

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

Fiscal Year Ended June 30, 2012

City Commission

Mark Nickita, Mayor
George Dilgard, Mayor Pro-Tem
Rackeline J. Hoff, Commissioner
Thomas McDaniel, Commissioner
Scott Moore, 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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Introductory Section

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November 12, 2012

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, 2012 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, 2012 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 auditor's report.

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; 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 611,000. The June 2012 unemployment rate of 6.4% for the City is less than last year's rate of 8.1% and remains well below the state's unemployment rate of 8.6% and less than the national rate of 8.2% for the same period. It is anticipated that this area (Oakland County) will gain approximately 11,100 jobs this year and continue to add 9,500 and 13,200 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. Last year's increase in private sector jobs is the largest yearly increase since 1994 for the area.

The economic picture for suburban Oakland County, where Birmingham is located, has improved over the past year. The local economy seems to have stabilized and an upturn is now underway. After going through the worst economic period in modern times, the area's economy is poised for continued improvement although at a moderate pace. Improvements to the local economy are related to improvements in the national economy and improved performance in the auto industry. The area continues to be the premier local economy in Michigan and is among the most prominent county economies in the nation, ranking twelfth 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 74.5% 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 96.5%, which was an improvement over the 94.7% 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 87.3% occupancy rate compared to 84.9% in June 2011.

The State's economy has gone through one of the worst periods in its history. After a decade of job loss, high unemployment, and declining state revenue, the Michigan economy is now over two years into a sustained and broadening recovery. This improvement is similar to prior recoveries in that it has been led by job growth in manufacturing with the unemployment rate decreasing by approximately two percentage points during the past year. Although job growth has been slower in this recovery than in prior recoveries and job creation has slowed in recent months as auto sales have plateaued, there are improvements in other sectors of the State's economy. The housing market is experiencing gains in sales, new construction and increases in home prices. There has also been growth in health care, leisure, and hospitality services. Michigan is also the number one state in the nation for research and development facility project announcements. The State's sales and income tax revenue have exceeded projections and the \$1.5 billion budget deficit has been eliminated. Last year, the State implemented an Economic Vitality Incentive Program, which requires local units of government to meet certain requirements in order to be eligible to receive a percentage of the statutory revenue sharing appropriated. The City believes it will continue to meet these requirements. Approximately 5.6% of the City's total General Fund revenue comes from constitutional and statutory revenue-sharing payments received from the State.

After four years of decreases in the City's taxable value totaling 15.5%, property values are beginning to improve with a taxable value increase of .29% for the year. This improvement in the real estate market is also evidenced by continued increases in building activity. The number of building permits issued was significantly higher again this year, with an 8.5% increase over the prior year. The improvement was primarily the result of new residential construction with an increase of 63% in permits issued for new homes. Total building permit revenue increased by 26% during the year. Additionally, there are currently 13 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 ongoing 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.

As a result of decreases the City has experienced in property taxes, investment income, and state-shared revenue, and with expenditures increasing faster than revenue growth, the City continues to implement expenditure cuts to avoid structural imbalances. Over the past five years, staffing levels have been reduced by 38 full-time positions. Since 2000, the City has reduced staffing levels by approximately 32%, or 61 full-time positions. Additionally, non-essential overtime has been eliminated and salary freezes and wage reductions have been implemented. Plans are underway for additional operational savings.

Major Initiatives - The City continues increased levels of funding for road improvements (\$3.4 million) as support from the State in such critical areas as Act 51 street funds has declined. Road resurfacing and maintenance projects along with the reconstruction of Cole Avenue between Adams Road and Eton Road, Derby Road between Adams Road and the CN Railroad bridge, Pierce Street from West Maple to Merrill Street and East Merrill Street, asphalt reconditioning/sealing and traffic signal modernization have been approved. These projects total approximately \$2.3 million in improvements. Also approved is \$225,000 for sidewalk and alley improvements, \$500,000 for the reconstruction of the Kenning Park parking lot, and \$1.5 million for improvements to the automobile parking system, including repairs and waterproofing of levels four and five of the Park Street structure, lighting improvements at the N. Old Woodward Structure, and a new customer payment room on level one of the Park Street structure. Additionally, \$3.1 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 identified for funding include:

- Continued development of the GIS system
- Firewall and data security updates
- Workstation upgrades
- Acquisition of tablets, all-in-one copiers, faxes, 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 most 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 during the year, 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 closing the plan to most groups in the prior period and because of market declines, the funding status of the pension fund decreased to a funding level of 85.7% compared to 93.8% 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 ended June 30, 2012 totaled \$1,924,508.

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 \$2.5 million. With the settlement of the police contract during the year, 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 59.

Awards and Acknowledgements

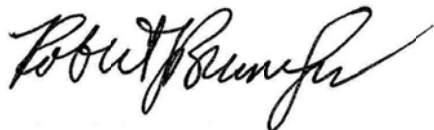
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the 22nd consecutive 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 23rd consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Robert J. Bruner, Jr.
City Manager



B. Sharon Ostin
Director of Finance/Treasurer

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

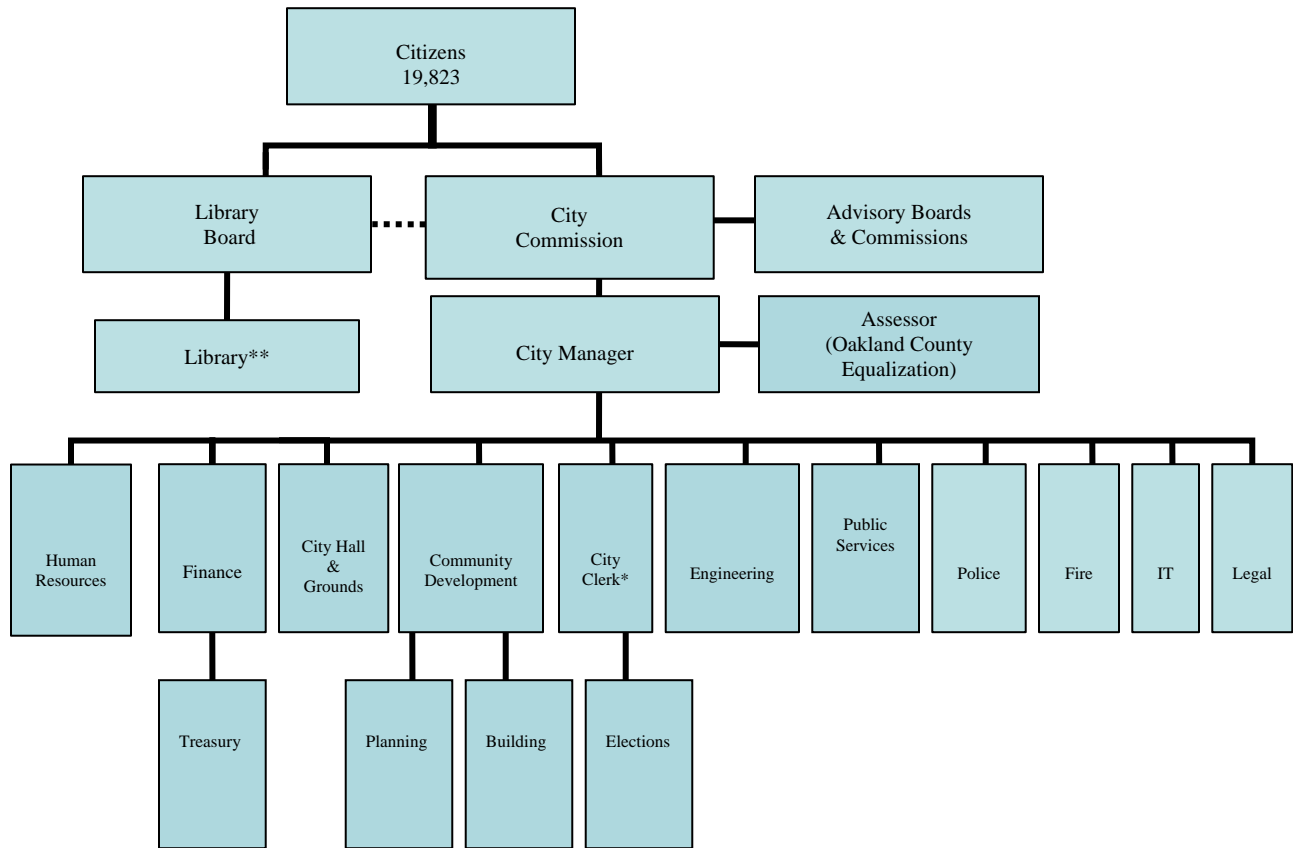
President

Jeffrey R. Emer

Executive Director

Birmingham

2011-2012 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 1¾ mills.

Financial Section

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Michigan (the "City") as of June 30, 2012 and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Michigan at June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Birmingham, Michigan's basic financial statements. Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension systems 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 the 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.

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

The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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. Such information has 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

October 24, 2012

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Management's Discussion and Analysis

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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, 2012:

- The City's total revenue was \$49.9 million, while expenses totaled \$43.8 million.
 - Governmental activities generated \$30.1 million in revenue and \$27.8 million in expenses.
 - Business-type activities generated \$19.8 million in revenue and \$16.0 million in expenses.
- Total net assets of the City exceeded its liabilities by \$174.1 million this year.
 - Total net assets related to the City's governmental activities increased by approximately \$1.3 million. Of that amount, investment in capital assets increased by \$4.1 million primarily resulting from improvements to major and local streets, restricted assets decreased by \$.2 million, and unrestricted assets decreased by \$2.7 million.
 - Net assets of our business-type activities increased overall by \$4.8 million. The total increase of \$4.8 million in business-type activities was invested in capital assets while unrestricted assets remained the same.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13.1 million, or 50.9 percent of total General Fund expenditures and transfers out.

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 assets presents information pertaining to all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 revenue and expenses regardless of when cash is received or paid. Thus, revenue 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 revenue (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

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 statement 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 revenue, expenditures, tax revenue and collections, and demographic and other statistical data.

Financial Analysis of the City as a Whole

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Birmingham, combined net assets increased 3.6 percent from last year to \$174.1 million (See Table A-1). The following table shows, in a condensed format, the net assets of the City as of June 30, 2011 and 2012:

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2012
	2011	2012	2011	2012	2011	2012	
Assets							
Current and other assets	\$ 44.8	\$ 42.4	\$ 19.0	\$ 19.0	\$ 63.8	\$ 61.4	(3.8)
Capital assets	<u>72.7</u>	<u>75.3</u>	<u>81.0</u>	<u>83.1</u>	<u>153.7</u>	<u>158.4</u>	3.1
Total assets	\$ 117.5	\$ 117.7	\$ 100.0	\$ 102.1	\$ 217.5	\$ 219.8	1.1
Liabilities							
Current liabilities	2.6	2.8	2.5	2.4	5.1	5.2	2.0
Long-term liabilities	<u>20.5</u>	<u>19.2</u>	<u>24.0</u>	<u>21.3</u>	<u>44.5</u>	<u>40.5</u>	(8.9)
Total liabilities	23.1	22.0	26.5	23.7	49.6	45.7	(7.8)
Net Assets							
Invested in capital assets -							
Net of related debt	54.3	58.5	57.1	61.9	111.4	120.4	8.1
Restricted	1.7	1.5	-	-	1.7	1.5	(11.8)
Unrestricted	<u>38.4</u>	<u>35.7</u>	<u>16.5</u>	<u>16.5</u>	<u>54.9</u>	<u>52.2</u>	(4.9)
Total net assets	<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

Management's Discussion and Analysis (Continued)

Of the City's total net assets, 69 percent is made up of its investment in capital assets, less any related debt used to acquire those assets. The City's net assets related to governmental activities increased \$1.3 million, or 1.4 percent, and net assets related to business-type activities increased \$4.8 million, or 6.5 percent over the 2011 fiscal year. The City has undertaken several major capital improvement projects. During the year, continued improvements to the City's major and local streets, stream bank improvements, 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 assets of the City totaled \$1.5 million at June 30, 2012 and decreased by 11.8 percent for the year. These net assets are reported in governmental activities and have limits on their use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purposes for which they were intended, such as expenditures for solid waste disposal or debt service requirements. The remaining unrestricted net assets may be used to meet the City's ongoing operations. Unrestricted net assets decreased by \$2.7 million or 4.9 percent.

Changes in Net Assets - The City's combined total revenue increased \$1.3 million, or 2.7 percent from 2011 to 2012 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 (53.1 percent in 2011 and 50.3 percent in 2012). Charges for services represented 38.9 percent of the total revenue in 2011 and 42.1 percent in 2012. The balance of the revenue is derived mainly from state and federal sources.

The City's combined total expenses increased \$.8 million, or 1.9 percent, from 2011 to 2012. The City's expenses cover a wide range of services, with public safety and public works representing approximately 43 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		Business-type		Total		Total Percentage Change 2011-2012
	Activities		Activities		Total		
	2011	2012	2011	2012	2011	2012	
Revenue							
Program revenue:							
Charges for services	\$ 4.1	\$ 4.6	\$ 14.8	\$ 16.4	\$ 18.9	\$ 21.0	11.1
Operating grants and contributions	1.3	1.5	-	-	1.3	1.5	15.4
Capital grants and contributions	0.4	0.1	0.1	-	0.5	0.1	(80.0)
General revenue:							
Property taxes	22.5	21.8	3.3	3.3	25.8	25.1	(2.7)
State-shared revenue	1.5	1.6	-	-	1.5	1.6	6.7
Unrestricted investment earnings	<u>0.5</u>	<u>0.5</u>	<u>0.1</u>	<u>0.1</u>	<u>0.6</u>	<u>0.6</u>	-
Total revenue	30.3	30.1	18.3	19.8	48.6	49.9	2.7
Program Expenses							
General government	4.4	4.6	-	-	4.4	4.6	4.5
Public safety	11.2	11.1	-	-	11.2	11.1	(0.9)
Public works	8.2	7.7	-	-	8.2	7.7	(6.1)
Community and economic development	1.4	1.5	-	-	1.4	1.5	7.1
Recreation and culture	2.0	2.2	-	-	2.0	2.2	10.0
Interest on long-term debt	0.7	0.7	-	-	0.7	0.7	-
Water and sewer	-	-	10.7	11.7	10.7	11.7	9.3
Parking	-	-	3.3	3.2	3.3	3.2	(3.0)
Golf courses	-	-	1.1	1.1	1.1	1.1	-
Total expenses	<u>27.9</u>	<u>27.8</u>	<u>15.1</u>	<u>16.0</u>	<u>43.0</u>	<u>43.8</u>	1.9
Increase in Net Assets Before Transfers	2.4	2.3	3.2	3.8	5.6	6.1	8.9
Transfers	<u>(0.1)</u>	<u>(1.0)</u>	<u>0.1</u>	<u>1.0</u>	<u>-</u>	<u>-</u>	-
Increase in Net Assets	2.3	1.3	3.3	4.8	5.6	6.1	8.9
Net Assets - Beginning of year	<u>92.1</u>	<u>94.4</u>	<u>70.3</u>	<u>73.6</u>	<u>162.4</u>	<u>168.0</u>	3.4
Net Assets - End of year	<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

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities - Total revenue for governmental activities decreased \$.2 million, or .7 percent. This was attributable to a decrease of \$.7 million in revenue received from property taxes and a \$.1 million decrease in revenue received from operating and capital grants. The decreases were offset by additional revenue received from charges for services (\$.5 million) and an increase in state-shared revenue (\$.1 million). The decrease in property tax revenue resulted from a decline in property values while the decrease in revenue received for capital grants and contributions is attributable to federal drug forfeitures and special assessments for the sealcoat program being less than received in the prior fiscal year.

Charges for services increased as a result of fines and fees collected by the 48th District Court and paid to the City being greater than revenue received in the prior year (\$.1 million), an increase in revenue received from building permits (\$.3 million), and an increase in revenue from other licenses and permits (\$.1 million). These increases totaled \$.5 million.

Total expenses decreased \$.1 million or .4 percent. The decrease in expenses was primarily attributable to a decrease in public works (\$.5 million) as a result of reduced expenses for street maintenance and reduced costs for snow and ice control resulting from a mild winter. The decrease in public works was offset by increased expenses for general government resulting from a \$.1 million increase in costs for street lighting and increased costs of \$.1 million for building maintenance. Additionally, expenses for recreation and culture increased by \$.2 million which was attributable to the Quarton Lake maintenance project.

Business-type Activities - Total revenue for business-type activities increased by \$1.5 million, or 8.2 percent. The increase is attributable to increased revenue from charges for services resulting from water and sewer rate increases of 2.8 percent and 5.0 percent, respectively, totaling \$1.3 million and increased parking system revenue totaling \$.3 million. The increase in charges for services was offset by a reduction of \$.1 million in grant revenue received in the prior year to install new energy efficient lights in the Pierce Street parking structure.

Total expenses for business-type activities for fiscal year 2011-2012 totaled \$16 million, which is \$.9 million higher than fiscal year 2010-2011. Water and sewer expenses increased by \$1 million primarily as a result of increases in the costs of water purchased (\$.1 million) and increases in sewage disposal costs (\$.8 million). The Detroit water and sewerage department (DWSD) increased sewage disposal costs by 12 percent which accounted primarily for the increase in sewage disposal costs. DWSD increased their rates to pay for improvements to its infrastructure to meet federal requirements.

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 2011-2012 include the General Fund, Major and Local Street Funds, and the Capital Projects Fund.

As of June 30, 2012, the governmental funds of the City of Birmingham reported a combined fund balance of \$25.8 million. This represents a decrease of \$1.5 million in comparison with the prior year. Approximately \$13.1 million of total fund balance, or 50.7 percent, constitutes unassigned fund balance, which is reported in the General Fund, the principal operating fund of the City. Unassigned fund balance is available for appropriation and may be used to meet the City's ongoing obligations to citizens and creditors without external or internal limitation. The remaining \$12.7 million of fund balance is categorized into four components: nonspendable, restricted, committed, and assigned. 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 52 percent, or \$13.3 million, of total governmental fund balances. The General Fund's fund balance increased \$.2 million from the prior year. The increase was primarily attributable to actual revenue received during the year exceeding actual expenditures resulting primarily from revenue for fines and forfeitures being greater than anticipated and reduced expenditures for City departments. A total of \$13.1 million of the General Fund's fund balance is unassigned while \$.1 million is committed and \$.1 million is assigned.

Fund balance of the Capital Projects Fund represents 19 percent, or \$5 million, of total governmental fund balances. The net decrease in fund balance during the current year in the Capital Projects Fund was \$.4 million. The decrease primarily resulted from expenditures to upgrade the HVAC system at the Library. Of the total fund balance in the Capital Projects Fund, \$4.6 million has been assigned for future projects such as construction of a new fire station (\$2.5 million).

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

The Major and Local Streets Funds had fund balances of \$3.6 million and \$3 million, respectively. Fund balance for the Major Streets Fund decreased by \$1.4 million resulting from planned expenditures for street improvements. Of the total fund balance in the Major Streets Fund, \$.2 million is nonspendable, \$1.2 million is committed, and \$2.3 million is assigned for street improvements. Fund balance of the Local Streets Fund increased by approximately \$.4 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 \$.6 million which is nonspendable (\$.1 million) and restricted (\$.5 million). The Solid Waste Fund's fund balance of \$.5 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 Debt Service Fund has a total fund balance of \$27,942, all of which is restricted for the payment of debt service.

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 assets for the Water and Sewage Disposal Funds total \$3.8 million and \$8 million, respectively, and those for the automobile parking system \$4.6 million. The total growth in net assets for these funds was \$.1 million, \$2.8 million, and \$1 million, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Actual revenue for the year ended June 30, 2012 exceeded the amended budget by \$.1 million, or .4 percent. The difference was primarily attributable to actual revenue received for fines and forfeitures being more than budgeted (\$.1 million). City departments overall stayed below budget as a result of reduced expenditures for tree trimming and the Quarton Lake maintenance project (\$.1 million); planning expenditures (\$.1 million), of which the City Commission reappropriated \$50,000 to fiscal year 2012-2013 for the multi-modal and Woodward Gateway master planning projects; and encumbrances (\$.1 million) carried forward to the subsequent year's budget. This resulted in total expenditures being lower than the amended budget by \$.4 million. The additional revenue received combined with reduced expenditures resulted in a positive budget variance of \$.5 million.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Differences between original revenue budgeted and the final amended budget totaled \$360,000. The increase was primarily attributable to the budget being amended, as approved by the City Commission, for anticipated increases in revenue for building permit charges resulting from increased building activity and additional state-shared revenue resulting from the City meeting all of the performance criteria required under the State's Economic Vitality Incentive Program. The expenditure budget was increased by \$596,590 primarily to provide funding to the City's golf courses for capital improvements and operations (\$1.1 million) and road improvements (\$.2 million). These increases were offset by reductions in expenditures for personnel costs resulting from vacant positions (\$.5 million) and the use of contingency (\$.2 million).

Capital Asset and Debt Administration

Capital Assets

The City of Birmingham had a total of \$158.4 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 3.1 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
	2011	2012	2011	2012	2011	2012	2011-2012
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	26.6	26.2	17.9	18.1	44.5	44.3	(0.4)
Equipment	4.8	6.4	0.7	0.5	5.5	6.9	25.5
Infrastructure	29.4	31.1	60.0	62.4	89.4	93.5	4.6
Construction in progress	0.7	0.5	0.8	0.5	1.5	1.0	(33.3)
Total	\$ 72.6	\$ 75.3	\$ 81.0	\$ 83.1	\$ 153.6	\$ 158.4	3.1

Governmental capital assets increased \$2.7 million, or 3.7 percent over last year. The \$.4 million decrease in buildings is the result of depreciation being greater than additions during the year. The increase in equipment of \$1.6 million is primarily attributable to the purchase of two new fire trucks and fire equipment purchased through a grant award. Improvements to infrastructure increased by \$1.7 million resulting from improvements to the City's streets and sidewalks while construction in progress decreased by \$.2 million during the year.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Total business-type capital assets of \$83.1 million increased from the prior year by \$2.1 million. The increase in infrastructure improvements of \$2.4 million is attributable to improvements to the City's water and sewer systems during the year. Equipment for business-type activities decreased by \$.2 million as only \$10,500 of new equipment was added, resulting in depreciation being greater than additions. Construction in progress at June 30, 2012 totals \$.5 million, which is a decrease of \$.3 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.

Long-term Debt - The City's total indebtedness as of June 30, 2012 is \$38.5 million. Of this amount, \$25.2 million is general obligation bonds, which is an amount considerably below the debt limit of \$190 million. In addition, the City has contractual obligations totaling \$13.1 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 2012-2013 budget. On the revenue side, property tax revenue accounted for 67 percent of the City's total General Fund revenue and 45 percent of all City revenue. As a result of modest improvement in the real estate market, the taxable value increase for fiscal year 2012-2013 is .29 percent. This will result in an increase in operating property tax revenue for the year of \$52,280. State levied shared taxes provide revenue to the City of about \$2.8 million a 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 a new performance-based statutory revenue-sharing program, the statutory portion of state-shared revenue was budgeted to increase by \$163,930 from the prior fiscal year's original budget. The City is expecting investment earnings to continue to decrease resulting from lower rates of return. In 2008, the City earned more than \$2.1 million in investment income, while for 2012-2013, \$430,690 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 revenue. Legacy costs for retirement and retiree healthcare expenses were budgeted to increase by 22 percent, which was primarily attributable to prior investment losses and closing the plans to new hires for most labor groups. Additionally, costs were expected to increase for fuel, utilities, health insurance, and other expenses.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

In response to these budget challenges, the City has developed a proactive multi-faceted strategy. This was primarily achieved by reducing an additional four full-time positions. This has resulted in a reduction of 61 full-time positions since 2000, or approximately 32 percent of the City's full-time work force. Additionally, the City has reduced expenditures by eliminating all non-essential overtime, implementing wage freezes or reductions, limiting memberships and training, reducing building energy usage, and eliminating out-of-state travel. The City continues to downsize, pursue service-sharing agreements with surrounding communities, obtain labor concessions, achieve efficiencies through technological improvements, and implement limited revenue enhancement measures.

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 2011-2012 fiscal year, fund balance in the General Fund increased by \$.2 million to \$13.3 million. For fiscal year 2012-2013, the City adopted a budget requiring the use of \$1 million in fund balance to provide funding for an additional contribution to the Retiree Health Care Fund. A use of fund balance is not planned for the 2013-2014 fiscal year. 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 \$18.5 million for 2012-2013.

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 Assets June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 5)	\$ 36,776,726	\$ 13,015,633	\$ 49,792,359	\$ 3,166,432
Receivables - Net:				
Customers	415,591	5,050,559	5,466,150	-
Special assessments	620,613	218,214	838,827	64,824
Delinquent personal property taxes	34,487	-	34,487	-
Internal balances	-	-	-	-
Inventories	230,298	22,770	253,068	-
Prepaid costs and other assets (Note 1)	2,872,461	657,046	3,529,507	108,561
Due from other governmental units	908,812	-	908,812	54,646
Restricted assets (Note 8)	509,475	-	509,475	-
Capital assets - Net (Note 6):				
Assets subject to depreciation	63,617,759	80,968,876	144,586,635	2,912,561
Assets not subject to depreciation	11,698,774	2,166,988	13,865,762	107,918
Investment in joint venture - 48th District Court (Note 14)	33,827	-	33,827	-
Total assets	117,718,823	102,100,086	219,818,909	6,414,942
Liabilities				
Accounts payable	1,546,070	1,703,708	3,249,778	62,102
Accrued and other liabilities	994,863	477,874	1,472,737	67,558
Unearned revenue (Note 10)	37,034	242,330	279,364	-
Provision for uninsured losses and liabilities (Note 11)	256,194	-	256,194	-
Noncurrent liabilities (Note 7):				
Due within one year	2,983,408	2,781,715	5,765,123	137,279
Due in more than one year	16,180,718	18,482,869	34,663,587	529
Total liabilities	21,998,287	23,688,496	45,686,783	267,468
Net Assets				
Investment in capital assets - Net of related debt	58,469,335	61,916,894	120,386,229	3,020,479
Restricted:				
Solid waste	530,223	-	530,223	-
Debt service	27,942	-	27,942	-
Law and drug enforcement	354,446	-	354,446	-
Park improvements	100,986	-	100,986	-
Other	498,099	-	498,099	-
Corridor improvement authority	-	-	-	38,140
Brownfield redevelopment authority	-	-	-	160,831
Library donations	-	-	-	956,391
Unrestricted	35,739,505	16,494,696	52,234,201	1,971,633
Total net assets	\$ 95,720,536	\$ 78,411,590	\$ 174,132,126	\$ 6,147,474

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

City of Birmingham, Michigan

Functions/Programs	Program Revenue			Expenses
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 4,585,252	\$ 422,454	\$ 169,987	\$ -
Public safety	11,125,068	1,405,229	66,925	-
Public works	7,646,906	279,041	1,182,131	90,070
Community and economic development	1,540,647	1,674,422	17,219	-
Recreation and culture	2,158,428	801,556	48,041	36,437
Interest on long-term debt	723,494	-	1,950	-
Total governmental activities	27,779,795	4,582,702	1,486,253	126,507
Business-type activities:				
Water and sewer	11,778,806	11,292,145	-	-
Automobile parking	3,207,699	4,099,706	-	-
Golf courses	1,119,386	1,003,354	-	-
Total business-type activities	16,105,891	16,395,205	-	-
Total primary government	<u>\$ 43,885,686</u>	<u>\$ 20,977,907</u>	<u>\$ 1,486,253</u>	<u>\$ 126,507</u>
Component units:				
Baldwin Public Library	\$ 3,128,036	\$ 792,892	\$ 151,711	\$ -
Brownfield Redevelopment Authority	37,404	5,320	-	-
Corridor Improvement Authority	190	-	10,000	-
Principal Shopping District	940,909	50,015	946,246	-
Total component units	<u>\$ 4,106,539</u>	<u>\$ 848,227</u>	<u>\$ 1,107,957</u>	<u>\$ -</u>
Unrestricted general revenue:				
Property taxes				
State-shared revenue				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenue and transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

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

Statement of Activities
Year Ended June 30, 2012

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,992,811)	\$ -	\$ (3,992,811)	\$ -
(9,652,914)	-	(9,652,914)	-
(6,095,664)	-	(6,095,664)	-
150,994	-	150,994	-
(1,272,394)	-	(1,272,394)	-
(721,544)	-	(721,544)	-
(21,584,333)	-	(21,584,333)	-
-	(486,661)	(486,661)	-
-	892,007	892,007	-
-	(116,032)	(116,032)	-
-	289,314	289,314	-
(21,584,333)	289,314	(21,295,019)	-
-	-	-	(2,183,433)
-	-	-	(32,084)
-	-	-	9,810
-	-	-	55,352
-	-	-	(2,150,355)
21,784,190	3,332,265	25,116,455	2,463,168
1,649,070	-	1,649,070	14,901
490,319	141,594	631,913	39,929
(6,924)	-	(6,924)	-
(1,038,446)	1,038,446	-	-
22,878,209	4,512,305	27,390,514	2,517,998
1,293,876	4,801,619	6,095,495	367,643
94,426,660	73,609,971	168,036,631	5,779,831
\$ 95,720,536	\$ 78,411,590	\$ 174,132,126	\$ 6,147,474

City of Birmingham, Michigan

Governmental Funds Balance Sheet June 30, 2012

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments (Note 5)	\$ 13,458,512	\$ 3,612,945	\$ 2,868,084	\$ 5,114,925	\$ 1,026,904	\$ 26,081,370
Receivables - Net:						
Customers	356,351	1,321	8,929	47,683	1,308	415,592
Special assessments	11,502	45,296	460,416	103,399	-	620,613
Delinquent personal property taxes	34,487	-	-	-	-	34,487
Prepaid items and other assets	15,038	3,792	-	-	-	18,830
Due from other governmental units	707,043	139,780	56,504	3,752	1,732	908,811
Restricted assets (Note 8)	-	-	-	48,108	-	48,108
Inventories	-	164,450	65,780	-	-	230,230
Total assets	\$ 14,582,933	\$ 3,967,584	\$ 3,459,713	\$ 5,317,867	\$ 1,029,944	\$ 28,358,041
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 495,571	\$ 277,213	\$ 109,621	\$ 197,804	\$ 71,014	\$ 1,151,223
Accrued and other liabilities	598,873	3,821	7,055	-	46,319	656,068
Deferred revenue (Note 10)	189,723	51,076	381,528	112,367	1,057	735,751
Total liabilities	1,284,167	332,110	498,204	310,171	118,390	2,543,042
Fund Balances (Notes 4 and 9)						
Nonspendable	14,038	168,242	65,780	-	-	248,060
Restricted	-	-	-	137,718	911,554	1,049,272
Committed	102,890	1,172,474	503,808	287,530	-	2,066,702
Assigned	101,677	2,294,758	2,391,921	4,582,448	-	9,370,804
Unassigned	13,080,161	-	-	-	-	13,080,161
Total fund balances	13,298,766	3,635,474	2,961,509	5,007,696	911,554	25,814,999
Total liabilities and fund balances	\$ 14,582,933	\$ 3,967,584	\$ 3,459,713	\$ 5,317,867	\$ 1,029,944	\$ 28,358,041

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

City of Birmingham, Michigan

Government Funds Reconciliation of Fund Balances to the Statement of Net Assets June 30, 2012

Fund Balance - Total Governmental Funds	\$ 25,814,999
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	70,957,511
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	698,719
Equity interest in 48th District Court is not reported in governmental funds	33,827
Long-term liabilities are not due and payable in the current period and are not reported in the funds, including related accrued interest	(18,143,128)
Retiree healthcare benefit contributions made in excess of actuarially determined amounts reduce future year contributions	1,775,432
Retirement contributions made in excess of actuarially determined amounts reduce future year contributions	570,812
Internal service funds are included as part of governmental activities	<u>14,012,364</u>
Net Assets - Governmental Activities	<u>\$ 95,720,536</u>

City of Birmingham, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2012

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 18,306,956	\$ -	\$ -	\$ -	\$ 3,608,537	\$ 21,915,493
Licenses and permits	1,997,651	-	-	-	-	1,997,651
Federal grants	16,736	-	-	67,398	56,918	141,052
State sources	1,733,644	837,643	339,766	3,752	-	2,914,805
Charges for services	2,030,467	-	-	-	24,246	2,054,713
Fines and forfeitures	1,202,215	-	-	-	-	1,202,215
Use of money and property	238,399	39,661	49,096	54,091	17,205	398,452
Other	290,071	24,677	248,611	71,859	463	635,681
Total revenue	25,816,139	901,981	637,473	197,100	3,707,369	31,260,062
Expenditures						
Current:						
General government	4,775,432	-	-	-	-	4,775,432
Public safety	10,286,892	-	-	-	145,130	10,432,022
Public works	3,645,813	-	-	-	-	3,645,813
Highway and streets	-	1,036,309	1,250,743	-	-	2,287,052
Community and economic development	1,484,200	-	-	-	17,219	1,501,419
Solid waste disposal	-	-	-	-	1,680,741	1,680,741
48th District Court	647,089	-	-	-	-	647,089
Capital outlay	-	2,718,109	1,091,637	799,004	-	4,608,750
Debt service	-	-	-	-	2,159,328	2,159,328
Total expenditures	20,839,426	3,754,418	2,342,380	799,004	4,002,418	31,737,646
Excess of Revenue Over (Under) Expenditures	4,976,713	(2,852,437)	(1,704,907)	(601,904)	(295,049)	(477,584)
Other Financing Sources (Uses)						
Transfers in (Note 3)	77,000	1,424,860	2,144,850	210,500	27,830	3,885,040
Transfers out (Note 3)	(4,838,656)	-	-	-	(27,830)	(4,866,486)
Total other financing (uses) sources	(4,761,656)	1,424,860	2,144,850	210,500	-	(981,446)
Net Change in Fund Balances	215,057	(1,427,577)	439,943	(391,404)	(295,049)	(1,459,030)
Fund Balances - Beginning of year	13,083,709	5,063,051	2,521,566	5,399,100	1,206,603	27,274,029
Fund Balances - End of year	\$ 13,298,766	\$ 3,635,474	\$ 2,961,509	\$ 5,007,696	\$ 911,554	\$ 25,814,999

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

City of Birmingham, Michigan

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, 2012

Net Change in Fund Balances - Total Governmental Funds **\$ (1,459,030)**

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

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (Note 2)	1,531,943
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	(212,513)
Accrued interest on long-term liabilities	(39,167)
Bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,475,000
Retiree healthcare contributions in excess of actuarially determined amounts are not reported as expense on the statement of activities	392,120
Retirement contributions in excess of actuarially determined amounts are not reported as expense on the statement of activities	77,494
Increases in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	(11,342)
Governmental funds report proceeds from sale; in the statement of activities, only the respective gain or loss is recognized	(16,803)
Internal service funds are also included as governmental activities	(436,856)
Transfer of district court equity	<u>(6,970)</u>

Change in Net Assets of Governmental Activities **\$ 1,293,876**

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

City of Birmingham, Michigan

Proprietary Funds Statement of Net Assets June 30, 2012

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Assets						
Current assets:						
Cash and investments (Note 5)	\$ 2,792,895	\$ 5,480,200	\$ 4,549,487	\$ 193,051	\$ 13,015,633	\$ 10,696,326
Receivables - Net - Customers	1,487,772	3,519,923	259,852	1,226	5,268,773	-
Inventories	-	-	22,770	-	22,770	68
Total current assets	4,280,667	9,000,123	4,832,109	194,277	18,307,176	10,696,394
Noncurrent assets:						
Other assets	44,882	569,625	12,101	30,438	657,046	296,633
Restricted assets (Note 8)	-	-	-	-	-	461,367
Capital assets (Note 6)	17,496,349	45,285,075	18,192,681	2,161,759	83,135,864	4,359,022
Total noncurrent assets	17,541,231	45,854,700	18,204,782	2,192,197	83,792,910	5,117,022
Total assets	21,821,898	54,854,823	23,036,891	2,386,474	102,100,086	15,813,416
Liabilities						
Current liabilities:						
Accounts payable	456,841	975,771	249,766	21,330	1,703,708	395,817
Provision for uninsured losses and liabilities (Note 11)	-	-	-	-	-	256,194
Accrued and other liabilities	77,157	378,536	5,868	16,313	477,874	157,900
Unearned revenue (Note 10)	-	241,913	-	417	242,330	-
Current portion of long-term debt and employee benefits (Note 7)	29,677	2,736,554	-	15,484	2,781,715	107,359
Total current liabilities	563,675	4,332,774	255,634	53,544	5,205,627	917,270
Noncurrent liabilities:						
Provision for employee benefits	307	-	-	146	453	883,782
Long-term debt - Net of current portion (Note 7)	-	18,482,417	-	-	18,482,417	-
Total noncurrent liabilities	307	18,482,417	-	146	18,482,870	883,782
Total liabilities	563,982	22,815,191	255,634	53,690	23,688,497	1,801,052
Net Assets						
Investment in capital assets - Net of related debt	17,496,349	24,066,105	18,192,681	2,161,759	61,916,894	4,359,022
Restricted (Note 8)	-	-	-	-	-	461,367
Unrestricted (Note 4)	3,761,567	7,973,527	4,588,576	171,025	16,494,695	9,191,975
Total net assets	\$ 21,257,916	\$ 32,039,632	\$ 22,781,257	\$ 2,332,784	\$ 78,411,589	\$ 14,012,364

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

City of Birmingham, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2012

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Operating Revenue						
Sale of water	\$ 3,711,564	\$ -	\$ -	\$ -	\$ 3,711,564	\$ -
Sewage disposal charges	-	7,580,580	-	-	7,580,580	-
Golf course fees and charges	-	-	-	1,003,354	1,003,354	-
Charges for services	-	-	-	-	-	4,601,170
Automobile parking system fees and charges	-	-	4,099,706	-	4,099,706	-
Total operating revenue	3,711,564	7,580,580	4,099,706	1,003,354	16,395,204	4,601,170
Operating Expenses						
Cost of water produced/purchased	1,646,271	-	-	-	1,646,271	-
Cost of sewage treatment	-	5,079,391	-	-	5,079,391	-
Operation and maintenance	1,113,670	626,292	2,022,986	985,673	4,748,621	1,161,867
General and administrative	178,612	216,080	113,262	33,800	541,754	3,341,176
Depreciation (Note 6)	701,631	1,497,235	1,071,451	99,912	3,370,229	754,039
Total operating expenses	3,640,184	7,418,998	3,207,699	1,119,385	15,386,266	5,257,082
Operating Income (Loss)	71,380	161,582	892,007	(116,031)	1,008,938	(655,912)
Nonoperating Revenue (Expenses)						
Investment income	35,062	58,518	40,328	7,686	141,594	110,801
Interest expense	-	(719,625)	-	-	(719,625)	-
Federal grant	-	-	-	-	-	124,687
Gain on disposal of assets	-	-	-	-	-	40,568
Property taxes	857	3,331,408	-	-	3,332,265	-
Total nonoperating revenue	35,919	2,670,301	40,328	7,686	2,754,234	276,056
Income (Loss) - Before transfers	107,299	2,831,883	932,335	(108,345)	3,763,172	(379,856)
Transfers from Other Funds (Note 3)	-	-	-	1,058,446	1,058,446	-
Transfers to Other Funds (Note 3)	-	-	-	(20,000)	(20,000)	(57,000)
Change in Net Assets	107,299	2,831,883	932,335	930,101	4,801,618	(436,856)
Net Assets - Beginning of year	21,150,617	29,207,749	21,848,922	1,402,683	73,609,971	14,449,220
Net Assets - End of year	\$ 21,257,916	\$ 32,039,632	\$ 22,781,257	\$ 2,332,784	\$ 78,411,589	\$ 14,012,364

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, 2012

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and others	\$ 3,462,460	\$ 6,864,350	\$ 3,957,644	\$ 1,005,427	\$ 15,289,881	\$ 4,601,893
Payments to suppliers	(2,016,815)	(5,376,845)	(1,897,870)	(491,567)	(9,783,097)	(3,406,048)
Payments to employees	(916,500)	(485,681)	(305,345)	(609,898)	(2,317,424)	(526,439)
Net cash provided by (used in) operating activities	529,145	1,001,824	1,754,429	(96,038)	3,189,360	669,406
Cash Flows from Noncapital Financing Activities						
Transfers from other funds	-	-	-	1,058,446	1,058,446	-
Transfers to other funds	-	-	-	(20,000)	(20,000)	(57,000)
Property taxes	(1,711)	2,376,621	-	-	2,374,910	-
Net cash (used in) provided by noncapital financing activities	(1,711)	2,376,621	-	1,038,446	3,413,356	(57,000)
Cash Flows from Capital and Related Financing Activities						
Principal and interest paid on capital debt	-	(3,410,382)	-	(750,000)	(4,160,382)	-
Purchase of capital assets	(3,331,022)	(1,010,044)	(1,143,673)	(10,543)	(5,495,282)	(2,083,041)
Federal grants	-	-	125,120	-	125,120	124,687
Proceeds from sale of capital assets	-	-	-	-	-	92,665
Property taxes - Restricted for capital debt	-	952,107	-	-	952,107	-
Net cash used in capital and related financing activities	(3,331,022)	(3,468,319)	(1,018,553)	(760,543)	(8,578,437)	(1,865,689)
Cash Flows from Investing Activities -						
Interest received on investments	35,061	58,518	40,328	7,686	141,593	110,801
Net (Decrease) Increase in Cash and Cash Equivalents	(2,768,527)	(31,356)	776,204	189,551	(1,834,128)	(1,142,482)
Cash and Cash Equivalents - Beginning of year	5,561,422	5,511,556	3,773,283	3,500	14,849,761	12,300,175
Cash and Cash Equivalents - End of year	<u>\$ 2,792,895</u>	<u>\$ 5,480,200</u>	<u>\$ 4,549,487</u>	<u>\$ 193,051</u>	<u>\$ 13,015,633</u>	<u>\$ 11,157,693</u>
Balance Sheet Classification of Cash and Cash Equivalents						
Cash and investments	\$ 2,792,895	\$ 5,480,200	\$ 4,549,487	\$ 193,051	\$ 13,015,633	\$ 10,696,326
Restricted investments (Note 8)	-	-	-	-	-	461,367
Total cash and cash equivalents	<u>\$ 2,792,895</u>	<u>\$ 5,480,200</u>	<u>\$ 4,549,487</u>	<u>\$ 193,051</u>	<u>\$ 13,015,633</u>	<u>\$ 11,157,693</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, 2012

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 71,380	\$ 161,582	\$ 892,007	\$ (116,031)	\$ 1,008,938	\$ (655,912)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	701,631	1,497,235	1,071,451	99,912	3,370,229	754,039
Changes in assets and liabilities:						
Receivables	(249,128)	(820,356)	(142,062)	1,656	(1,209,890)	724
Other assets	(20,794)	53,961	(8,265)	(9,404)	15,498	(44,248)
Accounts payable	950	170,623	(60,087)	(75,825)	35,661	286,670
Accrued and other liabilities	25,106	(61,221)	1,385	3,654	(31,076)	328,133
Net cash provided by (used in) operating activities	<u>\$ 529,145</u>	<u>\$ 1,001,824</u>	<u>\$ 1,754,429</u>	<u>\$ (96,038)</u>	<u>\$ 3,189,360</u>	<u>\$ 669,406</u>

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

City of Birmingham, Michigan

Fiduciary Fund
Statement of Fiduciary Net Assets
June 30, 2012

	Pension and Other Employee Benefits	Agency Fund
Assets		
Cash and cash equivalents (Note 5)	\$ 2,788,187	\$ 1,681,223
Investments:		
U.S. government securities	18,187,663	-
Stocks	66,162,265	-
Bonds	20,880,867	-
Receivables and accrued interest	547,667	-
Other assets	37,981	4,100
Total assets	108,604,630	<u>\$ 1,685,323</u>
Liabilities		
Accounts payable	12,204	\$ 51,043
Accrued and other liabilities	418,181	1,634,280
Total liabilities	430,385	<u>\$ 1,685,323</u>
Net Assets - Held in trust for pension and other employee benefits	\$ 108,174,245	

City of Birmingham, Michigan

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2012

	Pension and Other Employee Benefits
Additions	
Investment income:	
Interest and dividends	\$ 2,915,657
Net decrease in fair value of investments	(2,956,380)
Less investment expenses	(465,620)
Net investment income	(506,343)
Contributions:	
Employer	4,526,121
Plan members	543,968
Total contributions	5,070,089
Other revenue	459,885
Total net additions	5,023,631
Deductions	
Benefit payments	8,450,926
Refunds of contributions	709,360
Administrative expenses and other	190,014
Total deductions	9,350,300
Net Decrease	(4,326,669)
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	112,500,914
End of year	\$ 108,174,245

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 Assets June 30, 2012

	Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Totals
Assets					
Cash and investments (Note 5)	\$ 2,133,094	\$ 156,488	\$ 38,140	\$ 838,710	\$ 3,166,432
Receivables	-	5,411	-	59,413	64,824
Due from other governmental units	54,646	-	-	-	54,646
Capital assets (Note 6)	3,019,226	-	-	1,253	3,020,479
Other	77,389	-	-	31,172	108,561
Total assets	5,284,355	161,899	38,140	930,548	6,414,942
Liabilities					
Accounts payable	44,700	1,068	-	16,334	62,102
Accrued and other liabilities	59,040	-	-	8,518	67,558
Noncurrent liabilities (Note 7):					
Due within one year	122,425	-	-	14,854	137,279
Due in more than one year	-	-	-	529	529
Total liabilities	226,165	1,068	-	40,235	267,468
Net Assets					
Investment in capital assets	3,019,226	-	-	1,253	3,020,479
Restricted:					
Corridor Improvement Authority	-	-	38,140	-	38,140
Brownfield Redevelopment Authority	-	160,831	-	-	160,831
Library donations	956,391	-	-	-	956,391
Unrestricted	1,082,573	-	-	889,060	1,971,633
Total net assets	\$ 5,058,190	\$ 160,831	\$ 38,140	\$ 890,313	\$ 6,147,474

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

City of Birmingham, Michigan

	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Baldwin Public Library - Culture and recreation	\$ 3,128,036	\$ 792,892	\$ 151,711
Brownfield Redevelopment Authority - Community development	37,404	5,320	-
Corridor Improvement Authority - Community development	190	-	10,000
Principal Shopping District - Community development	<u>940,909</u>	<u>50,015</u>	<u>946,246</u>
Total governmental activities	<u>\$ 4,106,539</u>	<u>\$ 848,227</u>	<u>\$ 1,107,957</u>

General revenue:

Taxes
State sources
Investment earnings

Total general revenue

Increase in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

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

Component Units
Statement of Activities
Year Ended June 30, 2012

Net (Expense) Revenue and Changes in Net Assets				
Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Total
\$ (2,183,433)	\$ -	\$ -	\$ -	\$ (2,183,433)
-	(32,084)	-	-	(32,084)
-	-	9,810	-	9,810
-	-	-	55,352	55,352
(2,183,433)	(32,084)	9,810	55,352	(2,150,355)
2,319,625	143,543	-	-	2,463,168
14,901	-	-	-	14,901
31,649	1,317	315	6,648	39,929
2,366,175	144,860	315	6,648	2,517,998
182,742	112,776	10,125	62,000	367,643
4,875,448	48,055	28,015	828,313	5,779,831
\$ 5,058,190	\$ 160,831	\$ 38,140	\$ 890,313	\$ 6,147,474

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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 is governed by a six-member board elected directly by the citizens of Birmingham and funded by a specially voted property tax levy. However, the City Commission approves the Library's annual budget, levies the Library millage, and provides the Library facilities. In addition, the Library is not able to issue its own debt. As a result, the Library is fiscally dependent on the City.
- b. The Principal Shopping District was created to promote economic activity within the principal shopping districts of the City by conducting market research and public relations campaigns, developing, coordinating, and conducting retail and institutional promotions, and sponsoring special events and related activities. Its board consists of eight to 12 members appointed by the city manager with the concurrence of the City Commission. The City Commission is responsible for approving the District's budget and setting the amount of its annual assessment.
- c. The Brownfield Redevelopment Authority was created under Act 381 of the Public Acts of the State of Michigan of 1996, to identify and treat distressed areas of the City in order to promote revitalization. The authority is governed by a five-member board which is appointed by the mayor of the City subject to the approval of the City Commission. The City Commission is responsible for approving the Authority's budget.

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 address below:

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

Principal Shopping District
151 Martin Street
Birmingham, MI 48009

Brownfield Redevelopment Authority
151 Martin Street
Birmingham, MI 48009

Corridor Improvement Authority
151 Martin Street
Birmingham, MI 48009

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 revenue, 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue 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 revenue 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 revenue 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 revenue 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 revenue 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 assets are 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 Streets Funds - The Major and Local Streets Funds account for the resources of state gas and weight tax revenue 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 health care 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.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and enterprise funds reported on the proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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 revenue 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 29. 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, 2012 is based on the 2011 levy, which was billed July 1, 2011.

The 2011 taxable valuation of the City totaled \$1,786,600,280, on which ad valorem taxes levied consisted of 11.6883 mills for operating purposes. These mills were allocated to the General Fund (10.3344) and the Sewer Fund (1.3539). Additionally, .8434 mills and 1.7488 mills were levied for solid waste disposal and debt service, respectively. This resulted in \$20.9 million for operating expenses, \$1.5 million for refuse services, and \$3.1 million for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Funds financial statements as tax revenue.

Component Unit (Baldwin Public Library) Property Taxes

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 29. 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, 2012 is based on the 2011 levy, which was billed July 1, 2011.

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2011 taxable value totaled \$1,786,600,280; the Library's millage rate was 1.3200 mills, which resulted in property tax billings of \$2.4 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 Assets 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, 2012, there was approximately \$210,000 in allowances for parking fines, \$67,000 in allowances for delinquent personal property taxes, and approximately \$22,000 in allowances for miscellaneous receivables. Property taxes are 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, 2012, the accumulated prepaid retirement costs were \$570,812, \$57,214, and \$55,726 for governmental, business-type activities, and component units, respectively. Accumulated prepaid retiree healthcare benefit costs were \$1,775,432, \$40,846, and \$38,031 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 assets.

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. These funds are mandated to be reported as major funds by the State of Michigan. 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. The City Commission considers any transfer from the General Fund to the Street Funds as committed or assigned for street maintenance and repair purposes.

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 revenue, expenditures, and changes in fund balances and the government-wide state of activities

The governmental fund statement of revenue, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets 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 \$1,531,943 difference are as follows:

Capital outlay	\$ 5,013,086
Depreciation expense	<u>(3,481,143)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,531,943</u>

Note 3 - Interfund Receivables, Payables, and Transfers

For the year ended June 30, 2012, interfund transfers reported in the fund statements were as follows:

	Transfers Out				Total
	General Fund	Nonmajor Governmental	Golf Courses	Internal Service Funds	
Transfers in:					
General Fund	\$ -	\$ -	\$ 20,000 (3)	\$ 57,000 (5)	\$ 77,000
Major Streets Fund	1,424,860 (1)	-	-	-	1,424,860
Local Streets Fund	2,144,850 (1)	-	-	-	2,144,850
Capital Projects Fund	210,500 (2)	-	-	-	210,500
Nonmajor governmental	-	27,830 (4)	-	-	27,830
Golf courses	<u>1,058,446 (2)(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,446</u>
Total	<u>\$ 4,838,656</u>	<u>\$ 27,830</u>	<u>\$ 20,000</u>	<u>\$ 57,000</u>	<u>\$ 4,943,486</u>

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers for capital improvements
- (3) Fee in lieu of taxes
- (4) Elimination of prior and current year deficits
- (5) Transfer of surplus funds from the Equipment Fund

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, 2012 is as follows:

Deficit as of June 30, 2011	\$ (386,667)
Building permit revenue	1,326,269
Related expenses:	
Direct costs	\$1,142,369
Estimated indirect costs	<u>111,708</u>
Total construction code expenses	<u>1,254,077</u>
Deficit as of June 30, 2012	<u>\$ (314,475)</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; bankers' 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 \$3.5 million in total bank deposits (certificates of deposit, checking and savings accounts). Of that amount, approximately \$2.2 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	\$11,746,690	\$ 4,521,545	\$ 7,225,145	\$ -	\$ -
Retirement Fund	4,643,591	1,113,495	1,224,112	1,619,405	686,579
Retiree Health Care	1,170,688	220,536	375,544	455,777	118,831
U.S. agency:					
General investments	35,792,480	3,066,220	32,726,260	-	-
Retirement Fund	10,284,473	-	877,434	272,500	9,134,539
Retiree Health Care	2,088,912	-	194,100	60,885	1,833,927
Corporate bonds:					
Retirement Fund	17,472,916	226,117	4,803,272	8,433,906	4,009,621
Retiree Health Care	3,407,951	41,327	1,014,675	1,657,697	694,252
Commercial paper -					
General investments	3,493,744	3,493,744	-	-	-

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

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	\$ 8,921,579	
	AAA	115,551	S&P
	AA+	39,116,101	S&P
Corporate bonds	Unrated	3,380,140	
	AAA	1,874,604	S&P
	AA+	506,660	S&P
	AA	555,112	S&P
	AA-	668,937	S&P
	A+	1,443,657	S&P
	A	1,760,158	S&P
	A-	2,624,602	S&P
	BBB+	1,327,790	S&P
	BBB	1,888,524	S&P
	BBB-	2,467,021	S&P
	BB+	639,178	S&P
	BB	412,645	S&P
	BB-	525,323	S&P
	B+	256,842	S&P
	B	259,078	S&P
B-	290,596	S&P	
Commercial paper	A-1	3,493,744	S&P
Pooled funds	Unrated	4,925,923	
	AAA	208,311	S&P

Concentration of Credit Risk - At June 30, 2012, 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	10%	-	-
Federal Home Loan Mortgage	24%	-	-
Federal National Mortgage Assn.	20%	8%	9%
Federal Home Loan Bank	11%	-	-

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 is as follows:

	Balance July 1, 2011	Additions	Disposals and Adjustments	Balance June 30, 2012
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 10,337,835	\$ -	\$ -	\$ 10,337,835
Art and historical treasures	771,324	45,000	-	816,324
Construction in progress	<u>764,852</u>	<u>462,782</u>	<u>683,019</u>	<u>544,615</u>
Subtotal	11,874,011	507,782	683,019	11,698,774
Capital assets being depreciated:				
Road and sidewalks	52,719,067	4,253,331	2,577,259	54,395,139
Buildings and improvements	21,348,304	69,731	-	21,418,035
Improvements other than buildings	11,054,051	195,012	-	11,249,063
Machinery and equipment	<u>13,720,972</u>	<u>2,666,788</u>	<u>635,814</u>	<u>15,751,946</u>
Subtotal	98,842,394	7,184,862	3,213,073	102,814,183
Accumulated depreciation:				
Road and sidewalks	23,339,831	2,542,706	2,577,260	23,305,277
Buildings and improvements	4,036,729	179,947	-	4,216,676
Improvements other than buildings	1,791,070	505,679	-	2,296,749
Machinery and equipment	<u>8,937,786</u>	<u>1,006,850</u>	<u>566,914</u>	<u>9,377,722</u>
Subtotal	<u>38,105,416</u>	<u>4,235,182</u>	<u>3,144,174</u>	<u>39,196,424</u>
Net capital assets being depreciated	<u>60,736,978</u>	<u>2,949,680</u>	<u>68,899</u>	<u>63,617,759</u>
Net capital assets	<u>\$ 72,610,989</u>	<u>\$ 3,457,462</u>	<u>\$ 751,918</u>	<u>\$ 75,316,533</u>

Note 6 - Capital Assets (Continued)

	Balance July 1, 2011	Additions	Disposals and Adjustments	Balance June 30, 2012
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 1,597,920	\$ -	\$ -	\$ 1,597,920
Construction in progress	<u>759,450</u>	<u>562,326</u>	<u>752,708</u>	<u>569,068</u>
Subtotal	2,357,370	562,326	752,708	2,166,988
Capital assets being depreciated:				
Water and sewer distribution systems	81,860,626	4,537,315	778,132	85,619,809
Land improvements	2,477,611	-	-	2,477,611
Building and building improvements	33,670,317	1,137,804	-	34,808,121
Machinery and equipment	<u>3,088,086</u>	<u>10,543</u>	<u>-</u>	<u>3,098,629</u>
Subtotal	121,096,640	5,685,662	778,132	126,004,170
Accumulated depreciation:				
Water and sewer distribution systems	21,813,098	2,206,383	778,132	23,241,349
Land improvements	91,987	73,370	-	165,357
Building and building improvements	18,113,954	937,910	-	19,051,864
Machinery and equipment	<u>2,424,158</u>	<u>152,566</u>	<u>-</u>	<u>2,576,724</u>
Subtotal	<u>42,443,197</u>	<u>3,370,229</u>	<u>778,132</u>	<u>45,035,294</u>
Net capital assets being depreciated	<u>78,653,443</u>	<u>2,315,433</u>	<u>-</u>	<u>80,968,876</u>
Net capital assets	<u>\$ 81,010,813</u>	<u>\$ 2,877,759</u>	<u>\$ 752,708</u>	<u>\$ 83,135,864</u>

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

	Balance July 1, 2011	Additions	Disposals and Adjustments	Balance June 30, 2012
Component Units				
Capital assets not being depreciated -				
Fine arts	\$ 107,918	\$ -	\$ -	\$ 107,918
Capital assets being depreciated:				
Equipment and building improvements	3,108,834	341,812	57,737	3,392,909
Books, periodicals, etc.	<u>9,671,212</u>	<u>322,416</u>	<u>61,893</u>	<u>9,931,735</u>
Subtotal	12,780,046	664,228	119,630	13,324,644
Less accumulated depreciation	<u>9,812,402</u>	<u>718,755</u>	<u>119,074</u>	<u>10,412,083</u>
Net capital assets being depreciated	<u>2,967,644</u>	<u>(54,527)</u>	<u>556</u>	<u>2,912,561</u>
Net capital assets	<u>\$ 3,075,562</u>	<u>\$ (54,527)</u>	<u>\$ 556</u>	<u>\$ 3,020,479</u>

Note 6 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 181,884
Public safety	172,385
Public works	2,495,701
Economic development	8,252
Recreation and culture	622,921
Internal Service Fund depreciation is charged to the various function based on their usage of the asset	<u>754,039</u>
Total governmental activities	<u>\$ 4,235,182</u>
Business-type activities:	
Water and sewer	\$ 2,198,866
Automobile parking system	1,071,451
Golf courses	<u>99,912</u>
Total business-type activities	<u>\$ 3,370,229</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	\$ 3,167,998	\$ 592,520
Street/bridge projects	2,446,369	1,526,437
Sewer improvements	1,000,931	360,746
Parking deck improvements	753,673	698,934
Building improvements	441,968	174,246
Other	333,223	426,825
Sidewalks	239,193	49,167
Park improvements	8,061	52,887
Fire pumper	-	597,861
Vehicles	<u>-</u>	<u>139,106</u>
Total	<u>\$ 8,391,416</u>	<u>\$ 4,618,730</u>

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
Governmental Activities							
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	\$ 4,500,000	\$ -	\$ (600,000)	\$ 3,900,000	\$ 700,000
2003 Refunding Bonds:							
Amount of issue - \$9,055,000	2.00% -	\$425,000 -					
Maturing through 2012	4.00%	\$1,500,000	1,475,000	-	(725,000)	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	8,745,000	-	(50,000)	8,695,000	50,000
Less: deferred amount on refunding			(391,739)		30,134	(361,605)	(30,134)
2008 Parks and Recreation Bonds:							
Amount of issue - \$4,000,000	3.00% -	\$100,000 -					
Maturing through 2029	4.00%	\$300,000	3,800,000	-	(100,000)	3,700,000	100,000
Total general obligation bonds			18,128,261	-	(1,444,866)	16,683,395	1,569,866
Notes payable:							
MDEQ Brownfield Redevelopment Loan:							
Amount of loan - \$300,000	2.00%	\$27,398 -					
Maturing through 2019		\$32,743	239,859	-	(27,946)	211,913	28,505
Total bonds and notes payable			18,368,120	-	(1,472,812)	16,895,308	1,598,371
Accumulated employee benefits			2,117,445	276,102	(124,729)	2,268,818	1,385,037
Total governmental activities			\$ 20,485,565	\$ 276,102	\$ (1,597,541)	\$ 19,164,126	\$ 2,983,408

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At year end, \$959,516 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.

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
2004 Refunding Bonds:							
Amount of issue - \$9,930,000	2.00% -	\$85,000 -					
Maturing through 2020	4.00%	\$1,155,000	\$ 8,810,000	\$ -	\$ (635,000)	\$ 8,175,000	\$ 680,000
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	9,075,718	-	(1,600,879)	7,474,839	1,608,831
Add: deferred amount on refunding			537	-	(90)	447	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	4,368,823	-	(287,317)	4,081,506	295,857
Less: deferred amount on refunding			(18,512)	-	1,424	(17,088)	(1,424)
North Arm Drain Bonds:							
Amount of issue - \$13,877,387	1.10% -	\$121,756 -					
Maturing through 2021	1.30%	\$174,693	1,654,205	-	(149,940)	1,504,265	153,200
Total contractual obligations			15,080,771	-	(2,036,802)	13,043,969	2,056,554
Total bonds and contractual obligations			23,890,771	-	(2,671,802)	21,218,969	2,736,554
Accumulated employee benefits			36,497	10,101	(982)	45,616	45,161
Total business-type activities			\$ 23,927,268	\$ 10,101	\$ (2,672,784)	\$ 21,264,585	\$ 2,781,715

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 total \$12,312,891 and \$1,661,214, respectively.

Note 7 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 1,628,505	\$ 636,166	\$ 2,264,671	\$ 2,737,888	\$ 631,476	\$ 3,369,364
2014	879,075	591,908	1,470,983	2,839,896	552,011	3,391,907
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
2018-2022	7,013,573	1,577,983	8,591,556	6,645,722	625,234	7,270,956
2023-2027	3,880,000	367,625	4,247,625	700,457	38,536	738,993
2028-2029	600,000	24,000	624,000	50,556	1,799	52,355
Total	<u>\$17,256,913</u>	<u>\$ 4,742,903</u>	<u>\$ 21,999,816</u>	<u>\$21,235,610</u>	<u>\$ 2,982,279</u>	<u>\$ 24,217,889</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 \$48,108, which represents unspent bond proceeds that are restricted for park improvement projects.

The balance of the restricted assets in the internal service funds is \$461,367, 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.

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	\$ 14,038	\$ 168,242	\$ 65,780	\$ -	\$ -	\$ 248,060
Restricted for:						
Solid waste disposal	-	-	-	-	529,166	529,166
Law enforcement	-	-	-	-	354,446	354,446
Park improvements	-	-	-	100,986	-	100,986
Debt service	-	-	-	-	27,942	27,942
Other purposes	-	-	-	36,732	-	36,732
Committed to:						
Traffic signals	-	186,401	-	-	-	186,401
Street improvements	-	923,259	497,641	-	-	1,420,900
Bridge improvements	-	62,814	2,557	-	-	65,371
Park improvements	39,271	-	-	-	-	39,271
Sidewalk improvements	49,169	-	-	-	-	49,169
Library HVAC improvements	-	-	-	158,482	-	158,482
Streetlight improvements	-	-	-	108,571	-	108,571
Other purposes	14,450	-	3,610	20,477	-	38,537
Assigned to:						
Highway and street projects	-	2,294,758	2,391,921	-	-	4,686,679
Fire station renovations and repairs	-	-	-	2,511,346	-	2,511,346
Park improvements	-	-	-	1,326,700	-	1,326,700
Library HVAC improvements	-	-	-	122,175	-	122,175
Woodward Ave. crossing improvements	-	-	-	150,000	-	150,000
Ice arena improvements	-	-	-	117,016	-	117,016
Downtown streetlights	-	-	-	215,000	-	215,000
Other purposes	101,677	-	-	140,211	-	241,888
Unassigned	13,080,161	-	-	-	-	13,080,161
Total fund balances	\$ 13,298,766	\$ 3,635,474	\$ 2,961,509	\$ 5,007,696	\$ 911,554	\$ 25,814,999

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:

City of Birmingham, Michigan

Notes to Financial Statements June 30, 2012

Note 10 - Deferred Revenue (Continued)

	<u>Unavailable</u>	<u>Unearned</u>
Monies received for subsequent year's operations	\$ -	\$ 37,034
Parking tickets and charges for services	115,551	
Special assessments and delinquent property taxes	<u>583,166</u>	<u>-</u>
Total deferred revenue	<u>\$ 698,717</u>	<u>\$ 37,034</u>

Unearned revenue in the Sewer Fund reflects prepaid capacity use of a combined sewer overflow retention facility by the Oakland County Water Resources Commissioner.

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>2012</u>	<u>2011</u>
Unpaid claims - Beginning of year	\$ 124,882	\$ 316,235
Incurred claims - Including claims incurred but not reported	2,442,294	2,192,566
Claim payments	<u>(2,310,982)</u>	<u>(2,383,919)</u>
Unpaid claims - End of year	<u>\$ 256,194</u>	<u>\$ 124,882</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 statements and required supplemental 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 2 percent to 3 percent of their covered salary is required. The funding policy provides for periodic employer contributions at actuarially determined rates which for fiscal year 2011-2012 was 13.99 percent of annual covered payroll plus \$204,787 for general employees and 21.93 percent for public safety employees.

Annual Pension Cost - For 2012, the City's annual pension cost of \$1,904,912 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>2010</u>	<u>2011</u>	<u>2012</u>
Employees' Retirement System:			
Annual pension costs (APC)	\$1,229,185	\$1,653,046	\$1,904,912
Percentage of APC contributed	143%	103%	105%
Net pension obligation	\$ (528,406)	\$ (581,899)	\$ (683,752)

Note 12 - Pension Plans (Continued)

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

	<u>Actuarial Valuation as of June 30</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial value of assets	\$ 99,632,855	\$ 95,403,870	\$ 91,659,219
Actuarial accrued liability (entry age)	\$100,123,655	\$101,747,595	\$106,978,900
Overfunded (unfunded) AAL	\$ (490,800)	\$ (6,343,725)	\$(15,319,681)
Funded ratio	99.5%	93.8%	85.7%
Covered payroll	\$11,059,972	\$ 10,714,397	\$ 9,789,046
Overfunded (unfunded) AAL as a percentage of covered payroll	(4.4)%	(59.2)%	(156.5)%

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

	<u>Governmental</u>	<u>Business-type</u>	<u>Component</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Units</u>	
Annual required contribution	\$ 1,687,669	\$ 131,103	\$ 105,736	\$1,924,508
Interest on prior year net pension obligation	(34,532)	(3,086)	(3,115)	(40,733)
Adjustment to the annual required contribution	<u>18,422</u>	<u>1,502</u>	<u>1,212</u>	<u>21,136</u>
Annual pension cost	1,671,559	129,519	103,833	1,904,911
Amounts contributed	<u>(1,749,053)</u>	<u>(142,657)</u>	<u>(115,054)</u>	<u>(2,006,764)</u>
Decrease in net pension obligation (NPO)	(77,494)	(13,138)	(11,221)	(101,853)
NPO - Beginning of year	<u>(493,318)</u>	<u>(44,077)</u>	<u>(44,504)</u>	<u>(581,899)</u>
NPO - End of year	<u>\$ (570,812)</u>	<u>\$ (57,215)</u>	<u>\$ (55,725)</u>	<u>\$ (683,752)</u>

As of June 30, 2012, the plan's legally required reserves have been funded as follows:

Reserve for employer contributions	\$ 18,605,570
Reserve for employees' contributions	6,469,231
Reserve for retired benefit payments	64,388,643
Reserve for deferred retirement option plan benefit payments	914,458

Note 12 - Pension Plans (Continued)

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at June 30, 2010 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	not to exceed 5%	200% of employee contrib. not to exceed 6%	\$1.30/hr. \$1.95/overtime hr.	\$1.20/hr. \$1.80/overtime hr.	12%
Employee contribution	3%	no mandatory contribution	\$.65/hr. \$.98/overtime hr.	\$.60/hr.	5%
Vesting period	5 years	3 years	5 years	5 years	7 years

At June 30, 2012, 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	4	15	0	1	3
Employer contributions	\$11,967	\$25,237	\$0	\$2,609	\$2,922
Employee contributions	\$7,181	\$12,574	\$0	\$1,284	\$1,217

Note 13 - Postemployment Benefits

Defined Benefit Retirement Health Care Plan

Plan Description - The City of Birmingham Retirement Health Care Fund (RHCF) is a single-employer defined benefit healthcare plan administered by the City. The plan does not issue a separate stand-alone financial statement. 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, 2012, the plan had the following plan members:

Active service members:	
General employees	73
Public safety employees	47
Deferred members	7
Retired members and beneficiaries	<u>222</u>
Total members	<u>349</u>

The 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 percent to 3 percent 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 and 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

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, 2012, plan members or beneficiaries receiving benefits contributed \$252,511. The City is required to contribute at a rate equivalent to the annual required contribution (ARC) (27.28 percent or \$2.52 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, 2010 (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)
\$13,918,089	\$54,553,866	\$40,635,777	25.5%	\$10,714,397	379.3%

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

	Governmental Activities	Business-type Activities	Component Units	Total
Annual required contribution	\$ 2,163,963	\$ 195,596	\$ 159,798	\$ 2,519,357
Interest on prior year net OPEB obligation	(96,832)	(926)	(1,061)	(98,819)
Adjustment to the annual required contribution	28,428	2,570	2,099	33,097
Annual OPEB cost	2,095,559	197,240	160,836	2,453,635
Amounts contributed:				
Employer contribution	(2,163,963)	(195,596)	(159,798)	(2,519,357)
ERRP reimbursement	(92,021)	(8,318)	(6,795)	(107,134)
Medicare subsidies	(231,695)	(20,942)	(17,110)	(269,747)
Increase in net OPEB obligation	(392,120)	(27,616)	(22,867)	(442,603)
Net OPEB obligation - Beginning of year	(1,383,312)	(13,230)	(15,164)	(1,411,706)
Net OPEB obligation - End of year	<u>\$ (1,775,432)</u>	<u>\$ (40,846)</u>	<u>\$ (38,031)</u>	<u>\$ (1,854,309)</u>

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:

	<u>Fiscal Year Ended June 30</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employees' Retiree Health Care System:			
Annual OPEB costs	\$ 1,911,839	\$ 2,656,203	\$ 2,453,635
City percentage contributed	103.8%	102.6%	102.7%
Federal percentage contributed	5.4%	5.4%	15.4%
Net OPEB obligation	\$(1,200,220)	\$(1,411,706)	\$(1,854,309)

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 supplemental 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, 2012 are as follows:

Valuation date:	June 30, 2008
Actuarial cost method:	Individual entry age
Amortization method:	General: Level Dollar-Closed Police/Fire: Level Percent of Pay-Open
Remaining amortization periods	30 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. The plan does not issue a separate stand-alone financial statement. Plan provisions are established and amended by the City Commission either through resolution or union contracts. The plan covers non-union, library, and Teamster employees hired on or after July 1, 2006, AFSCME employees hired after January 1, 2007, firefighters hired on or after July 1, 2009, police officers/command hired on or after July 1, 2011, and firefighters hired on or after April 1, 2012. In addition, Teamster and AFSCME employees currently eligible for defined benefit healthcare benefits will also receive a defined contribution benefit. Participation in this plan is optional for non-union employees. Non-union employees hired before July 1, 2006 may opt out of the defined benefit retirement health care plan and enroll in this plan. Contribution rates and vesting periods are as follows:

	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 ⁽¹⁾	\$50/pay	\$50/pay	\$50/pay	\$50/pay	N/A	N/A
	1/1/1993 - 6/30/2006 ⁽²⁾	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

⁽¹⁾ After 7/1/2007 for AFSCME employees

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

Note 13 - Postemployment Benefits (Continued)

At June 30, 2012, 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	5	6	22	30	3	3
Employer Contributions	\$4,780	\$7,150	\$23,370	\$38,600	\$2,400	\$487
Employee Contributions	\$4,787	\$5,364	\$0	\$18,089	\$2,031	\$487

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's equity interest in the joint venture is insignificant. Complete financial statements for the Birmingham Area Cablecasting Board can be obtained from the administrative offices at 30400 Telegraph Road, Suite 328, Birmingham, MI 48010.

Southeastern Oakland County Water Authority

The City is a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2012, the City expensed \$1,646,271 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 \$264,000 at June 30, 2012. 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, 2012, the City expensed \$1,346,309 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 \$669,501 and its share of Court revenue amounted to \$713,243 for the Court's year ended December 31, 2011. Complete audited financial statements for the Court can be obtained from the Court's administrative offices at 4280 Telegraph Road in Bloomfield Township. The City's equity interest at June 30, 2012 is \$33,827.

Note 15 - Upcoming GASB Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernment) in which the transferor conveys to an operator the right and relation obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2013 fiscal year.

Note 15 - Upcoming GASB Pronouncements (Continued)

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

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

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

In March 2012, the GASB issued 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. GASB 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*. GASB 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.

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Required Supplemental Information

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City of Birmingham, Michigan

Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual (Budgetary Basis) (See Note B)	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 18,381,610	\$ 18,251,610	\$ 18,306,956	\$ 55,346
Licenses and permits	1,698,690	2,028,690	1,997,651	(31,039)
Intergovernmental revenue	1,414,600	1,734,600	1,750,380	15,780
Charges for services	2,325,010	2,060,010	2,030,467	(29,543)
Fines and forfeitures	1,113,000	1,113,000	1,202,215	89,215
Interest and rent	312,500	237,500	238,399	899
Other	115,300	295,300	290,071	(5,229)
Transfers from other funds	<u>77,000</u>	<u>77,000</u>	<u>77,000</u>	<u>-</u>
Total revenue	25,437,710	25,797,710	25,893,139	95,429
Expenditures				
General government	4,739,520	4,817,297	4,775,432	41,865
Public safety	10,715,850	10,192,498	10,286,892	(94,394)
Community development	1,529,770	1,585,520	1,484,200	101,320
Engineering and public services	4,033,090	3,919,409	3,645,813	273,596
Contingency	178,350	-	-	-
Transfers to other funds	<u>4,241,130</u>	<u>5,519,576</u>	<u>5,485,745</u>	<u>33,831</u>
Total expenditures	<u>25,437,710</u>	<u>26,034,300</u>	<u>25,678,082</u>	<u>356,218</u>
Excess of Revenue (Under) Over Expenditures	-	(236,590)	215,057	451,647
Fund Balances - Beginning of year	<u>13,083,709</u>	<u>13,083,709</u>	<u>13,083,709</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 13,083,709</u>	<u>\$ 12,847,119</u>	<u>\$ 13,298,766</u>	<u>\$ 451,647</u>

City of Birmingham, Michigan

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 Major Streets Fund
 Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Intergovernmental revenue	\$ 697,300	\$ 697,300	\$ 837,643	\$ 140,343
Other revenue	14,300	14,300	24,677	10,377
Interest and rent	26,770	26,770	39,661	12,891
Transfers from other funds	<u>1,424,860</u>	<u>1,424,860</u>	<u>1,424,860</u>	<u>-</u>
Total revenue	2,163,230	2,163,230	2,326,841	163,611
Expenditures				
Maintenance of streets and bridges	633,110	636,055	310,863	325,192
Street cleaning	166,460	177,489	148,233	29,256
Street trees	271,780	271,780	236,693	35,087
Traffic controls and engineering	462,400	686,211	341,263	344,948
Snow and ice removal	345,960	315,960	153,070	162,890
Administrative	19,410	19,410	19,270	140
Capital outlay - Engineering and construction of roads and bridges	<u>1,192,360</u>	<u>3,339,834</u>	<u>2,545,026</u>	<u>794,808</u>
Total expenditures	<u>3,091,480</u>	<u>5,446,739</u>	<u>3,754,418</u>	<u>1,692,321</u>
Excess of Expenditures Over Revenue	(928,250)	(3,283,509)	(1,427,577)	1,855,932
Fund Balances - Beginning of year	<u>5,063,051</u>	<u>5,063,051</u>	<u>5,063,051</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 4,134,801</u>	<u>\$ 1,779,542</u>	<u>\$ 3,635,474</u>	<u>\$ 1,855,932</u>

City of Birmingham, Michigan

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 Local Streets Fund
 Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Intergovernmental revenue	\$ 293,480	\$ 293,480	\$ 339,766	\$ 46,286
Other revenue	369,270	159,270	248,611	89,341
Interest and rent	53,860	43,860	49,096	5,236
Transfers from other funds	<u>1,924,850</u>	<u>2,144,850</u>	<u>2,144,850</u>	<u>-</u>
Total revenue	2,641,460	2,641,460	2,782,323	140,863
Expenditures				
Maintenance of streets and bridges	791,440	848,873	385,710	463,163
Street cleaning	195,310	196,339	146,806	49,533
Street trees	652,490	652,490	586,947	65,543
Traffic controls and engineering	97,350	122,350	102,715	19,635
Snow and ice removal	221,500	196,500	80,262	116,238
Administrative	27,640	27,640	27,500	140
Capital outlay - Engineering and construction of roads and bridges	<u>1,127,360</u>	<u>1,673,834</u>	<u>1,012,440</u>	<u>661,394</u>
Total expenditures	<u>3,113,090</u>	<u>3,718,026</u>	<u>2,342,380</u>	<u>1,375,646</u>
Excess of Revenue (Under) Over Expenditures	(471,630)	(1,076,566)	439,943	1,516,509
Fund Balances - Beginning of year	<u>2,521,566</u>	<u>2,521,566</u>	<u>2,521,566</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 2,049,936</u>	<u>\$ 1,445,000</u>	<u>\$ 2,961,509</u>	<u>\$ 1,516,509</u>

City of Birmingham, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2012

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
6/30/07	\$ 99,375,188	\$ 89,832,272	\$ 9,542,916	110.6	\$ 11,561,631	82.5
6/30/08	102,374,310	96,642,109	5,732,201	105.9	11,756,272	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	*	*	*	*	*	*

* Information not available

Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution		Percentage Contributed	
		General *	Police and Fire	General	Police and Fire
6/30/08	6/30/05	\$ 1,034,107	**	100.0	**
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

* 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, 2011, 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
Asset valuation method	4-year smoothed market
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, 2012

The schedule of funding progress for the Retiree Health Care 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	**	**	**	**	**	**

* No valuation prepared

** Information not available

Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/08	6/30/05	\$ 1,842,693	124.4
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

* 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, 2010, the latest actuarial valuation date, follows:

Employees' Retirement System

Actuarial cost method	Individual entry age
Amortization method	General/Fire: Level dollar - Closed
	Police: Level percent - Open
Remaining amortization period	28 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 revenue and expenditures presented for the General, Special Revenue, Debt Service, and Capital Projects Funds are reported as originally adopted or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations that were adopted.

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 to the 48th 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 th District Court	\$ (647,089)
Transfers out	<u>647,089</u>
Total adjustments	<u>\$ -</u>

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Other Supplemental Information

City of Birmingham, Michigan

	Nonmajor Special Revenue Funds		
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures
Assets			
Cash and investments	\$ 608,154	\$ -	\$ 364,436
Receivables - Net - Customers	1,308	-	-
Due from other governmental units	-	1,732	-
Total assets	<u>\$ 609,462</u>	<u>\$ 1,732</u>	<u>\$ 364,436</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 59,292	\$ 1,732	\$ 9,990
Accrued and other liabilities	19,947	-	-
Deferred revenue	1,057	-	-
Total liabilities	80,296	1,732	9,990
Fund Balances - Restricted			
Solid waste disposal	529,166	-	-
Law enforcement	-	-	354,446
Debt service	-	-	-
Total fund balances	<u>529,166</u>	<u>-</u>	<u>354,446</u>
Total liabilities and fund balances	<u>\$ 609,462</u>	<u>\$ 1,732</u>	<u>\$ 364,436</u>

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

<u>Nonmajor Debt Service Funds</u>	<u>2002 Parks and Recreation</u>	<u>Total Nonmajor Governmental Funds</u>
2003 Refunding		
\$ 29,825	\$ 24,489	\$ 1,026,904
-	-	1,308
<u>-</u>	<u>-</u>	<u>1,732</u>
<u>\$ 29,825</u>	<u>\$ 24,489</u>	<u>\$ 1,029,944</u>
\$ -	\$ -	\$ 71,014
9,427	16,945	46,319
<u>-</u>	<u>-</u>	<u>1,057</u>
9,427	16,945	118,390
-	-	529,166
-	-	354,446
<u>20,398</u>	<u>7,544</u>	<u>27,942</u>
<u>20,398</u>	<u>7,544</u>	<u>911,554</u>
<u>\$ 29,825</u>	<u>\$ 24,489</u>	<u>\$ 1,029,944</u>

City of Birmingham, Michigan

	Nonmajor Special Revenue Funds		
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures
Revenue			
Property taxes	\$ 1,482,338	\$ -	\$ -
Federal grants	-	17,219	39,699
Charges for services	24,246	-	-
Use of money and property	11,665	-	3,589
Other	-	-	463
Total revenue	1,518,249	17,219	43,751
Expenditures			
Current:			
Public safety	-	-	145,130
Solid waste	1,680,741	-	-
Community development	-	17,219	-
Debt service	-	-	-
Total expenditures	1,680,741	17,219	145,130
Excess of Expenditures Over Revenue	(162,492)	-	(101,379)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing (uses) sources	-	-	-
Net Change in Fund Balance	(162,492)	-	(101,379)
Fund Balances (Deficit) - Beginning of year	691,658	-	455,825
Fund Balances - End of year	\$ 529,166	\$ -	\$ 354,446

Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

Nonmajor Debt Service Funds	2002 Parks and Recreation	Total Nonmajor Governmental Funds
2003 Refunding		
\$ 748,151	\$ 1,378,048	\$ 3,608,537
-	-	56,918
-	-	24,246
465	1,486	17,205
-	-	463
<u>748,616</u>	<u>1,379,534</u>	<u>3,707,369</u>
-	-	145,130
-	-	1,680,741
-	-	17,219
<u>760,838</u>	<u>1,398,490</u>	<u>2,159,328</u>
<u>760,838</u>	<u>1,398,490</u>	<u>4,002,418</u>
(12,222)	(18,956)	(295,049)
-	27,830	27,830
<u>(27,830)</u>	<u>-</u>	<u>(27,830)</u>
<u>(27,830)</u>	<u>27,830</u>	<u>-</u>
(40,052)	8,874	(295,049)
<u>60,450</u>	<u>(1,330)</u>	<u>1,206,603</u>
<u>\$ 20,398</u>	<u>\$ 7,544</u>	<u>\$ 911,554</u>

City of Birmingham, Michigan

Other Supplemental Information
 Budgetary Comparison
 Capital Projects Fund
 Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Intergovernmental revenue	\$ 83,170	\$ 71,070	\$ 71,150	\$ 80
Interest and rent	100,990	50,990	54,091	3,101
Other revenue	10,890	10,890	71,859	60,969
Transfers from other funds	<u>210,500</u>	<u>210,500</u>	<u>210,500</u>	<u>-</u>
Total revenue	405,550	343,450	407,600	64,150
Expenditures	<u>487,740</u>	<u>1,174,293</u>	<u>799,004</u>	<u>375,289</u>
Excess of Expenditures Over Revenue	(82,190)	(830,843)	(391,404)	439,439
Fund Balances - Beginning of year	<u>5,399,100</u>	<u>5,399,100</u>	<u>5,399,100</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 5,316,910</u>	<u>\$ 4,568,257</u>	<u>\$ 5,007,696</u>	<u>\$ 439,439</u>

Other Supplemental Information
Budgetary Comparison
Nonmajor Governmental Funds
Year Ended June 30, 2012

Special Revenue Fund - Solid Waste

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Taxes	\$ 1,505,000	\$ 1,475,000	\$ 1,482,338	\$ 7,338
Charges for services	20,900	20,900	24,246	3,346
Interest	21,270	11,270	11,665	395
Total revenue	1,547,170	1,507,170	1,518,249	11,079
Expenditures				
Refuse pickup	1,373,100	1,373,100	1,373,139	(39)
Equipment rental	100,000	100,000	121,793	(21,793)
Salaries	144,170	144,170	174,809	(30,639)
Miscellaneous	33,650	33,650	6,680	26,970
Capital outlay	21,500	21,500	4,320	17,180
Total expenditures	1,672,420	1,672,420	1,680,741	(8,321)
Excess of Expenditures Over Revenue	(125,250)	(165,250)	(162,492)	2,758
Fund Balances - Beginning of year	691,658	691,658	691,658	-
Fund Balances - End of year	\$ 566,408	\$ 526,408	\$ 529,166	\$ 2,758

Other Supplemental Information
 Budgetary Comparison Schedule
 Nonmajor Governmental Funds (Continued)
 Year Ended June 30, 2012

Special Revenue Fund - Community Development Block Grant

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue - Intergovernmental	\$ 37,500	\$ 37,500	\$ 17,219	\$ (20,281)
Expenditures - Community development	37,500	37,500	17,219	20,281
Excess of Revenue Over Expenditures	-	-	-	-
Fund Balances - Beginning of year	-	-	-	-
Fund Balances - 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, 2012

Special Revenue Fund - Law and Drug Forfeiture Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Fines and forfeitures	\$ 26,000	\$ 26,000	\$ 39,699	\$ 13,699
Interest and other	5,530	5,530	3,589	(1,941)
Other	-	-	463	463
Total revenue	31,530	31,530	43,751	12,221
Expenditures				
Public safety	5,000	5,000	1,023	3,977
Capital outlay	126,610	193,736	144,107	49,629
Total expenditures	131,610	198,736	145,130	53,606
Excess of Expenditures Over Revenue	(100,080)	(167,206)	(101,379)	65,827
Fund Balances - Beginning of year	455,825	455,825	455,825	-
Fund Balances - End of year	\$ 355,745	\$ 288,619	\$ 354,446	\$ 65,827

Other Supplemental Information
 Budgetary Comparison Schedule
 Nonmajor Governmental Funds (Continued)
 Year Ended June 30, 2012

Debt Service Funds

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Taxes	\$ 2,158,020	\$ 2,119,020	\$ 2,126,199	\$ 7,179
Interest and other	4,120	1,620	1,951	331
Total revenue	2,162,140	2,120,640	2,128,150	7,510
Expenditures	2,159,390	2,159,390	2,159,328	62
Excess of Revenue Over (Under) Expenditures	2,750	(38,750)	(31,178)	7,572
Fund Balances - Beginning of year	59,120	59,120	59,120	-
Fund Balances - End of year	\$ 61,870	\$ 20,370	\$ 27,942	\$ 7,572

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Net Assets Internal Service Funds June 30, 2012

	Equipment	Personal Services	Risk Management	Total
Assets				
Current assets:				
Cash and investments	\$ 6,821,853	\$ 547,145	\$ 3,327,328	\$ 10,696,326
Inventory	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>
Total current assets	6,821,921	547,145	3,327,328	10,696,394
Noncurrent assets:				
Prepaid costs and other assets	8,040	-	288,593	296,633
Restricted assets	-	-	461,367	461,367
Capital assets	<u>4,359,022</u>	<u>-</u>	<u>-</u>	<u>4,359,022</u>
Total noncurrent assets	<u>4,367,062</u>	<u>-</u>	<u>749,960</u>	<u>5,117,022</u>
Total assets	11,188,983	547,145	4,077,288	15,813,416
Liabilities				
Current liabilities:				
Accounts payable	291,575	-	104,242	395,817
Accrued liabilities	10,720	-	147,180	157,900
Provision for uninsured losses and liabilities	-	-	256,194	256,194
Current portion of long-term debt and employee benefits	<u>61,725</u>	<u>-</u>	<u>45,634</u>	<u>107,359</u>
Total current liabilities	364,020	-	553,250	917,270
Noncurrent liabilities - Provision for employee benefits	<u>340</u>	<u>469,209</u>	<u>414,233</u>	<u>883,782</u>
Total liabilities	<u>364,360</u>	<u>469,209</u>	<u>967,483</u>	<u>1,801,052</u>
Net Assets				
Investment in capital assets	4,359,022	-	-	4,359,022
Restricted	-	-	461,367	461,367
Unrestricted	<u>6,465,601</u>	<u>77,936</u>	<u>2,648,438</u>	<u>9,191,975</u>
Total net assets	<u>\$ 10,824,623</u>	<u>\$ 77,936</u>	<u>\$ 3,109,805</u>	<u>\$ 14,012,364</u>

City of Birmingham, Michigan

Other Supplemental Information
Combining Statement of Revenue, Expenses,
and Changes in Net Assets
Internal Service Funds
Year Ended June 30, 2012

	Equipment	Personal Services	Risk Management	Total
Operating Revenue - Charges to other funds	\$ 2,062,906	\$ -	\$ 2,538,264	\$ 4,601,170
Operating Expenses				
General and administrative	-	170,477	3,170,699	3,341,176
Supplies and other operating expenses	1,161,867	-	-	1,161,867
Depreciation	<u>754,039</u>	<u>-</u>	<u>-</u>	<u>754,039</u>
Total operating expenses	<u>1,915,906</u>	<u>170,477</u>	<u>3,170,699</u>	<u>5,257,082</u>
Operating Income (Loss)	147,000	(170,477)	(632,435)	(655,912)
Nonoperating Income				
Interest earned	71,995	5,245	33,561	110,801
Federal grant	124,687			124,687
Gain on sale of capital assets	<u>40,568</u>	<u>-</u>	<u>-</u>	<u>40,568</u>
Net nonoperating income	<u>237,250</u>	<u>5,245</u>	<u>33,561</u>	<u>276,056</u>
Income (Loss)	384,250	(165,232)	(598,874)	(379,856)
Transfers Out	<u>(57,000)</u>	<u>-</u>	<u>-</u>	<u>(57,000)</u>
Changes in Net Assets	327,250	(165,232)	(598,874)	(436,856)
Net Assets - Beginning of year	<u>10,497,373</u>	<u>243,168</u>	<u>3,708,679</u>	<u>14,449,220</u>
Net Assets - End of year	<u>\$ 10,824,623</u>	<u>\$ 77,936</u>	<u>\$ 3,109,805</u>	<u>\$ 14,012,364</u>

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2012

	Equipment	Personal Services	Risk Management	Total
Cash Flows from Operating Activities				
Receipts from customers and others	\$ 2,062,906	\$ -	\$ 2,538,987	\$ 4,601,893
Payments to suppliers	(363,417)	-	(3,042,631)	(3,406,048)
Payments to employees	(520,695)	(5,744)	-	(526,439)
	<u>1,178,794</u>	<u>(5,744)</u>	<u>(503,644)</u>	<u>669,406</u>
Net cash provided by (used in) operating activities				
	1,178,794	(5,744)	(503,644)	669,406
Cash Flows from Noncapital Financing Activities -				
Transfer to other funds	(57,000)	-	-	(57,000)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(2,083,041)	-	-	(2,083,041)
Federal grants	124,687	-	-	124,687
Proceeds from sale of capital assets	92,665	-	-	92,665
	<u>(1,865,689)</u>	<u>-</u>	<u>-</u>	<u>(1,865,689)</u>
Net cash used in capital and related financing activities				
	(1,865,689)	-	-	(1,865,689)
Cash Flows from Investing Activities - Interest received on investments				
	<u>71,995</u>	<u>5,245</u>	<u>33,561</u>	<u>110,801</u>
Net Decrease in Cash and Cash Equivalents				
	(671,900)	(499)	(470,083)	(1,142,482)
Cash and Cash Equivalents - Beginning of year				
	<u>7,493,753</u>	<u>547,644</u>	<u>4,258,778</u>	<u>12,300,175</u>
Cash and Cash Equivalents - End of year				
	<u>\$ 6,821,853</u>	<u>\$ 547,145</u>	<u>\$ 3,788,695</u>	<u>\$ 11,157,693</u>
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 6,821,853	\$ 547,145	\$ 3,327,328	\$ 10,696,326
Restricted investments	-	-	461,367	461,367
	<u>6,821,853</u>	<u>547,145</u>	<u>3,788,695</u>	<u>11,157,693</u>
Total cash and cash equivalents				
	<u>\$ 6,821,853</u>	<u>\$ 547,145</u>	<u>\$ 3,788,695</u>	<u>\$ 11,157,693</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 147,000	\$ (170,477)	\$ (632,435)	\$ (655,912)
Adjustment to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	754,039	-	-	754,039
Changes in assets and liabilities:				
Receivables	-	-	724	724
Other assets	(2,090)	-	(42,158)	(44,248)
Accounts payable	270,597	-	16,073	286,670
Accrued and other liabilities	9,248	164,733	154,152	328,133
	<u>1,178,794</u>	<u>(5,744)</u>	<u>(503,644)</u>	<u>669,406</u>
Net cash provided by (used in) operating activities				
	<u>\$ 1,178,794</u>	<u>\$ (5,744)</u>	<u>\$ (503,644)</u>	<u>\$ 669,406</u>

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2012

	Pension Trust Fund	Retiree Health Care	Total
Assets			
Cash and investments	\$ 2,291,632	\$ 496,555	\$ 2,788,187
Investments:			
U.S. government securities	14,928,063	3,259,600	18,187,663
Stocks	55,527,016	10,635,249	66,162,265
Bonds	17,472,916	3,407,951	20,880,867
Receivables and accrued interest	295,703	251,964	547,667
Other assets	-	37,981	37,981
Total assets	90,515,330	18,089,300	108,604,630
Liabilities			
Accounts payable	-	12,204	12,204
Accrued and other liabilities	137,428	280,753	418,181
Total liabilities	137,428	292,957	430,385
Net Assets - Held in trust for pension and other employee benefits	\$ 90,377,902	\$ 17,796,343	\$ 108,174,245

Other Supplemental Information
Combining Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2012

	Pension Trust Fund	Retiree Health Care	Total
Additions			
Investment income:			
Interest and dividends	\$ 2,431,926	\$ 483,731	\$ 2,915,657
Net increase in fair value of investments	(2,565,910)	(390,470)	(2,956,380)
Less investment expenses	(384,720)	(80,900)	(465,620)
Net investment income	(518,704)	12,361	(506,343)
Contributions:			
Employer	2,006,764	2,519,357	4,526,121
Plan members	291,456	252,512	543,968
Total contributions	2,298,220	2,771,869	5,070,089
Other revenue	52,338	407,547	459,885
Total net additions	1,831,854	3,191,777	5,023,631
Deductions			
Benefit payments	5,619,154	2,831,772	8,450,926
Refunds of contributions	697,771	11,589	709,360
Administrative expenses	186,884	3,130	190,014
Total deductions	6,503,809	2,846,491	9,350,300
Net (Decrease) Increase in Net Assets Held in Trust for Pension Benefits	(4,671,955)	345,286	(4,326,669)
Net Assets Held in Trust for Pension Benefits			
Beginning of year	95,049,857	17,451,057	112,500,914
End of year	\$ 90,377,902	\$ 17,796,343	\$ 108,174,245

City of Birmingham, Michigan

Other Supplemental Information
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Assets				
Cash and investments	\$ 1,629,516	\$ 88,146,157	\$ 88,094,450	\$ 1,681,223
Receivables - Accrued interest	<u>4,100</u>	<u>-</u>	<u>-</u>	<u>4,100</u>
Total assets	<u>\$ 1,633,616</u>	<u>\$ 88,146,157</u>	<u>\$ 88,094,450</u>	<u>\$ 1,685,323</u>
Liabilities				
Accounts payable	\$ 26,984	\$ 1,310,042	\$ 1,285,984	\$ 51,042
Accrued liabilities and deposits	<u>1,606,632</u>	<u>142,888,013</u>	<u>142,860,364</u>	<u>1,634,281</u>
Total liabilities	<u>\$ 1,633,616</u>	<u>\$ 144,198,055</u>	<u>\$ 144,146,348</u>	<u>\$ 1,685,323</u>

Statistical Section

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City of Birmingham, Michigan

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.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	87-96
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property taxes.	97-104
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	105-112
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time with other governments.	113-117
Operating Information 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 No. 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				
Invested in capital assets, net of related debt	\$ 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 assets	<u>\$ 60,818,943</u>	<u>\$ 66,012,044</u>	<u>\$ 70,714,828</u>	<u>\$ 79,870,969</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 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 assets	<u>\$ 50,215,181</u>	<u>\$ 53,641,078</u>	<u>\$ 57,319,336</u>	<u>\$ 60,783,680</u>
Primary government				
Invested in capital assets, net or related debt	\$ 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 assets	<u>\$ 111,034,124</u>	<u>\$ 119,653,122</u>	<u>\$ 128,034,164</u>	<u>\$ 140,654,649</u>

^(a) Starting in fiscal year June 30, 2011, Major and Local Streets net assets were reclassified from restricted to unrestricted.

Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

June 30				
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011^(a)</u>	<u>2012</u>
\$ 53,059,163	\$ 52,819,897	\$ 54,202,554	\$ 54,349,065	\$ 58,469,335
9,778,799	10,127,990	9,419,471	1,679,316	1,511,696
<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>\$ 87,961,238</u>	<u>\$ 89,619,993</u>	<u>\$ 92,070,712</u>	<u>\$ 94,426,660</u>	<u>\$ 95,720,536</u>
\$ 50,434,743	\$ 52,448,072	\$ 54,829,062	\$ 57,120,041	\$ 61,916,894
-	-	-	-	-
<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>\$ 65,034,273</u>	<u>\$ 67,561,082</u>	<u>\$ 70,281,131</u>	<u>\$ 73,609,971</u>	<u>\$ 78,411,590</u>
\$ 103,493,906	\$ 105,267,969	\$ 109,031,616	\$ 111,469,106	\$ 120,386,229
9,778,799	10,127,990	9,419,471	1,679,316	1,511,696
<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>\$ 152,995,511</u>	<u>\$ 157,181,075</u>	<u>\$ 162,351,843</u>	<u>\$ 168,036,631</u>	<u>\$ 174,132,126</u>

City of Birmingham, Michigan

Schedule 2

	Fiscal Year Ended June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 a</u>
Governmental activities:				
Expenses				
General government	\$ 4,274,062	\$ 4,185,288	\$ 4,170,097	\$ 4,615,465
Public safety	9,551,684	10,548,261	10,762,477	10,866,289
Public works	5,415,066	6,747,200	6,790,761	7,091,099
Community and economic development	1,570,097	1,582,068	2,403,825	1,875,319
Recreation and culture	1,447,417	1,529,228	1,731,180	1,968,067
Interest on long-term debt	<u>871,144</u>	<u>811,327</u>	<u>796,230</u>	<u>691,966</u>
Total expenses	<u>23,129,470</u>	<u>25,403,372</u>	<u>26,654,570</u>	<u>27,108,205</u>
Program Revenues				
Charges for services:				
General government	166,262	303,151	193,288	380,921
Public safety	1,387,850	1,733,626	1,753,163	1,453,059
Public works	616,455	291,266	346,660	220,857
Community and economic development	1,597,551	2,076,302	2,148,951	1,223,222
Recreation and culture	838,634	794,978	806,742	828,184
Operating grants and contributions	1,464,006	1,404,890	1,510,259	1,529,347
Capital grants and contributions	<u>625,982</u>	<u>2,179,561</u>	<u>1,300,424</u>	<u>5,157,018</u>
Total program revenues	<u>6,696,740</u>	<u>8,783,774</u>	<u>8,059,487</u>	<u>10,792,608</u>
Total Governmental Activities Net Program Expenses	<u>16,432,730</u>	<u>16,619,598</u>	<u>18,595,083</u>	<u>16,315,597</u>
General Revenues and Other Changes in Net Assets				
Property taxes	18,914,232	19,463,836	20,687,616	22,152,298
State-shared revenues	1,822,737	1,799,241	1,790,712	1,732,302
Investment earnings	396,859	526,333	845,105	1,566,735
Miscellaneous	2,795	2,002	(4,603)	48,407
Special item - Demolition of building	-	-	-	-
Transfers	<u>(21,876)</u>	<u>21,287</u>	<u>(20,963)</u>	<u>(27,470)</u>
Total general revenues and other changes in net assets	<u>21,114,747</u>	<u>21,812,699</u>	<u>23,297,867</u>	<u>25,472,272</u>
Total Governmental Activities Change in Net Assets	<u>\$ 4,682,017</u>	<u>\$ 5,193,101</u>	<u>\$ 4,702,784</u>	<u>\$ 9,156,675</u>

^a2007 includes \$4.1 million in federal and state grant funds for the Adams Road Bridge Replacement.

Changes in Net Assets
Last Nine 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>
\$ 4,685,092	\$ 4,650,046	\$ 4,409,008	\$ 4,365,192	\$ 4,585,252
11,273,754	11,197,054	11,389,356	11,214,160	11,125,068
7,693,016	8,431,979	8,165,768	8,182,861	7,646,906
1,796,065	1,635,989	1,570,274	1,391,438	1,540,647
2,140,253	2,139,133	1,941,500	1,995,905	2,158,428
734,287	818,203	806,707	742,076	723,494
<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>
367,640	386,899	528,799	415,289	422,454
1,373,662	1,214,959	1,369,818	1,258,651	1,405,229
399,405	343,905	321,013	262,024	279,041
1,028,760	1,158,839	1,117,689	1,357,113	1,674,422
848,171	796,608	817,442	805,793	801,556
1,391,199	1,741,339	1,252,029	1,313,530	1,486,253
<u>3,910,855</u>	<u>1,049,066</u>	<u>363,579</u>	<u>426,356</u>	<u>126,507</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>19,002,775</u>	<u>22,180,789</u>	<u>22,512,244</u>	<u>22,052,876</u>	<u>21,584,333</u>
23,279,582	22,901,101	22,677,733	22,534,629	21,784,190
1,747,291	1,675,281	1,496,216	1,518,034	1,649,070
2,020,505	1,338,730	707,362	450,037	490,319
25,666	6,894	61,652	52,124	(6,924)
-	(2,102,460)	-	-	-
<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>(146,000)</u>	<u>(1,038,446)</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>\$ 8,090,269</u>	<u>\$ 1,658,757</u>	<u>\$ 2,450,719</u>	<u>\$ 2,355,948</u>	<u>\$ 1,293,876</u>

City of Birmingham, Michigan

Schedule 2

	Fiscal Year Ended June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Business-type Activities:				
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	<u>974,624</u>	<u>1,054,367</u>	<u>1,066,650</u>	<u>1,099,025</u>
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	<u>64,014</u>	<u>13,659</u>	-	-
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 Expenses	<u>1,550,816</u>	<u>1,007,798</u>	<u>897,885</u>	<u>1,650,958</u>
General Revenues and Other Changes in Net Assets				
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	<u>21,876</u>	<u>(21,287)</u>	<u>20,963</u>	<u>27,470</u>
Total general revenues and other changes in net assets	<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 Assets	<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 Assets	<u>\$ 6,573,306</u>	<u>\$ 8,618,998</u>	<u>\$ 8,381,044</u>	<u>\$ 12,621,019</u>

Changes in Net Assets (Continued)
Last Nine 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>
\$ 9,547,433	\$ 9,602,230	\$ 10,101,858	\$ 10,667,174	\$ 11,778,806
3,285,579	3,923,862	3,217,660	3,255,726	3,207,699
<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>13,911,225</u>	<u>14,630,245</u>	<u>14,389,825</u>	<u>15,073,425</u>	<u>16,105,891</u>
8,284,887	7,775,992	8,597,161	10,031,937	11,292,145
3,754,252	3,664,014	3,570,668	3,837,198	4,099,706
985,469	1,021,878	946,467	881,120	1,003,354
-	-	-	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>886,617</u>	<u>2,168,361</u>	<u>1,275,529</u>	<u>198,050</u>	<u>(289,314)</u>
4,256,794	4,203,739	3,785,008	3,251,700	3,332,265
900,415	511,432	230,570	129,190	141,594
<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>146,000</u>	<u>1,038,446</u>
<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>\$ 4,250,592</u>	<u>\$ 2,526,810</u>	<u>\$ 2,720,049</u>	<u>\$ 3,328,840</u>	<u>\$ 4,801,619</u>
<u>\$ 12,340,861</u>	<u>\$ 4,185,567</u>	<u>\$ 5,170,768</u>	<u>\$ 5,684,788</u>	<u>\$ 6,095,495</u>

City of Birmingham, Michigan

Schedule 3

	June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 897,036	\$ 992,775	\$ 1,362,654	\$ 1,562,317
Designated	-	-	-	-
Unreserved	4,165,479	5,294,617	5,982,117	7,286,316
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 5,062,515</u>	<u>\$ 6,287,392</u>	<u>\$ 7,344,771</u>	<u>\$ 8,848,633</u>
All Other Governmental Funds				
Reserved ^a	\$ 10,726,375	\$ 9,666,801	\$ 11,654,051	\$ 7,250,718
Designated, reported in:				
Capital projects fund ^b	3,171,195	3,037,924	3,172,187	3,245,465
Unreserved, reported in:				
Special revenue funds ^c	751,190	867,541	-	-
Capital projects fund	958,701	798,929	556,673	777,328
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 15,607,461</u>	<u>\$ 14,371,195</u>	<u>\$ 15,382,911</u>	<u>\$ 11,273,511</u>

Source: Governmental funds balance sheet

^aReserved fund balance at 6/30/03 for Other Governmental Funds reflects the balance of a \$15.7 million Parks & Recreation bond issue sold in fiscal year 2003.

^bDesignated fund balance for Other Governmental Funds at 6/30/03 reflects a reduction of beginning fund balance in the amount of \$7,758,674. This represents sewer-related bond proceeds which had been accounted for in debt service funds in fiscal years 2000, 2001, and 2002. These are now accounted for in the Sewage-Disposal Fund in accordance with GASB No. 34.

^cIn 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.

^dFund balance classifications for fiscal years 2011 and 2012 are in conformance with GASB No. 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011^d</u>	<u>2012^d</u>
\$ 1,986,891	\$ 313,408	\$ 218,413	\$ 886,030	\$ -	\$ -
500,000	735,025	-	251,880	-	-
8,176,854	10,430,754	11,352,459	10,363,888	-	-
-	-	-	-	799,384	14,038
-	-	-	-	-	-
-	-	-	-	2,426	102,890
-	-	-	-	94,497	101,677
-	-	-	-	12,187,402	13,080,161
<u>\$ 10,663,745</u>	<u>\$ 11,479,187</u>	<u>\$ 11,570,872</u>	<u>\$ 11,501,798</u>	<u>\$ 13,083,709</u>	<u>\$ 13,298,766</u>
\$ 7,899,224	\$ 13,134,471	\$ 12,202,989	\$ 9,347,952	\$ -	\$ -
1,477,453	2,057,504	3,405,744	4,395,691	-	-
-	-	-	-	-	-
933,555	1,058,483	889,012	917,256	-	-
-	-	-	-	193,612	234,022
-	-	-	-	1,335,045	1,049,272
-	-	-	-	144,846	1,963,812
-	-	-	-	12,518,147	9,269,127
-	-	-	-	(1,330)	-
<u>\$ 10,310,232</u>	<u>\$ 16,250,458</u>	<u>\$ 16,497,745</u>	<u>\$ 14,660,899</u>	<u>\$ 14,190,320</u>	<u>\$ 12,516,233</u>

City of Birmingham, Michigan

Schedule 4

	Fiscal Year Ended June 30				
	2003	2004	2005	2006	2007
Revenue					
Property taxes and special assessments	\$ 16,157,523	\$ 19,311,096	\$ 20,193,516	\$ 21,225,051	\$ 22,586,390
Licenses and permits	1,554,182	1,788,000	2,325,043	2,082,832	1,471,868
Federal grants	936,125	358,157	167,152	305,584	273,887
State sources	3,719,633	3,157,699	4,085,860	3,162,540	2,987,264
Charges for services	2,300,941	2,441,215	2,170,661	2,706,414	2,762,206
Fines and forfeitures	1,310,556	1,268,379	1,611,650	1,480,147	1,422,209
Use of money and property	379,343	360,197	509,800	871,444	1,517,744
Other revenue	235,449	346,684	236,698	539,346	217,507
Total revenue	26,593,752	29,031,427	31,300,380	32,373,358	33,239,075
Expenditures					
General government	4,462,205	4,781,522	4,975,125	5,074,225	5,367,207
Public safety	8,684,771	8,999,008	9,751,923	10,360,896	10,602,175
Public works	3,828,632	3,406,619	3,266,816	3,246,268	3,290,440
Highway and streets	2,074,639	2,268,936	2,774,938	2,528,375	2,562,731
Community and economic development	1,414,364	1,648,463	1,632,810	2,458,714	1,908,941
Solid waste disposal	1,316,938	1,519,664	1,494,526	1,577,262	1,588,623
Contributions	866,178	681,247	940,609	869,377	768,622
Capital outlay ^a	13,361,958	4,180,968	3,117,195	7,605,553	4,725,070
Debt service:					
Interest	521,564	914,514	825,825	812,263	684,365
Principal	350,000	550,000	525,000	725,000	900,000
Total expenditures	36,881,249	28,950,941	29,304,767	35,257,933	32,398,174
Excess of revenues (under) over expenditures	(10,287,497)	80,486	1,995,613	(2,884,575)	840,901
Other Financing Sources (Uses)					
Transfers in	2,926,235	3,270,895	4,063,066	4,012,561	6,089,460
Transfers out	(2,794,515)	(3,292,771)	(3,989,585)	(4,033,524)	(6,116,930)
Loan proceeds	-	-	-	300,000	-
Bond issuance ^b	15,700,000	5,130,000	-	-	8,881,348
Payments to bond escrow agent	-	(5,200,000)	-	-	(8,842,409)
Total other financing sources (uses)	15,831,720	(91,876)	73,481	279,037	11,469
Net change in fund balances	\$ 5,544,223	\$ (11,390)	\$ 2,069,094	\$ (2,605,538)	\$ 852,370
Debt service as a percentage of noncapital expenditures ^c	3.9%	6.1%	5.3%	5.7%	5.7%

NRA=Not readily available

^aCapital outlay for 2003 includes purchase of the Barnum property for \$8.5 million.

^bParks and recreation bonds were issued in 2003 in the amount of \$15.7 million.

^c 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				
2008	2009	2010	2011	2012
\$ 24,319,277	\$ 23,722,152	\$ 23,355,496	\$ 23,082,343	\$ 21,915,493
1,306,345	1,452,722	1,515,554	1,683,426	1,997,651
468,915	714,029	236,478	186,528	141,052
3,021,448	2,902,148	2,718,412	2,676,147	2,914,805
2,288,815	2,244,186	2,250,830	2,108,899	2,054,713
1,188,631	1,060,422	1,214,127	1,036,303	1,202,215
1,910,769	1,270,423	595,958	353,133	398,452
350,214	233,823	215,301	176,241	635,681
<u>34,854,414</u>	<u>33,599,905</u>	<u>32,102,156</u>	<u>31,303,020</u>	<u>31,260,062</u>
5,429,209	5,318,511	4,942,453	4,772,333	4,775,432
11,155,388	10,833,054	10,731,549	10,699,725	10,432,022
3,514,572	3,594,641	3,644,733	3,229,878	3,645,813
3,083,656	3,681,423	3,269,797	2,906,394	2,287,052
1,821,498	1,683,326	1,586,976	1,427,516	1,501,419
1,561,829	1,601,925	1,637,880	1,643,041	1,680,741
694,993	617,413	836,635	655,417	647,089
3,164,577	4,211,925	5,504,239	2,637,088	4,608,750
701,236	787,675	773,084	729,296	684,328
965,000	1,025,000	1,245,000	1,345,000	1,475,000
<u>32,091,958</u>	<u>33,354,893</u>	<u>34,172,346</u>	<u>30,045,688</u>	<u>31,737,646</u>
2,762,456	245,012	(2,070,190)	1,257,332	(477,584)
5,191,880	5,380,640	5,231,430	3,720,000	3,885,040
(5,171,880)	(5,286,680)	(5,067,160)	(3,866,000)	(4,866,486)
-	-	-	-	-
3,973,212	-	-	-	-
-	-	-	-	-
<u>3,993,212</u>	<u>93,960</u>	<u>164,270</u>	<u>(146,000)</u>	<u>(981,446)</u>
<u>\$ 6,755,668</u>	<u>\$ 338,972</u>	<u>\$ (1,905,920)</u>	<u>\$ 1,111,332</u>	<u>\$ (1,459,030)</u>
5.8%	6.4%	7.2%	7.5%	8.1%

City of Birmingham, Michigan

Schedule 5

Year Ended June 30	Taxable Value				Total
	Residential Property	Commercial Property	Industrial Property	Personal Property	
2003	\$ 1,162,634,718	\$ 261,405,270	\$ 9,683,680	\$ 58,533,820	\$ 1,492,257,488
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

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% of true cash value), limited for each property by the lower of 5% or inflation for as long as the parcel does not change ownership. When ownership is transferred, the taxable value reverts to the assessed value.

^aPer \$1,000 of taxable value

Assessed Value and Taxable
Value of Property
Last Ten Fiscal Years

Direct Tax Rate ^a	Estimated Actual Value	Value as a Percentage of Actual Value	Total Assessed Value	Value as a Percentage of True Value
14.87	\$ 4,134,445,980	36.1%	\$ 2,067,222,990	50%
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%

City of Birmingham, Michigan

Schedule 6

Fiscal Year Ended <u>June 30</u>	City Direct Rates					Overlapping Rates			
	Basic Charter Operating Rate ^a	Refuse ^b	Baldwin Public Library ^c	Debt Service ^d	Total Direct	Oakland County			Total County Rate
						County	Community College	Intermediate School District	
2003	11.50	0.83	1.54	1.00	14.87 ^e	4.65	1.61	3.42	9.68
2004 ^e	11.61	0.93	1.57	1.46	15.57	4.65	1.60	3.40	9.64
2005	11.71	0.87	1.55	1.30	15.43 ^e	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

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.

^aThe City charter general operating tax rate limit is 20.00 mills per \$1,000 of taxable valuation.

^bMichigan law allows the City to levy up to 3.00 mills per \$1,000 of taxable value for refuse collection.

^cThe 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.

^dCity 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.

^eBeginning 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.

^fSuburban 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 decimal places)*

<u>Overlapping Rates</u>				<u>Total Rates</u>	
<u>Birmingham Public Schools</u>					
<u>Homestead</u>	<u>Non-Homestead</u>	<u>SMART^f</u>	<u>Zoo Authority</u>	<u>Homestead</u>	<u>Non-Homestead</u>
17.75	25.45	0.60	0.00	42.90	50.60
16.43	24.55	0.60	0.00	42.24	50.37
18.41	26.97	0.60	0.00	44.05	52.61
18.21	27.26	0.60	0.00	43.48	52.53
17.82	27.24	0.59	0.00	42.97	52.39
17.16	27.00	0.59	0.00	41.97	51.81
16.74	26.90	0.59	0.10	41.13	51.28
17.38	26.90	0.59	0.10	41.89	51.41
18.08	26.90	0.59	0.10	43.37	52.19
19.02	27.00	0.59	0.10	44.91	52.89

City of Birmingham, Michigan

Schedule 7

June 30, 2012					
<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	\$ 33,720,070	1	1.89%	
Palladium/Related Retail	Retail	14,616,800	2	0.82%	
DTE Energy	Utility	10,509,760	3	0.59%	
Geoff Hockman & Associates	Hotel, Office, Residential	10,039,540	4	0.56%	
VS Birmingham Limited	Retail, Office	9,816,130	5	0.55%	
James Eshaki,/J.P. Equities	Office, Retail	9,333,520	6	0.52%	
Associates of 555	Office, Retail, Parking, Apts	7,649,000	7	0.43%	
Rosso Development	Office, Residential, Apts	5,780,380	8	0.32%	
Prudential Investments	Office	5,531,780	9	0.31%	
Kroger/TopValco	Retail	5,369,260	10	0.30%	
Paul Johnson	Apartments, Commercial	-		-	
Media One of Michigan	Office	-		-	
Jacobson's	Retail	-		-	
Total taxable value of 10 largest taxpayers		112,366,240		6.29%	
Total taxable value of all other taxpayers		1,674,234,040		93.71%	
Total taxable value of all taxpayers		<u>\$ 1,786,600,280</u>		<u>100.00%</u>	

Source: City of Birmingham Assessor's Office

Principal Property Taxpayers
Current Year and Nine Years Ago

June 30, 2003

<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
\$ 13,628,920	4	0.91%
19,233,580	1	1.29%
8,437,740	5	0.57%
16,670,100	3	1.12%
-		
7,853,620	6	0.53%
6,215,560	8	0.42%
5,088,870	10	0.34%
-		
-		
18,308,300	2	1.23%
7,581,730	7	0.51%
5,464,430	9	0.37%
<hr/>		
108,482,850		7.27%
1,383,774,638		92.73%
<hr/>		
<u>\$ 1,492,257,488</u>		<u>100.00%</u>

City of Birmingham, Michigan

Schedule 8

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year - Original Levy ^{a,c,g}		Adjusted Levy at Settlement ^f	Collected Within the Fiscal Year of the Levy ^{b,d}	
	Adjustments	Amount		Percentage of Original Levy	
2003	\$ 22,193,468	\$ 47,618	\$ 22,241,086	\$ 17,191,132	77.46%
2004	24,946,153	(68,761)	24,877,392	17,855,315	71.58%
2005	26,465,501	(70,295)	26,395,205	19,541,389	73.84%
2006	27,889,480	(150,577)	27,738,903	21,121,312	75.73%
2007	29,514,861	(42,915)	29,471,946	22,160,959	75.08%
2008	30,894,721	(153,017)	30,741,704	24,821,539	80.34%
2009	29,612,497	(104,757)	29,507,740	26,334,298	88.93%
2010	28,798,870	(38,243)	28,760,627	27,725,980	96.27%
2011	28,192,503	(82,454)	28,110,049	29,449,126	104.46%
2012	27,973,477	(132,233)	27,841,244	30,696,286	109.73%

Source: City of Birmingham Finance Department

NRA= Not readily available

NA=Not available

^aIncludes 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.

^bIncludes 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.

^cFrom 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.

^dBeginning 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.

^eRepresents collections of personal property taxes and PA 189 taxes, if any.

^fRepresents amended levy at time of settlement with Oakland County. It does not reflect subsequent adjustments to the levy which are not readily available.

^gBeginning 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

<u>Total Collections to Date</u>		
Collections in Subsequent Years ^e	Amount	Percentage of Adjusted Levy
NRA	NRA	NRA
\$ 22,579	\$ 17,877,894	71.86%
20,093	19,561,482	74.11%
(739)	21,120,573	76.14%
15,511	22,176,470	75.25%
30,382	24,851,921	80.84%
21,134	26,355,432	89.32%
29,026	27,755,006	96.50%
24,458	29,473,584	104.85%
NA	NA	NA

City of Birmingham, Michigan

Schedule 9

Fiscal Year Ended <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Primary Government
	General Obligation Bonds ^a	Brownfield Redevelopment Loans	General Obligation Bonds	Contractual Obligations ^b	
2003	\$21,250,000	\$ -	\$ 16,345,000	\$ 27,663,312	\$ 65,258,312
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

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

^aIn 2002-2003, general obligation bonds for parks and recreation were issued in the amount of \$15.7 million.

^bCity of Birmingham's share of general obligation bonds issued by Oakland County.

^cSee Schedule 5 for property value data. Personal income data is not available.

^dSee Schedule 14 for population data.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Percentage of Actual Taxable Value of <u>Property</u>^c	Per <u>Capita</u>^d
4.37%	\$ 3,353
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

City of Birmingham, Michigan

Schedule 10

Fiscal Year Ended <u>June 30</u>	Net General Bonded Debt Outstanding				Less: Funds Restricted to Repayment of Debt ^c	Total
	General Obligation Bonds ^a	Brownfield Redevelopment Loans	Contractual Obligations ^b			
2003	\$ 37,595,000	\$ -	\$ 27,663,312	\$ (10,078)	\$ 65,248,234	
2004	35,655,000	-	26,228,128	(109,710)	61,773,418	
2005	34,660,000	-	24,801,276	(109,458)	59,351,818	
2006	32,475,000	300,000	23,343,203	(102,105)	56,016,098	
2007	30,755,000	300,000	21,821,028	(107,427)	52,768,601	
2008	32,092,859	300,000	20,206,512	(103,268)	52,496,103	
2009	30,602,993	300,000	18,857,893	(125,434)	49,635,452	
2010	28,843,127	267,257	17,005,015	(115,003)	46,000,396	
2011	26,938,261	239,859	15,080,771	(86,541)	42,172,350	
2012	24,858,395	211,913	13,043,969	(54,314)	38,059,963	

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

^aIn 2002-2003, general obligation bonds for parks and recreation were issued in the amount of \$15.7 million.

^bCity of Birmingham's share of general obligation bonds issued by Oakland County.

^cPrior to implementation of GASB 34 in 2003, cash reserved for repayment of tax-supported business-type debt was recorded in the Debt Service Funds. Beginning in 2003, this amount is recorded in the Sewage-Disposal Fund, Cash & Investments account.

^dSee Schedule 5 for property value data.

^eSee Schedule 14 for population data.

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Percentage of Actual Taxable Value of <u>Property</u>^d	Per <u>Capita</u>^e
4.37%	\$ 3,352
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%	2,248
2.25%	2,098
2.13%	1,876

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City of Birmingham, Michigan

Schedule 11

Direct and Overlapping
Governmental Activities Debt
As of June 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Birmingham School District	\$ 205,270,000	42.93%	\$ 88,122,411
Oakland County ^a	95,078,060	3.51%	3,337,240
Oakland Community College	4,435,000	3.53%	156,556
Oakland Intermediate School District	61,705,000	3.52%	2,172,016
Other Debt	-	N/A	-
Subtotal, overlapping debt			93,788,222
City direct debt (see schedule 9 for governmental activities)			16,683,395
Total direct and overlapping debt			<u>\$ 110,471,617</u>

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.

^aIncludes 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

	Fiscal Year Ended June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 206,722	\$ 245,437	\$ 249,961	\$ 265,544
Total net debt applicable to limit	<u>46,327</u>	<u>43,930</u>	<u>42,582</u>	<u>40,330</u>
Legal debt margin	<u>\$ 160,395</u>	<u>\$ 201,507</u>	<u>\$ 207,379</u>	<u>\$ 225,214</u>
Total net debt applicable to the limit as a percentage of debt limit	22.41%	17.90%	17.04%	15.19%

Source: City of Birmingham Finance Department

^aThe 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.

^b 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 2011-2012

2011 State Equalized Valuation		\$	<u>1,897,780</u>
Debt limit ^a (10% of State Equalized Valuation ^b)			189,778
Debt applicable to limitation:			
Total bonded and contractual debt	\$		38,114
Less deductions allowed by law:			
Combined sewer overflow abatement project		<u>7,475</u>	
Total net debt applicable to limit			<u>30,639</u>
Legal debt margin		\$	<u><u>159,139</u></u>

Fiscal Year Ended June 30					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 282,017	\$ 292,576	\$ 270,785	\$ 237,018	\$ 208,827	\$ 189,778
<u>37,795</u>	<u>39,337</u>	<u>37,795</u>	<u>35,541</u>	<u>33,183</u>	<u>30,639</u>
<u>\$ 244,222</u>	<u>\$ 253,239</u>	<u>\$ 232,990</u>	<u>\$ 201,477</u>	<u>\$ 175,644</u>	<u>\$ 159,139</u>
13.40%	13.45%	13.96%	15.00%	15.89%	16.14%

City of Birmingham, Michigan

Schedule 13

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds							
Fiscal Year Ended June 30	Water Fund Operating Revenues	Less Operating Expenses^a	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2003	\$ 2,702,271	\$ 2,443,291	\$ 258,980	\$ 1,400,000	\$ 52,750	\$ 1,452,750	N/A

Note: Revenue bonds were called and outstanding principal balance of \$1.4 million was paid in full, June 2003.

^aOperating expenses do not include depreciation and amortization.

City of Birmingham, Michigan

Schedule 14

Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population ^a	Number of Households ^a	Median Household Income ^b	Per Capita Income ^c	Median Age ^d	Total School Enrollment K-12 ^e	Public School Enrollment K-12 ^f	Unemployment Rate ^g
2002	19,465	9,237	\$ 124,839					2.7
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

Sources:

^aEstimates 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.

^b 2002-2009 Estimates are from Oakland County Planning & Economic Development. 2010 estimate is from U.S. Census Bureau 5-Yr American Community Survey.

^cEstimated 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.

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

^eRepresents 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.

^fPer Birmingham Public Schools. Data reflects enrollment of Birmingham residents at the end of the school year.

^gData 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	2012 ^a		
		Employees	Rank	Percentage of Total City Employment ^c
Birmingham Public Schools ^d	Primary education	1,225	1	6.78%
Shore Mortgage	Mortgage lending	500	2	2.76%
McCann Worldgroup	Advertising and marketing	450	3	2.48%
Townsend Hotel	Hotel/restaurant	195	4	1.07%
Home Instead Senior Care	In-home care	150	5	0.82%
Max Broock Realtors, Inc	Real estate sales	140	6	0.77%
City of Birmingham ^e	Government services	134	7	0.73%
Uptown Entertainment	Theater operator	120	8	0.65%
Kroger Co. of Michigan	Supermarket chain	120	9	0.65%
Coldwell Banker Weir Manuel	Real estate sales	119	10	0.65%
ERB Lumber	Lumber supplies	-		
Sign of the Beefcarver, Inc	Restaurant	-		
DCI	Fluid power cylinders & actuators	-		
Greenfield Health Systems	Kidney dialysis centers	-		
CCA	Nondurable goods	-		
Munder Capital Management	Investment counselors	-		
Advantage Staffing	Employment agencies	-		
Total		3,153		17.47%

^aSources include the 2011 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 2012 were contacted directly to obtain or confirm 2012 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.

^bThe primary source is the 2003 Community Profile prepared by Oakland County Planning & Economic Development as modified by the City Finance Department.

^cThe source for total employment data is SEMCOG (Southeast Michigan Council of Governments). The number used for 2003 is 22,802 based on an estimate for 2000. The number used for 2012 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.

^dThe 2012 number represents all school district employees. The 2003 number represents only those employees working within Birmingham city limits. The 2012 number for employees within Birmingham city limits is not readily available.

^eReflects budgeted full-time positions excluding component units.

Principal Employers
Current Year and Nine Years Ago

2003^b		
Employees	Rank	Percentage of Total City Employment^c
743	2	3.26%
-		
-		
-		
-		
-		
200	9	0.88%
300	6	1.32%
-		
1,700	1	7.46%
640	3	2.81%
380	4	1.67%
350	5	1.53%
250	7	1.10%
200	8	0.88%
200	10	0.88%
4,963		21.77%

Schedule 16

<u>Function/Program</u>	<u>Average FTE for the Fiscal Year Ended June 30</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government					
Finance	8.60	8.20	8.00	7.10	7.49
Treasury	6.60	6.30	6.40	6.60	6.12
City Manager/Human Resources	5.20	4.80	5.30	5.30	5.01
Assessor	4.90	4.50	4.30	4.60	4.69
Other ^a	11.00	10.50	10.70	11.10	10.53
Public Safety					
Firefighters and officers	37.20	37.77	38.14	36.87	36.48
Police officers and command	36.00	34.40	34.30	35.10	35.35
Police civilians	21.50	19.90	19.40	19.60	19.60
Fire civilians	1.10	1.00	1.00	0.70	0.40
Public Works					
Engineering	5.80	4.40	2.90	3.50	5.87
Public service operations ^b	20.60	21.30	22.40	21.00	21.36
Community and Economic Development					
Building department	9.90	9.20	9.80	11.10	11.00
Planning department	5.50	5.60	5.70	6.00	6.85
Recreation and Culture ^c	13.30	12.80	13.40	14.20	15.27
Water and Sewer					
Water- and sewer-main maintenance	10.40	10.10	10.20	9.40	7.91
Water meter shop	3.50	3.20	3.30	3.20	3.29
Automobile Parking ^d	3.90	3.50	3.50	4.00	3.09
Golf Courses	14.80	12.60	13.70	12.90	13.30
Total Primary Government	<u>219.80</u>	<u>210.07</u>	<u>212.44</u>	<u>212.27</u>	<u>213.59</u>
Component Units					
Library	38.50	37.40	37.90	37.50	38.16
Principal Shopping District	3.20	3.10	3.50	3.50	3.41
Total City	<u>261.50</u>	<u>250.57</u>	<u>253.84</u>	<u>253.27</u>	<u>255.15</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.

^aIncludes City Clerk, City Hall & Grounds, and Information Technology.

^bIncludes street cleaning & maintenance, maintenance of street trees and public property (except parks), and vehicle & equipment pool maintenance.

^cIncludes ice arena and museum operations, maintenance of parks and public gardens.

^dCity 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

Average FTE for the Fiscal Year Ended June 30				
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
7.12	7.65	7.43	7.15	7.18
5.92	6.47	6.36	6.38	6.41
4.90	4.88	4.74	4.64	4.18
2.39	0.12	-	-	-
10.50	10.58	9.85	6.72	7.18
33.99	30.86	27.65	26.04	25.75
34.07	32.88	32.06	29.77	28.31
18.15	17.69	14.84	13.83	15.99
0.40	0.43	0.40	-	-
5.04	6.35	5.57	5.07	4.76
23.83	22.49	20.19	19.75	19.41
9.57	10.18	9.34	8.44	9.00
7.24	4.06	4.08	2.81	3.10
15.96	14.24	14.12	12.27	12.59
7.03	6.96	7.08	5.94	6.76
3.11	2.67	2.79	2.84	2.67
3.51	3.49	3.48	3.78	3.28
13.05	13.37	12.88	12.32	12.26
<u>205.78</u>	<u>195.37</u>	<u>182.86</u>	<u>167.75</u>	<u>168.83</u>
39.77	39.99	39.54	34.42	30.23
3.67	3.66	3.65	3.87	4.05
<u>249.22</u>	<u>239.01</u>	<u>226.05</u>	<u>206.04</u>	<u>203.11</u>

City of Birmingham, Michigan

Schedule 17

Function/Program	Fiscal Year Ended June 30						
	2003	2004	2005	2006	2007	2008	2009
General Government							
Registered voters ^a	16,295	16,153	15,422	14,307	14,863	15,127	15,300
Ballots cast in November election	2,570	4,586	12,340	3,402	10,164	3,911	12,595
Taxpayers	10,610	10,610	11,000	11,000(E)	11,179	11,133	10,925
Average rate of return on city investments	1.40%	1.47%	2.27%	3.19%	4.17%	4.28%	3.48%
Vendor checks issued	7,850	8,075	8,168	8,362	8,014	7,603	6,788
Public Safety							
Fire Department^b							
Total alarms	1,774	1,713	1,689	1,719	1,696	1,855	1,854
Fires	65	43	51	50	36	43	75
Rescues/extrications (medical runs)	931	942	953	955	980	974	994
Other runs	778	728	685	714	680	838	785
Fire inspections ^c	850	850	825	1,844	1,674	929	858
Police Department^b							
Responses to calls for service	20,978	19,628	20,004	20,003	19,977	18,749	20,104
Adult arrests	682	728	578	645	630	510	419
Parking violations	46,278	50,173	49,410	44,394	45,214	40,615	34,592
Moving violations	6,596	5,095	6,450	6,662	7,129	6,439	5,478
Public Works							
Tons of municipal solid waste collected	12,556	12,748	12,254	11,898	10,282	9,500	8,951
City vehicles/equipment serviced per month ^d	NRA	NRA	NRA	100	100	90	95
Street trees planted	NRA	NRA	NRA	240	407	293	226
Street trees removed	NRA	NRA	NRA	600	453	230	252
Community & Economic Development							
Building & demolition permits issued	849	937	1,122	993	766	650	610
Total construction value (in thousands)	\$58,217	\$98,979	\$92,583	\$81,777	\$49,353	\$40,282	\$46,001
Recreation & Culture							
Skaters in ice arena basic skills program	1,477	1,294	1,501	1,217	1,000	1,200	1,200
Men's softball teams	7	5	5	6	6	6	6
Water & Sewer							
Water customers	8,277	8,296	8,476	NRA	8,594	8,617	8,617
Water meters in service	8,522	8,523	8,533	8,602	8,646	8,672	8,688
Automobile Parking							
Five parking structures							
Active parking permits at June 30	2,896	2,764	3,189	3,247	3,296	3,165	2,690
Transient parkers (includes free parkers)	1,440,004	1,453,125	1,485,487	1,377,702	1,366,749	1,298,284	1,188,367
Free parkers	832,018	856,850	882,495	849,698	881,005	827,127	730,220
Golf Courses (calendar year)							
Rounds played-Lincoln Hills ^e	35,000	31,401	28,710	29,455	21,839	27,898	25,950
Rounds played-Springdale ^e	NRA	28,151	28,560	24,546	17,986	26,674	27,716
Business memberships	NRA	NRA	180	160	116	127	116
Non-resident memberships							
Individual	NRA	NRA	366	298	258	421	359
Family	NRA	NRA	NRA	74	70	42	27
Dual (new in 2008)	-	-	-	-	-	143	125
Junior golf registrations	NRA	NRA	238	260	396	378	420

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>		
<u>2010</u>	<u>2011</u>	<u>2012</u>
15,763	15,996	16,557
2,841	9,483	4,285
11,597	11,578	11,488
2.15%	1.31%	0.81%
6,657	6,536	6,829
1,634	1,896	1,761
40	41	26
926	1,074	1,058
668	781	677
610	673	492
16,031	17,713	16,983
328	257	235
33,827	27,695	31,844
6,980	5,329	5,122
8,942	9,255	9,511
45	63	62
315	212	266
232	187	217
611	710	770
\$53,457	\$40,010	\$44,790
1,100	1,100	1,100
5	5	6
8,634	8,598	8,575
8,693	8,702	8,714
2,975	3,063	3,311
1,166,818	1,194,026	1,276,274
750,919	777,870	831,730
21,749	21,925	17,171
25,528	19,668	17,465
105	77	101
365	351	400
26	29	60
121	109	186
341	457	462

City of Birmingham, Michigan

Schedule 17

Function/Program	Fiscal Year Ended June 30						
	2003	2004	2005	2006	2007	2008	2009
Component Units:							
Library							
Registered patrons ¹	36,477	40,029	42,213	45,237	48,113	22,245	27,104
Book collections	135,203	135,132	132,586	133,189	135,192	135,420	137,798
Audiovisual collections	16,649	18,655	20,240	21,896	23,357	25,208	28,156
Items circulated	386,488	426,007	520,018	586,191	662,035	698,444	736,074
Patron visits	287,336	320,047	352,742	382,414	370,097	362,699	373,022
Circulation per capita ⁹	13	14	17	19	22	22.7	23.9
Program attendance	13,450	22,819	28,991	29,516	27,633	27,595	26,925
Public computer log-ins	N/A	N/A	N/A	75,013	60,862	62,640	64,506
Database usage	N/A	N/A	N/A	64,502	84,544	72,345	64,383
Principal Shopping District							
Retail occupancy rate as of June 30 ^h	89.0%	94.0%	94.9%	93.0%	94.3%	95.7%	94.9%
Sponsored events	8	8	9	11	11	11	11
PR media impressions (in millions) ⁱ	17	34.3	37.8	41.7	46.6	48.7	49.2
Website "hits" per month (approximate) ^j	N/A	N/A	N/A	148,000	348,000	345,000	157,000
Flower planters/baskets maintained	34	85	124	144	144	144	165

N/A=Not available

NRA = Not readily available

^aDate of count varies.

^bAll numbers reflect the calendar year ending midway through fiscal year.

^cIn all buildings except single and duplex residential.

^dYears 2003 - 2009 are estimates.

^eNumber for 2012 is through July only.

^fA purge of inactive patron records was completed at the end of fiscal year 2007/2008. This was made possible by new software.

^gBased on the service area of the library which includes Birmingham, Beverly Hills and Bingham Farms. Years 2003 to 2010 are based on the 2000 census population of 30,758. Years 2011-2012 are based on the 2010 census population of 31,481.

^hRetail 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.

ⁱMedia 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.

^jThe number of times an individual or search engine scans the PSD web site www.enjoybirmingham.com

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

<u>Fiscal Year Ended June 30</u>		
<u>2010</u>	<u>2011</u>	<u>2012</u>
30,904	33,989	33,257
140,330	143,427	139,836
28,764	29,675	30,730
752,351	721,380	666,701
357,374	325,976	322,042
24.5	22.9	18.9
25,677	25,881	24,329
66,425	57,194	54,526
61,421	63,122	74,679
92.6%	94.7%	96.5%
12	12	11
50	50.2	50.5
264,000	270,000	270,000
165	205	225

City of Birmingham, Michigan

Schedule 18

	Fiscal Year Ended June 30						
	2003	2004	2005	2006	2007	2008	2009
Function/Program							
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 pumpers	3	3	3	3	3	3	3
Other fire vehicles (includes one aerial tower)	8	8	9	9	9	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	62.45	62.58	62.58	62.58	62.58	62.58
Sidewalks (miles)	128.69	128.69	128.69	128.69	128.69	128.69	129.03
Bridges	9	9	9	9	9	9	9
Vehicles in city fleet (excluding fire) ^a	NRA	NRA	NRA	93	93	91	91
Recreation & Culture							
Parks	18	18	18	18	18	18	18
Park land/public property (acres)	200	200+	200+	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	20	16	16	16	16	16	16
Baseball diamonds	1	1	1	1	4	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
Water & Sewer							
Water mains (miles)	100.24	100.24	100.8	100.85	100.85	100.85	100.85
Sanitary sewers (miles)	117	117.09	117.09	116.94	116.94	116.11	115.95
Fire hydrants (city-owned)	763	779	789	809	819	823	830
Water storage tanks (500,000 gal.)	2	2	2	2	2	2	2
Line gate valves	1,259	1,272	1,278	1,278	1,278	1,286	1,291
Automobile Parking							
Parking structures	5	5	5	5	5	5	5
Revenue-generating public parking spaces							
Metered spaces (streets & surface lots)	1,252	1,267	1,270	1,270	1,288	1,304	1,313
Parking structure spaces	3,579	3,579	3,579	3,579	3,579	3,579	3,579
Total	4,831	4,846	4,849	4,849	4,867	4,883	4,892
Golf Courses (nine-hole)	2	2	2	2	2	2	2

NRA=Not readily available

^aSelf-propelled licensed vehicles. As of 2006, the entire city fleet had increased approximately 10% over the previous 10 years.

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Fiscal Year Ended June 30
2010 2011 2012

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

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

36,365 36,365 36,365
21.87 21.87 21.87
62.58 62.66 62.66
129.03 129.03 129.03
9 9 9
85 85 92

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
825 829 828
2 2 2
1,289 1,289 1,289

5 5 5
1,311 1,309 1,236
3,579 3,579 3,579
4,890 4,888 4,815
2 2 2

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