

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

Fiscal Year Ended June 30, 2016

City Commission

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

City Manager

Joseph A. Valentine

Director of Finance/Treasurer

Mark Gerber

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Introductory Section

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November 21, 2016

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, 2016 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 unmodified opinion that the City of Birmingham's financial statements for the year ended June 30, 2016 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 22,358, the community is able to maintain the feel of a small town while offering the recreational and cultural advantages of a prosperous urban area.

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

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

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

Factors Affecting Financial Condition

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

Local Economy - The region, which includes the City of Birmingham and some of the nation's most affluent suburbs, has a labor force of approximately 706,000. The June 2016 unemployment rate of 3.2% for the City is less than last year's rate of 4.1% and remains well below the State's unemployment rate of 4.9% and less than the national rate of 4.9% for the same period. It is anticipated that this area (Oakland County) will gain approximately 14,000 jobs this year and continue to add 14,600 and 15,500 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 103,000 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 seventh 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 \$69,172 compared to a national per capita income of \$28,889. Educational attainment levels are also well above the national average. Approximately 77% of city residents have completed a bachelor's degree or higher compared to 29% nationally. 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 2016, retail occupancy in the City's Principal Shopping District was at 96% which was slightly lower than last year at 98%. The downtown's office market increased slightly with a 90% occupancy rate compared to 88% in June 2015.

The State is in its seventh year of economic recovery with significant job creation having added over 440,000 jobs over the past six 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 32% 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 4% 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%, 5.6%, and 5.5% for fiscal years 2014, 2015, 2016, and 2017 respectively. New residential construction increased by 6% from the prior fiscal year. This is the third consecutive year where building permit activity has been very strong. Additionally, there are currently 30 new house permits in various phases of review for approval.

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

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

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

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 24%, increasing employee deductibles and co-pays to the health insurance plan, switching new hires to a defined-contribution plan for retirement and retiree health care, consolidating dispatch services with the Village of Beverly Hills, and providing fire department medical transports.

Major Initiatives - The City has planned for fiscal year 2017 approximately \$16.6 million in capital investment in the City. This includes \$5.2 million in road improvements which include: Old Woodward Ave. between Willits St. and Brown St., Oak St. between N. Glenhurst Dr. and Chesterfield Ave., Villa Ave. between Columbia Ave. and Adams Rd., Lakeview Ave. between Oak St. and Harmon St., and a cluster of streets in the Sheffield Rd., Cheltenham Rd., Dunstable Rd., Melton Rd., Mansfield Rd., and Bradford Rd. area, along with other smaller road improvements. The City has also planned approximately \$3.7 million in water and sewer improvements related to the road improvements. Additionally, the City is planning \$1.8 million in improvements to the automobile parking system to upgrade the traffic control systems in the parking decks, paint the Park Street structure, and upgrade the lighting in three of the parking decks to LED. \$2.8 million has been planned for the demolition and reconstruction of the Chesterfield Fire Station as well as \$2 million for the renovation of the adult services area of the Baldwin Library. Vehicle and equipment replacements are planned to cost \$1.1 million.

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

Technology Plan - Improvements have shifted from building the computer infrastructure established in the Information Systems Strategic Plan to maintaining the City's technology infrastructure and providing improvements where it makes solid business sense. As a result of the high level of dependence on technology, the City continues to provide the needed resources to enable all municipal employees to work more efficiently. Projects 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 retirement plan for employees. The funding status of the pension fund based on the 2015 actuarial report stayed approximately the same at 91.3% compared to 91.1% in the prior year. As a matter of policy, the City of Birmingham fully funds each year's annual required contribution to the pension plan, which for the fiscal year ending June 30, 2016 totaled \$1.9 million.

The City of Birmingham also provides retiree healthcare benefits to qualifying full-time employees under a single-employer defined benefit healthcare plan in accordance with labor contracts. The City is required to contribute at a rate equivalent to the annual required contribution, which is 50.52% of payroll, or \$3.4 million. The retiree healthcare defined benefit plan was 41% funded as of June 30, 2014 and is now closed to all employee groups. A defined contribution retiree healthcare plan for employees not eligible to participate in the defined benefit plan has been established. The retiree healthcare defined contribution plan funding rate for the various employee groups is detailed in Note 14 on page 66.

Awards and Acknowledgements

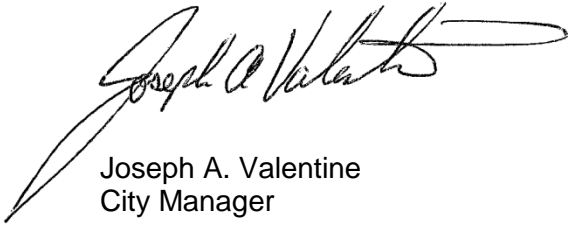
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 26th consecutive 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 2016 annual budget. This was the 26th consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,

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

Joseph A. Valentine
City Manager

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

Mark Gerber
Director of Finance/Treasurer



Government Finance Officers Association

**Certificate of
Achievement
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in Financial
Reporting**

Presented to

**City of Birmingham
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

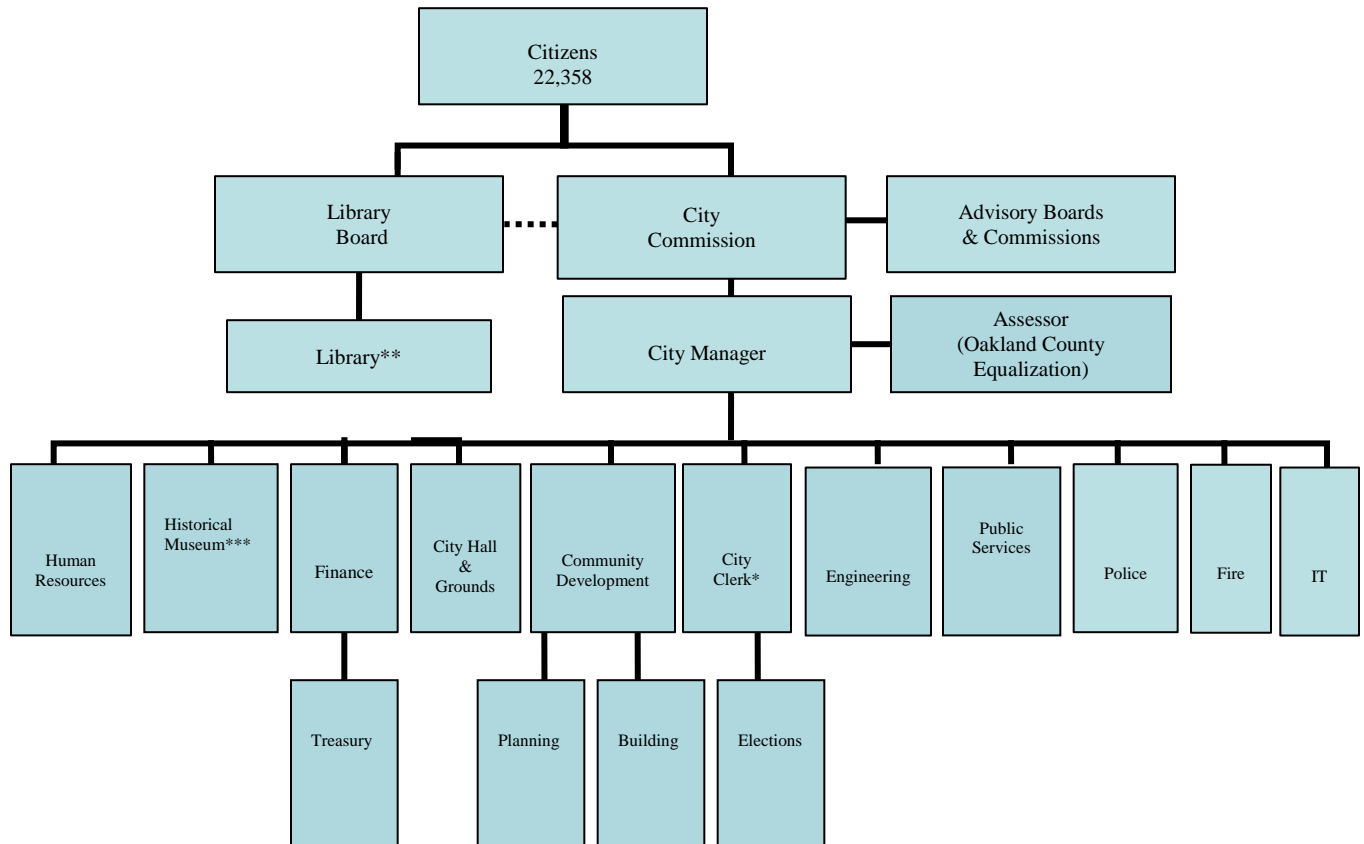
June 30, 2015

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

Executive Director/CEO

Birmingham

2015-2016 Organization Chart



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

Financial Section

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Independent Auditor's Report

To the Honorable Mayor and 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, 2016, 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, 2016 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

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 & Moran, PLLC

November 2, 2016

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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, 2016:

- The City's total revenues were \$57.9 million, while expenses totaled \$52.9 million.
 - Governmental activities generated \$35.9 million in revenue and \$35 million in expenses.
 - Business-type activities generated \$21.9 million in revenue and \$17.8 million in expenses.
- Total net position of the City increased by \$5 million this year.
 - Total net position related to the City's governmental activities increased by approximately \$.9 million. Of that amount, investment in capital assets increased by \$1.5 million, restricted net position increased by \$1.1 million, and unrestricted net position decreased by \$1.7 million.
 - Net position of our business-type activities increased overall by \$4.1 million. Of the \$4.1 million increase in business-type activities, \$3.1 million was invested in capital assets while unrestricted net position increased by \$1 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.3 million, or 38.5 percent, of total General Fund expenditures and transfers out (including major and local street activity). The total unassigned fund balance of \$12.3 million increased slightly by \$.2 million from the prior year.

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

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

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

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

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

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

City of Birmingham, Michigan

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 2.7 percent from last year to \$189.3 million (See Table A-1). The following table shows, in a condensed format, the net position of the City as of June 30, 2015 and 2016:

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2015	2016	2015	2016	2015	2016	2015-2016
Assets							
Current and other assets	\$ 39.1	\$ 41.2	\$ 16.8	\$ 17.7	\$ 55.9	\$ 58.9	5.4
Capital assets	<u>77.8</u>	<u>78.0</u>	<u>88.0</u>	<u>87.9</u>	<u>165.8</u>	<u>165.9</u>	0.1
Total assets	116.9	119.2	104.8	105.6	221.7	224.8	1.4
Deferred Outflows of Resources	4.5	9.2	0.6	0.8	5.1	10.0	96.1
Liabilities							
Current liabilities	3.1	3.2	2.7	2.1	5.8	5.3	(8.6)
Long-term liabilities	<u>23.4</u>	<u>29.5</u>	<u>13.3</u>	<u>10.8</u>	<u>36.7</u>	<u>40.3</u>	9.8
Total liabilities	26.5	32.7	16.0	12.9	42.5	45.6	7.3
Deferred Inflows of Resources	-	-	-	-	-	-	-
Net Position							
Net investment in capital assets	64.1	65.6	75.2	78.3	139.3	143.9	3.3
Restricted	2.1	3.2	-	-	2.1	3.2	52.4
Unrestricted	<u>28.7</u>	<u>27.0</u>	<u>14.2</u>	<u>15.2</u>	<u>42.9</u>	<u>42.2</u>	(1.6)
Total net position	<u><u>\$ 94.9</u></u>	<u><u>\$ 95.8</u></u>	<u><u>\$ 89.4</u></u>	<u><u>\$ 93.5</u></u>	<u><u>\$ 184.3</u></u>	<u><u>\$ 189.3</u></u>	2.7

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

The City's net position related to governmental activities increased \$.9 million, or 1 percent, and net position related to business-type activities increased \$4.1 million, or 4.6 percent over the 2015 fiscal year. Of the City's total net position, 76 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 \$1.5 million, or 2.3 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 \$3.1 million in capital asset investment. The City uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net position of the City totaled \$3.2 million at June 30, 2016 and increased by 52 percent from the prior year. The increase is a result of construction code activity which is restricted by state law for that purpose and the sale of cemetery plots which are permanently restricted for cemetery maintenance. 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 increased by \$1 million, or 7 percent, in the City's business-type activities and decreased by \$1.7 million, or 6 percent, in the governmental activities.

Changes in Net Position - The City's combined total revenue increased \$4.1 million, or 7.6 percent from 2015 to 2016 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 (49.1 percent in 2015 and 47.1 percent in 2016). Charges for services represented 41.8 percent of the total revenue in 2015 and 43.3 percent in 2016. The balance of the revenue is derived mainly from state and federal sources.

The City's combined total expenses increased \$4.4 million, or 9.1 percent, from 2015 to 2016. The City's expenses cover a wide range of services, with public safety and public works representing approximately 44.6 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
	2015	2016	2015	2016	2015	2016	2015-2016
Revenues							
Program revenue:							
Charges for services	\$ 6.4	\$ 7.0	\$ 16.1	\$ 18.1	\$ 22.5	\$ 25.1	11.6
Operating grants and contributions	1.8	1.8	-	-	1.8	1.8	-
Capital grants and contributions	0.8	1.4	-	-	0.8	1.4	75.0
General revenue:							
Property taxes	23.0	23.6	3.4	3.7	26.4	27.3	3.4
State-shared revenue	1.8	1.9	-	-	1.8	1.9	5.6
Unrestricted investment earnings	0.4	0.4	0.1	0.1	0.5	0.5	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	34.2	36.1	19.6	21.9	53.8	58.0	7.8
Program Expenses							
General government	4.6	6.3	-	-	4.6	6.3	37.0
Public safety	13.9	14.6	-	-	13.9	14.6	5.0
Public works	8.7	9.0	-	-	8.7	9.0	3.4
Community and economic development	2.1	2.5	-	-	2.1	2.5	19.0
Recreation and culture	2.3	2.3	-	-	2.3	2.3	-
Interest on long-term debt	0.6	0.5	-	-	0.6	0.5	(16.7)
Water and sewer	-	-	12.3	13.6	12.3	13.6	10.6
Parking	-	-	3.2	3.3	3.2	3.3	3.1
Golf courses	-	-	0.9	0.9	0.9	0.9	-
Total expenses	32.2	35.2	16.4	17.8	48.6	53.0	9.1
Increase in Net Position Before Transfers	2.0	0.9	3.2	4.1	5.2	5.0	(3.8)
Transfers	(0.4)	-	0.4	-	-	-	-
Increase in Net Position	1.6	0.9	3.6	4.1	5.2	5.0	(3.8)
Net Position - Beginning of year	93.3	94.9	85.8	89.4	179.1	184.3	2.9
Net Position - End of year	<u>\$ 94.9</u>	<u>\$ 95.8</u>	<u>\$ 89.4</u>	<u>\$ 93.5</u>	<u>\$ 184.3</u>	<u>\$ 189.3</u>	2.7

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities - Total revenue for governmental activities increased \$1.9 million, or 5.6 percent. This was attributable to an increase of \$.6 million in revenue received from property taxes, \$.6 million in charges for services, and a \$.6 million increase in capital grants and contributions.

The increase in property taxes (\$.6 million) is a result of a 5.6 percent increase in taxable value. The increase in capital grants and contributions (\$.6 million) is primarily attributable to new special assessments for road and sidewalk improvements. The increase in charges for services (\$.6 million) is primarily attributable to an increase in building permit revenue.

Total expenses increased \$3 million or 9.3 percent. The increase in expenses was primarily attributable to an increase in general government (\$1.5 million), public safety (\$.7 million) and community and economic development (\$.3 million). The increase in general government is the result of a lawsuit settlement which resulted in an expense of \$1.5 million. The increase to public safety expense is primarily from an increase in pension expense as a result of a decrease in pension assets. The increase in community and economic development expense is the result of an increase in building plan review and inspection costs as a result of an increase in the number of building permits issued.

Business-type Activities - Total revenue for business-type activities increased by \$2.3 million, or 11.7 percent. The parking system's revenue increased \$.6 million as a result of rate increases in the City's parking decks. Water and sewer revenue increased \$1.3 million as a result of an increase in water consumption.

Total expenses for business-type activities for fiscal year 2016 totaled \$17.8 million, which is \$1.4 million more than fiscal year 2015. Water and sewer expenses increased by \$1.3 million as a result of an increase in the cost of treated water and consumption which totaled \$.4 million and settlement of a lawsuit which resulted in a \$.9 million expense to the sewer fund.

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 eight 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 2016 include the General Fund and the Capital Projects Fund.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

As of June 30, 2016, the governmental funds of the City of Birmingham reported a combined fund balance of \$23.3 million. This represents an increase of \$.9 million in comparison with the prior year. Approximately \$12.3 million of total fund balance, or 53 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 \$11 million of fund balance is categorized into four components: nonspendable, restricted, committed, and assigned fund balance. Additional information pertaining to the components of fund balance can be found in Note 1 on page 39 of this report.

The fund balance of the City's General Fund (including major and local street activity) represents 76 percent, or \$17.8 million, of total governmental fund balances. The General Fund's fund balance increased by \$.4 million from the prior year. The increase was primarily attributable to a decrease in public safety retirement and retiree health care contributions required. A total of \$12.3 million of the General Fund's fund balance is unassigned while \$2 million is committed and \$1.8 million is assigned for street projects and repairs.

Fund balance of the Capital Projects Fund represents \$4.3 million, or 19 percent, of total governmental fund balances. There was no change in fund balance during the year for the Capital Projects Fund. Of the total fund balance in the Capital Projects Fund approximately \$3.7 million has been assigned for future projects such as construction of a new fire station (\$2.9 million), Woodward crossing improvements (\$.2 million), various park projects (\$.2 million), and various building improvements (\$.3 million). Committed funds at the end of the fiscal year totaling \$.5 million are for streetlights (\$.2 million), park improvements (\$.1 million), improvements to the Chesterfield Fire Station (\$.1 million), and demolition of the train station (\$.1 million). The Solid Waste Fund's fund balance of \$.8 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 \$.1 million is also restricted and can be utilized only for law-enforcement expenditures. The Debt Service Fund has a total fund balance of \$35,716, 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 \$.3 million 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 \$.9 million and \$4.6 million, respectively, and \$8.4 million for the Automobile Parking System. The Sewage Disposal System total net position increase of \$1.3 million was the result of a decrease in long-term debt of \$2.8 million which was offset by a net operating loss of \$1.6. Total net position for the Automobile Parking System increased by \$2.1 million with an increase of \$.4 million invested in capital assets and unrestricted net position increasing by \$1.7 million.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Actual revenues for the year ended June 30, 2016 exceeded the amended budget by \$.3 million, or 1 percent. The difference was primarily attributable to licenses and permits revenue being more than budgeted by \$.2 million. City departments stayed below budget as a result of reduced expenditures for: personnel costs as a result of retirements and vacancies (\$.5 million) and projects which were encumbered before year end but completed after year end (\$.5 million). This resulted in total expenditures being lower than the amended budget by \$1.1 million, or 3.7 percent. The additional revenues received combined with reduced expenditures resulted in a positive budget variance of \$1.4 million.

The revenue budget did not change significantly between the original budget and the amended budget.

The expenditure budget was increased by approximately \$1.1 million to provide funding for alley and sidewalk improvements \$.4 million, a transfer to the Risk Management Fund \$.4 million, and open purchase orders from fiscal year 2015 \$.3 million.

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 the same as the previous year. The City's investment in capital assets includes land, buildings, water and sewer lines, roads, highways and bridges, park facilities, and machinery and equipment.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2015	2016	2015	2016	2015	2016	2015-2016
Land	\$ 10.3	\$ 10.3	\$ 1.6	\$ 1.6	\$ 11.9	\$ 11.9	-
Art and historic treasures	0.8	0.8	-	-	0.8	0.8	-
Buildings and improvements	26.2	25.6	19.5	19.7	45.7	45.3	(0.9)
Equipment	6.6	6.1	0.4	0.5	7.0	6.6	(5.7)
Infrastructure	33.1	34.1	63.9	65.0	97.0	99.1	2.2
Construction in progress	0.9	1.1	2.6	1.1	3.5	2.2	(37.1)
Total	<u>\$ 77.9</u>	<u>\$ 78.0</u>	<u>\$ 88.0</u>	<u>\$ 87.9</u>	<u>\$ 165.9</u>	<u>\$ 165.9</u>	-

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Total governmental capital assets remained the same as last year. The decrease in buildings (\$.4 million) and equipment (\$.5 million) is the result of depreciation. This was offset by an increase in infrastructure (\$1 million) as a result of road improvements made in excess of depreciation.

Total business-type capital assets also remained the same as the prior year. The decrease of construction in progress of \$1.5 million is the result of projects finished in the 2016 fiscal year for water, sewer, and parking system improvements. Additional information pertaining to capital assets can be found in Note 7 on pages 48 to 50 of this report.

Long-term Debt - The City's total indebtedness as of June 30, 2016 is \$24.8 million. Of this amount, \$17.7 million is general-obligation bonds, which is an amount considerably below the debt limit of \$250 million. In addition, the City has contractual obligations totaling \$4.8 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 8 on pages 51 through 53 of this report.

Economic Factors and Next Year's Budgets and Rates

Increases in taxable value and an increase in capital expenditures were the focus of developing the fiscal year 2016-2017 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 2016-2017 is 5.5 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 approximately \$620,000. Housing and commercial redevelopment over the past three 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 \$3.5 million a year in the form of revenue sharing payments and gas and weight taxes. State-shared revenue is the City's third largest revenue source for the General Fund. Investment earnings are expected to slowly improve for the next fiscal year. In 2008, the City earned more than \$2.1 million in investment income, while for 2016-2017 \$438,690 in investment income has been budgeted. Pension and retiree health care contributions will slightly decrease and will be offset by increased contributions to defined contribution plans as new employees are hired. Additionally, costs were expected to increase for health insurance, supplies, and contractual services. Capital expenditures are budgeted to increase \$6 million as a result of continuing investments in the City's infrastructure of \$14.5 million.

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 2000 levels, not creating or filling existing positions whenever possible, increasing employee deductibles and co-pays to their health care, consolidating dispatch services with the Village of Beverly Hills, and increasing service revenue by providing fire department medical transports.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

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 14.7614 mills, which represents a decrease from the prior year's levy of 14.8269 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 increased in taxable value.

During the 2016 fiscal year, fund balance in the General Fund (including major and local street activity) increased by \$.4 million to \$17.8 million. The increase in fund balance during the year was primarily attributable to a decrease in expenditures as a result of retirements and vacancies. For fiscal year 2017 the City adopted a budget requiring the use of \$.6 million in fund balance to provide funding for the Baldwin Library adult services building renovation. 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 \$21.1 million for fiscal year 2017.

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, 2016

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
Assets				
Cash and investments (Note 5, 6)	\$ 32,804,296	\$ 13,002,934	\$ 45,807,230	\$ 3,687,160
Receivables - Net:				
Customers	886,649	4,171,122	5,057,771	-
Special assessments	1,267,134	362,867	1,630,001	56,748
Delinquent personal property taxes	15,999	-	15,999	-
Inventories	164,640	16,276	180,916	-
Prepaid costs and other assets (Note 1)	4,599,624	113,681	4,713,305	138,668
Due from other governmental units	931,066	-	931,066	86,404
Restricted assets (Note 9)	511,082	-	511,082	-
Capital assets - Net (Note 7):				
Assets subject to depreciation	65,783,417	85,201,651	150,985,068	2,063,857
Assets not subject to depreciation	<u>12,237,838</u>	<u>2,715,445</u>	<u>14,953,283</u>	<u>111,818</u>
Total assets	119,201,745	105,583,976	224,785,721	6,144,655
Deferred Outflows of Resources				
Deferred amount on debt refunding	241,071	285,320	526,391	-
Deferred amount on pension (Note 13)	8,921,873	542,102	9,463,975	467,976
Liabilities				
Accounts payable	2,122,583	1,645,451	3,768,034	135,717
Accrued and other liabilities	749,717	419,090	1,168,807	73,459
Unearned revenue (Note 11)	46,905	5,650	52,555	600
Provision for uninsured losses and liabilities (Note 12)	158,870	-	158,870	-
Noncurrent liabilities (Note 8):				
Net pension liability (Note 13)	14,682,560	892,126	15,574,686	770,141
Due within one year	2,434,716	2,550,728	4,985,444	106,001
Due in more than one year	<u>12,342,990</u>	<u>7,423,733</u>	<u>19,766,723</u>	<u>910</u>
Total liabilities	32,538,341	12,936,778	45,475,119	1,086,828
Deferred Inflows of Resources				
Deferred amount on debt refunding	-	90	90	-
Deferred amount on pension experience (Note 13)	<u>41,816</u>	<u>2,541</u>	<u>44,357</u>	<u>2,194</u>
Net Position				
Net investment in capital assets	65,602,783	78,240,354	143,843,137	2,175,675
Restricted:				
Solid waste	763,101	-	763,101	-
Debt service	35,716	-	35,716	-
Law and drug enforcement	90,398	-	90,398	-
Construction code activities (Note 4)	1,441,998	-	1,441,998	-
Cemetery maintenance	321,512	-	321,512	-
Other	568,218	-	568,218	-
Corridor improvement authority	-	-	-	18,085
Brownfield redevelopment authority	-	-	-	58,201
Library donations	-	-	-	1,367,499
Unrestricted	<u>26,960,806</u>	<u>15,231,635</u>	<u>42,192,441</u>	<u>1,904,149</u>
Total net position	<u>\$ 95,784,532</u>	<u>\$ 93,471,989</u>	<u>\$ 189,256,521</u>	<u>\$ 5,523,609</u>

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

City of Birmingham, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,264,622	\$ 375,217	\$ 134,517	\$ -
Public safety	14,637,734	1,994,957	69,934	-
Public works	9,016,674	852,470	1,456,268	1,335,995
Community and economic development	2,366,340	3,039,334	43,246	-
Recreation and culture	2,338,521	748,931	47,658	25,248
Interest on long-term debt	536,604	-	1,941	-
Total governmental activities	35,160,495	7,010,909	1,753,564	1,361,243
Business-type activities:				
Water and sewer	13,590,169	11,581,428	-	-
Automobile parking	3,322,942	5,362,752	-	-
Golf courses	959,774	1,169,544	-	-
Total business-type activities	17,872,885	18,113,724	-	-
Total primary government	<u>\$ 53,033,380</u>	<u>\$ 25,124,633</u>	<u>\$ 1,753,564</u>	<u>\$ 1,361,243</u>
Component units:				
Baldwin Public Library	\$ 3,642,565	\$ 949,321	\$ 172,904	-
Brownfield Redevelopment Authority	115,344	29,429	-	-
Corridor Improvement Authority	16,266	-	-	-
Principal Shopping District	1,238,054	637	1,082,085	-
Total component units	<u>\$ 5,012,229</u>	<u>\$ 979,387</u>	<u>\$ 1,254,989</u>	<u>\$ -</u>
Unrestricted general revenue:				
Property taxes				
State-shared revenue				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenue and transfers				

Changes in Net Position

Net Position - Beginning of year

Net Position - End of year

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

Statement of Activities
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (5,754,888)	\$ -	\$ (5,754,888)	\$ -
(12,572,843)	-	(12,572,843)	-
(5,371,941)	-	(5,371,941)	-
716,240	-	716,240	-
(1,516,684)	-	(1,516,684)	-
(534,663)	-	(534,663)	-
(25,034,779)	-	(25,034,779)	-
-	(2,008,741)	(2,008,741)	-
-	2,039,810	2,039,810	-
-	209,770	209,770	-
-	240,839	240,839	-
(25,034,779)	240,839	(24,793,940)	-
-	-	-	(2,520,340)
-	-	-	(85,915)
-	-	-	(16,266)
-	-	-	(155,332)
-	-	-	(2,777,853)
23,643,093	3,701,766	27,344,859	2,281,523
1,890,617	7,818	1,898,435	51,736
393,742	112,321	506,063	13,779
22,409	-	22,409	-
-	-	-	-
25,949,861	3,821,905	29,771,766	2,347,038
915,082	4,062,744	4,977,826	(430,815)
94,869,450	89,409,245	184,278,695	5,954,424
\$ 95,784,532	\$ 93,471,989	\$ 189,256,521	\$ 5,523,609

City of Birmingham, Michigan

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Notes 5, 6)	\$ 18,604,679	\$ 4,487,492	\$ 1,220,557	\$ 24,312,728
Receivables - Net:				
Customers	216,211	17,432	59,270	292,913
Special assessments	1,218,534	48,599	-	1,267,133
Delinquent personal property taxes	15,999	-	-	15,999
Prepaid items and other assets	13,429	-	-	13,429
Due from other governmental units	914,784	-	16,282	931,066
Inventories	164,573	-	-	164,573
Total assets	\$ 21,148,209	\$ 4,553,523	\$ 1,296,109	\$ 26,997,841
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 1,543,754	\$ 190,910	\$ 82,558	\$ 1,817,222
Accrued and other liabilities	535,372	-	2,824	538,196
Unearned revenue (Note 11)	46,905	-	-	46,905
Total liabilities	2,126,031	190,910	85,382	2,402,323
Deferred Inflows of Resources				
Unavailable revenue - Special assessments and property taxes	1,219,298	\$ 48,599	-	1,267,897
Unavailable revenue - Parking tickets and charges for services	44,795	17,432	396	62,623
Total deferred inflows of resources	1,264,093	66,031	396	1,330,520
Fund Balances (Notes 1, 4, 10)				
Nonspendable	178,002	-	320,489	498,491
Restricted	1,441,998	57,136	889,842	2,388,976
Committed	2,006,219	554,201	-	2,560,420
Assigned	1,818,677	3,685,245	-	5,503,922
Unassigned	12,313,189	-	-	12,313,189
Total fund balances	17,758,085	4,296,582	1,210,331	23,264,998
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,148,209	\$ 4,553,523	\$ 1,296,109	\$ 26,997,841

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

City of Birmingham, Michigan

Government Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

Fund Balance - Total Governmental Funds	\$ 23,264,998
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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	78,021,255
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Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,330,519
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Long-term liabilities are not due and payable in the current period and are not reported in the funds, including related accrued interest	(13,927,318)
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Deferred outflows related to debt refunding activities	241,071
--------------------------------------------------------	---------

Retiree health care benefit contributions made in excess of actuarially determined amounts reduce future year contributions	4,240,516
-----------------------------------------------------------------------------------------------------------------------------	-----------

Long-term pension liabilities are not due and payable in the current period and are not reported in the funds	(14,682,560)
---------------------------------------------------------------------------------------------------------------	--------------

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	8,880,057
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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>8,415,994</u>
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Net Position - Governmental Activities	<u>\$ 95,784,532</u>
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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, 2016

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 20,353,128	\$ -	\$ 3,390,804	\$ 23,743,932
Licenses and permits	3,459,940	-	-	3,459,940
Federal grants	13,180	-	83,117	96,297
State and local sources	3,698,317	-	14,523	3,712,840
Charges for services	2,790,041	-	308,780	3,098,821
Fines and forfeitures	1,475,443	-	-	1,475,443
Use of money and property	251,085	35,740	14,155	300,980
Other	308,730	27,931	-	336,661
Total revenue	32,349,864	63,671	3,811,379	36,224,914
Expenditures				
Current:				
General government	4,917,650	-	-	4,917,650
Public safety	11,977,211	-	8,606	11,985,817
Public works	4,096,617	-	-	4,096,617
Highway and streets	2,580,756	-	-	2,580,756
Community and economic development	2,221,272	-	43,246	2,264,518
Solid waste disposal	-	-	1,678,769	1,678,769
48th District Court	1,019,722	-	-	1,019,722
Capital outlay	3,822,596	455,485	-	4,278,081
Debt service	-	-	1,571,484	1,571,484
Total expenditures	30,635,824	455,485	3,302,105	34,393,414
Excess of Revenues Over (Under) Expenditures	1,714,040	(391,814)	509,274	1,831,500
Other Financing Sources (Uses)				
Transfers in (Note 3)	-	371,900	-	371,900
Transfers out (Note 3)	(1,371,900)	-	-	(1,371,900)
Total other financing (uses) sources	(1,371,900)	371,900	-	(1,000,000)
Net Changes in Fund Balances	342,140	(19,914)	509,274	831,500
Fund Balances - Beginning of year	17,415,945	4,316,496	701,057	22,433,498
Fund Balances - End of year	<u>\$ 17,758,085</u>	<u>\$ 4,296,582</u>	<u>\$ 1,210,331</u>	<u>\$ 23,264,998</u>

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

City of Birmingham, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 831,500
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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)	612,588
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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	1,029,246
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Accrued interest on long-term liabilities	(20,120)
-------------------------------------------	----------

Bond principal are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,055,000
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Retiree health care contributions in excess of actuarially determined amounts are not reported as expense on the statement of activities	309,868
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Government funds report pension contributions; in the statement of activities, pension expense is actuarially determined	(2,412,274)
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Decreases in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	51,299
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Governmental funds report proceeds from sale; in the statement of activities, only the respective gain or loss is recognized	(122,255)
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Internal Service Funds are also included as governmental activities	<u>(419,770)</u>
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Change in Net Position of Governmental Activities	<u>\$ 915,082</u>
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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, 2016

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Assets						
Current assets:						
Cash and investments (Note 5, 6)	\$ 387,185	\$ 2,946,952	\$ 8,240,780	\$ 1,428,017	\$ 13,002,934	\$ 8,491,568
Receivables - Net - Customers	1,312,522	2,939,791	281,676	-	4,533,989	593,736
Inventories	-	-	16,276	-	16,276	68
Total current assets	1,699,707	5,886,743	8,538,732	1,428,017	17,553,199	9,085,372
Noncurrent assets:						
Other assets	59,867	19,786	18,512	15,516	113,681	345,680
Restricted assets (Note 9)	-	-	-	-	-	511,082
Capital assets (Note 7)	20,693,447	45,148,897	20,270,639	1,804,113	87,917,096	4,261,663
Total noncurrent assets	20,753,314	45,168,683	20,289,151	1,819,629	88,030,777	5,118,425
Total assets	22,453,021	51,055,426	28,827,883	3,247,646	105,583,976	14,203,797
Deferred Outflows of Resources						
Deferred amount on debt refunding	-	285,320	-	-	285,320	-
Deferred amount on pension (Note 13)	309,902	95,682	118,419	18,099	542,102	176,803
Liabilities						
Current liabilities:						
Accounts payable	514,922	1,004,418	98,951	27,160	1,645,451	305,361
Provision for uninsured losses and liabilities (Note 12)	-	-	-	-	-	158,870
Accrued and other liabilities	101,954	276,467	13,679	26,990	419,090	118,705
Unearned revenue (Note 11)	-	-	-	5,650	5,650	-
Current portion of long-term debt and employee benefits (Note 8)	12,040	2,538,688	-	-	2,550,728	79,306
Total current liabilities	628,916	3,819,573	112,630	59,800	4,620,919	662,242
Noncurrent liabilities:						
Provision for employee benefits	449	-	-	-	449	863,898
Net pension liability (Note 13)	510,000	157,462	194,879	29,785	892,126	290,962
Long-term debt - Net of current portion (Note 8)	-	7,423,284	-	-	7,423,284	-
Total noncurrent liabilities	510,449	7,580,746	194,879	29,785	8,315,859	1,154,860
Total liabilities	1,139,365	11,400,319	307,509	89,585	12,936,778	1,817,102
Deferred Inflows of Resources						
Deferred amount on debt refunding	-	90	-	-	90	-
Deferred amount on pension experience (Note 13)	1,453	449	554	85	2,541	828
Net Position						
Net investment in capital assets	20,693,447	35,472,155	20,270,639	1,804,113	78,240,354	4,261,663
Restricted - Employee benefits (Note 9)	-	-	-	-	-	511,082
Unrestricted	928,658	4,563,415	8,367,600	1,371,962	15,231,635	7,789,925
Total net position	<u>\$ 21,622,105</u>	<u>\$ 40,035,570</u>	<u>\$ 28,638,239</u>	<u>\$ 3,176,075</u>	<u>\$ 93,471,989</u>	<u>\$ 12,562,670</u>

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

City of Birmingham, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Operating Revenue						
Sale of water	\$ 4,255,963	\$ -	\$ -	\$ -	\$ 4,255,963	\$ -
Sewage disposal charges	-	7,325,465	-	-	7,325,465	-
Golf course fees and charges	-	-	-	1,169,544	1,169,544	-
Charges for services	-	-	-	-	-	6,053,693
Automobile parking system fees and charges	-	-	5,362,752	-	5,362,752	-
Total operating revenue	4,255,963	7,325,465	5,362,752	1,169,544	18,113,724	6,053,693
Operating Expenses						
Cost of water produced/purchased	1,952,114	-	-	-	1,952,114	-
Cost of sewage treatment	-	5,574,084	-	-	5,574,084	-
Operation and maintenance	1,284,356	1,491,912	2,304,036	815,035	5,895,339	1,277,609
General and administrative	186,352	205,860	114,533	35,725	542,470	5,288,470
Depreciation (Note 7)	864,213	1,639,429	904,373	109,014	3,517,029	999,300
Total operating expenses	4,287,035	8,911,285	3,322,942	959,774	17,481,036	7,565,379
Operating (Loss) Income	(31,072)	(1,585,820)	2,039,810	209,770	632,688	(1,511,686)
Nonoperating Revenue (Expenses)						
Investment income	4,909	34,738	57,879	14,795	112,321	71,796
Interest expense	-	(391,849)	-	-	(391,849)	-
Gain on disposal of assets	-	-	-	-	-	20,120
Intergovernmental revenue	-	7,818	-	-	7,818	-
Property taxes	500,092	3,201,674	-	-	3,701,766	-
Total nonoperating revenue	505,001	2,852,381	57,879	14,795	3,430,056	91,916
Nonoperating Income (Loss) - Before transfers	473,929	1,266,561	2,097,689	224,565	4,062,744	(1,419,770)
Transfers from Other Funds (Note 3)	-	-	-	-	-	1,000,000
Changes in Net Position	473,929	1,266,561	2,097,689	224,565	4,062,744	(419,770)
Net Position - Beginning of year	21,148,176	38,769,009	26,540,550	2,951,510	89,409,245	12,982,440
Net Position - End of year	<u>\$ 21,622,105</u>	<u>\$ 40,035,570</u>	<u>\$ 28,638,239</u>	<u>\$ 3,176,075</u>	<u>\$ 93,471,989</u>	<u>\$ 12,562,670</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, 2016

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and others	\$ 4,042,900	\$ 7,030,181	\$ 5,468,464	\$ 1,168,949	\$ 17,710,494	\$ 5,459,958
Payments to suppliers	(2,588,229)	(7,336,323)	(2,229,070)	(369,951)	(12,523,573)	(6,300,070)
Payments to employees	(869,805)	(500,013)	(342,975)	(479,385)	(2,192,178)	(607,644)
Net cash provided by (used in) operating activities	584,866	(806,155)	2,896,419	319,613	2,994,743	(1,447,756)
Cash Flows from Noncapital Financing Activities						
Transfers from other funds	-	-	-	-	-	1,000,000
State shared revenue	-	7,818	-	-	7,818	-
Property taxes	500,252	2,139,643	-	-	2,639,895	-
Net cash provided by noncapital financing activities	500,252	2,147,461	-	-	2,647,713	1,000,000
Cash Flows from Capital and Related Financing Activities						
Principal and interest paid on capital debt	-	(3,207,236)	-	-	(3,207,236)	-
Purchase of capital assets	(702,842)	(1,501,601)	(1,228,744)	(17,992)	(3,451,179)	(671,352)
Proceeds from sale of capital assets	-	-	169	-	169	22,200
Property taxes - Restricted for capital debt	-	1,057,382	-	-	1,057,382	-
Net cash used in capital and related financing activities	(702,842)	(3,651,455)	(1,228,575)	(17,992)	(5,600,864)	(649,152)
Cash Flows from Investing Activities -						
Interest received on investments	4,909	34,738	57,879	14,795	112,321	71,796
Net Changes in Cash and Cash Equivalents	387,185	(2,275,411)	1,725,723	316,416	153,913	(1,025,112)
Cash and Cash Equivalents - Beginning of year	-	5,222,363	6,515,057	1,111,601	12,849,021	10,027,762
Cash and Cash Equivalents - End of year	<u>\$ 387,185</u>	<u>\$ 2,946,952</u>	<u>\$ 8,240,780</u>	<u>\$ 1,428,017</u>	<u>\$ 13,002,934</u>	<u>\$ 9,002,650</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, 2016

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities						
Operating (loss) income	\$ (31,072)	\$ (1,585,820)	\$ 2,039,810	\$ 209,770	\$ 632,688	\$ (1,511,686)
Adjustments to reconcile operating (loss) income to net cash from operating activities:						
Depreciation	864,213	1,639,429	904,373	109,014	3,517,029	999,300
Changes in assets and liabilities:						
Receivables	(212,507)	(564,450)	105,713	-	(671,244)	(593,736)
Other assets	(160,150)	(43,854)	(46,005)	(4,886)	(254,895)	(351,779)
Accounts payable	(100,271)	(323,871)	(176,354)	(7,326)	(607,822)	222,249
Accrued and other liabilities	<u>224,653</u>	<u>72,411</u>	<u>68,882</u>	<u>13,041</u>	<u>378,987</u>	<u>(212,104)</u>
Net cash provided by (used in) operating activities	<u>\$ 584,866</u>	<u>\$ (806,155)</u>	<u>\$ 2,896,419</u>	<u>\$ 319,613</u>	<u>\$ 2,994,743</u>	<u>\$ (1,447,756)</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, 2016

	Pension and Other Employee Benefits	Agency Fund
Assets		
Cash and cash equivalents (Note 5, 6)	\$ 2,778,718	\$ 2,057,860
Investments:		
U.S. government securities	16,741,546	-
Stocks	86,308,386	-
Bonds	20,713,579	-
Receivables and accrued interest	208,016	-
Other assets	<u>54,398</u>	<u>4,100</u>
Total assets	126,804,643	<u>\$ 2,061,960</u>
Liabilities		
Accounts payable	21,332	\$ 91,423
Accrued and other liabilities	<u>403,843</u>	<u>1,970,537</u>
Total liabilities	<u>425,175</u>	<u>\$ 2,061,960</u>
Net Position - Held in trust for pension and other employee benefits	<u>\$ 126,379,468</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, 2016

	<u>Pension and Other Employee Benefits</u>
Additions	
Investment income (loss):	
Interest and dividends	\$ 2,517,457
Net change in fair value of investments	(2,200,170)
Less investment expenses	<u>(674,401)</u>
Net investment loss	(357,114)
Contributions:	
Employer	5,360,687
Plan members	<u>462,281</u>
Total contributions	5,822,968
Other revenue	<u>198,160</u>
Total net additions	5,664,014
Deductions	
Benefit payments	10,301,231
Refunds of contributions	2,583,654
Administrative expenses and other	<u>157,119</u>
Total deductions	<u>13,042,004</u>
Change in Net Position	(7,377,990)
Net Position - Held in Trust for Pension and Other Employee Benefits	
Beginning of year	<u>133,757,458</u>
End of year	<u>\$ 126,379,468</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, 2016

	Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Totals
Assets					
Cash and investments (Note 5, 6)	\$ 2,921,623	\$ 58,023	\$ 18,085	\$ 689,429	\$ 3,687,160
Receivables	-	583	-	56,165	56,748
Due from other governmental units	86,404	-	-	-	86,404
Capital assets (Note 7)	2,175,234	-	-	441	2,175,675
Other	79,655	-	-	59,013	138,668
Total assets	5,262,916	58,606	18,085	805,048	6,144,655
Deferred Outflows of Resources -					
Deferred amount on pension earnings	355,969	-	-	112,007	467,976
Liabilities					
Accounts payable	89,784	405	-	45,528	135,717
Accrued and other liabilities	58,583	-	-	14,876	73,459
Unearned Revenue	-	-	-	600	600
Noncurrent liabilities (Note 8):					
Net pension liability (Note 13)	585,812	-	-	184,329	770,141
Due within one year	90,562	-	-	15,439	106,001
Due in more than one year	-	-	-	910	910
Total liabilities	824,741	405	-	261,682	1,086,828
Deferred Inflows of Resources -					
Deferred amount on pension experience	1,669	-	-	525	2,194
Net Position					
Net investment in capital assets	2,175,234	-	-	441	2,175,675
Restricted:					
Corridor improvement authority	-	-	18,085	-	18,085
Brownfield redevelopment authority	-	58,201	-	-	58,201
Library donations	1,367,499	-	-	-	1,367,499
Unrestricted	1,249,742	-	-	654,407	1,904,149
Total net position	<u>\$ 4,792,475</u>	<u>\$ 58,201</u>	<u>\$ 18,085</u>	<u>\$ 654,848</u>	<u>\$ 5,523,609</u>

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

City of Birmingham, Michigan

		Program Revenue	
	Expenses	Charges for Services	Operating Grants and Contributions
Baldwin Public Library - Culture and recreation	\$ 3,642,565	\$ 949,321	\$ 172,904
Brownfield Redevelopment Authority - Community development	115,344	29,429	-
Corridor Improvement Authority - Community development	16,266	-	-
Principal Shopping District - Community development	<u>1,238,054</u>	<u>637</u>	<u>1,082,085</u>
Total governmental activities	<u>\$ 5,012,229</u>	<u>\$ 979,387</u>	<u>\$ 1,254,989</u>

General revenue:

Taxes

State sources

Investment earnings

Total general revenue

Changes in Net Position

Net Position - Beginning of year

Net Position - End of year

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

Component Units
Statement of Activities
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position				
Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Total
\$ (2,520,340)	\$ -	\$ -	\$ -	\$ (2,520,340)
-	(85,915)	-	-	(85,915)
-	-	(16,266)	-	(16,266)
-	-	-	(155,332)	(155,332)
(2,520,340)	(85,915)	(16,266)	(155,332)	(2,777,853)
2,190,339	91,184	-	-	2,281,523
36,269	15,467	-	-	51,736
6,613	1,144	183	5,839	13,779
2,233,221	107,795	183	5,839	2,347,038
(287,119)	21,880	(16,083)	(149,493)	(430,815)
5,079,594	36,321	34,168	804,341	5,954,424
\$ 4,792,475	\$ 58,201	\$ 18,085	\$ 654,848	\$ 5,523,609

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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 address below:

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

Principal Shopping District
151 Martin Street
Birmingham, MI 48009

Brownfield Redevelopment Authority
151 Martin Street
Birmingham, MI 48009

Corridor Improvement Authority
151 Martin Street
Birmingham, MI 48009

Government-wide and Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is 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)

The revenue susceptible to accrual is property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the State at year end on behalf of the government also are recognized as revenue. Fines, permits, and parking meter revenue is not susceptible to accrual because generally it is 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 health care benefits provided to employees during retirement.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 29. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2016 is based on the 2015 levy, which was billed July 1, 2015.

The 2015 taxable valuation of the City totaled \$2,001,037,050, on which ad valorem taxes levied consisted of 11.4943 mills for operating purposes. These mills were allocated to the General Fund (10.1663), Sewer Fund (1.0768), and Water Fund (.2512). Additionally, .9170 mills and 1.3156 mills were levied for solid waste disposal and debt service, respectively. This resulted in \$23 million for operating expenses, \$1.8 million for refuse services, and \$2.6 million for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Funds financial statements as tax revenue.

Component Unit (Baldwin Public Library) Property Taxes - Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 29. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2016 is based on the 2015 levy, which was billed July 1, 2015.

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2015 taxable value totaled \$2,001,037,050; the Library's millage rate was 1.1000 mills, which resulted in property tax billings of \$2.2 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 are 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, 2016, there was approximately \$278,600 in allowances for parking fines, \$30,000 in allowances for delinquent personal property taxes, and approximately \$37,000 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 health care benefits are recorded as a prepaid expense on the government-wide and proprietary fund-based statements. At June 30, 2016, the accumulated prepaid retiree health care benefit costs were \$4,240,516, \$111,083, and \$102,729 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 acquisition cost.

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 his or her unused sick leave balance, provided his or her 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 three items that qualify for reporting in this category. The first is a deferred charge on a bond refunding reported in the government-wide and proprietary funds' statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is deferred outflows as a result of pension experience. This amount is in the government-wide and proprietary funds' statement of net position. It is the result of a difference between the assumptions the actuary made and what actually occurred. This amount will be amortized over the next 3.3685 years and be an addition to pension expense. The third item is deferred outflows as a result of pension earnings. This is also reported in the government-wide and proprietary funds' statements of net position. This amount is the result of a difference between what the plan expected to earning 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.

The City has three items that qualify or reporting in this category. The first is deferred inflows of resources related to unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from four sources: property taxes, special assessments, parking tickets, and certain charges for services. These amounts are deferred and recognized as inflows of resources until the period that the amounts become available. The second 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 position. It is the result of a difference between the assumptions the actuary made and what actually occurred. This amount will be amortized over the next 3.3685 years and be a reduction to pension expense.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

As of June 30, 2016, the City prospectively applied GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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 revenue, 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 \$612,588 difference are as follows:

Capital outlay	\$ 4,633,660
Depreciation expense	<u>(4,021,072)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 612,588</u>

City of Birmingham, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Interfund Receivables, Payables, and Transfers

For the year ended June 30, 2016, interfund transfers reported in the fund statements were as follows:

	<u>Transfers Out</u>
	<u>General Fund</u>
Transfers in:	
Capital Projects Fund	371,900
Internal Service Fund	<u>1,000,000</u>
Total	<u>\$ 1,371,900</u>

The following describes the nature of significant transfers:

- (1) Provide funding for capital projects
- (2) Provide funding for lawsuit

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, 2016 is as follows:

Surplus as of June 30, 2015	\$ 818,420
Building permit revenue	2,651,421
Related expenses:	
Direct costs	\$1,685,587
Estimated indirect costs	<u>342,256</u>
Total construction code expenses	<u>2,027,843</u>
Surplus as of June 30, 2016	<u>\$1,441,998</u>

Note 5 - Cash and Investments

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

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

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

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's investment policy restricts depository accounts to federally insured institutions located within the state of Michigan (consistent with state law). At year end, the City had approximately \$8.9 million in total bank deposits (certificates of deposit and checking and savings accounts). Of that amount, approximately \$8.6 million is considered uninsured and uncollateralized.

Note 5 - Cash and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's general investment policy restricts the average maturity of investments to three years. The maximum maturities for investments are: U.S. Treasuries and agencies - five years, certificates of deposits - one year, commercial paper - 270 days, bankers' acceptances - 180 days, and repurchase agreements - 60 days. The City's pension and retiree health care investment policy restricts cash equivalents to a maturity of one year or less. At year end, the City's investments have the following range of maturity dates:

Investment Type	Market Value	Maturity (Years)			
		< 1	1 - 5	6 - 10	> 10
U.S. Treasury:					
General investments	\$ 19,641,460	\$ 6,515,620	\$ 13,125,840	\$ -	\$ -
Retirement Fund	6,927,578	20,154	4,045,183	1,942,405	919,836
Retiree Health Care	<u>1,662,128</u>	<u>7,425</u>	<u>794,381</u>	<u>520,645</u>	<u>339,677</u>
Subtotal	28,231,166	6,543,199	17,965,404	2,463,050	1,259,513
U.S. Agency:					
General investments	19,566,690	9,518,740	10,047,950	-	-
Retirement Fund	6,143,156	-	1,222,203	584,891	4,336,062
Retiree Health Care	<u>2,008,684</u>	<u>-</u>	<u>224,928</u>	<u>184,085</u>	<u>1,599,671</u>
Subtotal	27,718,530	9,518,740	11,495,081	768,976	5,935,733
Corporate/Municipal Bonds:					
General investments	1,513,245	1,513,245	-	-	-
Retirement Fund	12,052,265	114,638	3,528,817	5,068,278	3,340,532
Retiree Health Care	<u>4,370,902</u>	<u>28,714</u>	<u>1,457,351</u>	<u>1,765,186</u>	<u>1,119,651</u>
Subtotal	17,936,412	1,656,597	4,986,168	6,833,464	4,460,183
Mutual Funds (Avg Maturity):					
Retirement Fund	3,545,548	-	-	3,545,548	-
Retiree Health Care	<u>744,864</u>	<u>-</u>	<u>-</u>	<u>744,864</u>	<u>-</u>
Subtotal	4,290,412	-	-	4,290,412	-
Total	<u>78,176,520</u>	<u>17,718,536</u>	<u>34,446,653</u>	<u>14,355,902</u>	<u>11,655,429</u>

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), and pooled funds with a rating of at least an A. The City's retirement and retiree health care funds' investment policies require the bond portfolio to have at least 80 percent of its holdings in securities rated no less than investment grade.

City of Birmingham, Michigan

Notes to Financial Statements June 30, 2016

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>Value</u>	<u>Rating Agency</u>
U.S. Agency Securities	Unrated	\$ 5,472,033	
	AA+	22,140,688	S&P
Corporate/Municipal Bonds	Unrated	2,277,043	
	AAA	1,129,421	S&P
	AA+	804,327	S&P
	AA	383,926	S&P
	AA-	2,482,895	S&P
	A+	1,044,507	S&P
	A	1,756,013	S&P
	A-	1,249,836	S&P
	BBB+	1,768,077	S&P
	BBB	1,707,716	S&P
	BBB-	2,438,002	S&P
	BB+	358,430	S&P
	BB	229,914	S&P
	BB-	143,670	S&P
	B+	113,313	S&P
	B	49,322	S&P
Pooled Funds	Unrated	9,628,592	
	AAA	2,020,061	S&P
Mutual Funds	Unrated	4,290,412	

Concentration of Credit Risk - At June 30, 2016, the City had investments greater than 5 percent of its holdings with the following issuers:

<u>Issuer</u>	<u>General Investments</u>
Federal Farm Credit Bank	7.05%
Federal Home Loan Mortgage	5.06%
Federal Home Loan Bank	24.29%

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

Note 6 - Fair Value Measurements

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

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

The City has the following recurring fair value measurements as of June 30, 2016:

General Investments:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Investments by Fair Value Level:				
Debt securities:				
U.S. treasury securities	\$ 19,641,460	\$ 19,641,460	\$ -	\$ -
U.S. agency securities	19,566,690	-	19,566,690	-
Municipal securities	1,513,245	-	1,513,245	-
Mutual funds	390,724	390,724	-	-
Total debt securities	41,112,119	20,032,184	21,079,935	-
Equity Securities - Mutual funds	811,364	811,364	-	-
Total	41,923,483	20,843,548	21,079,935	-
Investments Measured at the Net Asset Value -				
Pooled Cash Funds	2,020,061	2,020,061	-	-
Total investments measured at fair value	<u>\$ 43,943,544</u>	<u>\$ 22,863,609</u>	<u>\$ 21,079,935</u>	<u>\$ -</u>

Note 6 - Fair Value Measurements (Continued)

Retirement and Retiree Health Care Funds:

	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Investments by Fair Value Level:				
Debt securities:				
U.S. treasury securities	\$ 8,589,705	\$ 8,589,705	\$ -	\$ -
U.S. agency securities	2,573,998	-	2,573,998	-
Collateralized debt obligations	2,519,316	-	2,519,316	-
Mortgage-backed securities	5,420,476	-	5,420,476	-
Corporate bonds	14,061,218	14,061,218	-	-
Mutual funds	<u>4,290,412</u>	<u>4,290,412</u>	<u>-</u>	<u>-</u>
Total debt securities	37,455,125	26,941,335	10,513,790	-
Equity Securities:				
U.S. large cap	14,833,991	14,833,991	-	-
U.S. mid cap	15,476,263	15,476,263	-	-
U.S. small cap	9,500,069	9,500,069	-	-
Foreign	<u>20,707,217</u>	<u>20,707,217</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>60,517,540</u>	<u>60,517,540</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	97,972,665	<u>\$ 87,458,875</u>	<u>\$ 10,513,790</u>	<u>\$ -</u>
Investments Measured at the Net Asset Value				
U.S. Large Cap Value	11,899,102			
Multistrategy Hedge Fund	<u>13,891,744</u>			
Total investments measured at the NAV	<u>25,790,846</u>			
Total investments measured at fair value	<u>\$ 123,763,511</u>			

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

The fair value of collateralized debt obligations and mortgaged-backed securities at June 30, 2016 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 6 - Fair Value Measurements (Continued)

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

Investments in Entities that Calculate Net Asset Value per Share

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

At the year ended June 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if applicable)</u>	<u>Redemption Notice Period</u>
General Investments -				
Michigan CLASS Investment Pool	\$ 2,020,061	None	N/A	N/A
Retirement and Retiree Health Care Funds				
U.S. Large Cap Value	11,899,102	None	N/A	N/A
Multistrategy Hedge Fund	<u>13,891,744</u>	None	Monthly	30 days
	<u>25,790,846</u>			
Total investments measured at fair value	<u>\$ 27,810,907</u>			

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

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

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

Notes to Financial Statements
June 30, 2016

Note 7 - Capital Assets

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

	Balance July 1, 2015	Additions	Disposals and Adjustments	Balance June 30, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 10,337,835	\$ -	\$ -	\$ 10,337,835
Art and historical treasures	815,449	-	25,000	790,449
Construction in progress	<u>870,542</u>	<u>1,066,588</u>	<u>827,577</u>	<u>1,109,554</u>
Subtotal	12,023,826	1,066,588	852,577	12,237,838
Capital assets being depreciated:				
Road and sidewalks	58,473,324	3,978,694	2,933,472	59,518,546
Buildings and improvements	21,992,121	166,900	133,566	22,025,455
Improvements other than buildings	12,720,068	142,862	-	12,862,930
Machinery and equipment	<u>16,807,778</u>	<u>777,545</u>	<u>256,056</u>	<u>17,329,267</u>
Subtotal	109,993,291	5,066,000	3,323,093	111,736,197
Accumulated depreciation:				
Road and sidewalks	25,380,368	2,945,112	2,933,472	25,392,008
Buildings and improvements	4,745,883	197,442	36,311	4,907,014
Improvements other than buildings	3,852,491	582,407	-	4,434,898
Machinery and equipment	<u>10,177,425</u>	<u>1,295,412</u>	<u>253,976</u>	<u>11,218,861</u>
Subtotal	<u>44,156,167</u>	<u>5,020,373</u>	<u>3,223,758</u>	<u>45,952,781</u>
Net capital assets being depreciated	<u>65,837,124</u>	<u>45,628</u>	<u>99,335</u>	<u>65,783,416</u>
Net capital assets	<u>\$ 77,860,950</u>	<u>\$ 1,112,216</u>	<u>\$ 951,912</u>	<u>\$ 78,021,254</u>

Notes to Financial Statements
June 30, 2016

Note 7 - Capital Assets (Continued)

	Balance July 1, 2015	Additions	Disposals and Adjustments	Balance June 30, 2016
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 1,597,920	\$ -	\$ -	\$ 1,597,920
Construction in progress	2,612,471	1,026,630	2,521,576	1,117,525
Subtotal	4,210,391	1,026,630	2,521,576	2,715,445
Capital assets being depreciated:				
Water and sewer distribution systems	94,830,434	3,617,353	-	98,447,787
Land improvements	2,846,662	404,724	-	3,251,386
Building and building improvements	38,322,227	722,951	-	39,045,178
Machinery and equipment	2,604,913	201,096	731,780	2,074,229
Subtotal	138,604,236	4,946,124	731,780	142,818,580
Accumulated depreciation:				
Water and sewer distribution systems	30,955,024	2,511,159	-	33,466,183
Land improvements	409,647	112,963	-	522,610
Building and building improvements	21,307,725	788,986	-	22,096,711
Machinery and equipment	2,159,116	103,921	731,612	1,531,425
Subtotal	54,831,512	3,517,029	731,612	57,616,929
Net capital assets being depreciated	83,772,724	1,429,095	168	85,201,651
Net capital assets	\$ 87,983,115	\$ 2,455,725	\$ 2,521,744	\$ 87,917,096

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

	Balance July 1, 2015	Additions	Disposals and Adjustments	Balance June 30, 2016
Component Units				
Capital assets not being depreciated:				
Fine arts	\$ 107,918	\$ 3,900	\$ -	\$ 111,818
Capital assets being depreciated:				
Equipment and building improvements	3,272,651	67,095	134,805	3,204,941
Books, periodicals, etc.	10,199,384	375,257	2,272,967	8,301,674
Subtotal	13,472,035	442,352	2,407,772	11,506,615
Less accumulated depreciation	11,211,131	633,823	2,402,195	9,442,759
Net capital assets being depreciated	2,260,904	(191,471)	5,577	2,063,856
Net capital assets	\$ 2,368,822	\$ (187,571)	\$ 5,577	\$ 2,175,674

Note 7 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 230,577
Public safety	173,711
Public works	2,927,554
Economic development	2,415
Recreation and culture	686,815
Internal Service Fund depreciation is charged to the various function based on their usage of the asset	<u>999,300</u>
Total governmental activities	<u>\$ 5,020,372</u>
Business-type activities:	
Water and sewer	\$ 2,503,642
Automobile parking system	904,373
Golf courses	<u>109,014</u>
Total business-type activities	<u>\$ 3,517,029</u>

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water system improvements	\$ 1,848,759	\$ 437,482
Street/bridge projects	3,858,281	1,489,124
Sewer improvements	2,813,042	867,123
Parking deck improvements	1,423,635	262,579
Building improvements	143,720	121,655
Sidewalks and alleys	447,390	400,872
Park improvements	922,851	173,877
Vehicles	-	317,165
Other	<u>121,353</u>	<u>418,264</u>
Total	<u>\$11,579,031</u>	<u>\$ 4,488,139</u>

Note 8 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
2002 Parks and Recreation Bonds:							
Amount of issue - \$15,700,000	2.00% -	\$200,000 -					
Maturing through 2025	5.00%	\$1,300,000	\$ 1,700,000	\$ -	\$ (800,000)	\$ 900,000	\$ 900,000
Unamortized bond premium			6,751		(3,376)	3,375	
2006 Refunding Bonds:							
Amount of issue - \$8,920,000	3.75% -	\$40,000 -					
Maturing through 2023	4.00%	\$1,285,000	8,540,000	-	(55,000)	8,485,000	55,000
Unamortized bond discount			(19,327)		2,147	(17,180)	
2008 Parks and Recreation Bonds:							
Amount of issue - \$4,000,000	3.00% -	\$100,000 -					
Maturing through 2029	4.00%	\$300,000	3,400,000	-	(200,000)	3,200,000	200,000
Unamortized bond discount			(17,944)	-	1,380	(16,564)	-
Total general obligation bonds			13,609,480	-	(1,054,849)	12,554,631	1,155,000
Notes Payable:							
MDEQ Brownfield Redevelopment Loan	2.00%	\$27,398 -					
Amount of loan - \$300,000		\$32,743					
Maturing through 2019			129,867	-	(24,955)	104,912	25,454
Total bonds and notes payable			13,739,347	-	(1,079,804)	12,659,543	1,180,454
Accumulated employee benefits			2,181,114	1,324,280	(1,387,231)	2,118,163	1,254,262
Total governmental activities			\$ 15,920,461	\$ 1,324,280	\$ (2,467,035)	\$ 14,777,706	\$ 2,434,716

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, \$943,204 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 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
2004 Refunding Bonds:							
Amount of issue - \$9,930,000	2.00% -	\$85,000 -					
Maturing through 2020	4.00%	\$1,155,000	\$ 5,955,000	\$ -	\$ (850,000)	\$ 5,105,000	\$ 935,000
Unamortized bond premium			23,781		(3,964)	19,817	
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	2,602,107	-	(1,496,703)	1,105,404	1,105,404
Unamortized bond premium			31,000		(15,500)	15,500	
George W. Kuhn Drain Bonds:							
Amount of issue - \$5,834,286							
(Net of 2016 defeasance)	2.50% -	\$42,654 -					
Maturing through 2028	6.00%	\$349,529	3,171,642	353,081	(679,296)	2,845,427	330,960
North Arm Drain Bonds:							
Amount of issue - \$13,877,387	1.10% -	\$121,756 -					
Maturing through 2021	1.30%	\$174,693	1,033,801	-	(162,978)	870,823	167,324
Total contractual obligations			6,838,550	353,081	(2,354,477)	4,837,154	1,603,688
Total bonds and contractual obligations			12,817,331	353,081	(3,208,441)	9,961,971	2,538,688
Accumulated employee benefits			13,154	8,306	(8,970)	12,490	12,040
Total business-type activities			\$ 12,830,485	\$ 361,387	\$ (3,217,411)	\$ 9,974,461	\$ 2,550,728

The above contractual obligations to the county and the City of Royal Oak (North Arm Drain) are the result of the County and City of Royal Oak issuance of bonds on the City's behalf. The City has pledged to raise property taxes, to the extent permitted by law, to fund the obligation to repay the County and City of Royal Oak. Proceeds from the County and City of Royal Oak bonds provided financing for the construction of combined sewer overflow retention basins and sewer interceptor lines. The remaining principal and interest to be paid on the county and City of Royal Oak bonds is \$4,294,726 and \$920,514, respectively.

Note 8 - 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
2017	\$ 1,180,454	\$ 472,444	\$ 1,652,898	\$ 2,538,688	\$ 285,387	\$ 2,824,075
2018	1,380,963	422,934	1,803,897	1,424,604	220,835	1,645,439
2019	1,366,483	371,425	1,737,908	1,520,834	172,032	1,692,866
2020	1,457,012	317,615	1,774,627	1,633,245	118,340	1,751,585
2021	1,420,000	261,495	1,681,495	1,695,745	60,683	1,756,428
2022-2026	4,985,000	543,425	5,528,425	1,036,022	61,122	1,097,144
2027-2029	900,000	54,000	954,000	77,516	3,651	81,167
Total	<u>\$ 12,689,912</u>	<u>\$ 2,443,338</u>	<u>\$ 15,133,250</u>	<u>\$ 9,926,654</u>	<u>\$ 922,050</u>	<u>\$ 10,848,704</u>

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

George W. Kuhn Drainage Bonds

The Drain Commission issued new bonds in the amount of \$7,725,000, which the City is responsible for approximately 4.7 percent, with an average interest rate of 2.2 percent. The proceeds were used to refund \$7,585,000 of outstanding debt of the 2007 George W. Kuhn Refunding Bonds Series 2007. The proceeds of \$7,899,926 (after payment of \$140,000 in issuance costs) were used to defease the outstanding debt. The refunding reduced total debt service payments over the next eight years by \$709,688, which represents an economic gain of \$661,677.

Note 9 - Restricted Assets

The balance of the restricted assets in the internal service funds is approximately \$511,000, 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, 2016

Note 10 - Governmental Fund Balances

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

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable				
Prepays and inventory	\$ 178,002	\$ -	\$ -	\$ 178,002
Cemetery principal			320,489	320,489
Restricted for:				
Solid waste disposal	-	-	762,705	762,705
Law enforcement	-	-	90,398	90,398
Park improvements	-	24,156	-	24,156
Debt service	-	-	35,716	35,716
Construction code	1,441,998			1,441,998
Cemetery maintenance			1,023	1,023
Other purposes	-	32,980	-	32,980
Committed to:				
Traffic signals	5,594	-	-	5,594
Street improvements	1,485,723	-	-	1,485,723
Street maintenance	26,457	-	-	26,457
Park improvements	-	111,673	-	111,673
Sidewalk improvements	403,540	-	-	403,540
Streetlight improvements	-	219,807	-	219,807
City Hall & Library improvements	23,350	-	-	23,350
Fire station renovation & repairs	-	87,389	-	87,389
Train station demolition	-	80,333	-	80,333
Other purposes	61,555	54,999	-	116,554
Assigned to:				
Highway and street projects	1,763,460		-	1,763,460
Fire station renovations and repairs	-	2,924,316	-	2,924,316
Park & recreational improvements	11,725	233,234	-	244,959
DPS building and property improvements	4,026	80,606	-	84,632
Woodward Ave. crossing improvements	-	150,000	-	150,000
Allen/Hunter House improvements		91,355	-	91,355
Ice Arena improvements	-	61,278	-	61,278
City Hall & Library improvements	14,395	70,352	-	84,747
Downtown streetscape	-	71,232	-	71,232
Other purposes	25,071	2,872	-	27,943
Unassigned	12,313,189	-	-	12,313,189
Total fund balances	<u>\$ 17,758,085</u>	<u>\$ 4,296,582</u>	<u>\$ 1,210,331</u>	<u>\$ 23,264,998</u>

Note 11 - Unearned Revenue

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

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

Note 12 - Risk Management

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

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

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

	<u>2016</u>	<u>2015</u>
Unpaid claims - Beginning of year	\$ 342,357	\$ 205,058
Incurred claims - Including claims incurred but not reported	4,360,282	2,485,853
Claim payments	<u>(4,543,769)</u>	<u>(2,348,554)</u>
Unpaid claims - End of year	<u>\$ 158,870</u>	<u>\$ 342,357</u>

Note 13 - Retirement Plans

Defined Benefit Plan

Plan Description

Plan administration. The City of Birmingham Employees' Retirement System (the "System") is a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to eligible general and public safety employees of the City and their beneficiaries. The plan is administered by the City of Birmingham Employees' Retirement System Pension Board. The Birmingham Employees' Retirement System (BERS) 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, 2016, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	222
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	<u>113</u>
Total plan members	<u>357</u>

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 members' 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 13 - Retirement Plans (Continued)

General, Library, AFSCME and Police Support: 2.5 percent of total years of service

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

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

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

Police Command and Police Officials hired after November 1, 1973: 3.0 percent of first 30 years of service, subject to a maximum of 90 percent 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 his or her 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 his or her 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 percent of FAC. Maximum total disability income, including worker's compensation, is 70 percent of FAC. Minimum disability benefit after worker's compensation offset is 20 percent 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 worker's compensation cannot exceed 70 percent of FAC. The minimum benefit is 20 percent of FAC. A multiplier of 2.25 percent of FAC at the time of disability is used for Teamster members.

Note 13 - Retirement Plans (Continued)

Death benefits are provided to members. For duty death before retirement and 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 percent 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, 2016, the average active member contribution rate was 3.0 percent of annual pay, and the City's average contribution rate was 12.45 percent of annual payroll, plus \$355,028 for the unfunded accrued liability for general members and 17.86 percent of annual payroll, plus \$458,378 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, 2016:

Note 13 - 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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a negative 0.63 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, 2016, the System's legally required reserves have been fully funded as follows:

Reserve for employer contributions	\$ 15,258,170
Reserve for employees' contributions	5,500,645
Reserve for retired benefit payments	<u>76,884,835</u>
Total	<u><u>\$ 97,643,650</u></u>

Note 13 - Retirement Plans (Continued)

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total pension liability	\$ 113,988,477
Plan fiduciary net position	<u>97,643,650</u>
City's net pension liability	<u>\$ 16,344,827</u>
Plan fiduciary net position as a percentage of the total pension liability	85.66%

The City has chosen to use June 30, 2016 as its measurement date for the net pension liability. The June 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of June 30, 2016. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of June 30, 2015, which used update procedures to roll forward the estimated liability to June 30, 2016.

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2015	\$ 114,073,204	\$ 105,662,435	\$ 8,410,769
Changes for the year:			
Service cost	1,309,774		1,309,774
Interest	7,698,227		7,698,227
Changes in benefits	-		-
Difference between expected and actual experience	414,101		414,101
Changes in assumptions	-		-
Contributions - Employer		1,915,308	(1,915,308)
Contributions - Employee		219,861	(219,861)
Net investment income		(485,602)	485,602
Benefit payments, including refunds	(9,506,829)	(9,506,829)	-
Administrative expenses		(148,755)	148,755
Miscellaneous other changes		(12,768)	12,768
Balances at June 30, 2016	<u>\$ 113,988,477</u>	<u>\$ 97,643,650</u>	<u>\$ 16,344,827</u>

Note 13 - Retirement Plans (Continued)

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

For the year ended June 30, 2016, the City recognized pension expense of \$4,613,762. At June 30, 2016, 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	\$ 291,168	\$ 46,551	\$ 244,617
Changes in assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	9,640,783		9,640,783
Total	<u>\$ 9,931,951</u>	<u>\$ 46,551</u>	<u>\$ 9,885,400</u>

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
2017	\$ 2,796,808
2018	2,813,921
2019	2,751,008
2020	1,523,663
2021	-
Thereafter	-
Total	<u>\$ 9,885,400</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2015, 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

Note 13 - Retirement Plans (Continued)

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, 2015 valuation were based on the results of an actuarial experience study for the period 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 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, 2016, 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 percent*

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.

Note 13 - Retirement Plans (Continued)

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	\$124,957,137	\$113,988,477	\$101,238,644
Plan fiduciary net position	97,643,650	97,643,650	97,643,650
Net pension liability	<u>\$ 27,313,487</u>	<u>\$ 16,344,827</u>	<u>\$ 3,594,994</u>

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, nonunion, 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 Nonunion Employees	Library Employees	AFSCME Employees	Teamster Employees	Police/Fire Employees
Employer Contribution	9%	6%	\$1.30/hr. \$1.95/overtime hr.	7%	12%
Employee Contribution	4%	3%	\$.65/hr. \$.98/overtime hr.	3.5%	5%
Vesting Period	5 years	3 years	5 years	5 years	7 years

Note 13 - Retirement Plans (Continued)

At June 30, 2016, the following numbers of employees were in the plan along with the respective employer and employee contributions:

	Department Heads and Nonunion Employees	Library Employees	AFSCME Employees	Teamster Employees	Police/Fire Employees
Number of Employees	12	20	14	10	29
Employer Contributions	\$43,641	\$39,103	\$22,830	\$32,123	\$168,584
Employee Contributions	\$21,831	\$19,552	\$11,415	\$15,908	\$70,244

Note 14 - 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, 2016, the plan had the following plan members:

Active service members:	
General employees	47
Public safety employees	32
Deferred members	5
Retired members/beneficiaries/dependents	<u>296</u>
Total members	<u>380</u>

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

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

Note 14 - Postemployment Benefits (Continued)

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 percent of the calculated premium.

For the fiscal year ended June 30, 2016, plan members or beneficiaries receiving benefits contributed \$103,684. The City is required to contribute at a rate equivalent to the annual required contribution (ARC) (50.52 percent or \$3.4 million). Administrative costs of the RHCF are financed by investment earnings.

Funded Status and Funding Progress - The funded status of the plan as of June 30, 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%

Note 14 - Postemployment Benefits (Continued)

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

	Governmental Activities	Business-Type Activities	Component Units	Total
Annual required contribution	\$ 3,029,530	\$ 208,770	\$ 207,078	\$ 3,445,378
Interest on prior year net OPEB asset	(275,145)	(7,111)	(6,565)	(288,821)
Adjustment to the annual required contribution	91,558	6,310	6,258	104,126
Annual OPEB cost	2,845,943	207,970	206,770	3,260,683
Amounts contributed:				
Employer contribution	3,029,530	208,770	207,078	3,445,378
Medicare subsidies	126,281	8,703	8,631	143,615
Total amounts contributed	3,155,811	217,473	215,709	3,588,993
Increase in net OPEB asset	309,868	9,504	8,939	328,310
Net OPEB asset - Beginning of year	3,930,648	101,580	93,791	4,126,018
Net OPEB asset - End of year	\$ 4,240,516	\$ 111,083	\$ 102,729	\$ 4,454,328

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		
	2014	2015	2016
Employees' Retiree Health Care System:			
Annual OPEB costs	\$ 3,337,883	\$ 3,987,106	\$ 3,260,683
City percentage contributed	105.2%	119.6%	105.7%
Federal percentage contributed	1.8%	0.5%	4.4%
Net OPEB asset	\$ 3,327,363	\$ 4,126,018	\$ 4,454,328

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

Note 14 - Postemployment Benefits (Continued)

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 No. 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 thirty 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, 2016 are as follows:

Valuation date	June 30, 2014
Actuarial cost method	Individual Entry Age
Amortization method	Level Dollar Closed
Remaining amortization periods	24 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	3.5%
Healthcare cost trend rate	8% initial 3.5% ultimate
Inflation Rate	3.5%

Defined Contribution Retirement Health Care Plan

The City established a defined contribution retirement health savings plan pursuant to section 1 of the City Charter. Plan provisions are established and amended by the City Commission either through resolution or union contracts. The plan covers nonunion, library, and Teamster employees hired on or after July 1, 2006, AFSCME employees hired after January 1, 2007, firefighters hired on or after July 1, 2009, police officers/command hired on or after July 1, 2011, and firefighters hired on or after April 1, 2012.

Note 14 - Postemployment Benefits (Continued)

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 nonunion employees. Also nonunion 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:

Defined contribution health care plan

	Hire Date	Department Heads and Nonunion Employees	Library Employees	AFSCME Employees	Teamster Employees	Fire Employees	Police Employees
Employer Contribution	After 7/1/2011 After 7/1/2009 After 7/1/2006 ⁽¹⁾ 1/1/1993 - 6/30/2006 ⁽²⁾ Prior to 1/1/1993	n/a n/a \$50/pay n/a n/a	n/a n/a \$50/pay n/a n/a	n/a n/a \$50/pay \$60/pay \$30/pay	n/a n/a \$70/pay \$70/pay \$70/pay	n/a n/a \$50/pay n/a n/a	2% n/a n/a n/a n/a
Employee Contribution	After 7/1/2011 After 7/1/2009 After 7/1/2006 1/1/1993 - 6/30/2006 Prior to 1/1/1993	n/a n/a 2% n/a n/a	n/a n/a n/a n/a n/a	n/a n/a 2% None None	n/a n/a 3% 1.5% None	n/a 2% n/a n/a n/a	2% n/a n/a n/a n/a
Vesting Period	After 7/1/2011 After 7/1/2009 After 7/1/2006 1/1/1993 - 6/30/2006 Prior to 1/1/1993	n/a n/a 5 years n/a n/a	n/a n/a 5 years n/a n/a	n/a n/a 5 years Immediate Immediate	n/a n/a 5 years Immediate Immediate	n/a 7 years n/a n/a n/a	7 years n/a n/a n/a n/a

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

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

At June 30, 2016, the following numbers of employees were in the plan along with the respective employer and employee contributions:

	Department Heads and Nonunion Employees	Library Employees	AFSCME Employees	Teamster Employees	Fire Employees	Police Employees
Number of Employees	12	12	25	29	16	15
Employer Contributions	\$15,680	\$13,150	\$27,460	\$41,640	\$16,450	\$13,267
Employee Contributions	\$12,481	\$9,824	\$11,256	\$28,482	\$17,964	\$13,364

Note 15 - 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.

Note 15 - Joint Ventures (Continued)

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, 2016, the City expensed \$1,952,114 of payments made to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Southeastern Oakland County Resources Recovery Authority

The City is a member of the Southeastern Oakland County Resource Recovery Authority, which consists of 14 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2016, the City expensed \$1,426,571 of payments to the authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Resource Recovery Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

48th Judicial District Court

The City is a participant with Bloomfield Township, the Charter Township of West Bloomfield, and the City of Bloomfield Hills in the operations of the 48th Judicial District Court (the "Court"). The City advances its allocated share of Court expenditures and receives a share of the Court revenue based on relative caseload levels. The City's share of Court expenditures amounted to \$1,045,479 and its share of Court revenue amounted to \$1,079,208 for the Court's year ended December 31, 2015. Complete audited financial statements for the Court can be obtained from the Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

Note 16 - Subsequent Events

On October 18, 2016, the City issued \$14.4 M in unlimited tax general obligation bonds for the purpose of refunding the City's outstanding 2004 Unlimited Tax General Obligation Bonds, 2006 Unlimited Tax General Obligation Recreation Refunding Bonds, and the 2008 Unlimited Tax General Obligation Recreation Bonds. The bonds have an interest rate ranging from 2 percent to 5 percent and will be paid over the next 12 years from property taxes. The refunding reduced total debt service payments by \$1,364,440 which represents an economic gain of \$1,295,304.

Note 17 - Upcoming GASB Pronouncements

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 statement more extensive footnote disclosures and required supplemental 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.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

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Required Supplemental Information

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City of Birmingham, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual (Budgetary Basis) (See Note B)	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 20,281,450	\$ 20,281,450	\$ 20,353,128	\$ 71,678
Licenses and permits	3,240,750	3,240,750	3,459,940	219,190
Intergovernmental revenue	1,931,160	2,081,160	2,055,602	(25,558)
Charges for services	2,848,820	2,848,820	2,790,041	(58,779)
Fines and forfeitures	1,697,650	1,447,650	1,475,443	27,793
Interest and rent	204,480	204,480	219,225	14,745
Other	81,600	226,600	235,341	8,741
Total revenue	30,285,910	30,330,910	30,588,720	257,810
Expenditures				
General government	5,332,290	5,193,380	4,917,650	275,730
Public safety	12,247,920	12,276,976	11,977,211	299,765
Community development	2,377,900	2,295,930	2,207,372	88,558
Engineering and public services	4,138,420	4,563,984	4,096,617	467,367
Transfers to other funds	5,358,210	6,235,610	6,235,522	88
Total expenditures	29,454,740	30,565,880	29,434,372	1,131,508
Excess of Revenue Over (Under) Expenditures	831,170	(234,970)	1,154,348	1,389,318
Fund Balances - Beginning of year	13,157,930	13,157,930	13,157,930	-
Fund Balances - End of year	\$ 13,989,100	\$ 12,922,960	\$ 14,312,278	\$ 1,389,318

City of Birmingham, Michigan

Fiscal year ending June 30,	2016	2015	2014	2013
Total Pension Liability				
Service Cost	\$ 1,309,774	\$ 1,402,945	\$ 1,550,051	\$ 1,425,969
Interest on the Total Pension Liability	7,698,227	7,674,711	7,544,288	7,427,615
Benefit Changes	-	71,306	7,401	-
Difference between expected and actual experience of the Total Pension Liability	414,101	(110,215)	-	(1,880,744)
Assumption Changes	-	-	-	1,144,602
Benefit Payments and Refunds	(9,506,829)	(7,805,595)	(6,524,400)	(6,501,053)
Net Change in Total Pension Liability	(84,727)	1,233,152	2,577,340	1,616,389
Total Pension Liability - Beginning	114,073,204	112,840,052	110,262,712	108,646,323
Total Pension Liability - Ending (a)	\$ 113,988,477	\$ 114,073,204	\$ 112,840,052	\$ 110,262,712
Plan Fiduciary Net Position				
Employer Contributions	\$ 1,915,308	\$ 2,484,308	\$ 4,157,410	\$ 2,392,449
Employee Contributions	219,861	238,890	267,282	269,829
Pension Plan Net Investment Income	(485,602)	1,560,189	15,497,945	9,367,741
Benefit Payments and Refunds	(9,506,829)	(7,805,595)	(6,524,400)	(6,501,053)
Pension Plan Administrative Expense	(148,755)	(153,495)		
Other	(12,768)	-	33,033	-
Net Change in Plan Fiduciary Net Position	(8,018,785)	(3,675,703)	13,431,270	5,528,966
Plan Fiduciary Net Position - Beginning	105,662,435	109,338,138	95,906,868	90,377,902
Plan Fiduciary Net Position - Ending (b)	\$ 97,643,650	\$ 105,662,435	\$ 109,338,138	\$ 95,906,868
Net Pension Liability - Ending (a) - (b)	\$ 16,344,827	\$ 8,410,769	\$ 3,501,914	\$ 14,355,844
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.66%	92.63%	96.90%	86.98%
Covered Employee Payroll (1)	\$ 8,120,260	\$ 8,355,347	\$ 8,055,081	\$ 8,638,321
Net Pension Liability as a Percentage of Covered Employee Payroll	201.28%	100.66%	43.47%	166.19%

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, 2016

	2012		2011		2010		2009		2008		2007
\$	1,551,564	\$	1,698,232	\$	1,728,674	\$	1,841,032	\$	1,617,472	\$	1,650,115
	7,321,735		6,938,134		6,832,543		6,657,517		6,188,571		5,906,176
	-		-		-		-		-		-
	(888,950)		3,555,951		(176,806)		(106,538)		1,988,368		733,046
	-		-		-		-		1,481,131		-
	(6,316,926)		(6,961,012)		(6,760,471)		(4,910,465)		(4,465,705)		(4,011,897)
	1,667,423		5,231,305		1,623,940		3,481,546		6,809,837		4,277,440
	106,978,900		101,747,595		100,123,655		96,642,109		89,832,272		85,554,832
\$	108,646,323	\$	106,978,900	\$	101,747,595	\$	100,123,655	\$	96,642,109	\$	89,832,272
<hr/>											
\$	2,006,765	\$	1,706,539	\$	1,757,591	\$	831,629	\$	1,034,106	\$	318,206
	291,456		303,939		336,771		349,690		368,140		360,770
	(653,250)		17,899,291		6,921,670		(13,801,550)		(5,095,426)		13,482,899
	(6,316,926)		(6,961,012)		(6,760,471)		(4,910,465)		(4,465,705)		(4,011,897)
	-		20,621		26,477		12,531		86,682		159,193
	(4,671,955)		12,969,378		2,282,038		(17,518,165)		(8,072,203)		10,309,171
	95,049,857		82,080,479		79,798,441		97,316,606		105,388,809		95,079,638
\$	90,377,902	\$	95,049,857	\$	82,080,479	\$	79,798,441	\$	97,316,606	\$	105,388,809
\$	18,268,421	\$	11,929,043	\$	19,667,116	\$	20,325,214	\$	(674,497)	\$	(15,556,537)
<hr/>											
	83.19%		88.85%		80.67%		79.70%		100.70%		117.32%
\$	9,204,012	\$	9,789,046	\$	10,714,397	\$	11,059,972	\$	11,756,272	\$	11,561,631
	198.48%		121.86%		183.56%		183.77%		-5.74%		-134.55%

City of Birmingham, Michigan

Required Supplemental Information Pension System Multiyear Schedule of Contributions June 30, 2016

FY Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
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%
2016	1,940,069	1,915,308	24,761	8,120,260	23.59%

(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 Investment Returns
June 30, 2016

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

FY Ending June 30,	Annual Return^a
2014	15.86%
2015	1.65%
2016	-0.63%

^a 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, 2016

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	*	*	*	*	*	*
6/30/16	**	**	**	**	**	**

* No valuation prepared

** Information not available.

Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
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
6/30/16	6/30/14	3,445,378	100.0

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

The information presented above was determined as part of the actuarial valuations at the dates indicated.
Additional information as of June 30, 2014, the latest actuarial valuation date, follows:

Employees' Retirement System

Actuarial cost method	Individual Entry Age
Amortization method	Level Dollar - Closed
Remaining amortization period	24
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	3.5%
Healthcare cost trend rate	8% Initial 3.5% Ultimate

Note A - Compliance and Accountability

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

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

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

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

Note A - Compliance and Accountability (Continued)

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

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that 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 a minor expenditure budget variance during the year in the following fund:

Local Street Fund - The fund had a minor unfavorable variance in the traffic controls and engineering line item of \$997.

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	\$ (13,900)
Transfers out	<u>13,900</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 48th District Court appear as a functional expense in the statement of revenue, expenditures and changes in fund balance, but as a transfer to other funds on a budgetary basis. Adjustments to the governmental funds' statement of revenue, expenditures, and changes in fund balances (General Fund) to reconcile to the General Fund budgetary comparison schedule are as follows:

48 th District Court	\$(1,019,722)
Transfers out	<u>1,019,722</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:

Revenue:

State sources	\$(1,531,101)
Local sources	(124,794)
Use of money and property	(31,860)
Other	<u>(73,389)</u>
Total revenue adjustments	<u>\$(1,761,144)</u>

Expenditures:

Highway and streets	\$(2,580,756)
Capital outlay	(3,822,596)
Transfers out	<u>3,830,000</u>
Total expenditure adjustments	<u>\$(2,573,352)</u>

Notes to Required Supplemental Information
June 30, 2016

Note C - Notes to Schedule of Pension System Contributions

Valuation Date: 6/30/2015
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: 28 years, closed General: 23 years, closed
Asset Valuation Method	Four-year smoothed market
Inflation	3.5%; No explicit price inflation assumption is used in this valuation.
Salary Increases	Police and Fire: 3.5% - 5.6% General: 3.5%-6.2%
Investment Rate of Return	7.00% (Net of investment and administrative expense)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2013 valuation pursuant to an experience study of the period 2007-2012.
Mortality	RP-2000 male (90%) and female (90%) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA.

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	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	
Assets						
Cash and investments	\$ 831,302	\$ -	\$ 90,398	\$ 36,219	\$ 262,638	\$ 1,220,557
Receivables - Net - Customers	396	-	-	-	58,874	59,270
Due from other governmental units	-	16,282	-	-	-	16,282
Total assets	<u>\$ 831,698</u>	<u>\$ 16,282</u>	<u>\$ 90,398</u>	<u>\$ 36,219</u>	<u>\$ 321,512</u>	<u>\$ 1,296,109</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 66,276	\$ 16,282	\$ -	\$ -	\$ -	\$ 82,558
Accrued and other liabilities	2,321	-	-	503	-	2,824
Total liabilities	68,597	16,282	-	503	-	85,382
Deferred Inflows of Resources						
Unavailable revenue - Charges for services	396	-	-	-	-	396
Fund Balances						
Nonspendable	-	-	-	-	320,489	320,489
Restricted:						
Solid waste disposal	762,705	-	-	-	-	762,705
Law enforcement	-	-	90,398	-	-	90,398
Debt service	-	-	-	35,716	-	35,716
Cemetery maintenance	-	-	-	-	1,023	1,023
Total fund balances	<u>762,705</u>	<u>-</u>	<u>90,398</u>	<u>35,716</u>	<u>321,512</u>	<u>1,210,331</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 831,698</u>	<u>\$ 16,282</u>	<u>\$ 90,398</u>	<u>\$ 36,219</u>	<u>\$ 321,512</u>	<u>\$ 1,296,109</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, 2016

	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	
Revenue						
Property taxes	\$ 1,825,954	\$ -	\$ -	\$ 1,564,850	\$ -	\$ 3,390,804
Federal grants	-	43,246	39,871	-	-	83,117
State grants	10,505	-	-	4,018	-	14,523
Charges for services	22,843	-	-	-	285,937	308,780
Use of money and property	10,353	-	625	1,942	1,235	14,155
Total revenue	1,869,655	43,246	40,496	1,570,810	287,172	3,811,379
Expenditures						
Current:						
Public safety	-	-	8,606	-	-	8,606
Solid waste	1,678,769	-	-	-	-	1,678,769
Community development	-	43,246	-	-	-	43,246
Debt service	-	-	-	1,571,484	-	1,571,484
Total expenditures	1,678,769	43,246	8,606	1,571,484	-	3,302,105
Excess of Revenue Over (Under) Expenditures	190,886	-	31,890	(674)	287,172	509,274
Fund Balances - Beginning of year	571,819	-	58,508	36,390	34,340	701,057
Fund Balances - End of year	<u>\$ 762,705</u>	<u>\$ -</u>	<u>\$ 90,398</u>	<u>\$ 35,716</u>	<u>\$ 321,512</u>	<u>\$ 1,210,331</u>

City of Birmingham, Michigan

Other Supplemental Information Budgetary Comparison Capital Projects Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable
Revenue				
Intergovernmental revenue	\$ 18,000	\$ 124,760	\$ -	\$ (124,760)
Interest and rent	29,900	29,900	35,740	5,840
Other revenue	19,120	19,120	27,931	8,811
Transfers from other funds	<u>586,500</u>	<u>715,900</u>	<u>371,900</u>	<u>(344,000)</u>
Total revenue	653,520	889,680	435,571	(454,109)
Expenditures	<u>715,000</u>	<u>1,419,009</u>	<u>455,485</u>	<u>963,524</u>
Excess of Expenditures Over Revenue	(61,480)	(529,329)	(19,914)	509,415
Fund Balances - Beginning of year	<u>4,316,496</u>	<u>4,316,496</u>	<u>4,316,496</u>	-
Fund Balances - End of year	<u>\$ 4,255,016</u>	<u>\$ 3,787,167</u>	<u>\$ 4,296,582</u>	<u>\$ 509,415</u>

City of Birmingham, Michigan

Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds Year Ended June 30, 2016

Special Revenue Fund - Solid Waste

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Taxes	\$ 1,825,000	\$ 1,825,000	\$ 1,825,954	\$ 954
Intergovernmental	-	-	10,505	10,505
Charges for services	22,900	22,900	22,843	(57)
Interest	8,500	8,500	10,353	1,853
Total revenue	1,856,400	1,856,400	1,869,655	13,255
Expenditures				
Refuse pickup	1,520,620	1,520,620	1,450,239	70,381
Equipment rental	100,000	100,000	79,364	20,636
Salaries	194,740	194,740	125,512	69,228
Miscellaneous	12,440	12,440	9,434	3,006
Capital outlay	20,000	20,000	14,220	5,780
Total expenditures	1,847,800	1,847,800	1,678,769	169,031
Excess of Revenue Over Expenditures	8,600	8,600	190,886	182,286
Fund Balances - Beginning of year	571,819	571,819	571,819	-
Fund Balances - End of year	<u>\$ 580,419</u>	<u>\$ 580,419</u>	<u>\$ 762,705</u>	<u>\$ 182,286</u>

City of Birmingham, Michigan

Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget (Unfavorable) Favorable
Revenue - Intergovernmental	\$ 32,950	\$ 72,909	\$ 43,246	\$ (29,663)
Expenditures - Community development	<u>32,950</u>	<u>72,909</u>	<u>43,246</u>	<u>29,663</u>
Excess of Revenue Over Expenditures	-	-	-	-
Fund Balances - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of year	<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, 2016

Special Revenue Fund - Law and Drug Forfeiture Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Fines and forfeitures	\$ 37,500	\$ 37,500	\$ 39,871	\$ 2,371
Interest and other	750	750	625	(125)
Total revenue	38,250	38,250	40,496	2,246
Expenditures				
Capital outlay	8,800	8,800	8,606	194
Total expenditures	8,800	8,800	8,606	194
Excess of Revenue Over Expenditures	29,450	29,450	31,890	2,440
Fund Balances - Beginning of year	58,508	58,508	58,508	-
Fund Balances - End of year	<u>\$ 87,958</u>	<u>\$ 87,958</u>	<u>\$ 90,398</u>	<u>\$ 2,440</u>

City of Birmingham, Michigan

Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Debt Service Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget (Unfavorable) Favorable
Revenue				
Taxes	\$ 1,575,090	\$ 1,575,090	\$ 1,564,850	\$ (10,240)
Intergovernmental	-	-	4,018	4,018
Interest and other	<u>1,400</u>	<u>1,400</u>	<u>1,942</u>	<u>542</u>
Total revenue	1,576,490	1,576,490	1,570,810	(5,680)
Expenditures	<u>1,571,490</u>	<u>1,571,490</u>	<u>1,571,484</u>	<u>6</u>
Excess of Revenue Over (Under) Expenditures	5,000	5,000	(674)	(5,674)
Fund Balances - Beginning of year	<u>36,390</u>	<u>36,390</u>	<u>36,390</u>	-
Fund Balances - End of year	<u><u>\$ 41,390</u></u>	<u><u>\$ 41,390</u></u>	<u><u>\$ 35,716</u></u>	<u><u>\$ (5,674)</u></u>

City of Birmingham, Michigan

Other Supplemental Information Budgetary Comparison Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Permanent Fund - Greenwood Cemetery Perpetual Care Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget (Unfavorable) Favorable
Revenue				
Charges for Services	\$ -	\$ -	\$ 285,937	\$ 285,937
Interest and other	-	-	1,235	1,235
Total revenue	-	-	287,172	287,172
Expenditures	-	-	-	-
Excess of Revenue Over (Under) Expenditures	-	-	287,172	287,172
Fund Balances - Beginning of year	34,340	34,340	34,340	-
Fund Balances - End of year	<u><u>\$ 34,340</u></u>	<u><u>\$ 34,340</u></u>	<u><u>\$ 321,512</u></u>	<u><u>\$ 287,172</u></u>

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2016

	Equipment	Personal Services	Risk Management	Total
Assets				
Current assets:				
Cash and investments	\$ 6,551,921	\$ 404,311	\$ 1,535,336	\$ 8,491,568
Receivables	533	-	593,203	593,736
Inventory	68	-	-	68
Total current assets	6,552,522	404,311	2,128,539	9,085,372
Noncurrent assets:				
Prepaid costs and other assets	31,175	-	314,505	345,680
Restricted assets	-	-	511,082	511,082
Capital assets	4,261,663	-	-	4,261,663
Total noncurrent assets	4,292,838	-	825,587	5,118,425
Total assets	10,845,360	404,311	2,954,126	14,203,797
Deferred Outflows of Resources -				
Deferred amount on pension	176,803	-	-	176,803
Liabilities				
Current liabilities:				
Accounts payable	234,607	-	70,754	305,361
Accrued liabilities	20,459	-	98,246	118,705
Provision for uninsured losses and liabilities	-	-	158,870	158,870
Current portion of long-term debt and employee benefits	30,824	-	48,482	79,306
Total current liabilities	285,890	-	376,352	662,242
Noncurrent liabilities:				
Provision for employee benefits	135	401,163	462,600	863,898
Net pension liability	290,962	-	-	290,962
Total noncurrent liabilities	291,097	401,163	462,600	1,154,860
Total liabilities	576,987	401,163	838,952	1,817,102
Deferred Inflows of Resources -				
Deferred amount on pension experience	828	-	-	828
Net Position				
Net investment in capital assets	4,261,663	-	-	4,261,663
Restricted - Employee Benefits	-	-	511,082	511,082
Unrestricted	6,182,685	3,148	1,604,092	7,789,925
Total net position	<u>\$ 10,444,348</u>	<u>\$ 3,148</u>	<u>\$ 2,115,174</u>	<u>\$ 12,562,670</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, 2016

	Equipment	Personal Services	Risk Management	Total
Operating Revenues - Charges to other funds	\$ 2,019,100	\$ -	\$ 4,034,593	\$ 6,053,693
Operating Expenses				
General and administrative	-	56,863	5,231,607	5,288,470
Supplies and other operating expenses	1,277,609	-	-	1,277,609
Depreciation	999,300	-	-	999,300
Total operating expenses	<u>2,276,909</u>	<u>56,863</u>	<u>5,231,607</u>	<u>7,565,379</u>
Operating Loss	(257,809)	(56,863)	(1,197,014)	(1,511,686)
Nonoperating Income (Loss)				
Interest earned	50,960	7,445	13,391	71,796
Loss on sale of capital assets	20,120	-	-	20,120
Net nonoperating income	<u>71,080</u>	<u>7,445</u>	<u>13,391</u>	<u>91,916</u>
Net Loss	(186,729)	(49,418)	(1,183,623)	(1,419,770)
Transfers from Other Funds	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Changes in Net Position	(186,729)	(49,418)	(183,623)	(419,770)
Net Position - Beginning of year	<u>10,631,077</u>	<u>52,566</u>	<u>2,298,797</u>	<u>12,982,440</u>
Net Position - End of year	<u>\$ 10,444,348</u>	<u>\$ 3,148</u>	<u>\$ 2,115,174</u>	<u>\$ 12,562,670</u>

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2016

	Equipment	Personal Services	Risk Management	Total
Cash Flows from Operating Activities				
Receipts from customers and others	\$ 2,018,569	\$ -	\$ 3,441,389	\$ 5,459,958
Payments to suppliers	(545,152)	-	(5,754,918)	(6,300,070)
Payments to employees	(544,182)	(63,462)	-	(607,644)
Net cash provided by (used in) operating activities	929,235	(63,462)	(2,313,529)	(1,447,756)
Cash Flows from Noncapital Financing Activities -				
Transfer from other funds	-	-	1,000,000	1,000,000
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(671,352)	-	-	(671,352)
Proceeds from sale of capital assets	22,200	-	-	22,200
Net cash used in capital and related financing activities	(649,152)	-	-	(649,152)
Cash Flows from Investing Activities - Interest received on investments	50,960	7,445	13,391	71,796
Net Changes in Cash and Cash Equivalents	331,043	(56,017)	(1,300,138)	(1,025,112)
Cash and Cash Equivalents - Beginning of year	6,220,878	460,328	3,346,556	10,027,762
Cash and Cash Equivalents - End of year	<u>\$ 6,551,921</u>	<u>\$ 404,311</u>	<u>\$ 2,046,418</u>	<u>\$ 9,002,650</u>
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 6,551,921	\$ 404,311	\$ 1,535,336	\$ 8,491,568
Restricted investments	-	-	511,082	511,082
Total cash and cash equivalents	<u>\$ 6,551,921</u>	<u>\$ 404,311</u>	<u>\$ 2,046,418</u>	<u>\$ 9,002,650</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (257,809)	\$ (56,863)	\$ (1,197,014)	\$ (1,511,686)
Adjustment to reconcile operating (loss) income to net cash from operating activities:				
Depreciation	999,300	-	-	999,300
Changes in assets and liabilities:				
Receivables	(533)	-	(593,203)	(593,736)
Other assets	(124,223)	-	(227,556)	(351,779)
Accounts payable	151,495	-	70,754	222,249
Accrued and other liabilities	161,005	(6,599)	(366,510)	(212,104)
Net cash provided by (used in) operating activities	<u>\$ 929,235</u>	<u>\$ (63,462)</u>	<u>\$ (2,313,529)</u>	<u>\$ (1,447,756)</u>

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Net Position Fiduciary Funds June 30, 2016

	Pension Trust Fund	Retiree Health Care	Total
Assets			
Cash and investments	\$ 1,978,146	\$ 800,572	\$ 2,778,718
Investments:			
U.S. government securities	13,070,734	3,670,812	16,741,546
Stocks	66,903,791	19,404,595	86,308,386
Bonds	15,597,813	5,115,766	20,713,579
Receivables and accrued interest	156,779	51,237	208,016
Other assets	-	54,398	54,398
 Total assets	 97,707,263	 29,097,380	 126,804,643
Liabilities			
Accounts payable	-	21,332	21,332
Accrued and other liabilities	63,613	340,230	403,843
 Total liabilities	 63,613	 361,562	 425,175
 Net Position - Held in trust for pension and other employee benefits	 \$ 97,643,650	 \$ 28,735,818	 \$ 126,379,468

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Changes in Net Position Fiduciary Funds Year Ended June 30, 2016

	Pension Trust Fund	Retiree Health Care	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 1,921,190	\$ 596,267	\$ 2,517,457
Net change in fair value of investments	(1,873,085)	(327,085)	(2,200,170)
Less investment expenses	<u>(533,706)</u>	<u>(140,695)</u>	<u>(674,401)</u>
Net investment (loss) income	(485,601)	128,487	(357,114)
Contributions:			
Employer	1,915,308	3,445,379	5,360,687
Plan members	<u>219,861</u>	<u>242,420</u>	<u>462,281</u>
Total contributions	2,135,169	3,687,799	5,822,968
Other revenue	<u>(12,768)</u>	<u>210,928</u>	<u>198,160</u>
Total net additions	1,636,800	4,027,214	5,664,014
Deductions			
Benefit payments	6,923,175	3,378,056	10,301,231
Refunds of contributions	2,583,654	-	2,583,654
Administrative expenses	<u>148,755</u>	<u>8,364</u>	<u>157,119</u>
Total deductions	9,655,584	3,386,420	13,042,004
Changes in Net Position	(8,018,784)	640,794	(7,377,990)
Net Position - Held in Trust for Pension Benefits			
Beginning of year	<u>105,662,434</u>	<u>28,095,024</u>	<u>133,757,458</u>
End of year	<u>\$ 97,643,650</u>	<u>\$ 28,735,818</u>	<u>\$ 126,379,468</u>

City of Birmingham, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets				
Cash and investments	\$ 2,099,014	\$ 99,556,864	\$ 99,598,018	\$ 2,057,860
Receivables - Accrued interest	4,100	-	-	4,100
Total assets	<u>\$ 2,103,114</u>	<u>\$ 99,556,864</u>	<u>\$ 99,598,018</u>	<u>\$ 2,061,960</u>
Liabilities				
Accounts payable	\$ 45,242	\$ 2,034,517	\$ 1,988,336	\$ 91,423
Accrued liabilities and deposits	2,057,872	162,715,275	162,802,610	1,970,537
Total liabilities	<u>\$ 2,103,114</u>	<u>\$164,749,792</u>	<u>\$164,790,946</u>	<u>\$ 2,061,960</u>

Oakway Mutual Aid Hazmat Response Team (included above)

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets				
Cash and investments	<u>\$ 130,454</u>	<u>\$ 92,041</u>	<u>\$ 63,232</u>	<u>\$ 159,263</u>
Liabilities				
Accrued liabilities and deposits	<u>\$ 130,454</u>	<u>\$ 92,041</u>	<u>\$ 63,232</u>	<u>\$ 159,263</u>

City of Birmingham, Michigan

Other Supplemental Information Balance Sheet GAAP Based General Fund June 30, 2016

	General Fund	Major Streets Fund	Local Streets Fund	Total GAAP Based General Fund
Assets				
Cash and investments	\$ 14,733,548	\$ 1,769,132	\$ 2,101,999	\$ 18,604,679
Receivables - Net:				
Customers	206,506	-	9,705	216,211
Special assessments	427,236	18,336	772,962	1,218,534
Delinquent personal property taxes	15,999	-	-	15,999
Prepaid items and other assets	13,429	-	-	13,429
Due from other governmental units	645,912	155,764	113,108	914,784
Inventories	-	117,552	47,021	164,573
	<u>-</u>	<u>117,552</u>	<u>47,021</u>	<u>164,573</u>
Total assets	<u>\$ 16,042,630</u>	<u>\$ 2,060,784</u>	<u>\$ 3,044,795</u>	<u>\$ 21,148,209</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 708,071	\$ 229,825	\$ 605,858	\$ 1,543,754
Accrued and other liabilities	501,919	10,711	22,742	535,372
Unearned revenue	46,905	-	-	46,905
	<u>1,256,895</u>	<u>240,536</u>	<u>628,600</u>	<u>2,126,031</u>
Total liabilities	1,256,895	240,536	628,600	2,126,031
Deferred Inflows of Resources				
Unavailable revenue - Special assessments and property taxes	438,367	17,851	763,080	1,219,298
Unavailable revenue - Parking tickets and charges for services	35,090	-	9,705	44,795
	<u>473,457</u>	<u>17,851</u>	<u>772,785</u>	<u>1,264,093</u>
Total deferred inflows of resources	473,457	17,851	772,785	1,264,093
Fund Balances				
Nonspendable	13,429	117,552	47,021	178,002
Restricted	1,441,998	-	-	1,441,998
Committed	488,445	511,556	1,006,218	2,006,219
Assigned	55,217	1,173,289	590,171	1,818,677
Unassigned	12,313,189	-	-	12,313,189
	<u>14,312,278</u>	<u>1,802,397</u>	<u>1,643,410</u>	<u>17,758,085</u>
Total fund balances	14,312,278	1,802,397	1,643,410	17,758,085
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,042,630</u>	<u>\$ 2,060,784</u>	<u>\$ 3,044,795</u>	<u>\$ 21,148,209</u>

City of Birmingham, Michigan

Other Supplemental Information Schedule of Revenue, Expenditures, and Changes in Fund Balance GAAP Based General Fund Year Ended June 30, 2016

	General Fund	Major Streets Fund	Local Streets Fund	Total GAAP Based General Fund
Revenue				
Property taxes	\$ 20,353,128	\$ -	\$ -	\$ 20,353,128
Licenses and permits	3,459,940	-	-	3,459,940
Federal grants	13,180	-	-	13,180
State sources	2,042,422	947,165	583,936	3,573,523
Local sources		124,794	-	124,794
Charges for services	2,790,041	-	-	2,790,041
Fines and forfeitures	1,475,443	-	-	1,475,443
Use of money and property	219,225	12,242	19,618	251,085
Other	235,341	7,617	65,772	308,730
Total revenue	30,588,720	1,091,818	669,326	32,349,864
Expenditures				
Current:				
General government	4,917,650	-	-	4,917,650
Public safety	11,977,211	-	-	11,977,211
Public works	4,096,617	-	-	4,096,617
Highway and streets	-	1,266,887	1,313,869	2,580,756
Community and economic development	2,221,272	-	-	2,221,272
48th District Court	1,019,722	-	-	1,019,722
Capital outlay	-	1,771,766	2,050,830	3,822,596
Total expenditures	24,232,472	3,038,653	3,364,699	30,635,824
Excess of Revenue Over (Under) Expenditures	6,356,248	(1,946,835)	(2,695,373)	1,714,040
Other Financing Sources (Uses)				
Transfers in	-	1,580,000	2,250,000	3,830,000
Transfers out	(5,201,900)	-	-	(5,201,900)
Total other financing (uses) sources	(5,201,900)	1,580,000	2,250,000	(1,371,900)
Net Changes in Fund Balance	1,154,348	(366,835)	(445,373)	342,140
Fund Balances - Beginning of year	13,157,930	2,169,232	2,088,783	17,415,945
Fund Balances - End of year	<u>\$ 14,312,278</u>	<u>\$ 1,802,397</u>	<u>\$ 1,643,410</u>	<u>\$ 17,758,085</u>

City of Birmingham, Michigan

Other Supplemental Information Budgetary Comparison Major Street Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget (Unfavorable) Favorable
Revenue				
Intergovernmental revenue	\$ 1,978,610	\$ 1,978,610	\$ 1,071,959	\$ (906,651)
Other revenue	2,940	2,940	7,617	4,677
Interest and rent	25,500	25,500	12,242	(13,258)
Transfers from other funds	<u>1,580,000</u>	<u>1,580,000</u>	<u>1,580,000</u>	<u>-</u>
Total revenue	3,587,050	3,587,050	2,671,818	(915,232)
Expenditures				
Maintenance of streets and bridges	353,030	356,708	302,765	53,943
Street cleaning	184,920	184,920	162,528	22,392
Street trees	227,710	257,710	251,257	6,453
Traffic controls and engineering	222,490	323,577	323,555	22
Snow and ice removal	365,320	275,320	208,915	66,405
Administrative	17,920	17,920	17,867	53
Capital outlay - Engineering and construction of roads and bridges	<u>2,281,220</u>	<u>3,781,715</u>	<u>1,771,766</u>	<u>2,009,949</u>
Total expenditures	<u>3,652,610</u>	<u>5,197,870</u>	<u>3,038,653</u>	<u>2,159,217</u>
Excess of Expenditures Over Revenue	(65,560)	(1,610,820)	(366,835)	1,243,985
Fund Balances - Beginning of year	<u>2,169,232</u>	<u>2,169,232</u>	<u>2,169,232</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 2,103,672</u>	<u>\$ 558,412</u>	<u>\$ 1,802,397</u>	<u>\$ 1,243,985</u>

City of Birmingham, Michigan

Other Supplemental Information Budgetary Comparison Local Street Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Intergovernmental revenue	\$ 376,480	\$ 456,480	\$ 583,936	\$ 127,456
Other revenue	113,770	113,770	65,772	(47,998)
Interest and rent	35,500	35,500	19,618	(15,882)
Transfers from other funds	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>-</u>
Total revenue	2,775,750	2,855,750	2,919,326	63,576
Expenditures				
Maintenance of streets and bridges	373,040	408,957	389,740	19,217
Street cleaning	206,740	216,740	207,995	8,745
Street trees	523,980	523,980	503,186	20,794
Traffic controls and engineering	59,990	61,990	62,987	(997)
Snow and ice removal	224,020	167,020	124,784	42,236
Administrative	25,230	25,230	25,177	53
Capital outlay - Engineering and construction of roads and bridges	<u>1,643,790</u>	<u>2,986,317</u>	<u>2,050,830</u>	<u>935,487</u>
Total expenditures	<u>3,056,790</u>	<u>4,390,234</u>	<u>3,364,699</u>	<u>1,025,535</u>
Excess of Expenditures Over Revenue	(281,040)	(1,534,484)	(445,373)	1,089,111
Fund Balances - Beginning of year	<u>2,088,783</u>	<u>2,088,783</u>	<u>2,088,783</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 1,807,743</u>	<u>\$ 554,299</u>	<u>\$ 1,643,410</u>	<u>\$ 1,089,111</u>

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Statistical Section

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City of Birmingham, Michigan

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	100-109
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	110-117
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	118-124
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	125-129
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	130-135

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

City of Birmingham, Michigan

Schedule 1

	Fiscal Year Ended June 30			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:				
Net investment in capital assets	\$ 49,133,247	\$ 49,057,876	\$ 52,819,897	\$ 54,202,554
Restricted	10,007,279	9,778,799	10,127,990	9,419,471
Unrestricted	20,730,443	29,124,563	26,672,106	28,448,687
Total governmental activities net assets	\$ 79,870,969	\$ 87,961,238	\$ 89,619,993	\$ 92,070,712
Business-type activities:				
Net investment in capital assets	\$ 46,265,092	\$ 50,434,743	\$ 52,448,072	\$ 54,079,062
Restricted	-	-	-	-
Unrestricted	14,518,588	14,599,530	15,113,010	16,202,069
Total business-type activities net assets	\$ 60,783,680	\$ 65,034,273	\$ 67,561,082	\$ 70,281,131
Primary government:				
Net investment in capital assets	\$ 95,398,339	\$ 99,492,619	\$ 105,267,969	\$ 108,281,616
Restricted	10,007,279	9,778,799	10,127,990	9,419,471
Unrestricted	35,249,031	43,724,093	41,785,116	44,650,756
Total primary government net assets	\$ 140,654,649	\$ 152,995,511	\$ 157,181,075	\$ 162,351,843

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

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

Fiscal Year Ended June 30					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 54,349,065	\$ 58,469,335	\$ 61,172,079	\$ 60,326,290	\$ 64,121,601	\$ 65,602,779
1,679,316	1,511,696	1,202,425	1,544,085	2,073,884	3,220,943
38,398,279	35,739,505	34,441,332	36,452,264	28,673,965	26,960,810
\$ 94,426,660	\$ 95,720,536	\$ 96,815,836	\$ 98,322,639	\$ 94,869,450	\$ 95,784,532
\$ 57,120,041	\$ 61,916,894	\$ 64,889,098	\$ 69,787,491	\$ 75,165,784	\$ 78,240,354
-	-	-	-	-	-
16,489,930	16,494,696	17,313,733	16,324,595	14,243,461	15,231,635
\$ 73,609,971	\$ 78,411,590	\$ 82,202,831	\$ 86,112,086	\$ 89,409,245	\$ 93,471,989
\$ 111,469,106	\$ 120,386,229	\$ 126,061,177	\$ 130,113,781	\$ 139,287,385	\$ 143,843,133
1,679,316	1,511,696	1,202,425	1,544,085	2,073,884	3,220,943
54,888,209	52,234,201	51,755,065	52,776,859	42,917,426	42,192,445
\$ 168,036,631	\$ 174,132,126	\$ 179,018,667	\$ 184,434,725	\$ 184,278,695	\$ 189,256,521

City of Birmingham, Michigan

Schedule 2

	Fiscal Year Ended June 30			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:				
Expenses				
General government	\$ 4,615,465	\$ 4,685,092	\$ 4,650,046	\$ 4,409,008
Public safety	10,866,289	11,273,754	11,197,054	11,389,356
Public works	7,091,099	7,693,016	8,431,979	8,165,768
Community and economic development	1,875,319	1,796,065	1,635,989	1,570,274
Recreation and culture	1,968,067	2,140,253	2,139,133	1,941,500
Interest on long-term debt	<u>691,966</u>	<u>734,287</u>	<u>818,203</u>	<u>806,707</u>
Total expenses	27,108,205	28,322,467	28,872,404	28,282,613
Program Revenues				
Charges for services:				
General government	380,921	367,640	386,899	528,799
Public safety	1,453,059	1,373,662	1,214,959	1,369,818
Public works	220,857	399,405	343,905	321,013
Community and economic development	1,223,222	1,028,760	1,158,839	1,117,689
Recreation and culture	828,184	848,171	796,608	817,442
Operating grants and contributions	1,529,347	1,391,199	1,741,339	1,252,029
Capital grants and contributions ^a	<u>5,157,018</u>	<u>3,910,855</u>	<u>1,049,066</u>	<u>363,579</u>
Total program revenues	<u>10,792,608</u>	<u>9,319,692</u>	<u>6,691,615</u>	<u>5,770,369</u>
Total Governmental Activities Net Program Expense	16,315,597	19,002,775	22,180,789	22,512,244
General Revenues and Other Changes in Net Position				
Property taxes	22,152,298	23,279,582	22,901,101	22,677,733
State-shared revenues	1,732,302	1,747,291	1,675,281	1,496,216
Investment earnings	1,566,735	2,020,505	1,338,730	707,362
Miscellaneous	48,407	25,666	6,894	61,652
Special item - demolition of building	-	-	(2,102,460)	-
Transfers	<u>(27,470)</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total general revenues and other changes in net position	<u>25,472,272</u>	<u>27,093,044</u>	<u>23,839,546</u>	<u>24,962,963</u>
Total Governmental Activities Change in Net Position	<u>\$ 9,156,675</u>	<u>\$ 8,090,269</u>	<u>\$ 1,658,757</u>	<u>\$ 2,450,719</u>

^a2007 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	4,365,192	\$ 4,585,252	\$ 4,362,683	\$ 4,591,157	\$ 4,619,740	\$ 6,264,622
	11,214,160	11,125,068	12,352,387	13,331,879	13,947,661	14,637,734
	8,182,861	7,646,906	7,907,576	8,343,679	8,672,353	9,016,674
	1,391,438	1,540,647	1,869,942	1,865,348	2,119,998	2,366,340
	1,995,905	2,158,428	2,228,181	2,237,603	2,316,487	2,338,521
	<u>742,076</u>	<u>723,494</u>	<u>652,613</u>	<u>768,992</u>	<u>576,404</u>	<u>536,604</u>
	27,891,632	27,779,795	29,373,382	31,138,658	32,252,643	35,160,495
	415,289	422,454	346,917	350,647	368,499	375,217
	1,258,651	1,405,229	1,649,780	2,313,167	2,177,838	1,994,957
	262,024	279,041	480,797	512,638	626,002	852,470
	1,357,113	1,674,422	1,788,165	2,520,303	2,498,721	3,039,334
	805,793	801,556	740,867	761,138	739,723	748,931
	1,313,530	1,486,253	1,488,250	1,773,788	1,815,104	1,753,564
	<u>426,356</u>	<u>126,507</u>	<u>149,532</u>	<u>114,422</u>	<u>788,601</u>	<u>1,361,243</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>10,125,716</u>
	22,052,876	21,584,333	22,729,074	22,792,555	23,238,155	25,034,779
	22,534,629	21,784,190	22,069,399	22,050,256	22,997,639	23,643,093
	1,518,034	1,649,070	1,692,523	1,737,507	1,755,780	1,890,617
	450,037	490,319	140,479	496,571	402,382	393,742
	52,124	(6,924)	13,573	15,024	23,992	22,409
	-	-	-	-	-	-
	<u>(146,000)</u>	<u>(1,038,446)</u>	<u>(91,600)</u>	<u>-</u>	<u>(400,000)</u>	<u>-</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>25,949,861</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>	<u>\$ 915,082</u>

City of Birmingham, Michigan

Schedule 2

	Fiscal Year Ended June 30			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business-type Activities:				
Expenses				
Water and sewer	\$ 9,394,229	\$ 9,547,433	\$ 9,602,230	\$ 10,101,858
Automobile parking	3,330,406	3,285,579	3,923,862	3,217,660
Golf courses	<u>1,099,025</u>	<u>1,078,213</u>	<u>1,104,153</u>	<u>1,070,307</u>
Total expenses	13,823,660	13,911,225	14,630,245	14,389,825
Revenues				
Charges for services:				
Water and sewer	7,484,810	8,284,887	7,775,992	8,597,161
Automobile parking	3,713,506	3,754,252	3,664,014	3,570,668
Golf courses	974,386	985,469	1,021,878	946,467
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>12,172,702</u>	<u>13,024,608</u>	<u>12,461,884</u>	<u>13,114,296</u>
Total Business-type Activities Net Program Expense	1,650,958	886,617	2,168,361	1,275,529
General Revenues and Other Changes in Net Position				
Property taxes	4,253,485	4,256,794	4,203,739	3,785,008
State-shared revenues	-	-	-	-
Investment earnings	834,347	900,415	511,432	230,570
Transfers	<u>27,470</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total general revenues and other changes in net position	<u>5,115,302</u>	<u>5,137,209</u>	<u>4,695,171</u>	<u>3,995,578</u>
Total Business-type Activities Change in Net Position	<u>\$ 3,464,344</u>	<u>\$ 4,250,592</u>	<u>\$ 2,526,810</u>	<u>\$ 2,720,049</u>
Total Primary Government Change in Net Position	<u>\$ 3,512,751</u>	<u>\$ 4,276,258</u>	<u>\$ 2,533,704</u>	<u>\$ 2,781,701</u>

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

Fiscal Year Ended June 30					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 10,667,174	\$ 11,778,806	\$ 11,759,723	\$ 11,972,959	\$ 12,252,253	\$ 13,590,169
3,255,726	3,207,699	3,450,244	2,884,360	3,252,464	3,322,942
<u>1,150,525</u>	<u>1,119,386</u>	<u>1,043,575</u>	<u>976,578</u>	<u>888,033</u>	<u>959,774</u>
15,073,425	16,105,891	16,253,542	15,833,897	16,392,750	17,872,885
10,031,937	11,292,145	11,123,065	10,824,681	10,261,009	11,581,428
3,837,198	4,099,706	4,257,830	4,323,808	4,738,537	5,362,752
881,120	1,003,354	1,267,239	1,076,745	1,099,894	1,169,544
<u>125,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>18,113,724</u>
198,050	(289,314)	(394,592)	(391,337)	293,310	(240,839)
3,251,700	3,332,265	3,330,208	3,353,599	3,356,360	3,701,766
-	-	-	-	-	7,818
129,190	141,594	(25,159)	164,319	112,065	112,321
<u>146,000</u>	<u>1,038,446</u>	<u>91,600</u>	<u>-</u>	<u>400,000</u>	<u>-</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>3,821,905</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>\$ 4,062,744</u>
<u>\$ 3,380,964</u>	<u>\$ 4,794,695</u>	<u>\$ 3,804,814</u>	<u>\$ 3,924,279</u>	<u>\$ 3,599,107</u>	<u>\$ 4,977,826</u>

City of Birmingham, Michigan

Schedule 3

	Fiscal Year Ended June 30			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved	\$ 1,986,891	\$ 313,408	\$ 218,413	\$ 886,030
Designated	500,000	735,025	-	251,880
Unreserved	8,176,854	10,430,754	11,352,459	10,363,888
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 10,663,745	\$ 11,479,187	\$ 11,570,872	\$ 11,501,798
All Other Governmental Funds				
Reserved	\$ 7,899,224	\$ 13,134,471	\$ 12,202,989	\$ 9,347,952
Designated, reported in:				
Capital Projects Fund	1,477,453	2,057,504	3,405,744	4,395,691
Unreserved, reported in:				
Capital Projects Fund	933,555	1,058,483	889,012	917,256
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 10,310,232	\$ 16,250,458	\$ 16,497,745	\$ 14,660,899

Source: Governmental funds balance sheet.

^a Fund balance classifications for fiscal years 2011 thru 2016 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.

^b Starting fiscal year 2014, Major Streets Fund and Local Streets Fund are combined with General Fund.

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

Fiscal Year Ended June 30					
<u>2011^a</u>	<u>2012^a</u>	<u>2013^a</u>	<u>2014^{a b}</u>	<u>2015^{a b}</u>	<u>2016^{a b}</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
799,384	14,038	18,099	123,410	197,610	178,002
-	-	-	386,189	818,420	1,441,998
2,426	102,890	230,619	3,948,210	2,782,722	2,006,219
94,497	101,677	77,690	3,032,596	1,560,008	1,818,677
12,187,402	13,080,161	11,952,797	11,890,406	12,057,185	12,313,189
\$ 13,083,709	\$ 13,298,766	\$ 12,279,205	\$ 19,380,811	\$ 17,415,945	\$ 17,758,085
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
193,612	234,022	192,294	-	-	320,489
1,335,045	1,049,272	726,570	671,754	753,217	946,978
144,846	1,963,812	1,597,063	1,158,216	163,270	554,201
12,518,147	9,269,127	9,458,373	3,781,318	4,101,066	3,685,245
(1,330)	-	-	-	-	-
\$ 14,190,320	\$ 12,516,233	\$ 11,974,300	\$ 5,611,288	\$ 5,017,553	\$ 5,506,913

City of Birmingham, Michigan

Schedule 4

	Fiscal Year Ended June 30				
	2007	2008	2009	2010	2011
Revenues					
Property taxes	\$ 22,333,373	\$ 23,462,535	\$ 23,084,428	\$ 22,860,104	\$ 22,681,289
Licenses and permits	1,471,868	1,306,345	1,452,722	1,515,554	1,683,426
Federal grants	273,887	468,915	714,029	236,478	186,528
State sources	2,987,264	3,021,448	2,902,148	2,718,412	2,676,147
Charges for services	2,762,206	2,288,815	2,244,186	2,250,830	2,108,899
Fines and forfeitures	1,422,209	1,188,631	1,060,422	1,214,127	1,036,303
Use of money and property	1,517,744	1,910,769	1,270,423	595,958	353,133
Other revenues ^a	470,524	1,206,956	871,546	710,693	577,295
Total revenues	33,239,075	34,854,414	33,599,904	32,102,156	31,303,020
Expenditures					
General government	5,367,207	5,429,209	5,318,511	4,942,453	4,772,333
Public safety	10,602,175	11,155,388	10,833,054	10,731,549	10,699,725
Public works	3,290,440	3,514,572	3,594,641	3,644,733	3,229,878
Highway and streets	2,562,731	3,083,656	3,073,325	3,269,797	2,906,394
Community and economic development	1,908,941	1,821,498	1,683,326	1,586,976	1,427,516
Solid waste disposal	1,588,623	1,561,829	1,601,925	1,637,880	1,643,041
Contributions	768,622	694,993	617,413	836,635	655,417
Capital outlay	4,725,070	3,164,577	4,820,022	5,504,239	2,637,088
Debt service					
Interest	684,365	701,236	787,675	773,084	729,296
Principal	900,000	965,000	1,025,000	1,245,000	1,345,000
Total Expenditures	32,398,174	32,091,958	33,354,892	34,172,346	30,045,688
Excess of revenues over (under) expenditures	840,901	2,762,456	245,012	(2,070,190)	1,257,332
Other Financing Sources (Uses)					
Transfer from component units to primary government	-	-	-	-	-
Transfers in	6,089,460	5,191,880	5,380,640	5,231,430	3,720,000
Transfers out	(6,116,930)	(5,171,880)	(5,286,680)	(5,067,160)	(3,866,000)
Residual equity transfer	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Bond issuance	8,881,348	3,973,212	-	-	-
Payments to bond escrow agent	(8,842,409)	-	-	-	-
Total other financing sources (uses)	11,469	3,993,212	93,960	164,270	(146,000)
Net change in fund balances	\$ 852,370	\$ 6,755,668	\$ 338,972	\$ (1,905,920)	\$ 1,111,332
Debt service as a percentage of noncapital expenditures ^b	5.7%	5.8%	6.4%	7.2%	7.5%

^aBeginning 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 2007-2011 have been restated to reflect this change.

^bNoncapital 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 2008-2016, 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				
2012	2013	2014	2015	2016
\$ 21,915,493	\$ 22,208,626	\$ 22,180,652	\$ 23,128,051	\$ 23,743,932
1,997,651	2,134,522	2,886,950	2,888,640	3,459,940
141,052	68,628	121,101	99,510	96,297
2,914,805	3,047,133	3,215,410	3,707,425	3,712,840
2,054,713	2,461,171	2,690,234	2,945,360	3,098,821
1,202,215	1,369,078	1,784,432	1,703,518	1,475,443
398,452	52,597	402,398	294,443	300,980
635,681	491,043	570,898	750,540	336,661
31,260,062	31,832,798	33,852,075	35,517,487	36,224,914
4,775,432	4,934,254	5,126,508	5,160,703	4,917,650
10,432,022	11,851,735	12,978,613	12,821,342	11,985,817
3,645,813	4,042,009	3,780,627	3,860,925	4,096,617
2,287,052	2,298,758	2,695,251	2,688,769	2,580,756
1,501,419	1,913,016	1,952,815	2,127,032	2,264,518
1,680,741	1,724,849	1,679,168	1,681,330	1,678,769
647,089	993,219	1,239,132	1,228,831	1,019,722
4,608,750	3,312,249	2,377,087	6,596,735	4,278,081
684,328	632,603	589,278	555,421	516,484
1,475,000	1,600,000	850,000	955,000	1,055,000
31,737,646	33,302,692	33,268,479	37,676,088	34,393,414
(477,584)	(1,469,894)	583,596	(2,158,601)	1,831,500
-	-	-	-	-
3,885,040	3,885,044	435,000	643,920	371,900
(4,866,486)	(3,976,644)	(280,000)	(1,043,920)	(1,371,900)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(981,446)	(91,600)	155,000	(400,000)	(1,000,000)
\$ (1,459,030)	\$ (1,561,494)	\$ 738,596	\$ (2,558,601)	\$ 831,500
8.1%	7.6%	4.7%	4.9%	5.3%

City of Birmingham, Michigan

Schedule 5

Fiscal Year Ended June 30	Taxable Value				
	Residential	Commercial	Industrial	Personal	Total
	Property	Property	Property	Property	
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
2016	1,637,922,800	301,626,590	1,178,200	60,309,460	2,001,037,050

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.

Assessed Value and Taxable
Value of Property
Last Ten Fiscal Years

Total Direct Tax Rate^a	Estimated Actual Value	Taxable Value as a Percentage of Actual Value	Total Assessed Value	Assessed Value as a Percentage of True Value
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%
14.83	4,992,316,400	40.1%	2,496,158,200	50%

City of Birmingham, Michigan

Schedule 6

Fiscal Year Ended <u>June 30</u>	City Direct Rates					Overlapping Rates			
	Basic Charter Operating Rate ^a	Refuse ^b	Baldwin Public Library ^c	Debt Service ^d	Total Direct	Oakland County			
						County	Community College	Intermediate School District	Total County Rate
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	15.08	4.65	1.58	3.37	9.60
2015	11.69	0.96	1.10	1.34	15.09	4.65	1.58	3.37	9.60
2016	11.49	0.92	1.10	1.32	14.83	4.54	1.58	3.36	9.48

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 2015-2016 are as follows: general operating 12.35, refuse 1.85, library 1.46. There is no Headlee limitation on debt service. The Headlee limitation may be waived only by a vote of the electorate.

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

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

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

^cThe City charter provides for a tax levy in support of the library (a discretely presented component unit).

The levy must be no less than 0.50 mills and no more than 1.75 mills per \$1,000 of taxable valuation.

^dCity debt, unless otherwise provided by state law, must be approved by the electorate. The City Commission shall levy taxes sufficient to pay the annual debt service.

^eSuburban Mobility Authority for Regional Transportation.

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

<u>Overlapping Rates</u>					<u>Total Rates</u>	
<u>Birmingham Public Schools</u>						
<u>SMART^e</u>	<u>Zoo Authority</u>	<u>Art</u>	<u>Homestead</u>	<u>Non-Homestead</u>	<u>Homestead</u>	<u>Non-Homestead</u>
0.59	0.00	0.00	17.82	27.24	42.97	52.39
0.59	0.00	0.00	17.16	27.00	41.97	51.81
0.59	0.10	0.00	16.74	26.90	41.13	51.28
0.59	0.10	0.00	17.38	26.90	41.89	51.41
0.59	0.10	0.00	18.08	26.90	43.37	52.19
0.59	0.10	0.00	19.02	27.00	44.91	52.89
0.59	0.10	0.20	19.46	27.42	45.42	53.38
0.59	0.10	0.20	19.92	27.90	45.49	53.46
1.00	0.10	0.20	19.22	27.90	45.21	53.89
1.00	0.10	0.20	18.63	27.90	44.24	53.51

City of Birmingham, Michigan

Schedule 7

June 30, 2016				
<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	\$ 25,887,180	1	1.35%
DTE Energy	Utility	12,049,810	2	0.63%
US Reif 325 N Old Woodward MI LLC	Retail, Condominiums	10,285,060	3	0.54%
THC Investors	Hotel	8,930,500	4	0.47%
Consumers Energy Company	Utility	6,484,560	5	0.34%
VS Birmingham Holdings LLC	Office, Retail	5,699,230	6	0.30%
Merrillwood Building LLC	Office, Residential, Apts	4,995,220	7	0.26%
James Esshaki/ESSCO	Office, Retail	4,671,780	8	0.24%
Prudential Properties	Office, Retail	4,566,800	9	0.24%
JFK Investment LLC	Office, Retail	4,025,790	10	0.21%
Crowley-Willits Retail	Retail, Theatre			
Geoff Hockman & Associates	Hotel, Office, Residential			
James Esshaki/J.P. Equities LLC	Office, Retail			
Associates of 555	Office, Retail, Apts			
Rosso Development	Residential, Apts, Office			
BP Commercial	Office, Hotels			
260 Brown Street	Office			
Topvalco	Retail			
Total taxable value of 10 largest taxpayers		87,595,930		4.58%
Total taxable value of all other taxpayers		1,913,441,120		100.00%
Total taxable value of all taxpayers		\$2,001,037,050		104.58%

Source: City of Birmingham

Principal Property Tax Payers
Current Year and Nine Years Ago

June 30, 2007

<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
\$ 25,762,070	1	1.38%
7,524,590	5	0.40%
16,769,710	2	0.90%
15,975,450	3	0.86%
14,279,660	4	0.77%
6,820,190	6	0.37%
5,571,830	7	0.30%
5,160,460	8	0.28%
5,074,450	9	0.27%
5,040,900	10	0.27%
107,979,310		5.79%
1,863,769,360		100.00%
<u>\$ 1,971,748,670</u>		<u>105.79%</u>

City of Birmingham, Michigan

Schedule 8

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year-		Adjusted Levy at Settlement ^f	Collected within the Fiscal Year of the Levy ^{b,d}	
	Original Levy ^{a,c,g}	Adjustments		Amount	Percentage of Original Levy
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%
2016	29,841,573	(108,231)	29,733,343	29,608,260	99.22%

Source: City of Birmingham Finance Department

NA=Not available

^aIncludes tax levy for the Baldwin Public Library which is a discretely presented component unit. While legally separate, the library is fiscally dependent on the City.

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

^cFrom fiscal year 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.

^d *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.

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

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

^gBeginning in 2007, *Taxes Levied* includes the Brownfield Authority, a component unit which is fiscally dependent on the City. Taxes levied are insignificant.

Property Tax Levies and Collections
Last Ten Fiscal Years

		<u>Total Collections to Date</u>	
Collections in Subsequent Years^e		Amount	Percentage of Adjusted Levy
\$	15,511	\$ 29,464,637	99.98%
	30,382	30,726,668	99.95%
	21,134	29,490,647	99.94%
	29,525	28,750,042	99.96%
	27,903	28,105,626	99.98%
	29,316	27,840,057	100.00%
	18,271	27,684,687	99.99%
	13,892	27,714,096	99.98%
	18,833	28,664,469	100.00%
	NA	NA	NA

City of Birmingham, Michigan

Schedule 9

Fiscal Year Ended June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>
	<u>General Obligation Bonds</u>	<u>Brownfield Redevelopment Loans</u>	<u>General Obligation Bonds</u>	<u>Contractual Obligations^b</u>	
2007	\$ 18,587,725	\$ 300,000	\$ 11,655,000	\$ 21,821,028	\$ 52,363,753
2008	21,652,859	300,000	10,440,000	20,176,711	52,569,570
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 ^e	14,564,329	154,333	6,747,745	8,984,327	30,450,734
2015	13,609,480	129,867	5,978,781	6,838,550	26,556,678
2016	12,554,631	104,912	5,124,817	4,837,154	22,621,514

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

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

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

^dSee Schedule 14 for population data.

^e2014 numbers are restated to reflect bond premium and discount.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Percentage of Actual Taxable Value of Property^c	Per Capita^d
2.66%	\$ 2,687
2.49%	2,688
2.37%	2,580
2.28%	2,254
2.25%	2,102
2.13%	1,879
1.89%	1,633
1.65%	1,456
1.40%	1,218
1.13%	1,018

City of Birmingham, Michigan

Schedule 10

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	<u>Net General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value of <u>Property^b</u>	Per <u>Capita^c</u>
	<u>General Obligation Bonds</u>	<u>Less: Funds Restricted to Repayment of Debt^a</u>	<u>Total</u>		
2007	\$ 30,242,725	\$ (107,427)	\$ 30,135,298	1.53%	\$ 1,546
2008	32,092,859	(103,268)	31,989,591	1.51%	1,636
2009	30,602,993	(116,047)	30,486,946	1.45%	1,581
2010	28,843,127	(92,639)	28,750,488	1.42%	1,405
2011	26,938,261	(59,120)	26,879,141	1.43%	1,337
2012	24,858,395	(27,942)	24,830,453	1.39%	1,224
2013	22,608,529	(16,734)	22,591,795	1.26%	1,092
2014	21,312,074	(17,962)	21,294,112	1.16%	1,018
2015	19,588,261	(36,930)	19,551,331	1.03%	897
2016	17,679,448	(35,716)	17,643,732	0.88%	794

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

^aYears 2009-2015 have been restated to reflect Restricted Funds per Statement of Net Position.

^bSee Schedule 5 for property value data.

^cSee Schedule 14 for population data.

City of Birmingham, Michigan

Schedule 11

Direct and Overlapping
Governmental Activities Debt
As of June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Birmingham School District	\$ 211,450,000	43.89%	\$ 92,805,405
Oakland County ^a	403,351,276	3.85%	15,529,024
Oakland Community College	46,680,000	3.87%	1,806,516
Oakland Intermediate School District	1,605,000	3.88%	62,274
Other Debt	-	N/A	-
Subtotal, overlapping debt			110,203,219
City Direct Debt (see Schedule 9 for governmental activities)			12,659,543
Total Direct and Overlapping Debt			\$ 122,862,762

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 2015 taxable value by the taxable value for each entity.

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

City of Birmingham, Michigan

Schedule 12

	Fiscal Year Ended June 30			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 282,017	\$ 292,576	\$ 270,785	\$ 237,018
Total net debt applicable to limit	<u>37,795</u>	<u>39,307</u>	<u>37,795</u>	<u>35,541</u>
Legal debt margin	<u><u>\$ 244,222</u></u>	<u><u>\$ 253,269</u></u>	<u><u>\$ 232,990</u></u>	<u><u>\$ 201,477</u></u>
Total net debt applicable to the limit as a percentage of debt limit	13.40%	13.43%	13.96%	15.00%

Source: City of Birmingham Finance Department

^aThe legal debt limit is set forth in Section 117.4a of Act 279 of 1909 (Home Rule City Act). This act also defines allowed deductions.

^b Act No. 202, P.A. 1943 as amended by Act. No. 42, P.A. 1960 defines assessed valuation.

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

Legal Debt Margin Calculation for Fiscal Year 2015-2016

2015 State Equalized Valuation		<u>\$ 2,496,158</u>
Debt limit ^a (10% of State Equalized Valuation ^b)		249,616
Debt applicable to limitation :		
Total bonded and contractual debt	\$ 22,622	
Less deductions allowed by law:		
Combined sewer overflow abatement project	<u>1,121</u>	
Total net debt applicable to limit		21,501
Legal debt margin		<u><u>\$ 228,115</u></u>

Fiscal Year Ended June 30					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 208,827	\$ 189,778	\$ 189,199	\$ 199,264	\$ 218,375	\$ 249,616
<u>33,183</u>	<u>30,639</u>	<u>27,913</u>	<u>26,146</u>	<u>23,924</u>	<u>21,501</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>	<u><u>\$ 228,115</u></u>
15.89%	16.14%	14.75%	13.12%	10.96%	8.61%

City of Birmingham, Michigan

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 ^a	Number of Households ^a	Median Household Income ^b	Per Capita Income ^c	Median Age ^d	Total School Enrollment K-12 ^e	Public School Enrollment K-12 ^f	Unemployment Rate ^g
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	107,161	69,172	40.5	3,749	2,765	4.4
2015	22,219	9,724					2,535	3.1

Sources:

^a2010 data is from U.S. Census Bureau for 2010.

Estimates for 2006-2009 and 2011-2015 are from SEMCOG, Southeast Michigan Council of Governments.

^b 2006-2009 Estimates are from Oakland County Planning & Economic Development. 2010-2014 estimates are from US Census Bureau 5-Yr American Community Survey.

^cEstimated per-capita income figures for noncensus years are not readily available below the county level.

The amount shown for 2008 is an estimate based on revised values for three surrounding communities within Oakland County with a population greater than 20,000. It is assumed that no significant changes occurred in the relative values between Birmingham and these larger surrounding communities between 2000 (the most recent U.S. Census year) and 2008. This estimate was prepared by the Birmingham Finance Department. 2009 - 2014 estimates are from the US Census Bureau 5-Yr American Community Survey.

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

2011- 2014 estimates are from US Census Bureau 5-Yr American Community Survey.

^eRepresents Birmingham residents enrolled in public and private schools, kindergarten through high school. 2010-2014 estimates are from U.S. Census Bureau 5-Yr American Community Survey.

^fPer Birmingham Public Schools. Data reflects enrollment of Birmingham residents.

^gData is from the Michigan Department of Technology, Management and Budget (DTMB) and reflects the annual average as of December 31.

City of Birmingham, Michigan

Schedule 15

Employer	Product or Service	2016^a		
		Employees	Rank	Percentage of Total City Employment^c
Birmingham Public Schools ^d	Primary education	1,100	1	6.32%
McCann Worldgroup	Advertising and marketing	700	2	4.02%
Townsend Hotel	Hotel/restaurant	210	3	1.21%
ShiftDigital	Digital marketing & technology	161	4	0.92%
City of Birmingham ^e	Government services	141	5	0.81%
Kroger Co. of Michigan	Supermarket chain	140	6	0.80%
Birmingham Family YMCA	Health & fitness	130	7	0.75%
Coldwell Banker Weir Manuel	Real estate sales	120	8	0.69%
UBS Financial Services	Wealth management	106	9	0.61%
Hall & Hunter Realtor	Real estate sales	104	10	0.60%
Munder Capital Management	Investment counselors			
Uptown Entertainment	Theater operator			
Morgan Stanley	Securities broker			
Peabody's of Birmingham	Restaurant			
Cameron Mitchell Restaurants	Restaurant			
Total		2,912		16.73%

^aSources include Reference USA, an online database (<http://www.referenceusa.com>) and previous Top Employer lists used by the Birmingham Finance Dept.

All companies in the top 10 for 2016 were contacted directly to obtain or confirm 2016 employment data. Those that did not respond have not been included.

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

^bThe primary source is the 2007 Community Profile prepared by Oakland County Planning & Economic Development as modified by the City Finance Department.

^cThe source for total employment data is SEMCOG (Southeast Michigan Council of Governments). The number used for 2007 is 22,802 based on an estimate for 2000. The number used for 2016 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.

^dThe 2016 number represents all school district employees, not just employees working within Birmingham city limits.

^eReflects budgeted full-time positions excluding component units.

Principal Employers
Current Year and Nine Years Ago

2007 ^b		
Employees	Rank	Percentage of Total City Employment ^c
867	1	3.80%
275	2	1.21%
175	6	0.77%
180	4	0.79%
189	3	0.83%
177	5	0.78%
150	7	0.66%
120	8	0.53%
115	9	0.50%
110	10	0.48%
2,358		10.35%

City of Birmingham, Michigan

Schedule 16

Average FTE for the Fiscal Year Ended June 30					
<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government					
Finance	7.49	7.12	7.65	7.43	7.15
Treasury	6.12	5.92	6.47	6.36	6.38
City Manager/Human Resources	5.01	4.90	4.88	4.74	4.64
Assessor	4.69	2.39	0.12	-	-
Other ^a	10.53	10.50	10.58	9.85	6.72
Public Safety					
Firefighters and officers	36.48	33.99	30.86	27.65	26.04
Police officers and command	35.35	34.07	32.88	32.06	29.77
Police civilians	19.60	18.15	17.69	14.84	13.83
Fire civilians	0.40	0.40	0.43	0.40	-
Public Works					
Engineering	5.87	5.04	6.35	5.57	5.07
Public service operations ^b	21.36	23.83	22.49	20.19	19.75
Community and Economic Development					
Building department	11.00	9.57	10.18	9.34	8.44
Planning department	6.85	7.24	4.06	4.08	2.81
Recreation and Culture ^c	15.27	15.96	14.24	14.12	12.27
Water and Sewer					
Water- and sewer-main maintenance	7.91	7.03	6.96	7.08	5.94
Water meter shop	3.29	3.11	2.67	2.79	2.84
Automobile Parking ^d	3.09	3.51	3.49	3.48	3.78
Golf Courses	13.30	13.05	13.37	12.88	12.32
Total Primary Government	213.59	205.78	195.37	182.86	167.75
Component Units					
Library	38.16	39.77	39.99	39.54	34.42
Principal Shopping District	3.41	3.67	3.66	3.65	3.87
Total City	255.15	249.22	239.01	226.05	206.04

Source: Finance Department payroll records.

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

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

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

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

^dCity employees collect money from parking meters, repair/replace meters, and maintain the grounds adjacent to the parking structures.

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

Average FTE for the Fiscal Year Ended June 30

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
7.18	6.51	6.57	5.85	6.22
6.41	6.37	6.32	6.29	6.45
4.18	3.42	3.31	3.59	4.26
-	-	-	-	-
7.18	7.37	7.50	8.02	7.96
25.75	26.46	28.15	27.79	27.94
28.31	26.66	28.06	30.30	32.29
15.99	18.27	19.46	18.41	16.97
-	-	-	-	-
4.76	4.27	5.29	5.30	5.68
19.41	19.56	19.26	19.70	23.67
9.00	10.05	10.18	10.55	11.42
3.10	2.93	3.33	3.69	3.59
12.59	12.19	13.17	12.52	8.53
6.76	5.88	5.01	6.50	6.82
2.67	2.96	2.62	2.01	2.53
3.28	2.63	2.92	2.93	3.24
<u>12.26</u>	<u>10.41</u>	<u>11.56</u>	<u>10.90</u>	<u>8.00</u>
168.83	165.94	172.71	174.35	175.57
30.23	30.29	29.86	30.41	32.15
<u>4.05</u>	<u>3.77</u>	<u>4.24</u>	<u>5.06</u>	<u>3.41</u>
<u>203.11</u>	<u>200.00</u>	<u>206.81</u>	<u>209.82</u>	<u>211.13</u>

City of Birmingham, Michigan

Schedule 17

<u>Function/Program</u>	<u>Fiscal Year Ended June 30</u>						
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government							
Registered voters ^a	14,863	15,127	15,300	15,763	15,996	16,557	16,623
Ballots cast in November election	10,164	3,911	12,595	2,841	9,483	4,285	13,106
Taxpayers	11,179	11,133	10,925	11,597	11,578	11,488	11,451
Average rate of return on city investments	4.17%	4.28%	3.48%	2.15%	1.31%	0.81%	0.65%
Vendor checks issued	8,014	7,603	6,788	6,657	6,536	6,829	7,078
Public Safety							
Fire Department ^b							
Total alarms	1,696	1,855	1,854	1,634	1,896	1,761	1,799
Fires	36	43	75	40	41	26	42
Rescues/extrications (medical runs)	980	974	994	926	1074	1,058	1,064
Other runs	680	838	785	668	781	677	693
Fire inspections ^c	1,674	929	858	610	673	492	544
Police Department ^b							
Responses to calls for service	19,977	18,749	20,104	16,031	17,713	16,983	16,571
Adult arrests	630	510	419	328	257	235	351
Parking violations	45,214	40,615	34,592	33,827	27,695	31,844	30,182
Moving violations	7,129	6,439	5,478	6,980	5,329	5,122	6,610
Public Works							
Tons of municipal solid waste collected	10,282	9,500	8,951	8,942	9,255	9,511	9,202
City vehicles/equipment serviced per month ^d	100	90	95	45	63	62	92
Street trees planted	407	293	226	315	212	266	199
Street trees removed	453	230	252	232	187	217	195
Community & Economic Development							
Building & demolition permits issued	766	650	610	611	710	770	749
Total construction value (in thousands)	\$49,353	\$40,282	\$46,001	\$53,457	\$40,010	\$44,790	\$57,311
Recreation & Culture							
Skaters in ice arena basic skills program	1,000	1,200	1,200	1,100	1,100	1,100	1,100
Mens softball teams	6	6	6	5	5	6	5
Water & Sewer							
Water customers	8594	8,617	8,617	8,634	8,598	8,575	8,578
Water meters in service	8,646	8,672	8,688	8,693	8,702	8,714	8,711
Automobile Parking							
Five parking structures							
Active parking permits at June 30	3,296	3,165	2,690	2,975	3,063	3,311	3,472
Transient parkers (includes free parkers)	1,366,749	1,298,284	1,188,367	1,166,818	1,194,026	1,276,274	1,215,272
Free parkers	881,005	827,127	730,220	750,919	777,870	831,730	786,390
Golf Courses (calendar year)							
Rounds played - Lincoln Hills ^e	21,839	27,898	25,950	21,335	21,925	25,240	28,397
Rounds played - Springdale ^e	17,986	26,674	27,716	25,782	19,668	28,996	24,669
Business memberships	116	127	116	105	84	101	99
Nonresident memberships							
Individual	258	421	359	365	343	398	402
Family	70	42	27	25	29	60	65
Dual (new in 2008)	-	143	125	121	111	186	184
Junior golf registrations	396	378	420	341	457	462	442

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>		
<u>2014</u>	<u>2015</u>	<u>2016</u>
16,578	16,506	17,056
2,134	9,046	3,853
11,035	11,464	11,451
0.56%	0.58%	0.58%
6,965	7,466	7,638
2,023	2,078	2,032
24	37	30
1,131	1,092	1,106
868	949	896
961	525	596
18,372	17,678	16,771
483	470	337
31,535	34,127	25,010
4,039	3,707	3,355
9,435	9,847	10,042
92	88	48
231	270	275
243	303	197
894	990	1,015
\$94,526	\$94,517	\$123,240
1,300	1,300	1,300
5	5	4
8,514	8,545	8,604
8,662	8,663	8,666
3,691	3,705	3,803
985,842	890,547	1,063,778
591,569	510,828	615,992
22,005	26,975	23,613
17,075	22,014	18,378
102	109	109
406	474	465
77	78	85
174	194	209
430	467	493

City of Birmingham, Michigan

Schedule 17

	Fiscal Year Ended June 30						
	2007	2008	2009	2010	2011	2012	2013
Function/Program (Continued)							
Component Units							
Library							
Registered patrons ^f	48,113	22,245	27,104	30,904	33,989	33,257	40,219
Book collections	135,192	135,420	137,798	140,330	143,427	139,836	141,028
Audiovisual collections	23,357	25,208	28,156	28,764	29,675	30,730	30,932
Items circulated	662,035	698,444	736,074	752,351	721,380	666,701	642,989
Patron visits	370,097	362,699	373,022	357,374	325,976	322,042	326,943
Circulation per capita ^g	21.5	22.7	23.9	24.5	22.9	18.9	18.2
Program attendance	27,633	27,595	26,925	25,677	25,881	24,329	25,213
Public computer log-ins	60,862	62,640	64,506	66,425	57,194	54,526	54,621
Data base usage or "number of sessions" ^h	84,544	72,345	64,383	61,421	63,122	74,679	97,710
Principal Shopping District							
Retail occupancy rate as of June 30 ⁱ	94.3%	95.7%	94.9%	92.6%	94.7%	96.5%	97.0%
Total events	NRA	NRA	NRA	NRA	NRA	NRA	NRA
Hosted events	11	11	11	12	12	11	12
Sponsored events	NRA	NRA	NRA	NRA	NRA	NRA	NRA
PR media impressions (in millions) ^j	46.6	48.7	49.2	50.0	50.2	50.5	50.0
Website "hits" or "unique view ers" per month ^k	348,000	345,000	157,000	264,000	270,000	270,000	6,200
Flow er planters/baskets maintained	144	144	165	165	205	225	250

Source: City Department records

Notes:

N/A=Not available

NRA = Not readily available

^aDate of count varies.

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

^cNumbers reflect annual inspection in all buildings except single and duplex residential.

^dYears 2003 - 2009 are estimates.

^eNumber for 2013 is through August only.

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

^gBased on the service area of the library which includes Birmingham, Beverly Hills, 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 less Bloomfield Hills. Years 2012 to 2016 are based on the 2010 census population of 35,350.

^hFor years 2007 to 2013, the measurement of data base usage varied from vendor to vendor.

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

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

ⁱRetail 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.

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

^kFor years 2007 to 2012, the numbers represent the approximate number of times an individual or search engine scans the PSD web site. Starting in year 2013, the numbers represent average "monthly unique view ers" captured through a new web analytic.

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

Fiscal Year Ended June 30		
<u>2014</u>	<u>2015</u>	<u>2016</u>
42,651	44,674	44,296
140,974	143,623	126,154
43,241	43,039	40,230
633,487	593,922	566,182
304,836	288,124	287,131
17.9	16.8	16.0
26,735	27,190	28,870
53,977	52,604	112,201
10,508	9,979	13,711
98.0%	98.0%	96.0%
NRA	NRA	16
12	11	11
NRA	NRA	5
50.0	55.0	NRA
6,500	5,600	6,481
275	300	235

City of Birmingham, Michigan

Schedule 18

	Fiscal Year Ended June 30						
	2007	2008	2009	2010	2011	2012	2013
Function/Program							
General Government							
City hall (square footage)	24,282	24,282	24,282	24,282	24,282	24,282	24,282
Library building (square footage)	30,470	30,470	30,470	30,470	30,470	30,470	30,470
Public Safety							
Fire stations	2	2	2	2	2	2	2
Fire Pumper	3	3	3	3	3	3	4
Other fire vehicles (includes one aerial tower)	9	8	8	8	8	7	8
Police precincts	1	1	1	1	1	1	1
Public Works							
DPS administrative building & garage (square footage)	36,365	36,365	36,365	36,365	36,365	36,365	36,365
Major Streets (miles)	21.87	21.87	21.87	21.87	21.87	21.87	21.87
Local Streets (miles)	62.58	62.58	62.58	62.58	62.66	63.00	63.00
Sidewalks (miles)	128.69	128.69	129.03	129.03	129.03	129.03	129.03
Bridges	9	9	9	9	9	9	9
Vehicles in city fleet (excluding fire) ^b	93	91	91	85	85	92	83
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	4	1	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	116.11	115.95	115.41	115.41	115.41	115.41
Fire hydrants (city-owned) ^c	819	823	830	825	829	828	828
Water storage tanks (500,000 gal.)	2	2	2	2	2	2	2
Line gate valves	1,278	1,286	1,291	1,289	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)	1,288	1,304	1,313	1,311	1,309	1,238	1,238
Parking structure spaces	3,579	3,579	3,579	3,579	3,579	3,579	3,579
Total	4,867	4,883	4,892	4,890	4,888	4,817	4,817
Golf Courses (nine-hole)	2	2	2	2	2	2	2

Source: City Department records

Notes:

^aThe City of Birmingham occupies 4.73 square miles.

^bSelf-propelled licensed vehicles.

^c Numbers for 2014 and 2015 are estimates.

Capital Asset Statistics by Function/Program^a
Last Ten Fiscal Years

Fiscal Year Ended June 30
2014 2015 2016

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

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

36,365 36,365 36,365
21.87 21.87 21.87
63.00 63.08 63.08
129.03 129.03 129.13
9 9 9
83 85 84

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
840 840 848
2 2 2
1,289 1,289 1,289

5 5 5

1,238 1,238 1,262
3,579 3,579 3,579
4,817 4,817 4,841

2 2 2

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