

**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, 2013**

**City Commission**

George Dilgard, Mayor  
Scott Moore, Mayor Pro-Tem  
Rackeline J. Hoff, Commissioner  
Thomas McDaniel, Commissioner  
Mark Nickita, Commissioner  
Gordon Rinschler, Commissioner  
Stuart Lee Sherman, Commissioner

**City Manager**

Robert J. Bruner, Jr.

**Director of Finance/Treasurer**

B. Sharon Ostin

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# City of Birmingham, Michigan

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# City of Birmingham, Michigan

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## **Introductory Section**

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November 25, 2013

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, 2013 for the City of Birmingham (the "City"). 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 unqualified opinion that the City of Birmingham's financial statements for the year ended June 30, 2013 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 20,284, 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 has operated under the commission-manager form of government since 1917. 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; and 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 613,500. The June 2013 unemployment rate of 5.8% for the City is less than last year's rate of 6.4% and remains well below the state's unemployment rate of 8.7% and less than the national rate of 7.6% for the same period. It is anticipated that this area (Oakland County) will gain approximately 11,600 jobs this year and continue to add 13,330 and 16,690 jobs in each of the next two subsequent years respectively. This job growth comes on top of the significant employment gains experienced last year, which totaled 23,430 jobs. The past two years' increase in private-sector jobs represent the strongest growth since 1994 and 1995 for the area.

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 fourth year of recovery since the recession's low point in 2009. After going through the worst economic period in modern times, the area's economy is expected to continue to improve although at a more moderate pace. Improvements to the local economy are related to improvements in the national economy and improved performance in the auto industry. Additionally, the recovery is now more broad-based with improvement in other sectors as well as in the housing market. The area continues to be the premier local economy in Michigan and is among the most prominent county economies in the nation ranking tenth in aggregate rankings with counties of similar size.

Birmingham is an affluent city, with per capita income of \$69,151 compared to a national per capita income of \$27,334. Educational attainment levels are also well above the national average of 27.9% with 73.1% of City residents completing a bachelor's degree or higher. The City has a vibrant downtown which is continuing to expand 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. The City also has a thriving nightlife with entertainment venues. As of June, retail occupancy in the City's Principal Shopping District was 97% which was an improvement over the 96.5% from a year ago and the highest recorded since tracking began in 2001. The downtown's office market has also experienced an improvement with an 89% occupancy rate compared to 87.3% in June 2012.

The State's economy is seeing positive but moderate growth and continued expansion is expected this year. After a decade of job loss, high unemployment, and declining state revenues, the Michigan economy is now into a sustained and broadening recovery. This improvement has been led by manufacturing. Approximately half of the improvement in manufacturing job additions is expected to be attributable to the auto industry and related businesses. The professional and business services sector has been Michigan's other top job producer. Additionally, residential building permits are on the rise providing improvement in new home building and the construction sector. The housing market is also experiencing gains in sales and increases in home prices. The State's sales and income tax revenues have exceeded projections. Improvements in sales tax collections have provided increases to local units of government in revenue sharing payments made by the State. Approximately 6% of the City's total General Fund revenues come from constitutional and statutory revenue sharing payments received from the State. The City believes it will continue to meet the requirements under the Economic Vitality Incentive Program implemented by the State in order to be eligible to receive a percentage of the statutory revenue sharing appropriated.

After a period of declining property values over a four-year period totaling 15.5%, the City experienced an increase of .29% in 2012 followed by a 2.81% increase for the current year. This improvement in the real estate market is also evidenced by continued strong building activity primarily for new residential construction. New residential construction increased by 11% from the prior fiscal year. Total building permits revenue increased by 4% during the year. Additionally, there are currently 24 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 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 experienced decreases in property tax revenues in addition to decreases in investment income and state-shared revenues. This has resulted in expenditures increasing faster than revenue growth. To address this imbalance the City continues to implement expenditure cuts. In fiscal year 2012-2013, four additional full-time positions were eliminated resulting in a 32% staffing reduction since 2000. Also, all non-essential overtime has been eliminated and an interlocal agreement with the Village of Beverly Hills consolidating 9-1-1 dispatch services was entered into. The City continues to review operations for additional savings.

**Major Initiatives** - The City continues increased levels of funding for road improvements (\$3.2 million) as support from the State in such critical areas as Act 51 street funds has failed to keep up with needs for improvements. Road resurfacing and maintenance projects include the reconstruction of Lincoln Ave. between Southfield Road to Woodward Avenue and Eton Road, Derby Road to Yorkshire Road, Mohegan and Kennesaw Avenues between Oxford Drive and Adams Road, Purdy and Landon Street between E. Brown and Ann Streets, Wallace Street from Southfield Road to Stanley Drive, the realignment of S. Worth Street, and concrete repairs. These projects total approximately \$3.3 million in improvements. Also approved are \$225,000 for sidewalk and alley improvements, \$500,000 for the reconstruction of the Kenning Park parking lot, and \$2 million for improvements to the Automobile Parking System including repairs and waterproofing of levels two and three and a new lobby on level one of the Park Street Structure. Additionally, \$2.9 million in sewer system and water-main improvements and repairs have been funded.

These projects are significant because efficient transportation networks and modern infrastructure are increasingly important in a faster-paced 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 which have been approved for funding include:

- Upgrades to the City's website, laser fiche, and GIS system
- Workstation upgrades and tablets for the fire, planning, and IT departments
- Replacement of monitors 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. With settlement of the police and fire contracts, the plan is now closed to all new hires of the City. The City will instead contribute 5% of an employee's eligible compensation into a defined-contribution plan for general employees, a flat dollar amount approximating 5% for Teamster and AFSCME labor groups, and 12% of eligible compensation for police and fire groups. As a result of the plan being closed to all groups in the prior period and market declines, the funding status of the pension fund decreased to a funding level of 82.7% compared to 85.7% 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, 2013 totaled \$2,392,449.

The City of Birmingham also provides retiree healthcare benefits to qualifying full-time employees under a single-employer defined benefit healthcare plan in accordance with labor contracts. The City is required to contribute at a rate equivalent to the annual required contribution which is 27.28% of payroll, or \$2.52 million. With settlement of public safety contracts, the plan is now closed to all employee groups. A defined contribution plan for employees not eligible to participate in the defined benefit plan has been established. The defined contribution plan funding rate for the various employee groups is detailed in Note 13 on page 56.

### **Awards and Acknowledgements**

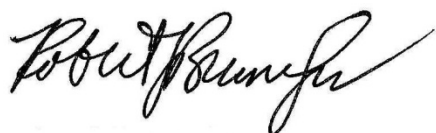
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-third 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 annual budget for the fiscal year beginning July 1, 2012. This was the twenty-third 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 its consistent support throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Robert J. Bruner, Jr.  
City Manager



B. Sharon Ostin  
Director of Finance/Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Birmingham**  
**Michigan**

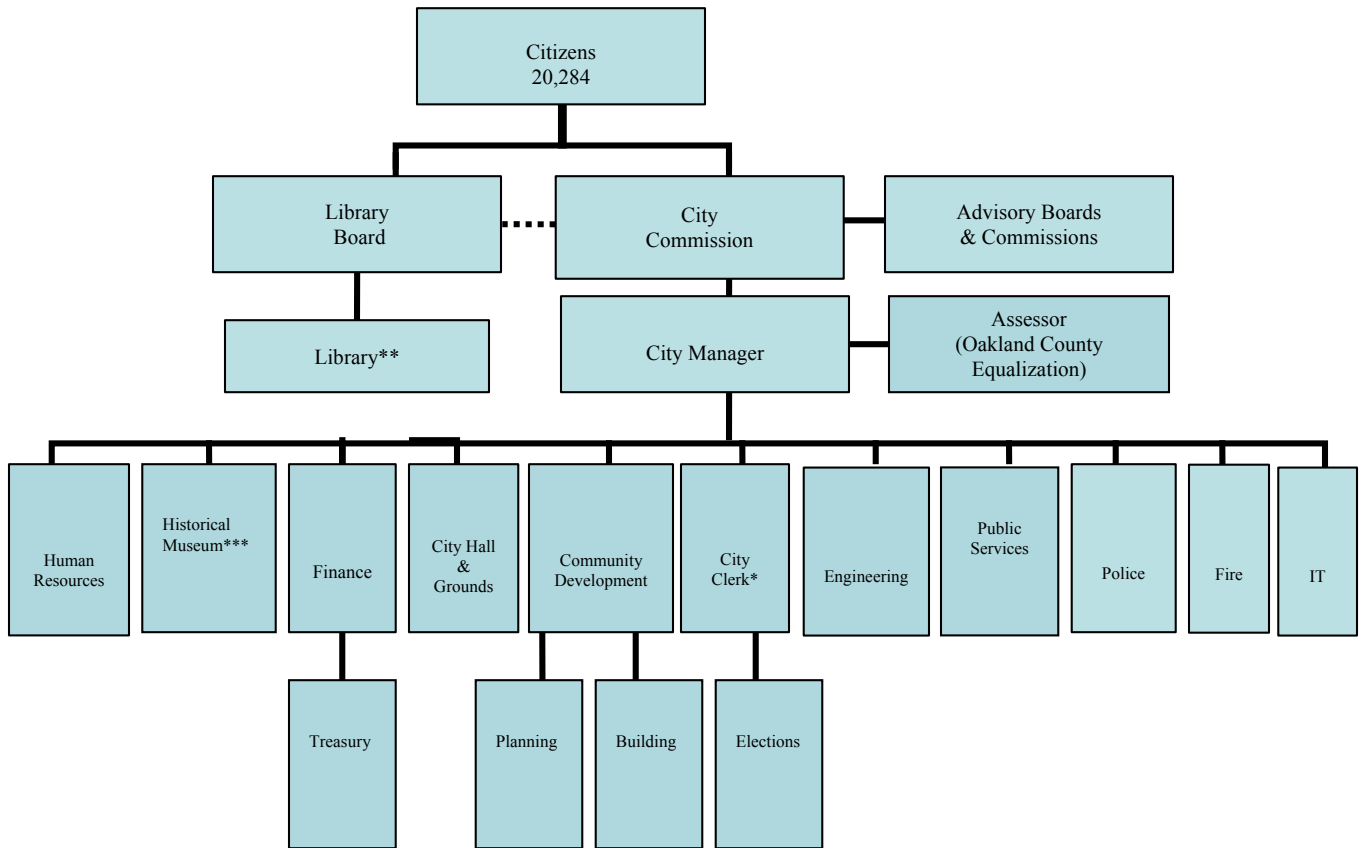
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# Birmingham

## 2012-2013 Organization Chart



- \* Appointed by the City Commission; reports to the City Manager.
- \*\* The City shall provide tax levy of not less than ½ mill and not more than 1 ¾ 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 City Commission  
City of Birmingham, Michigan

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

We have audited the accompanying basic 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, 2013 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 Basic Financial Statements***

Management is responsible for the preparation and fair presentation of these basic 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 basic 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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, 2013 and the respective changes in its financial position and, where applicable, cash flows thereof 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 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, pension system and retiree healthcare fund schedules of funding progress, and the budgetary comparison 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 opinions 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 the introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section, as identified in the table of contents, 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 it.

*Plante & Moran, PLLC*

November 5, 2013

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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, 2013:

- The City's total revenues were \$50.4 million, while expenses totaled \$45.5 million.
  - Governmental activities generated \$30.5 million in revenue and \$29.3 million in expenses.
  - Business-type activities generated \$19.9 million in revenue and \$16.2 million in expenses.
- Total net position of the City increased by \$4.9 million this year.
  - Total net position related to the City's governmental activities increased by approximately \$1.1 million. Of that amount, investment in capital assets increased by \$2.7 million primarily resulting from improvements to major and local streets, restricted net position decreased by \$.3 million, and unrestricted net position decreased by \$1.3 million.
  - Net position of our business-type activities increased overall by \$3.8 million. Of the \$3.8 million increase in business-type activities, \$3 million was invested in capital assets while unrestricted net position increased by \$ .8 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12 million, or 43.4 percent, of total General Fund expenditures and transfers out and represented a decrease of \$1.1 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 kind 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 budgetary comparisons for the City's General Fund and major special revenue funds. 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. In the case of the City of Birmingham, combined net position increased 2.8 percent from last year to \$179 million (See Table A-1). The following table shows, in a condensed format, the net position of the City as of June 30, 2012 and 2013:

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2012	2013	2012	2013	2012	2013	2012-2013
<b>Assets</b>							
Current and other assets	\$ 42.4	\$ 41.3	\$ 19.0	\$ 20.1	\$ 61.4	\$ 61.4	-
Capital assets	75.3	76.4	83.1	83.4	158.4	159.8	0.9
Total assets	117.7	117.7	102.1	103.5	219.8	221.2	0.6
<b>Liabilities</b>							
Current liabilities	2.8	3.3	2.4	2.8	5.2	6.1	17.3
Long-term liabilities	19.2	17.6	21.3	18.5	40.5	36.1	(10.9)
Total liabilities	22.0	20.9	23.7	21.3	45.7	42.2	(7.7)
<b>Net Position</b>							
Net investment in capital assets	58.5	61.2	61.9	64.9	120.4	126.1	4.7
Restricted	1.5	1.2	-	-	1.5	1.2	(20.0)
Unrestricted	35.7	34.4	16.5	17.3	52.2	51.7	(1.0)
Total net position	<u>\$ 95.7</u>	<u>\$ 96.8</u>	<u>\$ 78.4</u>	<u>\$ 82.2</u>	<u>\$ 174.1</u>	<u>\$ 179.0</u>	2.8

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

Of the City's total net position, 70.5 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 governmental activities increased \$1.1 million, or 1.2 percent, and net position related to business-type activities increased \$3.8 million, or 4.9 percent over the 2012 fiscal year. The City has undertaken several major capital improvement projects. During the year, continued improvements to the City's major and local streets, Allen House Museum masonry repairs, library HVAC replacement and improvements to other City buildings (governmental activities) and water-main, sanitary sewer and parking system improvements (business-type activities) have primarily resulted in these increases. 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 \$1.2 million at June 30, 2013 and decreased by 20 percent for the 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. Unrestricted net position decreased by \$.5 million or 1 percent.

**Changes in Net Position** - The City's combined total revenue increased \$.5 million, or 1 percent from 2012 to 2013 as shown in Table A-2. The City's revenue comes from two major sources: property taxes and charges for services. Approximately half of the City's total revenue comes from property taxes (50.3 percent in 2012 and 50.4 percent in 2013). Charges for services represented 42.1 percent of the total revenue in 2012 and 42.9 percent in 2013. The balance of the revenue is derived mainly from state and federal sources.

The City's combined total expenses increased \$1.7 million, or 3.9 percent, from 2012 to 2013. 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.

# City of Birmingham, Michigan

## Management's Discussion and Analysis (Continued)

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 Assets**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2012	2013	2012	2013	2012	2013	2012-2013
<b>Revenues</b>							
Program revenue:							
Charges for services	\$ 4.6	\$ 5.0	\$ 16.4	\$ 16.6	\$ 21.0	\$ 21.6	2.9
Operating grants and contributions	1.5	1.5	-	-	1.5	1.5	-
Capital grants and contributions	0.1	0.1	-	-	0.1	0.1	-
General revenue:							
Property taxes	21.8	22.1	3.3	3.3	25.1	25.4	1.2
State-shared revenue	1.6	1.7	-	-	1.6	1.7	6.2
Unrestricted investment earnings	<u>0.5</u>	<u>0.1</u>	<u>0.1</u>	<u>-</u>	<u>0.6</u>	<u>0.1</u>	(83.3)
Total revenues	<u>30.1</u>	<u>30.5</u>	<u>19.8</u>	<u>19.9</u>	<u>49.9</u>	<u>50.4</u>	1.0
<b>Program Expenses</b>							
General government	4.6	4.4	-	-	4.6	4.4	(4.3)
Public safety	11.1	12.3	-	-	11.1	12.3	10.8
Public works	7.7	7.9	-	-	7.7	7.9	2.6
Community and economic development	1.5	1.9	-	-	1.5	1.9	26.7
Recreation and culture	2.2	2.2	-	-	2.2	2.2	-
Interest on long-term debt	0.7	0.6	-	-	0.7	0.6	(14.3)
Water and sewer	-	-	11.7	11.7	11.7	11.7	-
Parking	-	-	3.2	3.5	3.2	3.5	9.4
Golf courses	<u>-</u>	<u>-</u>	<u>1.1</u>	<u>1.0</u>	<u>1.1</u>	<u>1.0</u>	(9.1)
Total expenses	<u>27.8</u>	<u>29.3</u>	<u>16.0</u>	<u>16.2</u>	<u>43.8</u>	<u>45.5</u>	3.9
<b>Increase in Net Position Before Transfers</b>	2.3	1.2	3.8	3.7	6.1	4.9	(19.7)
Transfers	<u>(1.0)</u>	<u>(0.1)</u>	<u>1.0</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	-
<b>Increase in Net Position</b>	1.3	1.1	4.8	3.8	6.1	4.9	(19.7)
<b>Net Position - Beginning of year</b>	<u>94.4</u>	<u>95.7</u>	<u>73.6</u>	<u>78.4</u>	<u>168.0</u>	<u>174.1</u>	3.6
<b>Net Position - End of year</b>	<u>\$ 95.7</u>	<u>\$ 96.8</u>	<u>\$ 78.4</u>	<u>\$ 82.2</u>	<u>\$ 174.1</u>	<u>\$ 179.0</u>	2.8

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

**Governmental Activities** - Total revenue for governmental activities increased \$.4 million, or 1 percent. This was attributable to an increase of \$.4 million in revenue received from charges for services, \$.3 million in property tax revenue, and a \$.1 million increase in state-shared revenues. The increases were off-set by a reduction in revenue received from investment income (\$.4 million). The increase in property tax revenue resulted from an increase in property values while the increase in state-shared revenues results from meeting state requirements for the performance-based Economic Vitality Incentive Program and improvements in the state's economy.

Charges for services increased as a result of service revenue received from dispatch services provided by the City to the Village of Beverly Hills through an inter-local agreement entered into during the year (\$.2 million). The fire department also began medical transports during the year providing an additional increase in service revenue (\$.2 million).

Total expenses increased \$1.5 million or 5 percent. The increase in expenses was primarily attributable to an increase in public safety (\$1.2 million) and community and economic development (\$.4 million). The increase in public safety results primarily from increased costs for consolidated dispatch services with the Village of Beverly Hills (\$.2 million), increases in retirement, retiree health care and healthcare costs for police and fire (\$.6 million) and an increase in payments made by the City to the 48<sup>th</sup> District Court (\$.4 million). The increase in community and economic development results from increased personnel and related costs such as retirement and retiree healthcare expenses for building and planning (\$.3 million) and other contractual services (\$.1 million) resulting from expenditures for the multi-modal transportation plan and S. Woodward Avenue gateway corridor plan. These increases were off-set by a (\$.1 million) reduction in interest costs on the City's long-term debt.

**Business-type Activities** - Total revenue for business-type activities increased by \$.1 million, or .5 percent. The increase is attributable to increased revenue from charges for services (\$.2 million) off-set by a reduction of \$.1 million in investment income. The increase in charges for services resulted from additional revenue from the City's automobile parking system and golf courses of \$.2 million and \$.1 million, respectively. Increased revenue from the parking system and golf courses was off-set by reductions in revenue (\$.1 million) from charges for water and sewer service.

Total expenses for business-type activities for fiscal year 2012-2013 totaled \$16.2 million, which is \$.2 million higher than fiscal year 2011-2012. Parking system expenses increased by \$.3 million while expenses for the golf courses decreased by \$.1 million. The increase in the parking system expenses primarily relate to increases in personnel, utility, equipment, and depreciation costs.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

### Financial Analysis of the City's Funds

**Governmental Funds** - The analysis of the City's major funds begins on page 18, 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 four fund types. Based on criteria set forth by the Governmental Accounting Standards Board, the City's major funds for fiscal year 2012-2013 include the General Fund, Major and Local Street Funds, and the Capital Projects Fund.

As of June 30, 2013, the governmental funds of the City of Birmingham reported a combined fund balance of \$24.3 million. This represents a decrease of \$1.6 million in comparison with the prior year. Approximately \$12 million of total fund balance, or 49.3 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 \$12.3 million of fund balance is categorized into four components: nonspendable, restricted, committed, and assigned fund balance. Additional information pertaining to the components of fund balance can be found in Note 1 on page 39 of this report.

The fund balance of the City's General Fund represents 50.6 percent, or \$12.3 million, of total governmental fund balances. The General Fund's fund balance decreased by \$1 million from the prior year. The decrease was attributable to a planned transfer to the Retiree Health Care Fund for an additional \$1 million payment during the year. A total of \$12 million of the General Fund's fund balance is unassigned while \$.2 million is committed and \$.1 million is assigned.

Fund balance of the Capital Projects Fund represents 20.3 percent, or \$4.9 million, of total governmental fund balances. The net decrease in fund balance during the current year in the Capital Projects Fund was \$.1 million. The decrease primarily resulted from expenditures to upgrade the HVAC system at the Library and repairs to the Allen House Museum. Of the total fund balance in the Capital Projects Fund \$4.5 million has been assigned for future projects such as construction of a new fire station (\$2.5 million).

The Major and Local Street Funds had fund balances of \$3.3 million and \$3.1 million, respectively. Fund balance for the Major Street Fund decreased by \$.3 million resulting from planned expenditures for street improvements. Of the total fund balance in the Major Street Fund \$.1 million is nonspendable, \$.5 million is committed, and \$2.7 million is assigned for street improvements. Fund balance of the Local Street Fund increased by approximately \$.1 million resulting from expenditures for construction projects, street maintenance, and snow and ice removal being less than planned. The Local Street's fund balance is assigned for road projects except approximately \$.8 million which is nonspendable (\$.1 million) and committed (\$.7 million). The Solid Waste Fund's fund balance of \$.4 million represents a decrease of \$.2 million from the prior year and is restricted and therefore can only be used for refuse collection and disposal purposes. The Parks and Recreation Debt Service Fund has a total fund balance of \$16,734, all of which is restricted for the payment of debt service.



# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

**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 \$3.1 million and \$8.6 million, respectively, and those for the Automobile Parking System total \$5.1 million. Total net position for the Sewage Disposal System increased by \$2.9 million primarily resulting from investment in capital assets. Total net position for the Automobile Parking System increased by \$.8 million with \$.3 million invested in capital assets and an increase of \$.5 million in unrestricted position. Total net position of the Water Fund decreased by \$.2 million with an increase in investment in capital assets (\$.4 million) off-set by a decrease in unrestricted position (\$.6 million).

### **General Fund Budgetary Highlights**

Actual revenues for the year ended June 30, 2013 exceeded the amended budget by \$30,787, or .1 percent. The difference was primarily attributable to actual revenues received for licenses and permits and fines and forfeitures both being more than budgeted by \$.1 million. These additional revenues were off-set by revenues for charges for services and investment income being less than expected. City departments overall stayed below budget as a result of reduced expenditures for: public safety personnel costs resulting from retirements and vacancies (\$.3 million); public services operation and maintenance of parks (\$.1 million); and encumbrances (\$.3 million) carried forward to the subsequent year's budget. This resulted in total expenditures being lower than the amended budget by \$.7 million, or 2.6 percent. The additional revenues received combined with reduced expenditures resulted in a positive budget variance of \$.8 million.

Differences between original revenues budgeted and the final amended budget totaled \$72,200. The decrease was primarily attributable to the budget being amended, as approved by the City Commission, for anticipated decreases in revenues for licenses and permits, charges for services, and investment income partially off-set by increased intergovernmental revenue, fines and forfeitures, and other revenue. Additional intergovernmental revenue from state-shared revenues resulted from the City meeting all of the performance criteria required under the State's Economic Vitality Incentive Program. Fines and forfeitures increased as a result of additional revenue received from the 48<sup>th</sup> District Court. A one-time cable surplus fund distribution resulted in additional other revenue.

The expenditure budget was increased by \$.7 million primarily to provide additional funding of \$.3 million to the 48<sup>th</sup> District Court, \$50,000 for the multi-modal and Woodward Gateway master planning projects, \$.2 million for the 2012 sidewalk and concrete repair program and Merrill and Pierce Street sidewalks, \$50,000 for wage reinstatement for 2010 wage reductions, and \$.1 million for library building architectural services.

# City of Birmingham, Michigan

## Management's Discussion and Analysis (Continued)

### Capital Asset and Debt Administration

#### Capital Assets

The City of Birmingham had a total of \$159.8 million invested in capital assets (net of accumulated depreciation) at the end of the fiscal year (see Table A-3). This was a net increase of .9 percent over last 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.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2012	2013	2012	2013	2012	2013	2012-2013
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	26.2	25.7	18.1	18.4	44.3	44.1	(0.5)
Equipment	6.4	7.3	0.5	0.5	6.9	7.8	13.0
Infrastructure	31.1	31.5	62.4	61.7	93.5	93.2	(0.3)
Construction in progress	0.5	0.8	0.5	1.2	1.0	2.0	100.0
<b>Total</b>	<b>\$ 75.3</b>	<b>\$ 76.4</b>	<b>\$ 83.1</b>	<b>\$ 83.4</b>	<b>\$ 158.4</b>	<b>\$ 159.8</b>	<b>0.9</b>

Governmental capital assets increased \$1.1 million or 1.5 percent over last year. The \$.5 million decrease in buildings is the result of depreciation being greater than additions during the year. The increase in equipment of \$.9 million is primarily attributable to the purchase of a new fire truck during the year. Improvements to infrastructure increased by \$.4 million resulting from improvements to the City's streets and sidewalks while construction in progress increased by \$.3 million from the prior year.

Total business-type capital assets of \$83.4 million increased from the prior year by \$.3 million. The increase in buildings and improvements of \$.3 million is attributable to improvements to the City's parking structures during the year. The \$.7 million decrease in infrastructure is the result of depreciation being greater than additions during the year. Construction in progress at June 30, 2013 totals \$1.2 million, which is an increase of \$.7 million from the prior year. Additional information pertaining to capital assets can be found in Note 6 on pages 45 to 47 of this report.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

**Long-term Debt** - The City's total indebtedness as of June 30, 2013 is \$34.1 million. Of this amount, \$22.9 million is general-obligation bonds, which is an amount considerably below the debt limit of \$189 million. In addition, the City has contractual obligations totaling \$11 million. This amount represents the City's portion of Oakland County bonds related to three CSO abatement projects, the George W. Kuhn retention/treatment facility, and the North Arm Project.

The City of Birmingham maintains a "AAA" rating from Standard & Poor's and Fitch and a "Aa1" rating from Moody's for general obligation debt. Additional information on the City's long-term debt can be found in Note 7 on pages 48 through 50 of this report.

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

Revenue constraints with increased costs combined to present a challenge in developing the fiscal year 2013-2014 budget. On the revenue side, property tax revenues account for 68 percent of the City's total General Fund revenues and 46 percent of all City revenues. As a result of continued improvement in the real estate market, the taxable value increase for fiscal year 2013-2014 is 2.8 percent. This will result in an increase in operating property tax revenues for the year of \$574,630. State-shared taxes provide revenue to the City of about \$3 million per year in the form of revenue sharing payments and gas and weight taxes. State-shared revenue is the City's second largest revenue source. As a result of improvements in the State's economy and the City meeting the requirements of the performance-based statutory revenue sharing program, state-shared revenues were budgeted to increase by \$146,900 from the prior fiscal year's budget. The City is expecting investment earnings to begin to improve resulting from higher rates of return. In 2008 the City earned more than \$2.1 million in investment income, while for 2013-2014 \$502,400 in investment income has been budgeted. The City like other governmental entities continues to experience financial stress with expenditures increasing faster than the growth in City revenues. Legacy costs for retirement and retiree health-care expenses were budgeted to increase by 23 percent and 21 percent, respectively, which was primarily attributable to prior investment losses and closing the plans to new hires for all employee groups. Additionally, costs were expected to increase for fuel, utilities, health-insurance, and other expenses.

In response to these budget challenges, the City has developed a proactive multi-faceted strategy. This was primarily achieved by reducing full-time positions. Staffing levels have been reduced by 24 percent since 2007. The assessing and appraisal functions have been outsourced to Oakland County resulting in significant cost savings. In November 2012, the Fire Department began transporting EMS patients to local hospitals in lieu of using a private ambulance company. This resulted in additional revenue to the City. The City also entered into an interlocal agreement with the Village of Beverly Hills consolidating 9-1-1 dispatch services and establishing combined operations in the Police Department communications center. Additionally, the City has reduced expenditures by eliminating all non-essential overtime, limiting memberships and training, reducing building energy usage, and eliminating out-of-state travel. The City continues to pursue service-sharing agreements with surrounding communities and achieve efficiencies through technological improvements and implement limited revenue enhancement measures.

# **City of Birmingham, Michigan**

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## **Management's Discussion and Analysis (Continued)**

The City's total levy, which includes the operating, refuse, library, and debt service levies, totaled 15.4641 mills, which represents a decrease from the prior year's levy of 15.6005 mills. The decrease in millage rate resulted from a decrease in the Library's millage which was increased in the prior year to provide funding for one-time capital improvements.

During the 2012-2013 fiscal year, fund balance in the General Fund decreased by \$1 million to \$12.3 million. The use of fund balance during the year was primarily attributable to an additional contribution to the Retiree Health Care Fund. For fiscal year 2013-2014 the City adopted a budget requiring the use of \$.8 million in fund balance to provide funding for an additional contribution to the Retirement System. Fund balance will continue to be maintained at a minimum of 17 percent of the current year's expenditures established to provide for unforeseen emergencies. General Fund property tax revenue is estimated at \$19.1 million for 2013-2014.

### **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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 5)	\$ 34,931,062	\$ 15,384,191	\$ 50,315,253	\$ 3,720,831
Receivables - Net:				
Customers	313,234	3,892,184	4,205,418	-
Special Assessments	480,912	239,293	720,205	40,820
Delinquent personal property taxes	23,467	-	23,467	-
Inventories	192,361	19,018	211,379	-
Prepaid costs and other assets (Note 1)	3,875,687	610,591	4,486,278	122,557
Due from other governmental units	995,843	-	995,843	55,779
Restricted assets (Note 8)	523,839	-	523,839	-
Capital assets - Net (Note 6)				
Assets subject to depreciation	64,500,479	80,468,223	144,968,702	2,620,135
Assets not subject to depreciation	11,920,399	2,903,292	14,823,691	107,918
<b>Total assets</b>	<b>117,757,283</b>	<b>103,516,792</b>	<b>221,274,075</b>	<b>6,668,040</b>
<b>Liabilities</b>				
Accounts payable	2,084,567	2,180,097	4,264,664	92,967
Accrued and other liabilities	983,746	445,306	1,429,052	63,823
Unearned revenue (Note 10)	27,204	163,205	190,409	-
Provision for uninsured losses and liabilities (Note 11)	243,793	-	243,793	-
Noncurrent liabilities (Note 7):				
Due within one year	2,094,474	2,875,845	4,970,319	133,295
Due in more than one year	15,507,663	15,649,508	31,157,171	17,748
<b>Total liabilities</b>	<b>20,941,447</b>	<b>21,313,961</b>	<b>42,255,408</b>	<b>307,833</b>
<b>Net Position</b>				
Net investment in capital assets	61,172,079	64,889,098	126,061,177	2,728,053
Restricted:				
Solid waste	382,372	-	382,372	-
Debt service	16,734	-	16,734	-
Law and drug enforcement	242,252	-	242,252	-
Park improvements	52,384	-	52,384	-
Other	508,683	-	508,683	-
Corridor improvement authority	-	-	-	38,085
Brownfield redevelopment authority	-	-	-	322,257
Library donations	-	-	-	1,054,855
Unrestricted	34,441,332	17,313,733	51,755,065	2,216,957
<b>Total net position</b>	<b>\$ 96,815,836</b>	<b>\$ 82,202,831</b>	<b>\$ 179,018,667</b>	<b>\$ 6,360,207</b>

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

# 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	\$ 4,362,683	\$ 346,917	\$ 163,326	\$ -
Public safety	12,352,387	1,649,780	57,143	-
Public works	7,907,576	480,797	1,207,268	131,994
Community and economic development	1,869,942	1,788,165	15,487	-
Recreation and culture	2,228,181	740,867	45,624	17,538
Interest on long-term debt	652,613	-	(598)	-
Total governmental activities	29,373,382	5,006,526	1,488,250	149,532
Business-type activities:				
Water and sewer	11,759,723	11,123,065	-	-
Automobile parking	3,450,244	4,257,830	-	-
Golf courses	1,043,575	1,267,239	-	-
Total business-type activities	16,253,542	16,648,134	-	-
Total primary government	<b>\$ 45,626,924</b>	<b>\$ 21,654,660</b>	<b>\$ 1,488,250</b>	<b>\$ 149,532</b>
Component units:				
Baldwin Public Library	\$ 3,264,027	\$ 924,666	\$ 146,095	\$ -
Brownfield Redevelopment Authority	37,431	25,241	-	-
Corridor Improvement Authority	-	-	-	-
Principal Shopping District	997,716	2,336	1,038,681	-
Total component units	<b>\$ 4,299,174</b>	<b>\$ 952,243</b>	<b>\$ 1,184,776</b>	<b>\$ -</b>
Unrestricted general revenues:				
Property taxes				
State-shared revenues				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

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



## Statement of Activities Year Ended June 30, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (3,852,440)	\$ -	\$ (3,852,440)	\$ -
(10,645,464)	-	(10,645,464)	-
(6,087,517)	-	(6,087,517)	-
(66,290)	-	(66,290)	-
(1,424,152)	-	(1,424,152)	-
(653,211)	-	(653,211)	-
(22,729,074)	-	(22,729,074)	-
-	(636,658)	(636,658)	-
-	807,586	807,586	-
-	223,664	223,664	-
-	394,592	394,592	-
(22,729,074)	394,592	(22,334,482)	-
-	-	-	(2,193,266)
-	-	-	(12,190)
-	-	-	-
-	-	-	43,301
-	-	-	(2,162,155)
22,069,399	3,330,208	25,399,607	2,118,203
1,692,523	-	1,692,523	17,641
140,479	(25,159)	115,320	242,989
13,573	-	13,573	(3,945)
(91,600)	91,600	-	-
23,824,374	3,396,649	27,221,023	2,374,888
1,095,300	3,791,241	4,886,541	212,733
95,720,536	78,411,590	174,132,126	6,147,474
<b>\$ 96,815,836</b>	<b>\$ 82,202,831</b>	<b>\$ 179,018,667</b>	<b>\$ 6,360,207</b>

# City of Birmingham, Michigan

## Governmental Funds Balance Sheet June 30, 2013

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments (Note 5)	\$ 12,824,739	\$ 3,393,887	\$ 3,038,361	\$ 4,990,037	\$ 787,731	\$ 25,034,755
Receivables - Net:						
Customers	313,082	-	-	-	152	313,234
Special Assessments	69,145	40,185	288,293	83,289	-	480,912
Delinquent personal property taxes	23,467	-	-	-	-	23,467
Prepaid items and other assets	18,099	-	-	-	-	18,099
Due from other governmental units	794,612	141,450	57,316	-	2,465	995,843
Restricted Assets (Note 8)	-	-	-	48,137	-	48,137
Inventories	-	137,353	54,941	-	-	192,294
	<u>-</u>	<u>137,353</u>	<u>54,941</u>	<u>-</u>	<u>-</u>	<u>192,294</u>
Total assets	<u>\$ 14,043,144</u>	<u>\$ 3,712,875</u>	<u>\$ 3,438,911</u>	<u>\$ 5,121,463</u>	<u>\$ 790,348</u>	<u>\$ 27,106,741</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,063,965	\$ 348,965	\$ 116,084	\$ 115,863	\$ 124,692	\$ 1,769,569
Accrued and other liabilities	549,762	5,555	7,563	-	24,298	587,178
Deferred revenue (Note 10)	150,212	39,308	231,839	74,978	152	496,489
	<u>1,763,939</u>	<u>393,828</u>	<u>355,486</u>	<u>190,841</u>	<u>149,142</u>	<u>2,853,236</u>
Total liabilities	1,763,939	393,828	355,486	190,841	149,142	2,853,236
<b>Fund Balances (Notes 4 and 9)</b>						
Nonspendable	18,099	137,353	54,941	-	-	210,393
Restricted	-	-	-	85,364	641,206	726,570
Committed	230,619	478,332	746,876	371,855	-	1,827,682
Assigned	77,690	2,703,362	2,281,608	4,473,403	-	9,536,063
Unassigned	11,952,797	-	-	-	-	11,952,797
	<u>12,279,205</u>	<u>3,319,047</u>	<u>3,083,425</u>	<u>4,930,622</u>	<u>641,206</u>	<u>24,253,505</u>
Total fund balances	12,279,205	3,319,047	3,083,425	4,930,622	641,206	24,253,505
Total liabilities and fund balances	<u>\$ 14,043,144</u>	<u>\$ 3,712,875</u>	<u>\$ 3,438,911</u>	<u>\$ 5,121,463</u>	<u>\$ 790,348</u>	<u>\$ 27,106,741</u>

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

# City of Birmingham, Michigan

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## Government Funds Reconciliation of Fund Balances to the Statement of Net Position June 30, 2013

<b>Fund Balance - Total Governmental Funds</b>	\$ 24,253,505
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	76,420,878
Special assessment, parking fines, and other miscellaneous receivables are expected to be collected over several years and are not available to pay for current year expenditures	469,283
Long-term liabilities are not due and payable in the current period and are not reported in the funds, including related accrued interest	(16,513,631)
Retiree healthcare benefit contributions made in excess of actuarially determined amounts reduce future year contributions	2,992,475
Retirement contributions made in excess of actuarially determined amounts reduce future year contributions	590,586
Internal service funds are included as part of governmental activities, net of amounts included above as capital assets	<u>8,602,740</u>
<b>Net Position - Governmental Activities</b>	<b><u>\$ 96,815,836</u></b>

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, 2013

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 18,446,934	\$ -	\$ -	\$ -	\$ 3,761,692	\$ 22,208,626
Licenses and permits	2,134,522	-	-	-	-	2,134,522
Federal grants	26,311	-	-	-	42,317	68,628
State sources	1,809,035	868,578	352,763	16,757	-	3,047,133
Charges for services	2,435,994	-	-	-	25,177	2,461,171
Fines and forfeitures	1,369,078	-	-	-	-	1,369,078
Use of money and property	45,255	(4,510)	18,970	(4,041)	(3,077)	52,597
Other	252,958	20,480	160,517	51,588	5,500	491,043
<b>Total revenues</b>	<b>26,520,087</b>	<b>884,548</b>	<b>532,250</b>	<b>64,304</b>	<b>3,831,609</b>	<b>31,832,798</b>
<b>Expenditures</b>						
Current:						
General government	4,934,254	-	-	-	-	4,934,254
Public safety	11,707,717	-	-	-	144,018	11,851,735
Public works	4,042,009	-	-	-	-	4,042,009
Highway and streets	-	1,184,723	1,114,035	-	-	2,298,758
Community and economic development	1,897,529	-	-	-	15,487	1,913,016
Solid waste disposal	-	-	-	-	1,724,849	1,724,849
48th District Court	993,219	-	-	-	-	993,219
Capital outlay	-	1,597,572	1,146,299	568,378	-	3,312,249
Debt service	-	-	-	-	2,232,603	2,232,603
<b>Total expenditures</b>	<b>23,574,728</b>	<b>2,782,295</b>	<b>2,260,334</b>	<b>568,378</b>	<b>4,116,957</b>	<b>33,302,692</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,945,359</b>	<b>(1,897,747)</b>	<b>(1,728,084)</b>	<b>(504,074)</b>	<b>(285,348)</b>	<b>(1,469,894)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in (Note 3)	-	1,581,320	1,850,000	427,000	26,724	3,885,044
Transfers out (Note 3)	(3,964,920)	-	-	-	(11,724)	(3,976,644)
<b>Total other financing sources (uses)</b>	<b>(3,964,920)</b>	<b>1,581,320</b>	<b>1,850,000</b>	<b>427,000</b>	<b>15,000</b>	<b>(91,600)</b>
<b>Net Change in Fund Balance</b>	<b>(1,019,561)</b>	<b>(316,427)</b>	<b>121,916</b>	<b>(77,074)</b>	<b>(270,348)</b>	<b>(1,561,494)</b>
<b>Fund Balances - Beginning of year</b>	<b>13,298,766</b>	<b>3,635,474</b>	<b>2,961,509</b>	<b>5,007,696</b>	<b>911,554</b>	<b>25,814,999</b>
<b>Fund Balances - End of year</b>	<b>\$ 12,279,205</b>	<b>\$ 3,319,047</b>	<b>\$ 3,083,425</b>	<b>\$ 4,930,622</b>	<b>\$ 641,206</b>	<b>\$ 24,253,505</b>

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, 2013

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,561,494)

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)	361,878
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	(197,217)
Accrued interest on long-term liabilities	(20,011)
Bond principal are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,600,000
Retiree health care contributions in excess of actuarially-determined amounts are not reported as expense on the statement of activities	1,217,043
Retirement contributions in excess of actuarially-determined amounts are not reported as expense on the statement of activities	19,774
Increases in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	21,002
Governmental funds report proceeds from sale; in the statement of activities, only the respective gain or loss is recognized	(14,602)
Internal Service Funds are also included as governmental activities	(297,246)
Transfer of district court equity	<u>(33,827)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,095,300</u></b>

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

# City of Birmingham, Michigan

## Proprietary Funds Statement of Net Position June 30, 2013

	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)	\$ 2,557,775	\$ 7,133,597	\$ 5,106,104	\$ 586,715	\$ 15,384,191	\$ 9,897,106
Receivables - Net - Customers	1,202,281	2,771,599	150,980	6,617	4,131,477	-
Inventories	-	-	19,018	-	19,018	68
Total current assets	3,760,056	9,905,196	5,276,102	593,332	19,534,686	9,897,174
Non-current assets:						
Other assets	52,106	508,597	14,170	35,718	610,591	86,045
Restricted assets (Note 8)	-	-	-	-	-	475,703
Capital assets (Note 6)	17,931,769	44,867,278	18,503,251	2,069,217	83,371,515	5,112,378
Total noncurrent assets	17,983,875	45,375,875	18,517,421	2,104,935	83,982,106	5,674,126
Total assets	21,743,931	55,281,071	23,793,523	2,698,267	103,516,792	15,571,300
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	589,361	1,368,322	204,314	18,100	2,180,097	315,796
Provision for uninsured losses and liabilities (Note 11)	-	-	-	-	-	243,793
Accrued and other liabilities	80,859	338,847	7,926	17,674	445,306	280,505
Unearned revenue (Note 10)	-	161,275	-	1,930	163,205	-
Current portion of long-term debt and employee benefits (Note 7)	24,730	2,838,561	-	12,554	2,875,845	98,131
Total current liabilities	694,950	4,707,005	212,240	50,258	5,664,453	938,225
Noncurrent liabilities:						
Provision for employee benefits	3,603	-	-	2,049	5,652	917,957
Long-term debt - Net of current portion (Note 7)	-	15,643,856	-	-	15,643,856	-
Total noncurrent liabilities	3,603	15,643,856	-	2,049	15,649,508	917,957
Total liabilities	698,553	20,350,861	212,240	52,307	21,313,961	1,856,182
<b>Net Position</b>						
Net investment in capital assets	17,931,769	26,384,861	18,503,251	2,069,217	64,889,098	5,112,378
Restricted (Note 8)	-	-	-	-	-	475,703
Unrestricted	3,113,609	8,545,349	5,078,032	576,743	17,313,733	8,127,037
Total net position	<u>\$ 21,045,378</u>	<u>\$ 34,930,210</u>	<u>\$ 23,581,283</u>	<u>\$ 2,645,960</u>	<u>\$ 82,202,831</u>	<u>\$ 13,715,118</u>

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, 2013

	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	\$ 3,700,273	\$ -	\$ -	\$ -	\$ 3,700,273	\$ -
Sewage disposal charges	-	7,422,792	-	-	7,422,792	-
Golf course fees and charges	-	-	-	1,267,239	1,267,239	-
Charges for services	-	-	-	-	-	4,706,012
Automobile parking system fees and charges	-	-	4,257,830	-	4,257,830	-
<b>Total operating revenues</b>	<b>3,700,273</b>	<b>7,422,792</b>	<b>4,257,830</b>	<b>1,267,239</b>	<b>16,648,134</b>	<b>4,706,012</b>
<b>Operating Expenses</b>						
Cost of water produced/purchased	1,759,363	-	-	-	1,759,363	-
Cost of sewage treatment	-	4,922,469	-	-	4,922,469	-
Operation and maintenance	1,225,279	543,344	2,184,042	902,726	4,855,391	1,189,510
General and administrative	193,240	223,685	115,339	34,445	566,709	3,140,307
Depreciation (Note 6)	730,339	1,511,592	1,150,863	106,404	3,499,198	873,811
<b>Total operating expenses</b>	<b>3,908,221</b>	<b>7,201,090</b>	<b>3,450,244</b>	<b>1,043,575</b>	<b>15,603,130</b>	<b>5,203,628</b>
<b>Operating (Loss) Income</b>	<b>(207,948)</b>	<b>221,702</b>	<b>807,586</b>	<b>223,664</b>	<b>1,045,004</b>	<b>(497,616)</b>
<b>Nonoperating Revenue (Expenses)</b>						
Investment expense	(4,479)	(11,032)	(7,560)	(2,088)	(25,159)	(18,355)
Interest expense	-	(650,412)	-	-	(650,412)	-
Gain on disposal of assets	-	-	-	-	-	203,913
Property taxes	(111)	3,330,320	-	-	3,330,209	-
<b>Total nonoperating (expenses) revenue</b>	<b>(4,590)</b>	<b>2,668,876</b>	<b>(7,560)</b>	<b>(2,088)</b>	<b>2,654,638</b>	<b>185,558</b>
<b>(Loss) Income - Before transfers</b>	<b>(212,538)</b>	<b>2,890,578</b>	<b>800,026</b>	<b>221,576</b>	<b>3,699,642</b>	<b>(312,058)</b>
<b>Capital Contributions</b>	-	-	-	-	-	14,812
<b>Transfers from Other Funds (Note 3)</b>	-	-	-	91,600	91,600	-
<b>Change in Net Position</b>	<b>(212,538)</b>	<b>2,890,578</b>	<b>800,026</b>	<b>313,176</b>	<b>3,791,242</b>	<b>(297,246)</b>
<b>Net Position - Beginning of year</b>	<b>21,257,916</b>	<b>32,039,632</b>	<b>22,781,257</b>	<b>2,332,784</b>	<b>78,411,589</b>	<b>14,012,364</b>
<b>Net Position - End of year</b>	<b>\$ 21,045,378</b>	<b>\$ 34,930,210</b>	<b>\$ 23,581,283</b>	<b>\$ 2,645,960</b>	<b>\$ 82,202,831</b>	<b>\$ 13,715,118</b>

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, 2013

	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	\$ 3,985,765	\$ 8,202,633	\$ 4,366,702	\$ 1,263,361	\$ 17,818,461	\$ 4,706,012
Payments to suppliers	(2,107,065)	(4,868,487)	(1,968,958)	(356,335)	(9,300,845)	(3,518,979)
Payments to employees	(943,185)	(482,642)	(372,135)	(589,013)	(2,386,975)	(513,496)
Net cash provided by operating activities	935,515	2,851,504	2,025,609	318,013	6,130,641	673,537
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers from other funds	-	-	-	91,600	91,600	-
Property taxes	(398)	2,339,588	-	-	2,339,190	-
Net cash (used in) provided by noncapital financing activities	(398)	2,339,588	-	91,600	2,430,790	-
<b>Cash Flows from Capital and Related Financing Activities</b>						
Principal and interest paid on capital debt	-	(3,406,585)	-	-	(3,406,585)	-
Purchase of capital assets	(1,165,758)	(1,093,796)	(1,461,432)	(13,861)	(3,734,847)	(1,648,139)
Proceeds from sale of capital assets	-	-	-	-	-	208,073
Property taxes - Restricted for capital debt	-	973,718	-	-	973,718	-
Net cash used in capital and related financing activities	(1,165,758)	(3,526,663)	(1,461,432)	(13,861)	(6,167,714)	(1,440,066)
<b>Cash Flows from Investing Activities -</b>						
Interest received on investments	(4,479)	(11,032)	(7,560)	(2,088)	(25,159)	(18,355)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(235,120)	1,653,397	556,617	393,664	2,368,558	(784,884)
<b>Cash and Cash Equivalents - Beginning of year</b>	2,792,895	5,480,200	4,549,487	193,051	13,015,633	11,157,693
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 2,557,775</u>	<u>\$ 7,133,597</u>	<u>\$ 5,106,104</u>	<u>\$ 586,715</u>	<u>\$ 15,384,191</u>	<u>\$ 10,372,809</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>						
Cash and investments	\$ 2,557,775	\$ 7,133,597	\$ 5,106,104	\$ 586,715	\$ 15,384,191	\$ 9,897,106
Restricted investments (Note 8)	-	-	-	-	-	475,703
Total cash and cash equivalents	<u>\$ 2,557,775</u>	<u>\$ 7,133,597</u>	<u>\$ 5,106,104</u>	<u>\$ 586,715</u>	<u>\$ 15,384,191</u>	<u>\$ 10,372,809</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, 2013

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>						
Operating (loss) income	\$ (207,948)	\$ 221,702	\$ 807,586	\$ 223,664	\$ 1,045,004	\$ (497,616)
Adjustments to reconcile operating (loss) income to net cash from operating activities						
Depreciation	730,339	1,511,592	1,150,863	106,404	3,499,198	873,811
Changes in assets and liabilities:						
Receivables	285,491	748,324	108,872	(5,392)	1,137,295	-
Other assets	(7,224)	61,029	1,682	(5,280)	50,207	210,588
Accounts payable	132,519	392,550	(45,452)	(3,229)	476,388	(80,021)
Accrued and other liabilities	2,338	(83,693)	2,058	1,846	(77,451)	166,775
Net cash provided by operating activities	<u>\$ 935,515</u>	<u>\$ 2,851,504</u>	<u>\$ 2,025,609</u>	<u>\$ 318,013</u>	<u>\$ 6,130,641</u>	<u>\$ 673,537</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, 2013

	Pension and Other Employee Benefits	Agency Fund
<b>Assets</b>		
Cash and cash equivalents (Note 5)	\$ 4,948,177	\$ 1,805,572
Investments:		
U.S. government securities	10,014,848	-
Stocks	80,930,230	-
Bonds	21,490,115	-
Receivables and accrued interest	433,563	-
Other assets	43,994	4,100
Total assets	117,860,927	<b><u>\$ 1,809,672</u></b>
<b>Liabilities</b>		
Accounts payable	16,401	\$ 58,034
Accrued and other liabilities	541,680	1,751,638
Total liabilities	558,081	<b><u>\$ 1,809,672</u></b>
<b>Net Position</b> - Held in trust for pension and other employee benefits	<b>\$ 117,302,846</b>	

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, 2013

	<u>Pension and Other Employee Benefits</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 3,234,477
Net increase in fair value of investments	8,769,464
Less investment expenses	<u>(585,306)</u>
Net investment income	11,418,635
Contributions:	
Employer	6,345,523
Plan members	<u>528,225</u>
Total contributions	6,873,748
Other revenue	<u>187,120</u>
Total net additions	18,479,503
<b>Deductions</b>	
Benefit payments	8,491,106
Refunds of contributions	628,291
Administrative expenses and other	<u>231,505</u>
Total deductions	<u>9,350,902</u>
<b>Net Increase</b>	9,128,601
<b>Net Position - Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>108,174,245</u>
End of year	<u><u>\$ 117,302,846</u></u>

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

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# City of Birmingham, Michigan

## Component Units Statement of Net Position June 30, 2013

	Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Total
<b>Assets</b>					
Cash and investments (Note 5)	\$ 2,461,953	\$ 322,257	\$ 38,085	\$ 898,536	\$ 3,720,831
Receivables	-	-	-	40,820	40,820
Due from other governmental units	55,779	-	-	-	55,779
Capital assets (Note 6)	2,727,421	-	-	632	2,728,053
Other	87,523	-	-	35,034	122,557
<b>Total assets</b>	<b>5,332,676</b>	<b>322,257</b>	<b>38,085</b>	<b>975,022</b>	<b>6,668,040</b>
<b>Liabilities</b>					
Accounts payable	77,366	-	-	15,601	92,967
Accrued and other liabilities	57,156	-	-	6,667	63,823
Noncurrent liabilities (Note 7):					
Due within one year	115,768	-	-	17,527	133,295
Due in more than one year	14,724	-	-	3,024	17,748
<b>Total liabilities</b>	<b>265,014</b>	<b>-</b>	<b>-</b>	<b>42,819</b>	<b>307,833</b>
<b>Net Position</b>					
Net investment in capital assets	2,727,421	-	-	632	2,728,053
Restricted:					
Corridor improvement authority			38,085		38,085
Brownfield redevelopment authority		322,257			322,257
Library donations	1,054,855				1,054,855
Unrestricted	1,285,386	-	-	931,571	2,216,957
<b>Total net position</b>	<b>\$ 5,067,662</b>	<b>\$ 322,257</b>	<b>\$ 38,085</b>	<b>\$ 932,203</b>	<b>\$ 6,360,207</b>

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

# City of Birmingham, Michigan

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	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Baldwin Public Library</b> - Culture and recreation	\$ 3,264,027	\$ 924,666	\$ 146,095
<b>Brownfield Redevelopment Authority</b> - Community development	37,431	25,241	-
<b>Corridor Improvement Authority</b> - Community development	-	-	-
<b>Principal Shopping District</b> - Community development	<u>997,716</u>	<u>2,336</u>	<u>1,038,681</u>
Total governmental activities	<u><b>\$ 4,299,174</b></u>	<u><b>\$ 952,243</b></u>	<u><b>\$ 1,184,776</b></u>

General revenues:

Taxes  
State sources  
Investment earnings  
Miscellaneous

Total general revenues

**Increase in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

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

**Component Units  
Statement of Activities  
Year Ended June 30, 2013**

Net (Expense) Revenue and Changes in Net Position				
Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Total
\$ (2,193,266)	\$ -	\$ -	\$ -	\$ (2,193,266)
-	(12,190)	-	-	(12,190)
-	-	-	-	-
-	-	-	43,301	43,301
(2,193,266)	(12,190)	-	43,301	(2,162,155)
1,944,036	174,167	-	-	2,118,203
17,641	-	-	-	17,641
245,006	(551)	(55)	(1,411)	242,989
(3,945)	-	-	-	(3,945)
2,202,738	173,616	(55)	(1,411)	2,374,888
9,472	161,426	(55)	41,890	212,733
5,058,190	160,831	38,140	890,313	6,147,474
<b>\$ 5,067,662</b>	<b>\$ 322,257</b>	<b>\$ 38,085</b>	<b>\$ 932,203</b>	<b>\$ 6,360,207</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 units 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 (the "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 and maintains the Library facilities. In addition, the Library is not able to issue its own debt. As a result, the Library is fiscally dependent on the City and there is a financial burden to the City.
- b. The Principal Shopping District (the "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.

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

- 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.

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 addresses 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 nonfiduciary 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.

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

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.

#### **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.

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

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 funds:

**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.

**Major Streets and Local Street Funds** - The Major and Local Streets Funds account for the resources of state gas and weight tax revenues that are restricted for use on major and local streets.

**Capital Projects Fund** - The Capital Projects Fund accounts for the financial resources such as proceeds of bond issues, transfers from other funds, and other revenue necessary for the purpose of constructing or acquiring major capital improvements of the City such as a fire training tower, enhancements to the City's parks, and streetscape improvements. Improvements to the City's roads, water and sewer infrastructure, parking system, golf courses, and those projects financed primarily by special assessments are accounted for in other funds.

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.

**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.

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

**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 healthcare benefits provided to employees during retirement.

**Agency Funds** - The Agency Funds are custodial in nature (assets equal liabilities) and do 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 nonoperating 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 nonoperating 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 nonoperating 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, 2013 is based on the 2012 levy, which was billed July 1, 2012.

The 2012 taxable valuation of the City totaled \$1,791,720,590, on which ad valorem taxes levied consisted of 11.6883 mills for operating purposes. These mills were allocated to the General Fund (10.3549) and the Sewer Fund (1.3334). Additionally, .8798 mills and 1.7960 mills were levied for solid waste disposal and debt service, respectively. This resulted in \$20.9 million for operating expenses, \$1.6 million for refuse services, and \$3.2 million for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. These amounts are recognized in the respective General Fund, special revenue funds, debt service funds, 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, 2013 is based on the 2012 levy, which was billed July 1, 2012.

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

The 2012 taxable value totaled \$1,791,720,590; the Library's millage rate was 1.1000 mills, which resulted in property tax billings of \$2.0 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.

#### **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. 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, 2013, there was approximately \$309,700 in allowances for parking fines, \$54,800 in allowances for delinquent personal property taxes, and approximately \$22,200 in allowances for miscellaneous receivables. Property taxes levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, with the exception of those in the Major and Local Streets Funds, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors are recorded as prepaid items in both government-wide and fund financial statements. Also, contributions in excess of actuarially determined amounts for retirement and retiree healthcare benefits are recorded as a prepaid expense on the government-wide and proprietary fund-based statements. At June 30, 2013, the accumulated prepaid retirement costs were \$590,586, \$59,495, and \$58,258 for governmental, business-type activities, and component units, respectively. Accumulated prepaid retiree healthcare benefit costs were \$2,992,475, \$52,292, and \$48,000 for governmental, business-type activities, and component units, respectively.

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

**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 \$1,500 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 estimated fair market value at the date of donation.

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

**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.



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

**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 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.

The City's major special revenue funds consist of the Major Streets Fund and Local Streets Fund. The purpose of these funds is to account for restricted state-shared revenue for street maintenance and repair. The primary sources of revenue/resources for these funds are transfers from the General Fund and state-shared gas and weight taxes.

## Notes to Financial Statements June 30, 2013

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

**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 state 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 “Government 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 \$361,878 difference are as follows:

Capital outlay	\$ 4,012,769
Depreciation expense	<u>(3,650,891)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 361,878</u>

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

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

For the year ended June 30, 2013, interfund transfers reported in the fund statements were as follows:

	Transfers Out		
	General Fund	Nonmajor Governmental	Total
Transfers in:			
Major Streets Fund	\$ 1,581,320 (1)	\$ -	\$ 1,581,320
Local Streets Fund	1,850,000 (1)	-	1,850,000
Capital Projects Fund	427,000 (2)	-	427,000
Nonmajor Governmental	15,000 (5)	11,724 (4)	26,724
Golf Courses	91,600 (3)	-	91,600
Total	<u>\$ 3,964,920</u>	<u>\$ 11,724</u>	<u>\$ 3,976,644</u>

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Provide funding for capital projects
- (3) Provide funding for estimated losses at golf courses
- (4) Transfer surplus debt service funds to other debt service
- (5) Provide funding for tax losses

### 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 deficit and activity for the year ended June 30, 2013 is as follows:

Deficit as of June 30, 2012	\$ (314,475)
Building permit revenue	1,387,012
Related expenses:	
Direct costs	\$1,312,125
Estimated indirect costs	<u>109,830</u>
Total construction code expenses	<u>1,421,955</u>
Deficit as of June 30, 2013	<u>\$ ( 349,418)</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 \$4.3 million is considered uninsured and uncollateralized.

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

**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 three 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 healthcare 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:

Investment Type	Fair Value	Maturity (Years)			
		< 1	1 - 5	6 - 10	> 10
U.S. Treasury:					
General investments	\$ 12,218,470	\$ 1,011,440	\$ 11,207,030	\$ -	\$ -
Retirement Fund	2,008,693	47,928	249,917	1,065,326	645,522
Retiree Health Care	524,597	11,146	104,990	270,025	138,436
U.S. agency:					
General investments	37,013,511	12,184,596	24,828,915	-	-
Retirement Fund	6,223,040	-	270,128	328,665	5,624,247
Retiree Health Care	1,258,519	-	-	33,445	1,225,074
Corporate bonds:					
Retirement Fund	17,394,349	320,658	6,549,177	6,366,130	4,158,384
Retiree Health Care	4,095,765	41,880	1,595,422	1,527,381	931,082
Commercial paper -					
General investments	999,187	999,187	-	-	-

**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 healthcare 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:

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

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

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Rating Agency</u>
U.S. agency securities	Unrated	\$ 6,387,022	
	AAA	95,476	S&P
	AA+	37,767,523	S&P
	A	121,800	S&P
Corporate bonds	Unrated	4,000,489	
	AAA	1,425,878	S&P
	AA+	465,304	S&P
	AA	1,053,779	S&P
	AA-	713,143	S&P
	A+	1,508,749	S&P
	A	1,516,013	S&P
	A-	1,839,415	S&P
	BBB+	2,041,619	S&P
	BBB	1,621,496	S&P
	BBB-	2,591,363	S&P
	BB+	660,282	S&P
	BB	707,974	S&P
	BB-	564,876	S&P
	B+	436,941	S&P
	B	188,591	S&P
	B-	111,093	S&P
CCC	43,111	S&P	
Commercial paper	A-1	999,187	S&P
Pooled funds	Unrated	7,563,709	
	AAA	1,510,901	S&P

**Concentration of Credit Risk** - At June 30, 2013, the City had investments greater than 5 percent of its holdings with the following issuers:

<u>Issuer</u>	<u>General Investments</u>	<u>Retirement Investments</u>	<u>Retiree Health Investments</u>
Federal Farm Credit Bank	17%	-	-
Federal Home Loan Mortgage	18%	-	-
Federal National Mortgage Assn.	17%	5%	5%
Federal Home Loan Bank	15%	-	-

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 5 - Cash, Investments, and Securities Lending (Continued)

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

The City's Employees Retirement System and Retiree Health Care Fund Investment Policies do not limit the amount which can be invested in U.S. agency securities.

### Note 6 - Capital Assets

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

	Balance July 1, 2012	Additions	Disposals and Adjustments	Balance June 30, 2013
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 10,337,835	\$ -	\$ -	\$ 10,337,835
Art and historical treasures	816,324	-	-	816,324
Construction in progress	544,615	811,239	589,614	766,240
Subtotal	11,698,774	811,239	589,614	11,920,399
Capital assets being depreciated:				
Road and sidewalks	54,395,139	3,106,423	1,697,791	55,803,771
Buildings and improvements	21,418,035	159,415	20,308	21,557,142
Improvements other than buildings	11,249,063	140,161	-	11,389,224
Machinery and equipment	15,751,946	2,020,185	1,226,717	16,545,414
Subtotal	102,814,183	5,426,184	2,944,816	105,295,551
Accumulated depreciation:				
Road and sidewalks	23,305,277	2,703,258	1,697,791	24,310,744
Buildings and improvements	4,216,676	178,341	6,145	4,388,872
Improvements other than buildings	2,296,749	505,308	-	2,802,057
Machinery and equipment	9,377,722	1,137,795	1,222,118	9,293,399
Subtotal	39,196,424	4,524,702	2,926,054	40,795,072
Net capital assets being depreciated	63,617,759	901,482	18,762	64,500,479
Net capital assets	\$ 75,316,533	\$ 1,712,721	\$ 608,376	\$ 76,420,878

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - Capital Assets (Continued)

	Balance July 1, 2012	Additions	Disposals and Adjustments	Balance June 30, 2013
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,597,920	\$ -	\$ -	\$ 1,597,920
Construction in progress	569,068	1,279,312	543,008	1,305,372
Subtotal	2,166,988	1,279,312	543,008	2,903,292
Capital assets being depreciated:				
Water and sewer distribution systems	85,619,809	1,540,199	-	87,160,008
Land improvements	2,477,611	-	-	2,477,611
Building and building improvements	34,808,121	1,246,071	-	36,054,192
Machinery and equipment	3,098,629	212,275	3,507	3,307,397
Subtotal	126,004,170	2,998,545	3,507	128,999,208
Accumulated depreciation:				
Water and sewer distribution systems	23,241,349	2,249,449	-	25,490,798
Land improvements	165,357	73,370	-	238,727
Building and building improvements	19,051,864	976,095	-	20,027,959
Machinery and equipment	2,576,724	200,284	3,507	2,773,501
Subtotal	45,035,294	3,499,198	3,507	48,530,985
Net capital assets being depreciated	80,968,876	(500,653)	-	80,468,223
Net capital assets	\$ 83,135,864	\$ 778,659	\$ 543,008	\$ 83,371,515

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

	Balance July 1, 2012	Additions	Disposals and Adjustments	Balance June 30, 2013
<b>Component Units</b>				
Capital assets not being depreciated -				
Fine arts	\$ 107,918	\$ -	\$ -	\$ 107,918
Capital assets being depreciated:				
Equipment and building improvements	3,392,909	90,048	263,819	3,219,138
Books, periodicals, etc.	9,931,735	332,088	73,616	10,190,207
Subtotal	13,324,644	422,136	337,435	13,409,345
Less accumulated depreciation	10,412,083	712,288	335,161	10,789,210
Net capital assets being depreciated	2,912,561	(290,152)	2,274	2,620,135
Net capital assets	\$ 3,020,479	\$ (290,152)	\$ 2,274	\$ 2,728,053



# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 202,879
Public safety	153,247
Public works	2,654,119
Economic development	8,252
Recreation and culture	632,394
Internal service fund depreciation is charged to the various function based on their usage of the asset	<u>873,811</u>
Total governmental activities	<u>\$ 4,524,702</u>
Business-type activities:	
Water and sewer	\$ 2,241,931
Automobile parking system	1,150,863
Golf courses	<u>106,404</u>
Total business-type activities	<u>\$ 3,499,198</u>

**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	\$ 1,076,196	\$ 1,081,558
Street/bridge projects	1,874,636	1,189,650
Sewer improvements	1,095,098	1,256,379
Parking deck improvements	406,702	606,025
Building improvements	20,485	76,915
Other	123,259	498,247
Sidewalks	163,326	93,001
Park improvements	22,643	72,345
Vehicles	<u>-</u>	<u>27,344</u>
Total	<u>\$ 4,782,345</u>	<u>\$ 4,901,464</u>

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements are 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:							
2002 Parks and Recreation Bonds:							
Amount of issue - \$15,700,000	2.00% -	\$200,000 -					
Maturing through 2025	5.00%	\$1,300,000	\$ 3,900,000	\$ -	\$ (700,000)	\$ 3,200,000	\$ 700,000
2003 Refunding Bonds:							
Amount of issue - \$9,055,000	2.00% -	\$425,000 -					
Maturing through 2012	4.00%	\$1,500,000	750,000	-	(750,000)	-	-
2006 Refunding Bonds:							
Amount of issue - \$8,920,000	3.75% -	\$40,000 -					
Maturing through 2023	4.00%	\$1,285,000	8,695,000	-	(50,000)	8,645,000	50,000
Less deferred amount on refunding			(361,605)		30,134	(331,471)	(30,134)
2008 Parks and Recreation Bonds:							
Amount of issue - \$4,000,000	3.00% -	\$100,000 -					
Maturing through 2029	4.00%	\$300,000	3,700,000	-	(100,000)	3,600,000	100,000
Total general obligation bonds			16,683,395	-	(1,569,866)	15,113,529	819,866
Notes payable:							
MDEQ Brownfield Redevelopment Loan	2.00%	\$27,398 -					
Amount of loan - \$300,000		\$32,743					
Maturing through 2019			211,913	-	(28,505)	183,408	29,075
Total bonds and notes payable			16,895,308	-	(1,598,371)	15,296,937	848,941
Accumulated employee benefits			2,268,819	244,371	(207,990)	2,305,200	1,245,533
Total governmental activities			\$ 19,164,127	\$ 244,371	\$ (1,806,361)	\$ 17,602,137	\$ 2,094,474

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, \$947,625 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 Financial Statements June 30, 2013

### Note 7 - 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:							
2004 Refunding Bonds:							
Amount of issue - \$9,930,000	2.00% -	\$85,000 -					
Maturing through 2020	4.00%	\$1,155,000	\$ 8,175,000	\$ -	\$ (680,000)	\$ 7,495,000	\$ 775,000
Contractual obligations:							
C.S.O. Obligations:							
Amount of issue - \$22,706,977 (Net of 1996, 1999, and 2008 defeasance)	2.00% -	\$838,066 -					
Maturing through 2016	7.00%	\$1,694,906	7,474,839	-	(1,608,832)	5,866,007	1,605,231
Add deferred amount on refunding			447	-	(90)	357	90
George W. Kuhn Drain Bonds:							
Amount of issue - \$5,834,286 (Net of 2007 defeasance)	2.50% -	\$42,654 -					
Maturing through 2028	6.00%	\$349,529	4,081,506	-	(295,856)	3,785,650	303,205
Less deferred amount on refunding			(17,088)	-	1,424	(15,664)	(1,424)
North Arm Drain Bonds:							
Amount of issue - \$13,877,387	1.10% -	\$121,756 -					
Maturing through 2021	1.30%	\$174,693	1,504,265	-	(153,200)	1,351,065	156,459
Total contractual obligations			13,043,969	-	(2,056,554)	10,987,415	2,063,561
Total bonds and contractual obligations			21,218,969	-	(2,736,554)	18,482,415	2,838,561
Accumulated employee benefits			45,616	5,201	(7,879)	42,938	37,284
Total business-type activities			<u>\$ 21,264,585</u>	<u>\$ 5,201</u>	<u>\$ (2,744,433)</u>	<u>\$ 18,525,353</u>	<u>\$ 2,875,845</u>

The above contractual obligations 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 \$10,613,857 and \$1,475,892, respectively.

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bond and note obligations are as follows:

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 879,075	\$ 591,908	\$ 1,470,983	\$ 2,839,895	\$ 552,011	\$ 3,391,906
2015	984,656	556,258	1,540,914	2,895,275	465,785	3,361,060
2016	1,085,250	516,728	1,601,978	2,829,497	374,741	3,204,238
2017	1,185,854	472,235	1,658,089	2,536,319	292,697	2,829,016
2018	1,386,472	422,616	1,809,088	1,422,471	228,335	1,650,806
2019-2023	7,022,101	1,305,667	8,327,768	5,527,258	416,422	5,943,680
2024-2028	2,785,000	235,325	3,020,325	423,897	20,234	444,131
2029	300,000	6,000	306,000	23,110	578	23,688
Total	<u>\$ 15,628,408</u>	<u>\$ 4,106,737</u>	<u>\$ 19,735,145</u>	<u>\$ 18,497,722</u>	<u>\$ 2,350,803</u>	<u>\$ 20,848,525</u>

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

### Note 8 - Restricted Assets

The balance of the restricted assets in the governmental funds is approximately \$48,137, which represents unspent bond proceeds that are restricted for park improvement projects.

The balance of the restricted assets in the internal service funds is approximately \$475,703, which represents health reimbursement accounts (HRAs) 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.

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 9 - Governmental Fund Balances

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

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total
Fund balances (deficit):						
Nonspendable:						
Prepays and inventory	\$ 18,099	\$ 137,353	\$ 54,941	\$ -	\$ -	\$ 210,393
Advances to other funds	-	-	-	-	-	-
Restricted for:						
Solid waste disposal	-	-	-	-	382,220	382,220
Law enforcement	-	-	-	-	242,252	242,252
Park improvements	-	-	-	52,384	-	52,384
Debt service	-	-	-	-	16,734	16,734
Other purposes	-	-	-	32,980	-	32,980
Committed to:						
Traffic signals	-	-	-	-	-	-
Street improvements	-	448,509	717,053	-	-	1,165,562
Bridge improvements	-	-	-	-	-	-
Park improvements	137,618	-	-	-	-	137,618
Sidewalk improvements	93,001	-	-	-	-	93,001
Library HVAC improvements	-	-	-	-	-	-
Streetlight improvements	-	-	-	231,564	-	231,564
DPS building improvements	-	-	-	70,060	-	70,060
Other purposes	-	29,823	29,823	70,231	-	129,877
Assigned to:						
Highway and street projects	-	2,703,362	2,281,608	-	-	4,984,970
Fire station renovations and repairs	-	-	-	2,623,307	-	2,623,307
Park improvements	-	-	-	1,188,538	-	1,188,538
DPS building and property improvement	-	-	-	85,248	-	85,248
Woodward Ave. crossing improvements	-	-	-	150,000	-	150,000
Ice arena improvements	-	-	-	138,941	-	138,941
Downtown streetlights	-	-	-	72,667	-	72,667
Downtown streetscape	-	-	-	76,793	-	76,793
Other purposes	77,690	-	-	137,909	-	215,599
Unassigned	11,952,797	-	-	-	-	11,952,797
<b>Total fund balances</b>	<b>\$ 12,279,205</b>	<b>\$ 3,319,047</b>	<b>\$ 3,083,425</b>	<b>\$ 4,930,622</b>	<b>\$ 641,206</b>	<b>\$ 24,253,505</b>

### Note 10 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Monies received for subsequent year's operations	\$ -	\$ 27,204
Parking tickets and charges for services	83,794	-
Special assessments and delinquent property taxes	<u>385,491</u>	<u>-</u>
<b>Total deferred revenue</b>	<b>\$ 469,285</b>	<b>\$ 27,204</b>

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 10 - Deferred Revenue (Continued)

Unearned revenue in the Sewer Fund reflects prepaid capacity use of a combined sewer overflow retention facility by the Oakland County Water Resources Commissioner. Unearned revenue in the Golf Course Funds represent unredeemed gift cards.

### Note 11 - 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>2013</u>	<u>2012</u>
Unpaid claims - Beginning of year	\$ 256,194	\$ 124,882
Incurred claims - Including claims incurred but not reported	2,237,941	2,442,294
Claim payments	<u>(2,250,342)</u>	<u>(2,310,982)</u>
Unpaid claims - End of year	<u>\$ 243,793</u>	<u>\$ 256,194</u>

**Note 12 - Pension Plans**

**Defined Benefit Plan**

**Plan Description** - The City of Birmingham Employees' Retirement System is a single-employer defined benefit pension plan that is administered by the City of Birmingham Employees' Retirement System Pension Board. This plan covers most of the full-time employees of the City (see defined contribution plan below). The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan issues a publicly available financial report that includes financial and supplementary information for the system. That report may be obtained by writing to the City of Birmingham, 151 Martin St., P.O. Box 3001, Birmingham, MI 48009.

**Funding Policy** - The City Commission is responsible for establishing and amending plan provisions, pursuant to negotiation with the City's competitive bargaining units.

Currently, a contribution from the employees of 3 percent of their covered salary is required. The funding policy provides for periodic employer contributions at actuarially determined rates which for fiscal year 2012-2013 was 13.96 percent of annual covered payroll plus \$541,437 for general employees and 28.00 percent for public safety employees.

**Annual Pension Cost** - For 2013, the City's annual pension cost of \$2,367,862 was less than the City's actual contributions. The City's three-year trend information is as follows:

	<u>Fiscal Year Ended June 30</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Employees' Retirement System:			
Annual pension costs (APC)	\$1,653,046	\$1,904,912	\$2,367,862
Percentage of APC contributed	103%	105%	101%
Net pension obligation	\$ (581,899)	\$ (683,752)	\$ (708,339)

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 12 - Pension Plans (Continued)

**Funding Status and Funding Progress** - The City's three-year trend information is as follows:

	Actuarial Valuation as of June 30		
	2010	2011	2012
Actuarial value of assets	\$ 95,403,870	\$ 91,659,219	\$ 89,850,235
Actuarial accrued liability (entry age)	\$101,747,595	\$106,978,900	\$108,646,323
UAAL	\$ 6,343,725	\$ 15,319,681	\$ 18,796,088
Funded ratio	93.8%	85.7%	82.7%
Covered payroll	\$ 10,714,397	\$ 9,789,046	\$ 9,204,012
UAAL as a percentage of covered payroll	59.2%	156.5%	204.2%

The plan's computed contribution and actual funding are summarized as follows:

	Governmental Activities	Business-Type Activities	Component Units	Total
Annual required contribution	\$ 2,074,556	\$ 177,227	\$ 140,666	\$ 2,392,449
Interest on prior year net pension obligation	(39,957)	(4,005)	(3,901)	(47,863)
Adjustment to the annual required contribution	20,183	1,724	1,369	23,276
Annual pension cost	2,054,782	174,946	138,134	2,367,862
Amounts contributed	(2,074,556)	(177,227)	(140,666)	(2,392,449)
Increase in net pension obligation (NPO)	(19,774)	(2,281)	(2,532)	(24,587)
NPO - Beginning of year	(570,812)	(57,214)	(55,726)	(683,752)
NPO - End of year	\$ (590,586)	\$ (59,495)	\$ (58,258)	\$ (708,339)

As of June 30, 2013, the plan's legally required reserves have been funded as follows:

Reserve for employer contributions	\$ 23,236,126
Reserve for employees' contributions	6,286,677
Reserve for retired benefit payments	65,206,407
Reserve for deferred retirement option plan benefit payments	1,177,658



**Note 12 - Pension Plans (Continued)**

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at June 30, 2011, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7 percent investment rate of return, (b) projected salary increases of 4 percent per year, (c) additional projected salary increases ranging from 0.0 percent to 3.8 percent per year depending on age, attributable to seniority/merit, and (d) no cost of living adjustments. Both (a) and (b) include an inflation component of 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The overfunded actuarial liability is being amortized as a level dollar amount for general employees and the underfunded actuarial liability is being amortized as a level percent of payroll basis for public safety employees. The remaining amortization period is 25 years open for general employees and 30 years open for public safety employees.

**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/Fire Employees
Employer Contribution	5%	6%	\$1.30/hr. \$1.95/overtime hr.	\$1.20/hr. \$1.80/overtime hr.	12%
Employee Contribution	3%	3%	\$.65/hr. \$.98/overtime hr.	\$.60/hr.	5%
Vesting Period	5 years	3 years	5 years	5 years	7 years

At June 30, 2013, 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/Fire Employees
Number of Employees	8	15	1	4	12
Employer Contributions	\$19,254	\$27,605	\$1,036	\$5,205	\$29,238
Employee Contributions	\$11,552	\$13,802	\$518	\$2,547	\$12,182

### Note 13 - Postemployment Benefits

#### Defined Benefit Retirement Health Care Plan

**Plan Description** - City of Birmingham Retirement Health Care Fund (RHCF) is a single-employer defined benefit healthcare plan administered by the City. An investment committee consisting of five members is responsible for the investment management and control of fund assets pursuant to an investment policy adopted by the City Commission. The plan covers most full-time general and public safety employees who meet certain age and years of service requirements. At June 30, 2013, the plan had the following plan members:

Active service members:	
General employees	68
Public safety employees	45
Deferred members	6
Retired members and beneficiaries	<u>223</u>
Total members	336

RHCF provides medical and prescription benefits to eligible retirees and their dependents. The RHCF was established under State of Michigan Public Act 149 of 1999.

**Contributions** - Public Act 149 authorizes the City Commission to establish and amend contribution requirements of the plan members. Active service members and retired members or their beneficiaries are required to contribute to the plan. Active service members contribute 1.5% - 3% of their compensation. Retirees or their beneficiaries hired prior to January 1, 1993 (July 1, 2002 for Library) contribute the following (some retirees' contributions will differ from the amounts below depending on the terms of the contract when they retired):

Status	Monthly Premiums				
	Police Patrol, Police Support, Police Command	General, Police Officials	Teamsters, AFSCME	Firefighters & Command	Library
Single - Below age 65	\$60	\$30	\$60	\$60	\$40
Single - Age 65 and over	30	15	30	30	20
Couple - Below age 65	120	60	120	120	80
Couple - Age 65 and over	60	30	60	60	40

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 13 - Postemployment Benefits (Continued)

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

For the fiscal year ended June 30, 2013, plan members or beneficiaries receiving benefits contributed \$258,396. The City is required to contribute at a rate equivalent to the annual required contribution (ARC) (34.69 percent or \$2.95 million). Administrative costs of the RHCf are financed by investment earnings.

**Funded Status and Funding Progress** - The funded status of the plan as of June 30, 2012 (the most recent actuarial valuation date) is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
\$17,796,343	\$66,792,875	\$48,996,532	26.6%	\$8,512,751	575.6%

The plan's computed contribution and actual funding are summarized as follows:

	Governmental Activities	Business-Type Activities	Component Units	Total
Annual required contribution	\$ 2,521,140	\$ 233,357	\$ 198,577	\$ 2,953,074
Interest on prior year net OPEB obligation	(124,280)	(2,859)	(2,662)	(129,801)
Adjustment to the annual required contribution	31,430	2,908	2,475	36,813
Annual OPEB cost	2,428,290	233,406	198,390	2,860,086
Amounts contributed:				
Employer contribution	(3,521,140)	(233,357)	(198,577)	(3,953,074)
Medicare subsidies	(124,193)	(11,495)	(9,782)	(145,470)
Increase in net OPEB obligation	(1,217,043)	(11,446)	(9,969)	(1,238,458)
Net OPEB obligation - Beginning of year	(1,775,432)	(40,846)	(38,031)	(1,854,309)
Net OPEB obligation - End of year	\$ (2,992,475)	\$ (52,292)	\$ (48,000)	\$ (3,092,767)

**Note 13 - Postemployment Benefits (Continued)**

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

	Fiscal Year Ended June 30		
	2011	2012	2013
Employees' Retiree Health Care System:			
Annual OPEB costs	\$ 2,656,203	\$ 2,453,635	\$ 2,860,086
City percentage contributed	102.6%	102.7%	138.2%
Federal percentage contributed	5.4%	15.4%	5.1%
Net OPEB obligation	\$(1,411,706)	\$(1,854,309)	\$(3,092,767)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

**Note 13 - Postemployment Benefits (Continued)**

Actuarial methods and significant assumptions used to determine the ARC for the fiscal year ended June 30, 2013 are as follows:

Valuation date:	June 30, 2010
Actuarial cost method:	Individual Entry age
Amortization method:	General: Level Dollar-Closed Police/Fire: Level Percent of Pay-Open
Remaining amortization periods	28 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	4%
Healthcare cost trend rate	9% initial 4% ultimate

**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 nonunion, 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 healthcare 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 healthcare plan and enroll in this plan. Contribution rates and vesting periods are as follows:

	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	\$50/pay	N/A
	After 7/1/2006 <sup>(1)</sup>	\$50/pay	\$50/pay	\$50/pay	\$50/pay	N/A	N/A
	1/1/1993 - 6/30/2006 <sup>(2)</sup>	N/A	N/A	\$60/pay	\$60/pay	N/A	N/A
	Prior to 1/1/1993	N/A	N/A	\$30/pay	\$30/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	2%	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

<sup>(1)</sup> After 7/1/2007 for AFSCME employees

<sup>(2)</sup> 1/1/1993 - 6/30/2007 for AFSCME employees

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2013

### Note 13 - Postemployment Benefits (Continued)

At June 30, 2013, 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	9	5	22	29	7	7
Employer Contributions	\$8,480	\$6,500	\$23,840	\$36,350	\$4,400	\$3,687
Employee Contributions	\$7,702	\$5,041	\$1,025	\$18,224	\$3,928	\$3,633

### Note 14 - 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 has no explicit and measurable equity interest in the joint venture. 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, 2013, the City expensed \$1,759,363 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. The Southeastern Oakland County Water Authority has one debt issue totaling approximately \$6,900,000, of which the City has guaranteed approximately \$204,000 at June 30, 2013. 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.

### **Note 14 - Joint Ventures (Continued)**

#### **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, 2013, the City expensed \$1,388,610 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.

#### **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 \$917,452 and its share of Court revenue amounted to \$863,689 for the Court's year ended December 31, 2012. Complete audited financial statements for the Court can be obtained from the Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

### **Note 15 - Upcoming GASB Pronouncements**

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City as of fiscal year 2014.

### Note 15 - Upcoming GASB Pronouncements (Continued)

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, establishes standards for financial reporting that outline the basic framework for separately-issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain nonemployer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For the City of Birmingham, Michigan, this standard will be adopted for the year ending June 30, 2014.

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



## **Required Supplemental Information**

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# City of Birmingham, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual (Budgetary Basis) (See Note B)	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Property taxes	\$ 18,480,870	\$ 18,430,870	\$ 18,446,934	\$ 16,064
Licenses and permits	2,291,420	2,026,420	2,134,522	108,102
Intergovernmental revenue	1,696,260	1,788,060	1,835,346	47,286
Charges for services	2,558,110	2,498,110	2,435,994	(62,116)
Fines and forfeitures	1,161,810	1,301,810	1,369,078	67,268
Interest and rent	235,610	162,610	45,255	(117,355)
Other	137,420	281,420	252,958	(28,462)
Total revenue	26,561,500	26,489,300	26,520,087	30,787
<b>Expenditures</b>				
General government	4,951,630	5,017,089	4,805,488	211,601
Public safety	11,321,230	11,351,274	11,061,792	289,482
Community development	1,796,920	1,857,980	1,796,244	61,736
Engineering and public services	3,706,270	4,065,481	3,897,935	167,546
Contingency	100,000	(5,496)	-	(5,496)
Transfers to other funds	5,685,450	5,980,450	5,978,189	2,261
Total expenditures	27,561,500	28,266,778	27,539,648	727,130
<b>Excess of Revenue (Under) Over Expenditures</b>	(1,000,000)	(1,777,478)	(1,019,561)	757,917
<b>Fund Balances - Beginning of year</b>	13,298,766	13,298,766	13,298,766	-
<b>Fund Balances - End of year</b>	<b>\$ 12,298,766</b>	<b>\$ 11,521,288</b>	<b>\$ 12,279,205</b>	<b>\$ 757,917</b>

# City of Birmingham, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 814,900	\$ 814,900	\$ 868,578	\$ 53,678
Other revenue	14,300	14,300	20,480	6,180
Interest and rent	19,000	19,000	(4,510)	(23,510)
Transfers from other funds	1,581,320	1,581,320	1,581,320	-
Total revenue	2,429,520	2,429,520	2,465,868	36,348
<b>Expenditures</b>				
Maintenance of streets and bridges	358,810	424,292	311,584	112,708
Street cleaning	155,170	155,170	133,163	22,007
Street trees	292,560	296,170	210,435	85,735
Traffic controls and engineering	290,110	476,511	334,099	142,412
Snow and ice removal	335,410	335,410	232,960	102,450
Administrative	20,190	20,190	20,220	(30)
Capital outlay - Engineering and construction of roads and bridges	795,500	1,842,263	1,539,834	302,429
Total expenditures	2,247,750	3,550,006	2,782,295	767,711
<b>Excess of Revenue Over (Under) Expenditures</b>	181,770	(1,120,486)	(316,427)	804,059
<b>Fund Balances</b> - Beginning of year	3,635,474	3,635,474	3,635,474	-
<b>Fund Balances</b> - End of year	<u>\$ 3,817,244</u>	<u>\$ 2,514,988</u>	<u>\$ 3,319,047</u>	<u>\$ 804,059</u>

# City of Birmingham, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 329,600	\$ 329,600	\$ 352,763	\$ 23,163
Other revenue	425,750	165,750	160,517	(5,233)
Interest and rent	12,000	12,000	18,970	6,970
Transfers from other funds	1,850,000	1,850,000	1,850,000	-
Total revenue	2,617,350	2,357,350	2,382,250	24,900
<b>Expenditures</b>				
Maintenance of streets and bridges	365,740	370,163	286,646	83,517
Street cleaning	162,060	162,060	149,192	12,868
Street trees	599,780	603,390	484,263	119,127
Traffic controls and engineering	56,180	56,180	56,051	129
Snow and ice removal	204,160	204,160	111,336	92,824
Administrative	28,770	28,770	28,800	(30)
Capital outlay - Engineering and construction of roads and bridges	1,501,500	2,011,543	1,144,046	867,497
Total expenditures	2,918,190	3,436,266	2,260,334	1,175,932
<b>Excess of Revenue (Under) Over Expenditures</b>	(300,840)	(1,078,916)	121,916	1,200,832
<b>Fund Balances - Beginning of year</b>	2,961,509	2,961,509	2,961,509	-
<b>Fund Balances - End of year</b>	<b>\$ 2,660,669</b>	<b>\$ 1,882,593</b>	<b>\$ 3,083,425</b>	<b>\$ 1,200,832</b>

# City of Birmingham, Michigan

## Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2013

The schedule of funding progress for the pension system is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded AAL/ (Unfunded AAL) (UAAL) (a-b)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	Overfunded/ (Unfunded) AAL Percentage of Covered Payroll
6/30/08	\$ 102,374,310	\$ 96,642,109	\$ 5,732,201	105.9	\$ 11,755,272	48.8
6/30/09	99,632,855	100,123,655	(490,800)	99.5	11,059,972	(4.4)
6/30/10	95,403,870	101,747,595	(6,343,725)	93.8	10,714,397	(59.2)
6/30/11	91,659,219	106,978,900	(15,319,681)	85.7	9,789,046	(156.5)
6/30/12	89,850,235	108,646,323	(18,796,088)	82.7	9,020,137	(208.4)
6/30/13	*	*	*	*	*	*

\* Information not available

### Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution		Percentage Contributed	
		General *	Police & Fire	General	Police & Fire
6/30/09	6/30/07	\$ 831,629	\$ **	100.0	**
6/30/10	6/30/08	520,518	708,667	153.1	135.6
6/30/11	6/30/09	739,467	950,567	153.1	101.0
6/30/12	6/30/10	897,100	1,027,408	108.8	100.3
6/30/13	6/30/11	1,212,220	1,180,229	100.0	100.0

\* The required contribution is expressed to the City as a percentage of payroll less a fixed funding credit.

\*\* Until fiscal year 2010, general and police and fire annual required contributions were combined. The system then closed for general employees and remained open for police and fire employees requiring separate calculations.

The information presented above was determined as part of the actuarial valuations at the dates indicated.

Additional information as of June 30, 2012, the latest actuarial valuation date, follows:

### Employees' Retirement System

Actuarial cost method	Entry age actuarial cost method
Amortization method	Police and Fire: Level percent of payroll General: Level Dollar
Remaining amortization period	Police and Fire: 30 years open General: 25 years open 4-year smoothed market
Asset valuation method	
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases:	
General	4.0% - 7.8%
Police and fire	4.0% - 7.0%
Assumed rate of payroll growth	4.0%
Assumed rate of membership growth	0.0%
Cost of living adjustments	None

# City of Birmingham, Michigan

## Required Supplemental Information Retiree Health Care Fund Schedule of Funding Progress June 30, 2013

The schedule of funding progress for the retiree healthcare fund is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll
6/30/08	13,666,912	53,550,081	39,883,169	25.5	11,756,272	339.3
6/30/09	*	*	*	*	*	*
6/30/10	13,918,089	54,553,866	40,635,777	25.5	10,714,397	379.3
6/30/11	*	*	*	*	*	*
6/30/12	17,796,343	66,792,875	48,996,532	26.6	8,512,751	575.6
6/30/13	*	*	*	*	*	*

\* No valuation prepared

\*\* Information not available.

### Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/09	6/30/06	1,944,720	127.9
6/30/10	6/30/07	1,983,548	100.0
6/30/11	6/30/08	2,725,219	100.0
6/30/12	6/30/08	2,519,357	100.0
6/30/13	6/30/10	2,953,074	133.9

\* The required contribution is expressed to the City as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2012, the latest actuarial valuation date, follows:

#### Employees' Retirement System

Actuarial cost method	Individual entry age
Amortization method	Level dollar - closed
Remaining amortization period	26 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.0%
Healthcare cost trend rate	9% initial 4% ultimate

#### **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 Fund, special revenue funds, debt service funds, 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.



#### Note A - Compliance and Accountability (Continued)

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 operating transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)."

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The City did not have significant expenditure budget variances during the year.

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

Contributions made in excess of actuarially-determined amounts for retiree healthcare benefits are recorded as a transfer out on a budgetary basis, but allocated to functional expenses on a modified-accrual GAAP basis for governmental funds. 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:

General government	\$ (128,766)
Public safety	(645,925)
Public works	(144,074)
Community development	(81,235)
Transfers out	<u>1,000,000</u>
Total adjustments	<u>\$ -</u>

**Notes to Required Supplemental Information  
June 30, 2013**

**Note B - Explanation of Differences between General Fund  
Expenditures on a Budgetary Basis and GAAP Basis (Continued)**

Transfers to component units are recorded as a transfer out on a budgetary basis, but allocated to functional expenses on a modified-accrual GAAP basis for governmental funds. 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:

Community development	\$ (20,050)
Transfers out	<u>20,050</u>
Total adjustments	<u>\$ -</u>

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:

48 <sup>th</sup> District Court	\$ (993,219)
Transfers out	<u>993,219</u>
Total adjustments	<u>\$ -</u>

## **Other Supplemental Information**

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# City of Birmingham, Michigan

	Nonmajor Special Revenue Funds		
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures
<b>Assets</b>			
Cash and investments	\$ 518,184	\$ -	\$ 242,252
Receivables - Net - Customers	152	-	-
Due from other governmental units	-	2,465	-
<b>Total assets</b>	<b>\$ 518,336</b>	<b>\$ 2,465</b>	<b>\$ 242,252</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 122,227	\$ 2,465	\$ -
Accrued and other liabilities	13,737	-	-
Deferred revenue	152	-	-
<b>Total liabilities</b>	<b>136,116</b>	<b>2,465</b>	<b>-</b>
<b>Fund Balances</b>			
Restricted:			
Solid waste disposal	382,220	-	-
Law enforcement	-	-	242,252
Debt service	-	-	-
<b>Total fund balances</b>	<b>382,220</b>	<b>-</b>	<b>242,252</b>
<b>Total liabilities and fund balances</b>	<b>\$ 518,336</b>	<b>\$ 2,465</b>	<b>\$ 242,252</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013**

Nonmajor Debt Service Funds	2002 Parks and Recreation	Total Nonmajor Governmental Funds
2003 Refunding		
\$ -	\$ 27,295	\$ 787,731
-	-	152
-	-	2,465
<u>\$ -</u>	<u>\$ 27,295</u>	<u>\$ 790,348</u>
\$ -	\$ -	\$ 124,692
-	10,561	24,298
-	-	152
-	10,561	149,142
-	-	382,220
-	-	242,252
-	16,734	16,734
-	16,734	641,206
<u>\$ -</u>	<u>\$ 27,295</u>	<u>\$ 790,348</u>

# City of Birmingham, Michigan

	Nonmajor Special Revenue Funds		
	Community		
	Solid Waste Disposal	Development Block Grant	Law and Drug Forfeitures
<b>Revenues</b>			
Property taxes	\$ 1,554,700	\$ -	\$ -
Federal grants	-	15,487	26,830
Charges for services	25,177	-	-
Use of money and property	(1,974)	-	(506)
Other	-	-	5,500
<b>Total revenues</b>	<b>1,577,903</b>	<b>15,487</b>	<b>31,824</b>
<b>Expenditures</b>			
Current:			
Public safety	-	-	144,018
Solid waste	1,724,849	-	-
Community development	-	15,487	-
Debt service	-	-	-
<b>Total expenditures</b>	<b>1,724,849</b>	<b>15,487</b>	<b>144,018</b>
<b>Excess of Revenues (Under) Over Expenditures</b>	<b>(146,946)</b>	<b>-</b>	<b>(112,194)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(146,946)</b>	<b>-</b>	<b>(112,194)</b>
<b>Fund Balances - Beginning of year</b>	<b>529,166</b>	<b>-</b>	<b>354,446</b>
<b>Fund Balances - End of year</b>	<b>\$ 382,220</b>	<b>\$ -</b>	<b>\$ 242,252</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2013**

Nonmajor Debt Service Funds	2002 Parks and Recreation	Total Nonmajor Governmental Funds
2003 Refunding		
\$ 753,629	\$ 1,453,363	\$ 3,761,692
-	-	42,317
-	-	25,177
(115)	(482)	(3,077)
-	-	5,500
<u>753,514</u>	<u>1,452,881</u>	<u>3,831,609</u>
-	-	144,018
-	-	1,724,849
-	-	15,487
<u>762,188</u>	<u>1,470,415</u>	<u>2,232,603</u>
<u>762,188</u>	<u>1,470,415</u>	<u>4,116,957</u>
(8,674)	(17,534)	(285,348)
-	26,724	26,724
<u>(11,724)</u>	<u>-</u>	<u>(11,724)</u>
<u>(11,724)</u>	<u>26,724</u>	<u>15,000</u>
(20,398)	9,190	(270,348)
<u>20,398</u>	<u>7,544</u>	<u>911,554</u>
<u>\$ -</u>	<u>\$ 16,734</u>	<u>\$ 641,206</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Capital Projects Fund Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ -	\$ 16,755	\$ 16,757	\$ 2
Interest and rent	49,000	33,000	(4,041)	(37,041)
Other revenue	71,280	37,280	51,588	14,308
Transfers from other funds	427,000	427,000	427,000	-
Total revenue	547,280	514,035	491,304	(22,731)
<b>Expenditures</b>	1,365,000	1,701,427	568,378	1,133,049
<b>Excess of Revenue (Under) Over Expenditures</b>	(817,720)	(1,187,392)	(77,074)	1,110,318
<b>Fund Balances - Beginning of year</b>	5,007,696	5,007,696	5,007,696	-
<b>Fund Balances - End of year</b>	<b>\$ 4,189,976</b>	<b>\$ 3,820,304</b>	<b>\$ 4,930,622</b>	<b>\$ 1,110,318</b>



# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds Year Ended June 30, 2013

### Special Revenue Fund - Solid Waste

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Taxes	\$ 1,573,200	\$ 1,550,000	\$ 1,554,700	\$ 4,700
Charges for services	22,000	22,000	25,026	3,026
Interest	10,000	10,000	(1,974)	(11,974)
Other	-	-	151	151
Total revenue	1,605,200	1,582,000	1,577,903	(4,097)
<b>Expenditures</b>				
Refuse pickup	1,380,000	1,391,000	1,418,435	(27,435)
Equipment rental	130,000	130,000	113,380	16,620
Salaries	184,690	184,690	176,525	8,165
Miscellaneous	17,800	17,800	6,329	11,471
Capital outlay	13,000	17,780	10,180	7,600
Total expenditures	1,725,490	1,741,270	1,724,849	16,421
<b>Excess of Revenue (Under) Over Expenditures</b>	(120,290)	(159,270)	(146,946)	12,324
<b>Fund Balances - Beginning of year</b>	529,166	529,166	529,166	-
<b>Fund Balances - End of year</b>	<b>\$ 408,876</b>	<b>\$ 369,896</b>	<b>\$ 382,220</b>	<b>\$ 12,324</b>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended June 30, 2013

### Special Revenue Fund - Community Development Block Grant

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b> - Intergovernmental	\$ 30,930	\$ 30,930	\$ 15,487	\$ (15,443)
<b>Expenditures</b> - Community development	<u>30,930</u>	<u>30,930</u>	<u>15,487</u>	<u>15,443</u>
<b>Excess of Revenue Over Expenditures</b>	-	-	-	-
<b>Fund Balances</b> - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b> - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended June 30, 2013

### 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	\$ 66,000	\$ 24,390	\$ 26,830	\$ 2,440
Interest and other	2,300	2,300	(506)	(2,806)
Other	-	-	5,500	5,500
Total revenue	68,300	26,690	31,824	5,134
<b>Expenditures</b>				
Public safety	10,000	15,340	14,010	1,330
Capital outlay	50,630	134,108	130,008	4,100
Total expenditures	60,630	149,448	144,018	5,430
<b>Excess of Revenue Over (Under) Expenditures</b>	7,670	(122,758)	(112,194)	10,564
<b>Fund Balances - Beginning of year</b>	354,446	354,446	354,446	-
<b>Fund Balances - End of year</b>	<u>\$ 362,116</u>	<u>\$ 231,688</u>	<u>\$ 242,252</u>	<u>\$ 10,564</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended June 30, 2013

### Debt Service Funds

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Taxes	\$ 2,232,850	\$ 2,202,850	\$ 2,206,992	\$ 4,142
Interest and other	1,730	1,730	(597)	(2,327)
Transfers from other funds	-	30,000	26,724	(3,276)
	<u>2,234,580</u>	<u>2,234,580</u>	<u>2,233,119</u>	<u>(1,461)</u>
Total revenue				
<b>Expenditures</b>	<u>2,232,950</u>	<u>2,247,950</u>	<u>2,244,327</u>	<u>3,623</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	1,630	(13,370)	(11,208)	2,162
<b>Fund Balances - Beginning of year</b>	<u>27,942</u>	<u>27,942</u>	<u>27,942</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u>\$ 29,572</u>	<u>\$ 14,572</u>	<u>\$ 16,734</u>	<u>\$ 2,162</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2013

	Equipment	Personal Services	Risk Management	Total
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 6,252,784	\$ 541,924	\$ 3,102,398	\$ 9,897,106
Inventory	68	-	-	68
Total current assets	6,252,852	541,924	3,102,398	9,897,174
Noncurrent assets:				
Prepaid costs and other assets	9,736	-	76,309	86,045
Restricted assets	-	-	475,703	475,703
Capital assets	5,112,378	-	-	5,112,378
Total noncurrent assets	5,122,114	-	552,012	5,674,126
Total assets	11,374,966	541,924	3,654,410	15,571,300
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	315,796	-	-	315,796
Accrued liabilities	8,613	-	271,892	280,505
Provision for uninsured losses and liabilities	-	-	243,793	243,793
Current portion of long-term debt and employee benefits	29,669	-	68,462	98,131
Total current liabilities	354,078	-	584,147	938,225
Noncurrent liabilities -				
Provision for employee benefits	4,279	487,937	425,741	917,957
Total liabilities	358,357	487,937	1,009,888	1,856,182
<b>Net Position</b>				
Net investment in capital assets	5,112,378	-	-	5,112,378
Restricted	-	-	475,703	475,703
Unrestricted	5,904,231	53,987	2,168,819	8,127,037
Total net position	\$ 11,016,609	\$ 53,987	\$ 2,644,522	\$ 13,715,118

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2013

	Equipment	Personal Services	Risk Management	Total
<b>Operating Revenues - Charges to other funds</b>	\$ 2,048,426	\$ -	\$ 2,657,586	\$ 4,706,012
<b>Operating Expenses</b>				
General and administrative	-	22,948	3,117,359	3,140,307
Supplies and other operating expenses	1,189,510	-	-	1,189,510
Depreciation	873,811	-	-	873,811
	<u>2,063,321</u>	<u>22,948</u>	<u>3,117,359</u>	<u>5,203,628</u>
<b>Operating Loss</b>	(14,895)	(22,948)	(459,773)	(497,616)
<b>Nonoperating Income (Loss)</b>				
Interest earned	(11,844)	(1,001)	(5,510)	(18,355)
Federal grant	-	-	-	-
Gain on sale of capital assets	203,913	-	-	203,913
	<u>192,069</u>	<u>(1,001)</u>	<u>(5,510)</u>	<u>185,558</u>
<b>Income (Loss)</b>	177,174	(23,949)	(465,283)	(312,058)
<b>Capital Contributions</b>	14,812	-	-	14,812
<b>Changes in Net Position</b>	191,986	(23,949)	(465,283)	(297,246)
<b>Net Position - Beginning of year</b>	10,824,623	77,936	3,109,805	14,012,364
<b>Net Position - End of year</b>	<u>\$ 11,016,609</u>	<u>\$ 53,987</u>	<u>\$ 2,644,522</u>	<u>\$ 13,715,118</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2013

	Equipment	Personal Services	Risk Management	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and others	\$ 2,048,425	\$ -	\$ 2,657,587	\$ 4,706,012
Payments to suppliers	(656,308)	-	(2,862,671)	(3,518,979)
Payments to employees	(509,276)	(4,220)	-	(513,496)
	<u>882,841</u>	<u>(4,220)</u>	<u>(205,084)</u>	<u>673,537</u>
Net cash provided by (used in) operating activities				
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(1,648,139)	-	-	(1,648,139)
Proceeds from sale of capital assets	208,073	-	-	208,073
	<u>(1,440,066)</u>	<u>-</u>	<u>-</u>	<u>(1,440,066)</u>
Net cash used in capital and related financing activities				
<b>Cash Flows from Investing Activities - Interest received on investments</b>				
	(11,844)	(1,001)	(5,510)	(18,355)
	<u>(569,069)</u>	<u>(5,221)</u>	<u>(210,594)</u>	<u>(784,884)</u>
Net Decrease in Cash and Cash Equivalents				
Cash and Cash Equivalents - Beginning of year	6,821,853	547,145	3,788,695	11,157,693
	<u>6,821,853</u>	<u>547,145</u>	<u>3,788,695</u>	<u>11,157,693</u>
Cash and Cash Equivalents - End of year	<u><b>\$ 6,252,784</b></u>	<u><b>\$ 541,924</b></u>	<u><b>\$ 3,578,101</b></u>	<u><b>\$ 10,372,809</b></u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 6,252,784	\$ 541,924	\$ 3,102,398	\$ 9,897,106
Restricted investments	-	-	475,703	475,703
	<u>6,252,784</u>	<u>541,924</u>	<u>3,578,101</u>	<u>9,897,106</u>
Total cash and cash equivalents	<u><b>\$ 6,252,784</b></u>	<u><b>\$ 541,924</b></u>	<u><b>\$ 3,578,101</b></u>	<u><b>\$ 10,372,809</b></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating loss	\$ (14,895)	\$ (22,948)	\$ (459,773)	\$ (497,616)
Adjustment to reconcile operating loss to net cash from operating activities:				
Depreciation	873,811	-	-	873,811
Changes in assets and liabilities:				
Receivables	-	-	-	-
Other assets	(1,696)	-	212,284	210,588
Accounts payable	24,221	-	(104,242)	(80,021)
Accrued and other liabilities	1,400	18,728	146,647	166,775
	<u>873,811</u>	<u>18,728</u>	<u>146,647</u>	<u>166,775</u>
Net cash provided by (used in) operating activities	<u><b>\$ 882,841</b></u>	<u><b>\$ (4,220)</b></u>	<u><b>\$ (205,084)</b></u>	<u><b>\$ 673,537</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Net Position Fiduciary Funds June 30, 2013

	Pension Trust Fund	Retiree Health Care	Total
<b>Assets</b>			
Cash and investments	\$ 3,861,448	\$ 1,086,729	\$ 4,948,177
Investments			
U.S. government securities	8,231,732	1,783,116	10,014,848
Stocks	66,430,894	14,499,336	80,930,230
Bonds	17,394,349	4,095,766	21,490,115
Receivables and accrued interest	235,021	198,542	433,563
Other assets	-	43,994	43,994
Total assets	96,153,444	21,707,483	117,860,927
<b>Liabilities</b>			
Accounts payable	-	16,401	16,401
Accrued and other liabilities	246,577	295,103	541,680
Total liabilities	246,577	311,504	558,081
<b>Net Position</b> - Held in trust for pension and other employee benefits	<b>\$ 95,906,867</b>	<b>\$ 21,395,979</b>	<b>\$ 117,302,846</b>



# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Changes in Net Position Fiduciary Funds Year Ended June 30, 2013

	Pension Trust Fund	Retiree Health Care	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 2,674,617	\$ 559,860	\$ 3,234,477
Net increase in fair value of investments	7,371,520	1,397,944	8,769,464
Less investment expenses	<u>(477,732)</u>	<u>(107,574)</u>	<u>(585,306)</u>
Net investment income	9,568,405	1,850,230	11,418,635
Contributions:			
Employer	2,392,449	3,953,074	6,345,523
Plan members	<u>269,829</u>	<u>258,396</u>	<u>528,225</u>
Total contributions	2,662,278	4,211,470	6,873,748
Other revenue	<u>8,717</u>	<u>178,403</u>	<u>187,120</u>
Total net additions	12,239,400	6,240,103	18,479,503
<b>Deductions</b>			
Benefit payments	5,899,322	2,591,784	8,491,106
Refunds of contributions	601,731	26,560	628,291
Administrative expenses	<u>209,382</u>	<u>22,123</u>	<u>231,505</u>
Total deductions	6,710,435	2,640,467	9,350,902
<b>Net Increase</b>	5,528,965	3,599,636	9,128,601
<b>Net Position - Held in Trust for Pension Benefits</b>			
Beginning of year	<u>90,377,902</u>	<u>17,796,343</u>	<u>108,174,245</u>
End of year	<u><b>\$ 95,906,867</b></u>	<u><b>\$ 21,395,979</b></u>	<u><b>\$ 117,302,846</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>Assets</b>				
Cash and investments	\$ 1,681,223	\$ 89,453,186	\$ 89,328,837	\$ 1,805,572
Receivables - Accrued interest	4,100	-	-	4,100
Total assets	<u>\$ 1,685,323</u>	<u>\$ 89,453,186</u>	<u>\$ 89,328,837</u>	<u>\$ 1,809,672</u>
<b>Liabilities</b>				
Accounts payable	\$ 51,042	\$ 1,265,030	\$ 1,258,038	\$ 58,034
Accrued liabilities and deposits	1,634,281	155,501,569	155,384,212	1,751,638
Total liabilities	<u>\$ 1,685,323</u>	<u>\$156,766,599</u>	<u>\$156,642,250</u>	<u>\$ 1,809,672</u>

## **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 supplemental 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.	87-96
<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.	97-104
<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.	105-112
<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.	113-117
<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.	118-123

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

# City of Birmingham, Michigan

## Schedule 1

	June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
Net investment in capital assets	\$ 38,281,985	\$ 39,180,462	\$ 41,143,612	\$ 49,133,247
Restricted	4,998,609	8,762,794	6,882,174	10,007,279
Unrestricted	<u>17,538,349</u>	<u>18,068,788</u>	<u>22,689,042</u>	<u>20,730,443</u>
Total governmental activities net position	<u><b>\$ 60,818,943</b></u>	<u><b>\$ 66,012,044</b></u>	<u><b>\$ 70,714,828</b></u>	<u><b>\$ 79,870,969</b></u>
Business-type activities:				
Net investment in capital assets	\$ 30,993,052	\$ 35,692,345	\$ 39,364,423	\$ 46,265,092
Restricted	-	-	-	-
Unrestricted	<u>19,222,129</u>	<u>17,948,733</u>	<u>17,954,913</u>	<u>14,518,588</u>
Total business-type activities net position	<u><b>\$ 50,215,181</b></u>	<u><b>\$ 53,641,078</b></u>	<u><b>\$ 57,319,336</b></u>	<u><b>\$ 60,783,680</b></u>
Primary government:				
Net investment in capital assets	\$ 69,275,037	\$ 74,872,807	\$ 80,508,035	\$ 95,398,339
Restricted	4,998,609	8,762,794	6,882,174	10,007,279
Unrestricted	<u>36,760,478</u>	<u>36,017,521</u>	<u>40,643,955</u>	<u>35,249,031</u>
Total primary government net position	<u><b>\$ 111,034,124</b></u>	<u><b>\$ 119,653,122</b></u>	<u><b>\$ 128,034,164</b></u>	<u><b>\$ 140,654,649</b></u>

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

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

June 30					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011<sup>(a)</sup></u>	<u>2012</u>	<u>2013</u>
\$ 53,059,163	\$ 52,819,897	\$ 54,202,554	\$ 54,349,065	\$ 58,469,335	\$ 61,172,079
9,778,799	10,127,990	9,419,471	1,679,316	1,511,696	1,202,425
<u>25,123,276</u>	<u>26,672,106</u>	<u>28,448,687</u>	<u>38,398,279</u>	<u>35,739,505</u>	<u>34,441,332</u>
<b><u>\$ 87,961,238</u></b>	<b><u>\$ 89,619,993</u></b>	<b><u>\$ 92,070,712</u></b>	<b><u>\$ 94,426,660</u></b>	<b><u>\$ 95,720,536</u></b>	<b><u>\$ 96,815,836</u></b>
\$ 50,434,743	\$ 52,448,072	\$ 54,829,062	\$ 57,120,041	\$ 61,916,894	\$ 64,889,098
-	-	-	-	-	-
<u>14,599,530</u>	<u>15,113,010</u>	<u>15,452,069</u>	<u>16,489,930</u>	<u>16,494,696</u>	<u>17,313,733</u>
<b><u>\$ 65,034,273</u></b>	<b><u>\$ 67,561,082</u></b>	<b><u>\$ 70,281,131</u></b>	<b><u>\$ 73,609,971</u></b>	<b><u>\$ 78,411,590</u></b>	<b><u>\$ 82,202,831</u></b>
\$ 103,493,906	\$ 105,267,969	\$ 109,031,616	\$ 111,469,106	\$ 120,386,229	\$ 126,061,177
9,778,799	10,127,990	9,419,471	1,679,316	1,511,696	1,202,425
<u>39,722,806</u>	<u>41,785,116</u>	<u>43,900,756</u>	<u>54,888,209</u>	<u>52,234,201</u>	<u>51,755,065</u>
<b><u>\$ 152,995,511</u></b>	<b><u>\$ 157,181,075</u></b>	<b><u>\$ 162,351,843</u></b>	<b><u>\$ 168,036,631</u></b>	<b><u>\$ 174,132,126</u></b>	<b><u>\$ 179,018,667</u></b>

# City of Birmingham, Michigan

## Schedule 2

	Fiscal Year Ended June 30		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities</b>			
Expenses:			
General government	\$ 4,274,062	\$ 4,185,288	\$ 4,170,097
Public safety	9,551,684	10,548,261	10,762,477
Public works	5,415,066	6,747,200	6,790,761
Community and economic development	1,570,097	1,582,068	2,403,825
Recreation and culture	1,447,417	1,529,228	1,731,180
Interest on long-term debt	871,144	811,327	796,230
Total expenses	<u>23,129,470</u>	<u>25,403,372</u>	<u>26,654,570</u>
Program revenues:			
Charges for services:			
General government	166,262	303,151	193,288
Public safety	1,387,850	1,733,626	1,753,163
Public works	616,455	291,266	346,660
Community and economic development	1,597,551	2,076,302	2,148,951
Recreation and culture	838,634	794,978	806,742
Operating grants and contributions	1,464,006	1,404,890	1,510,259
Capital grants and contributions	625,982	2,179,561	1,300,424
Total program revenues	<u>6,696,740</u>	<u>8,783,774</u>	<u>8,059,487</u>
Total governmental activities net program expense	16,432,730	16,619,598	18,595,083
General revenues and other changes in net position:			
Property taxes	18,914,232	19,463,836	20,687,616
State-shared revenues	1,822,737	1,799,241	1,790,712
Investment earnings	396,859	526,333	845,105
Miscellaneous	2,795	2,002	(4,603)
Special item - Demolition of building	-	-	-
Transfers	(21,876)	21,287	(20,963)
Total general revenues and other changes in net position	<u>21,114,747</u>	<u>21,812,699</u>	<u>23,297,867</u>
Total governmental activities change in net position	<u>\$ 4,682,017</u>	<u>\$ 5,193,101</u>	<u>\$ 4,702,784</u>

<sup>a</sup>2007 includes \$4.1 million in federal and state grant funds for the Adams Road Bridge Replacement.



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

Fiscal Year Ended June 30						
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 4,615,465	\$ 4,685,092	\$ 4,650,046	\$ 4,409,008	\$ 4,365,192	\$ 4,585,252	\$ 4,362,683
10,866,289	11,273,754	11,197,054	11,389,356	11,214,160	11,125,068	12,352,387
7,091,099	7,693,016	8,431,979	8,165,768	8,182,861	7,646,906	7,907,576
1,875,319	1,796,065	1,635,989	1,570,274	1,391,438	1,540,647	1,869,942
1,968,067	2,140,253	2,139,133	1,941,500	1,995,905	2,158,428	2,228,181
691,966	734,287	818,203	806,707	742,076	723,494	652,613
<u>27,108,205</u>	<u>28,322,467</u>	<u>28,872,404</u>	<u>28,282,613</u>	<u>27,891,632</u>	<u>27,779,795</u>	<u>29,373,382</u>
380,921	367,640	386,899	528,799	415,289	422,454	346,917
1,453,059	1,373,662	1,214,959	1,369,818	1,258,651	1,405,229	1,649,780
220,857	399,405	343,905	321,013	262,024	279,041	480,797
1,223,222	1,028,760	1,158,839	1,117,689	1,357,113	1,674,422	1,788,165
828,184	848,171	796,608	817,442	805,793	801,556	740,867
1,529,347	1,391,199	1,741,339	1,252,029	1,313,530	1,486,253	1,488,250
5,157,018	3,910,855	1,049,066	363,579	426,356	126,507	149,532
<u>10,792,608</u>	<u>9,319,692</u>	<u>6,691,615</u>	<u>5,770,369</u>	<u>5,838,756</u>	<u>6,195,462</u>	<u>6,644,308</u>
16,315,597	19,002,775	22,180,789	22,512,244	22,052,876	21,584,333	22,729,074
22,152,298	23,279,582	22,901,101	22,677,733	22,534,629	21,784,190	22,069,399
1,732,302	1,747,291	1,675,281	1,496,216	1,518,034	1,649,070	1,692,523
1,566,735	2,020,505	1,338,730	707,362	450,037	490,319	140,479
48,407	25,666	6,894	61,652	52,124	(6,924)	13,573
-	-	(2,102,460)	-	-	-	-
(27,470)	20,000	20,000	20,000	(146,000)	(1,038,446)	(91,600)
<u>25,472,272</u>	<u>27,093,044</u>	<u>23,839,546</u>	<u>24,962,963</u>	<u>24,408,824</u>	<u>22,878,209</u>	<u>23,824,374</u>
<b><u>\$ 9,156,675</u></b>	<b><u>\$ 8,090,269</u></b>	<b><u>\$ 1,658,757</u></b>	<b><u>\$ 2,450,719</u></b>	<b><u>\$ 2,355,948</u></b>	<b><u>\$ 1,293,876</u></b>	<b><u>\$ 1,095,300</u></b>

# City of Birmingham, Michigan

## Schedule 2

	Fiscal Year Ended June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Business-type Activities</b>				
Expenses:				
Water and sewer	\$ 9,047,703	\$ 8,854,306	\$ 9,241,450	\$ 9,394,229
Automobile parking	3,204,165	3,328,312	3,355,063	3,330,406
Golf courses	974,624	1,054,367	1,066,650	1,099,025
Total expenses	<u>13,226,492</u>	<u>13,236,985</u>	<u>13,663,163</u>	<u>13,823,660</u>
Revenues:				
Charges for services:				
Water and sewer	6,927,714	7,279,784	7,858,138	7,484,810
Automobile parking	3,608,526	3,773,554	3,754,325	3,713,506
Golf courses	1,075,422	1,162,190	1,152,815	974,386
Capital grants and contributions	64,014	13,659	-	-
Total revenues	<u>11,675,676</u>	<u>12,229,187</u>	<u>12,765,278</u>	<u>12,172,702</u>
Total business-type activities net program expense	1,550,816	1,007,798	897,885	1,650,958
General revenues and other changes in net position:				
Property taxes	3,209,429	4,172,129	4,105,169	4,253,485
Investment earnings	210,800	282,853	450,013	834,347
Transfers	21,876	(21,287)	20,963	27,470
Total general revenues and other changes in net position	<u>3,442,105</u>	<u>4,433,695</u>	<u>4,576,145</u>	<u>5,115,302</u>
Total business-type activities change in net position	<u>\$ 1,891,289</u>	<u>\$ 3,425,897</u>	<u>\$ 3,678,260</u>	<u>\$ 3,464,344</u>
Total primary government change in net position	<u>\$ 6,573,306</u>	<u>\$ 8,618,998</u>	<u>\$ 8,381,044</u>	<u>\$ 12,621,019</u>

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

Fiscal Year Ended June 30					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 9,547,433	\$ 9,602,230	\$ 10,101,858	\$ 10,667,174	\$ 11,778,806	\$ 11,759,723
3,285,579	3,923,862	3,217,660	3,255,726	3,207,699	3,450,244
<u>1,078,213</u>	<u>1,104,153</u>	<u>1,070,307</u>	<u>1,150,525</u>	<u>1,119,386</u>	<u>1,043,575</u>
13,911,225	14,630,245	14,389,825	15,073,425	16,105,891	16,253,542
8,284,887	7,775,992	8,597,161	10,031,937	11,292,145	11,123,065
3,754,252	3,664,014	3,570,668	3,837,198	4,099,706	4,257,830
985,469	1,021,878	946,467	881,120	1,003,354	1,267,239
-	-	-	125,120	-	-
<u>13,024,608</u>	<u>12,461,884</u>	<u>13,114,296</u>	<u>14,875,375</u>	<u>16,395,205</u>	<u>16,648,134</u>
886,617	2,168,361	1,275,529	198,050	(289,314)	(394,592)
4,256,794	4,203,739	3,785,008	3,251,700	3,332,265	3,330,208
900,415	511,432	230,570	129,190	141,594	(25,159)
(20,000)	(20,000)	(20,000)	146,000	1,038,446	91,600
<u>5,137,209</u>	<u>4,695,171</u>	<u>3,995,578</u>	<u>3,526,890</u>	<u>4,512,305</u>	<u>3,396,649</u>
<b><u>\$ 4,250,592</u></b>	<b><u>\$ 2,526,810</u></b>	<b><u>\$ 2,720,049</u></b>	<b><u>\$ 3,328,840</u></b>	<b><u>\$ 4,801,619</u></b>	<b><u>\$ 3,791,241</u></b>
<b><u>\$ 12,340,861</u></b>	<b><u>\$ 4,185,567</u></b>	<b><u>\$ 5,170,768</u></b>	<b><u>\$ 5,684,788</u></b>	<b><u>\$ 6,095,495</u></b>	<b><u>\$ 4,886,541</u></b>

# City of Birmingham, Michigan

## Schedule 3

	June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund:				
Reserved	\$ 992,775	\$ 1,362,654	\$ 1,562,317	\$ 1,986,891
Designated	-	-	-	500,000
Unreserved	5,294,617	5,982,117	7,286,316	8,176,854
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 6,287,392</u>	<u>\$ 7,344,771</u>	<u>\$ 8,848,633</u>	<u>\$ 10,663,745</u>
All Other Governmental Funds:				
Reserved	\$ 9,666,801	\$ 11,654,051	\$ 7,250,718	\$ 7,899,224
Designated, reported in -				
Capital projects fund	3,037,924	3,172,187	3,245,465	1,477,453
Unreserved, reported in:				
Special revenue funds <sup>a</sup>	867,541	-	-	-
Capital projects fund	798,929	556,673	777,328	933,555
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 14,371,195</u>	<u>\$ 15,382,911</u>	<u>\$ 11,273,511</u>	<u>\$ 10,310,232</u>

**Source:** Governmental Funds Balance Sheet.

<sup>a</sup> In fiscal years 2003-2004, fund balance in the Solid Waste Disposal Fund was classified as unreserved. Beginning in fiscal year 2005, it was classified as reserved.

<sup>b</sup> Fund balance classifications for fiscal years 2011 and 2012 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.

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

June 30					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011<sup>b</sup></u>	<u>2012<sup>b</sup></u>	<u>2013<sup>b</sup></u>
\$ 313,408	\$ 218,413	\$ 886,030	\$ -	\$ -	\$ -
735,025	-	251,880	-	-	-
10,430,754	11,352,459	10,363,888	-	-	-
-	-	-	799,384	14,038	18,099
-	-	-	-	-	-
-	-	-	2,426	102,890	230,619
-	-	-	94,497	101,677	77,690
-	-	-	12,187,402	13,080,161	11,952,797
<b><u>\$ 11,479,187</u></b>	<b><u>\$ 11,570,872</u></b>	<b><u>\$ 11,501,798</u></b>	<b><u>\$ 13,083,709</u></b>	<b><u>\$ 13,298,766</u></b>	<b><u>\$ 12,279,205</u></b>
\$ 13,134,471	\$ 12,202,989	\$ 9,347,952	\$ -	\$ -	\$ -
2,057,504	3,405,744	4,395,691	-	-	-
-	-	-	-	-	-
1,058,483	889,012	917,256	-	-	-
-	-	-	193,612	234,022	192,294
-	-	-	1,335,045	1,049,272	726,570
-	-	-	144,846	1,963,812	1,597,063
-	-	-	12,518,147	9,269,127	9,458,373
-	-	-	(1,330)	-	-
<b><u>\$ 16,250,458</u></b>	<b><u>\$ 16,497,745</u></b>	<b><u>\$ 14,660,899</u></b>	<b><u>\$ 14,190,320</u></b>	<b><u>\$ 12,516,233</u></b>	<b><u>\$ 11,974,300</u></b>

# City of Birmingham, Michigan

## Schedule 4

	Fiscal Year Ended June 30				
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Property taxes and special assessments	\$ 19,311,096	\$ 20,193,516	\$ 21,225,051	\$ 22,586,390	\$ 24,319,277
Licenses and permits	1,788,000	2,325,043	2,082,832	1,471,868	1,306,345
Federal grants	358,157	167,152	305,584	273,887	468,915
State sources	3,157,699	4,085,860	3,162,540	2,987,264	3,021,448
Charges for services	2,441,215	2,170,661	2,706,414	2,762,206	2,288,815
Fines and forfeitures	1,268,379	1,611,650	1,480,147	1,422,209	1,188,631
Use of money and property	360,197	509,800	871,444	1,517,744	1,910,769
Other revenues <sup>a</sup>	346,684	236,698	539,346	217,507	350,214
Total revenues	29,031,427	31,300,380	32,373,358	33,239,075	34,854,414
<b>Expenditures</b>					
General government	4,781,522	4,975,125	5,074,225	5,367,207	5,429,209
Public safety	8,999,008	9,751,923	10,360,896	10,602,175	11,155,388
Public works	3,406,619	3,266,816	3,246,268	3,290,440	3,514,572
Highway and streets	2,268,936	2,774,938	2,528,375	2,562,731	3,083,656
Community and economic development	1,648,463	1,632,810	2,458,714	1,908,941	1,821,498
Solid waste disposal	1,519,664	1,494,526	1,577,262	1,588,623	1,561,829
Contributions	681,247	940,609	869,377	768,622	694,993
Capital outlay	4,180,968	3,117,195	7,605,553	4,725,070	3,164,577
Debt service:					
Interest	914,514	825,825	812,263	684,365	701,236
Principal	550,000	525,000	725,000	900,000	965,000
Total expenditures	28,950,941	29,304,767	35,257,933	32,398,174	32,091,958
Excess of revenues over (under) expenditures	80,486	1,995,613	(2,884,575)	840,901	2,762,456
<b>Other Financing Sources (Uses)</b>					
Transfers in	3,270,895	4,063,066	4,012,561	6,089,460	5,191,880
Transfers out	(3,292,771)	(3,989,585)	(4,033,524)	(6,116,930)	(5,171,880)
Loan proceeds	-	-	300,000	-	-
Bond issuance	5,130,000	-	-	8,881,348	3,973,212
Payments to bond escrow agent	(5,200,000)	-	-	(8,842,409)	-
Total other financing (uses) sources	(91,876)	73,481	279,037	11,469	3,993,212
Net change in fund balances	<u>\$ (11,390)</u>	<u>\$ 2,069,094</u>	<u>\$ (2,605,538)</u>	<u>\$ 852,370</u>	<u>\$ 6,755,668</u>
Debt service as a percentage of noncapital expenditures <sup>b</sup>	6.1%	5.3%	5.7%	5.7%	5.8%

NRA = Not readily available

<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 2004-2011 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 assets) from current expenditures. Included in the number subtracted are capitalized assets contained within the functional expenditure categories. For years 2008-2012, this capital outlay number can be found in the notes to the financial statements, Note #2. 2008 was the first year in which this footnote was prepared.

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

Fiscal Year Ended June 30				
2009	2010	2011	2012	2013
\$ 23,722,152	\$ 23,355,496	\$ 23,082,343	\$ 21,915,493	\$ 22,208,626
1,452,722	1,515,554	1,683,426	1,997,651	2,134,522
714,029	236,478	186,528	141,052	68,628
2,902,148	2,718,412	2,676,147	2,914,805	3,047,133
2,244,186	2,250,830	2,108,899	2,054,713	2,461,171
1,060,422	1,214,127	1,036,303	1,202,215	1,369,078
1,270,423	595,958	353,133	398,452	52,597
233,823	215,301	176,241	635,681	491,043
<u>33,599,905</u>	<u>32,102,156</u>	<u>31,303,020</u>	<u>31,260,062</u>	<u>31,832,798</u>
5,318,511	4,942,453	4,772,333	4,775,432	4,934,254
10,833,054	10,731,549	10,699,725	10,432,022	11,851,735
3,594,641	3,644,733	3,229,878	3,645,813	4,042,009
3,681,423	3,269,797	2,906,394	2,287,052	2,298,758
1,683,326	1,586,976	1,427,516	1,501,419	1,913,016
1,601,925	1,637,880	1,643,041	1,680,741	1,724,849
617,413	836,635	655,417	647,089	993,219
4,211,925	5,504,239	2,637,088	4,608,750	3,312,249
787,675	773,084	729,296	684,328	632,603
<u>1,025,000</u>	<u>1,245,000</u>	<u>1,345,000</u>	<u>1,475,000</u>	<u>1,600,000</u>
<u>33,354,893</u>	<u>34,172,346</u>	<u>30,045,688</u>	<u>31,737,646</u>	<u>33,302,692</u>
245,012	(2,070,190)	1,257,332	(477,584)	(1,469,894)
5,380,640	5,231,430	3,720,000	3,885,040	3,885,044
(5,286,680)	(5,067,160)	(3,866,000)	(4,866,486)	(3,976,644)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>93,960</u>	<u>164,270</u>	<u>(146,000)</u>	<u>(981,446)</u>	<u>(91,600)</u>
<b><u>\$ 338,972</u></b>	<b><u>\$ (1,905,920)</u></b>	<b><u>\$ 1,111,332</u></b>	<b><u>\$ (1,459,030)</u></b>	<b><u>\$ (1,561,494)</u></b>
6.4%	7.2%	7.5%	8.1%	7.6%

# City of Birmingham, Michigan

## Schedule 5

Year Ended June 30	Taxable Value				
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total
2004	\$ 1,252,362,600	\$ 277,386,489	\$ 11,224,590	\$ 60,481,400	\$ 1,601,455,079
2005	1,363,676,341	282,710,819	11,544,590	57,255,170	1,715,186,920
2006	1,490,523,810	293,249,140	10,601,220	55,691,160	1,850,065,330
2007	1,600,709,750	303,977,980	9,186,970	57,873,970	1,971,748,670
2008	1,724,269,815	322,219,210	9,005,450	56,736,576	2,112,231,051
2009	1,709,739,763	330,022,780	9,332,730	51,291,260	2,100,386,533
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
2012	1,425,457,540	304,941,550	2,290,130	59,031,370	1,791,720,590

**Source:** City of Birmingham Finance 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 percent of true cash value), limited for each property by the lower of 5 percent 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**

Direct Tax Rate <sup>a</sup>	Estimated Actual Value	Value as a Percentage of Actual Value	Total Assessed Value	Value as a Percentage of True Value
15.57	\$ 4,908,737,620	32.6%	\$ 2,454,368,810	50%
15.43	4,999,228,606	34.3%	2,499,614,303	50%
15.07	5,310,882,410	34.8%	2,655,441,205	50%
14.96	5,640,339,340	35.0%	2,820,169,670	50%
14.62	5,851,521,360	36.1%	2,925,760,680	50%
14.09	5,415,703,562	38.8%	2,707,851,781	50%
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%

# City of Birmingham, Michigan

## Schedule 6

Fiscal Year Ended June 30	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			Total County Rate
						County	Community College	Intermediate School District	
2004 <sup>e</sup>	11.61	0.93	1.57	1.46	15.57	4.65	1.60	3.40	9.65
2005	11.71	0.87	1.55	1.30	15.43	4.65	1.59	3.38	9.62
2006	11.44	0.82	1.52	1.29	15.07	4.65	1.58	3.37	9.60
2007	11.36	0.81	1.48	1.31	14.96	4.65	1.58	3.37	9.60
2008	11.21	0.72	1.47	1.22	14.62	4.65	1.58	3.37	9.60
2009	11.07	0.72	1.00	1.30	14.09	4.65	1.58	3.37	9.60
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

**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 rates per \$1,000 of taxable valuation for fiscal year 2011-2012 are as follows: general operating \$12.59, refuse \$1.89, library \$1.49. 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>Beginning in 2003-2004, a portion of the charter operating millage is allocated to the Sewage-Disposal Fund to fund the debt-service for the North Arm Drain.

<sup>f</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>Homestead</u>	<u>Non-Homestead</u>	<u>SMART<sup>g</sup></u>	<u>Zoo Authority</u>	<u>Art Institute Authority</u>	<u>Homestead</u>	<u>Non-Homestead</u>
16.43	24.55	0.60	0.00	0.00	42.25	50.37
18.41	26.97	0.60	0.00	0.00	44.06	52.62
18.21	27.26	0.60	0.00	0.00	43.48	52.53
17.82	27.24	0.59	0.00	0.00	42.97	52.39
17.16	27.00	0.59	0.00	0.00	41.97	51.81
16.74	26.90	0.59	0.10	0.00	41.12	51.28
17.38	26.90	0.59	0.10	0.00	41.89	51.41
18.08	26.90	0.59	0.10	0.00	43.37	52.19
19.02	27.00	0.59	0.10	0.00	44.91	52.89
19.46	27.42	0.59	0.10	0.20	45.42	53.38

# City of Birmingham, Michigan

## Schedule 7

June 30, 2013

<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	\$ 31,858,550	1	1.78%
Palladium/Related Retail	Retail	13,523,930	2	0.75%
DTE Energy	Utility	11,443,580	3	0.64%
Geoff Hockman & Associates	Hotel, Office, Residential	8,727,210	4	0.49%
Associates of 555	Office, Retail, Parking, Apts	7,855,430	5	0.44%
Prudential Investments	Office	7,354,460	6	0.41%
VS Birmingham Limited	Retail, Office	5,951,510	7	0.33%
Rosso Development	Office, Residential, Apts	5,830,960	8	0.33%
James Esshaki/J.P. Equities	Office, Retail	5,737,500	9	0.32%
Kroger/TopValco	Retail	5,454,760	10	0.30%
Paul Johnson	Apartments, Commercial	-		-
Heron Development	Apartments	-		-
Comcast Cablevision	Office	-		-
Total taxable value of 10 largest taxpayers		103,737,890		5.79%
Total taxable value of all other taxpayers		1,687,982,700		94.21%
Total taxable value of all taxpayers		<b>\$ 1,791,720,590</b>		<b>100.00%</b>

Source: City of Birmingham Assessor's Office

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

**June 30, 2004**

<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
\$ 13,711,730	4	0.86%
14,468,420	3	0.90%
8,587,650	5	0.54%
15,047,470	2	0.94%
6,308,790	9	0.39%
5,164,100	10	0.32%
7,971,380	7	0.50%
16,132,780	1	1.01%
8,225,400	6	0.51%
7,187,280	8	0.45%
<hr/>		
102,805,000		6.42%
1,498,650,079		93.58%
<hr/>		
<b>\$ 1,601,455,079</b>		<b>100.00%</b>

# City of Birmingham, Michigan

## Schedule 8

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year-		Adjusted Levy at Settlement <sup>f</sup>	Collected within the Fiscal Year of the Levy <sup>b,d</sup>	
	Original Levy <sup>a,c,g</sup>	Adjustments		Amount	Percentage of Original Levy
2004	\$ 24,946,153	\$ (68,761)	\$ 24,877,392	\$ 24,821,539	99.50%
2005	26,465,501	(70,295)	26,395,205	26,334,298	99.50%
2006	27,889,480	(150,577)	27,738,903	27,725,980	99.41%
2007	29,514,861	(42,915)	29,471,946	29,449,126	99.78%
2008	30,894,721	(153,017)	30,741,704	30,696,286	99.36%
2009	29,612,497	(104,757)	29,507,740	29,469,513	99.52%
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%

**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>From fiscal year 2002-2003 through 2006-2007, the *Taxes Levied* includes taxes levied against properties subject to Michigan's Public Act 425 which have been conditionally transferred from Bloomfield Township to the City of Birmingham. The taxes levied represent less than 0.5% of the adjusted levy.

<sup>d</sup>Beginning in 2004, *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. This information is not readily available for prior years.

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

<sup>f</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>g</sup>Beginning in 2007, *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**

Collections in Subsequent Years <sup>e</sup>	Total Collections to Date	
	Amount	Percentage of Adjusted Levy
\$ 23,366	\$ 24,844,905	99.87%
20,890	26,355,188	99.85%
58	27,726,038	99.95%
15,511	29,464,637	99.98%
30,382	30,726,668	99.95%
21,134	29,490,647	99.94%
29,489	28,750,006	99.96%
27,714	28,105,437	99.98%
23,537	27,834,278	99.97%
NA	NA	NA

# City of Birmingham, Michigan

## Schedule 9

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities		Total Primary Government
	General Obligation Bonds <sup>a</sup>	Brownfield Redevelopment Loans	General Obligation Bonds	Contractual Obligations <sup>b</sup>	
2004	\$ 20,630,000	\$ -	\$ 15,025,000	\$ 26,228,128	\$ 61,883,128
2005	20,105,000	-	14,555,000	24,801,276	59,461,276
2006	19,380,000	300,000	13,095,000	23,343,203	56,118,203
2007	18,587,725	300,000	11,655,000	21,821,028	52,363,753
2008	21,652,859	300,000	10,440,000	20,206,512	52,599,371
2009	20,657,993	300,000	9,945,000	18,857,893	49,760,886
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

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

<sup>a</sup>In 2002-2003, general-obligation bonds for parks and recreation were issued in the amount of \$15.7 million.

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

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

<sup>d</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>c</sup></b>	<b>Per <u>Capita</u><sup>d</sup></b>
3.86%	\$ 3,191
3.47%	3,073
3.03%	2,902
2.66%	2,687
2.49%	2,690
2.37%	2,580
2.28%	2,254
2.25%	2,102
2.13%	1,879
1.89%	1,633

# City of Birmingham, Michigan

## Schedule 10

Fiscal Year Ended June 30	Net General Bonded Debt Outstanding		
	General Obligation Bonds <sup>a</sup>	Less: Funds Restricted to Repayment of Debt <sup>b</sup>	Total
2004	\$ 35,655,000	\$ (109,710)	\$ 61,773,418
2005	34,660,000	(109,458)	59,351,818
2006	32,475,000	(102,105)	56,016,098
2007	30,755,000	(107,427)	52,768,601
2008	32,092,859	(103,268)	52,496,103
2009	30,602,993	(116,047)	49,644,839
2010	28,843,127	(92,639)	46,022,760
2011	26,938,261	(59,120)	42,199,771
2012	24,858,395	(27,942)	38,086,335
2013	22,608,529	(16,734)	33,762,618

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

<sup>a</sup>In 2002-2003, general-obligation bonds for parks and recreation were issued in the amount of \$15.7 million.

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

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

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

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

<b>Percentage of Actual Taxable Value of <u>Property</u><sup>c</sup></b>	<b>Per <u>Capita</u><sup>d</sup></b>
3.86%	3,185
3.46%	3,068
3.03%	2,897
2.68%	2,707
2.49%	2,685
2.36%	2,574
2.27%	2,249
2.25%	2,099
2.13%	1,878
1.88%	1,632

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# City of Birmingham, Michigan

## Schedule 11

## Direct and Overlapping Governmental Activities Debt As of June 30, 2013

<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	\$ 192,480,000	43.15%	\$ 83,055,120
Oakland County <sup>a</sup>	119,779,697	3.64%	4,359,981
Oakland Community College	3,765,000	3.66%	137,799
Oakland Intermediate School District	60,095,000	3.65%	<u>2,193,468</u>
Subtotal, overlapping debt			89,746,367
<b>City Direct Debt</b> (see schedule 9 for governmental activities)			<u>15,296,937</u>
<b>Total direct and overlapping debt</b>			<b><u><u>\$ 105,043,304</u></u></b>

**Source:** The net tax-supported debt (*debt repaid with property taxes*) information was provided by the City's bonding agent, Bendzinski & Co., courtesy of the Municipal Advisory Council of Michigan. The percentages for each entity are calculated by dividing the City's 2011 taxable value by the taxable value for each entity.

<sup>a</sup>Includes general-obligation (g.o.) building authority and g.o. 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

	<b>Fiscal Year Ended June 30</b>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 245,437	\$ 249,961	\$ 265,544	\$ 282,017
Total net debt applicable to limit	<u>43,930</u>	<u>42,582</u>	<u>40,330</u>	<u>37,795</u>
Legal debt margin	<u><b>\$ 201,507</b></u>	<u><b>\$ 207,379</b></u>	<u><b>\$ 225,214</b></u>	<u><b>\$ 244,222</b></u>
 Total net debt applicable to the limit as a percentage of debt limit	 17.90%	 17.04%	 15.19%	 13.40%

**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 2012-2013**

2012 State Equalized Valuation		\$	<u>1,891,990</u>
Debt limit <sup>a</sup> (10% of State Equalized Valuation <sup>b</sup> )			189,199
Debt applicable to limitation:			
Total bonded and contractual debt	\$		33,779
Less deductions allowed by law -			
Combined sewer overflow abatement project		<u>5,866</u>	
Total net debt applicable to limit			<u>27,913</u>
Legal debt margin		<u>\$</u>	<u><b>161,286</b></u>

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 292,576	\$ 270,785	\$ 237,018	\$ 208,827	\$ 189,778	\$ 189,199
<u>39,337</u>	<u>37,795</u>	<u>35,541</u>	<u>33,183</u>	<u>30,639</u>	<u>27,913</u>
<u><b>\$ 253,239</b></u>	<u><b>\$ 232,990</b></u>	<u><b>\$ 201,477</b></u>	<u><b>\$ 175,644</b></u>	<u><b>\$ 159,139</b></u>	<u><b>\$ 161,286</b></u>
13.45%	13.96%	15.00%	15.89%	16.14%	14.75%

# **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>
2003	19,393	9,230	\$ 112,207				2,245	2.8
2004	19,347	9,270	92,018				2,184	2.9
2005	19,337	9,291	106,264				2,173	3.6
2006	19,490	9,385	106,523				2,271	3.5
2007	19,555	9,460	106,515				2,311	3.8
2008	19,286	9,350	85,657	\$ 70,065			2,366	4.5
2009	20,460	8,943	86,913	70,208			2,397	8.6
2010	20,103	9,039	101,529	69,151	41.9	3,452	2,457	8.1
2011	20,284	9,062					2,617	6.4
2012	20,682	9,192					2,685	5.6

### Sources:

<sup>a</sup>Estimates for 2001-2009 and 2011 are from SEMCOG, Southeast Michigan Council of Governments.

2001-2006 and 2011 are as of July 1; 2007 - 2009 are as of December 31.

2010 data is from U.S. Census Bureau for 2010.

<sup>b</sup>2002-2009 Estimates are from Oakland County Planning & Economic Development. 2010 estimate is 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 have occurred in the relative values between Birmingham and these larger surrounding communities between the years 2000 and 2008. This estimate was prepared by the Birmingham Finance Department.

2010 estimate is from Census Bureau 5-Yr American Community Survey.

<sup>d</sup>2010 data is from U.S. Census Bureau for 2010. The median age per the 2000 U.S. census was 39.3.

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

2010 data from U.S. Census Bureau 5-Yr American Community Survey. The 2000 U.S. census number was 2,817.

<sup>f</sup>Per Birmingham Public Schools. Data reflects enrollment of Birmingham residents at the end of the school year.

<sup>g</sup>Data is from the Michigan Department of Energy, Labor & Economic Growth (DELEG) and reflects the annual average as of December 31.

# City of Birmingham, Michigan

## Schedule 15

Employer	Product or Service	2013 <sup>a</sup>		
		Employees	Rank	Percentage of Total City Employment <sup>c</sup>
Birmingham Public Schools <sup>d</sup>	Primary education	1,500	1	8.30%
McCann Worldgroup	Advertising and marketing	450	2	2.48%
Townsend Hotel	Hotel/restaurant	186	3	1.02%
Home Instead Senior Care	In-home care	155	4	0.85%
Max Brook Realtors, Inc	Real estate sales	150	5	0.82%
City of Birmingham <sup>e</sup>	Government services	130	6	0.71%
Uptown Entertainment	Theater operator	120	7	0.65%
Coldwell Banker Weir Manuel	Real estate sales	120	8	0.65%
YMCA of Birmingham	Health & fitness	120	9	0.65%
Kroger Co. of Michigan	Supermarket chain	115	10	0.63%
Sign of the Beefcarver, Inc	Restaurant	-		
Munder Capital Management	Investment counselors	-		
Albans Bottle & Basket	Restaurant	-		
Beanstalk Group, LLC	Advertising and marketing	-		
Siemens Info. Comm. Networks, Inc.	Data networking	-		
Consumer Pulse of Washington	Market research	-		
<b>Total</b>		<b>3,046</b>		<b>16.76%</b>

<sup>a</sup>Sources include the 2012 Community Profile prepared by Oakland County Planning & Economic Development; Reference USA, an online data base (<http://www.referenceusa.com>); and previous Top Employer lists used by the Birmingham Finance Dept.

All companies in the top ten for 2013 were contacted directly to obtain or confirm 2013 employment data. Those that did not respond have not been included. Numbers reported by the employers may include part-time employees; or, in the case of realtors, the numbers may include independent contractors.

<sup>b</sup>The primary source is the 2004 Community Profile prepared by Oakland County Planning & Economic Development as modified by the City Finance Department.

<sup>c</sup>The source for total employment data is SEMCOG (Southeast Michigan Council of Governments). The number used for 2004 is 22,802 based on an estimate for 2000. The number used for 2013 is 18,051 based on an estimate for 2010. 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 2013 number represents all school district employees. The 2004 number represents only those employees working within Birmingham city limits. The 2013 number for employees within Birmingham city limits is not readily available.

<sup>e</sup>Reflects budgeted full-time positions excluding component units.

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

2004 <sup>b</sup>		
Employees	Rank	Percentage of Total City Employment <sup>c</sup>
743	1	3.26%
188	6	0.82%
200	5	0.88%
300	3	1.32%
640	2	2.81%
200	4	0.88%
182	7	0.80%
150	8	0.66%
125	9	0.55%
120	10	0.53%
<u>2,848</u>		<u>12.50%</u>

# City of Birmingham, Michigan

## Schedule 16

<u>Function/Program</u>	<u>Average FTE for the Fiscal Year Ended June 30</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government:					
Finance	8.20	8.00	7.10	7.49	7.12
Treasury	6.30	6.40	6.60	6.12	5.92
City Manager/Human Resources	4.80	5.30	5.30	5.01	4.90
Assessor	4.50	4.30	4.60	4.69	2.39
Other <sup>a</sup>	10.50	10.70	11.10	10.53	10.50
Public Safety:					
Firefighters and officers	37.77	38.14	36.87	36.48	33.99
Police officers and command	34.40	34.30	35.10	35.35	34.07
Police civilians	19.90	19.40	19.60	19.60	18.15
Fire civilians	1.00	1.00	0.70	0.40	0.40
Public Works:					
Engineering	4.40	2.90	3.50	5.87	5.04
Public service operations <sup>b</sup>	21.30	22.40	21.00	21.36	23.83
Community and Economic Development:					
Building department	9.20	9.80	11.10	11.00	9.57
Planning department	5.60	5.70	6.00	6.85	7.24
Recreation and Culture <sup>c</sup>	12.80	13.40	14.20	15.27	15.96
Water and Sewer:					
Water- and sewer-main maintenance	10.10	10.20	9.40	7.91	7.03
Water meter shop	3.20	3.30	3.20	3.29	3.11
Automobile parking <sup>d</sup>	3.50	3.50	4.00	3.09	3.51
Golf Courses	12.60	13.70	12.90	13.30	13.05
Total primary government	<u>210.07</u>	<u>212.44</u>	<u>212.27</u>	<u>213.61</u>	<u>205.78</u>
Component units:					
Library	37.40	37.90	37.50	38.16	39.77
Principal Shopping District	3.10	3.50	3.50	3.41	3.67
Total City	<u><b>250.57</b></u>	<u><b>253.84</b></u>	<u><b>253.27</b></u>	<u><b>255.18</b></u>	<u><b>249.22</b></u>

**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).

Department of Public Services functions include public service operations, recreation & 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 Nine Fiscal Years**

<u>Average FTE for the Fiscal Year Ended June 30</u>				
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
7.65	7.43	7.15	7.18	6.51
6.47	6.36	6.38	6.41	6.37
4.88	4.74	4.64	4.18	3.42
0.12	-	-	-	-
10.58	9.85	6.72	7.18	7.37
30.86	27.65	26.04	25.75	26.46
32.88	32.06	29.77	28.31	26.66
17.69	14.84	13.83	15.99	18.27
0.43	0.40	-	-	-
6.35	5.57	5.07	4.76	4.27
22.49	20.19	19.75	19.41	19.56
10.18	9.34	8.44	9.00	10.05
4.06	4.08	2.81	3.10	2.93
14.24	14.12	12.27	12.59	12.19
6.96	7.08	5.94	6.76	5.88
2.67	2.79	2.84	2.67	2.96
3.49	3.48	3.78	3.28	2.63
13.37	12.88	12.32	12.26	10.41
<u>195.37</u>	<u>182.86</u>	<u>167.75</u>	<u>168.83</u>	<u>165.94</u>
39.99	39.54	34.42	30.23	30.29
3.66	3.65	3.87	4.05	3.77
<u><b>239.02</b></u>	<u><b>226.05</b></u>	<u><b>206.04</b></u>	<u><b>203.11</b></u>	<u><b>200.00</b></u>

# City of Birmingham, Michigan

## Schedule 17

Function/Program	Fiscal Year Ended June 30						
	2004	2005	2006	2007	2008	2009	2010
<b>General Government:</b>							
Registered voters <sup>a</sup>	\$ 16,153	\$ 15,422	\$ 14,307	\$ 14,863	\$ 15,127	\$ 15,300	\$ 15,763
Ballots cast in November election	4,586	12,340	3,402	10,164	3,911	12,595	2,841
Taxpayers	10,610	11,000	11,000(E)	11,179	11,133	10,925	11,597
Average rate of return on city investments	1.47%	2.27%	3.19%	4.17%	4.28%	3.48%	2.15%
Vendor checks issued	8,075	8,168	8,362	8,014	7,603	6,788	6,657
<b>Public Safety:</b>							
<b>Fire Department<sup>b</sup></b>							
Total alarms	1,713	1,689	1,719	1,696	1,855	1,854	1,634
Fires	43	51	50	36	43	75	40
Rescues/extrications (medical runs)	942	953	955	980	974	994	926
Other runs	728	685	714	680	838	785	668
Fire inspections <sup>c</sup>	850	825	1,844	1,674	929	858	610
<b>Police Department<sup>b</sup>:</b>							
Responses to calls for service	19,628	20,004	20,003	19,977	18,749	20,104	16,031
Adult arrests	728	578	645	630	510	419	328
Parking violations	50,173	49,410	44,394	45,214	40,615	34,592	33,827
Moving violations	5,095	6,450	6,662	7,129	6,439	5,478	6,980
<b>Public Works:</b>							
Tons of municipal solid waste collected	12,748	12,254	11,898	10,282	9,500	8,951	8,942
City vehicles/equipment serviced per month <sup>d</sup>	NRA	NRA	100	100	90	95	45
Street trees planted	NRA	NRA	240	407	293	226	315
Street trees removed	NRA	NRA	600	453	230	252	232
<b>Community and Economic Development:</b>							
Building and demolition permits issued	937	1,122	993	766	650	610	611
Total construction value (in thousands)	\$ 98,979	\$ 92,583	\$ 81,777	\$ 49,353	\$ 40,282	\$ 46,001	\$ 53,457
<b>Recreation and Culture:</b>							
Skaters in ice arena basic skills program	1,294	1,501	1,217	1,000	1,200	1,200	1,100
Mens softball teams	5	5	6	6	6	6	5
<b>Water and Sewer:</b>							
Water customers	8,296	8,476	NRA	8,594	8,617	8,617	8,634
Water meters in service	8,523	8,533	8,602	8,646	8,672	8,688	8,693
<b>Automobile Parking:</b>							
<b>Five parking structures:</b>							
Active parking permits at June 30	2,764	3,189	3,247	3,296	3,165	2,690	2,975
Transient parkers (includes free parkers)	1,453,125	1,485,487	1,377,702	1,366,749	1,298,284	1,188,367	1,166,818
Free parkers	856,850	882,495	849,698	881,005	827,127	730,220	750,919
<b>Golf Courses (calendar year)</b>							
Rounds played-Lincoln Hills <sup>e</sup>	31,401	28,710	29,455	21,839	27,898	25,950	21,749
Rounds played-Springdale <sup>e</sup>	28,151	28,560	24,546	17,986	26,674	27,716	25,528
Business memberships	NRA	180	160	116	127	116	105
<b>Non-resident memberships:</b>							
Individual	NRA	366	298	258	421	359	365
Family	NRA	NRA	74	70	42	27	26
Dual (new in 2008)	-	-	-	-	143	125	121
Junior golf registrations	NRA	238	260	396	378	420	341

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

Fiscal Year Ended June 30

<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 15,996	\$ 16,557	\$ 16,623
9,483	4,285	13,106
11,578	11,488	11,451
1.31%	0.81%	0.65%
6,536	6,829	7,078
1,896	1,761	1,799
41	26	42
1,074	1,058	1,064
781	677	693
673	492	544
17,713	16,983	16,571
257	235	351
27,695	31,844	30,182
5,329	5,122	6,610
9,255	9,511	9,202
63	62	92
212	266	199
187	217	195
710	770	749
\$ 40,010	\$ 44,790	\$ 57,311
1,100	1,100	1,100
5	6	5
8,598	8,575	8,578
8,702	8,714	8,711
3,063	3,311	3,472
1,194,026	1,276,274	1,215,272
777,870	831,730	786,390
21,925	17,171	20,732
19,668	17,465	18,889
77	101	99
351	400	402
29	60	65
109	186	184
457	462	442

# City of Birmingham, Michigan

## Schedule 17

	Fiscal Year Ended June 30						
	2004	2005	2006	2007	2008	2009	2010
<b>Function/Program</b>							
Component Units:							
Library:							
Registered patrons <sup>f</sup>	40,029	42,213	45,237	48,113	22,245	27,104	30,904
Book collections	135,132	132,586	133,189	135,192	135,420	137,798	140,330
Audiovisual collections	18,655	20,240	21,896	23,357	25,208	28,156	28,764
Items circulated	426,007	520,018	586,191	662,035	698,444	736,074	752,351
Patron visits	320,047	352,742	382,414	370,097	362,699	373,022	357,374
Circulation per capita <sup>g</sup>	14	17	19	22	22.7	23.9	24.5
Program attendance	22,819	28,991	29,516	27,633	27,595	26,925	25,677
Public computer log-ins	N/A	N/A	75,013	60,862	62,640	64,506	66,425
Database usage	N/A	N/A	64,502	84,544	72,345	64,383	61,421
Principal Shopping District:							
Retail occupancy rate as of June 30 <sup>h</sup>	94.0%	94.9%	93.0%	94.3%	95.7%	94.9%	92.6%
Sponsored events	8	9	11	11	11	11	12
PR media impressions (in millions) <sup>i</sup>	34.3	37.8	41.7	46.6	48.7	49.2	50
Website "hits" per month (approximate) <sup>j</sup>	N/A	N/A	148,000	348,000	345,000	157,000	264,000
Flow er planters/baskets maintained	85	124	144	144	144	165	165

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 midway through fiscal year.

<sup>c</sup>In all buildings except single and duplex residential.

<sup>d</sup>Years 2003 - 2009 are estimates.

<sup>e</sup>Number for 2012 is through July only.

<sup>f</sup>A purge of inactive patron records was completed at the end of fiscal year 2007/2008. This was made possible by new software

<sup>g</sup>Based on the service area of the library which includes Birmingham, Beverly Hills, and Bingham Farms.

Years 2004 to 2010 are based on the 2000 census population of 30,758. Year 2011 is based on the 2010 census population of 31,481. Years 2012 to 2013 are based on the 2010 census population of 35,350.

<sup>h</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>i</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 news media.

<sup>j</sup>The number of times an individual or search engine scans the PSD website [www.enjoybirmingham.com](http://www.enjoybirmingham.com)



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

<u>Fiscal Year Ended June 30</u>		
<u>2011</u>	<u>2012</u>	<u>2013</u>
33,989	33,257	40,219
143,427	139,836	141,028
29,675	30,730	30,932
721,380	666,701	642,989
325,976	322,042	326,943
22.9	18.9	18.0
25,881	24,329	25,213
57,194	54,526	54,621
63,122	74,679	97,710
94.7%	96.5%	97.0%
12	11	12
50.2	50.5	50
270,000	270,000	N/A
205	225	250

# City of Birmingham, Michigan

## Schedule 18

	Fiscal Year Ended June 30						
	2004	2005	2006	2007	2008	2009	2010
<b>Function/Program</b>							
General Government:							
City hall (square footage)	24,282	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	30,470
Public Safety:							
Fire stations	2	2	2	2	2	2	2
Fire Pumps	3	3	3	3	3	3	3
Other fire vehicles (includes 1 aerial tower)	8	9	9	9	8	8	8
Police precincts	1	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	36,365
Major Streets (miles)	21.87	21.87	21.87	21.87	21.87	21.87	21.87
Local Streets (miles)	62.45	62.58	62.58	62.58	62.58	62.58	62.58
Sidewalks (miles)	128.69	128.69	128.69	128.69	128.69	129.03	129.03
Bridges	9	9	9	9	9	9	9
Vehicles in city fleet (excluding fire) <sup>b</sup>	NRA	NRA	93	93	91	91	85
Recreation and Culture:							
Parks	18	18	18	18	18	18	18
Park land/public property (acres)	200+	200+	225+	225+	225+	225+	225+
Trees on park/public land	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Tennis courts	16	16	16	16	16	16	16
Baseball diamonds	1	1	1	4	1	1	1
Softball diamonds	1	1	1	1	1	1	1
Little League diamonds	6	6	6	6	6	6	6
Ice arena	1	1	1	1	1	1	1
Historical museum	1	1	1	1	1	1	1
Skate park	1	1	1	1	1	1	1
Water and Sewer:							
Water mains (miles)	100.24	100.8	100.85	100.85	100.85	100.85	100.85
Sanitary sewers (miles)	117.09	117.09	116.94	116.94	116.11	115.95	115.41
Fire hydrants (city-owned)	779	789	809	819	823	830	825
Water storage tanks (500,000 gal.)	2	2	2	2	2	2	2
Line gate valves	1,272	1,278	1,278	1,278	1,286	1,291	1,289
Automobile Parking:							
Parking structures	5	5	5	5	5	5	5
Revenue-generating public parking spaces							
Metered spaces (streets & surface lots)	1,267	1,270	1,270	1,288	1,304	1,313	1,311
Parking structure spaces	3,579	3,579	3,579	3,579	3,579	3,579	3,579
Total	4,846	4,849	4,849	4,867	4,883	4,892	4,890
Golf Courses (nine-hole)	2	2	2	2	2	2	2

NRA=Not readily available

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

<sup>b</sup>Self-propelled licensed vehicles. As of 2006, the entire city fleet had increased approximately 10 percent over the previous 10 years.

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

**Fiscal Year Ended June 30**

2011    2012    2013

24,282   24,282   24,282  
30,470   30,470   30,470

2        2        2  
3        3        4  
8        7        8  
1        1        1

36,365   36,365   36,365  
21.87    21.87    21.87  
62.66    63        63  
129.03   129.03   129.03  
9        9        9  
85       92       83

18       18       18  
225+    225+    225+  
25,000   25,000   25,000  
16       16       16  
1        1        1  
1        1        1  
6        6        6  
1        1        1  
1        1        1  
1        1        1

100.85   100.85   100.85  
115.41   115.41   115.41  
829      828      828  
2        2        2  
1,289   1,289   1,289

5        5        5

1,309    1,238    1,238  
3,579    3,579    3,579  
4,888    4,817    4,817

2        2        2

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