 largest taxpayers		119,478,250		5.36%
Total taxable value of all other taxpayers		2,109,011,910		94.64%
Total taxable value of all taxpayers		<u>\$2,228,490,160</u>		<u>100.00%</u>

Source: City of Birmingham



**Principal Property Tax Payers  
Current Year and Nine Years Ago**

June 30, 2010

<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
\$ 34,986,640	1	1.66%
9,515,510	4	0.45%
19,690,090	2	
16,216,590	3	0.77%
9,226,910	5	0.44%
7,540,760	6	0.36%
5,836,620	7	0.28%
5,715,340	8	0.27%
5,440,420	9	0.26%
5,102,680	10	0.24%
119,271,560		4.73%
1,987,253,823		94.34%
<u>\$ 2,106,525,383</u>		<u>99.07%</u>

# City of Birmingham, Michigan

## Schedule 8

Fiscal	Taxes Levied			Collected within the	
Year	for the		Adjusted	Fiscal Year of the Levy <sup>b,c</sup>	
Ended	Fiscal Year-		Levy at	Percentage of	
June 30	Original Levy <sup>a,f</sup>	Adjustments	Settlement <sup>e</sup>	Amount	Original Levy
2010	28,798,870	(38,243)	28,760,627	28,720,517	99.73%
2011	28,192,503	(82,454)	28,110,049	28,077,723	99.59%
2012	27,973,477	(132,233)	27,841,244	27,810,741	99.42%
2013	27,831,121	(143,004)	27,688,117	27,666,416	99.41%
2014	27,926,594	(206,210)	27,720,384	27,700,204	99.19%
2015	28,748,732	(89,666)	28,659,065	28,645,636	99.64%
2016	29,841,573	(108,231)	29,733,343	29,608,260	99.22%
2017	31,494,379	(212,859)	31,281,520	31,261,246	99.26%
2018	32,917,071	(23,780)	32,893,291	32,877,215	99.88%
2019	34,523,360	(252,127)	34,271,233	34,209,893	99.09%

**Source:** City of Birmingham Finance Department

NA=Not available

<sup>a</sup>Includes tax levy for the Baldwin Public Library which is a discretely-presented component unit. While legally separate, the library is fiscally dependent on the City.

<sup>b</sup>Includes payment from Oakland County. All unpaid real and personal property taxes (except PA 189) are returned to Oakland County at the end of the collection period. The City is paid in full for delinquent real property at the time of settlement with Oakland County. The City is paid for delinquent personal property taxes as they are collected by Oakland County.

<sup>c</sup> *Collected within the Fiscal Year* includes personal property tax payments received subsequent to settlement with Oakland County but prior to the end of the fiscal year.

<sup>d</sup>Represents collections of personal property taxes and PA 189 taxes, if any.

<sup>e</sup>Represents amended levy at time of settlement with Oakland County. It does not reflect subsequent adjustments to the levy which are not readily available.

<sup>f</sup> *Taxes Levied* includes the Brownfield Authority, a component unit which is fiscally dependent on the City. Taxes levied are insignificant.

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

<b>Collections in Subsequent Years<sup>d</sup></b>	<b><u>Total Collections to Date</u></b>	
	<b>Amount</b>	<b>Percentage of Adjusted Levy</b>
29,525	28,750,042	99.96%
27,903	28,105,626	99.98%
29,316	27,840,057	100.00%
18,271	27,684,687	99.99%
13,892	27,714,096	99.98%
18,833	28,664,469	100.02%
9,038	29,617,298	99.00%
15,883	29,617,298	94.00%
23,882	32,901,097	100.00%
NA	NA	NA

# City of Birmingham, Michigan

## Schedule 9

Fiscal Year Ended June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total Primary Government
	<u>General Obligation Bonds</u>	<u>Brownfield Redevelopment Loans</u>	<u>General Obligation Bonds</u>	<u>Contractual Obligations<sup>a</sup></u>	
2010	19,443,127	267,257	9,400,000	17,005,015	46,115,399
2011	18,128,261	239,859	8,810,000	15,080,771	42,258,891
2012	16,683,395	211,913	8,175,000	13,043,969	38,114,277
2013	15,113,529	183,408	7,495,000	10,987,415	33,779,352
2014	14,564,329	154,333	6,747,745	8,984,327	30,450,734
2015	13,609,480	129,867	5,978,781	6,838,550	26,556,678
2016	12,554,631	104,912	5,124,817	4,837,154	22,621,514
2017	11,743,580	79,458	4,231,868	3,217,966	19,272,872
2018	10,315,927	53,495	3,297,651	2,708,361	16,375,434
2019	8,903,275	-	2,278,434	2,187,526	13,369,235

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup>City of Birmingham's share of general-obligation bonds issued by Oakland County.

<sup>b</sup>See Schedule 5 for property value data. Personal income data is not available.

<sup>c</sup>See Schedule 14 for population data.

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**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

<b>Percentage of Actual Taxable Value of <u>Property</u><sup>b</sup></b>	<b>Per <u>Capita</u><sup>c</sup></b>
2.20%	2,254
2.09%	2,102
2.03%	1,879
1.89%	1,633
1.70%	1,456
1.44%	1,218
1.19%	1,018
0.96%	862
0.78%	733
0.78%	642

# City of Birmingham, Michigan

## Schedule 10

## Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	<u>Net General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value of <u>Property<sup>b</sup></u>	Per <u>Capita<sup>c</sup></u>
	<u>General Obligation Bonds</u>	<u>Less: Funds Restricted to Repayment of Debt<sup>a</sup></u>	<u>Total</u>		
2010	28,843,127	(92,639)	28,750,488	1.42%	1,405
2011	26,938,261	(59,120)	26,879,141	1.43%	1,337
2012	24,858,395	(27,942)	24,830,453	1.39%	1,224
2013	22,608,529	(16,734)	22,591,795	1.26%	1,092
2014	21,312,074	(17,962)	21,294,112	1.16%	1,018
2015	19,588,261	(36,930)	19,551,331	1.03%	897
2016	17,679,448	(35,716)	17,643,732	0.88%	794
2017	15,975,448	(93,640)	15,881,808	0.75%	710
2018	13,623,578	(90,740)	13,532,838	0.64%	605
2019	11,181,709	(89,477)	11,092,232	0.47%	532

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Only debt repaid with general government resources is reported on this schedule.

<sup>a</sup>Years 2009-2015 have been restated to reflect Restricted Funds per Statement of Net Position.

<sup>b</sup>See Schedule 5 for property value data.

<sup>c</sup>See Schedule 14 for population data.

# City of Birmingham, Michigan

## Schedule 11

## Direct and Overlapping Governmental Activities Debt As of June 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Birmingham School District	\$ 187,995,000	45.28%	\$ 85,124,136
Oakland County <sup>a</sup>	314,844,309	4.11%	\$ 12,940,101
Oakland Intermediate School District	43,855,000	4.12%	\$ 1,806,826
Oakland Community College	-	4.15%	-
<b>Other debt</b>	-	N/A	-
Subtotal, overlapping debt			99,871,063
<b>City direct debt</b> (see schedule 9 for governmental activities)			8,903,275
<b>Total direct and overlapping debt</b>			<b>\$ 108,774,338</b>

**Source:** The net tax-supported debt (*debt repaid with property taxes*) information was provided by the Municipal Advisory Council of Michigan. The Percentages for each entity are calculated by dividing the City's 2018 taxable value by the taxable value for each entity.

<sup>a</sup>Includes general-obligation building authority and special assessment debt of the governmental activities and Oakland County's share of Drainage District bonds. The County portion of the drain bonds is identified as general obligation. The Drainage District is a component unit of Oakland County. Not included are various water and/or sewage disposal bonds included in Oakland County's governmental activities. These bonds represent contracts between Oakland County and benefiting municipalities. The County is obligated only upon default of a local municipality.

# City of Birmingham, Michigan

## Schedule 12

	Fiscal Year Ended June 30			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 237,018	\$ 208,827	\$ 189,778	\$ 189,199
Total net debt applicable to limit	<u>35,541</u>	<u>33,183</u>	<u>30,639</u>	<u>27,913</u>
Legal debt margin	<u><b>\$ 201,477</b></u>	<u><b>\$ 175,644</b></u>	<u><b>\$ 159,139</b></u>	<u><b>\$ 161,286</b></u>
Total net debt applicable to the limit as a percentage of debt limit	15.00%	15.89%	16.14%	14.75%

**Source:** City of Birmingham Finance Department

<sup>a</sup>The legal debt limit is set forth in Section 117.4a of Act 279 of 1909 (Home Rule City Act). This act also defines allowed deductions.

<sup>b</sup> Act No. 202, P.A. 1943 as amended by Act. No. 42, P.A. 1960 defines assessed valuation.



**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

**Legal Debt Margin Calculation for Fiscal Year 2018-2019**

2018 State Equalized Valuation	<u>\$ 3,056,223</u>
Debt limit <sup>a</sup> (10% of State Equalized Valuation <sup>b</sup> )	305,622
Debt applicable to limitation:	
Total bonded and contractual debt	<u>12,513</u>
Legal debt margin	<u><u>\$ 293,109</u></u>

Fiscal Year Ended June 30					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 199,264	\$ 218,375	\$ 249,616	\$ 275,287	\$ 289,690	\$ 305,622
<u>26,146</u>	<u>23,924</u>	<u>21,501</u>	<u>19,273</u>	<u>16,385</u>	<u>12,513</u>
<u><u>\$ 173,118</u></u>	<u><u>\$ 194,451</u></u>	<u><u>\$ 228,115</u></u>	<u><u>\$ 256,014</u></u>	<u><u>\$ 273,305</u></u>	<u><u>\$ 293,109</u></u>
13.12%	10.96%	8.61%	7.00%	5.66%	4.09%

# City of Birmingham, Michigan

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## Schedule 13

## Pledged-Revenue Coverage Last Ten Fiscal Years

The City has no pledged-revenue coverage requirements over the past 10 years.

# City of Birmingham, Michigan

## Schedule 14

## Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population <sup>a</sup>	Number of Households <sup>a</sup>	Median Household Income <sup>b</sup>	Per Capita Income <sup>c</sup>	Median Age <sup>d</sup>	Total School Enrollment K-12 <sup>e</sup>	Public School Enrollment K-12 <sup>f</sup>	Unemployment Rate <sup>g</sup>
2010	20,103	9,039	101,529	69,151	41.9	3,452	2,457	8.1
2011	20,284	9,062	100,473	67,580	41.6	3,464	2,617	6.4
2012	20,682	9,192	100,789	68,806	41.5	3,467	2,685	5.6
2013	20,920	9,250	98,750	67,663	40.8	3,442	2,717	5.1
2014	21,805	9,592	107,161	69,172	40.5	3,749	2,765	4.4
2015	22,219	9,724	108,135	71,972	41.2	3,773	2,535	3.1
2016	22,358	9,734	112,545	75,132	41.0	3,781	2,574	2.1
2017	20,472	9,553	108,135	71,972	41.2	3,801	2,523	1.7
2018	20,319	9,530	114,537	78,668	41.2	3,483	2,473	2.4
2019	20,836	9,530	N/A	N/A	N/A	3,673	2,571	2.5

### Sources:

<sup>a</sup>2010 data is from U.S. Census Bureau for 2010.

Estimates for 2008-2009 and 2011-2017 are from SEMCOG, Southeast Michigan Council of Governments.

<sup>b</sup> 2008-2009 Estimates are from Oakland County Planning & Economic Development. 2010-2015 estimates are from US Census Bureau 5-Yr American Community Survey.

<sup>c</sup>Estimated per capita income figures for non-census years are not readily available below the county level.

The amount shown for 2008 is an estimate based on revised values for three surrounding communities within Oakland County with a population greater than 20,000. It is assumed that no significant changes occurred in the relative values between Birmingham and these larger surrounding communities between 2000 (the most recent U.S. Census year) and 2008. This estimate was prepared by the Birmingham Finance Department. 2009 - 2015 estimates are from the US Census Bureau 5-Yr American Community Survey.

<sup>d</sup> 2010 data is from U.S. Census Bureau for 2010.

2011- 2015 estimates are from US Census Bureau 5-Yr American Community Survey.

<sup>e</sup>Represents Birmingham residents enrolled in public and private schools, kindergarten through high school.

2010-2015 estimates are from U.S. Census Bureau 5-Yr American Community Survey.

<sup>f</sup>Per Birmingham Public Schools. Data reflects enrollment of Birmingham residents.

<sup>g</sup>Data is from the Michigan Department of Technology, Management and Budget (DTMB) and reflects the annual average as of December 31.

N/A = not available

# City of Birmingham, Michigan

## Schedule 15

<u>Employer</u>	<u>Product or Service</u>	<u>2019<sup>a</sup></u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment<sup>c</sup></u>
Birmingham Public Schools <sup>d</sup>	Primary education	1,054	1	5.19%
McCann Worldgroup	Advertising and marketing	808	2	3.98%
City of Birmingham <sup>e</sup>	Government services	350	3	1.72%
Max Broock Realtors	Real estate sales	260	4	1.28%
Townsend Hotel	Hotel/restaurant	210	5	1.03%
Whole Foods Market	Supermarket Chain	195	6	0.96%
Home Instead Senior Care	Home Care Assistance	176	7	0.87%
Assured Home Nursing Svc Inc	Home Care Assistance	150	8	0.74%
Kroger Co. of Michigan	Supermarket chain	132	9	0.65%
Coldwell Banker Weir Manuel	Real estate sales	109	10	0.54%
Munder Capital Management	Real estate sales			
Morgan Stanley	Investment counselors			
Birmingham Family YMCA	Health & Fitness			
<b>Total</b>		<u>3,444</u>		<u>16.96%</u>

<sup>a</sup>Sources include Reference USA, an on-line data base (<http://www.referenceusa.com>) and previous Top Employer lists used by the Birmingham Finance Dept.

All companies in the top ten for 2017 were contacted directly to obtain or confirm 2017 employment data. Those that did not respond have not been included.

Numbers reported by the employers may include part-time employees and/or independent contractors.

<sup>b</sup>The primary source is the 2008 Community Profile prepared by Oakland County Planning & Economic Development as modified by the City Finance Department.

Rankings have changed due to restatement of City of Birmingham. See footnote e for details.

<sup>c</sup>The source for total employment data is SEMCOG (Southeast Michigan Council of Governments). The number used for 2009 is 22,802 based on an estimate for 2000. The number used for 2018 is 17,417 based on an estimate for 2015 by SEMCOG.

These numbers do not include construction, farming, or military employment.

They do include full-time and part-time as well as the self-employed.

<sup>d</sup>The 2018 number represents all school district employees, not just employees working within Birmingham city limits.

<sup>e</sup> 2018 reflects all budgeted positions for fiscal year 2017-2018. The number for 2008 has been restated to reflect all budgeted positions for fiscal year 2007-2008.

**Principal Employers  
Current Year and Nine Years Ago**

2010 <sup>b</sup>		
Employees	Rank	Percentage of Total City Employment <sup>c</sup>
1,192	1	5.23%
452	2	1.98%
142	5	0.62%
150	6	0.66%
192	3	0.84%
-		0.00%
-		0.00%
-		0.00%
130	8	0.57%
140	7	0.61%
152	4	0.67%
100	10	0.44%
100	9	0.44%
<hr/> <u>2,750</u>		<hr/> <u>12.06%</u>

# City of Birmingham, Michigan

## Schedule 16

Average FTE for the Fiscal Year Ended June 30					
Function/Program	2010	2011	2012	2013	2014
General Government					
Finance	7.43	7.15	7.18	6.51	6.57
Treasury	6.36	6.38	6.41	6.37	6.32
City Manager/Human Resources	4.74	4.64	4.18	3.42	3.31
Assessor	-	-	-	-	-
Other <sup>a</sup>	9.85	6.72	7.18	7.37	7.50
Public Safety					
Firefighters and officers	27.65	26.04	25.75	26.46	28.15
Police officers and command	32.06	29.77	28.31	26.66	28.06
Police civilians	14.84	13.83	15.99	18.27	19.46
Fire civilians	0.40	-	-	-	-
Public Works					
Engineering	5.57	5.07	4.76	4.27	5.29
Public service operations <sup>b</sup>	20.19	19.75	19.41	19.56	19.26
Community and Economic Development					
Building department	9.34	8.44	9.00	10.05	10.18
Planning department	4.08	2.81	3.10	2.93	3.33
Recreation and Culture <sup>c</sup>	14.12	12.27	12.59	12.19	13.17
Water and Sewer					
Water- and sewer-main maintenance	7.08	5.94	6.76	5.88	5.01
Water meter shop	2.79	2.84	2.67	2.96	2.62
Automobile Parking <sup>d</sup>	3.48	3.78	3.28	2.63	2.92
Golf Courses	12.88	12.32	12.26	10.41	11.56
Total Primary Government	182.86	167.75	168.83	165.94	172.71
Component Units					
Library	39.54	34.42	30.23	30.29	29.86
Principal Shopping District	3.65	3.87	4.05	3.77	4.24
Total City	226.05	206.04	203.11	200.00	206.81

**Source:** Finance Department payroll records.

**Note:** Unless otherwise noted, the FTEs for each function and sub-function were calculated by dividing the total number of payroll hours expensed (includes leave hours but not overtime) by 2,080 (52 weeks X 40 hours) or 2,912 (52 weeks X 56 hours) for firefighters. Department of Public Service functions include public service operations, recreation and culture, water and sewer-main maintenance, and golf course operations & maintenance. Supervisory and clerical employees are allocated to these functions on a percentage basis. All other employees are expensed directly to these functions based on tasks performed.

<sup>a</sup>Includes City Clerk, City Hall & Grounds, and Information Technology.

<sup>b</sup>Includes street cleaning & maintenance, maintenance of street trees and public property (except parks), and vehicle & equipment pool maintenance.

<sup>c</sup>Includes ice arena and museum operations, maintenance of parks and public gardens.

<sup>d</sup>City employees collect money from parking meters, repair/replace meters and maintain the grounds adjacent to the parking structures.

**Full-time Equivalent City Government  
Employees by Function/Program  
Last Ten Fiscal Years**

Average fTE for the Fiscal Year Ended June 30

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
5.85	6.22	6.31	6.47	5.99
6.29	6.45	5.73	5.74	5.60
3.59	4.26	4.16	4.89	5.67
-	-	-	-	-
8.02	7.96	7.33	8.23	6.77
27.79	27.94	28.36	28.33	29.83
30.30	32.29	31.58	31.56	30.11
18.41	16.97	19.37	19.90	21.63
-	-	-	-	-
5.30	5.68	5.79	5.46	6.01
19.70	23.67	22.16	23.42	22.82
10.55	11.42	11.35	10.74	12.40
3.69	3.59	4.12	4.93	5.27
12.52	8.53	8.65	10.71	12.73
6.50	6.82	5.71	5.56	6.04
2.01	2.53	2.00	1.98	-
2.93	3.24	2.33	2.93	2.03
10.90	8.00	8.59	7.59	7.90
<u>174.35</u>	<u>175.57</u>	<u>173.54</u>	<u>178.44</u>	<u>180.80</u>
30.41	32.15	32.52	34.28	35.11
<u>5.06</u>	<u>3.41</u>	<u>3.49</u>	<u>4.00</u>	<u>3.90</u>
<u><u>209.82</u></u>	<u><u>211.13</u></u>	<u><u>209.55</u></u>	<u><u>216.72</u></u>	<u><u>219.81</u></u>

# City of Birmingham, Michigan

## Schedule 17

<u>Function/Program</u>	<u>Fiscal Year Ended June 30</u>					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government						
Registered voters <sup>a</sup>	15,763	15,996	16,557	16,623	16,578	16,506
Ballots cast in November election	2,841	9,483	4,285	13,106	2,134	9,046
Taxpayers	11,597	11,578	11,488	11,451	11,035	11,464
Average rate of return on city investments	2.15%	1.31%	0.81%	0.65%	0.56%	0.58%
Vendor checks issued	6,657	6,536	6,829	7,078	6,965	7,466
Public Safety						
Fire Department <sup>b</sup>						
Total alarms	1,634	1,896	1,761	1,799	2,023	2,078
Fires	40	41	26	42	24	37
Rescues/extrications (medical runs)	926	1074	1,058	1,064	1,131	1,092
Other runs	668	781	677	693	868	949
Fire inspections <sup>c</sup>	610	673	492	544	961	525
Police Department <sup>b</sup>						
Responses to calls for service	16,031	17,713	16,983	16,571	18,372	17,678
Adult arrests	328	257	235	351	483	470
Parking violations	33,827	27,695	31,844	30,182	31,535	34,127
Moving violations	6,980	5,329	5,122	6,610	8,564	7,987
Public Works						
Tons of municipal solid waste collected	8,942	9,255	9,511	9,202	9,435	9,847
City vehicles/equipment serviced per month <sup>d</sup>	45	63	62	92	92	88
Street trees planted	315	212	266	199	231	270
Street trees removed	232	187	217	195	243	303
Community & Economic Development						
Building & demolition permits issued	611	710	770	749	894	990
Total construction value (in thousands)	\$53,457	\$40,010	\$44,790	\$57,311	\$94,526	\$94,517
Recreation & Culture						
Skaters in ice arena basic skills program	1,100	1,100	1,100	1,100	1,300	1,300
Mens softball teams	5	5	6	5	5	5
Water & Sewer						
Water customers	8,634	8,598	8,575	8,578	8,514	8,545
Water meters in service	8,693	8,702	8,714	8,711	8,662	8,663
Automobile Parking						
Five parking structures						
Active parking permits at June 30	2,975	3,063	3,311	3,472	3,691	3,705
Transient parkers (includes free parkers)	1,166,818	1,194,026	1,276,274	1,215,272	985,842	890,547
Free parkers	750,919	777,870	831,730	786,390	591,569	510,828
Golf Courses (calendar year)						
Rounds played-Lincoln Hills	21,335	21,925	25,240	28,397	26,965	31,741
Rounds played-Springdale	25,782	19,668	28,996	24,669	23,119	23,862
Business memberships	105	84	101	99	102	109
Non-resident memberships						
Individual	365	343	398	402	406	474
Family	25	29	60	65	77	78
Dual	121	111	186	184	174	194
Junior golf registrations	341	457	462	442	430	467



## Operating Indicators by Function/Program Last Ten Fiscal Years

Fiscal Year Ended June 30			
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
17,056	17,181	17,186	17,455
3,853	13,270	1,679	12,282
11,451	11,318	11,335	11,335
0.58%	0.84%	1.06%	1.77%
7,638	8,061	8,272	8,809
2,032	2,211	2,441	2,602
30	55	36	30
1,106	1,298	1,385	1,465
896	858	1,056	1,107
596	824	1,046	2,086
16,771	14,863	17,945	21,032
337	381	528	393
25,010	34,078	37,278	40,637
6,819	6,432	6,960	7,157
10,042	10,135	9,543	9,162
48	45	46	48
275	220	236	241
197	168	204	146
1,015	943	1,102	1,102
\$123,240	\$122,285	\$93,516	\$93,516
1,300	1,400	1,500	381
4	0	0	0
8,604	8,852	8,920	8,925
8,666	8,688	8,686	8,686
3,803	3,729	3,640	4,116
1,063,778	1,028,327	981,620	991,152
615,992	608,952	470,046	428,754
29,029	24,956	21,958	23,694
24,811	20,381	18,328	20,223
109	91	107	70
465	502	499	558
85	84	59	64
209	220	222	219
493	471	484	477

# City of Birmingham, Michigan

## Schedule 17

	Fiscal Year Ended June 30					
	2010	2011	2012	2013	2014	2015
<b>Function/Program</b>						
Component Units:						
Library						
Registered patrons	30,904	33,989	33,257	40,219	42,651	44,674
Book collections	140,330	143,427	139,836	141,028	140,974	143,623
Audiovisual collections	28,764	29,675	30,730	30,932	43,241	43,039
Items circulated	752,351	721,380	666,701	642,989	633,487	593,922
Patron visits	357,374	325,976	322,042	326,943	304,836	288,124
Circulation per capita <sup>e</sup>	24.5	22.9	18.9	18.2	17.9	16.8
Program attendance	25,677	25,881	24,329	25,213	26,735	27,190
Public computer log-ins	66,425	57,194	54,526	54,621	53,977	52,604
Data base usage or "number of sessions" <sup>f</sup>	61,421	63,122	74,679	97,710	10,508	9,979
Principal Shopping District						
Retail occupancy rate as of June 30 <sup>g</sup>	92.6%	94.7%	96.5%	97.0%	98.0%	98.0%
Total events	NRA	NRA	NRA	NRA	NRA	NRA
Hosted events	12	12	11	12	12	11
Sponsored events	NRA	NRA	NRA	NRA	NRA	NRA
PR media impressions (in millions) <sup>h</sup>	50.0	50.2	50.5	50.0	50.0	55.0
Website "hits" or "unique view ers" per month <sup>i</sup>	264,000	270,000	270,000	6,200	6,500	5,600
Flower planters/baskets maintained	165	205	225	250	275	300

Source: City Department records

**Notes:**

N/A=Not available

NRA = Not readily available

<sup>a</sup>Date of count varies.

<sup>b</sup>All numbers reflect the calendar year ending mid way through fiscal year.

<sup>c</sup>Numbers reflect annual inspection in all buildings except single and duplex residential.

<sup>d</sup>Year 2009 is an estimate.

<sup>e</sup>Based on the service area of the library which includes Birmingham, Beverly Hills, Bingham Farms and beginning in 2011, Bloomfield Hills. Years 2009 to 2010 are based on the 2000 census population of 30,758. Year 2011 is based on the 2010 census population of 31,481 less Bloomfield Hills. Years 2012 to 2017 are based on the 2010 census population of 35,350.

<sup>f</sup>For years 2009 to 2013, the measurement of data base usage varied from vendor to vendor.

Some vendors provided number of sessions, others the number of searches, and others the number of search results.

Starting in year 2014, the same criterion has been used for each vendor: the number of sessions.

<sup>g</sup>Retail occupancy is based on the total number of retail (1st floor) square footage in the PSD, divided by the total square footage of retail space for lease in the same area.

<sup>h</sup>Media impressions is an industry-standard formula that tracks "earned" media coverage. This isn't paid advertising; it represents how many people have seen/heard the PSD's message/story in the new s media.

<sup>i</sup>For years 2009 to 2012, the numbers represent the approximate number of times an individual or search engine scans the PSD web site. Starting in year 2013, the numbers represent average "monthly unique view ers" captured through a new web analytic.

**Operating Indicators by Function/Program (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30			
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
44,296	40,848	41,506	30,130
126,154	115,974	110,733	118,419
40,230	40,458	41,506	28,544
566,182	488,031	503,941	541,442
287,131	270,842	267,938	241,058
16.0	13.8	14.3	15.3
28,870	35,528	35,959	40,658
112,201	227,413	252,174	275,319
13,711	13,987	17,437	15,141
96.0%	97.0%	96.0%	96.0%
16	16	16	16
11	10	10	10
5	6	6	6
NRA	60	70	86
6,481	7,524	5,699	7,500
235	227	227	227

# City of Birmingham, Michigan

## Schedule 18

	Fiscal Year ended June 30					
	2010	2011	2012	2013	2014	2015
<b>Function/Program</b>						
General Government						
City hall (square footage)	24,282	24,282	24,282	24,282	24,282	24,282
Library building (square footage)	30,470	30,470	30,470	30,470	30,470	30,470
Public Safety						
Fire stations	2	2	2	2	2	2
Fire Pumpers	3	3	3	4	4	4
Other fire vehicles (includes 1 aerial tower)	8	8	7	8	8	7
Police precincts	1	1	1	1	1	1
Public Works						
DPS administrative building & garage (square footage)	36,365	36,365	36,365	36,365	36,365	36,365
Major Streets (miles)	21.87	21.87	21.87	21.87	21.87	21.87
Local Streets (miles)	62.58	62.66	63.00	63.00	63.00	63.08
Sidewalks (miles)	129.03	129.03	129.03	129.03	129.03	129.03
Bridges	9	9	9	9	9	9
Vehicles in city fleet (excluding fire) <sup>b</sup>	85	85	92	83	83	85
Recreation & Culture						
Parks	18	18	18	18	18	18
Park land/public property (acres)	230+	230+	230+	230+	230+	230+
Trees on park/public land	25,000	25,000	25,000	25,000	25,000	25,000
Tennis courts	16	16	16	16	16	16
Baseball diamonds	1	1	1	1	1	1
Softball diamonds	1	1	1	1	1	1
Little League diamonds	6	6	6	6	6	6
Ice arena	1	1	1	1	1	1
Historical museum	1	1	1	1	1	1
Skate park	1	1	1	1	1	1
Water & Sewer						
Water mains (miles)	100.85	100.85	100.85	100.85	100.85	100.85
Sanitary sewers (miles)	115.41	115.41	115.41	115.41	115.41	115.41
Fire hydrants (city-owned) <sup>c</sup>	825	829	828	828	840	840
Water storage tanks (500,000 gal.)	2	2	2	2	2	2
Line gate valves	1,289	1,289	1,289	1,289	1,289	1,289
Automobile Parking						
Parking structures	5	5	5	5	5	5
Revenue-generating public parking spaces						
Metered spaces (streets & surface lots)	1,311	1,309	1,238	1,238	1,238	1,238
Parking structure spaces	3,579	3,579	3,579	3,579	3,579	3,579
Total	4,890	4,888	4,817	4,817	4,817	4,817
Golf Courses (nine-hole)	2	2	2	2	2	2

**Source:** City Department records


**Notes:**

<sup>a</sup>The City of Birmingham occupies 4.73 square miles.

<sup>b</sup>Self-propelled licensed vehicles.

<sup>c</sup>Numbers for 2014 and 2015 are estimates.

**Capital Asset Statistics by Function/Program<sup>a</sup>**  
**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>			
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
24,282	24,282	24,282	24,282
30,470	30,470	30,470	30,170
2	2	2	2
4	4	4	4
4	6	6	7
1	1	1	1
36,365	36,365	36,365	36,365
21.87	21.82	21.82	21.82
63.08	63.13	63.13	63.13
129.13	129.13	129.13	129.13
9	9	9	9
84	82	83	81
18	18	18	16
230+	230+	230+ 	231.4
25,000	25,000	25,000	25,000
16	16	16	16
1	1	1	1
1	1	1	3
6	6	6	5
1	1	1	1
1	1	1	1
1	1	1	1
100.85	100.85	100.85	100.85
115.41	115.41	115.41	116.00
848	848	848	862
2	2	2	2
1,289	1,289	1,289	1,289
5	5	5	5
1,262	1,262	1,273	1,270
3,579	3,579	3,579	3,618
4,841	4,841	4,852	4,891
2	2	2	2

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