

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

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Fiscal Year Ended June 30, 2015

City Commission

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

City Manager

Joseph A. Valentine

Director of Finance/Treasurer

Mark Gerber

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## Introductory Section

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October 26, 2015

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, 2015 for the City of Birmingham. This report has been prepared pursuant to, and in compliance with state statutes which require the City to publish within six months of the close of each fiscal year a complete set of financial statements in compliance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America.

The financial statements have been prepared by the City's finance department for the purpose of disclosing the City's financial condition to its residents, elected officials and other interested parties. Management assumes full responsibility for both the completeness and reliability of the information contained in this report including all disclosures based upon a comprehensive frame-work 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, 2015 are fairly presented in conformity with GAAP. Plante & Moran, PLLC's report is presented as the first component of the financial section of this report.

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

## **Profile**

The City of Birmingham was incorporated in 1933 as a home-rule city. It is located in the southeastern portion of Oakland County approximately 20 miles north of downtown Detroit. Covering 4.73 square miles and serving a population of 21,805, 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 630,000. The June 2015 unemployment rate of 4.1% for the City is less than last year's rate of 4.7% and remains well below the state's unemployment rate of 5.5% and less than the national rate of 5.3% for the same period. It is anticipated that this area (Oakland County) will gain approximately 14,400 jobs this year and continue to add 16,100 and 18,500 jobs in each of the next two subsequent years, respectively. This job growth comes on top of the significant employment gains experienced since 2011, which saw employment gains exceeding 79,000 jobs.

The economic picture for suburban Oakland County, where Birmingham is located, continued to improve over the past year. The local economy is now in its sixth year of recovery since the

recession's low point in 2009. The area's recovery is supported by a U.S. Economy that continues to expand, a recovering local housing market, and continued growth in vehicle sales with all three of the area's major auto manufacturers participating. Additionally, the recovery is now more broad-based with improvement in other sectors as well. The area continues to be the premier local economy in Michigan and is among the most prominent county economies in the nation, ranking ninth in aggregate rankings with counties of similar size.

Birmingham is an affluent city, with per capita income of \$69,151 compared to a national per capita income of \$28,184. Educational attainment levels are also well above the national average of 33.6% 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 98% which was the same as a year ago and the highest recorded since tracking began in 2001. The downtown's office market decreased slightly with an 88% occupancy rate compared to 90% in June 2014.

The State is in its sixth year of economic recovery with significant job creation having added over 285,000 jobs over the past five years. Much of the recovery is attributable to growth in the manufacturing sector and the recovery of the automobile industry. Although Michigan is still a manufacturing intensive state going forward, it is projected that the top four job producers over the next two years will be: transportation; trade and utilities; professional and business services; and construction, which will create a more diverse economy for the state. Home values have increased 25% since 2010. After a decade of job loss, high unemployment and declining state revenues, the Michigan economy is now into a sustained and broadening recovery. The State's sales tax revenues are expected to increase with constitutional revenue sharing payments for cities, villages and townships increasing by three percent based on estimated sales tax collections. Funding to qualified communities that adopt best practices under the State's City, Village, and Township Revenue Sharing (CTVRS) program will remain the same as the previous year. The City believes it will continue to meet the requirements under the CTVRS program implemented by the State in order to be eligible to receive its percentage of the statutory revenue sharing appropriated. Approximately 6% of the City's total General Fund revenues come from constitutional and statutory revenue sharing payments received from the State.

The City's taxable value declined by approximately 16% during the severe real estate market downturn. However, as a result of redevelopment in the City, the City's taxable value has increased 2.8%, 2.7%, and 5.6% for fiscal years 2014, 2015, and 2016, respectively. New residential construction increased by 14% from the prior fiscal year. This is the second consecutive year where building permit activity has been very strong. Additionally, there are currently 46 new house permits in various phases of review for approval.

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

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

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

Because of the limitations placed on taxable values by Proposal A, the ability of governmental units in the State to recover from a downturn is significantly curtailed. As a result, the City has had to implement various strategies in order to reduce costs and increase non-property tax revenue. These strategies include: reducing staffing levels by 27%, increasing employee deductibles and co-pays to the health insurance plan, switching new hires to a defined-contribution plan for retirement and retiree health care, consolidating dispatch services with the Village of Beverly Hills, and providing fire department medical transports.

**Major Initiatives** – The City continues increased levels of funding for road improvements (\$3.8 million) as support from the State in such critical areas as Act 51 street funds has failed to keep up with needs for improvements. Funding has been provided for resurfacing and maintenance projects and the reconstruction of W. Maple Road between Cranbrook Rd. and Southfield Rd., Webster Ave. between S. Adams Rd. and S. Eton Rd., Derby Rd. between the CN Railroad Bridge and N. Eton Rd., W. Brown St. between Southfield Rd. and Chester St., Park St. between Hamilton Ave. and E. Maple Rd., Hamilton Ave. between N. Old Woodward Ave. and Woodward Ave. as well as for concrete patching and asphalt reconditioning. Also approved is \$395,000 for sidewalk and alley improvements, \$.9 million for improvements to the Automobile Parking System including repairs and waterproofing to the Park Street Parking Structure. Additionally, \$2.2 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 an economic environment. Well maintained and efficient transportation systems provide the backbone for economic activity.

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

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

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

**Pension and Other Postemployment Benefits** - The City of Birmingham Employees' Retirement System is a single-employer defined-benefit pension plan, which covers eligible full-time employees of the City. A seven-member board of trustees manages this fund under the provisions of the City of Birmingham's defined-benefit pension ordinance. The plan is now closed to all new hires of the City. The City instead makes contributions into a defined-contribution plan for employees. As a result of improved investment performance, the funding status of the pension fund increased to a funding level of 91.1% compared to 85.4% 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, 2015 totaled \$2,484,308.

The City of Birmingham also provides retiree health-care benefits to qualifying full-time employees under a single-employer defined-benefit health-care plan in accordance with labor contracts. The City is required to contribute at a rate equivalent to the annual required contribution, which is 55.67% of payroll, or \$4.8 million. The plan was 41% funded as of June 30, 2014 and 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 65.

### **Awards and Acknowledgements**

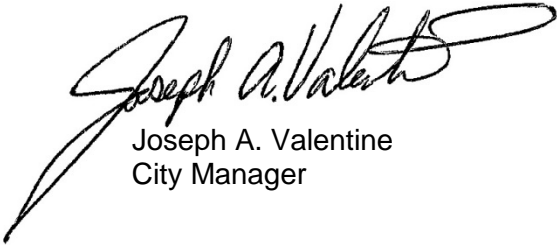
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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


In addition, the City has also received the GFOA's Award for Distinguished Budget Presentation for its fiscal year 2015 annual budget. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,

A handwritten signature in black ink, reading "Joseph A. Valentine". The signature is fluid and cursive, with a large, sweeping initial "J".

Joseph A. Valentine  
City Manager

A handwritten signature in black ink, reading "Mark Gerber". The signature is cursive and stylized, with a large, sweeping initial "M".

Mark Gerber  
Director of Finance/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Birmingham  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

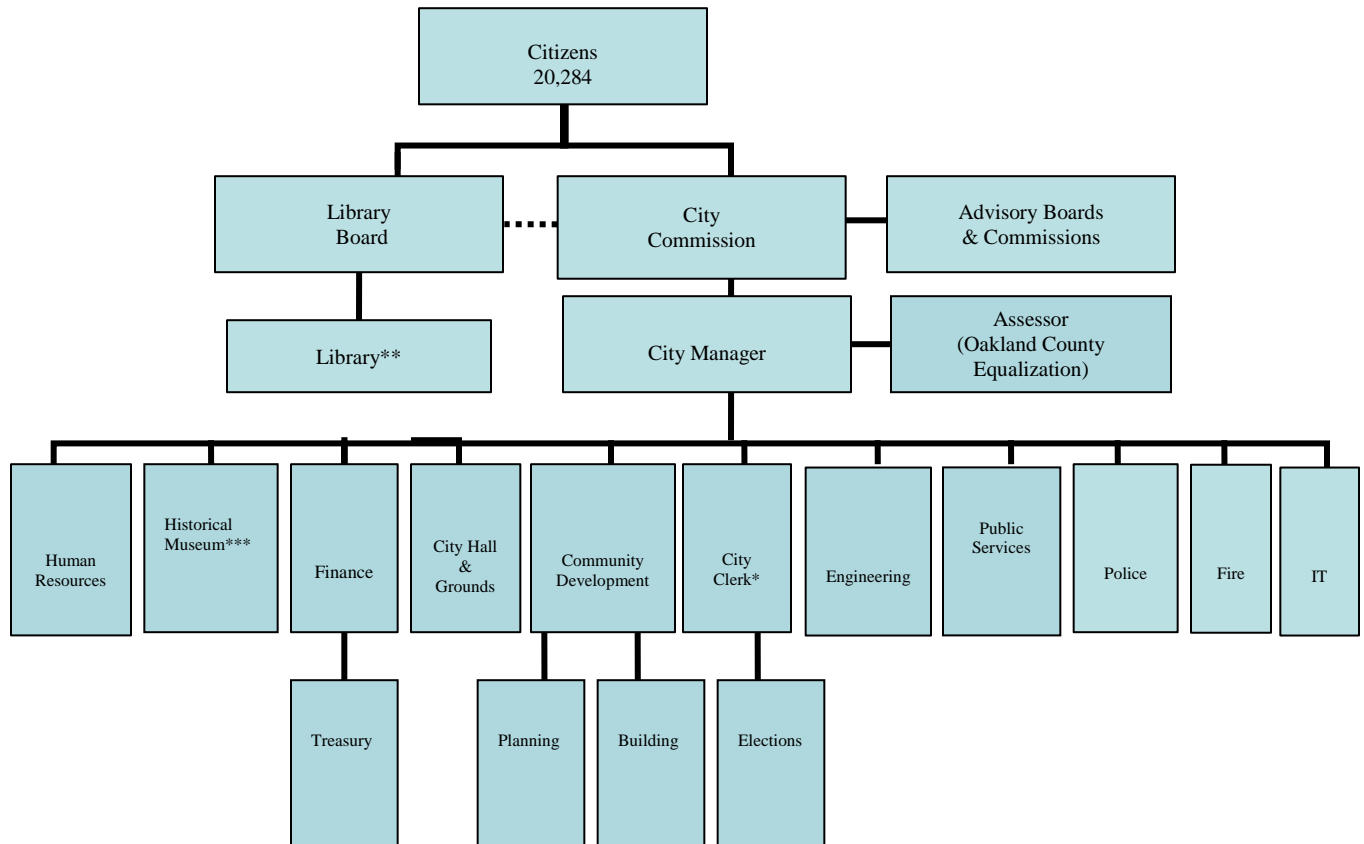
**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

# Birmingham

## 2014-2015 Organization Chart



- \* Appointed by the City Commission; reports to the City Manager.
- \* \* The City shall provide tax levy of not less than ½ mill and not more than 1 ¾ mills.
- \* \*\* Birmingham Historical Museum is a non-departmental activity that reports to the City Manager.



Financial Section

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## Independent Auditor's Report

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

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

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Birmingham's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham as of June 30, 2015 and the respective changes in its financial position, and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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

### **Emphasis of Matter**

As discussed in Note 1 to the basic financial statements, in 2015, the City adopted the new accounting guidance of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplemental Information***

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

### **Other Information**

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

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

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

*Plante & Moreau, PLLC*

October 16, 2015

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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, 2015:

- The City's total revenues were \$53.8 million, while expenses totaled \$48.6 million.
  - Governmental activities generated \$34.2 million in revenue and \$32.2 million in expenses.
  - Business-type activities generated \$19.6 million in revenue and \$16.4 million in expenses.
- Total net position of the City increased by \$5.2 million this year.
  - Total net position related to the City's governmental activities increased by approximately \$1.6 million. Of that amount, investment in capital assets increased by \$3.8 million, restricted net position increased by \$.6 million, and unrestricted net position decreased by \$2.8 million.
  - Net position of our business-type activities increased overall by \$3.6 million. Of the \$3.6 million increase in business-type activities, \$5.4 million was invested in capital assets while unrestricted net position decreased by \$1.8 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.1 million, or 35.7 percent, of total General Fund expenditures and transfers out (including major and local street activity). The total unassigned fund balance of \$12.1 million increased slightly by \$.2 million from the prior year.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

### **Overview of the Financial Statements**

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

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

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

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

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

## Management's Discussion and Analysis (Continued)

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

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

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

# City of Birmingham, Michigan

## Management's Discussion and Analysis (Continued)

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

### **Financial Analysis of the City as a Whole**

**Net Position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Birmingham, combined net position increased 2.9 percent from last year to \$184.3 million (See Table A-1). The following table shows, in a condensed format, the net position of the City as of June 30, 2014 and 2015:

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2014 *	2015	2014 *	2015	2014 *	2015	2014-2015
<b>Assets</b>							
Current and other assets	\$ 40.2	\$ 39.1	\$ 18.7	\$ 16.8	\$ 58.9	\$ 55.9	(5.1)
Capital assets	75.1	77.8	85.5	88.0	160.6	165.8	3.2
Total assets	115.3	116.9	104.2	104.8	219.5	221.7	1.0
<b>Deferred Outflows of Resources</b>	0.3	4.5	0.4	0.6	0.7	5.1	628.6
<b>Liabilities</b>							
Current liabilities	2.1	3.1	2.8	2.7	4.9	5.8	18.4
Long-term liabilities	20.2	23.4	16.0	13.3	36.2	36.7	1.4
Total liabilities	22.3	26.5	18.8	16.0	41.1	42.5	3.4
<b>Deferred Inflows of Resources</b>	-	-	-	-	-	-	-
<b>Net Position</b>							
Invested in capital assets -							
Net of related debt	60.3	64.1	69.8	75.2	130.1	139.3	7.1
Restricted	1.5	2.1	-	-	1.5	2.1	40.0
Unrestricted	31.5	28.7	16.0	14.2	47.5	42.9	(9.7)
Total net position	<u>\$ 93.3</u>	<u>\$ 94.9</u>	<u>\$ 85.8</u>	<u>\$ 89.4</u>	<u>\$ 179.1</u>	<u>\$ 184.3</u>	2.9

\* Fiscal year 2014 amounts have been adjusted to reflect the implementation of GASB Statement No. 68 by the City in fiscal year 2015.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

The City's net position related to governmental activities increased \$1.6 million, or 1.7 percent, and net position related to business-type activities increased \$3.6 million, or 4.2 percent over the 2014 fiscal year. Of the City's total net position, 75.6 percent is made up of its investment in capital assets, less any related debt used to acquire those assets. The City's net position related to investment in capital assets for governmental activities increased by \$3.8 million, or 6.3 percent resulting from additions in capital assets being greater than depreciation during the year. Continued improvements to the City's water-mains, sanitary sewers and parking structures (business-type activities) resulted in an increase of \$5.4 million in capital asset investment. The City uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net position of the City totaled \$2.1 million at June 30, 2015 and increased by 31 percent from the prior year. The increase is a result of construction code activity which is restricted by state law for that purpose. Restricted net position reported in governmental activities has limits on its use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purpose for which they were intended, such as expenditures for solid waste disposal or debt-service requirements. The remaining unrestricted net position may be used to meet the City's ongoing operations. Unrestricted net position decreased by \$1.8 million, or 11.3 percent, in the City's business-type activities and decreased by \$2.8 million, or 8.9 percent, in the governmental activities.

**Changes in Net Position** - The City's combined total revenue increased \$1.4 million, or 2.7 percent from 2014 to 2015 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 (48.7 percent in 2014 and 49.1 percent in 2015). Charges for services represented 43.1 percent of the total revenue in 2014 and 41.8 percent in 2015. The balance of the revenue is derived mainly from state and federal sources.

The City's combined total expenses increased \$1.6 million, or 3.4 percent, from 2014 to 2015. The City's expenses cover a wide range of services, with public safety and public works representing approximately 46.5 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 Position**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2014	2015	2014	2015	2014	2015	2014-2015
<b>Revenues</b>							
Program revenue:							
Charges for services	\$ 6.4	\$ 6.4	\$ 16.2	\$ 16.1	\$ 22.6	\$ 22.5	(0.4)
Operating grants and contributions	1.8	1.8	-	-	1.8	1.8	-
Capital grants and contributions	0.1	0.8	-	-	0.1	0.8	700.0
General revenue:							
Property taxes	22.1	23.0	3.4	3.4	25.5	26.4	3.5
State-shared revenue	1.7	1.8	-	-	1.7	1.8	5.9
Unrestricted investment earnings	0.5	0.4	0.2	0.1	0.7	0.5	(28.6)
Total revenues	32.6	34.2	19.8	19.6	52.4	53.8	2.7
<b>Program Expenses</b>							
General government	4.6	4.6	-	-	4.6	4.6	-
Public safety	13.3	13.9	-	-	13.3	13.9	4.5
Public works	8.3	8.7	-	-	8.3	8.7	4.8
Community and economic development	1.9	2.1	-	-	1.9	2.1	10.5
Recreation and culture	2.2	2.3	-	-	2.2	2.3	4.5
Interest on long-term debt	0.8	0.6	-	-	0.8	0.6	(25.0)
Water and sewer	-	-	12.0	12.3	12.0	12.3	2.5
Parking	-	-	2.9	3.2	2.9	3.2	10.3
Golf courses	-	-	1.0	0.9	1.0	0.9	(10.0)
Total expenses	31.1	32.2	15.9	16.4	47.0	48.6	3.4
<b>Increase in Net Position Before Transfers</b>	1.5	2.0	3.9	3.2	5.4	5.2	(3.7)
Transfers	-	(0.4)	-	0.4	-	-	-
<b>Increase in Net Position</b>	1.5	1.6	3.9	3.6	5.4	5.2	(3.7)
<b>Net Position - Beginning of year</b>	96.8	93.3	82.2	85.8	179.0	179.1	0.1
Impact of GASB Statement No. 68 *	(5.0)	-	(0.3)	-	(5.3)	-	
<b>Net Position - End of year</b>	<u>\$ 93.3</u>	<u>\$ 94.9</u>	<u>\$ 85.8</u>	<u>\$ 89.4</u>	<u>\$ 179.1</u>	<u>\$ 184.3</u>	<b>2.9</b>

\* The City implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to properly state the fiscal year 2015 beginning net position.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

**Governmental Activities** - Total revenue for governmental activities increased \$1.6 million, or 4.9 percent. This was attributable to an increase of \$.9 million in revenue received from property taxes and a \$.7 million increase in capital grants and contributions.

The increase in property taxes (\$.9 million) is a result of a 3 percent increase in taxable value and fewer tax losses. The increase in capital grants and contributions (\$.7 million) is primarily attributable to state grants for road construction and road repair.

Total expenses increased \$1.1 million or 3.5 percent. The increase in expenses was primarily attributable to an increase in public safety (\$.6 million) and public works (\$.4 million). The increase in public safety results primarily from increased costs for salary adjustments and retiree health care and health care costs for police and fire. The increase in public works results from increased road maintenance costs, personnel and related costs such as retiree health care and health care expenses.

**Business-type Activities** - Total revenue for business-type activities decreased by \$.2 million, or 1 percent. The parking system's revenue increased \$.6 million as a result of rate increases in the City's parking decks. This revenue was offset by a decrease in water and sewer revenue of \$.4 million as a result of a decrease in water consumption.

Total expenses for business-type activities for fiscal year 2015 totaled \$16.4 million, which is \$.5 million more than fiscal year 2014. Parking system expenses increased by \$.3 million as a result of an increase in depreciation expense. Water and sewer expenses increased by \$.3 million as a result of an increase in sewage disposal expenses.

### **Financial Analysis of the City's Funds**

**Governmental Funds** - The analysis of the City's major funds begins on page 17, 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 seven governmental funds, categorized into five fund types. Based on criteria set forth by the Governmental Accounting Standards Board, the City's major funds for fiscal year 2015 include the General Fund and the Capital Projects Fund.

As of June 30, 2015, the governmental funds of the City of Birmingham reported a combined fund balance of \$22.4 million. This represents a decrease of \$2.6 million in comparison with the prior year. Approximately \$12.1 million of total fund balance, or 53.7 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 \$10.3 million of fund balance is categorized into four components: nonspendable, restricted, committed, and assigned fund balance. Additional information pertaining to the components of fund balance can be found in Note 1 on page 39 of this report.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

The fund balance of the City's General Fund (including major and local street activity) represents 77.6 percent, or \$17.4 million, of total governmental fund balances. The General Fund's fund balance decreased by \$2 million from the prior year. The decrease was primarily attributable to road expenditures in excess of state and special assessment funding. A total of \$12.1 million of the General Fund's fund balance is unassigned while \$2.6 million is committed and \$1.7 million is assigned for street projects and repairs.

Fund balance of the Capital Projects Fund represents \$4.3 million, or 19.2 percent, of total governmental fund balances. The net decrease in fund balance during the current year in the Capital Projects Fund was \$.7 million. Of the total fund balance in the Capital Projects Fund, approximately \$4.1 million has been assigned for future projects such as construction of a new fire station (\$3 million), Woodward crossing improvements (\$.2 million), various park projects (\$.5 million), and ice arena improvements (\$.1 million). Committed funds at the end of the fiscal year totaling \$.2 million are primarily for improvements to the Kenning Park parking lot. The Solid Waste Fund's fund balance of \$.5 million increased slightly from the prior year and is restricted and therefore can only be used for refuse collection and disposal purposes. The Law and Drug Forfeiture Fund's fund balance of \$58,508 is also restricted and can be utilized only for law-enforcement expenditures. The Debt Service Fund has a total fund balance of \$36,390, all of which is restricted for the payment of parks and recreation bonded debt. The Greenwood Cemetery Perpetual Care Fund's total fund balance is \$34,340, which is restricted for maintenance at the cemetery.

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

Unrestricted net position for the Water and Sewage Disposal Funds total \$.3 million and \$6.3 million, respectively, and \$6.6 million for the Automobile Parking System. The Sewage Disposal System total net position increase of \$1.4 million was the result of a decrease in long-term debt of \$2.9 million which was offset by a net operating loss of \$1.2 million and a transfer of \$.35 million to the Water Fund. Total net position for the Automobile Parking System increased by \$1.5 million with an increase of \$.6 million invested in capital assets and unrestricted net position increasing by \$.9 million.

### **General Fund Budgetary Highlights**

Actual revenues for the year ended June 30, 2015 exceeded the amended budget by \$.3 million, or 1.1 percent. The difference was primarily attributable to actual revenues received for property taxes, licenses and permits, and fines and forfeitures being more than budgeted by \$.3 million. City departments overall stayed below budget as a result of reduced expenditures for: retirements and personnel costs being less than budgeted (\$.3 million); sidewalks (\$.2 million); and encumbrances (\$.3 million) carried forward to the subsequent year's budget. This resulted in total expenditures being lower than the amended budget by \$.9 million, or 2.9 percent. The additional revenues received combined with reduced expenditures resulted in a positive budget variance of \$1.2 million.



# City of Birmingham, Michigan

## Management's Discussion and Analysis (Continued)

Differences between original revenues budgeted and the final amended budget totaled \$.5 million. The increase was primarily attributable to the budget being amended, as approved by the City Commission, for anticipated increases in revenues for licenses and permits (\$.1 million) as a result of an increased building activity and other revenue (\$.4 million) resulting from additional revenue received from the cable board.

The expenditure budget was increased by \$1 million primarily to provide funding of \$.4 million to the Water Fund, \$.1 million for contracted building inspection services, \$.1 million for freight elevator renovations at the Baldwin Library, and \$.3 million for encumbrances from the prior year.

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

#### **Capital Assets**

The City of Birmingham had a total of \$165.9 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 3.4 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
	2014	2015	2014	2015	2014	2015	2014-2015
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	25.5	26.2	19.1	19.5	44.6	45.7	2.5
Equipment	6.9	6.6	0.5	0.4	7.4	7.0	(5.4)
Infrastructure	31.2	33.1	62.5	63.9	93.7	97.0	3.5
Construction in progress	0.3	0.9	1.8	2.6	2.1	3.5	66.7
Total	<u>\$ 75.0</u>	<u>\$ 77.9</u>	<u>\$ 85.5</u>	<u>\$ 88.0</u>	<u>\$ 160.5</u>	<u>\$ 165.9</u>	<b>3.4</b>

Governmental capital assets increased \$2.9 million or 3.9 percent over last year. The increase in buildings and improvements (\$.7 million) is the result of parking lot improvements at Kenning Park. The increase in infrastructure (\$1.9 million), which includes roads and sidewalks, is the result of road improvements made in excess of depreciation during the year. In addition, construction in progress increased by \$.6 million from the prior year as a result of road projects in progress as of the end of the fiscal year.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

Total business-type capital assets of \$88 million increased from the prior year by \$2.5 million, or 2.9 percent. The increase in buildings and improvements of \$.4 million is attributable to improvements to the City's parking structures during the year. Water and sewer improvements totaling \$3.7 million for the year, off-set by accumulated depreciation for the system of \$2.3 million, resulted in an increase in infrastructure of \$1.4 million. Construction in progress at June 30, 2015 totals \$2.6 million, which is an increase of \$.8 million from the prior year and is the result of infrastructure and parking decks improvements in progress as of the end of the fiscal 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, 2015 is \$28.8 million. Of this amount, \$19.6 million is general obligation bonds, which is an amount considerably below the debt limit of \$218 million. In addition, the City has contractual obligations totaling \$6.8 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 Drain Project.

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

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

Increases in taxable value, decreases in retirement and retiree health care contributions, and an increase in capital expenditures were the focus of developing the fiscal year 2015-2016 budget. On the revenue side, property tax revenues account for 67 percent of the City's total General Fund revenues and 47 percent of all City revenues. As a result of continuing redevelopment in the City and a healthy real estate market, the taxable value increase for fiscal year 2015-2016 is 5.6 percent. This increase along with a decrease in the millage rate will result in an increase in operating property tax revenues for the year of \$816,500. Housing and commercial redevelopment over the past two years has increased building permit revenue. It is now the second highest source of revenue for the General Fund. State-shared taxes provide revenue to the City of about \$3 million a year in the form of revenue sharing payments and gas and weight taxes. State-shared revenue is the City's third largest revenue source for the General Fund. As a result of improvements in the State's economy and the City meeting the requirements of the performance-based statutory revenue sharing program, state-shared revenues were budgeted to increase by approximately 1.5 percent from the prior fiscal year's budget. Investment earnings are expected to continue to be stagnant for the next fiscal year. This economic condition continues to be a drag on revenue in all the City's funds. In 2008, the City earned more than \$2.1 million in investment income, while for 2015-2016, \$370,000 in investment income has been budgeted. As a result of high market returns for June 30, 2014, next year's contributions for pension and retiree health care have improved. Pension contributions are budgeted to decrease by \$566,360 while retiree health care costs are budgeted to decrease by \$744,700. These contributions are expected to continue to decrease in future years as a result of these plans being closed to new hires. Additionally, costs were expected to increase for health insurance, supplies, and contractual services. Capital expenditures are budgeted to increase \$600,000 as a result of continuing investments in the City's infrastructure of \$8.5 million.

# City of Birmingham, Michigan

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## Management's Discussion and Analysis (Continued)

The City has taken steps in the past to ensure that costs are kept in line with revenue projections. These steps include reducing full-time staffing levels by 24 percent from fiscal year 2005 levels, not creating or filling existing positions whenever possible, increasing employee deductibles and co-pays to their health care, consolidating dispatch services with the Village of Beverly Hills, and increasing service revenue by providing fire department medical transports. The City continues to pursue service-sharing agreements with surrounding communities, achieve efficiencies through technological improvements, and implementing limited revenue enhancement measures.

The City's total levy, which includes the operating, refuse, library and debt service levies, totaled 14.8269 mills, which represents a decrease from the prior year's levy of 15.0862 mills. The decrease in millage rate resulted from a decrease in the City's operating, refuse levy, and debt service as a result of an increase in taxable value.

During the 2015 fiscal year, fund balance in the General Fund (including major and local street activity) decreased by \$2 million to \$17.4 million. The decrease in fund balance during the year was primarily attributable to street improvements in excess of street funding. For fiscal year 2016, the City adopted a budget requiring the use of \$.4 million in fund balance to provide funding for street improvements. 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 \$20.2 million for fiscal year 2016.

### **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.

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## Basic Financial Statements

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# City of Birmingham, Michigan

## Statement of Net Position June 30, 2015

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<b>Assets</b>				
Cash and investments (Note 5)	\$ 32,779,640	\$ 12,849,021	\$ 45,628,661	\$ 3,797,439
Receivables - Net:				
Customers	441,640	3,615,784	4,057,424	-
Special assessments	279,713	246,960	526,673	66,656
Delinquent personal property taxes	8,564	-	8,564	-
Inventories	178,112	17,609	195,721	-
Prepaid costs and other assets (Note 1)	4,043,291	108,563	4,151,854	101,198
Due from other governmental units	838,297	-	838,297	81,936
Restricted assets (Note 8)	502,247	-	502,247	-
Capital assets - Net (Note 6):				
Assets subject to depreciation	65,837,124	83,772,724	149,609,848	2,260,904
Assets not subject to depreciation	<u>12,023,827</u>	<u>4,210,391</u>	<u>16,234,218</u>	<u>107,918</u>
Total assets	116,932,455	104,821,052	221,753,507	6,416,051
<b>Deferred Outflows of Resources</b>				
Deferred amount on debt refunding	271,205	349,208	620,413	-
Deferred amount on pension earnings	4,195,158	290,993	4,486,151	242,028
<b>Liabilities</b>				
Accounts payable	1,847,427	2,253,273	4,100,700	90,110
Accrued and other liabilities	871,598	439,369	1,310,967	66,536
Unearned revenue (Note 10)	15,378	6,243	21,621	-
Provision for uninsured losses and liabilities (Note 11)	342,357	-	342,357	-
Noncurrent liabilities (Note 7):				
Net pension liability (Note 12)	7,462,600	517,634	7,980,234	430,535
Due within one year	2,402,398	2,842,508	5,244,906	111,701
Due in more than one year	<u>13,518,063</u>	<u>9,987,978</u>	<u>23,506,041</u>	<u>761</u>
Total liabilities	<u>26,459,821</u>	<u>16,047,005</u>	<u>42,506,826</u>	<u>699,643</u>
<b>Deferred Inflows of Resources</b>				
Deferred amount on debt refunding	-	179	179	-
Deferred amount on pension experience	69,547	4,824	74,371	4,012
<b>Net Position</b>				
Net investment in capital assets	64,121,601	75,165,784	139,287,385	2,368,822
Restricted:				
Solid waste	571,819	-	571,819	-
Debt service	36,390	-	36,390	-
Law and drug enforcement	58,508	-	58,508	-
Construction code activities (Note 4)	818,420	-	818,420	-
Cemetery maintenance	34,340	-	34,340	-
Other	554,407	-	554,407	-
Corridor improvement authority	-	-	-	34,168
Brownfield redevelopment authority	-	-	-	36,321
Library donations	-	-	-	1,184,902
Unrestricted	<u>28,673,965</u>	<u>14,243,461</u>	<u>42,917,426</u>	<u>2,330,211</u>
Total net position	<u>\$ 94,869,450</u>	<u>\$ 89,409,245</u>	<u>\$ 184,278,695</u>	<u>\$ 5,954,424</u>

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

# City of Birmingham, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,619,740	\$ 368,499	\$ 378,404	\$ -
Public safety	13,947,661	2,177,838	99,681	-
Public works	8,672,353	626,002	1,263,661	773,501
Community and economic development	2,119,998	2,498,721	17,053	-
Recreation and culture	2,316,487	739,723	54,842	15,100
Interest on long-term debt	576,404	-	1,463	-
Total governmental activities	32,252,643	6,410,783	1,815,104	788,601
Business-type activities:				
Water and sewer	12,252,253	10,261,009	-	-
Automobile parking	3,252,464	4,738,537	-	-
Golf courses	888,033	1,099,894	-	-
Total business-type activities	16,392,750	16,099,440	-	-
Total primary government	<b>\$ 48,645,393</b>	<b>\$ 22,510,223</b>	<b>\$ 1,815,104</b>	<b>\$ 788,601</b>
Component units:				
Baldwin Public Library	\$ 3,183,850	\$ 937,211	\$ 140,328	-
Brownfield Redevelopment Authority	805,855	72,633	-	-
Corridor Improvement Authority	14,346	-	-	-
Principal Shopping District	1,159,505	653	1,059,482	-
Total component units	<b>\$ 5,163,556</b>	<b>\$ 1,010,497</b>	<b>\$ 1,199,810</b>	<b>\$ -</b>
Unrestricted general revenues:				
Property taxes				
State-shared revenues				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				

## Changes in Net Position

**Net Position** - Beginning of Year As Restated (Note 1)

**Net Position** - End of Year

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



Statement of Activities  
Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,872,837)	\$ -	\$ (3,872,837)	\$ -
(11,670,142)	-	(11,670,142)	-
(6,009,189)	-	(6,009,189)	-
395,776	-	395,776	-
(1,506,822)	-	(1,506,822)	-
(574,941)	-	(574,941)	-
(23,238,155)	-	(23,238,155)	-
-	(1,991,244)	(1,991,244)	-
-	1,486,073	1,486,073	-
-	211,861	211,861	-
-	(293,310)	(293,310)	-
(23,238,155)	(293,310)	(23,531,465)	-
-	-	-	(2,106,311)
-	-	-	(733,222)
-	-	-	(14,346)
-	-	-	(99,370)
-	-	-	(2,953,249)
22,997,639	3,356,360	26,353,999	2,295,035
1,755,780	-	1,755,780	20,815
402,382	112,065	514,447	62,212
23,992	-	23,992	(2,540)
(400,000)	400,000	-	-
24,779,793	3,868,425	28,648,218	2,375,522
1,541,638	3,575,115	5,116,753	(577,727)
93,327,812	85,834,130	179,161,942	6,532,151
<b>\$ 94,869,450</b>	<b>\$ 89,409,245</b>	<b>\$ 184,278,695</b>	<b>\$ 5,954,424</b>

# City of Birmingham, Michigan

## Governmental Funds Balance Sheet June 30, 2015

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 5)	\$ 18,114,025	\$ 4,385,423	\$ 755,311	\$ 23,254,759
Receivables - Net:				
Customers	408,621	17,432	15,587	441,640
Special assessments	240,790	38,923	-	279,713
Delinquent personal property taxes	8,564	-	-	8,564
Prepaid items and other assets	19,566	-	-	19,566
Due from other governmental units	837,662	-	635	838,297
Inventories	178,044	-	-	178,044
Total assets	<u>\$ 19,807,272</u>	<u>\$ 4,441,778</u>	<u>\$ 771,533</u>	<u>\$ 25,020,583</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,623,913	\$ 77,563	\$ 63,474	\$ 1,764,950
Accrued and other liabilities	473,551	-	6,978	480,529
Unearned revenue (Note 10)	15,378	-	-	15,378
Total liabilities	2,112,842	77,563	70,452	2,260,857
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - Special assessments and property taxes	211,143	30,287	-	241,430
Unavailable revenue - Parking tickets and charges for services	67,342	17,432	24	84,798
Total deferred inflows of resources	278,485	47,719	24	326,228
<b>Fund Balances (Notes 1, 4, 9)</b>				
Nonspendable	197,610	-	-	197,610
Restricted	818,420	52,160	701,057	1,571,637
Committed	2,611,240	163,270	-	2,774,510
Assigned	1,731,490	4,101,066	-	5,832,556
Unassigned	12,057,185	-	-	12,057,185
Total fund balances	<u>17,415,945</u>	<u>4,316,496</u>	<u>701,057</u>	<u>22,433,498</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,807,272</u>	<u>\$ 4,441,778</u>	<u>\$ 771,533</u>	<u>\$ 25,020,583</u>

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

# City of Birmingham, Michigan

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## Government Funds Reconciliation of Fund Balances to the Statement of Net Position June 30, 2015

<b>Fund Balance - Total Governmental Funds</b>	<b>\$ 22,433,498</b>
--	----------------------

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

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	77,860,951
---	------------

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	326,228
---	---------

Long-term liabilities are not due and payable in the current period and are not reported in the funds, including related accrued interest	(15,068,586)
---	--------------

Deferred outflows related to debt refunding activities	271,205
--	---------

Retiree healthcare benefit contributions made in excess of actuarially determined amounts reduce future year contributions	3,930,648
--	-----------

Long-term pension liabilities are not due and payable in the current period and are not reported in the funds	(7,462,600)
---	-------------

Certain changes in pension plan net position are reported as deferred inflows and deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds	4,125,611
---	-----------

Internal Service Funds are included as part of governmental activities, net of amounts included above as capital assets, long-term pension liabilities, and pension-related deferred inflows and outflows	<u>8,452,495</u>
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<b>Net Position - Governmental Activities</b>	<b><u>\$ 94,869,450</u></b>
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The Notes to Financial Statements are an  
Integral Part of this Statement.

# City of Birmingham, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 19,797,129	\$ -	\$ 3,330,922	\$ 23,128,051
Licenses and permits	2,888,640	-	-	2,888,640
Federal grants	13,137	-	86,373	99,510
State sources	3,690,668	16,757	-	3,707,425
Charges for services	2,886,993	-	58,367	2,945,360
Fines and forfeitures	1,703,518	-	-	1,703,518
Use of money and property	250,943	33,344	10,156	294,443
Other	696,080	54,460	-	750,540
Total revenues	31,927,108	104,561	3,485,818	35,517,487
<b>Expenditures</b>				
Current:				
General government	5,160,703	-	-	5,160,703
Public safety	12,616,991	-	204,351	12,821,342
Public works	3,860,925	-	-	3,860,925
Highway and streets	2,688,769	-	-	2,688,769
Community and economic development	2,109,979	-	17,053	2,127,032
Solid waste disposal	-	-	1,681,330	1,681,330
48th District Court	1,228,831	-	-	1,228,831
Capital outlay	5,181,856	1,414,879	-	6,596,735
Debt service	-	-	1,510,421	1,510,421
Total expenditures	32,848,054	1,414,879	3,413,155	37,676,088
<b>Excess of Revenues (Under) Over Expenditures</b>	(920,946)	(1,310,318)	72,663	(2,158,601)
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 3)	-	643,920	-	643,920
Transfers out (Note 3)	(1,043,920)	-	-	(1,043,920)
Total other financing (uses) sources	(1,043,920)	643,920	-	(400,000)
<b>Net Changes in Fund Balance</b>	(1,964,866)	(666,398)	72,663	(2,558,601)
<b>Fund Balances - Beginning of year</b>	19,380,811	4,982,894	628,394	24,992,099
<b>Fund Balances - End of year</b>	<u>\$ 17,415,945</u>	<u>\$ 4,316,496</u>	<u>\$ 701,057</u>	<u>\$ 22,433,498</u>

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

# City of Birmingham, Michigan

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## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2015

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (2,558,601)</b>
---	-----------------------

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)	3,064,402
---	-----------

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	(33,721)
--	----------

Accrued interest on long-term liabilities	(20,983)
---	----------

Bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	955,000
--	---------

Retiree health care contributions in excess of actuarially determined amounts are not reported as expense on the statement of activities	713,238
--	---------

Government funds report pension contributions; in the statement of activities, pension expense is actuarially determined	(238,495)
--	-----------

Decreases in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	103,645
---	---------

Governmental funds report proceeds from sale; in the statement of activities, only the respective gain or loss is recognized	6,473
--	-------

Internal Service Funds are also included as governmental activities	<u>(449,320)</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,541,638</u></b>
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The Notes to Financial Statements are an  
Integral Part of this Statement.

# City of Birmingham, Michigan

## Proprietary Funds Statement of Net Position June 30, 2015

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Assets</b>						
Current assets:						
Cash and investments (Note 5)	\$ -	\$ 5,222,363	\$ 6,515,057	\$ 1,111,601	\$ 12,849,021	\$ 9,525,515
Receivables - Net - Customers	1,100,015	2,375,341	387,388	-	3,862,744	-
Inventories	-	-	17,609	-	17,609	68
Total current assets	1,100,015	7,597,704	6,920,054	1,111,601	16,729,374	9,525,583
Noncurrent assets:						
Other assets	53,833	20,910	16,377	17,443	108,563	93,077
Restricted assets (Note 8)	-	-	-	-	-	502,247
Capital assets (Note 6)	20,854,818	45,286,725	19,946,436	1,895,136	87,983,115	4,591,692
Total noncurrent assets	20,908,651	45,307,635	19,962,813	1,912,579	88,091,678	5,187,016
Total assets	22,008,666	52,905,339	26,882,867	3,024,180	104,821,052	14,712,599
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refunding	-	349,208	-	-	349,208	-
Deferred amount on pension earnings	155,786	50,704	73,217	11,286	290,993	77,627
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	615,193	1,328,289	275,305	34,486	2,253,273	83,112
Provision for uninsured losses and liabilities (Note 11)	-	-	-	-	-	342,357
Accrued and other liabilities	108,224	299,407	8,774	22,964	439,369	302,013
Unearned revenue (Note 10)	-	-	-	6,243	6,243	-
Current portion of long-term debt and employee benefits (Note 7)	13,012	2,829,496	-	-	2,842,508	82,261
Total current liabilities	736,429	4,457,192	284,079	63,693	5,541,393	809,743
Noncurrent liabilities:						
Provision for employee benefits	143	-	-	-	143	858,669
Net pension liability (Note 12)	277,121	90,195	130,242	20,076	517,634	138,087
Long-term debt - Net of current portion (Note 7)	-	9,987,835	-	-	9,987,835	-
Total noncurrent liabilities	277,264	10,078,030	130,242	20,076	10,505,612	996,756
Total liabilities	1,013,693	14,535,222	414,321	83,769	16,047,005	1,806,499
<b>Deferred Inflows of Resources</b>						
Deferred amount on debt refunding	-	179	-	-	179	-
Deferred amount on pension experience	2,583	841	1,213	187	4,824	1,287
<b>Net Position (Note 1)</b>						
Net investment in capital assets	20,854,818	32,469,394	19,946,436	1,895,136	75,165,784	4,591,692
Restricted - Employee benefits (Note 8)	-	-	-	-	-	502,247
Unrestricted	293,358	6,299,615	6,594,114	1,056,374	14,243,461	7,888,501
Total net position	<u>\$ 21,148,176</u>	<u>\$ 38,769,009</u>	<u>\$ 26,540,550</u>	<u>\$ 2,951,510</u>	<u>\$ 89,409,245</u>	<u>\$ 12,982,440</u>

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

# City of Birmingham, Michigan

## Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2015

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Operating Revenues</b>						
Sale of water	\$ 3,674,235	\$ -	\$ -	\$ -	\$ 3,674,235	\$ -
Sewage disposal charges	-	6,586,774	-	-	6,586,774	-
Golf course fees and charges	-	-	-	1,099,894	1,099,894	-
Charges for services	-	-	-	-	-	4,983,411
Automobile parking system fees and charges	-	-	4,738,537	-	4,738,537	-
Total operating revenues	3,674,235	6,586,774	4,738,537	1,099,894	16,099,440	4,983,411
<b>Operating Expenses</b>						
Cost of water produced/purchased	1,586,540	-	-	-	1,586,540	-
Cost of sewage treatment	-	5,289,948	-	-	5,289,948	-
Operation and maintenance	1,429,522	644,375	2,288,873	739,884	5,102,654	1,334,779
General and administrative	214,353	250,750	120,978	41,096	627,177	3,265,783
Depreciation (Note 6)	768,351	1,581,043	842,613	107,053	3,299,060	999,055
Total operating expenses	3,998,766	7,766,116	3,252,464	888,033	15,905,379	5,599,617
<b>Operating (Loss) Income</b>	(324,531)	(1,179,342)	1,486,073	211,861	194,061	(616,206)
<b>Nonoperating Revenue (Expenses)</b>						
Investment income	150	56,196	44,410	11,309	112,065	63,422
Interest expense	-	(487,371)	-	-	(487,371)	-
Gain on disposal of assets	-	-	-	-	-	89,194
Property taxes	(9)	3,356,369	-	-	3,356,360	-
Total nonoperating revenue	141	2,925,194	44,410	11,309	2,981,054	152,616
<b>(Loss) Income - Before transfers and capital contributions</b>	(324,390)	1,745,852	1,530,483	223,170	3,175,115	(463,590)
<b>Capital Contributions</b>	-	-	-	-	-	14,270
<b>Transfers from Other Funds (Note 3)</b>	750,000	-	-	-	750,000	-
<b>Transfers to Other Funds (Note 3)</b>	-	(350,000)	-	-	(350,000)	-
<b>Changes in Net Position</b>	425,610	1,395,852	1,530,483	223,170	3,575,115	(449,320)
<b>Net Position - Beginning of year as restated (Note 1)</b>	20,722,566	37,373,157	25,010,067	2,728,340	85,834,130	13,431,760
<b>Net Position - End of year</b>	<u>\$ 21,148,176</u>	<u>\$ 38,769,009</u>	<u>\$ 26,540,550</u>	<u>\$ 2,951,510</u>	<u>\$ 89,409,245</u>	<u>\$ 12,982,440</u>

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

# City of Birmingham, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2015

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and others	\$ 3,724,492	\$ 6,962,777	\$ 4,709,912	\$ 1,103,897	\$ 16,501,078	\$ 4,983,408
Payments to suppliers	(2,228,862)	(5,842,369)	(1,875,209)	(319,088)	(10,265,528)	(3,705,109)
Payments to employees	(1,045,033)	(620,838)	(436,518)	(450,642)	(2,553,031)	(611,316)
Net cash provided by operating activities	450,597	499,570	2,398,185	334,167	3,682,519	666,983
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers to other funds	-	(350,000)	-	-	(350,000)	-
Property taxes	(9)	2,345,534	-	-	2,345,525	-
Net cash (used in) provided by noncapital financing activities	(9)	1,995,534	-	-	1,995,525	-
<b>Cash Flows from Capital and Related Financing Activities</b>						
Debt retirement	-	-	-	-	-	-
Principal and interest paid on capital debt	-	(3,361,789)	-	-	(3,361,789)	-
Purchase of capital assets	(1,852,457)	(2,454,433)	(1,443,676)	(12,046)	(5,762,612)	(739,838)
Transfers from other funds	750,000	-	-	-	750,000	-
Federal grants	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	99,125
Property taxes - Restricted for capital debt	-	1,012,415	-	-	1,012,415	-
Net cash used in capital and related financing activities	(1,102,457)	(4,803,807)	(1,443,676)	(12,046)	(7,361,986)	(640,713)
<b>Cash Flows from Investing Activities -</b>						
Interest received on investments	150	56,196	44,410	11,309	112,065	63,422
<b>Net Changes in Cash and Cash Equivalents</b>	(651,719)	(2,252,507)	998,919	333,430	(1,571,877)	89,692
<b>Cash and Cash Equivalents - Beginning of year</b>	651,719	7,474,870	5,516,138	778,171	14,420,898	9,938,070
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ -</u>	<u>\$ 5,222,363</u>	<u>\$ 6,515,057</u>	<u>\$ 1,111,601</u>	<u>\$ 12,849,021</u>	<u>\$ 10,027,762</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>						
Cash and investments	\$ -	\$ 5,222,363	\$ 6,515,057	\$ 1,111,601	\$ 12,849,021	\$ 9,525,515
Restricted investments (Note 8)	-	-	-	-	-	502,247
<b>Total cash and cash equivalents</b>	<u>\$ -</u>	<u>\$ 5,222,363</u>	<u>\$ 6,515,057</u>	<u>\$ 1,111,601</u>	<u>\$ 12,849,021</u>	<u>\$ 10,027,762</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, 2015

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>						
Operating (loss) income	\$ (324,531)	\$ (1,179,342)	\$ 1,486,073	\$ 211,861	\$ 194,061	\$ (616,206)
Adjustments to reconcile operating (loss) income to net cash from operating activities:						
Depreciation	768,351	1,581,043	842,613	107,053	3,299,060	999,055
Changes in assets and liabilities:						
Receivables	50,257	302,361	(28,624)	-	323,994	-
Other assets	(181,163)	(63,545)	(89,547)	(10,355)	(344,610)	150,744
Accounts payable	(42,587)	(120,534)	112,935	12,299	(37,887)	35,086
Accrued and other liabilities	180,270	(20,413)	74,735	13,309	247,901	98,304
Net cash provided by operating activities	<u>\$ 450,597</u>	<u>\$ 499,570</u>	<u>\$ 2,398,185</u>	<u>\$ 334,167</u>	<u>\$ 3,682,519</u>	<u>\$ 666,983</u>

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

# City of Birmingham, Michigan

## Fiduciary Fund Statement of Fiduciary Net Position June 30, 2015

	<u>Pension and Other Employee Benefits</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents (Note 5)	\$ 6,309,209	\$ 2,099,014
Investments:		
U.S. government securities	10,225,094	-
Stocks	103,379,227	-
Bonds	13,865,472	-
Receivables and accrued interest	193,546	-
Other assets	<u>234,026</u>	<u>4,100</u>
 Total assets	 134,206,574	 <u><u>\$ 2,103,114</u></u>
 <b>Liabilities</b>		
Accounts payable	28,333	\$ 45,242
Accrued and other liabilities	<u>420,783</u>	<u>2,057,872</u>
 Total liabilities	 <u>449,116</u>	 <u><u>\$ 2,103,114</u></u>
 <b>Net Position</b> - Held in trust for pension and other employee benefits	 <u><u>\$ 133,757,458</u></u>	

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

# City of Birmingham, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2015

	<u>Pension and Other Employee Benefits</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 2,907,015
Net change in fair value of investments	(203,720)
Less investment expenses	<u>(794,824)</u>
Net investment income	1,908,471
Contributions:	
Employer	7,251,435
Plan members	<u>477,454</u>
Total contributions	7,728,889
Other revenue	<u>41,510</u>
Total net additions	9,678,870
<b>Deductions</b>	
Benefit payments	9,613,992
Refunds of contributions	1,261,502
Administrative expenses and other	<u>173,095</u>
Total deductions	<u>11,048,589</u>
<b>Change in Net Position</b>	(1,369,719)
<b>Net Position - Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>135,127,177</u>
End of year	<u><u>\$ 133,757,458</u></u>

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

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# City of Birmingham, Michigan

## Component Units Statement of Net Position June 30, 2015

	Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Totals
<b>Assets</b>					
Cash and investments (Note 5)	\$ 2,916,124	\$ 8,084	\$ 34,168	\$ 839,063	\$ 3,797,439
Receivables	-	32,073	-	34,583	66,656
Due from other governmental units	81,936	-	-	-	81,936
Capital assets (Note 6)	2,368,318	-	-	504	2,368,822
Other	<u>72,953</u>	<u>-</u>	<u>-</u>	<u>28,245</u>	<u>101,198</u>
Total assets	5,439,331	40,157	34,168	902,395	6,416,051
<b>Deferred Outflows of Resources</b>					
Deferred amount on pension earnings	195,070	-	-	46,958	242,028
<b>Liabilities</b>					
Accounts payable	57,803	3,836	-	28,471	90,110
Accrued and other liabilities	54,381	-	-	12,155	66,536
Noncurrent liabilities (Note 7):					
Net pension liability (Note 12)	347,003	-	-	83,532	430,535
Due within one year	92,386	-	-	19,315	111,701
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>761</u>	<u>761</u>
Total liabilities	551,573	3,836	-	144,234	699,643
<b>Deferred Inflows of Resources</b>					
Deferred amount on pension experience	<u>3,234</u>	<u>-</u>	<u>-</u>	<u>778</u>	<u>4,012</u>
<b>Net Position</b>					
Net investment in capital assets	2,368,318	-	-	504	2,368,822
Restricted:					
Corridor Improvement Authority	-	-	34,168	-	34,168
Brownfield Redevelopment Authority	-	36,321	-	-	36,321
Library donations	1,184,902	-	-	-	1,184,902
Unrestricted	<u>1,526,374</u>	<u>-</u>	<u>-</u>	<u>803,837</u>	<u>2,330,211</u>
Total net position	<u>\$ 5,079,594</u>	<u>\$ 36,321</u>	<u>\$ 34,168</u>	<u>\$ 804,341</u>	<u>\$ 5,954,424</u>

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

# City of Birmingham, Michigan

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		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Baldwin Public Library - Culture and recreation</b>	\$ 3,183,850	\$ 937,211	\$ 140,328
<b>Brownfield Redevelopment Authority - Community development</b>	805,855	72,633	-
<b>Corridor Improvement Authority - Community development</b>	14,346	-	-
<b>Principal Shopping District - Community development</b>	<u>1,159,505</u>	<u>653</u>	<u>1,059,482</u>
<b>Total governmental activities</b>	<b><u>\$ 5,163,556</u></b>	<b><u>\$ 1,010,497</u></b>	<b><u>\$ 1,199,810</u></b>

General revenues:

Taxes  
State sources  
Investment earnings  
Miscellaneous

Total general revenues

**Changes in Net Position**

**Net Position** - Beginning of year as restated (Note 1)

**Net Position** - End of year

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

Component Units  
Statement of Activities  
Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position				
Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Total
\$ (2,106,311)	\$ -	\$ -	\$ -	\$ (2,106,311)
-	(733,222)	-	-	(733,222)
-	-	(14,346)	-	(14,346)
-	-	-	(99,370)	(99,370)
(2,106,311)	(733,222)	(14,346)	(99,370)	(2,953,249)
2,069,811	225,224	-	-	2,295,035
20,815	-	-	-	20,815
52,025	4,051	316	5,820	62,212
(2,540)	-	-	-	(2,540)
2,140,111	229,275	316	5,820	2,375,522
33,800	(503,947)	(14,030)	(93,550)	(577,727)
5,045,794	540,268	48,198	897,891	6,532,151
<b>\$ 5,079,594</b>	<b>\$ 36,321</b>	<b>\$ 34,168</b>	<b>\$ 804,341</b>	<b>\$ 5,954,424</b>

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## Note 1 - Summary of Significant Accounting Policies

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

### **Reporting Entity**

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

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

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

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

- d. The Corridor Improvement Authority was created under Act 280 of the Public Acts of the State of Michigan of 2005 to redevelop its commercial corridors and promote economic growth in identified areas. The Authority is governed by a seven-member board which is appointed by the mayor of the City subject to the approval of the City Commission. The City Commission is responsible for approving the Authority's budget as well as any master plans for improvements.

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

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

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

Principal Shopping District  
151 Martin Street  
Birmingham, MI 48009

Brownfield Redevelopment Authority  
151 Martin Street  
Birmingham, MI 48009

Corridor Improvement Authority  
151 Martin Street  
Birmingham, MI 48009

#### **Government-wide and Fund Financial Statements**

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Additionally, the government reports the following fund types:

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

**Property Tax Revenue**

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2015 is based on the 2014 levy, which was billed July 1, 2014.

The 2014 taxable valuation of the City totaled \$1,895,084,170, on which ad valorem taxes levied consisted of 11.6883 mills for operating purposes. These mills were allocated to the General Fund (10.4426) and the Sewer Fund (1.2457). Additionally, .9585 mills and 1.3394 mills were levied for solid waste disposal and debt service, respectively. This resulted in \$22.1 million for operating expenses, \$1.8 million for refuse services, and \$2.5 million for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Funds financial statements as tax revenue.

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

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2015 is based on the 2014 levy, which was billed July 1, 2014.

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2014 taxable value totaled \$1,895,084,170; the Library's millage rate was 1.1000 mills, which resulted in property tax billings of \$2.1 million. The amount recognized as revenue reflects reductions for Board of Review, Michigan Tax Tribunal, and delinquencies, as well as recoveries of prior year delinquencies.

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

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

**Receivables** – All customer receivables are shown net of allowances for uncollectible amounts. For the year ended June 30, 2015, there was approximately \$252,990 in allowances for parking fines, \$34,680 in allowances for delinquent personal property taxes, and approximately \$30,000 in allowances for miscellaneous receivables.

**Inventories and Prepaid Costs** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, 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 retiree healthcare benefits are recorded as a prepaid expense on the government-wide and proprietary fund-based statements. At June 30, 2015, the accumulated prepaid retiree healthcare benefit costs were \$3,930,648, \$101,580, and \$93,790 for governmental, business-type activities, and component units, respectively.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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



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

	Unadjusted Beginning <u>Net Position</u>	Remove Prepaid Net Pension Asset <u>(GASB 27)</u>	Record Net Pension Liability <u>(GASB 68)</u>	Adjusted Beginning <u>Net Position</u>
Governmental Activities	\$ 98,322,639	\$ (1,902,038)	\$ (3,092,789)	\$ 93,327,812
Water Supply System Receiving	20,862,706	(27,568)	(112,572)	20,722,566
Sewage Disposal System	37,414,038	(9,966)	(30,915)	37,373,157
Automobile Parking System	25,074,811	(7,979)	(56,765)	25,010,067
Golf Courses	2,760,531	(16,250)	(15,941)	2,728,340
Equipment Fund	10,896,284	-	(56,042)	10,840,242
Baldwin Public Library	5,257,430	(50,588)	(161,048)	5,045,794
Principal Shopping District	939,961	(10,185)	(31,885)	897,891

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Summary of Significant Accounting Policies (Continued)

The City has three items that qualify for reporting in this category. The first is deferred inflows of resources related to unavailable revenue which are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from four sources: property taxes, special assessments, parking tickets, and certain charges for services. These amounts are deferred and recognized as inflows of resources until the period that the amounts become available. The second is deferred inflows as a result of debt refunding. It is the result of a difference between the carrying value of the debt and the reacquisition price. This amount is in the proprietary funds only and will be amortized over the remaining life of the bond. The third item is a deferred inflow as a result of pension experience. This amount is in the government-wide and proprietary funds' statements of net assets. It is the result of a difference between the assumptions the actuary made and what actually occurred. This amount will be amortized over the next four years and be a reduction to pension expense.

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

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

- Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the City Commission for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Commission.
- Assigned – Intent to spend resources on specific purposes expressed by the City Commission or the Finance Director, who is authorized by resolution approved by the City Commission to make assignments.
- Unassigned – Amounts that are available for any purpose.

Note 1 - Summary of Significant Accounting Policies (Continued)

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% of the budgeted expenditures in that fund.

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

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 \$3,064,402 difference are as follows:

Capital outlay	\$ 6,973,579
Depreciation expense	<u>(3,909,177)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$3,064,402</u>

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2015

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

For the year ended June 30, 2015, interfund transfers reported in the fund statements were as follows:

	Transfers Out		
	General Fund	Sewer Fund	Total
Transfers in:			
Capital Projects Fund	\$ 643,920 (1)	\$ -	\$ 643,920
Nonmajor Governmental	-	-	-
Water Supply Fund	<u>400,000 (2)</u>	<u>350,000 (2)</u>	<u>750,000</u>
Total	<u>\$ 1,043,920</u>	<u>\$ 350,000</u>	<u>\$ 1,393,920</u>

The following describes the nature of significant transfers:

- (1) Provide funding for capital projects.
- (2) Provide funding for infrastructure projects.

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

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

A summary of the cumulative surplus and activity for the year ended June 30, 2015 is as follows:

Surplus as of June 30, 2014	\$ 386,189
Building permit revenue	2,107,031
Related expenses:	
Direct costs	\$1,573,637
Estimated indirect costs	<u>101,163</u>
Total construction code expenses	<u>1,674,800</u>
Surplus as of June 30, 2015	<u>\$ 818,420</u>

Note 4 - Stewardship, Compliance, and Accountability (Continued)

**Local Community Stabilization Authority Act (Act 86 of 2014)** – This act created an authority which receives revenue under the use tax law and distributes this funding to local governments to replace in part revenue lost as a result of the elimination of the personal property tax. Under this act, municipalities are required to calculate the percentage of general operating revenues used to fund essential services for fiscal year ended June 30, 2012. Below is the calculation of the required percentage:

Cost of Essential Services	\$10,286,892
General Operating Millage Revenue	\$20,882,320
Percentage of Millage Rate used for Essential Services	49%

Note 5 - Cash and Investments

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; banker's acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. To the extent cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool.

The Pension Trust Fund and the Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, 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.

## Note 5 - Cash and Investments (Continued)

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 \$2.4 million in total bank deposits (certificates of deposit and checking and savings accounts). Of that amount, approximately \$2.1 million is considered uninsured and uncollateralized.

**Interest Rate Risk** – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's general investment policy restricts the average maturity of investments to 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	\$ 16,065,090	\$ 7,548,095	\$ 8,516,995	\$ -	\$ -
Retirement Fund	2,669,351	7,542	1,771,319	254,090	636,400
Retiree Health Care	1,054,159	2,155	395,473	533,060	123,471
U.S. agency:					
General investments	29,914,001	4,525,300	25,388,701	-	-
Retirement Fund	5,154,316	-	101,501	212,335	4,840,480
Retiree Health Care	1,347,268	-	31,898	102,604	1,212,766
Corporate/Municipal bonds:					
General investments	1,515,765	1,515,765	-	-	-
Retirement Fund	10,856,361	10,229	2,897,017	4,492,316	3,456,799
Retiree Health Care	3,009,111	-	738,319	1,356,928	913,864
Commercial paper:					
General investments	1,497,450	1,497,450	-	-	-

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

## Note 5 - Cash and Investments (Continued)

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

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Rating Agency</u>
U.S. agency securities	Unrated	\$ 5,463,515	
	AA+	30,891,284	S&P
	AA-	26,363	S&P
Corporate/Municipal bonds	Unrated	3,252,357	
	AAA	648,366	S&P
	AA+	574,570	S&P
	AA	472,317	S&P
	AA-	336,892	S&P
	A+	808,258	S&P
	A	1,245,335	S&P
	A-	145,858	S&P
	BBB+	1,886,652	S&P
	BBB	1,565,903	S&P
	BBB-	1,802,466	S&P
	BB+	246,863	S&P
	BB	150,680	S&P
	BB-	268,901	S&P
	B+	141,132	S&P
Commercial paper	Aaa	1,497,450	S&P
Pooled funds	Unrated	7,023,195	
	AAA	513,767	S&P

**Concentration of Credit Risk** – At June 30, 2015, the City had investments greater than 5% 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	12%	-	-
Federal National Mortgage Assn.	12%	-	-
Federal Home Loan Bank	26%	-	-

Note 5 - Cash and Investments (Continued)

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

The City'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 was as follows:

	Balance July 1, 2014	Additions	Disposals and Adjustments	Balance June 30, 2015
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 10,337,835	\$ -	\$ -	\$ 10,337,835
Art and historical treasures	815,449	-	-	815,449
Construction in progress	<u>342,049</u>	<u>855,371</u>	<u>326,877</u>	<u>870,543</u>
Subtotal	11,495,333	855,371	326,877	12,023,827
Capital assets being depreciated:				
Road and sidewalks	56,971,916	4,775,223	3,273,815	58,473,324
Buildings and improvements	21,722,274	269,847	-	21,992,121
Improvements other than buildings	11,565,105	1,154,962	-	12,720,067
Machinery and equipment	<u>16,573,155</u>	<u>1,011,839</u>	<u>777,216</u>	<u>16,807,778</u>
Subtotal	106,832,450	7,211,871	4,051,031	109,993,290
Accumulated depreciation:				
Road and sidewalks	25,751,745	2,902,438	3,273,815	25,380,368
Buildings and improvements	4,558,443	187,439	-	4,745,882
Improvements other than buildings	3,319,531	532,960	-	3,852,491
Machinery and equipment	<u>9,653,112</u>	<u>1,285,395</u>	<u>761,082</u>	<u>10,177,425</u>
Subtotal	<u>43,282,831</u>	<u>4,908,232</u>	<u>4,034,897</u>	<u>44,156,166</u>
Net capital assets being depreciated	<u>63,549,619</u>	<u>2,303,639</u>	<u>16,134</u>	<u>65,837,124</u>
Net capital assets	<u>\$ 75,044,952</u>	<u>\$ 3,159,010</u>	<u>\$ 343,011</u>	<u>\$ 77,860,951</u>



Notes to Financial Statements  
June 30, 2015

## Note 6 - Capital Assets (Continued)

	Balance July 1, 2014	Additions	Disposals and Adjustments	Balance June 30, 2015
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,597,920	\$ -	\$ -	\$ 1,597,920
Construction in progress	<u>1,822,686</u>	<u>2,541,298</u>	<u>(1,751,513)</u>	<u>2,612,471</u>
Subtotal	3,420,606	2,541,298	(1,751,513)	4,210,391
Capital assets being depreciated:				
Water and sewer distribution systems	91,127,488	1,951,431	1,751,513	94,830,432
Land improvements	2,555,018	291,644	-	2,846,662
Building and building improvements	37,343,988	978,239	-	38,322,227
Machinery and equipment	<u>2,604,913</u>	<u>-</u>	<u>-</u>	<u>2,604,913</u>
Subtotal	133,631,407	3,221,314	1,751,513	138,604,234
Accumulated depreciation:				
Water and sewer distribution systems	28,598,110	2,356,912	-	30,955,022
Land improvements	316,896	92,751	-	409,647
Building and building improvements	20,532,618	775,107	-	21,307,725
Machinery and equipment	<u>2,084,826</u>	<u>74,290</u>	<u>-</u>	<u>2,159,116</u>
Subtotal	<u>51,532,450</u>	<u>3,299,060</u>	<u>-</u>	<u>54,831,510</u>
Net capital assets being depreciated	<u>82,098,957</u>	<u>(77,746)</u>	<u>1,751,513</u>	<u>83,772,724</u>
Net capital assets	<u>\$ 85,519,563</u>	<u>\$ 2,463,552</u>	<u>\$ -</u>	<u>\$ 87,983,115</u>

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

	Balance July 1, 2014	Additions	Disposals and Adjustments	Balance June 30, 2015
<b>Component Units</b>				
Capital assets not being depreciated -				
Fine arts	\$ 107,918	\$ -	\$ -	\$ 107,918
Capital assets being depreciated:				
Equipment and building improvements	3,194,375	173,760	(95,484)	3,272,651
Books, periodicals, etc.	<u>9,983,026</u>	<u>355,055</u>	<u>(138,697)</u>	<u>10,199,384</u>
Subtotal	13,177,401	528,815	(234,181)	13,472,035
Less accumulated depreciation	<u>10,854,779</u>	<u>587,991</u>	<u>(231,639)</u>	<u>11,211,131</u>
Net capital assets being depreciated	<u>2,322,622</u>	<u>(59,176)</u>	<u>(2,542)</u>	<u>2,260,904</u>
Net capital assets	<u>\$ 2,430,540</u>	<u>\$ (59,176)</u>	<u>\$ (2,542)</u>	<u>\$ 2,368,822</u>

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2015

### Note 6 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 230,712
Public safety	170,941
Public works	2,871,833
Economic development	1,882
Recreation and culture	633,809
Internal Service Fund depreciation is charged to the various function based on their usage of the asset	<u>999,055</u>
Total governmental activities	<u>\$ 4,908,232</u>
Business-type activities:	
Water and sewer	\$ 2,349,394
Automobile parking system	842,613
Golf courses	<u>107,053</u>
Total business-type activities	<u>\$ 3,299,060</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	\$ 2,625,728	\$ 343,608
Street/bridge projects	5,533,681	2,411,397
Sewer improvements	2,653,538	956,692
Parking deck improvements	1,577,790	942,453
Building improvements	67,000	66,400
Sidewalks	194,006	118,233
Park improvements	922,851	121,602
Vehicles	-	337,212
Other	<u>20,624</u>	<u>176,054</u>
Total	<u>\$13,595,218</u>	<u>\$ 5,473,651</u>

# City of Birmingham, Michigan

## Notes to Financial Statements June 30, 2015

### Note 7 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
General obligation bonds:							
2002 Parks and Recreation Bonds:							
Amount of issue - \$15,700,000	2.00% -	\$200,000 -					
Maturing through 2025	5.00%	\$1,300,000	\$ 2,500,000	\$ -	\$ (800,000)	\$ 1,700,000	\$ 800,000
Unamortized bond premium			10,127	-	(3,376)	6,751	-
2006 Refunding Bonds:							
Amount of issue - \$8,920,000	3.75% -	\$40,000 -					
Maturing through 2023	4.00%	\$1,285,000	8,595,000	-	(55,000)	8,540,000	55,000
Unamortized bond discount			(21,474)	-	2,147	(19,327)	-
2008 Parks and Recreation Bonds:							
Amount of issue - \$4,000,000	3.00% -	\$100,000 -					
Maturing through 2029	4.00%	\$300,000	3,500,000	-	(100,000)	3,400,000	200,000
Unamortized bond discount			(19,324)	-	1,380	(17,944)	-
Total general obligation bonds			14,564,329	-	(954,849)	13,609,480	1,055,000
Notes Payable:							
MDEQ Brownfield Redevelopment Loan	2.00%	\$27,398 -					
Amount of loan - \$300,000		\$32,743					
Maturing through 2019			154,333	-	(24,466)	129,867	24,955
Total bonds and notes payable			14,718,662	-	(979,315)	13,739,347	1,079,955
Accumulated employee benefits			2,367,839	547,946	(734,671)	2,181,114	1,322,443
Total governmental activities			<u>\$ 17,086,501</u>	<u>\$ 547,946</u>	<u>\$ (1,713,986)</u>	<u>\$ 15,920,461</u>	<u>\$ 2,402,398</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$940,930 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
<b>Business-type Activities</b>							
General obligation bonds:							
2004 Refunding Bonds:							
Amount of issue - \$9,930,000	2.00% -	\$85,000 -					
Maturing through 2020	4.00%	\$1,155,000	\$ 6,720,000	\$ -	\$ (765,000)	\$ 5,955,000	\$ 850,000
Unamortized bond premium			27,745	-	(3,964)	23,781	-
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	4,260,776	-	(1,658,669)	2,602,107	1,496,703
Unamortized bond premium			46,500	-	(15,500)	31,000	-
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	3,482,445	-	(310,803)	3,171,642	319,816
North Arm Drain Bonds:							
Amount of issue - \$13,877,387	1.10% -	\$121,756 -					
Maturing through 2021	1.30%	\$174,693	1,194,606	-	(160,805)	1,033,801	162,978
Total contractual obligations			8,984,327	-	(2,145,777)	6,838,550	1,979,497
Total bonds and contractual obligations			15,732,072	-	(2,914,741)	12,817,331	2,829,497
Accumulated employee benefits			13,367	3,594	(3,806)	13,155	13,011
Total business-type activities			\$ 15,745,439	\$ 3,594	\$ (2,918,547)	\$ 12,830,486	\$ 2,842,508

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 \$6,295,879 and \$1,104,919, respectively.

Note 7 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 1,079,955	\$ 516,831	\$ 1,596,786	\$ 2,829,497	\$ 377,741	\$ 3,207,238
2017	1,180,454	472,444	1,652,898	2,536,319	292,697	2,829,016
2018	1,380,963	422,934	1,803,897	1,422,471	228,335	1,650,806
2019	1,366,483	371,425	1,737,908	1,519,886	178,498	1,698,384
2020	1,457,012	317,615	1,774,627	1,633,245	123,732	1,756,977
2021-2025	6,105,000	762,920	6,867,920	2,713,086	128,814	2,841,900
2026-2029	1,200,000	96,000	1,296,000	108,046	6,190	114,236
Total	<u>\$ 13,769,867</u>	<u>\$ 2,960,169</u>	<u>\$ 16,730,036</u>	<u>\$ 12,762,550</u>	<u>\$ 1,336,007</u>	<u>\$ 14,098,557</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 internal service funds is approximately \$502,000, which represents health reimbursement accounts (HRAs) for full-time employees. Employees participating in the City's health insurance coverage can use these accounts to reimburse themselves for their out-of-pocket deductible and co-insurance payments. If an employee terminates employment before retirement, any unused funds are returned to the City.

# City of Birmingham, Michigan

## Notes to Financial Statements

June 30, 2015

### Note 9 - Governmental Fund Balances

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

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Other Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable				
Prepays and inventory	\$ 197,610	\$ -	\$ -	\$ 197,610
Advances to other funds	-	-	-	-
Restricted for:				
Solid waste disposal	-	-	571,819	571,819
Law enforcement	-	-	58,508	58,508
Park improvements	-	19,180	-	19,180
Debt service	-	-	36,390	36,390
Construction Code	818,420	-	-	818,420
Cemetery maintenance	-	-	34,340	34,340
Other purposes	-	32,980	-	32,980
Committed to:				
Traffic signals	-	-	-	-
Street improvements	2,393,052	-	-	2,393,052
Bridge improvements	-	-	-	-
Park improvements	5,674	114,275	-	119,949
Sidewalk improvements	120,955	-	-	120,955
Library HVAC improvements	-	-	-	-
Streetlight improvements	-	48,995	-	48,995
DPS building improvements	-	-	-	-
Other purposes	91,559	-	-	91,559
Assigned to:				
Highway and street projects	1,661,760	-	-	1,661,760
Fire station renovations and repairs	-	3,089,669	-	3,089,669
Park and recreational improvements	12,350	450,517	-	462,867
DPS building and property improvement:	37,020	73,441	-	110,461
Woodward Ave. crossing improvements	-	150,000	-	150,000
Ice Arena improvements	-	111,525	-	111,525
City Hall and Library improvements	-	61,853	-	61,853
Downtown streetscape	-	97,224	-	97,224
Other purposes	20,360	66,837	-	87,197
Unassigned	<u>12,057,185</u>	<u>-</u>	<u>-</u>	<u>12,057,185</u>
Total fund balances	<u>\$ 17,415,945</u>	<u>\$ 4,316,496</u>	<u>\$ 701,057</u>	<u>\$ 22,433,498</u>

Note 10 - Unearned Revenue

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

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

Note 11 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City is insured under the Michigan Municipal League for workers' compensation claims, general liability, and property loss and is self-insured for other employee and retiree health and dental claims.

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

The City estimates the liability for general liability and employee health and dental claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the Risk Management Internal Service Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims – Beginning of year	\$ 205,058	\$ 243,793
Incurred claims – Including claims incurred but not reported	2,485,853	2,070,199
Claim payments	<u>(2,348,554)</u>	<u>(2,108,934)</u>
Unpaid claims – End of year	<u>\$ 342,357</u>	<u>\$ 205,058</u>

*Laurence Wolf v City of Birmingham*

This is a class action lawsuit alleging the method the City uses to charge its utility customers for storm water disposal is in violation of state law. During the 2014 and 2015 fiscal years under the lawsuit, the City charged its customers \$4.4 million for storm water disposal services. It is reasonably possible that this case will be adversely decided against the City due to similar court decisions such as *Bolt v City of Lansing*. The amount of exposure to the City cannot be reasonably estimated at this time. There is no insurance coverage for this claim.

Note 12 - Retirement Plans

**Defined Benefit Plan**

**Plan Description**

*Plan administration.* The City of Birmingham Employees' Retirement System (the "System") is a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to eligible general and public safety employees of the City and their beneficiaries. The plan is administered by the City of Birmingham Employees' Retirement System Pension Board. The Birmingham Employees' Retirement System (BERS) was established on April 3, 1944 under Chapter XIX of the City Charter and may be amended from time to time by ordinance approved by the City Commission subject to collective bargaining as required by state law. The plan issues a publicly available financial report that includes financial and supplementary information for the system. That report may be obtained by writing to the City of Birmingham, 151 Martin Street, P.O. Box 3001, Birmingham, MI 48009.

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

*Plan membership.* At June 30, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	216
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	<u>126</u>
Total plan members	359

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

*Benefits provided.* BERS provides retirement, disability, and death benefits to plan members and their beneficiaries in accordance with the City's pension ordinance. Postretirement cost of living adjustments are not provided. Retirement benefits for members are calculated as a percent of member's final average compensation (FAC) based on the highest three consecutive years out of the last 10 years times the member's years of service. The percentages used for the various groups are as follows:



Note 12 - Retirement Plans (Continued)

*General, Library, AFSCME and Police Support:* 2.5% of total years of service.

*Teamsters:* 2.5% of first 30 years of service and 1% of years of service over 30, subject to a maximum of 90% of FAC.

*Police Patrol, Fire and Fire Command:* 3.0% of first 30 years of service and 1% of years of service over 30, subject to a maximum of 95% of FAC.

*Police Officials hired before November 1, 1973:* 2.85% of first 30 years of service and 1% of years of service over 30.

*Police Command and Police Officials hired after November 1, 1973:* 3.0% of first 30 years of service, subject to a maximum of 90% of FAC.

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

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

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

Note 12 - Retirement Plans (Continued)

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

*Contributions.* Member contribution rate is established by contract and/or resolution as approved by the City Commission. Contributions by the City are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2015, the average active member contribution rate was 3.0 percent of annual pay, and the City's average contribution rate was 12.55 percent of annual payroll, plus \$571,724 for the unfunded accrued liability for General members and 17.88 percent of annual payroll, plus \$718,664 for the unfunded accrued liability for Police and Fire members.

**Investments**

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the BERS Board by a majority vote of its members. It is the policy of the BERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015:

Note 12 - Retirement Plans (Continued)

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

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

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

*Rate of return.* For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.65 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Reserves**

State law requires employee contributions to be segregated. As of June 30, 2015, the System's legally required reserves have been fully funded as follows:

Reserve for employer contributions	\$ 25,468,880
Reserve for employees' contributions	5,670,258
Reserve for retired benefit payments	72,787,234
Reserve for deferred retirement option plan benefit payments	<u>1,736,062</u>
Total	<u>\$ 105,662,434</u>

Note 12 - Retirement Plans (Continued)

**Deferred Retirement Option Program**

Police and Fire command members who were plan members on January 1, 2005 and at least 50 years old with 30 or more years of service and police official members who were plan members on January 1, 2005 and at least 53 years of age with minimum 30 years of service may elect to participate in a deferred retirement option plan (DROP). Under this plan the member's benefit is deposited into an account that receives 4 percent compound interest annually while the member remains an active member. No member contributions are made while in the DROP and no additional retirement benefits are earned. Members may remain in the DROP for a maximum of five years at which time they receive their account balance and begin receiving the benefit accrued to the date of entry into the program. The amount of reserves at June 30, 2015 held by the pension plan for the DROP program totaled \$1,736,062.

**Net Pension Liability of the City**

The components of the net pension liability of the City at June 30, 2015 were as follows:

Total pension liability	\$ 114,073,204
Plan fiduciary net position	<u>105,662,435</u>
City's net pension liability	<u>\$ 8,410,769</u>
Plan fiduciary net position as a percentage of the total Pension liability	92.63%

The City has chosen to use June 30, 2015 as its measurement date for the net pension liability. The June 30, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of June 30, 2015. The June 30, 2015 total pension liability was determined by an actuarial valuation performed as of June 30, 2014, which used updated procedures to roll forward the estimated liability to June 30, 2015.

Note 12 - Retirement Plans (Continued)

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balances at June 30, 2014</b>	\$ 112,840,052	\$ 109,338,138	\$ 3,501,914
<b>Changes for the year:</b>			
Service cost	1,402,945	-	1,402,945
Interest	7,674,711	-	7,674,711
Changes in benefits	71,306	-	71,306
Differences between expected and actual experience	(110,215)	-	(110,215)
Changes in assumptions	-	-	-
Contributions - Employer	-	2,484,308	(2,484,308)
Contributions - Employee	-	238,890	(238,890)
Net investment income	-	1,560,189	(1,560,189)
Benefit payments, including refunds	(7,805,595)	(7,805,595)	-
Administrative expenses	-	(153,495)	153,495
Miscellaneous other changes	-	-	-
<b>Balances at June 30, 2015</b>	<b>\$ 114,073,204</b>	<b>\$ 105,662,435</b>	<b>\$ 8,410,769</b>

*Benefit changes.* The \$71,306 change is related to the addition of an executive group to the plan.

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

For the year ended June 30, 2015, the City recognized pension expense of \$2,743,367. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 78,383	\$ (78,383)
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	4,728,179		4,728,179
<b>Total</b>	<b>\$ 4,728,179</b>	<b>\$ 78,383</b>	<b>\$ 4,649,796</b>

Note 12 - Retirement Plans (Continued)

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

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ 1,150,213
2017	1,150,213
2018	1,167,325
2019	1,182,045
2020	-
Thereafter	-
Total	<u>\$ 4,649,796</u>

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.5 percent
Salary increase	3.5 percent
Investment rate of return	7.0 percent

Mortality rates were based on the RP-2000 Mortality table projected 20 years (multiplied by 90 percent), adjusted for mortality improvements to 2020 using projection scale AA.

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2012 updated for the June 30, 2013 valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real

Note 12 - Retirement Plans (Continued)

rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant. For each major asset class that is included in the pension plan target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

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

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

*Discount rate.* A single discount rate of 7 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the single discount rate of 7 percent, as well as what the City's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower ( 6.0 percent) or 1-percentage-point higher ( 8.0 percent) than the current rate:

	1% Decrease (6.00%)	Current Single Discount Rate (7.00%)	1% Increase (8.00%)
Total Pension Liability	\$ 125,357,047	\$ 114,073,204	\$ 101,627,437
Plan Fiduciary Net Position	<u>105,662,435</u>	<u>105,662,435</u>	<u>105,662,435</u>
Net Pension Liability/(Asset)	\$ <u>19,694,612</u>	\$ <u>8,410,769</u>	\$ <u>(4,034,998)</u>

## Note 12 - Retirement Plans (Continued)

**Defined Contribution Plan**

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

	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees	Police/Fire Employees
Employer Contribution	5%	6%	\$1.30/hr. \$1.95/overtime hr.	\$1.20/hr. \$1.80/overtime hr.	12%
Employee Contribution	3%	3%	\$.65/hr. \$.98/overtime hr.	\$.60/hr.	5%
Vesting Period	5 years	3 years	5 years	5 years	7 years

At June 30, 2015, 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	12	19	7	8	18
Employer Contributions	\$28,475	\$30,001	\$12,141	\$18,273	\$118,395
Employee Contributions	\$17,085	\$15,000	\$6,070	\$8,726	\$49,331

## Note 13 - Postemployment Benefits

**Defined Benefit Retirement Health Care Plan**

**Plan Description** – City of Birmingham Retirement Health Care Fund (RHCF) is a single-employer defined benefit healthcare plan administered by the City. An investment committee consisting of five members is responsible for the investment management and control of fund assets pursuant to an investment policy adopted by the City Commission. The plan covers most full-time general and public safety employees who meet certain age and years of service requirements. At June 30, 2015, the plan had the following plan members:



Note 13 - Postemployment Benefits (Continued)

Active service members:	
General employees	56
Public safety employees	36
Deferred members	6
Retired members and beneficiaries	<u>222</u>
Total members	320

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

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

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

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% of the calculated premium.

For the fiscal year ended June 30, 2015, plan members or beneficiaries receiving benefits contributed \$88,316. The City is required to contribute at a rate equivalent to the annual required contribution (ARC) (55.67% or \$4.2 million). Administrative costs of the RHCF are financed by investment earnings.

Note 13 - Postemployment Benefits (Continued)

**Funded Status and Funding Progress** - The funded status of the plan as of June 30, 2014 (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)
\$25,789,039	\$62,783,010	\$36,993,971	41.1%	\$7,364,982	502.3%

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

	Governmental Activities	Business-Type Activities	Component Units	Total
Annual required contribution	\$ 3,591,629	\$ 296,388	\$ 275,606	\$ 4,163,623
Interest on prior year net OPEB asset	(225,219)	(4,011)	(3,686)	(232,916)
Adjustment to the annual required contribution	<u>48,651</u>	<u>4,015</u>	<u>3,733</u>	<u>56,399</u>
Annual OPEB cost	3,415,061	296,392	275,653	3,987,106
Amounts contributed:				
Employer contribution	4,112,224	339,349	315,554	4,767,127
Medicare subsidies	<u>16,074</u>	<u>1,326</u>	<u>1,234</u>	<u>18,634</u>
Total amounts contributed	<u>4,128,298</u>	<u>340,675</u>	<u>316,788</u>	<u>4,785,761</u>
Increase in net OPEB asset	713,237	44,283	41,135	798,655
Net OPEB asset - beginning of year	<u>3,217,410</u>	<u>57,297</u>	<u>52,656</u>	<u>3,327,363</u>
Net OPEB asset - end of year	<u>\$ 3,930,647</u>	<u>\$ 101,580</u>	<u>\$ 93,791</u>	<u>\$ 4,126,018</u>

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

	Fiscal Year Ended June 30		
	2013	2014	2015

Employees' Retiree Health Care System:

Annual OPEB costs	\$ 2,860,086	\$ 3,337,883	\$ 3,987,106
City percentage contributed	138.2%	105.2%	119.6%
Federal percentage contributed	5.1%	1.8%	0.47%
Net OPEB asset	\$ 3,092,767	\$ 3,327,363	\$ 4,126,018

Note 13 - Postemployment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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.

Actuarial methods and significant assumptions used to determine the ARC for the fiscal year ended June 30, 2015 are as follows:

Valuation date	June 30, 2012
Actuarial cost method	Individual Entry age
Amortization method	Level Dollar Closed
Remaining amortization periods	26 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	4%
Healthcare cost trend rate	9% initial 4% ultimate
Inflation Rate	4%

## Note 13 - Postemployment Benefits (Continued)

**Defined Contribution Retirement Health Care Plan**

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

	Hire Date	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees	Fire Employees	Police Employees
Employer Contribution	After 7/1/2011	N/A	N/A	N/A	N/A	N/A	2%
	After 7/1/2009	N/A	N/A	N/A	N/A	\$50/pay	N/A
	After 7/1/2006 <sup>(1)</sup>	\$50/pay	\$50/pay	\$50/pay	\$50/pay	N/A	N/A
	1/1/1993 - 6/30/2006 <sup>(2)</sup>	N/A	N/A	\$60/pay	\$60/pay	N/A	N/A
	Prior to 1/1/1993	N/A	N/A	\$30/pay	\$30/pay	N/A	N/A
Employee Contribution	After 7/1/2011	N/A	N/A	N/A	N/A	N/A	2%
	After 7/1/2009	N/A	N/A	N/A	N/A	2%	N/A
	After 7/1/2006	2%	2%	2%	3%	N/A	N/A
	1/1/1993 - 6/30/2006	N/A	N/A	None	1.5%	N/A	N/A
	Prior to 1/1/1993	N/A	N/A	None	None	N/A	N/A
Vesting Period	After 7/1/2011	N/A	N/A	N/A	N/A	N/A	7 years
	After 7/1/2009	N/A	N/A	N/A	N/A	7 years	N/A
	After 7/1/2006	5 years	5 years	5 years	5 years	N/A	N/A
	1/1/1993 - 6/30/2006	N/A	N/A	Immediate	Immediate	N/A	N/A
	Prior to 1/1/1993	N/A	N/A	Immediate	Immediate	N/A	N/A

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

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

At June 30, 2015, 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	12	7	22	30	11	9
Employer Contributions	\$12,700	\$7,850	\$26,060	\$37,495	\$13,050	\$9,881
Employee Contributions	\$11,390	\$5,869	\$7,018	\$25,494	\$12,847	\$9,912

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, 2015, the City expensed \$1,586,540 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 \$69,600 at June 30, 2015. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

**Southeastern Oakland County Resources Recovery Authority**

The City is a member of the Southeastern Oakland County Resource Recovery Authority, which consists of 14 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2015, the City expensed \$1,401,906 of payments to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Resource Recovery Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Note 14 - Joint Ventures (Continued)

**48th Judicial District Court**

The City is a participant with Bloomfield Township, the Charter Township of West Bloomfield, and the City of Bloomfield Hills in the operations of the 48th Judicial District Court (the "Court"). The City advances its allocated share of Court expenditures and receives a share of the Court revenue based on relative caseload levels. The City's share of Court expenditures amounted to \$1,159,919 and its share of Court revenue amounted to \$1,182,646 for the Court's year ended December 31, 2014. Complete audited financial statements for the Court can be obtained from the Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

Note 15 - Upcoming GASB Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2016 fiscal year.

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 74 is effective for fiscal years beginning after June 15, 2016, whereas GASB 75 is effective one year later.

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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, 2015

	Original Budget	Amended Budget	Actual (Budgetary Basis) (See Note B)	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Property taxes	\$ 19,656,960	\$ 19,681,960	\$ 19,797,129	\$ 115,169
Licenses and permits	2,725,260	2,805,860	2,888,640	82,780
Intergovernmental revenue	1,887,720	1,887,720	1,893,681	5,961
Charges for services	2,825,090	2,825,090	2,886,993	61,903
Fines and forfeitures	1,603,080	1,603,080	1,703,518	100,438
Interest and rent	231,600	231,600	200,201	(31,399)
Other	110,310	485,310	461,410	(23,900)
Total revenue	29,040,020	29,520,620	29,831,572	310,952
<b>Expenditures</b>				
General government	5,388,000	5,462,074	5,160,703	301,371
Public safety	12,745,960	12,791,913	12,616,991	174,922
Community development	2,093,640	2,201,231	2,084,979	116,252
Engineering and public services	3,945,790	4,144,331	3,860,925	283,406
Transfers to other funds	5,008,060	5,498,280	5,497,751	529
Total expenditures	29,181,450	30,097,829	29,221,349	876,480
<b>Excess of Revenue (Under) Over Expenditures</b>	(141,430)	(577,209)	610,223	1,187,432
<b>Fund Balances - Beginning of year</b>	12,547,707	12,547,707	12,547,707	-
<b>Fund Balances - End of year</b>	<u>\$ 12,406,277</u>	<u>\$ 11,970,498</u>	<u>\$ 13,157,930</u>	<u>\$ 1,187,432</u>

# City of Birmingham, Michigan

Fiscal year ending June 30,	2015	2014	2013	2012
Total Pension Liability				
Service Cost	\$ 1,402,945	\$ 1,550,051	\$ 1,425,969	\$ 1,551,564
Interest on the Total Pension Liability	7,674,711	7,544,288	7,427,615	7,321,735
Benefit Changes	71,306	7,401	-	-
Difference between expected and actual experience of the Total Pension Liability	(110,215)	-	(1,880,744)	(888,950)
Assumption Changes	-	-	1,144,602	-
Benefit Payments and Refunds	(7,805,595)	(6,524,400)	(6,501,053)	(6,316,926)
Net Change in Total Pension Liability	1,233,152	2,577,340	1,616,389	1,667,423
Total Pension Liability - Beginning	112,840,052	110,262,712	108,646,323	106,978,900
Total Pension Liability - Ending (a)	<u>\$ 114,073,204</u>	<u>\$ 112,840,052</u>	<u>\$ 110,262,712</u>	<u>\$ 108,646,323</u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 2,484,308	\$ 4,157,410	\$ 2,392,449	\$ 2,006,765
Employee Contributions	238,890	267,282	269,829	291,456
Pension Plan Net Investment Income	1,560,189	15,497,945	9,367,741	(653,250)
Benefit Payments and Refunds	(7,805,595)	(6,524,400)	(6,501,053)	(6,316,926)
Pension Plan Administrative Expense	(153,495)			
Other	-	33,033	-	-
Net Change in Plan Fiduciary Net Position	(3,675,703)	13,431,270	5,528,966	(4,671,955)
Plan Fiduciary Net Position - Beginning	109,338,138	95,906,868	90,377,902	95,049,857
Plan Fiduciary Net Position - Ending (b)	<u>\$ 105,662,435</u>	<u>\$ 109,338,138</u>	<u>\$ 95,906,868</u>	<u>\$ 90,377,902</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,410,769</u>	<u>\$ 3,501,914</u>	<u>\$ 14,355,844</u>	<u>\$ 18,268,421</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.63%	96.90%	86.98%	83.19%
Covered Employee Payroll (1)	\$ 8,355,347	\$ 8,055,081	\$ 8,638,321	\$ 9,204,012
Net Pension Liability as a Percentage of Covered Employee Payroll	100.66%	43.47%	166.19%	198.48%

## Notes to Schedule:

(1) The amount provided represents the annual pays for members active on the valuation date and does not necessarily represent Covered Payroll as defined in GASB Statement Nos. 67 and 68.

Required Supplemental Information  
Pension System  
Multiyear Schedule of Changes in the Employers'  
Net Pension Liability and Related Ratios  
June 30, 2015

	2011		2010		2009		2008		2007		2006		2005
\$	1,698,232	\$	1,728,674	\$	1,841,032	\$	1,617,472	\$	1,650,115	\$	1,678,647	\$	1,622,148
	6,938,134		6,832,543		6,657,517		6,188,571		5,906,176		5,604,684		5,132,125
	-		-		-		-		-		-		-
	3,555,951		(176,806)		(106,538)		1,988,368		733,046		726,120		3,251,828
	-		-		-		1,481,131		-		-		-
	(6,961,012)		(6,760,471)		(4,910,465)		(4,465,705)		(4,011,897)		(3,364,406)		(3,202,612)
	5,231,305		1,623,940		3,481,546		6,809,837		4,277,440		4,645,045		6,803,489
	101,747,595		100,123,655		96,642,109		89,832,272		85,554,832		80,909,787		74,106,298
\$	106,978,900	\$	101,747,595	\$	100,123,655	\$	96,642,109	\$	89,832,272	\$	85,554,832	\$	80,909,787
<hr/>													
\$	1,706,539	\$	1,757,591	\$	831,629	\$	1,034,106	\$	318,206	\$	28,248	\$	-
	303,939		336,771		349,690		368,140		360,770		365,436		415,039
	17,899,291		6,921,670		(13,801,550)		(5,095,426)		13,482,899		7,656,955		6,079,647
	(6,961,012)		(6,760,471)		(4,910,465)		(4,465,705)		(4,011,897)		(3,364,406)		(3,202,612)
	20,621		26,477		12,531		86,682		159,193		17,606		85,744
	12,969,378		2,282,038		(17,518,165)		(8,072,203)		10,309,171		4,703,839		3,377,818
	82,080,479		79,798,441		97,316,606		105,388,809		95,079,638		90,375,799		86,997,981
\$	95,049,857	\$	82,080,479	\$	79,798,441	\$	97,316,606	\$	105,388,809	\$	95,079,638	\$	90,375,799
\$	11,929,043	\$	19,667,116	\$	20,325,214	\$	(674,497)	\$	(15,556,537)	\$	(9,524,806)	\$	(9,466,012)
	88.85%		80.67%		79.70%		100.70%		117.32%		111.13%		111.70%
\$	9,789,046	\$	10,714,397	\$	11,059,972	\$	11,756,272	\$	11,561,631	\$	11,761,335	\$	12,007,486
	121.86%		183.56%		183.77%		-5.74%		-134.55%		-80.98%		-78.83%

# City of Birmingham, Michigan

## Required Supplemental Information Pension System Multiyear Schedule of Contributions June 30, 2015

<b>FY Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll (1)</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2006	\$ 26,936	\$ 28,248	\$ (1,312)	\$ 11,761,335	0.24%
2007	294,761	318,206	(23,445)	11,561,631	2.75%
2008	1,014,067	1,034,106	(20,039)	11,756,272	8.80%
2009	823,031	831,629	(8,598)	11,059,972	7.52%
2010	1,336,970	1,757,591	(420,621)	10,714,397	16.40%
2011	1,798,758	1,706,539	92,219	9,789,046	17.43%
2012	2,159,904	2,006,765	153,139	9,204,012	21.80%
2013	2,600,130	2,392,449	207,681	8,638,321	27.70%
2014	2,930,506	4,157,410	(1,226,904)	8,055,081	51.61%
2015	2,522,331	2,484,308	38,023	8,355,347	29.73%

Required Supplemental Information  
Pension System  
Multiyear Schedule of Investment Returns  
June 30, 2015

**Last Ten Fiscal Years**

(which may be built prospectively starting from 2014)

<b>FY Ending June 30,</b>	<b>Annual Return<sup>a</sup></b>
2014	15.86%
2015	1.65%

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

# City of Birmingham, Michigan

## Required Supplemental Information Retiree Health Care Fund Schedule of Funding Progress June 30, 2015

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	17,796,343	66,792,875	48,996,532	26.6	8,512,751	575.6
6/30/13	*	*	*	*	*	*
6/30/14	25,789,039	62,783,010	36,993,971	41.1	7,364,982	502.3
6/30/15	*	*	*	*	*	*

\* No valuation prepared

### Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/10	6/30/07	\$ 1,983,548	100.0
6/30/11	6/30/08	2,725,219	100.0
6/30/12	6/30/08	2,519,357	100.0
6/30/13	6/30/10	2,953,074	133.9
6/30/14	6/30/10	3,512,474	100.0
6/30/15	6/30/12	4,163,623	114.5

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

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

#### Employees' Retirement System

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

Note A - Compliance and Accountability

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

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

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

Budgeted amounts of the revenues and expenditures presented for the General, 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 have minor expenditure budget variances during the year in the following funds:

**Major Street Fund** – The fund had a minor unfavorable variance in the administrative line item of \$133.

**Local Street Fund** – The fund had a minor unfavorable variance in the administrative line item of \$133.

**Solid Waste Fund** – The fund had a minor unfavorable variance in the miscellaneous line item of \$25.

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

Transfers to component units are recorded as a transfer out on a budgetary basis, but allocated to functional expenses on a modified-accrual GAAP basis for governmental funds. Adjustments to the Governmental Funds' Statement of Revenue, Expenditures, and Changes in Fund Balances (General Fund) to reconcile to the General Fund Budgetary Comparison Schedule are as follows:

Community development	\$ (25,000)
Transfers out	<u>25,000</u>
Total adjustments	<u>\$ -0-</u>

Note B – Explanation of Differences between General Fund

Expenditures on a Budgetary Basis and GAAP Basis (cont.)

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

48 <sup>th</sup> District Court	\$(1,228,831)
Transfers out	<u>1,228,831</u>
Total adjustments	<u>\$ -0-</u>

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

Revenues:

State sources	\$(1,810,124)
Use of money and property	(50,742)
Other	<u>(234,670)</u>
Total revenue adjustments	<u>\$(2,095,536)</u>

Expenditures:

Highway and streets	\$(2,688,769)
Capital outlay	(5,181,856)
Transfers out	<u>3,200,000</u>
Total expenditure adjustments	<u>\$(4,670,625)</u>

Notes to Required Supplemental Information  
June 30, 2015

Note C – Notes to Schedule of Pension System Contributions

**Valuation Date:** 6/30/2014  
**Notes** Actuarially determined contribution amounts are calculated as of June 30 each year, which is one year prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	Police and Fire: 29 years, closed General: 24 years closed
Asset Valuation Method	4-year smoothed market
Inflation	3.5%; No explicit price inflation assumption is used in this valuation.
Salary Increases	Police and Fire: 3.5% - 5.6% General: 3.5%-6.2%
Investment Rate of Return	7.00% (Net of investment expense)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2013 valuation pursuant to an experience study of the period 2007-2012.
Mortality	RP-2000 Male (90%) and Female (90%) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.

## Other Supplemental Information

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Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures	Parks and Recreation	Greenwood Cemetery Perpetual Care	
<b>Assets</b>						
Cash and investments	\$ 636,933	\$ -	\$ 60,681	\$ 38,920	\$ 18,777	\$ 755,311
Receivables - Net - Customers	24	-	-	-	15,563	15,587
Due from other governmental units	-	635	-	-	-	635
Total assets	<u>\$ 636,957</u>	<u>\$ 635</u>	<u>\$ 60,681</u>	<u>\$ 38,920</u>	<u>\$ 34,340</u>	<u>\$ 771,533</u>
<b>Liabilities, Deferred Inflow of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 60,666	\$ 635	\$ 2,173	\$ -	\$ -	\$ 63,474
Accrued and other liabilities	4,448	-	-	2,530	-	6,978
Total liabilities	65,114	635	2,173	2,530	-	70,452
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - Charges for services	24	-	-	-	-	24
<b>Fund Balances</b>						
Restricted:						
Solid waste disposal	571,819	-	-	-	-	571,819
Law enforcement	-	-	58,508	-	-	58,508
Debt service	-	-	-	36,390	-	36,390
Cemetery maintenance	-	-	-	-	34,340	34,340
Total fund balances	<u>571,819</u>	<u>-</u>	<u>58,508</u>	<u>36,390</u>	<u>34,340</u>	<u>701,057</u>
Total liabilities and fund balances	<u>\$ 636,957</u>	<u>\$ 635</u>	<u>\$ 60,681</u>	<u>\$ 38,920</u>	<u>\$ 34,340</u>	<u>\$ 771,533</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2015

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures	Parks and Recreation	Greenwood Cemetery Perpetual Care	
<b>Revenues</b>						
Property taxes	\$ 1,803,535	\$ -	\$ -	\$ 1,527,387	\$ -	\$ 3,330,922
Federal grants	-	17,053	69,320	-	-	86,373
Charges for services	24,054	-	-	-	34,313	58,367
Use of money and property	8,083	-	584	1,462	27	10,156
Total revenues	1,835,672	17,053	69,904	1,528,849	34,340	3,485,818
<b>Expenditures</b>						
Current:						
Public safety	-	-	204,351	-	-	204,351
Solid waste	1,681,330	-	-	-	-	1,681,330
Community development	-	17,053	-	-	-	17,053
Debt service	-	-	-	1,510,421	-	1,510,421
Total expenditures	1,681,330	17,053	204,351	1,510,421	-	3,413,155
<b>Excess of Revenues Over (Under) Expenditures</b>	154,342	-	(134,447)	18,428	34,340	72,663
<b>Fund Balances - Beginning of year</b>	417,477	-	192,955	17,962	-	628,394
<b>Fund Balances - End of year</b>	<u>\$ 571,819</u>	<u>\$ -</u>	<u>\$ 58,508</u>	<u>\$ 36,390</u>	<u>\$ 34,340</u>	<u>\$ 701,057</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Capital Projects Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 33,510	\$ 33,510	\$ 16,757	\$ (16,753)
Interest and rent	46,170	46,170	33,344	(12,826)
Other revenue	59,610	59,610	54,460	(5,150)
Transfers from other funds	<u>627,700</u>	<u>643,920</u>	<u>643,920</u>	<u>-</u>
Total revenue	766,990	783,210	748,481	(34,729)
<b>Expenditures</b>	<u>517,850</u>	<u>1,727,673</u>	<u>1,414,879</u>	<u>312,794</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	249,140	(944,463)	(666,398)	278,065
<b>Fund Balances - Beginning of year</b>	<u>4,982,894</u>	<u>4,982,894</u>	<u>4,982,894</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 5,232,034</b></u>	<u><b>\$ 4,038,431</b></u>	<u><b>\$ 4,316,496</b></u>	<u><b>\$ 278,065</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Taxes	\$ 1,809,000	\$ 1,809,000	\$ 1,803,535	\$ (5,465)
Charges for services	22,900	22,900	24,054	1,154
Interest	9,680	9,680	8,083	(1,597)
Total revenue	1,841,580	1,841,580	1,835,672	(5,908)
<b>Expenditures</b>				
Refuse pickup	1,475,940	1,475,940	1,428,209	47,731
Equipment rental	135,000	134,900	88,667	46,233
Salaries	204,890	204,890	150,619	54,271
Miscellaneous	9,330	9,430	9,455	(25)
Capital outlay	36,000	36,000	4,380	31,620
Total expenditures	1,861,160	1,861,160	1,681,330	179,830
<b>Excess of Revenue (Under) Over Expenditures</b>	(19,580)	(19,580)	154,342	173,922
<b>Fund Balances - Beginning of year</b>	417,477	417,477	417,477	-
<b>Fund Balances - End of year</b>	<u>\$ 397,897</u>	<u>\$ 397,897</u>	<u>\$ 571,819</u>	<u>\$ 173,922</u>



# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2015

### **Special Revenue Fund - Community Development Block Grant**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue - Intergovernmental</b>	\$ 33,010	\$ 39,210	\$ 17,053	\$ (22,157)
<b>Expenditures - Community development</b>	<u>33,010</u>	<u>39,210</u>	<u>17,053</u>	<u>22,157</u>
<b>Excess of Revenue Over Expenditures</b>	-	-	-	-
<b>Fund Balances - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2015

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Fines and forfeitures	\$ 32,500	\$ 32,500	\$ 69,320	\$ 36,820
Interest and other	2,510	2,510	584	(1,926)
Total revenue	35,010	35,010	69,904	34,894
<b>Expenditures</b>				
Public safety	10,000	10,531	10,402	129
Capital outlay	148,460	194,170	193,949	221
Total expenditures	158,460	204,701	204,351	350
<b>Excess of Expenditures Over Revenue</b>	(123,450)	(169,691)	(134,447)	35,244
<b>Fund Balances - Beginning of year</b>	192,955	192,955	192,955	-
<b>Fund Balances - End of year</b>	<u><b>\$ 69,505</b></u>	<u><b>\$ 23,264</b></u>	<u><b>\$ 58,508</b></u>	<u><b>\$ 35,244</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2015

### **Debt Service Fund**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Taxes	\$ 1,523,980	\$ 1,525,430	\$ 1,527,387	\$ 1,957
Interest and other	<u>2,300</u>	<u>2,300</u>	<u>1,462</u>	<u>(838)</u>
Total revenue	1,526,280	1,527,730	1,528,849	1,119
<b>Expenditures</b>	<u>1,508,980</u>	<u>1,510,430</u>	<u>1,510,421</u>	<u>9</u>
<b>Excess of Revenue Over Expenditures</b>	17,300	17,300	18,428	1,128
<b>Fund Balances - Beginning of year</b>	<u>17,962</u>	<u>17,962</u>	<u>17,962</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 35,262</b></u>	<u><b>\$ 35,262</b></u>	<u><b>\$ 36,390</b></u>	<u><b>\$ 1,128</b></u>

Other Supplemental Information  
Budgetary Comparison  
Nonmajor Governmental Funds (Continued)  
Year Ended June 30, 2015

**Permanent Fund - Greenwood Cemetery Perpetual Care Fund**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Charges for Services	\$ -	\$ -	\$ 34,313	\$ 34,313
Interest and other	-	-	27	27
Total revenue	-	-	34,340	34,340
<b>Expenditures</b>	-	-	-	-
<b>Excess of Revenue Over Expenditures</b>	-	-	34,340	34,340
<b>Fund Balances - Beginning of year</b>	-	-	-	-
<b>Fund Balances - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,340</u>	<u>\$ 34,340</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2015

	Equipment	Personal Services	Risk Management	Total
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 6,220,878	\$ 460,328	\$ 2,844,309	\$ 9,525,515
Inventory	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>
Total current assets	6,220,946	460,328	2,844,309	9,525,583
Noncurrent assets:				
Prepaid costs and other assets	6,128	-	86,949	93,077
Restricted assets	-	-	502,247	502,247
Capital assets	<u>4,591,692</u>	<u>-</u>	<u>-</u>	<u>4,591,692</u>
Total noncurrent assets	<u>4,597,820</u>	<u>-</u>	<u>589,196</u>	<u>5,187,016</u>
Total assets	10,818,766	460,328	3,433,505	14,712,599
<b>Deferred Outflows of Resources</b>				
Deferred amount on pension earnings	77,627	-	-	77,627
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	83,112	-	-	83,112
Accrued liabilities	11,909	-	290,104	302,013
Provision for uninsured losses and liabilities	-	-	342,357	342,357
Current portion of long-term debt and employee benefits	<u>30,727</u>	<u>-</u>	<u>51,534</u>	<u>82,261</u>
Total current liabilities	125,748	-	683,995	809,743
Noncurrent liabilities:				
Provision for employee benefits	194	407,762	450,713	858,669
Net pension liability	<u>138,087</u>	<u>-</u>	<u>-</u>	<u>138,087</u>
Total noncurrent liabilities	<u>138,281</u>	<u>407,762</u>	<u>450,713</u>	<u>996,756</u>
Total liabilities	264,029	407,762	1,134,708	1,806,499
<b>Deferred Inflows of Resources</b>				
Deferred amount on pension experience	<u>1,287</u>	<u>-</u>	<u>-</u>	<u>1,287</u>
<b>Net Position</b>				
Net investment in capital assets	4,591,692	-	-	4,591,692
Restricted - Employee benefits	-	-	502,247	502,247
Unrestricted	<u>6,039,385</u>	<u>52,566</u>	<u>1,796,550</u>	<u>7,888,501</u>
Total net position	<u>\$ 10,631,077</u>	<u>\$ 52,566</u>	<u>\$ 2,298,797</u>	<u>\$ 12,982,440</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2015

	Equipment	Personal Services	Risk Management	Total
<b>Operating Revenues -</b> Charges to other funds	\$ 1,978,118	\$ -	\$ 3,005,293	\$ 4,983,411
<b>Operating Expenses</b>				
General and administrative	-	(11,040)	3,276,823	3,265,783
Supplies and other operating expenses	1,334,779	-	-	1,334,779
Depreciation	999,055	-	-	999,055
Total operating expenses	<u>2,333,834</u>	<u>(11,040)</u>	<u>3,276,823</u>	<u>5,599,617</u>
<b>Operating (Loss) Income</b>	(355,716)	11,040	(271,530)	(616,206)
<b>Nonoperating Income</b>				
Interest earned	43,087	3,379	16,956	63,422
Loss on sale of capital assets	89,194	-	-	89,194
Net nonoperating income	<u>132,281</u>	<u>3,379</u>	<u>16,956</u>	<u>152,616</u>
<b>(Loss) Income</b>	(223,435)	14,419	(254,574)	(463,590)
<b>Capital Contributions</b>	<u>14,270</u>	<u>-</u>	<u>-</u>	<u>14,270</u>
<b>Changes in Net Position</b>	(209,165)	14,419	(254,574)	(449,320)
<b>Net Position -</b> Beginning of year as restated	<u>10,840,242</u>	<u>38,147</u>	<u>2,553,371</u>	<u>13,431,760</u>
<b>Net Position -</b> End of year	<u><b>\$ 10,631,077</b></u>	<u><b>\$ 52,566</b></u>	<u><b>\$ 2,298,797</b></u>	<u><b>\$ 12,982,440</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2015

	Equipment	Personal Services	Risk Management	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and others	\$ 1,978,115	\$ -	\$ 3,005,293	\$ 4,983,408
Payments to suppliers	(728,338)	-	(2,976,771)	(3,705,109)
Payments to employees	(550,538)	(60,778)	-	(611,316)
Net cash provided by (used in) operating activities	699,239	(60,778)	28,522	666,983
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(739,838)	-	-	(739,838)
Proceeds from sale of capital assets	99,125	-	-	99,125
Net cash used in capital and related financing activities	(640,713)	-	-	(640,713)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	43,087	3,379	16,956	63,422
<b>Net Changes in Cash and Cash Equivalents</b>	101,613	(57,399)	45,478	89,692
<b>Cash and Cash Equivalents</b> - Beginning of year	6,119,265	517,727	3,301,078	9,938,070
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 6,220,878</u>	<u>\$ 460,328</u>	<u>\$ 3,346,556</u>	<u>\$ 10,027,762</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 6,220,878	\$ 460,328	\$ 2,844,309	\$ 9,525,515
Restricted investments	-	-	502,247	502,247
Total cash and cash equivalents	<u>\$ 6,220,878</u>	<u>\$ 460,328</u>	<u>\$ 3,346,556</u>	<u>\$ 10,027,762</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>				
Operating (loss) income	\$ (355,716)	\$ 11,040	\$ (271,530)	\$ (616,206)
Adjustment to reconcile operating (loss) income to net cash from operating activities:				
Depreciation	999,055	-	-	999,055
Changes in assets and liabilities:				
Other assets	(68,350)	-	219,094	150,744
Accounts payable	36,735	-	(1,649)	35,086
Accrued and other liabilities	87,515	(71,818)	82,607	98,304
Net cash provided by (used in) operating activities	<u>\$ 699,239</u>	<u>\$ (60,778)</u>	<u>\$ 28,522</u>	<u>\$ 666,983</u>

# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Net Position Fiduciary Funds June 30, 2015

	Pension Trust Fund	Retiree Health Care	Total
<b>Assets</b>			
Cash and investments	\$ 2,317,266	\$ 3,991,943	\$ 6,309,209
Investments			
U.S. government securities	7,823,667	2,401,427	10,225,094
Stocks	84,328,614	19,050,613	103,379,227
Bonds	10,856,361	3,009,111	13,865,472
Receivables and accrued interest	153,280	40,266	193,546
Other assets	<u>183,246</u>	<u>50,780</u>	<u>234,026</u>
Total assets	105,662,434	28,544,140	134,206,574
<b>Liabilities</b>			
Accounts payable	-	28,333	28,333
Accrued and other liabilities	<u>-</u>	<u>420,783</u>	<u>420,783</u>
Total liabilities	<u>-</u>	<u>449,116</u>	<u>449,116</u>
<b>Net Position - Held in trust for pension and other employee benefits</b>	<b><u>\$ 105,662,434</u></b>	<b><u>\$ 28,095,024</u></b>	<b><u>\$ 133,757,458</u></b>



# City of Birmingham, Michigan

## Other Supplemental Information Combining Statement of Changes in Net Position Fiduciary Funds Year Ended June 30, 2015

	Pension Trust Fund	Retiree Health Care	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 2,314,439	\$ 592,576	\$ 2,907,015
Net change in fair value of investments	(106,293)	(97,427)	(203,720)
Less investment expenses	<u>(647,551)</u>	<u>(147,273)</u>	<u>(794,824)</u>
Net investment income	1,560,595	347,876	1,908,471
Contributions:			
Employer	2,484,308	4,767,127	7,251,435
Plan members	<u>238,891</u>	<u>238,563</u>	<u>477,454</u>
Total contributions	2,723,199	5,005,690	7,728,889
Other revenue	<u>(408)</u>	<u>41,918</u>	<u>41,510</u>
Total net additions	4,283,386	5,395,484	9,678,870
<b>Deductions</b>			
Benefit payments	6,544,093	3,069,899	9,613,992
Refunds of contributions	1,261,502	-	1,261,502
Administrative expenses	<u>153,495</u>	<u>19,600</u>	<u>173,095</u>
Total deductions	<u>7,959,090</u>	<u>3,089,499</u>	<u>11,048,589</u>
<b>Changes in Net Position</b>	(3,675,704)	2,305,985	(1,369,719)
<b>Net Position - Held in Trust for Pension Benefits</b>			
Beginning of year	<u>109,338,138</u>	<u>25,789,039</u>	<u>135,127,177</u>
End of year	<u><b>\$ 105,662,434</b></u>	<u><b>\$ 28,095,024</b></u>	<u><b>\$ 133,757,458</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Assets</b>				
Cash and investments	\$ 2,070,111	\$ 95,553,734	\$ 95,524,831	\$ 2,099,014
Receivables - Accrued interest	4,100	-	-	4,100
Total assets	<u>\$ 2,074,211</u>	<u>\$ 95,553,734</u>	<u>\$ 95,524,831</u>	<u>\$ 2,103,114</u>
<b>Liabilities</b>				
Accounts payable	\$ 101,503	\$ 1,483,058	\$ 1,539,319	\$ 45,242
Accrued liabilities and deposits	1,972,708	155,954,444	155,869,280	2,057,872
Total liabilities	<u>\$ 2,074,211</u>	<u>\$157,437,502</u>	<u>\$157,408,599</u>	<u>\$ 2,103,114</u>

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

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Assets</b>				
Cash and investments	<u>\$ 111,365</u>	<u>\$ 40,000</u>	<u>\$ 20,911</u>	<u>\$ 130,454</u>
<b>Liabilities</b>				
Accrued liabilities and deposits	<u>\$ 111,365</u>	<u>\$ 40,000</u>	<u>\$ 20,911</u>	<u>\$ 130,454</u>

# City of Birmingham, Michigan

## Other Supplemental Information Balance Sheet GAAP Based General Fund June 30, 2015

	General Fund	Major Streets Fund	Local Streets Fund	Total GAAP Based General Fund
<b>Assets</b>				
Cash and investments (Note 5)	\$ 13,108,907	\$ 2,623,788	\$ 2,381,330	\$ 18,114,025
Receivables - Net:				
Customers	405,375	-	3,246	408,621
Special Assessments	48,198	21,230	171,362	240,790
Delinquent personal property taxes	8,564	-	-	8,564
Prepaid items and other assets	19,566	-	-	19,566
Due from other governmental units	607,418	171,796	58,448	837,662
Inventories	-	127,174	50,870	178,044
	<u>-</u>	<u>127,174</u>	<u>50,870</u>	<u>178,044</u>
Total assets	<u>\$ 14,198,028</u>	<u>\$ 2,943,988</u>	<u>\$ 2,665,256</u>	<u>\$ 19,807,272</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 444,262	\$ 748,924	\$ 430,727	\$ 1,623,913
Accrued and other liabilities	456,354	7,784	9,413	473,551
Unearned revenue	15,378	-	-	15,378
	<u>915,994</u>	<u>756,708</u>	<u>440,140</u>	<u>2,112,842</u>
Total liabilities	915,994	756,708	440,140	2,112,842
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - Special assessments and property taxes	56,762	18,048	136,333	211,143
Unavailable revenue - Parking tickets and charges for services	67,342	-	-	67,342
	<u>124,104</u>	<u>18,048</u>	<u>136,333</u>	<u>278,485</u>
Total deferred inflows of resources	124,104	18,048	136,333	278,485
<b>Fund Balances</b>				
Nonspendable	19,566	127,174	50,870	197,610
Restricted	818,420	-	-	818,420
Committed	193,029	1,379,783	1,038,428	2,611,240
Assigned	69,730	662,275	999,485	1,731,490
Unassigned	12,057,185	-	-	12,057,185
	<u>13,157,930</u>	<u>2,169,232</u>	<u>2,088,783</u>	<u>17,415,945</u>
Total fund balances	13,157,930	2,169,232	2,088,783	17,415,945
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,198,028</u>	<u>\$ 2,943,988</u>	<u>\$ 2,665,256</u>	<u>\$ 19,807,272</u>

# City of Birmingham, Michigan

## Other Supplemental Information Statement of Revenues, Expenditures, and Changes in Fund Balance GAAP Based General Fund Year Ended June 30, 2015

	General Fund	Major Streets Fund	Local Streets Fund	Total GAAP Based General Fund
<b>Revenues</b>				
Property taxes	\$ 19,797,129	\$ -	\$ -	\$ 19,797,129
Licenses and permits	2,888,640	-	-	2,888,640
Federal grants	13,137	-	-	13,137
State sources	1,880,544	1,390,083	420,041	3,690,668
Local sources				
Charges for services	2,886,993	-	-	2,886,993
Fines and forfeitures	1,703,518	-	-	1,703,518
Use of money and property	200,201	24,305	26,437	250,943
Other	461,410	13,789	220,881	696,080
Total revenues	29,831,572	1,428,177	667,359	31,927,108
<b>Expenditures</b>				
Current:				
General government	5,160,703	-	-	5,160,703
Public safety	12,616,991	-	-	12,616,991
Public works	3,860,925	-	-	3,860,925
Highway and streets	-	1,220,122	1,468,647	2,688,769
Community and economic development	2,109,979	-	-	2,109,979
48th District Court	1,228,831	-	-	1,228,831
Capital outlay	-	3,042,543	2,139,313	5,181,856
Total expenditures	24,977,429	4,262,665	3,607,960	32,848,054
<b>Excess of Revenues Over (Under) Expenditures</b>	4,854,143	(2,834,488)	(2,940,601)	(920,946)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,200,000	2,000,000	3,200,000
Transfers out	(4,243,920)	-	-	(4,243,920)
Total other financing sources (uses)	(4,243,920)	1,200,000	2,000,000	(1,043,920)
<b>Net Changes in Fund Balance</b>	610,223	(1,634,488)	(940,601)	(1,964,866)
<b>Fund Balances - Beginning of year</b>	12,547,707	3,803,720	3,029,384	19,380,811
<b>Fund Balances - End of year</b>	<u>\$ 13,157,930</u>	<u>\$ 2,169,232</u>	<u>\$ 2,088,783</u>	<u>\$ 17,415,945</u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Major Street Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 889,760	\$ 1,448,307	\$ 1,390,083	\$ (58,224)
Other revenue	10,500	10,500	13,789	3,289
Interest and rent	29,980	29,980	24,305	(5,675)
Transfers from other funds	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>
Total revenue	2,130,240	2,688,787	2,628,177	(60,610)
<b>Expenditures</b>				
Maintenance of streets and bridges	343,400	391,950	327,694	64,256
Street cleaning	170,020	160,020	122,854	37,166
Street trees	247,150	257,150	253,083	4,067
Traffic controls and engineering	203,780	203,780	202,226	1,554
Snow and ice removal	346,770	346,770	292,462	54,308
Administrative	21,670	21,670	21,803	(133)
Capital outlay - Engineering and construction of roads and bridges	<u>1,383,820</u>	<u>4,358,455</u>	<u>3,042,543</u>	<u>1,315,912</u>
Total expenditures	<u>2,716,610</u>	<u>5,739,795</u>	<u>4,262,665</u>	<u>1,477,130</u>
<b>Excess of Expenditures Over Revenue</b>	(586,370)	(3,051,008)	(1,634,488)	1,416,520
<b>Fund Balances - Beginning of year</b>	<u>3,803,720</u>	<u>3,803,720</u>	<u>3,803,720</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 3,217,350</b></u>	<u><b>\$ 752,712</b></u>	<u><b>\$ 2,169,232</b></u>	<u><b>\$ 1,416,520</b></u>

# City of Birmingham, Michigan

## Other Supplemental Information Budgetary Comparison Local Street Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
<b>Revenue</b>				
Intergovernmental revenue	\$ 359,040	\$ 359,040	\$ 420,041	\$ 61,001
Other revenue	92,790	96,830	220,881	124,051
Interest and rent	35,200	35,200	26,437	(8,763)
Transfers from other funds	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Total revenue	2,487,030	2,491,070	2,667,359	176,289
<b>Expenditures</b>				
Maintenance of streets and bridges	383,450	624,178	578,296	45,882
Street cleaning	171,670	181,670	172,487	9,183
Street trees	557,730	557,730	504,318	53,412
Traffic controls and engineering	60,020	60,020	59,932	88
Snow and ice removal	213,040	203,040	122,511	80,529
Administrative	30,970	30,970	31,103	(133)
Capital outlay - Engineering and construction of roads and bridges	<u>1,314,700</u>	<u>2,957,457</u>	<u>2,139,313</u>	<u>818,144</u>
Total expenditures	<u>2,731,580</u>	<u>4,615,065</u>	<u>3,607,960</u>	<u>1,007,105</u>
<b>Excess of Expenditures Over Revenue</b>	(244,550)	(2,123,995)	(940,601)	1,183,394
<b>Fund Balances - Beginning of year</b>	<u>3,029,383</u>	<u>3,029,383</u>	<u>3,029,383</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 2,784,833</b></u>	<u><b>\$ 905,388</b></u>	<u><b>\$ 2,088,782</b></u>	<u><b>\$ 1,183,394</b></u>

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## Statistical Section

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# City of Birmingham, Michigan

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## Statistical Section

This part of the City of Birmingham's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	97-106
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	107-114
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	115-122
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	123-127
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	128-133

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

# City of Birmingham, Michigan

## Schedule 1

	June 30			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 41,143,612	\$ 49,133,247	\$ 53,059,163	\$ 52,819,897
Restricted	6,882,174	10,007,279	9,778,799	10,127,990
Unrestricted	<u>22,689,042</u>	<u>20,730,443</u>	<u>25,123,276</u>	<u>26,672,106</u>
Total governmental activities net position	<u><b>\$ 70,714,828</b></u>	<u><b>\$ 79,870,969</b></u>	<u><b>\$ 87,961,238</b></u>	<u><b>\$ 89,619,993</b></u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 39,364,423	\$ 46,265,092	\$ 50,434,743	\$ 52,448,072
Restricted	-	-	-	-
Unrestricted	<u>17,954,913</u>	<u>14,518,588</u>	<u>14,599,530</u>	<u>15,113,010</u>
Total business-type activities net position	<u><b>\$ 57,319,336</b></u>	<u><b>\$ 60,783,680</b></u>	<u><b>\$ 65,034,273</b></u>	<u><b>\$ 67,561,082</b></u>
Primary government				
Invested in capital assets, net or related debt	\$ 80,508,035	\$ 95,398,339	\$ 103,493,906	\$ 105,267,969
Restricted	6,882,174	10,007,279	9,778,799	10,127,990
Unrestricted	<u>40,643,955</u>	<u>35,249,031</u>	<u>39,722,806</u>	<u>41,785,116</u>
Total primary government net position	<u><b>\$ 128,034,164</b></u>	<u><b>\$ 140,654,649</b></u>	<u><b>\$ 152,995,511</b></u>	<u><b>\$ 157,181,075</b></u>

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

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

June 30					
2010	2011 <sup>(a)</sup>	2012	2013	2014	2015
\$ 54,202,554	\$ 54,349,065	\$ 58,469,335	\$ 61,172,079	\$ 60,326,290	\$ 64,121,601
9,419,471	1,679,316	1,511,696	1,202,425	1,544,085	2,073,884
<u>28,448,687</u>	<u>38,398,279</u>	<u>35,739,505</u>	<u>34,441,332</u>	<u>36,452,264</u>	<u>28,673,965</u>
<b><u>\$ 92,070,712</u></b>	<b><u>\$ 94,426,660</u></b>	<b><u>\$ 95,720,536</u></b>	<b><u>\$ 96,815,836</u></b>	<b><u>\$ 98,322,639</u></b>	<b><u>\$ 94,869,450</u></b>
\$ 54,829,062	\$ 57,120,041	\$ 61,916,894	\$ 64,889,098	\$ 69,787,491	\$ 75,165,784
-	-	-	-	-	-
<u>15,452,069</u>	<u>16,489,930</u>	<u>16,494,696</u>	<u>17,313,733</u>	<u>16,324,595</u>	<u>14,243,461</u>
<b><u>\$ 70,281,131</u></b>	<b><u>\$ 73,609,971</u></b>	<b><u>\$ 78,411,590</u></b>	<b><u>\$ 82,202,831</u></b>	<b><u>\$ 86,112,086</u></b>	<b><u>\$ 89,409,245</u></b>
\$ 109,031,616	\$ 111,469,106	\$ 120,386,229	\$ 126,061,177	\$ 130,113,781	\$ 139,287,385
9,419,471	1,679,316	1,511,696	1,202,425	1,544,085	2,073,884
<u>43,900,756</u>	<u>54,888,209</u>	<u>52,234,201</u>	<u>51,755,065</u>	<u>52,776,859</u>	<u>42,917,426</u>
<b><u>\$ 162,351,843</u></b>	<b><u>\$ 168,036,631</u></b>	<b><u>\$ 174,132,126</u></b>	<b><u>\$ 179,018,667</u></b>	<b><u>\$ 184,434,725</u></b>	<b><u>\$ 184,278,695</u></b>

# City of Birmingham, Michigan

## Schedule 2

	Fiscal Year Ended June 30			
	<u>2006</u>	<u>2007</u>	<u>2008<sup>(a)</sup></u>	<u>2009</u>
<b>Governmental activities:</b>				
Expenses				
General government	\$ 4,170,097	\$ 4,615,465	\$ 4,685,092	\$ 4,650,046
Public safety	10,762,477	10,866,289	11,273,754	11,197,054
Public works	6,790,761	7,091,099	7,693,016	8,431,979
Community and economic development	2,403,825	1,875,319	1,796,065	1,635,989
Recreation and culture	1,731,180	1,968,067	2,140,253	2,139,133
Interest on long-term debt	796,230	691,966	734,287	818,203
Total expenses	<u>26,654,570</u>	<u>27,108,205</u>	<u>28,322,467</u>	<u>28,872,404</u>
Program Revenues				
Charges for services:				
General government	193,288	380,921	367,640	386,899
Public safety	1,753,163	1,453,059	1,373,662	1,214,959
Public works	346,660	220,857	399,405	343,905
Community and economic development	2,148,951	1,223,222	1,028,760	1,158,839
Recreation and culture	806,742	828,184	848,171	796,608
Operating grants and contributions	1,510,259	1,529,347	1,391,199	1,741,339
Capital grants and contributions <sup>(a)</sup>	1,300,424	5,157,018	3,910,855	1,049,066
Total program revenues	<u>8,059,487</u>	<u>10,792,608</u>	<u>9,319,692</u>	<u>6,691,615</u>
Total Governmental Activities Net Program Expense	<u>18,595,083</u>	<u>16,315,597</u>	<u>19,002,775</u>	<u>22,180,789</u>
General Revenues and Other Changes in Net Position				
Property taxes	20,687,616	22,152,298	23,279,582	22,901,101
State-shared revenues	1,790,712	1,732,302	1,747,291	1,675,281
Investment earnings	845,105	1,566,735	2,020,505	1,338,730
Miscellaneous	(4,603)	48,407	25,666	6,894
Special item - Demolition of building	-	-	-	(2,102,460)
Transfers	(20,963)	(27,470)	20,000	20,000
Total general revenues and other changes in net position	<u>23,297,867</u>	<u>25,472,272</u>	<u>27,093,044</u>	<u>23,839,546</u>
Total Governmental Activities Change in Net Position	<u>\$ 4,702,784</u>	<u>\$ 9,156,675</u>	<u>\$ 8,090,269</u>	<u>\$ 1,658,757</u>

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

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

Fiscal Year Ended June 30					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 4,409,008	\$ 4,365,192	\$ 4,585,252	\$ 4,362,683	\$ 4,591,157	\$ 4,619,740
11,389,356	11,214,160	11,125,068	12,352,387	13,331,879	13,947,661
8,165,768	8,182,861	7,646,906	7,907,576	8,343,679	8,672,353
1,570,274	1,391,438	1,540,647	1,869,942	1,865,348	2,119,998
1,941,500	1,995,905	2,158,428	2,228,181	2,237,603	2,316,487
<u>806,707</u>	<u>742,076</u>	<u>723,494</u>	<u>652,613</u>	<u>768,992</u>	<u>576,404</u>
<u>28,282,613</u>	<u>27,891,632</u>	<u>27,779,795</u>	<u>29,373,382</u>	<u>31,138,658</u>	<u>32,252,643</u>
528,799	415,289	422,454	346,917	350,647	368,499
1,369,818	1,258,651	1,405,229	1,649,780	2,313,167	2,177,838
321,013	262,024	279,041	480,797	512,638	626,002
1,117,689	1,357,113	1,674,422	1,788,165	2,520,303	2,498,721
817,442	805,793	801,556	740,867	761,138	739,723
1,252,029	1,313,530	1,486,253	1,488,250	1,773,788	1,815,104
<u>363,579</u>	<u>426,356</u>	<u>126,507</u>	<u>149,532</u>	<u>114,422</u>	<u>788,601</u>
<u>5,770,369</u>	<u>5,838,756</u>	<u>6,195,462</u>	<u>6,644,308</u>	<u>8,346,103</u>	<u>9,014,488</u>
<u>22,512,244</u>	<u>22,052,876</u>	<u>21,584,333</u>	<u>22,729,074</u>	<u>22,792,555</u>	<u>23,238,155</u>
22,677,733	22,534,629	21,784,190	22,069,399	22,050,256	22,997,639
1,496,216	1,518,034	1,649,070	1,692,523	1,737,507	1,755,780
707,362	450,037	490,319	140,479	496,571	402,382
61,652	52,124	(6,924)	13,573	15,024	23,992
-	-	-	-	-	-
<u>20,000</u>	<u>(146,000)</u>	<u>(1,038,446)</u>	<u>(91,600)</u>	<u>-</u>	<u>(400,000)</u>
<u>24,962,963</u>	<u>24,408,824</u>	<u>22,878,209</u>	<u>23,824,374</u>	<u>24,299,358</u>	<u>24,779,793</u>
<u>\$ 2,450,719</u>	<u>\$ 2,355,948</u>	<u>\$ 1,293,876</u>	<u>\$ 1,095,300</u>	<u>\$ 1,506,803</u>	<u>\$ 1,541,638</u>

# City of Birmingham, Michigan

## Schedule 2

	Fiscal Year Ended June 30			
	2006	2007	2008	2009
<b>Business-type Activities:</b>				
Expenses				
Water and sewer	\$ 9,241,450	\$ 9,394,229	\$ 9,547,433	\$ 9,602,230
Automobile parking	3,355,063	3,330,406	3,285,579	3,923,862
Golf courses	1,066,650	1,099,025	1,078,213	1,104,153
Total expenses	<u>13,663,163</u>	<u>13,823,660</u>	<u>13,911,225</u>	<u>14,630,245</u>
Revenues				
Charges for services:				
Water and sewer	7,858,138	7,484,810	8,284,887	7,775,992
Automobile parking	3,754,325	3,713,506	3,754,252	3,664,014
Golf courses	1,152,815	974,386	985,469	1,021,878
Capital grants and contributions	-	-	-	-
Total revenues	<u>12,765,278</u>	<u>12,172,702</u>	<u>13,024,608</u>	<u>12,461,884</u>
Total Business-type Activities Net Program Expense	<u>897,885</u>	<u>1,650,958</u>	<u>886,617</u>	<u>2,168,361</u>
General Revenues and Other Changes in Net Position				
Property taxes	4,105,169	4,253,485	4,256,794	4,203,739
Investment earnings	450,013	834,347	900,415	511,432
Transfers	20,963	27,470	(20,000)	(20,000)
Total general revenues and other changes in net position	<u>4,576,145</u>	<u>5,115,302</u>	<u>5,137,209</u>	<u>4,695,171</u>
Total Business-type Activities Change in Net Position	<u>\$ 3,678,260</u>	<u>\$ 3,464,344</u>	<u>\$ 4,250,592</u>	<u>\$ 2,526,810</u>
Total Primary Government Change in Net Position	<u>\$ 8,381,044</u>	<u>\$ 12,621,019</u>	<u>\$ 12,340,861</u>	<u>\$ 4,185,567</u>

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

Fiscal Year Ended June 30					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 10,101,858	\$ 10,667,174	\$ 11,778,806	\$ 11,759,723	\$ 11,972,959	\$ 12,252,253
3,217,660	3,255,726	3,207,699	3,450,244	2,884,360	3,252,464
<u>1,070,307</u>	<u>1,150,525</u>	<u>1,119,386</u>	<u>1,043,575</u>	<u>976,578</u>	<u>888,033</u>
<u>14,389,825</u>	<u>15,073,425</u>	<u>16,105,891</u>	<u>16,253,542</u>	<u>15,833,897</u>	<u>16,392,750</u>
8,597,161	10,031,937	11,292,145	11,123,065	10,824,681	10,261,009
3,570,668	3,837,198	4,099,706	4,257,830	4,323,808	4,738,537
946,467	881,120	1,003,354	1,267,239	1,076,745	1,099,894
-	125,120	-	-	-	-
<u>13,114,296</u>	<u>14,875,375</u>	<u>16,395,205</u>	<u>16,648,134</u>	<u>16,225,234</u>	<u>16,099,440</u>
<u>1,275,529</u>	<u>198,050</u>	<u>(289,314)</u>	<u>(394,592)</u>	<u>(391,337)</u>	<u>293,310</u>
3,785,008	3,251,700	3,332,265	3,330,208	3,353,599	3,356,360
230,570	129,190	141,594	(25,159)	164,319	112,065
<u>(20,000)</u>	<u>146,000</u>	<u>1,038,446</u>	<u>91,600</u>	<u>-</u>	<u>400,000</u>
<u>3,995,578</u>	<u>3,526,890</u>	<u>4,512,305</u>	<u>3,396,649</u>	<u>3,517,918</u>	<u>3,868,425</u>
<u>\$ 2,720,049</u>	<u>\$ 3,328,840</u>	<u>\$ 4,801,619</u>	<u>\$ 3,791,241</u>	<u>\$ 3,909,255</u>	<u>\$ 3,575,115</u>
<u>\$ 5,170,768</u>	<u>\$ 5,684,788</u>	<u>\$ 6,095,495</u>	<u>\$ 4,886,541</u>	<u>\$ 5,416,058</u>	<u>\$ 5,116,753</u>



# City of Birmingham, Michigan

## Schedule 3

	June 30			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 1,562,317	\$ 1,986,891	\$ 313,408	\$ 218,413
Designated	-	500,000	735,025	-
Unreserved	7,286,316	8,176,854	10,430,754	11,352,459
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 8,848,633</u>	<u>\$ 10,663,745</u>	<u>\$ 11,479,187</u>	<u>\$ 11,570,872</u>
All Other Governmental Funds				
Reserved	\$ 7,250,718	\$ 7,899,224	\$ 13,134,471	\$ 12,202,989
Designated, reported in:				
Capital projects fund	3,245,465	1,477,453	2,057,504	3,405,744
Unreserved, reported in:				
Special revenue funds <sup>a</sup>	-	-	-	-
Capital projects fund	777,328	933,555	1,058,483	889,012
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 11,273,511</u>	<u>\$ 10,310,232</u>	<u>\$ 16,250,458</u>	<u>\$ 16,497,745</u>

**Source:** Governmental Funds Balance Sheet.

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

<sup>b</sup> Fund balance classifications for fiscal years 2011 through 2014 are in conformance with GASB 54. Prior years have not been restated because all information needed for the new classifications is either not available or not readily available.

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

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

June 30					
<u>2010</u>	<u>2011<sup>b</sup></u>	<u>2012<sup>b</sup></u>	<u>2013<sup>b</sup></u>	<u>2014<sup>bc</sup></u>	<u>2015<sup>bc</sup></u>
\$ 886,030	\$ -	\$ -	\$ -	\$ -	\$ -
251,880	-	-	-	-	-
10,363,888	-	-	-	-	-
-	799,384	14,038	18,099	123,410	197,610
-	-	-	-	386,189	818,420
-	2,426	102,890	230,619	3,948,210	2,611,240
-	94,497	101,677	77,690	3,032,596	1,731,490
-	12,187,402	13,080,161	11,952,797	11,890,406	12,057,185
<u><b>\$ 11,501,798</b></u>	<u><b>\$ 13,083,709</b></u>	<u><b>\$ 13,298,766</b></u>	<u><b>\$ 12,279,205</b></u>	<u><b>\$ 19,380,811</b></u>	<u><b>\$ 17,415,945</b></u>
\$ 9,347,952	\$ -	\$ -	\$ -	\$ -	\$ -
4,395,691	-	-	-	-	-
-	-	-	-	-	-
917,256	-	-	-	-	-
-	193,612	234,022	192,294	-	-
-	1,335,045	1,049,272	726,570	671,754	753,217
-	144,846	1,963,812	1,597,063	1,158,216	163,270
-	12,518,147	9,269,127	9,458,373	3,781,318	4,101,066
-	(1,330)	-	-	-	-
<u><b>\$ 14,660,899</b></u>	<u><b>\$ 14,190,320</b></u>	<u><b>\$ 12,516,233</b></u>	<u><b>\$ 11,974,300</b></u>	<u><b>\$ 5,611,288</b></u>	<u><b>\$ 5,017,553</b></u>

# City of Birmingham, Michigan

## Schedule 4

	Fiscal Year Ended June 30				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>					
Property taxes	\$ 21,225,051	\$ 22,586,390	\$ 24,319,277	\$ 23,722,152	\$ 23,355,496
Licenses and permits	2,082,832	1,471,868	1,306,345	1,452,722	1,515,554
Federal grants	305,584	273,887	468,915	714,029	236,478
State sources	3,162,540	2,987,264	3,021,448	2,902,148	2,718,412
Charges for services	2,706,414	2,762,206	2,288,815	2,244,186	2,250,830
Fines and forfeitures	1,480,147	1,422,209	1,188,631	1,060,422	1,214,127
Use of money and property	871,444	1,517,744	1,910,769	1,270,423	595,958
Other revenues <sup>a</sup>	539,346	217,507	350,214	233,823	215,301
Total revenues	<u>32,373,358</u>	<u>33,239,075</u>	<u>34,854,414</u>	<u>33,599,905</u>	<u>32,102,156</u>
<b>Expenditures</b>					
General government	5,074,225	5,367,207	5,429,209	5,318,511	4,942,453
Public safety	10,360,896	10,602,175	11,155,388	10,833,054	10,731,549
Public works	3,246,268	3,290,440	3,514,572	3,594,641	3,644,733
Highway and streets	2,528,375	2,562,731	3,083,656	3,681,423	3,269,797
Community and economic development	2,458,714	1,908,941	1,821,498	1,683,326	1,586,976
Solid waste disposal	1,577,262	1,588,623	1,561,829	1,601,925	1,637,880
Contributions	869,377	768,622	694,993	617,413	836,635
Capital outlay	7,605,553	4,725,070	3,164,577	4,211,925	5,504,239
Debt service					
Interest	812,263	684,365	701,236	787,675	773,084
Principal	725,000	900,000	965,000	1,025,000	1,245,000
Total Expenditures	<u>35,257,933</u>	<u>32,398,174</u>	<u>32,091,958</u>	<u>33,354,893</u>	<u>34,172,346</u>
Excess of revenues over (under) expenditures	(2,884,575)	840,901	2,762,456	245,012	(2,070,190)
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,012,561	6,089,460	5,191,880	5,380,640	5,231,430
Transfers out	(4,033,524)	(6,116,930)	(5,171,880)	(5,286,680)	(5,067,160)
Loan proceeds	300,000	-	-	-	-
Bond issuance	-	8,881,348	3,973,212	-	-
Payments to bond escrow agent	-	(8,842,409)	-	-	-
Total other financing sources (uses)	<u>279,037</u>	<u>11,469</u>	<u>3,993,212</u>	<u>93,960</u>	<u>164,270</u>
Net change in fund balances	<u>\$ (2,605,538)</u>	<u>\$ 852,370</u>	<u>\$ 6,755,668</u>	<u>\$ 338,972</u>	<u>\$ (1,905,920)</u>
Debt service as a percentage of noncapital expenditures <sup>b</sup>	5.7%	5.7%	5.8%	6.4%	7.2%

NRA=Not readily available

<sup>a</sup>Beginning in fiscal year 2012, special assessment revenue is included in "other" revenues on the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance. In previous years, special assessment revenue was included in "Property Taxes". Years 2005-2011 have been restated to reflect this change.

<sup>b</sup> Noncapital expenditures for this ratio are calculated by subtracting capital outlay (to the extent capitalized for the Statement of Net Assets) from current expenditures. Included in the number subtracted are capitalized assets contained within the functional expenditure categories. For years 2008-2014, 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				
2011	2012	2013	2014	2015
\$ 23,082,343	\$ 21,915,493	\$ 22,208,626	\$ 22,180,652	\$ 23,128,051
1,683,426	1,997,651	2,134,522	2,886,950	2,888,640
186,528	141,052	68,628	121,101	99,510
2,676,147	2,914,805	3,047,133	3,215,410	3,707,425
2,108,899	2,054,713	2,461,171	2,690,234	2,945,360
1,036,303	1,202,215	1,369,078	1,784,432	1,703,518
353,133	398,452	52,597	402,398	294,443
176,241	635,681	491,043	570,898	750,540
<u>31,303,020</u>	<u>31,260,062</u>	<u>31,832,798</u>	<u>33,852,075</u>	<u>35,517,487</u>
4,772,333	4,775,432	4,934,254	5,126,508	5,160,703
10,699,725	10,432,022	11,851,735	12,978,613	12,821,342
3,229,878	3,645,813	4,042,009	3,780,627	3,860,925
2,906,394	2,287,052	2,298,758	2,695,251	2,688,769
1,427,516	1,501,419	1,913,016	1,952,815	2,127,032
1,643,041	1,680,741	1,724,849	1,679,168	1,681,330
655,417	647,089	993,219	1,239,132	1,228,831
2,637,088	4,608,750	3,312,249	2,377,087	6,596,735
729,296	684,328	632,603	589,278	555,421
<u>1,345,000</u>	<u>1,475,000</u>	<u>1,600,000</u>	<u>850,000</u>	<u>955,000</u>
<u>30,045,688</u>	<u>31,737,646</u>	<u>33,302,692</u>	<u>33,268,479</u>	<u>37,676,088</u>
1,257,332	(477,584)	(1,469,894)	583,596	(2,158,601)
3,720,000	3,885,040	3,885,044	435,000	643,920
(3,866,000)	(4,866,486)	(3,976,644)	(280,000)	(1,043,920)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(146,000)</u>	<u>(981,446)</u>	<u>(91,600)</u>	<u>155,000</u>	<u>(400,000)</u>
<u>\$ 1,111,332</u>	<u>\$ (1,459,030)</u>	<u>\$ (1,561,494)</u>	<u>\$ 738,596</u>	<u>\$ (2,558,601)</u>
7.5%	8.1%	7.6%	4.7%	4.9%

# City of Birmingham, Michigan

## Schedule 5

Year Ended June 30	Taxable Value				
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total
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
2013	1,425,457,540	304,941,550	2,290,130	59,031,370	1,791,720,590
2014	1,474,714,050	303,977,570	1,955,450	61,381,350	1,842,028,420
2015	1,540,325,490	296,543,260	1,851,050	56,364,370	1,895,084,170

**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.

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

Assessed Value and Taxable  
Value of Property  
Last Ten Fiscal Years

<b>Direct Tax Rate<sup>a</sup></b>	<b>Estimated Actual Value</b>	<b>Value as a Percentage of Actual Value</b>	<b>Total Assessed Value</b>	<b>Value as a Percentage of True Value</b>
15.07	\$ 5,310,882,410	34.8%	\$ 2,655,441,205	50%
14.96	5,640,339,340	35.0%	2,820,169,670	50%
14.62	5,851,521,360	36.1%	2,925,760,680	50%
14.09	5,415,703,562	38.8%	2,707,851,781	50%
14.22	4,740,351,530	42.7%	2,370,175,765	50%
15.00	4,176,535,800	45.0%	2,088,267,900	50%
15.60	3,795,560,580	47.1%	1,897,780,290	50%
15.46	3,783,979,380	47.4%	1,891,989,690	50%
15.07	3,985,280,520	46.2%	1,992,640,260	50%
15.09	4,367,489,880	43.4%	2,183,744,940	50%

# City of Birmingham, Michigan

## Schedule 6

Fiscal Year Ended	City Direct Rates					Overlapping Rates			
	Basic Charter Operating Rate <sup>a</sup>	Refuse <sup>b</sup>	Baldwin Public Library <sup>c</sup>	Debt Service <sup>d</sup>	Total Direct	Oakland County			
						County	Community College	Intermediate School District	Total County Rate
June 30									
2006	11.44	0.82	1.52	1.29	15.07	4.65	1.58	3.37	9.60
2007	11.36	0.81	1.48	1.31	14.96	4.65	1.58	3.37	9.60
2008	11.21	0.72	1.47	1.22	14.62	4.65	1.58	3.37	9.60
2009	11.07	0.72	1.00	1.30	14.09	4.65	1.58	3.37	9.60
2010	11.05	0.72	1.00	1.45	14.22	4.65	1.58	3.37	9.60
2011	11.59	0.71	1.10	1.60	15.00	4.65	1.58	3.37	9.60
2012	11.69	0.84	1.32	1.75	15.60	4.65	1.58	3.37	9.60
2013	11.69	0.88	1.10	1.80	15.47	4.65	1.58	3.37	9.60
2014	11.69	0.93	1.10	1.36	15.07	4.65	1.58	3.37	9.60
2015	11.69	0.96	1.10	1.34	15.09	4.65	1.58	3.37	9.60

**Source:** City of Birmingham Finance Department

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

1) The Headlee constitutional amendment: this amendment to the state constitution approved in 1978 places an upper limit on the annual operating millage rate. The maximum rate is calculated by a formula tied to the rate of inflation and previous years' cumulative "roll-back factor." The Headlee maximum allowable millage rates per \$1,000 of taxable valuation for fiscal year 2013-2014 are as follows: general operating \$12.59, refuse \$1.89, library \$1.49. There is no Headlee limitation on debt service. The Headlee limitation may be waived only by a vote of the electorate.

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

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

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

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

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

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

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

Overlapping Rates					Total Rates	
Birmingham Public Schools						
<u>Homestead</u>	<u>Non-Homestead</u>	<u>SMART<sup>e</sup></u>	<u>Zoo Authority</u>	<u>Art Institute Authority</u>	<u>Homestead</u>	<u>Non-Homestead</u>
18.21	27.26	0.60	0.00	0.00	43.48	52.53
17.82	27.24	0.59	0.00	0.00	42.97	52.39
17.16	27.00	0.59	0.00	0.00	41.97	51.81
16.74	26.90	0.59	0.10	0.00	41.13	51.28
17.38	26.90	0.59	0.10	0.00	41.89	51.41
18.08	26.90	0.59	0.10	0.00	43.37	52.19
19.02	27.00	0.59	0.10	0.00	44.91	52.89
19.46	27.42	0.59	0.10	0.20	45.42	53.38
19.92	27.90	0.59	0.10	0.20	45.49	53.46
19.22	27.90	1.00	0.10	0.20	45.21	53.89



# City of Birmingham, Michigan

## Schedule 7

June 30, 2015				
<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	\$ 24,461,950	1	1.29%
DTE Energy	Utility	12,209,330	2	0.64%
US Reif 325 N Old Woodward MI LLC	Retail/Condominiums	10,123,100	3	0.53%
THC Investors	Hotel, Office, Residential	8,789,870	4	0.46%
Palladium of Birmingham	Retail/Theatre	6,604,000	5	0.35%
Consumers Energy Company	Utility	5,745,390	6	0.30%
VS Birmingham Limited	Retail, Office	5,609,480	7	0.30%
Merrillwood Building LLC	Office, Residential, Apts	4,916,560	8	0.26%
James Esshaki, /ESSCO	Office, Retail	4,598,220	9	0.24%
Prudential Properties	Office	4,494,910	10	0.24%
BP Commercial	Office/Hotels			
Crowley-Willits Retail	Retail/Theatre			
PRS Development	Condominium Conversion			
Associates of 555	Office, Retail, Parking, Apts			
Shain Park Associates	Residential Condominiums/Retail			
Comcast Cablevision	Office			
E Group, LLC	Retail/Offices			
Total taxable value of 10 largest taxpayers		87,552,810		4.61%
Total taxable value of all other taxpayers		1,807,531,360		95.39%
Total taxable value of all taxpayers		<u>\$1,895,084,170</u>		<u>100.00%</u>

**Source:** City of Birmingham

Principal Property Tax Payers  
Current Year and Nine Years Ago

**June 30, 2006**

<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
\$ 21,732,360	1	1.17%
7,317,140	5	0.40%
8,847,590	4	0.48%
18,123,010	2	0.98%
14,508,800	3	0.78%
7,102,880	6	0.38%
6,605,580	7	0.36%
6,125,820	8	0.33%
5,498,470	9	0.30%
5,070,200	10	0.27%
100,931,850		5.46%
1,749,133,480		94.54%
<u>\$ 1,850,065,330</u>		<u>100.00%</u>

# City of Birmingham, Michigan

## Schedule 8

Fiscal	Taxes Levied			Collected within the		
Year	for the		Adjusted	Fiscal Year of the Levy <sup>b,d</sup>		
Ended	Fiscal Year -		Levy at	Percentage of		
June 30	Original Levy <sup>a,c,g</sup>	Adjustments	Settlement <sup>f</sup>	Amount	Original Levy	
2006	\$ 27,889,480	\$ (150,577)	\$ 27,738,903	\$ 27,725,980	99.41%	
2007	29,514,861	(42,915)	29,471,946	29,449,126	99.78%	
2008	30,894,721	(153,017)	30,741,704	30,696,286	99.36%	
2009	29,612,497	(104,757)	29,507,740	29,469,513	99.52%	
2010	28,798,870	(38,243)	28,760,627	28,720,517	99.73%	
2011	28,192,503	(82,454)	28,110,049	28,077,723	99.59%	
2012	27,973,477	(132,233)	27,841,244	27,810,741	99.42%	
2013	27,831,121	(143,004)	27,688,117	27,666,416	99.41%	
2014	27,926,594	(206,210)	27,720,384	27,700,204	99.19%	
2015	28,748,732	(89,666)	28,659,065	28,645,636	99.64%	

**Source:** City of Birmingham Finance Department

NA=Not available

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

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

<sup>c</sup>From fiscal year 2004 through 2007, the *Taxes Levied* includes taxes levied against properties subject to Michigan's Public Act 425 which have been conditionally transferred from Bloomfield Township to the City of Birmingham. The taxes levied represent less than 0.5% of the adjusted levy.

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

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

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

<sup>g</sup>Beginning in 2007, *Taxes Levied* includes the Brownfield Authority, a component unit which is fiscally dependent on the City. Taxes levied are insignificant.

Property Tax Levies and Collections  
Last Ten Fiscal Years

Collections in Subsequent Years <sup>e</sup>	Total Collections to Date	
	Amount	Percentage of Adjusted Levy
\$ 58	\$ 27,726,038	99.95%
15,511	29,464,637	99.98%
30,382	30,726,668	99.95%
21,134	29,490,647	99.94%
29,525	28,750,041	99.96%
27,903	28,105,625	99.98%
29,316	27,840,056	100.00%
18,271	27,684,687	99.99%
13,892	27,714,096	99.98%
NA	NA	NA

# City of Birmingham, Michigan

## Schedule 9

<b>Fiscal Year Ended June 30</b>	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Total Primary Government</u></b>
	<b><u>General Obligation Bonds<sup>a</sup></u></b>	<b><u>Brownfield Redevelopment Loans</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Contractual Obligations<sup>b</sup></u></b>	
2006	\$ 19,380,000	\$ 300,000	\$ 13,095,000	\$ 23,343,203	\$ 56,118,203
2007	18,587,725	300,000	11,655,000	21,821,028	52,363,753
2008	21,652,859	300,000	10,440,000	20,206,512	52,599,371
2009	20,657,993	300,000	9,945,000	18,857,893	49,760,886
2010	19,443,127	267,257	9,400,000	17,005,015	46,115,399
2011	18,128,261	239,859	8,810,000	15,080,771	42,258,891
2012	16,683,395	211,913	8,175,000	13,043,969	38,114,277
2013	15,113,529	183,408	7,495,000	10,987,415	33,779,352
2014 <sup>e</sup>	14,595,000	154,333	6,720,000	8,937,827	30,407,160
2015	13,609,480	129,867	5,978,781	6,838,550	26,556,678

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

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

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

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

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

<sup>e</sup>2014 numbers are restated to reflect bond premium and discount.

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Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

<b>Percentage of Actual Taxable Value of <u>Property</u><sup>c</sup></b>		<b>Per <u>Capita</u><sup>d</sup></b>
3.03%	\$	2,902
2.66%		2,687
2.49%		2,690
2.37%		2,580
2.28%		2,254
2.25%		2,102
2.13%		1,879
1.89%		1,633
1.65%		1,453
1.44%		1,218

# City of Birmingham, Michigan

## Schedule 10

<b>Fiscal Year Ended June 30</b>	<b>Net General Bonded Debt Outstanding</b>				<b>Less: Funds Restricted to Repayment of Debt<sup>c</sup></b>	<b>Total</b>
	<b>General Obligation Bonds<sup>a</sup></b>	<b>Brownfield Redevelopment Loans</b>	<b>Contractual Obligations<sup>a</sup></b>			
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
2013	22,608,529	183,408	10,987,415	(27,295)		33,752,057
2014 <sup>d</sup>	21,312,074	154,333	8,984,327	(19,716)		30,431,018
2015	19,588,261	129,867	6,838,550	(38,920)		26,517,758

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

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

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

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

<sup>d</sup>2014 numbers are restated to reflect bond premium and discount.

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Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

<b>Percentage of Actual Taxable Value of <u>Property</u><sup>b</sup></b>	<b>Per <u>Capita</u><sup>c</sup></b>
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
1.88%	1,632
1.65%	1,455
1.44%	1,216



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# City of Birmingham, Michigan

## Schedule 11

## Direct and Overlapping Governmental Activities Debt As of June 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Birmingham School District	\$ 197,340,000	43.43%	\$ 85,704,762
Oakland County <sup>a</sup>	426,396,226	3.78%	16,117,777
Oakland Community College	54,540,000	3.80%	2,072,520
Oakland Intermediate School District	2,355,000	3.81%	89,726
Subtotal, overlapping debt			103,984,785
City direct debt (see schedule 9 for governmental activities)			13,609,480
<b>Total direct and overlapping debt</b>			<b>\$ 117,594,265</b>

**Source:** The net tax-supported debt (*debt repaid with property taxes*) information was provided by the Municipal Advisory Council of Michigan. The percentages for each entity are calculated by dividing the City's 2014 taxable value by the taxable value for each entity.

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

# City of Birmingham, Michigan

## Schedule 12

	Fiscal Year Ended June 30			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 265,544	\$ 282,017	\$ 292,576	\$ 270,785
Total net debt applicable to limit	<u>40,330</u>	<u>37,795</u>	<u>39,337</u>	<u>37,795</u>
Legal debt margin	<u><b>\$ 225,214</b></u>	<u><b>\$ 244,222</b></u>	<u><b>\$ 253,239</b></u>	<u><b>\$ 232,990</b></u>
Total net debt applicable to the limit as a percentage of debt limit	15.19%	13.40%	13.45%	13.96%

**Source:** City of Birmingham Finance Department

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2014-2015**

2014 State Equalized Valuation	<u>\$ 2,183,745</u>
Debt limit <sup>a</sup> (10% of State Equalized Valuation <sup>b</sup> )	218,375
Debt applicable to limitation:	
Total bonded and contractual debt	\$ 26,557
Less deductions allowed by law:	
Combined sewer overflow abatement project	<u>2,633</u>
Total net debt applicable to limit	23,924
Legal debt margin	<u><u>\$ 194,451</u></u>

Fiscal Year Ended June 30					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 237,018	\$ 208,827	\$ 189,778	\$ 189,199	\$ 199,264	\$ 218,375
<u>35,541</u>	<u>33,183</u>	<u>30,639</u>	<u>27,913</u>	<u>26,146</u>	<u>23,924</u>
<u><u>\$ 201,477</u></u>	<u><u>\$ 175,644</u></u>	<u><u>\$ 159,139</u></u>	<u><u>\$ 161,286</u></u>	<u><u>\$ 173,118</u></u>	<u><u>\$ 194,451</u></u>
15.00%	15.89%	16.14%	14.75%	13.12%	10.96%

# City of Birmingham, Michigan

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Schedule 13

Pledged-Revenue Coverage  
Last Ten Fiscal Years

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

# City of Birmingham, Michigan

## Schedule 14

## Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population <sup>a</sup>	Number of Households <sup>a</sup>	Median Household Income <sup>b</sup>	Per Capita Income <sup>c</sup>	Median Age <sup>d</sup>	Total School Enrollment K-12 <sup>e</sup>	Public School Enrollment K-12 <sup>f</sup>	Unemployment Rate <sup>g</sup>
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	100,473	67,580	41.6	3,464	2,617	6.4
2012	20,682	9,192	100,789	68,806	41.5	3,467	2,685	5.6
2013	20,920	9,250	98,750	67,663	40.8	3,442	2,717	5.1
2014	21,805	9,592					2,765	4.4

### Sources:

<sup>a</sup>Estimates for 2002-2009 and 2011-2014 are from SEMCOG, Southeast Michigan Council of Governments.

2002-2006 and 2011-2014 are as of July 1; 2007 - 2009 are as of December 31.

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

<sup>b</sup> 2002-2009 Estimates are from Oakland County Planning & Economic Development. 2010 -2013 estimates are from US Census Bureau 5-Yr American Community Survey.

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

The amount shown for 2008 is an estimate based on revised values for three surrounding communities within Oakland County with a population greater than 20,000.

It is assumed that no significant changes 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 - 2013 estimates are from the US Census Bureau 5-Yr American Community Survey.

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

2011- 2013 data is from US Census Bureau 5-Yr American Community Survey.

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

2010-2013 data is from U.S. Census Bureau 5-Yr American Community Survey.

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

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

# City of Birmingham, Michigan

## Schedule 15

<u>Employer</u>	<u>Product or Service</u>	<u>2015<sup>a</sup></u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment<sup>c</sup></u>
Birmingham Public Schools <sup>d</sup>	Primary education	1,268	1	7.28%
McCann Worldgroup	Advertising and marketing	528	2	3.03%
Townsend Hotel	Hotel/restaurant	205	3	1.18%
Birmingham Country Club	Golf club	203	4	1.17%
Home Instead Senior Care	In-home care	165	5	0.95%
City of Birmingham <sup>e</sup>	Government services	140	6	0.80%
Coldwell Banker Weir Manuel	Real estate sales	120	7	0.69%
Kroger Co. of Michigan	Supermarket chain	115	8	0.66%
The Community House	Community enrichment services	120	9	0.69%
Hall & Hunter Realtor	Real estate sales	111	10	0.64%
UBS Financial Services	Wealth management			
BELFOR Holdings Inc	Property restoration			
YMCA of Birmingham	Health & fitness			
Munder Capital Management	Investment counselors			
Uptown Entertainment	Theater operator			
Consumer Pulse of Washington	Market research			
Morgan Stanley	Security Broker			
Peabody's of Birmingham	Restaurant			
U.S. Postal Service	Government services			
Alban's Deli	Restaurant			
<b>Total</b>		<u>2,975</u>		<u>17.09%</u>

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

All companies in the top ten for 2015 were contacted directly to obtain or confirm 2015 employment data. Those that did not respond have not been included.

Numbers reported by the employers may include part-time employees; or, in the case of realtors, the numbers may include independent contractors.

<sup>b</sup>The primary source is the 2006 Community Profile prepared by Oakland County Planning & Economic Development as modified by the City Finance Department.

<sup>c</sup>The source for total employment data is SEMCOG (Southeast Michigan Council of Governments). The number used for 2006 is 22,802 based on an estimate for 2000. The number used for 2015 is 17,417 based on an estimate for 2015 by SEMCOG.

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

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

<sup>d</sup>The 2015 number represents all school district employees including transportation, not just employees working within Birmingham city limits.

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

Principal Employers  
Current Year and Nine Years Ago

<u>Employees Rank Employment<sup>c</sup></u>		
867	1	3.80%
175	4	0.77%
189	2	0.83%
177	3	0.78%
150	5	0.66%
120	6	0.53%
120	7	0.53%
115	8	0.50%
100	9	0.44%
98	10	0.43%
<u>2,111</u>		<u>9.27%</u>



# City of Birmingham, Michigan

## Schedule 16

<b>Function/Program</b>	<b>Average FTE for the Fiscal Year Ended June 30</b>				
	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
<b>General Government</b>					
Finance	7.10	7.49	7.12	7.65	7.43
Treasury	6.60	6.12	5.92	6.47	6.36
City Manager/Human Resources	5.30	5.01	4.90	4.88	4.74
Assessor	4.60	4.69	2.39	0.12	-
Other <sup>a</sup>	11.10	10.53	10.50	10.58	9.85
<b>Public Safety</b>					
Firefighters and officers	36.87	36.48	33.99	30.86	27.65
Police officers and command	35.10	35.35	34.07	32.88	32.06
Police civilians	19.60	19.60	18.15	17.69	14.84
Fire civilians	0.70	0.40	0.40	0.43	0.40
<b>Public Works</b>					
Engineering	3.50	5.87	5.04	6.35	5.57
Public service operations <sup>b</sup>	21.00	21.36	23.83	22.49	20.19
<b>Community and Economic Development</b>					
Building department	11.10	11.00	9.57	10.18	9.34
Planning department	6.00	6.85	7.24	4.06	4.08
Recreation and Culture <sup>c</sup>	14.20	15.27	15.96	14.24	14.12
<b>Water and Sewer</b>					
Water- and sewer-main maintenance	9.40	7.91	7.03	6.96	7.08
Water meter shop	3.20	3.29	3.11	2.67	2.79
Automobile Parking <sup>d</sup>	4.00	3.09	3.51	3.49	3.48
Golf Courses	12.90	13.30	13.05	13.37	12.88
<b>Total Primary Government</b>	<b><u>212.27</u></b>	<b><u>213.59</u></b>	<b><u>205.78</u></b>	<b><u>195.37</u></b>	<b><u>182.86</u></b>
<b>Component Units</b>					
Library	37.50	38.16	39.77	39.99	39.54
Principal Shopping District	3.50	3.41	3.67	3.66	3.65
<b>Total City</b>	<b><u>253.27</u></b>	<b><u>255.15</u></b>	<b><u>249.22</u></b>	<b><u>239.01</u></b>	<b><u>226.05</u></b>

**Source:** Finance Department payroll records.

**Note:** Unless otherwise noted, the FTEs for each function and sub-function were calculated by dividing the total number of payroll hours expensed (includes leave hours but not overtime) by 2,080 (52 weeks X 40 hours).

Department of Public Services functions include public service operations, recreation & culture, water and sewer-main maintenance, and golf course operations & maintenance. Supervisory and clerical employees are allocated to these functions on a percentage basis. All other employees are expensed directly to these functions based on tasks performed.

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

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

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

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

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

Average FTE for the Fiscal Year Ended June 30				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
7.15	7.18	6.51	6.57	5.85
6.38	6.41	6.37	6.32	6.29
4.64	4.18	3.42	3.31	3.59
-	-	-	-	-
6.72	7.18	7.37	7.50	8.02
26.04	25.75	26.46	28.15	27.79
29.77	28.31	26.66	28.06	28.30
13.83	15.99	18.27	19.46	20.41
-	-	-	-	-
5.07	4.76	4.27	5.29	5.30
19.75	19.41	19.56	19.26	19.70
8.44	9.00	10.05	10.18	10.55
2.81	3.10	2.93	3.33	3.69
12.27	12.59	12.19	13.17	12.52
5.94	6.76	5.88	5.01	6.50
2.84	2.67	2.96	2.62	2.01
3.78	3.28	2.63	2.92	2.93
<u>12.32</u>	<u>12.26</u>	<u>10.41</u>	<u>11.56</u>	<u>10.90</u>
<u>167.75</u>	<u>168.83</u>	<u>165.94</u>	<u>172.71</u>	<u>174.35</u>
34.42	30.23	30.29	29.86	30.41
<u>3.87</u>	<u>4.05</u>	<u>3.77</u>	<u>4.24</u>	<u>5.06</u>
<u>206.04</u>	<u>203.11</u>	<u>200.00</u>	<u>206.81</u>	<u>209.82</u>

# City of Birmingham, Michigan

## Schedule 17

<u>Function/Program</u>	<u>Fiscal Year Ended June 30</u>						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government							
Registered voters <sup>a</sup>	14,307	14,863	15,127	15,300	15,763	15,996	16,557
Ballots cast in November election	3,402	10,164	3,911	12,595	2,841	9,483	4,285
Taxpayers	11,000(E)	11,179	11,133	10,925	11,597	11,578	11,488
Average rate of return on city investments	3.19%	4.17%	4.28%	3.48%	2.15%	1.31%	0.81%
Vendor checks issued	8,362	8,014	7,603	6,788	6,657	6,536	6,829
Public Safety							
Fire Department <sup>b</sup>							
Total alarms	1,719	1,696	1,855	1,854	1,634	1,896	1,761
Fires	50	36	43	75	40	41	26
Rescues/extrications (medical runs)	955	980	974	994	926	1,074	1,058
Other runs	714	680	838	785	668	781	677
Fire inspections <sup>c</sup>	1,844	1,674	929	858	610	673	492
Police Department <sup>b</sup>							
Responses to calls for service	20,003	19,977	18,749	20,104	16,031	17,713	16,983
Adult arrests	645	630	510	419	328	257	235
Parking violations	44,394	45,214	40,615	34,592	33,827	27,695	31,844
Moving violations	6,662	7,129	6,439	5,478	6,980	5,329	5,122
Public Works							
Tons of municipal solid waste collected	11,898	10,282	9,500	8,951	8,942	9,255	9,511
City vehicles/equipment serviced per month <sup>d</sup>	100	100	90	95	45	63	62
Street trees planted	240	407	293	226	315	212	266
Street trees removed	600	453	230	252	232	187	217
Community & Economic Development							
Building & demolition permits issued	993	766	650	610	611	710	770
Total construction value (in thousands)	\$81,777	\$49,353	\$40,282	\$46,001	\$53,457	\$40,010	\$44,790
Recreation & Culture							
Skaters in ice arena basic skills program	1,217	1,000	1,200	1,200	1,100	1,100	1,100
Men's softball teams	6	6	6	6	5	5	6
Water & Sewer							
Water customers	NRA	8,594	8,617	8,617	8,634	8,598	8,575
Water meters in service	8,602	8,646	8,672	8,688	8,693	8,702	8,714
Automobile Parking							
Five parking structures							
Active parking permits at June 30	3,247	3,296	3,165	2,690	2,975	3,063	3,311
Transient parkers (includes free parkers)	1,377,702	1,366,749	1,298,284	1,188,367	1,166,818	1,194,026	1,276,274
Free parkers	849,698	881,005	827,127	730,220	750,919	777,870	831,730
Golf Courses (calendar year)							
Rounds played-Lincoln Hills <sup>e</sup>	29,455	21,839	27,898	25,950	21,335	21,925	25,240
Rounds played-Springdale <sup>e</sup>	24,546	17,986	26,674	27,716	25,782	19,668	28,996
Business memberships	160	116	127	116	105	84	101
Non-resident memberships							
Individual	298	258	421	359	365	343	398
Family	74	70	42	27	26	29	60
Dual (new in 2008)	-	-	143	125	121	111	186
Junior golf registrations	260	396	378	420	341	457	462

Operating Indicators by Function/Program  
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>		
<u>2013</u>	<u>2014</u>	<u>2015</u>
16,623	16,578	16,506
13,106	2,134	9,046
11,451	11,035	11,464
0.65%	0.56%	0.58%
7,078	6,965	7,466
1,799	2,023	2,078
42	24	37
1,064	1,131	1,092
693	868	949
544	961	525
16,571	18,372	17,678
351	483	470
30,182	31,535	34,127
6,610	4,039	3,707
9,202	9,435	9,847
92	92	88
199	231	270
195	243	303
749	894	990
\$57,311	\$94,526	\$94,517
1,100	1,300	1,300
5	5	5
8,578	8,514	8,545
8,711	8,662	8,663
3,472	3,691	3,705
1,215,272	985,842	890,547
786,390	591,569	510,828
28,397	22,005	26,975
24,669	17,075	22,014
99	102	109
402	406	474
65	77	78
184	174	194
442	430	467

# City of Birmingham, Michigan

## Schedule 17

	Fiscal Year Ended June 30						
	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>							
Component Units:							
Library							
Registered patrons <sup>f</sup>	45,237	48,113	22,245	27,104	30,904	33,989	33,257
Book collections	133,189	135,192	135,420	137,798	140,330	143,427	139,836
Audiovisual collections	21,896	23,357	25,208	28,156	28,764	29,675	30,730
Items circulated	586,191	662,035	698,444	736,074	752,351	721,380	666,701
Patron visits	382,414	370,097	362,699	373,022	357,374	325,976	322,042
Circulation per capita <sup>g</sup>	19	22	22.7	23.9	24.5	22.9	18.9
Program attendance	29,516	27,633	27,595	26,925	25,677	25,881	24,329
Public computer log-ins	75,013	60,862	62,640	64,506	66,425	57,194	54,526
Database usage	64,502	84,544	72,345	64,383	61,421	63,122	74,679
Principal Shopping District							
Retail occupancy rate as of June 30 <sup>h</sup>	93.0%	94.3%	95.7%	94.9%	92.6%	94.7%	96.5%
Sponsored events	11	11	11	11	12	12	11
PR media impressions (in millions) <sup>i</sup>	41.7	46.6	48.7	49.2	50	50.2	50.5
Website "hits" per month (approximate) <sup>j</sup>	148,000	348,000	345,000	157,000	264,000	270,000	270,000
Flow er planters/baskets maintained	144	144	144	165	165	205	225

**Source:** City Department records

**Notes:**

N/A=Not available

NRA = Not readily available

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

<sup>b</sup>All numbers reflect the calendar year ending midw ay through fiscal year.

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

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

<sup>e</sup>Number for 2013 is through August only.

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

<sup>g</sup>Based on the service area of the library w hich includes Birmingham, Beverly Hills, Bingham Farms and beginning in 2011, Bloomfield Hills. Years 2003 to 2010 are based on the 2000 census population of 30,758. Year 2011 is based on the 2010 census population of 31,481. Years 2012 to 2013 are based on 2010 census population of 35,350.

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

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

<sup>j</sup>For years 2005 to 2012, numbers represent the number of times an individual or search engine scans the PSD w eb site [www.enjoybirmingham.com](http://www.enjoybirmingham.com). Starting year 2013, numbers represents "monthly unique view ers" captured through a new w eb analytic.

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

<u>Fiscal Year Ended June 30</u>		
<u>2013</u>	<u>2014</u>	<u>2015</u>
40,219	42,651	44,674
141,028	140,974	143,623
30,932	43,241	43,039
642,989	633,487	593,922
326,943	304,836	288,124
18.2	17.9	16.8
25,213	26,735	27,190
54,621	53,977	52,604
97,710	110,030	NA
97.0%	98.0%	98.0%
12	12	11
50	50	NRA
6,200	6,500	5,600
250	275	300

# City of Birmingham, Michigan

## Schedule 18

	Fiscal Year Ended June 30						
	2006	2007	2008	2009	2010	2011	2012
<b>Function/Program</b>							
General Government							
City hall (square footage)	24,282	24,282	24,282	24,282	24,282	24,282	24,282
Library building (square footage)	30,470	30,470	30,470	30,470	30,470	30,470	30,470
Public Safety							
Fire stations	2	2	2	2	2	2	2
Fire Pumps	3	3	3	3	3	3	3
Other fire vehicles (includes 1 aerial tower)	9	9	8	8	8	8	7
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)	62.58	62.58	62.58	62.58	62.58	62.66	63
Sidewalks (miles)	128.69	128.69	128.69	129.03	129.03	129.03	129.03
Bridges	9	9	9	9	9	9	9
Vehicles in city fleet (excluding fire) <sup>b</sup>	93	93	91	91	85	85	92
Recreation & Culture							
Parks	18	18	18	18	18	18	18
Park land/public property (acres)	225+	225+	225+	225+	225+	225+	225+
Trees on park/public land	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Tennis courts	16	16	16	16	16	16	16
Baseball diamonds	1	4	1	1	1	1	1
Softball diamonds	1	1	1	1	1	1	1
Little League diamonds	6	6	6	6	6	6	6
Ice arena	1	1	1	1	1	1	1
Historical museum	1	1	1	1	1	1	1
Skate park	1	1	1	1	1	1	1
Water & Sewer							
Water mains (miles)	100.85	100.85	100.85	100.85	100.85	100.85	100.85
Sanitary sewers (miles)	116.94	116.94	116.11	115.95	115.41	115.41	115.41
Fire hydrants (city-owned)	809	819	823	830	825	829	828
Water storage tanks (500,000 gal.)	2	2	2	2	2	2	2
Line gate valves	1,278	1,278	1,286	1,291	1,289	1,289	1,289
Automobile Parking							
Parking structures	5	5	5	5	5	5	5
Revenue-generating public parking spaces							
Metered spaces (streets & surface lots)	1,270	1,288	1,304	1,313	1,311	1,309	1,238
Parking structure spaces	3,579	3,579	3,579	3,579	3,579	3,579	3,579
Total	4,849	4,867	4,883	4,892	4,890	4,888	4,817
Golf Courses (nine-hole)	2	2	2	2	2	2	2

**Source:** City Department records

**Notes:**

NRA=Not readily available

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

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

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

**Fiscal Year Ended June 30**  
**2013      2014      2015**

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

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

36,365    36,365    36,365  
21.87    21.87    21.87  
63        63.00    63.10  
129.03   129.03   129.03  
9           9           9  
83        83        85

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  
828       850       850  
2           2           2  
1,289    1,289    1,289

5           5           5

1,238    1,238    1,238  
3,579    3,579    3,579  
4,817    4,817    4,817

2           2           2



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