

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

Fiscal Year Ended June 30, 2011

City Commission

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

City Manager

Robert J. Bruner, Jr.

Director of Finance/Treasurer

B. Sharon Ostin

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Introductory Section

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November 14, 2011

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, 2011 for the City of Birmingham. This report has been prepared pursuant to, and in compliance with state statutes which require the City to publish within six months of the close of each fiscal year a complete set of financial statements in compliance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America.

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

The City's financial statements have been audited by Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Birmingham's financial statements for the year ended June 30, 2011 are fairly presented in conformity with GAAP. Plante & Moran's report is presented as the first component of the financial section of this report.

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

Profile

The City of Birmingham was incorporated in 1933 as a home-rule city. It is located in the southeastern portion of Oakland County approximately 20 miles north of downtown Detroit.

Covering 4.73 square miles and serving a population of 20,103, the community is able to maintain the feel of a small town while offering the recreational and cultural advantages of a prosperous urban area.

The City has operated under the commission-manager form of government since 1917. The seven commission members, one of whom serves as mayor, are elected for four-year overlapping terms on a non-partisan basis. Policy-making and legislative authority are vested in the governing commission. The city commission appoints the city manager and city clerk, who reports, as do all other department heads, to the city manager. The city manager is responsible for carrying out the policies and ordinances of the city commission and overseeing the day-to-day operations of the City.

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

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

Factors Affecting Financial Condition

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

Local Economy - The region, which includes the City of Birmingham and some of the nation's most affluent suburbs, has a labor force of approximately 622,000. The June 2011 unemployment rate of 8.1% for the City is less than last year's rate of 8.4% and remains well below the state's unemployment rate of 10.5% and less than the national rate of 9.2% for the same period. It is anticipated that this area (Oakland County) will gain approximately 10,800 jobs this year and continue to add 8,000 to 9,700 jobs in each of the next two subsequent years. This job growth will be the best that the local economy has experienced since 2000. The job gains are anticipated to be in the private sector as employment in the public sector continues to decline through 2013.

The economic picture for suburban Oakland County, where Birmingham is located, has improved over the past year. The local economy seems to have stabilized and an upturn is now underway. After going through the worst economic period in modern times, the area's economy is poised for continued improvement although at a slow pace. Improvements to the local economy are related to improvements in the national economy and improved performance in the auto industry. The area continues to be the premier local economy in Michigan and is among the most prominent county economies in the nation, ranking eighth in aggregate rankings with counties of similar size.

Birmingham is an affluent city, with per capita income of \$70,208 compared to a national per capita income of \$27,041. Educational attainment levels are also well above the national average of 27.5% with 75.9% of City residents completing a bachelor's degree or higher. The City has a vibrant downtown which is continuing to expand with the addition of new mixed-use developments, which combine retail, office and residential space. The downtown is known nationally for its eclectic mix of upscale boutiques, galleries, antique shops and restaurants. The City also has a thriving nightlife with entertainment venues. As of June, retail occupancy in the City's Principal Shopping District was 94.7% which was an improvement over the 92.6% from a year ago. The downtown's office market has also experienced an improvement with an 84.9% occupancy rate compared to 81.9% in June 2010. It is expected that the occupancy rates for both retail and office will continue to improve as the economy strengthens.

The state's economy has gone through one of the worst periods in its history. During the past 10 years, the state has lost jobs in each year. However, the state is beginning to experience some economic growth and has shown signs of continued improvement. Job and income losses have primarily been attributable to the difficulties faced by the domestic auto industry which is the sector the state has been most dependent on. Since the beginning of the year, manufacturing jobs have been very steady and are well above levels in the prior year. The last couple of months have also seen growth in construction jobs and leisure and hospitality services. State sales and income tax revenues have also come in ahead of expectations. As a result of these economic improvements and a balanced budget enacted by the State, its rating outlook by Fitch Ratings has improved from stable to positive. The State has also implemented an Economic Vitality Incentive Program which requires local units of government to meet certain requirements to be eligible to receive a percentage of the total revenue sharing appropriated. The City believes it will meet these requirements. Approximately 5.7% of the City's total General Fund revenues come from this source.

As the slump in the real estate market has continued, property values have declined, resulting in a decrease in the City's taxable value of 15.5% during the past four years. However, building activity, as evidenced by the number of building permits issued, significantly improved during the year with a 16% increase over the prior year. The improvement was primarily the result of new residential construction with an increase of 68% in permits issued for new homes. Total building permit revenues increased by 16% during the year. Additionally, there are currently 13 new house permits in various phases of review for approval.

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

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

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

As a result of declining assessed values impacting property tax revenues, reduced allocation for state-shared revenues, and reduced investment income, the City continues to implement expenditure cuts to avoid structural imbalances. Over the past five fiscal years, staffing levels have been reduced by 46 full-time positions. Since 2000, the City has reduced staffing levels by approximately 30%. Additionally, non-essential overtime has been eliminated and salary freezes and wage reductions have been implemented. Plans are underway for additional operational savings.

Major Initiatives – The City continues increased levels of funding for road improvements (\$3.4 million) as support from the State in such critical areas as Act 51 street funds has declined. Road resurfacing and maintenance projects along with reconstruction of East Maple Road between Adams Road and South Eton Street and Graefield Road between Derby Road and Eton, bridge maintenance and traffic signal modernization have been approved. These projects total approximately \$2.7 million in improvements. A total of \$420,000 for sidewalk, alley, and pedestrian crossing improvements, and repairs and waterproofing to levels two and three of the Pierce Street parking structure and elevator renovation at the North Old Woodward Structure (\$1.3 million) is also planned. Additionally \$1.4 million in sewer system and water-main improvements and repairs have been funded.

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

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

- Replacement of the City's financial software system
- Continued development of the GIS system
- Replacement of aging network equipment
- Replacement of workstations
- Acquisition of all-in-one copiers, faxes and printers

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

Pension and Other Postemployment Benefits – The City of Birmingham Employees' Retirement System is a single-employer defined-benefit pension plan, which covers most full-time employees of the City. A seven-member board of trustees manages this fund under the provisions of the City of Birmingham's defined-benefit pension ordinance as amended by the City Commission either through resolution or labor agreements. As a result of conversion of all new hires to the City's defined-contribution plan for all groups except police and fire, the plan is considered closed to all general members. The City will instead contribute 5% of an employee's eligible compensation into the defined-contribution plan for general employees except for the Teamster and AFSCME labor groups. Contributions for these two labor groups are based on a flat rate dollar amount approximating 5%. As a result of this change and market declines during the period, the funding status of the pension fund decreased to a funding level of 93.8% compared to 99.5% in the prior year. As a matter of policy, the City of Birmingham fully funds each year's annual required contribution to the pension plan, which for the fiscal year ended June 30, 2011 totaled \$1,706,539.

The City of Birmingham also provides retiree health care benefits to qualifying full-time employees upon retirement, in accordance with labor contracts. The Retiree Health Care Fund is a Trust Fund. Revenues reported this year were based on budgeted actuarial determined contribution rates of 26.84% of payroll. Based on this rate, the City contributed the actuarially determined required contribution of \$2,725,219 to the trust. Expenditures of \$2,226,146 in this fund primarily reflect medical and benefit payments for eligible members. With the last settlement of the firefighter's contract, the Plan is now closed to all employee groups except police. A defined contribution plan for employees not eligible to participate in the defined benefit plan has been established. The City contributes \$50 per pay for employees participating in the defined contribution plan.

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, 2010. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City has also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning July 1, 2010. This was the twenty-first consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Robert J. Bruner, Jr.
City Manager



B. Sharon Ostin
Director of Finance/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Birmingham
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

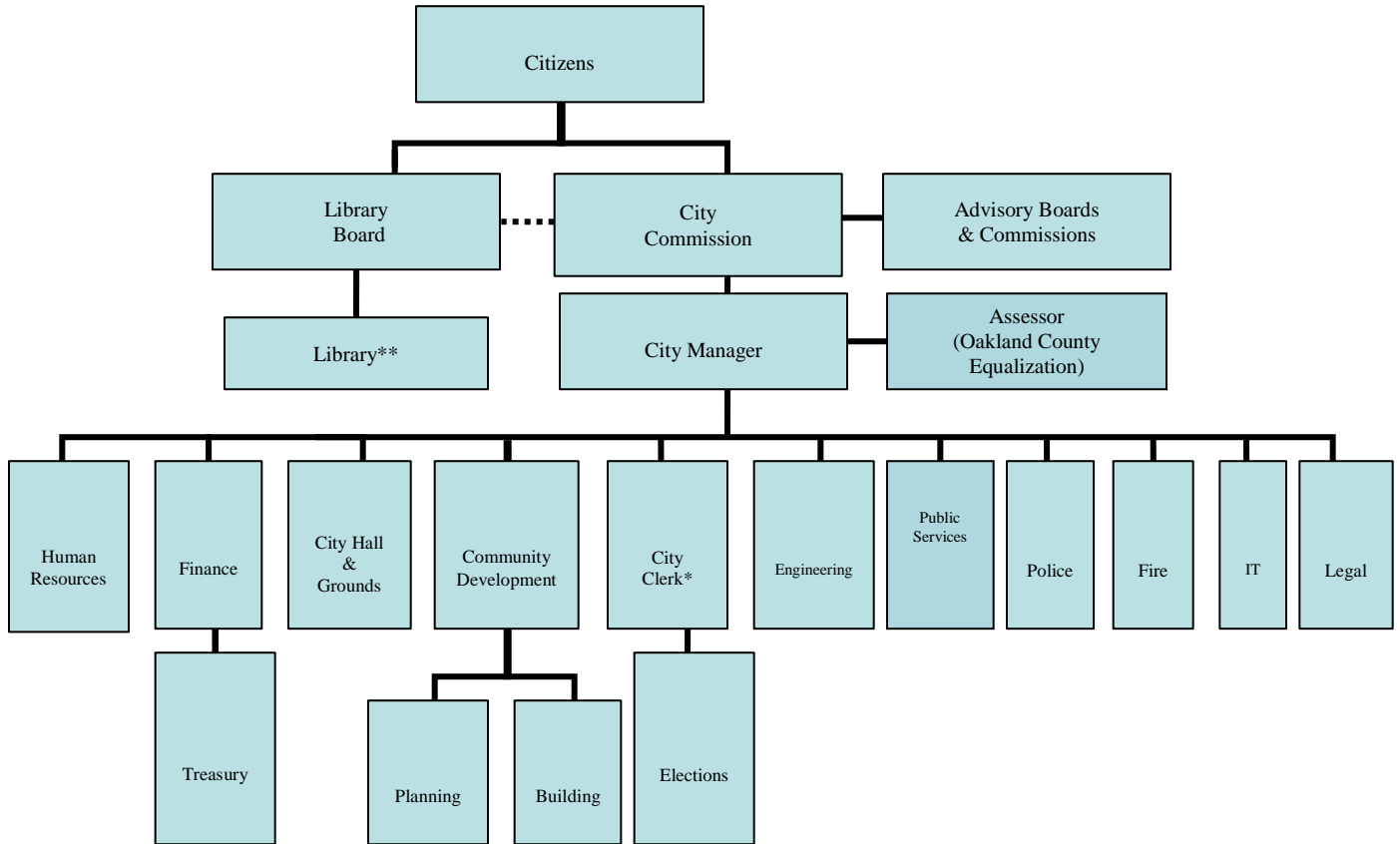


President

Executive Director

Birmingham

2010-2011 Organization Chart



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

Financial Section

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Michigan (the "City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Birmingham, Michigan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Michigan as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, pension systems, and retiree healthcare fund schedules of funding progress, and the major fund budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, 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 budgetary comparison schedules and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and pension systems and retiree healthcare fund schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

During the year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note 1. As a result of this required implementation, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB No. 54.

Plante & Moran, PLLC

October 28, 2011

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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, 2011:

- The City's total revenues were \$48.6 million, while expenses totaled \$43 million.
 - Governmental activities generated \$30.3 million in revenue and \$27.9 million in expenses.
 - Business-type activities generated \$18.3 million in revenue and \$15.1 million in expenses.
- Total net assets of the City exceeded its liabilities by \$168.0 million this year.
 - Total net assets related to the City's governmental activities increased by approximately \$2.3 million. Of that amount, investment in capital assets increased by \$.1 million, restricted assets decreased by \$7.7 million, and unrestricted assets increased by \$9.9 million. The changes in restricted and unrestricted assets are primarily the result of changing the classification of major and local street fund balances from restricted to assigned.
 - Net assets of our business-type activities increased overall by \$3.3 million. Of this amount, \$2.3 million was invested in capital assets with an increase in unrestricted assets totaling \$1 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.2 million, or 49.8 percent of total General Fund expenditures and transfers out.

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

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

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

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

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

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

Management's Discussion and Analysis (Continued)

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

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

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

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

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

Financial Analysis of the City as a Whole

Net Assets – As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Birmingham, combined net assets increased 3.4 percent from last year to \$168 million (See Table A-1). The following table shows, in a condensed format, the net assets of the City as of June 30, 2010 and 2011:

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2010-2011
	2010	2011	2010	2011	2010	2011	
Assets							
Current and other assets	\$ 44.1	\$ 44.8	\$ 17.6	\$ 19.0	\$ 61.7	\$ 63.8	3.4
Capital assets	<u>73.7</u>	<u>72.7</u>	<u>81.2</u>	<u>81.0</u>	<u>154.9</u>	<u>153.7</u>	(0.8)
Total assets	\$ 117.8	\$ 117.5	\$ 98.8	\$ 100.0	\$ 216.6	\$ 217.5	0.4
Liabilities							
Current liabilities	3.8	2.6	2.1	2.5	5.9	5.1	(13.6)
Long-term liabilities	<u>21.9</u>	<u>20.5</u>	<u>26.4</u>	<u>23.9</u>	<u>48.3</u>	<u>44.4</u>	(8.1)
Total liabilities	<u>25.7</u>	<u>23.1</u>	<u>28.5</u>	<u>26.4</u>	<u>54.2</u>	<u>49.5</u>	(8.7)
Net Assets							
Invested in capital assets -							
Net of related debt	54.2	54.3	54.8	57.1	109.0	111.4	2.2
Restricted	9.4	1.7	-	-	9.4	1.7	(81.9)
Unrestricted	<u>28.5</u>	<u>38.4</u>	<u>15.5</u>	<u>16.5</u>	<u>44.0</u>	<u>54.9</u>	24.8
Total net assets	<u>\$ 92.1</u>	<u>\$ 94.4</u>	<u>\$ 70.3</u>	<u>\$ 73.6</u>	<u>\$ 162.4</u>	<u>\$ 168.0</u>	3.4

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Of the City's total net assets, 66 percent is made up of its investment in capital assets, less any related debt used to acquire those assets. The City's net assets related to governmental activities increased \$2.3 million, or 2.5 percent, and net assets related to business-type activities increased \$3.3 million, or 4.6 percent over the 2010 fiscal year. The City has undertaken several major capital improvement projects. During the year, continued improvement to Shain Park, Birmingham Historical Museum and other City buildings (governmental activities) and water-main, sanitary sewer and parking system improvements (business-type activities) have primarily resulted in these increases. The City uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net assets of the City totaled \$1.7 million at June 30, 2011 and decreased by 81.9 percent for the year. These net assets are reported in governmental activities and have limits on their use that are externally imposed by restrictions such as enabling legislation or bond covenants. These resources can only be used for the specific purposes for which they were intended, such as expenditures for drug enforcement or debt-service requirements. The remaining unrestricted net assets may be used to meet the City's ongoing operations. Unrestricted net assets increased by \$10.9 million or 24.8 percent.

Changes in Net Assets – The City's combined total revenue increased \$.7 million, or 1.5 percent from 2010 to 2011 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 (55.3 percent in 2010 and 53.1 percent in 2011). Charges for services represented 36.1 percent of the total revenue in 2010 and 39 percent in 2011. The balance of the revenue is derived mainly from state and federal sources.

The City's combined total expenses increased \$.3 million, or .7 percent, from 2010 to 2011. The City's expenses cover a wide range of services, with public safety and public works representing approximately 45 percent of total expenses. For both fiscal years, the City had revenue in excess of expenses for both governmental and business-type activities.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

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

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
Revenues							
Program revenue:							
Charges for services	\$ 4.2	\$ 4.1	\$ 13.1	\$ 14.8	\$ 17.3	\$ 18.9	9.2
Operating grants and contributions	1.3	1.3	-	-	1.3	1.3	-
Capital grants and contributions	0.4	0.4	-	0.1	0.4	0.5	25.0
General revenue:							
Property taxes	22.7	22.5	3.8	3.3	26.5	25.8	(2.6)
State-shared revenue	1.5	1.5	-	-	1.5	1.5	-
Unrestricted investment earnings	0.7	0.5	0.2	0.1	0.9	0.6	(33.3)
Total revenues	30.8	30.3	17.1	18.3	47.9	48.6	1.5
Program Expenses							
General government	4.4	4.4	-	-	4.4	4.4	-
Public safety	11.4	11.2	-	-	11.4	11.2	(1.8)
Public works	8.2	8.2	-	-	8.2	8.2	-
Community and economic development	1.6	1.4	-	-	1.6	1.4	(12.5)
Recreation and culture	1.9	2.0	-	-	1.9	2.0	5.3
Interest on long-term debt	0.8	0.7	-	-	0.8	0.7	(12.5)
Water and sewer	-	-	10.1	10.7	10.1	10.7	5.9
Parking	-	-	3.2	3.3	3.2	3.3	3.1
Golf courses	-	-	1.1	1.1	1.1	1.1	-
Total expenses	28.3	27.9	14.4	15.1	42.7	43.0	0.7
Increase in Net Assets Before Transfers	2.5	2.4	2.7	3.2	5.2	5.6	7.7
Transfers	-	(0.1)	-	0.1	-	-	-
Increase in Net Assets	2.5	2.3	2.7	3.3	5.2	5.6	7.7
Net Assets - Beginning of year	89.6	92.1	67.6	70.3	157.2	162.4	3.3
Net Assets - End of year	\$ 92.1	\$ 94.4	\$ 70.3	\$ 73.6	\$ 162.4	\$ 168.0	3.4

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities - Total revenue for governmental activities decreased \$.5 million, or 1.6 percent. This was attributable to a decrease of \$.2 million in revenue received from property taxes, a \$.2 million decrease in income from investment earnings and a \$.1 million decrease in revenue received for charges for services. The decrease in property tax revenue resulted from a decline in property values while the decrease in investment earnings is attributable to the City receiving lower interest rates on its investment of surplus funds.

Charges for services decreased as a result of fines and fees collected by the 48th District Court and paid to the City being less than revenues received in the prior year (\$.2 million) and a decrease in cable franchise fees (\$.1 million). These decreases totaled \$.3 million and were off-set by an increase in building permit revenues of \$.2 million.

Total expenses decreased \$.4 million or 1.4 percent. The decrease in expenses was primarily attributable to decreases in public safety (\$.2 million), and community and economic development (\$.2 million). The decrease in public safety is primarily attributable to staff reductions and early retirements. The decrease in community and economic development is also attributable to staff reductions from the prior year.

Business-type Activities – Total revenue for business-type activities increased by \$1.2 million, or 7 percent. Charges for services increased by \$1.7 million, which was attributable to water and sewer rate increases of 12.8 percent and 17.3 percent, respectively. The \$.1 million increase in capital grants and contributions was a federal grant to install LED lighting in the Pierce Parking Deck. Off-setting the increase in charges for services and capital grants was a reduction in property tax revenue used to fund water-main improvements (\$.5 million) and investment earnings (\$.1 million).

Total expenses for business-type activities for fiscal year 2010-2011 totaled \$15.1 million, which is \$.7 million higher than fiscal year 2009-2010. Water and sewer expenses increased by \$.6 million as a result of increases in the costs of water purchased (\$.1 million) and increases in sewage disposal costs (\$.5 million). The Detroit Water and Sewerage Department (DWSD) increased sewage disposal costs by 12 percent which accounted primarily for the increase in sewage disposal costs. DWSD increased their rates to pay for improvements to its infrastructure to meet federal requirements. Automobile parking system expenses increased by \$.1 million primarily as a result of increased depreciation costs.

Financial Analysis of the City's Funds

Governmental Funds – The analysis of the City's major funds begins on page 18, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. As noted earlier, the City of Birmingham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as well as to show accountability for certain activities, such as special property tax millages. The City has nine governmental funds, categorized into four fund types. Based on criteria set forth by the Governmental Accounting Standards Board, the City's major funds for fiscal year 2010-2011 include the General Fund, Major and Local Street Funds and the Capital Projects Fund.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

As of June 30, 2011, the governmental funds of the City of Birmingham reported a combined fund balance of \$27.3 million. This represents an increase of \$1.1 million in comparison with the prior year. Approximately \$12.2 million of total fund balance, or 44.7 percent, constitutes unassigned fund balance, which is reported in the General Fund, the principal operating fund of the City. Unassigned fund balance is available for appropriation and may be used to meet the City's ongoing obligations to citizens and creditors without external or internal limitation. The remaining \$15.1 million of fund balance is categorized into four components: nonspendable, restricted, committed, and assigned fund balance. Additional information pertaining to the components of fund balance can be found in Note 1 on page 39 of this report.

The fund balance of the City's General Fund represents 48 percent, or \$13.1 million, of total governmental fund balances. The General Fund's fund balance increased \$1.6 million from the prior year. The increase was primarily attributable to receiving more building permit revenue than originally planned (\$.4 million) and a reduction in expenditures for personnel costs (\$.7 million). A total of \$12.2 million of the General Fund's fund balance is unassigned while \$.8 million is nonspendable and \$.1 million is assigned.

Fund balance of the Capital Projects Fund represents 20 percent, or \$5.4 million, of total governmental fund balances. The net decrease in fund balance during the current year in the Capital Projects Fund was \$1 million. The decrease primarily resulted from expenditures for the expansion of Shain Park and related expenditures. Of the total fund balance in the Capital Projects Fund, \$5.1 million has been assigned for future projects such as construction of a new fire station (\$2.5 million).

The Major and Local Streets Funds had fund balances of \$5.1 million and \$2.5 million, respectively. Fund balance for the Major Streets Fund increased by approximately \$.5 million resulting from a decrease in planned expenditures during the year for traffic controls and bridge and street maintenance. Of the total fund balance in the Major Streets Fund, \$.1 million is nonspendable and \$5 million is assigned for street improvements. Fund balance of the Local Streets Fund increased by approximately \$.3 million, resulting from expenditures for construction projects related to road improvements and tree trimming being less than planned. The Local Streets Fund's fund balance is assigned for road projects except approximately \$.1 million which is nonspendable. The Solid Waste Fund's fund balance of \$.7 million represents a decrease of \$.3 million from the prior year and is restricted and therefore can only be used for refuse collection and disposal purposes. The Debt Service Fund has a total fund balance of \$.1 million, all of which is restricted for the payment of debt service and did not change from the prior year.

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.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Unrestricted net assets for the Water and Sewage Disposal Funds total \$6.3 million and \$7.3 million, respectively, and those for the Automobile Parking System \$3.7 million. The total growth in net assets for these funds was \$.1 million, \$2.6 million, and \$.7 million, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Actual revenues for the year ended June 30, 2011 exceeded the amended budget by \$.4 million, or 1.5 percent. The difference was primarily attributable to receiving more building permit revenue than originally planned (\$.4 million). City departments overall stayed below budget as a result of reduced expenditures for: personnel costs (\$.7 million) attributable to vacant positions, unsettled contracts, and earlier than anticipated and additional retirements; expenditures for sidewalks and alleys (\$.2 million), Quarton Lake maintenance project (\$.1 million) which will be undertaken in fiscal year 2011-2012; other charges and contractual services (\$.4 million) being less than anticipated; and encumbrances (\$.1 million) carried forward to the subsequent year's budget. This resulted in total expenditures being lower than the amended budget by \$1.5 million. The additional revenues received combined with reduced expenditures resulted in a positive budget variance of \$1.9 million.

Differences between original revenue budget and the final amended budget totaled \$557,900. The decrease was attributable to the budget being amended, as approved by the City Commission, for anticipated reduction in revenues for: charges for services resulting from a delay in starting the EMS transport services program and less work performed for the Water and Sewer Funds by General Fund employees than originally budgeted; fines and forfeitures resulting from less revenue received from the 48th District Court; and investment income. The expenditure budget was reduced by \$464,253 primarily for a reduction in the sidewalk replacement program (\$.1 million), transfer to the 48th District Court (\$.2 million) and wage expense account (\$.1 million). The use of fund balance was increased by \$93,647 for encumbrances outstanding at the end of the prior fiscal year.

Capital Asset and Debt Administration

Capital Assets

The City of Birmingham had a total of \$153.6 million invested in capital assets (net of accumulated depreciation) at the end of the fiscal year (see Table A-3). This was a net decrease of .9 percent over last year. The City's investment in capital assets includes land, buildings, water and sewer lines, roads, highways and bridges, park facilities and machinery and equipment.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
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	26.4	26.6	17.1	17.9	43.5	44.5	2.3
Equipment	4.9	4.8	0.8	0.7	5.7	5.5	(3.5)
Infrastructure	30.7	29.4	61.7	60.0	92.4	89.4	(3.2)
Construction in progress	0.6	0.7	0.1	0.8	0.7	1.5	114.3
Total	\$ 73.7	\$ 72.6	\$ 81.3	\$ 81.0	\$ 155.0	\$ 153.6	(0.9)

Governmental capital assets decreased \$1.1 million or 1.5 percent over last year. The \$1.3 million decrease in infrastructure and \$.1 million decrease in equipment is the result of depreciation being greater than additions during the year. The increase in buildings of \$.2 million is primarily attributable to improvements made to the Birmingham Historical Museum and other City buildings while construction in progress increased by \$.1 million during the year.

Total business-type capital assets of \$81 million decreased from the prior year by \$.3 million. The increase in buildings (\$.8 million) is attributable to improvements at Lincoln Hills Golf Course and at the City's Pierce Street Parking Structure. The \$1.7 million decrease in infrastructure results from additions to the water and sewer systems being less than depreciation. Equipment for business-type activities decreased by \$.1 million as no new equipment was added resulting in depreciation being greater than additions. Construction in progress at June 30, 2011 totals \$.8 million, which is an increase of \$.7 million from the prior year. Additional information pertaining to capital assets can be found in Note 6 on pages 46 to 48 of this report.

Long-term debt – The City's total indebtedness as of June 30, 2011 is \$42.7 million. Of this amount, \$26.9 million is general obligation bonds, which is an amount considerably below the debt limit of \$209 million. In addition, the City has contractual obligations totaling \$15.1 million. This amount represents the City's portion of Oakland County bonds related to three CSO abatement projects, the George W. Kuhn retention/treatment facility, and the North Arm Project.

The City of Birmingham maintains a "AAA" rating from Standard & Poor's and Fitch and an "Aa1" rating from Moody's for general obligation debt. Additional information on the City's long-term debt can be found in Note 7 on pages 49 through 51 of this report.

Economic Factors and Next Year's Budgets and Rates

Revenue constraints with increased costs combined to present a challenge in developing the fiscal year 2011-2012 budget. On the revenue side, property tax revenues account for 72 percent of the City's total General Fund revenues and 47 percent of all City revenues. As a result of the continued real estate market slump, the taxable value decrease for fiscal year 2011-2012 is 4.99 percent. This has resulted in a decline in operating property tax revenues for the year of \$903,490. State levied shared taxes provide revenue to the City of about \$2.5 million a year in the form of revenue-sharing payments and gas and weight taxes. State-shared revenue is the City's second largest revenue source. As a result of the State's budget shortfall and proposed budget cuts, the statutory portion of state-shared revenues was budgeted to be eliminated. Additionally, the City is expecting investment earnings to decrease resulting from lower rates of return. In 2008, the City earned more than \$2.6 million in investment income, while for 2011-2012, \$850,770 in investment income has been budgeted. As revenues decrease, the City is simultaneously challenged by persistent expenditure increases. Legacy costs for retirement and retiree health-care expenses increased by 10 percent, which was primarily attributable to prior investment losses and closing the plans to new hires for most labor groups. Additionally, costs were expected to increase for fuel, utilities, health insurance, and other expenses.

In response to these budget challenges, the City has developed a proactive multi-faceted strategy. This was primarily achieved by reducing an additional 7.5 full-time positions. This has resulted in a reduction of 57 full-time positions since 2000, or approximately 30 percent of the City's full-time work force. Additionally, the City has reduced expenditures by eliminating all non-essential overtime, implementing wage freezes or reductions, limiting memberships and training, reducing building energy usage and eliminating out-of-state travel. The City continues to downsize, pursue service-sharing agreements with surrounding communities, obtain labor concessions, achieve efficiencies through technological improvements, and implement limited revenue enhancement measures.

The City's total levy, which includes the operating, refuse, library and debt service levies, increased for the 2011-2010 budget year to 15.6005 mills. The increase in millage rate was required to provide funding to meet debt requirements for drain and parks and recreation bonds, provide additional funding for refuse collection and to continue to fund the excellent services provided by the library to City residents.

During the 2010-2011 fiscal year, fund balance in the General Fund increased by \$1.6 million to \$13.1 million. For fiscal year 2011-2012, the City adopted a balanced budget with revenues equal to expenditures. The City has projected to use \$740,140 of fund balance for the 2012-2013 fiscal year budget. Fund balance will continue to be maintained at a minimum of 10 percent of the current year's expenditures established to provide for unforeseen emergencies. General Fund property tax revenue is estimated at \$18.4 million for 2011-2012.

City of Birmingham, Michigan

Management's Discussion and Analysis (Continued)

Request for Information

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

Basic Financial Statements

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City of Birmingham, Michigan

Statement of Net Assets June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 5)	\$ 38,896,622	\$ 14,849,761	\$ 53,746,383	\$ 2,804,934
Receivables - Net:				
Customers	258,049	3,891,299	4,149,348	-
Special assessments	856,453	167,582	1,024,035	58,432
Delinquent personal property taxes	35,717	-	35,717	-
Internal balances	750,000	(750,000)	-	-
Inventories	193,679	19,148	212,827	-
Prepaid costs and other assets (Note 1)	2,411,426	676,165	3,087,591	74,870
Due from other governmental units	835,150	125,120	960,270	42,729
Restricted assets (Note 8)	577,928	-	577,928	-
Capital assets - Net (Note 6):				
Assets subject to depreciation	60,736,978	78,653,443	139,390,421	2,967,644
Assets not subject to depreciation	11,874,011	2,357,370	14,231,381	107,918
Investment in joint venture - 48th District Court (Note 14)	40,797	-	40,797	-
Total assets	117,466,810	99,989,888	217,456,698	6,056,527
Liabilities				
Accounts payable	955,174	1,668,048	2,623,222	65,118
Accrued and other liabilities	1,448,280	462,050	1,910,330	61,265
Unearned revenue (Note 10)	26,249	322,551	348,800	-
Provision for uninsured losses and liabilities (Note 11)	124,882	-	124,882	-
Noncurrent liabilities (Note 7):				
Due within one year	2,862,260	2,707,023	5,569,283	149,683
Due in more than one year	17,623,305	21,220,245	38,843,550	630
Total liabilities	23,040,150	26,379,917	49,420,067	276,696
Net Assets				
Investment in capital assets - Net of related debt	54,349,065	57,120,041	111,469,106	3,075,562
Restricted:				
Solid waste	692,638	-	692,638	-
Debt service	59,120	-	59,120	-
Law and drug enforcement	455,825	-	455,825	-
Other	471,733	-	471,733	-
Corridor improvement authority	-	-	-	28,015
Brownfield redevelopment authority	-	-	-	48,055
Library donations	-	-	-	911,520
Unrestricted	38,398,279	16,489,930	54,888,209	1,716,679
Total net assets	\$ 94,426,660	\$ 73,609,971	\$ 168,036,631	\$ 5,779,831

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

City of Birmingham, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,365,192	\$ 415,289	\$ -	\$ 20,642
Public safety	11,214,160	1,258,651	158,882	-
Public works	8,182,861	262,024	1,081,547	386,162
Community and economic development	1,391,438	1,357,113	39,962	-
Recreation and culture	1,995,905	805,793	30,483	19,552
Interest on long-term debt	742,076	-	2,656	-
Total governmental activities	27,891,632	4,098,870	1,313,530	426,356
Business-type activities:				
Water and sewer	10,667,174	10,031,937	-	-
Automobile parking	3,255,726	3,837,198	-	125,120
Golf courses	1,150,525	881,120	-	-
Total business-type activities	15,073,425	14,750,255	-	125,120
Total primary government	\$ 42,965,057	\$ 18,849,125	\$ 1,313,530	\$ 551,476
Component units:				
Baldwin Public Library	\$ 3,220,776	\$ 733,962	\$ 133,046	\$ -
Brownfield Redevelopment Authority	36,025	3,705	-	-
Corridor Improvement Authority	-	-	-	-
Principal Shopping District	945,846	898,131	161,491	-
Total component units	\$ 4,202,647	\$ 1,635,798	\$ 294,537	\$ -
Unrestricted general revenues:				
Property taxes				
State-shared revenues				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

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

Statement of Activities
Year Ended June 30, 2011

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,929,261)	\$ -	\$ (3,929,261)	\$ -
(9,796,627)	-	(9,796,627)	-
(6,453,128)	-	(6,453,128)	-
5,637	-	5,637	-
(1,140,077)	-	(1,140,077)	-
(739,420)	-	(739,420)	-
(22,052,876)	-	(22,052,876)	-
-	(635,237)	(635,237)	-
-	706,592	706,592	-
-	(269,405)	(269,405)	-
-	(198,050)	(198,050)	-
(22,052,876)	(198,050)	(22,250,926)	-
-	-	-	(2,353,768)
-	-	-	(32,320)
-	-	-	-
-	-	-	113,776
-	-	-	(2,272,312)
22,534,629	3,251,700	25,786,329	2,069,276
1,518,034	-	1,518,034	13,941
450,037	129,190	579,227	163,198
52,124	-	52,124	-
(146,000)	146,000	-	-
<u>24,408,824</u>	<u>3,526,890</u>	<u>27,935,714</u>	<u>2,246,415</u>
2,355,948	3,328,840	5,684,788	(25,897)
<u>92,070,712</u>	<u>70,281,131</u>	<u>162,351,843</u>	<u>5,805,728</u>
<u>\$ 94,426,660</u>	<u>\$ 73,609,971</u>	<u>\$ 168,036,631</u>	<u>\$ 5,779,831</u>

City of Birmingham, Michigan

Governmental Funds Balance Sheet June 30, 2011

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments (Note 5)	\$ 12,850,881	\$ 4,972,403	\$ 2,549,093	\$ 5,386,916	\$ 1,308,887	\$ 27,068,180
Receivables - Net:						
Customers	234,983	378	4,514	16,203	3,000	259,078
Special assessments	12,549	65,868	646,035	132,002	-	856,454
Delinquent personal property taxes	35,717	-	-	-	-	35,717
Prepaid items and other assets	49,384	-	-	-	-	49,384
Due from other governmental units	655,667	121,955	51,370	-	4,405	833,397
Advances to other funds (Note 3)	750,000	-	-	-	-	750,000
Restricted assets (Note 8)	-	-	-	106,195	-	106,195
Inventories	-	138,294	55,318	-	-	193,612
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 14,589,181</u>	<u>\$ 5,298,898</u>	<u>\$ 3,306,330</u>	<u>\$ 5,641,316</u>	<u>\$ 1,316,292</u>	<u>\$ 30,152,017</u>
Liabilities and Fund Balances (Deficit)						
Liabilities						
Accounts payable	\$ 339,422	\$ 174,142	\$ 169,232	\$ 101,933	\$ 61,297	\$ 846,026
Accrued and other liabilities	962,817	4,401	6,903	-	47,412	1,021,533
Deferred revenue (Note 10)	203,233	57,304	608,629	140,283	980	1,010,429
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,505,472	235,847	784,764	242,216	109,689	2,877,988
Fund Balances (Deficit) (Notes 4 and 9)						
Nonspendable	799,384	138,294	55,318	-	-	992,996
Restricted	-	-	-	127,112	1,207,933	1,335,045
Committed	2,426	-	-	144,846	-	147,272
Assigned	94,497	4,924,757	2,466,248	5,127,142	-	12,612,644
Unassigned	12,187,402	-	-	-	(1,330)	12,186,072
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	13,083,709	5,063,051	2,521,566	5,399,100	1,206,603	27,274,029
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances (deficit)	<u>\$ 14,589,181</u>	<u>\$ 5,298,898</u>	<u>\$ 3,306,330</u>	<u>\$ 5,641,316</u>	<u>\$ 1,316,292</u>	<u>\$ 30,152,017</u>

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

City of Birmingham, Michigan

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets June 30, 2011

Fund Balance - Total Governmental Funds	\$ 27,274,029
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	72,610,989
Special assessment, parking fines, and other miscellaneous receivables are expected to be collected over several years and are not available to pay for current year expenditures	984,179
Equity interest in 48th District Court is not reported in governmental funds	40,797
Long-term liabilities are not due and payable in the current period and are not reported in the funds, including related accrued interest	(19,595,567)
Retiree healthcare benefit contributions made in excess of actuarially determined amounts reduce future year contributions	1,383,312
Retirement contributions made in excess of actuarially determined amounts reduce future year contributions	493,318
Internal Service Funds are included as part of governmental activities, net of amounts included above as capital assets	<u>11,235,603</u>
Net Assets - Governmental Activities	<u>\$ 94,426,660</u>

City of Birmingham, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2011

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes and special assessments	\$ 19,321,677	\$ 17,645	\$ 364,318	\$ 16,992	\$ 3,361,711	\$ 23,082,343
Licenses and permits	1,683,426	-	-	-	-	1,683,426
Federal grants	14,144	-	-	-	172,384	186,528
State sources	1,581,258	755,863	318,384	20,642	-	2,676,147
Charges for services	2,084,781	-	-	-	24,118	2,108,899
Fines and forfeitures	1,036,303	-	-	-	-	1,036,303
Use of money and property	198,222	41,308	49,709	47,043	16,851	353,133
Other	137,980	-	3,796	34,465	-	176,241
Total revenues	26,057,791	814,816	736,207	119,142	3,575,064	31,303,020
Expenditures						
Current:						
General government	4,772,333	-	-	-	-	4,772,333
Public safety	10,584,698	-	-	-	115,027	10,699,725
Public works	3,229,878	-	-	-	-	3,229,878
Highway and streets	-	1,210,938	1,695,456	-	-	2,906,394
Community and economic development	1,387,554	-	-	-	39,962	1,427,516
Solid waste disposal	-	-	-	-	1,643,041	1,643,041
48th District Court	655,417	-	-	-	-	655,417
Capital outlay	-	516,904	912,242	1,207,942	-	2,637,088
Debt service	-	-	-	-	2,074,296	2,074,296
Total expenditures	20,629,880	1,727,842	2,607,698	1,207,942	3,872,326	30,045,688
Excess of Revenues Over (Under) Expenditures	5,427,911	(913,026)	(1,871,491)	(1,088,800)	(297,262)	1,257,332
Other Financing Sources (Uses)						
Transfers in (Note 3)	20,000	1,425,000	2,175,000	100,000	-	3,720,000
Transfers out (Note 3)	(3,866,000)	-	-	-	-	(3,866,000)
Total other financing sources (uses)	(3,846,000)	1,425,000	2,175,000	100,000	-	(146,000)
Net Change in Fund Balances	1,581,911	511,974	303,509	(988,800)	(297,262)	1,111,332
Fund Balances - Beginning of year	11,501,798	4,551,077	2,218,057	6,387,900	1,503,865	26,162,697
Fund Balances - End of year	\$ 13,083,709	\$ 5,063,051	\$ 2,521,566	\$ 5,399,100	\$ 1,206,603	\$ 27,274,029

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, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 1,111,332
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (Note 2)	(1,102,692)
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	62,277
Accrued interest on long-term liabilities	(12,779)
Bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,345,000
Retiree healthcare contributions in excess of actuarially determined amounts are not reported as expense on the statement of activities	211,731
Retirement contributions in excess of actuarially determined amounts are not reported as expense on the statement of activities	45,606
Increases in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	59,845
Governmental funds report proceeds from sale; in the statement of activities, only the respective gain or loss is recognized	(3,027)
Internal Service Funds are also included as governmental activities	662,507
Transfer of district court equity	<u>(23,852)</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,355,948</u>

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

City of Birmingham, Michigan

Proprietary Funds Statement of Net Assets June 30, 2011

	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)	\$ 5,561,422	\$ 5,511,556	\$ 3,773,283	\$ 3,500	\$ 14,849,761	\$ 11,828,442
Receivables - Net - Customers	1,238,644	2,699,566	117,790	2,881	4,058,881	724
Due from other governmental units	-	-	125,120	-	125,120	-
Inventories	-	-	19,148	-	19,148	68
Total current assets	6,800,066	8,211,122	4,035,341	6,381	19,052,910	11,829,234
Noncurrent assets:						
Other assets	24,087	623,587	7,457	21,034	676,165	252,386
Restricted assets (Note 8)	-	-	-	-	-	471,733
Capital assets (Note 6)	14,866,959	45,772,266	18,120,459	2,251,129	81,010,813	3,213,617
Total noncurrent assets	14,891,046	46,395,853	18,127,916	2,272,163	81,686,978	3,937,736
Total assets	21,691,112	54,606,975	22,163,257	2,278,544	100,739,888	15,766,970
Liabilities						
Current liabilities:						
Accounts payable	455,892	805,148	309,853	97,155	1,668,048	109,147
Provision for uninsured losses and liabilities (Note 11)	-	-	-	-	-	124,882
Accrued and other liabilities	62,985	380,755	4,482	13,828	462,050	119,938
Unearned revenue (Note 10)	-	322,551	-	-	322,551	-
Current portion of long-term debt and employee benefits (Note 7)	21,473	2,671,802	-	13,748	2,707,023	235,786
Total current liabilities	540,350	4,180,256	314,335	124,731	5,159,672	589,753
Noncurrent liabilities:						
Provision for employee benefits	145	-	-	1,130	1,275	727,997
Advances from other funds (Note 3)	-	-	-	750,000	750,000	-
Long-term debt - Net of current portion (Note 7)	-	21,218,970	-	-	21,218,970	-
Total noncurrent liabilities	145	21,218,970	-	751,130	21,970,245	727,997
Total liabilities	540,495	25,399,226	314,335	875,861	27,129,917	1,317,750
Net Assets						
Investment in capital assets - Net of related debt	14,866,959	21,881,494	18,120,459	2,251,129	57,120,041	3,213,617
Restricted (Note 8)	-	-	-	-	-	471,733
Unrestricted (Note 4)	6,283,658	7,326,255	3,728,463	(848,446)	16,489,930	10,763,870
Total net assets	<u>\$ 21,150,617</u>	<u>\$ 29,207,749</u>	<u>\$ 21,848,922</u>	<u>\$ 1,402,683</u>	<u>\$ 73,609,971</u>	<u>\$ 14,449,220</u>

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

City of Birmingham, Michigan

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2011

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Operating Revenues						
Sale of water	\$ 3,290,805	\$ -	\$ -	\$ -	\$ 3,290,805	\$ -
Sewage disposal charges	-	6,741,132	-	-	6,741,132	-
Golf course fees and charges	-	-	-	881,120	881,120	-
Charges for services	-	-	-	-	-	4,877,931
Automobile parking system fees and charges	-	-	3,837,198	-	3,837,198	-
Total operating revenues	3,290,805	6,741,132	3,837,198	881,120	14,750,255	4,877,931
Operating Expenses						
Cost of water produced/purchased	1,503,741	-	-	-	1,503,741	-
Cost of sewage treatment	-	4,330,590	-	-	4,330,590	-
Operation and maintenance	1,038,050	617,099	2,090,577	1,020,037	4,765,763	1,080,071
General and administrative	174,406	238,407	114,483	32,684	559,980	2,739,802
Depreciation (Note 6)	555,877	1,468,688	1,050,666	97,804	3,173,035	554,409
Total operating expenses	3,272,074	6,654,784	3,255,726	1,150,525	14,333,109	4,374,282
Operating Income (Loss)	18,731	86,348	581,472	(269,405)	417,146	503,649
Nonoperating Revenue (Expenses)						
Investment income	43,917	48,177	29,984	7,112	129,190	94,202
Interest expense	-	(740,316)	-	-	(740,316)	-
Grant revenue	-	-	125,120	-	125,120	-
Gain on disposal of assets	-	-	-	-	-	52,201
Property taxes	1,155	3,250,545	-	-	3,251,700	-
Total nonoperating revenue	45,072	2,558,406	155,104	7,112	2,765,694	146,403
Income (Loss) - Before contributions and transfers	63,803	2,644,754	736,576	(262,293)	3,182,840	650,052
Capital Contributions	-	-	-	-	-	12,455
Transfers from Other Funds (Note 3)	-	-	-	166,000	166,000	-
Transfers to Other Funds (Note 3)	-	-	-	(20,000)	(20,000)	-
Change in Net Assets	63,803	2,644,754	736,576	(116,293)	3,328,840	662,507
Net Assets - Beginning of year	21,086,814	26,562,995	21,112,346	1,518,976	70,281,131	13,786,713
Net Assets - End of year	\$ 21,150,617	\$ 29,207,749	\$ 21,848,922	\$ 1,402,683	\$ 73,609,971	\$ 14,449,220

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, 2011

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	Golf Courses (Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and others	\$ 3,209,901	\$ 6,515,717	\$ 3,956,764	\$ 879,457	\$ 14,561,839	\$ 4,878,131
Payments to suppliers	(1,594,441)	(4,463,246)	(1,890,864)	(326,326)	(8,274,877)	(3,368,257)
Payments to employees	(847,539)	(569,755)	(366,307)	(684,519)	(2,468,120)	(592,669)
Net cash provided by (used in) operating activities	767,921	1,482,716	1,699,593	(131,388)	3,818,842	917,205
Cash Flows from Noncapital Financing Activities						
Transfers to other funds	-	-	-	166,000	166,000	-
Transfers to other funds	-	-	-	(20,000)	(20,000)	-
Property taxes	(2,847)	2,327,620	-	-	2,324,773	-
Net cash provided by (used in) noncapital financing activities	(2,847)	2,327,620	-	146,000	2,470,773	-
Cash Flows from Capital and Related Financing Activities						
Contributed capital	-	-	-	-	-	12,455
Principal and interest paid on capital debt	-	(3,271,262)	-	-	(3,271,262)	-
Purchase of capital assets	(528,280)	(597,034)	(1,527,775)	(296,680)	(2,949,769)	(468,802)
Proceeds from sale of capital assets	-	-	-	-	-	60,865
Property taxes - Restricted for capital debt	-	929,828	-	-	929,828	-
Net cash used in capital and related financing activities	(528,280)	(2,938,468)	(1,527,775)	(296,680)	(5,291,203)	(395,482)
Cash Flows from Investing Activities -						
Interest received on investments	43,917	48,177	29,984	7,112	129,190	94,202
Net Increase (Decrease) in Cash and Cash Equivalents	280,711	920,045	201,802	(274,956)	1,127,602	615,925
Cash and Cash Equivalents - Beginning of year	5,280,711	4,591,511	3,571,481	278,456	13,722,159	11,684,250
Cash and Cash Equivalents - End of year	<u>\$ 5,561,422</u>	<u>\$ 5,511,556</u>	<u>\$ 3,773,283</u>	<u>\$ 3,500</u>	<u>\$ 14,849,761</u>	<u>\$ 12,300,175</u>
Balance Sheet Classification of Cash and Cash Equivalents						
Cash and investments	\$ 5,561,422	\$ 5,511,556	\$ 3,773,283	\$ 3,500	\$ 14,849,761	\$ 11,828,442
Restricted investments (Note 8)	-	-	-	-	-	471,733
Total cash and cash equivalents	<u>\$ 5,561,422</u>	<u>\$ 5,511,556</u>	<u>\$ 3,773,283</u>	<u>\$ 3,500</u>	<u>\$ 14,849,761</u>	<u>\$ 12,300,175</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, 2011

	Water Supply System Receiving	Sewage Disposal System	Automobile Parking Fund	(Other Nonmajor Enterprise Fund)	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 18,731	\$ 86,348	\$ 581,472	\$ (269,405)	\$ 417,146	\$ 503,649
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	555,877	1,468,688	1,050,666	97,804	3,173,035	554,409
Changes in assets and liabilities:						
Receivables	(68,281)	(245,551)	119,566	(1,662)	(195,928)	201
Other assets	(1,698)	65,205	(4,001)	(5,175)	54,331	(15,931)
Accounts payable	274,669	166,341	(39,843)	69,980	471,147	(35,218)
Accrued and other liabilities	(11,377)	(58,315)	(8,267)	(22,930)	(100,889)	(89,905)
 Net cash provided by (used in) operating activities	 <u>\$ 767,921</u>	 <u>\$ 1,482,716</u>	 <u>\$ 1,699,593</u>	 <u>\$ (131,388)</u>	 <u>\$ 3,818,842</u>	 <u>\$ 917,205</u>

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

City of Birmingham, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2011

	Pension and Other Employee Benefits	Agency Fund
Assets		
Cash and cash equivalents (Note 5)	\$ 3,638,132	\$ 1,629,516
Investments:		
U.S. government securities	11,168,415	-
Stocks	83,824,429	-
Bonds	14,648,887	-
Receivables and accrued interest	341,910	-
Other assets	33,423	4,100
Total assets	113,655,196	\$ 1,633,616
Liabilities		
Accounts payable	11,672	\$ 26,984
Accrued and other liabilities	1,142,610	1,606,632
Total liabilities	1,154,282	\$ 1,633,616
Net Assets - Held in trust for pension and other employee benefits	\$ 112,500,914	

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

City of Birmingham, Michigan

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2011

	Pension and Other Employee Benefits
Additions	
Investment income:	
Interest and dividends	\$ 2,580,780
Net increase in fair value of investments	19,084,917
Less investment expenses	(476,903)
Net investment income	21,188,794
Contributions:	
Employer	4,431,758
Plan members	578,209
Total contributions	5,009,967
Other revenue	214,049
Total net additions	26,412,810
Deductions	
Benefit payments	7,816,800
Refunds of contributions	1,876,206
Administrative expenses and other	217,459
Total deductions	9,910,465
Net Increase	16,502,345
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	95,998,569
End of year	\$ 112,500,914

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

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City of Birmingham, Michigan

Component Units Statement of Net Assets June 30, 2011

	Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Totals
Assets					
Cash and investments (Note 5)	\$ 1,954,885	\$ 42,644	\$ 28,015	\$ 779,390	\$ 2,804,934
Receivables	-	5,411	-	53,021	58,432
Due from other governmental units	42,729	-	-	-	42,729
Capital assets (Note 6)	3,073,687	-	-	1,875	3,075,562
Other	49,999	-	-	24,871	74,870
Total assets	5,121,300	48,055	28,015	859,157	6,056,527
Liabilities					
Accounts payable	52,118	-	-	13,000	65,118
Accrued and other liabilities	54,932	-	-	6,333	61,265
Noncurrent liabilities (Note 7):					
Due within one year	138,802	-	-	10,881	149,683
Due in more than one year	-	-	-	630	630
Total liabilities	245,852	-	-	30,844	276,696
Net Assets					
Investment in capital assets	3,073,687	-	-	1,875	3,075,562
Restricted:					
Corridor improvement authority			28,015		28,015
Brownfield redevelopment authority		48,055			48,055
Library donations	911,520				911,520
Unrestricted	890,241	-	-	826,438	1,716,679
Total net assets	\$ 4,875,448	\$ 48,055	\$ 28,015	\$ 828,313	\$ 5,779,831

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

City of Birmingham, Michigan

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Baldwin Public Library - Culture and recreation	\$ 3,220,776	\$ 733,962	\$ 133,046
Brownfield Redevelopment Authority - Community development	36,025	3,705	-
Corridor Improvement Authority - Community development	-	-	-
Principal Shopping District - Community development	<u>945,846</u>	<u>898,131</u>	<u>161,491</u>
Total governmental activities	<u>\$ 4,202,647</u>	<u>\$ 1,635,798</u>	<u>\$ 294,537</u>

General revenues:

Taxes

State sources

Investment earnings

Total general revenues

Increase (Decrease) in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

Component Units
Statement of Activities
Year Ended June 30, 2011

Net (Expense) Revenue and Changes in Net Assets				
Baldwin Public Library	Brownfield Redevelopment Authority	Corridor Improvement Authority	Principal Shopping District	Total
\$ (2,353,768)	\$ -	\$ -	\$ -	\$ (2,353,768)
-	(32,320)	-	-	(32,320)
-	-	-	-	-
-	-	-	113,776	113,776
(2,353,768)	(32,320)	-	113,776	(2,272,312)
2,039,780	29,496	-	-	2,069,276
13,941	-	-	-	13,941
157,710	524	243	4,721	163,198
2,211,431	30,020	243	4,721	2,246,415
(142,337)	(2,300)	243	118,497	(25,897)
5,017,785	50,355	27,772	709,816	5,805,728
\$ 4,875,448	\$ 48,055	\$ 28,015	\$ 828,313	\$ 5,779,831

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Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

- a. The Baldwin Public Library is governed by a six-member board elected directly by the citizens of Birmingham and funded by a specially voted property tax levy. However, the City Commission approves the Library's annual budget, levies the Library millage, and provides the Library facilities. In addition, the Library is not able to issue its own debt. As a result, the Library is fiscally dependent on the City.
- b. The Principal Shopping District was created to promote economic activity within the principal shopping districts of the City by conducting market research and public relations campaigns, developing, coordinating, and conducting retail and institutional promotions, and sponsoring special events and related activities. Its board consists of 8 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 as below:

Baldwin Public Library
300 West Merrill
Birmingham, MI 48009

Principal Shopping District
151 Martin Street
Birmingham, MI 48009

Brownfield Redevelopment Authority
151 Martin Street
Birmingham, MI 48009

Corridor Improvement Authority
151 Martin Street
Birmingham, MI 48009

Government-wide and Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

When an expense has been incurred for purposes for which both restricted and unrestricted net assets are available, it is the City's policy to first apply restricted resources.

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Additionally, the government reports the following fund types:

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

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

Agency Funds – The Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2011 is based on the 2010 levy, which was billed July 1, 2010.

The 2010 taxable valuation of the City totaled \$1,878,120,360, on which ad valorem taxes levied consisted of 11.5859 mills for operating purposes. These mills were allocated to the General Fund (10.3344) and the Sewer Fund (1.2515). Additionally, .7137 mills and 1.6002 mills were levied for solid waste disposal and debt service, respectively. This resulted in \$21.8 million for operating expenses, \$1.3 million for refuse services, and \$3 million for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Funds financial statements as tax revenue.

Component Unit (Baldwin Public Library) Property Taxes – Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Taxes not received by the end of the fiscal year are added to the county tax rolls. The City's property tax revenue for the fiscal year ended June 30, 2011 is based on the 2010 levy, which was billed July 1, 2010.

Note 1 - Summary of Significant Accounting Policies (Continued)

The 2010 taxable value totaled \$1,878,120,360; the Library's millage rate was 1.100 mills, which resulted in property tax billings of \$2.1 million. The amount recognized as revenue reflects reductions for Board of Review, Michigan Tax Tribunal, and delinquencies, as well as recoveries of prior year delinquencies.

Assets, Liabilities, and Net Assets or Fund Equity

Cash and Investments – Cash and cash equivalents include cash on hand, demand deposits, and investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average. The City does engage in securities lending transactions with investments in the Employee Retirement System and Retiree Health Care Fund.

Receivables – All customer receivables are shown net of allowances for uncollectible amounts. For the year ended June 30, 2011, there was approximately \$180,000 in allowances for parking fines, \$72,000 in allowances for delinquent personal property taxes, and approximately \$15,000 in allowances for miscellaneous receivables. Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

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

Certain payments to vendors are recorded as prepaid items in both government-wide and fund financial statements. Also, contributions in excess of actuarially determined amounts for retirement and retiree health care benefits are recorded as a prepaid expense on the government-wide and proprietary fund-based statements. At June 30, 2011, the prepaid retirement costs were \$493,318, \$44,077, and \$44,504 for governmental, business-type activities, and component units, respectively. Prepaid retiree health care benefit costs were \$1,383,312, \$13,230, and \$15,164 for governmental, business-type activities, and component units, respectively.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

The City Commission has adopted a minimum fund balance policy which states that unassigned fund balance in the General Fund can be no less than 10 percent of the budgeted expenditures in that fund.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Government funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation”. The details of this \$1,102,692 difference are as follows:

Capital outlay	\$ 2,396,188
Depreciation expense	<u>(3,498,880)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$(1,102,692)</u></u>

Note 3 - Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2011 consisted of the following:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$750,000

The balance above represents a loan for renovations to the Lincoln Hills Golf Course clubhouse and parking lot. The balance is not scheduled to be collected in the subsequent year.

Note 3 - Interfund Receivables, Payables, and Transfers (Continued)

For the year ended June 30, 2011, interfund transfers reported in the fund statements were as follows:

	Transfers Out		
	General Fund	Golf Courses	Total
Transfers in:			
General Fund	\$ -	\$ 20,000 (3)	\$ 20,000
Major Streets Fund	1,425,000 (1)	-	1,425,000
Local Streets Fund	2,175,000 (1)	-	2,175,000
Capital Projects Fund	100,000 (2)	-	100,000
Golf Courses	166,000 (2)	-	166,000
Total	<u>\$ 3,866,000</u>	<u>\$ 20,000</u>	<u>\$ 3,886,000</u>

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers for capital improvements
- (3) Fee in lieu of taxes

Note 4 - Stewardship, Compliance, and Accountability

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

A summary of the cumulative deficit and activity for the year ended June 30, 2011 is as follows:

Deficit as of June 30, 2010	\$ (274,780)
Building permit revenue	1,055,149
Related expenses:	
Direct costs	\$1,054,092
Estimated indirect costs	<u>112,944</u>
Total construction code expenses	<u>1,167,036</u>
Deficit as of June 30, 2011	<u>\$ (386,667)</u>

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

Fund/Net Asset Deficit – The State of Michigan defines “fund deficit” as a deficit in the unrestricted (committed, assigned, and unassigned) portion of the fund balance for governmental fund types or unrestricted net assets of proprietary fund types.

The City has two funds that meet this definition:

Parks & Recreation Debt Service Fund	(\$ 1,330)
Golf Course Funds	(\$ 848,446)

The deficit in the Parks & Recreation Debt Service Fund is the result of lower property tax revenue due to estimated Michigan Tax Tribunal adjustments of properties still under review. The City intends to address this deficit by monitoring these adjustments as they are adjudicated and adjusting the debt millage levy accordingly.

The deficit in the Golf Course Funds is primarily the result of a \$750,000 loan from the General Fund to the Golf Course Funds for the renovation of the Lincoln Hills Golf Course clubhouse. The remainder of the deficit is the result of the economic downturn in the state of Michigan which has reduced revenue to the golf courses. The City intends to evaluate further cost-saving measures and revenue enhancements.

Note 5 - Cash and Investments

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

Note 5 - Cash and Investments (Continued)

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

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

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 \$4.1 million in total bank deposits (certificates of deposit, checking and savings accounts). Of that amount, approximately \$3.6 million is considered uninsured and uncollateralized.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's general investment policy restricts the average maturity of investments to 2-1/2 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 – 184 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:

Note 5 - Cash and Investments (Continued)

Investment Type	Fair Value	Maturity (Years)			
		< 1	1 - 5	6 - 10	> 10
U.S Treasury:					
General investments	\$ 12,604,615	\$ 8,031,640	\$ 4,572,975	\$ -	\$ -
Retirement Fund	2,705,117	418,845	851,815	820,363	614,094
Retiree Health Care	645,151	143,947	231,035	153,412	116,757
U.S. agency:					
General investments	39,362,934	3,750,024	35,612,910	-	-
Retirement Fund	6,482,843	-	415,772	1,160,143	4,906,928
Retiree Health Care	1,335,304	445	79,014	208,285	1,047,560
Corporate bonds:					
Retirement Fund	12,239,355	234,109	2,066,168	6,315,027	3,624,051
Retiree Health Care	2,409,532	47,073	417,391	1,311,725	633,343

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

Note 5 - Cash and Investments (Continued)

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Rating Agency</u>	
U.S. agency securities	Unrated	\$ 3,591,876		
	AAA	40,676,795	S&P	
	AA+	2,452,124	S&P	
	AA-	119,988	S&P	
Corporate bonds	Unrated	937,980		
	AAA	1,318,756	S&P	
	AA+	393,952	S&P	
	AA	625,592	S&P	
	AA-	322,399	S&P	
	A+	1,835,432	S&P	
	A	2,013,301	S&P	
	A-	892,835	S&P	
	BBB+	1,010,289	S&P	
	BBB	1,291,568	S&P	
	BBB-	1,813,677	S&P	
		BB+	669,843	S&P
		BB	337,495	S&P
		BB-	433,821	S&P
		B+	296,877	S&P
	B	222,408	S&P	
	B-	192,269	S&P	
	CCC	40,393	S&P	
Pooled funds	Unrated	6,620,045		
	AAA	1,507,023	S&P	

Concentration of Credit Risk – At June 30, 2011, the City had investments greater than 5% of its holdings with the following issuers:

<u>Issuer</u>	<u>General Investments</u>	<u>Retirement Investments</u>	<u>Retiree Health Investments</u>
Federal Farm Credit Bank	23%	-	-
Federal Home Loan Mortgage	13%	-	-
Federal National Mortgage Assn.	18%	-	-
Federal Home Loan Bank	15%	-	-

Note 5 - Cash and Investments (Continued)

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

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

Note 6 - Capital Assets

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

	Balance July 1, 2010	Additions	Disposals and Adjustments	Balance June 30, 2011
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 10,337,835	\$ -	\$ -	\$ 10,337,835
Art and historical treasures	752,324	19,000	-	771,324
Construction in progress	<u>602,275</u>	<u>643,662</u>	<u>481,085</u>	<u>764,852</u>
Subtotal	11,692,434	662,662	481,085	11,874,011
Capital assets being depreciated:				
Road and sidewalks	52,084,832	1,231,218	596,983	52,719,067
Buildings and improvements	21,221,924	126,380	-	21,348,304
Improvements other than buildings	10,293,837	760,214	-	11,054,051
Machinery and equipment	<u>13,319,744</u>	<u>866,451</u>	<u>465,223</u>	<u>13,720,972</u>
Subtotal	96,920,337	2,984,263	1,062,206	98,842,394
Accumulated depreciation:				
Roads and sidewalks	21,357,774	2,565,237	583,180	23,339,831
Buildings and improvements	3,859,991	176,738	-	4,036,729
Improvements other than buildings	1,305,650	485,420	-	1,791,070
Machinery and equipment	<u>8,450,105</u>	<u>825,894</u>	<u>338,213</u>	<u>8,937,786</u>
Subtotal	<u>34,973,520</u>	<u>4,053,289</u>	<u>921,393</u>	<u>38,105,416</u>
Net capital assets being depreciated	<u>61,946,817</u>	<u>(1,069,026)</u>	<u>140,813</u>	<u>60,736,978</u>
Net capital assets	<u>\$ 73,639,251</u>	<u>\$ (406,364)</u>	<u>\$ 621,898</u>	<u>\$ 72,610,989</u>

Note 6 - Capital Assets (Continued)

	Balance July 1, 2010	Additions	Disposals and Adjustments	Balance June 30, 2011
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 1,597,920	\$ -	\$ -	\$ 1,597,920
Construction in progress	<u>61,220</u>	<u>759,448</u>	<u>61,218</u>	<u>759,450</u>
Subtotal	1,659,140	759,448	61,218	2,357,370
Capital assets being depreciated:				
Water and sewer distribution systems	81,434,626	426,000	-	81,860,626
Land improvements	2,134,907	350,704	8,000	2,477,611
Building and building improvements	32,187,481	1,482,836	-	33,670,317
Machinery and equipment	<u>3,088,086</u>	<u>-</u>	<u>-</u>	<u>3,088,086</u>
Subtotal	118,845,100	2,259,540	8,000	121,096,640
Accumulated depreciation:				
Water and sewer distribution systems	19,782,759	2,030,339	-	21,813,098
Land improvements	18,617	73,370	-	91,987
Building and building improvements	17,207,770	906,184	-	18,113,954
Machinery and equipment	<u>2,261,016</u>	<u>163,142</u>	<u>-</u>	<u>2,424,158</u>
Subtotal	<u>39,270,162</u>	<u>3,173,035</u>	<u>-</u>	<u>42,443,197</u>
Net capital assets being depreciated	<u>79,574,938</u>	<u>(913,495)</u>	<u>8,000</u>	<u>78,653,443</u>
Net capital assets	<u>\$ 81,234,078</u>	<u>\$ (154,047)</u>	<u>\$ 69,218</u>	<u>\$ 81,010,813</u>

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

	Balance July 1, 2010	Additions	Disposals and Adjustments	Balance June 30, 2011
Component Units				
Capital assets not being depreciated -				
Fine arts	\$ 107,918	\$ -	\$ -	\$ 107,918
Capital assets being depreciated:				
Equipment and building improvements	3,022,908	111,827	25,901	3,108,834
Books, periodicals, etc.	<u>9,427,549</u>	<u>327,971</u>	<u>84,308</u>	<u>9,671,212</u>
Subtotal	12,450,457	439,798	110,209	12,780,046
Less accumulated depreciation	<u>9,242,784</u>	<u>679,050</u>	<u>109,432</u>	<u>9,812,402</u>
Net capital assets being depreciated	<u>3,207,673</u>	<u>(239,252)</u>	<u>777</u>	<u>2,967,644</u>
Net capital assets	<u>\$ 3,315,591</u>	<u>\$ (239,252)</u>	<u>\$ 777</u>	<u>\$ 3,075,562</u>

Note 6 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 192,958
Public safety	175,155
Public works	2,512,988
Economic development	8,252
Recreation and culture	609,527
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	<u>554,409</u>
Total governmental activities	<u>\$ 4,053,289</u>
Business-type activities:	
Water and sewer	\$ 2,024,565
Automobile parking system	1,050,666
Golf courses	<u>97,804</u>
Total business-type activities	<u>\$ 3,173,035</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>
Park improvements	\$ 2,176,825	\$ 22,450
Street/Bridge projects	1,397,019	2,664,915
Parking deck improvements	867,753	216,160
Other	723,387	325,100
Water system improvements	406,535	444,786
Sewer improvements	335,214	819,649
Sidewalks	221,246	7,199
Building improvements	<u>26,250</u>	<u>4,160</u>
Total	<u>\$ 6,154,228</u>	<u>\$ 4,504,417</u>

Note 7 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
2002 Parks and Recreation Bonds:							
Amount of issue - \$15,700,000	2.00% -	\$200,000 -					
Maturing through 2025	5.00%	\$1,300,000	\$ 5,000,000	\$ -	\$ (500,000)	\$ 4,500,000	\$ 600,000
2003 Refunding Bonds:							
Amount of issue - \$9,055,000	2.00% -	\$425,000 -					
Maturing through 2012	4.00%	\$1,500,000	2,175,000	-	(700,000)	1,475,000	725,000
2006 Refunding Bonds:							
Amount of issue - \$8,920,000	3.75% -	\$40,000 -					
Maturing through 2023	4.00%	\$1,285,000	8,790,000	-	(45,000)	8,745,000	50,000
Less: deferred amount on refunding			(421,873)		30,134	(391,739)	(30,134)
2008 Parks and Recreation Bonds:							
Amount of issue - \$4,000,000	3.00% -	\$100,000 -					
Maturing through 2029	4.00%	\$300,000	<u>3,900,000</u>	<u>-</u>	<u>(100,000)</u>	<u>3,800,000</u>	<u>100,000</u>
Total general obligation bonds			19,443,127	-	(1,314,866)	18,128,261	1,444,866
Notes payable:							
MDEQ Brownfield Redevelopment Loan							
Amount of loan - \$300,000	2.00%	\$27,398 -					
Maturing through 2019		\$32,743	<u>267,257</u>	<u>-</u>	<u>(27,398)</u>	<u>239,859</u>	<u>27,946</u>
Total bonds and notes payable			19,710,384	-	(1,342,264)	18,368,120	1,472,812
Accumulated employee benefits			<u>2,200,364</u>	<u>200,582</u>	<u>(283,501)</u>	<u>2,117,445</u>	<u>1,389,448</u>
Total governmental activities			<u>\$ 21,910,748</u>	<u>\$ 200,582</u>	<u>\$ (1,625,765)</u>	<u>\$ 20,485,565</u>	<u>\$ 2,862,260</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At year end, \$925,540 of internal service funds employee benefit obligations is included in the above amounts. Employee benefit obligations for governmental activities are generally liquidated by the General Fund.

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
2004 Refunding Bonds:							
Amount of issue - \$9,930,000	2.00% -	\$85,000 -					
Maturing through 2020	4.00%	\$1,155,000	\$ 9,400,000	\$ -	\$ (590,000)	\$ 8,810,000	\$ 635,000
Contractual obligations:							
C.S.O. Obligations:							
Amount of issue - \$22,706,977 (Net of 1996, 1999 and 2008 defeasance)	2.00% -	\$838,066 -					
Maturing through 2016	7.00%	\$1,694,906	10,573,937	-	(1,498,219)	9,075,718	1,600,879
Add: deferred amount on refunding			627	-	(90)	537	90
George W. Kuhn Drain Bonds:							
Amount of issue - \$5,834,286 (Net of 2007 defeasance)	2.50% -	\$42,654 -					
Maturing through 2028	6.00%	\$349,529	4,649,502	-	(280,679)	4,368,823	287,317
Less: deferred amount on refunding			(19,936)	-	1,424	(18,512)	(1,424)
North Arm Drain Bonds:							
Amount of issue - \$13,877,387	1.10% -	\$121,756 -					
Maturing through 2021	1.30%	\$174,693	1,800,885	-	(146,680)	1,654,205	149,940
Total contractual obligations			17,005,015	-	(1,924,244)	15,080,771	2,036,802
Total bonds and contractual obligations			26,405,015	-	(2,514,244)	23,890,771	2,671,802
Accumulated employee benefits			29,705	10,890	(4,098)	36,497	35,221
Total business-type activities			\$ 26,434,720	\$ 10,890	\$ (2,518,342)	\$ 23,927,268	\$ 2,707,023

The above contractual obligations to Oakland County (C.S.O. and Kuhn Drain Bonds) 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 are \$15,043,417 and \$1,846,687, respectively.

In prior years, the City and Oakland County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2011, \$8.3 million of City bonds outstanding and \$.3 million of County bonds outstanding are considered defeased.

Note 7 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,502,946	\$ 688,124	\$ 2,191,070	\$ 2,673,138	\$ 709,169	\$ 3,382,307
2013	1,628,505	636,166	2,264,671	2,737,888	631,476	3,369,364
2014	879,075	591,908	1,470,983	2,839,896	552,011	3,391,907
2015	984,656	556,258	1,540,914	2,895,275	465,785	3,361,060
2016	1,085,250	516,728	1,601,978	2,829,497	374,741	3,204,238
2017-2021	6,794,427	1,844,418	8,638,845	8,808,851	888,144	9,696,995
2022-2026	4,985,000	543,425	5,528,425	1,046,686	66,470	1,113,156
2027-2029	900,000	54,000	954,000	77,515	3,652	81,167
Total	<u>\$ 18,759,859</u>	<u>\$ 5,431,027</u>	<u>\$ 24,190,886</u>	<u>\$ 23,908,746</u>	<u>\$ 3,691,448</u>	<u>\$ 27,600,194</u>

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

Note 8 - Restricted Assets

The balance of the restricted assets in the governmental funds is approximately \$106,200, which represents unspent bond proceeds that are restricted for park improvement projects.

The balance of the restricted assets in the internal service funds is approximately \$471,700, which represents health reimbursement accounts (HRAs) for full-time employees. Employees participating in the City's health insurance coverage can use these accounts to reimburse themselves for their out-of-pocket deductible and co-insurance payments. If an employee terminates employment before retirement, any unused funds are returned to the City.

Note 9 - Governmental Fund Balances

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

	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total
Fund balances (deficit):						
Nonspendable:						
Prepays and inventory	\$ 49,384	\$ 138,294	\$ 55,318	\$ -	\$ -	\$ 242,996
Advances to other funds	750,000	-	-	-	-	750,000
Restricted for:						
Solid waste disposal	-	-	-	-	691,658	691,658
Law enforcement	-	-	-	-	455,825	455,825
Park improvements	-	-	-	94,352	-	94,352
Debt service	-	-	-	-	60,450	60,450
Other purposes	-	-	-	32,760	-	32,760
Committed to:						
Streambank improvements	-	-	-	140,686	-	140,686
Other purposes	2,426	-	-	4,160	-	6,586
Assigned to:						
Highway and street projects	-	4,924,757	2,466,248	-	-	7,391,005
Fire station renovations and repairs	-	-	-	2,591,346	-	2,591,346
Park improvements	-	-	-	1,480,650	-	1,480,650
Library HVAC improvements	-	-	-	660,000	-	660,000
Woodward Ave. crossing improvements	-	-	-	150,000	-	150,000
Ice Arena improvements	-	-	-	102,516	-	102,516
Other purposes	94,497	-	-	142,630	-	237,127
Unassigned	<u>12,187,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,330)</u>	<u>12,186,072</u>
Total fund balances (deficit)	<u>\$ 13,083,709</u>	<u>\$ 5,063,051</u>	<u>\$ 2,521,566</u>	<u>\$ 5,399,100</u>	<u>\$ 1,206,603</u>	<u>\$ 27,274,029</u>

Note 10 - Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Monies received for subsequent year's operations	\$ -	\$ 26,249
Parking tickets and charges for services	182,399	-
Special assessments and delinquent property taxes	<u>801,781</u>	<u>-</u>
Total deferred revenue	<u>\$ 984,180</u>	<u>\$ 26,249</u>

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

Note 11 - Risk Management

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

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

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

	<u>2011</u>	<u>2010</u>
Unpaid claims – Beginning of year	\$ 316,235	\$ 224,593
Incurred claims – Including claims incurred but not reported	2,192,566	2,127,053
Claim payments	<u>(2,383,919)</u>	<u>(2,035,411)</u>
Unpaid claims – End of year	<u>\$ 124,882</u>	<u>\$ 316,235</u>

Note 12 - Pension Plans

Defined Benefit Plan

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

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

Note 12 - Pension Plans (Continued)

Currently, a contribution from the employees of 3 percent of their covered salary is required. The funding policy provides for periodic employer contributions at actuarially determined rates which for fiscal year 2010-2011 was 13.92 percent of annual covered payroll less \$5,331 for general employees and 18.58 percent for public safety employees.

Annual Pension Cost – For 2011, the City’s annual pension cost of \$1,653,046 was less than the City’s actual contributions. The City’s three-year trend information is as follows:

	<u>Fiscal Year Ended June 30</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Employees’ Retirement System:			
Annual pension costs (APC)	\$ 831,629	\$ 1,229,185	\$ 1,653,046
Percentage of APC contributed	100%	143%	103%
Net pension obligation	\$ -	\$ (528,406)	\$ (581,899)

Funding Status and Funding Progress – The City’s three year trend information is as follows:

	<u>Actuarial Valuation as of June 30</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Actuarial value of assets	\$102,374,310	\$ 99,632,855	\$ 95,403,870
Actuarial Accrued Liability (entry age)	\$ 96,642,109	\$100,123,655	\$101,747,595
Overfunded (Unfunded) AAL	\$ 5,732,201	\$ (490,800)	\$ (6,343,725)
Funded ratio	105.9%	99.5%	93.8%
Covered payroll	\$11,756,272	\$ 11,059,972	\$ 10,714,397
Overfunded (Unfunded) AAL as a percentage of covered payroll	48.7%	(4.4)%	(59.2)%

Note 12 - Pension Plans (Continued)

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

	Governmental Activities	Business-type Activities	Component Units	Total
Annual required contribution	\$ 1,460,781	\$ 130,611	\$ 98,642	\$ 1,690,034
Interest on prior year net pension obligation	<u>(31,340)</u>	<u>(2,800)</u>	<u>(2,848)</u>	<u>(36,988)</u>
Annual pension cost	1,429,441	127,811	95,794	1,653,046
Amounts contributed	<u>(1,475,047)</u>	<u>(131,886)</u>	<u>(99,606)</u>	<u>(1,706,539)</u>
Increase in net pension obligation (NPO)	(45,606)	(4,075)	(3,812)	(53,493)
NPO - Beginning of year	<u>(447,712)</u>	<u>(40,001)</u>	<u>(40,693)</u>	<u>(528,406)</u>
NPO - End of year	<u>\$ (493,318)</u>	<u>\$ (44,076)</u>	<u>\$ (44,505)</u>	<u>\$ (581,899)</u>

As of June 30, 2011, the plan's legally required reserves have been funded as follows:

Reserve for employer contributions	\$ 29,536,016
Reserve for employees' contributions	6,847,554
Reserve for retired benefit payments	58,004,906
Reserve for deferred retirement option plan benefit payments	661,381

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at June 30, 2009, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7 percent investment rate of return, (b) projected salary increases of 4 percent per year, (c) additional projected salary increases ranging from 0.0 percent to 3.8 percent per year depending on age, attributable to seniority/merit, and (d) no cost of living adjustments. Both (a) and (b) include an inflation component of 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The overfunded actuarial liability is being amortized as a level dollar amount for general employees and the underfunded actuarial liability is being amortized as a level percent of payroll basis for public safety employees. The remaining amortization period is 25 years open for general employees and 30 years open for public safety employees.

Note 12 - Pension Plans (Continued)

Defined Contribution Plan

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

	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees
Employer Contribution	not to exceed 5%	200% of employee contrib. not to exceed 6%	\$1.30/hr. \$1.95/overtime hr.	\$1.20/hr. \$1.80/overtime hr.
Employee Contribution	3%	no mandatory contribution	\$.65/hr. \$.98/overtime hr.	\$.60/hr.
Vesting Period	5 years	3 years	5 years	5 years

At June 30, 2011, the following numbers of employees were in the plan along with the respective employer and employee contributions:

	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees
Number of Employees	4	12	0	1
Employer Contributions	\$8,463	\$29,093	\$0	\$2,727
Employee Contributions	\$5,071	\$14,546	\$0	\$1,341

Note 13 - Postemployment Benefits

Defined Benefit Retiree Health Care Plan

Plan Description – City of Birmingham Retiree 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, 2011, the plan had the following plan members:

Active service members:	
General employees	80
Public safety employees	48
Deferred members	8
Retired members and beneficiaries	<u>215</u>
Total members	<u>351</u>

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

Contributions – Public Act 149 authorizes the City Commission to establish and amend contribution requirements of the plan members. Active service members and retired members or their beneficiaries are required to contribute to the plan. Active service members contribute 2 percent of their compensation. Retirees or their beneficiaries hired prior to January 1, 1993 (July 1, 2002 for Library) contribute the following (some retirees' contributions will differ from the amounts below depending on the terms of the contract when they retired):

Status	Monthly Premiums				
	Police Officials	Police Command	General Executive, General, Library, Police Support, Police Patrol	Teamsters AFSCME	Firefighters & Command
Single - below age 65	\$15	\$40	\$30	\$ 60	\$60
Single - age 65 and over	8	20	15	30	30
Couple - below age 65	30	80	60	120	120
Couple - age 65 and over	16	40	30	60	60

Note 13 - Postemployment Benefits (Continued)

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

For the fiscal year ended June 30, 2011, plan members or beneficiaries receiving benefits contributed \$274,270. The City is required to contribute at a rate equivalent to the annual required contribution (ARC) (26.84 percent or \$2.73 million). Administrative costs of the RHCf are financed by investment earnings.

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2010 (the most recent actuarial valuation date) is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
\$13,918,089	\$54,553,866	\$40,635,777	25.5%	\$10,714,397	379.3%

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

	Governmental Activities	Business-type Activities	Component Units	Total
Annual required contribution	\$ 2,312,100	\$ 215,705	\$ 197,413	\$ 2,725,218
Interest on prior year net OPEB obligation	(82,010)	(944)	(1,061)	(84,015)
Adjustment to the annual required contribution	12,750	1,200	1,050	15,000
Annual OPEB cost	2,242,840	215,961	197,402	2,656,203
Amounts contributed:				
Employer contribution	(2,312,100)	(215,705)	(197,413)	(2,725,218)
Medicare subsidies	(142,470)	-	-	(142,470)
(Increase) decrease in net OPEB obligation	(211,730)	256	(11)	(211,485)
Net OPEB obligation - beginning of year	(1,171,582)	(13,486)	(15,153)	(1,200,221)
Net OPEB obligation - end of year	\$ (1,383,312)	\$ (13,230)	\$ (15,164)	\$ (1,411,706)

Note 13 - Postemployment Benefits (Continued)

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

	<u>Fiscal Year Ended June 30</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Employees' Retiree Health Care System:			
Annual OPEB costs	\$ 1,913,220	\$ 1,911,839	\$ 2,656,203
City percentage contributed	126.4%	103.8%	102.6%
Federal percentage contributed	3.6%	5.4%	5.4%
Net OPEB obligation	\$(1,024,421)	\$(1,200,220)	\$(1,411,706)

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, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Note 13 - Postemployment Benefits (Continued)

Actuarial methods and significant assumptions used to determine the ARC for the fiscal year ended June 30, 2011 are as follows:

Valuation date:	June 30, 2008
Actuarial cost method:	Individual Entry age
Amortization method:	General: Level Dollar-Closed Police/Fire: Level Percent of Pay-Open
Remaining amortization periods	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	4%
Healthcare cost trend rate	9% initial 4% ultimate

Defined Contribution Retiree Health Savings Plan

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

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

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

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

Note 13 - Postemployment Benefits (Continued)

At June 30, 2011, the following numbers of employees were in the plan along with the respective employer and employee contributions:

	Department Heads and Non-Union Employees	Library Employees	AFSCME Employees	Teamster Employees	Fire Employees
Number of Employees	5	13	25	33	1
Employer Contributions	\$4,060	\$9,400	\$29,977	\$43,590	\$1,000
Employee Contributions	\$3,385	\$6,905	\$0	\$20,050	\$617

Note 14 - Joint Ventures

Birmingham Area Cablecasting Board

The City is a member of the Birmingham Area Cablecasting Board, which provides cable program coordinating services to the residents of Birmingham, Beverly Hills, and Franklin Village. The City receives quarterly checks from Comcast, AT&T, and WOW! which consist of revenue related to franchise and use fees. The City then distributes a fixed percentage of the amounts received to the Village of Beverly Hills for administrative services. The City is unaware of any additional benefit or detriment upon dissolution of this joint venture. The City's equity interest in the joint venture is insignificant. Complete financial statements for the Birmingham Area Cablecasting Board can be obtained from the administrative offices at 30400 Telegraph Road, Suite 328, Birmingham, MI 48010.

Southeastern Oakland County Water Authority

The City is a member of the Southeastern Oakland County Water Authority, which provides a water supply system serving 11 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2011, the City expensed \$1,503,741 of payments made to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. The Southeastern Oakland County Water Authority has two debt issuances totaling approximately \$8,550,000, of which the City has guaranteed approximately \$325,380 at June 30, 2011. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Note 14 - Joint Ventures (Continued)

Southeastern Oakland County Resource 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, 2011, the City expensed \$1,317,702 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 \$668,058 and its share of Court revenue amounted to \$690,486 for the Court's year ended December 31, 2010. Complete audited financial statements for the Court can be obtained from the Court's administrative offices at 4280 Telegraph Road in Bloomfield Township. The City's equity interest at June 30, 2011 is \$40,797.

Note 15 - Upcoming Reporting Change - GASB 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

Required Supplemental Information

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City of Birmingham, Michigan

Required Supplemental Information Budgetary Comparison Schedule – General Fund Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual (Budgetary Basis) (See Note B)	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes	\$ 19,395,760	\$ 19,395,760	\$ 19,321,677	\$ (74,083)
Licenses and permits	1,333,260	1,333,260	1,683,426	350,166
Intergovernmental revenue	1,481,850	1,481,850	1,595,402	113,552
Charges for services	2,232,010	2,054,110	2,084,781	30,671
Fines and forfeitures	1,257,940	1,087,940	1,036,303	(51,637)
Interest and rent	391,100	181,100	198,222	17,122
Other	123,900	123,900	137,980	14,080
Transfers from other funds	20,000	20,000	20,000	-
Total revenue	26,235,820	25,677,920	26,077,791	399,871
Expenditures				
General government	5,129,630	5,087,823	4,772,333	315,490
Public safety	10,818,930	10,831,834	10,584,698	247,136
Community development	1,448,200	1,448,200	1,387,554	60,646
Engineering and public services	4,176,490	4,111,199	3,229,878	881,321
Contingency	202,060	2,001	-	2,001
Transfers to other funds	4,712,390	4,542,390	4,521,417	20,973
Total expenditures	26,487,700	26,023,447	24,495,880	1,527,567
Excess of Revenue Over (Under) Expenditures	(251,880)	(345,527)	1,581,911	1,927,438
Fund Balances - Beginning of year	11,501,798	11,501,798	11,501,798	-
Fund Balances - End of year	\$ 11,249,918	\$ 11,156,271	\$ 13,083,709	\$ 1,927,438

City of Birmingham, Michigan

Required Supplemental Information
 Budgetary Comparison Schedule – Major Special Revenue Funds
 Major Streets Fund
 Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Special assessments	\$ 41,440	\$ 11,440	\$ 17,645	\$ 6,205
Intergovernmental revenue	718,860	718,860	755,863	37,003
Other revenue	-	-	-	-
Interest and rent	84,400	34,400	41,308	6,908
Transfers from other funds	1,425,000	1,425,000	1,425,000	-
Total revenue	2,269,700	2,189,700	2,239,816	50,116
Expenditures				
Maintenance of streets and bridges	546,980	577,198	245,301	331,897
Street cleaning	174,800	184,800	166,652	18,148
Street trees	274,390	274,390	221,598	52,792
Traffic controls and engineering	498,510	608,855	217,140	391,715
Snow and ice removal	378,470	378,470	326,645	51,825
Administrative	18,600	18,600	18,602	(2)
Capital outlay - Engineering and construction of roads and bridges	2,578,350	2,706,029	531,904	2,174,125
Total expenditures	4,470,100	4,748,342	1,727,842	3,020,500
Excess of Revenue Over (Under) Expenditures	(2,200,400)	(2,558,642)	511,974	3,070,616
Fund Balances - Beginning of year	4,551,077	4,551,077	4,551,077	-
Fund Balances - End of year	<u>\$ 2,350,677</u>	<u>\$ 1,992,435</u>	<u>\$ 5,063,051</u>	<u>\$ 3,070,616</u>

City of Birmingham, Michigan

Required Supplemental Information
 Budgetary Comparison Schedule – Major Special Revenue Funds
 Local Streets Fund
 Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Special assessments	\$ 393,780	\$ 313,780	\$ 364,318	\$ 50,538
Intergovernmental revenue	302,480	302,480	318,384	15,904
Other revenue	-	-	3,796	3,796
Interest and rent	74,700	39,700	49,709	10,009
Transfers from other funds	<u>2,175,000</u>	<u>2,175,000</u>	<u>2,175,000</u>	<u>-</u>
Total revenue	2,945,960	2,830,960	2,911,207	80,247
Expenditures				
Maintenance of streets and bridges	926,130	926,130	743,248	182,882
Street cleaning	205,710	205,710	173,097	32,613
Street trees	648,720	648,720	516,835	131,885
Traffic controls and engineering	88,920	88,920	75,093	13,827
Snow and ice removal	229,670	229,670	179,170	50,500
Administrative	30,330	30,330	30,332	(2)
Capital outlay - Engineering and construction of roads and bridges	<u>1,151,350</u>	<u>1,660,230</u>	<u>889,923</u>	<u>770,307</u>
Total expenditures	<u>3,280,830</u>	<u>3,789,710</u>	<u>2,607,698</u>	<u>1,182,012</u>
Excess of Revenue Over (Under) Expenditures	(334,870)	(958,750)	303,509	1,262,259
Fund Balances - Beginning of year	<u>2,218,057</u>	<u>2,218,057</u>	<u>2,218,057</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 1,883,187</u>	<u>\$ 1,259,307</u>	<u>\$ 2,521,566</u>	<u>\$ 1,262,259</u>

Required Supplemental Information
Pension System
Schedule of Funding Progress
June 30, 2011

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded AAL/ (Unfunded AAL) (UAAL) (a-b)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	Overfunded/ (Unfunded) AAL Percentage of Covered Payroll
6/30/06	\$ 93,194,651	\$ 85,554,832	\$ 7,639,819	108.9	\$ 11,761,335	65.0
6/30/07	99,375,118	89,832,272	9,542,846	110.6	11,561,631	82.5
6/30/08	102,374,310	96,642,109	5,732,201	105.9	11,756,272	48.8
6/30/09	99,632,855	100,123,655	(490,800)	99.5	11,059,972	(4.4)
6/30/10	95,403,870	101,747,595	(6,343,725)	93.8	10,714,397	(59.2)
6/30/11	*	*	*	*	*	*

* Information not available

Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution		Percentage Contributed	
		General *	Police & Fire	General	Police & Fire
6/30/07	6/30/04	\$ 462,036	**	100.0	**
6/30/08	6/30/06	1,034,107	**	100.0	**
6/30/09	6/30/07	831,629	**	100.0	**
6/30/10	6/30/08	520,518	\$ 708,667	153.1	135.6
6/30/11	6/30/09	739,467	950,567	100.9	101.0

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

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2010, the latest actuarial valuation date, follows:

Employees' Retirement System

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

City of Birmingham, Michigan

Required Supplemental Information Retiree Health Care Fund Schedule of Funding Progress June 30, 2011

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
6/30/07	\$ 13,649,834	\$ 48,191,355	\$ 34,541,521	28.3	\$ 11,561,631	298.8
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	*	*	*	*	*	*

* No valuation prepared

Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/07	6/30/04	\$ 1,834,392	100.0
6/30/08	6/30/05	1,842,693	124.4
6/30/09	6/30/06	1,944,720	127.9
6/30/10	6/30/07	1,983,548	100.0
6/30/11	6/30/08	2,725,219	100.0

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2010, the latest actuarial valuation date, follows:

Employees' Retirement System

Actuarial cost method	Individual entry age
Amortization method	General/Fire: Level dollar - closed
	Police: Level percent - open
Remaining amortization period	28 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases:	4.0%
Healthcare cost trend rate	9% initial
	4% ultimate

Note A – Compliance and Accountability

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

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

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

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

Note A – Compliance and Accountability (Continued)

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

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

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

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

Contributions made to the 48th District Court appear as a functional expense in the statement of revenue, expenditures and changes in fund balance, but as a transfer to other funds on a budgetary basis. Adjustments to the governmental funds’ statement of revenue, expenditures, and changes in fund balances (General Fund) to reconcile to the General Fund budgetary comparison schedule are as follows:

48 th District Court	\$ (655,417)
Transfers out	<u>655,417</u>
Total adjustments	<u>\$ -</u>

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Other Supplemental Information

City of Birmingham, Michigan

	Nonmajor Special Revenue Funds		
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures
Assets			
Cash and investments	\$ 767,246	\$ -	\$ 455,100
Receivables - Net - Customers	1,247	-	1,753
Due from other governmental units	-	4,405	-
Total assets	\$ 768,493	\$ 4,405	\$ 456,853
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$ 55,864	\$ 4,405	\$ 1,028
Accrued and other liabilities	19,991	-	-
Deferred revenue	980	-	-
Total liabilities	76,835	4,405	1,028
Fund Balances (Deficit)			
Restricted:			
Solid waste disposal	691,658	-	-
Law enforcement	-	-	455,825
Debt service	-	-	-
Unassigned	-	-	-
Total fund balances (deficit)	691,658	-	455,825
Total liabilities and fund balances (deficit)	\$ 768,493	\$ 4,405	\$ 456,853

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

<u>Nonmajor Debt Service Funds</u>	<u>Total</u>	
2003 Refunding	2002 Parks and Recreation	Nonmajor Governmental Funds
\$ 70,175	\$ 16,366	\$ 1,308,887
-	-	3,000
-	-	4,405
<u>\$ 70,175</u>	<u>\$ 16,366</u>	<u>\$ 1,316,292</u>
\$ -	\$ -	\$ 61,297
9,725	17,696	47,412
-	-	980
9,725	17,696	109,689
-	-	691,658
-	-	455,825
60,450	-	60,450
-	(1,330)	(1,330)
60,450	(1,330)	1,206,603
<u>\$ 70,175</u>	<u>\$ 16,366</u>	<u>\$ 1,316,292</u>

City of Birmingham, Michigan

	Nonmajor Special Revenue Funds		
	Solid Waste Disposal	Community Development Block Grant	Law and Drug Forfeitures
Revenues			
Property taxes	\$ 1,323,590	\$ -	\$ -
Federal grants	-	39,962	132,422
Charges for services	24,118	-	-
Use of money and property	10,739	-	3,456
Total revenues	1,358,447	39,962	135,878
Expenditures			
Current:			
Public safety	-	-	115,027
Solid waste	1,643,041	-	-
Community development	-	39,962	-
Debt service	-	-	-
Total expenditures	1,643,041	39,962	115,027
Net Change in Fund Balances	(284,594)	-	20,851
Fund Balances - Beginning of year	976,252	-	434,974
Fund Balances (Deficit) - End of year	\$ 691,658	\$ -	\$ 455,825

Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011

<u>Nonmajor Debt Service Funds</u>	<u>2002 Parks and Recreation</u>	<u>Total Nonmajor Governmental Funds</u>
2003 Refunding		
\$ 744,301	\$ 1,293,820	\$ 3,361,711
-	-	172,384
-	-	24,118
<u>844</u>	<u>1,812</u>	<u>16,851</u>
745,145	1,295,632	3,575,064
-	-	115,027
-	-	1,643,041
-	-	39,962
<u>757,575</u>	<u>1,316,721</u>	<u>2,074,296</u>
<u>757,575</u>	<u>1,316,721</u>	<u>3,872,326</u>
(12,430)	(21,089)	(297,262)
<u>72,880</u>	<u>19,759</u>	<u>1,503,865</u>
<u>\$ 60,450</u>	<u>\$ (1,330)</u>	<u>\$ 1,206,603</u>

Other Supplemental Information
Budgetary Comparison
Capital Projects Fund
Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Special assessments	\$ 21,200	\$ 21,200	\$ 16,992	\$ (4,208)
State sources	-	-	20,642	20,642
Interest and rent	63,050	41,050	47,043	5,993
Other revenue	1,444,000	-	34,465	34,465
Transfers from other funds	75,000	75,000	100,000	25,000
Total revenue	1,603,250	137,250	219,142	81,892
Expenditures	1,664,650	1,679,532	1,207,942	471,590
Excess of Expenditures Over Revenue	(61,400)	(1,542,282)	(988,800)	553,482
Fund Balance - Beginning of year	6,387,900	6,387,900	6,387,900	-
Fund Balance - End of year	<u>\$ 6,326,500</u>	<u>\$ 4,845,618</u>	<u>\$ 5,399,100</u>	<u>\$ 553,482</u>

Other Supplemental Information
Budgetary Comparison
Nonmajor Governmental Funds
Year Ended June 30, 2011

Special Revenue Fund - Solid Waste

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Taxes	\$ 1,339,970	\$ 1,324,970	\$ 1,323,590	\$ (1,380)
Charges for services	20,900	20,900	24,048	3,148
Interest	16,500	8,500	10,739	2,239
Other	-	-	70	70
	<u>1,377,370</u>	<u>1,354,370</u>	<u>1,358,447</u>	<u>4,077</u>
Total revenue				
Expenditures				
Refuse pickup	1,361,000	1,361,000	1,334,419	26,581
Equipment rental	100,000	100,000	125,160	(25,160)
Salaries	166,450	166,450	172,495	(6,045)
Miscellaneous	33,140	33,140	10,967	22,173
Capital outlay	21,000	21,000	-	21,000
	<u>1,681,590</u>	<u>1,681,590</u>	<u>1,643,041</u>	<u>38,549</u>
Total expenditures				
Excess of Expenditures Over Revenue				
	(304,220)	(327,220)	(284,594)	42,626
Fund Balance - Beginning of year				
	<u>976,252</u>	<u>976,252</u>	<u>976,252</u>	<u>-</u>
Fund Balance - End of year				
	<u>\$ 672,032</u>	<u>\$ 649,032</u>	<u>\$ 691,658</u>	<u>\$ 42,626</u>

Other Supplemental Information
 Budgetary Comparison Schedule
 Nonmajor Governmental Funds (Continued)
 Year Ended June 30, 2011

Special Revenue Fund - Community Development Block Grant

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue - Intergovernmental	\$ 36,210	\$ 64,551	\$ 39,962	\$ (24,589)
Expenditures - Community development	<u>36,210</u>	<u>64,551</u>	<u>39,962</u>	<u>24,589</u>
Excess of Revenue Over Expenditures	-	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Other Supplemental Information
 Budgetary Comparison Schedule
 Nonmajor Governmental Funds (Continued)
 Year Ended June 30, 2011

Special Revenue Fund - Law and Drug Forfeiture Fund

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Fines and forfeitures	\$ 26,000	\$ 26,000	\$ 132,422	\$ 106,422
Interest and other	6,200	6,200	3,456	(2,744)
Total revenue	32,200	32,200	135,878	103,678
Expenditures				
Public safety	10,350	10,350	5,376	4,974
Capital outlay	81,860	110,358	109,651	707
Total expenditures	92,210	120,708	115,027	5,681
Excess of Revenue Over (Under)				
Expenditures	(60,010)	(88,508)	20,851	109,359
Fund Balance - Beginning of year				
	434,974	434,974	434,974	-
Fund Balance - End of year				
	\$ 374,964	\$ 346,466	\$ 455,825	\$ 109,359

City of Birmingham, Michigan

Other Supplemental Information
Budgetary Comparison Schedule
Nonmajor Governmental Funds (Continued)
Year Ended June 30, 2011

Debt Service Funds

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Taxes	\$ 2,063,880	\$ 2,039,880	\$ 2,038,121	\$ (1,759)
Interest and other	6,200	2,700	2,656	(44)
Total revenue	2,070,080	2,042,580	2,040,777	(1,803)
Expenditures	<u>2,074,650</u>	<u>2,074,650</u>	<u>2,074,296</u>	<u>354</u>
Excess of Expenditures Over Revenue	(4,570)	(32,070)	(33,519)	(1,449)
Fund Balance - Beginning of year	<u>92,639</u>	<u>92,639</u>	<u>92,639</u>	-
Fund Balance - End of year	<u>\$ 88,069</u>	<u>\$ 60,569</u>	<u>\$ 59,120</u>	<u>\$ (1,449)</u>

City of Birmingham, Michigan

Other Supplemental Information
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Equipment	Personal Services	Risk Management	Total
Assets				
Current assets:				
Cash and investments	\$ 7,493,753	\$ 547,644	\$ 3,787,045	\$ 11,828,442
Receivables	-	-	724	724
Inventory	68	-	-	68
Total current assets	7,493,821	547,644	3,787,769	11,829,234
Noncurrent assets:				
Prepaid costs and other assets	5,950	-	246,436	252,386
Restricted assets	-	-	471,733	471,733
Capital assets	3,213,617	-	-	3,213,617
Total noncurrent assets	3,219,567	-	718,169	3,937,736
Total assets	10,713,388	547,644	4,505,938	15,766,970
Liabilities				
Current liabilities:				
Accounts payable	20,978	-	88,169	109,147
Accrued liabilities	7,463	-	112,475	119,938
Provision for uninsured losses and liabilities	-	-	124,882	124,882
Current portion of long-term debt and employee benefits	186,474	-	49,312	235,786
Total current liabilities	214,915	-	374,838	589,753
Noncurrent liabilities -				
Provision for employee benefits	1,100	304,476	422,421	727,997
Total liabilities	216,015	304,476	797,259	1,317,750
Net Assets				
Investment in capital assets	3,213,617	-	-	3,213,617
Restricted	-	-	471,733	471,733
Unrestricted	7,283,756	243,168	3,236,946	10,763,870
Total net assets	\$ 10,497,373	\$ 243,168	\$ 3,708,679	\$ 14,449,220

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Revenues, Expenses, and Changes in Net Assets Internal Service Funds Year Ended June 30, 2011

	Equipment	Personal Services	Risk Management	Total
Operating Revenues - Charges to other funds	\$ 2,284,907	\$ -	\$ 2,593,024	\$ 4,877,931
Operating Expenses				
General and administrative	-	131,844	2,607,958	2,739,802
Supplies and other operating expenses	1,080,071	-	-	1,080,071
Depreciation	554,409	-	-	554,409
	<u>1,634,480</u>	<u>131,844</u>	<u>2,607,958</u>	<u>4,374,282</u>
Total operating expenses				
Operating Income (Loss)	650,427	(131,844)	(14,934)	503,649
Nonoperating Income				
Interest earned	59,131	4,224	30,847	94,202
Gain on sale of capital assets	52,201	-	-	52,201
	<u>111,332</u>	<u>4,224</u>	<u>30,847</u>	<u>146,403</u>
Net nonoperating income				
Income (Loss) - Before capital contributions	761,759	(127,620)	15,913	650,052
Capital Contributions	<u>12,455</u>	<u>-</u>	<u>-</u>	<u>12,455</u>
Changes in Net Assets	774,214	(127,620)	15,913	662,507
Net Assets - Beginning of year	<u>9,723,159</u>	<u>370,788</u>	<u>3,692,766</u>	<u>13,786,713</u>
Net Assets - End of year	<u>\$ 10,497,373</u>	<u>\$ 243,168</u>	<u>\$ 3,708,679</u>	<u>\$ 14,449,220</u>

City of Birmingham, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2011

	Equipment	Personal Services	Risk Management	Total
Cash Flows from Operating Activities				
Receipts from customers and others	\$ 2,285,831	\$ -	\$ 2,592,300	\$ 4,878,131
Payments to suppliers	(587,772)	-	(2,780,485)	(3,368,257)
Payments to employees	(519,251)	(73,418)	-	(592,669)
	<u>1,178,808</u>	<u>(73,418)</u>	<u>(188,185)</u>	<u>917,205</u>
Net cash provided by (used in) operating activities				
Cash Flows from Capital and Related Financing Activities				
Contributed capital	12,455	-	-	12,455
Purchase of capital assets	(468,802)	-	-	(468,802)
Proceeds from sale of capital assets	60,865	-	-	60,865
	<u>(395,482)</u>	<u>-</u>	<u>-</u>	<u>(395,482)</u>
Net cash used in capital and related financing activities				
Cash Flows from Investing Activities - Interest received on investments				
	<u>59,131</u>	<u>4,224</u>	<u>30,847</u>	<u>94,202</u>
Net Increase (Decrease) in Cash and Cash Equivalents	842,457	(69,194)	(157,338)	615,925
Cash and Cash Equivalents - Beginning of year	<u>6,651,296</u>	<u>616,838</u>	<u>4,416,116</u>	<u>11,684,250</u>
Cash and Cash Equivalents - End of year	<u>\$ 7,493,753</u>	<u>\$ 547,644</u>	<u>\$ 4,258,778</u>	<u>\$ 12,300,175</u>
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 7,493,753	\$ 547,644	\$ 3,787,045	\$ 11,828,442
Restricted investments	-	-	471,733	471,733
	<u>7,493,753</u>	<u>547,644</u>	<u>4,258,778</u>	<u>12,300,175</u>
Total cash and cash equivalents				
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 650,427	\$ (131,844)	\$ (14,934)	\$ 503,649
Adjustment to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	554,409	-	-	554,409
Changes in assets and liabilities:				
Receivables	925	-	(724)	201
Other assets	(250)	-	(15,681)	(15,931)
Accounts payable	(12,791)	-	(22,427)	(35,218)
Accrued and other liabilities	(13,912)	58,426	(134,419)	(89,905)
	<u>1,178,808</u>	<u>(73,418)</u>	<u>(188,185)</u>	<u>917,205</u>
Net cash provided by (used in) operating activities				

City of Birmingham, Michigan

Other Supplemental Information
Combining Statement of Net Assets
Fiduciary Funds
June 30, 2011

	Pension Trust Fund	Retiree Health Care	Total
Assets			
Cash and investments	\$ 3,098,357	\$ 539,775	\$ 3,638,132
Investments:			
U.S. government securities	9,187,960	1,980,455	11,168,415
Stocks	71,163,573	12,660,856	83,824,429
Bonds	12,239,355	2,409,532	14,648,887
Receivables and accrued interest	223,035	118,875	341,910
Other assets	-	33,423	33,423
Total assets	95,912,280	17,742,916	113,655,196
Liabilities			
Accounts payable	-	11,672	11,672
Accrued and other liabilities	862,423	280,187	1,142,610
Total liabilities	862,423	291,859	1,154,282
Net Assets - Held in trust for pension and other employee benefits	\$ 95,049,857	\$ 17,451,057	\$ 112,500,914

Other Supplemental Information
Combining Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2011

	Pension Trust Fund	Retiree Health Care	Total
Additions			
Investment income:			
Interest and dividends	\$ 2,185,372	\$ 395,408	\$ 2,580,780
Net increase in fair value of investments	16,271,149	2,813,768	19,084,917
Less investment expenses	(398,372)	(78,531)	(476,903)
Net investment income	18,058,149	3,130,645	21,188,794
Contributions:			
Employer	1,706,539	2,725,219	4,431,758
Plan members	303,939	274,270	578,209
Total contributions	2,010,478	2,999,489	5,009,967
Other revenue	57,688	156,361	214,049
Total net additions	20,126,315	6,286,495	26,412,810
Deductions			
Benefit payments	5,113,584	2,703,216	7,816,800
Refunds of contributions	1,847,427	28,779	1,876,206
Administrative expenses	195,925	21,534	217,459
Total deductions	7,156,936	2,753,529	9,910,465
Net Increase in Net Assets Held in Trust for Pension Benefits	12,969,379	3,532,966	16,502,345
Net Assets Held in Trust for Pension Benefits			
Beginning of year	82,080,478	13,918,091	95,998,569
End of year	\$ 95,049,857	\$ 17,451,057	\$ 112,500,914

Other Supplemental Information
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
Assets				
Cash and investments	\$ 1,725,900	\$ 90,032,353	\$ 90,128,737	\$ 1,629,516
Receivables - Accrued interest	<u>4,100</u>	<u>-</u>	<u>-</u>	<u>4,100</u>
Total assets	<u>\$ 1,730,000</u>	<u>\$ 90,032,353</u>	<u>\$ 90,128,737</u>	<u>\$ 1,633,616</u>
Liabilities				
Accounts payable	\$ 37,372	\$ 1,598,480	\$ 1,608,868	\$ 26,984
Accrued liabilities and deposits	<u>1,692,628</u>	<u>116,929,067</u>	<u>117,015,063</u>	<u>1,606,632</u>
Total liabilities	<u>\$ 1,730,000</u>	<u>\$118,527,547</u>	<u>\$118,623,931</u>	<u>\$ 1,633,616</u>

Statistical Section

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City of Birmingham, Michigan

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	86-95
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	96-103
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.	104-111
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.	112-116
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.	117-122

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Birmingham, Michigan

Schedule 1

	June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 34,770,767	\$ 38,281,985	\$ 39,180,462	\$ 41,143,612
Restricted	5,472,159	4,998,609	8,762,794	6,882,174
Unrestricted	<u>15,893,998</u>	<u>17,538,349</u>	<u>18,068,788</u>	<u>22,689,042</u>
Total governmental activities net assets	<u>\$ 56,136,924</u>	<u>\$ 60,818,943</u>	<u>\$ 66,012,044</u>	<u>\$ 70,714,828</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 28,526,058	\$ 30,993,052	\$ 35,692,345	\$ 39,364,423
Restricted	-	-	-	-
Unrestricted	<u>19,797,834</u>	<u>19,222,129</u>	<u>17,948,733</u>	<u>17,954,913</u>
Total business-type activities net assets	<u>\$ 48,323,892</u>	<u>\$ 50,215,181</u>	<u>\$ 53,641,078</u>	<u>\$ 57,319,336</u>
Primary government				
Invested in capital assets, net of related debt	\$ 63,296,825	\$ 69,275,037	\$ 74,872,807	\$ 80,508,035
Restricted	5,472,159	4,998,609	8,762,794	6,882,174
Unrestricted	<u>35,691,832</u>	<u>36,760,478</u>	<u>36,017,521</u>	<u>40,643,955</u>
Total primary government net assets	<u>\$ 104,460,816</u>	<u>\$ 111,034,124</u>	<u>\$ 119,653,122</u>	<u>\$ 128,034,164</u>

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

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

June 30				
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011^(a)</u>
\$ 49,133,247	\$ 53,059,163	\$ 52,819,897	\$ 54,202,554	\$ 54,349,065
10,007,279	9,778,799	10,127,990	9,419,471	1,679,316
<u>20,730,443</u>	<u>25,123,276</u>	<u>26,672,106</u>	<u>28,448,687</u>	<u>38,398,279</u>
<u>\$ 79,870,969</u>	<u>\$ 87,961,238</u>	<u>\$ 89,619,993</u>	<u>\$ 92,070,712</u>	<u>\$ 94,426,660</u>
\$ 46,265,092	\$ 50,434,743	\$ 52,448,072	\$ 54,829,062	\$ 57,120,041
-	-	-	-	-
<u>14,518,588</u>	<u>14,599,530</u>	<u>15,113,010</u>	<u>15,452,069</u>	<u>16,489,930</u>
<u>\$ 60,783,680</u>	<u>\$ 65,034,273</u>	<u>\$ 67,561,082</u>	<u>\$ 70,281,131</u>	<u>\$ 73,609,971</u>
\$ 95,398,339	\$ 103,493,906	\$ 105,267,969	\$ 109,031,616	\$ 111,469,106
10,007,279	9,778,799	10,127,990	9,419,471	1,679,316
<u>35,249,031</u>	<u>39,722,806</u>	<u>41,785,116</u>	<u>43,900,756</u>	<u>54,888,209</u>
<u>\$ 140,654,649</u>	<u>\$ 152,995,511</u>	<u>\$ 157,181,075</u>	<u>\$ 162,351,843</u>	<u>\$ 168,036,631</u>

City of Birmingham, Michigan

Schedule 2

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
Governmental activities:				
Expenses				
General government	\$ 2,985,800	\$ 4,274,062	\$ 4,185,288	\$ 4,170,097
Public safety	9,261,427	9,551,684	10,548,261	10,762,477
Public works	5,037,138	5,415,066	6,747,200	6,790,761
Community and economic development	1,379,875	1,570,097	1,582,068	2,403,825
Recreation and culture	1,235,909	1,447,417	1,529,228	1,731,180
Interest on long-term debt	<u>686,078</u>	<u>871,144</u>	<u>811,327</u>	<u>796,230</u>
Total expenses	<u>20,586,227</u>	<u>23,129,470</u>	<u>25,403,372</u>	<u>26,654,570</u>
Program Revenues				
Charges for services:				
General government	375,706	166,262	303,151	193,288
Public safety	1,485,747	1,387,850	1,733,626	1,753,163
Public works	472,759	616,455	291,266	346,660
Community and economic development	1,434,932	1,597,551	2,076,302	2,148,951
Recreation and culture	815,198	838,634	794,978	806,742
Operating grants and contributions	1,305,361	1,464,006	1,404,890	1,510,259
Capital grants and contributions	<u>1,454,135</u>	<u>625,982</u>	<u>2,179,561</u>	<u>1,300,424</u>
Total program revenues	<u>7,343,838</u>	<u>6,696,740</u>	<u>8,783,774</u>	<u>8,059,487</u>
Total Governmental Activities Net Program Expense	<u>13,242,389</u>	<u>16,432,730</u>	<u>16,619,598</u>	<u>18,595,083</u>
General Revenues and Other Changes in Net Assets				
Property taxes	15,883,161	18,914,232	19,463,836	20,687,616
State-shared revenues	2,017,629	1,822,737	1,799,241	1,790,712
Investment earnings	390,267	396,859	526,333	845,105
Miscellaneous	59,061	2,795	2,002	(4,603)
Special item - Demolition of building	-	-	-	-
Transfers	<u>131,720</u>	<u>(21,876)</u>	<u>21,287</u>	<u>(20,963)</u>
Total general revenues and other changes in net assets	<u>18,481,838</u>	<u>21,114,747</u>	<u>21,812,699</u>	<u>23,297,867</u>
Total Governmental Activities Change in Net Assets	<u>\$ 5,239,449</u>	<u>\$ 4,682,017</u>	<u>\$ 5,193,101</u>	<u>\$ 4,702,784</u>

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

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

Fiscal Year Ended June 30				
2007a	2008	2009	2010	2011
\$ 4,615,465	\$ 4,685,092	\$ 4,650,046	\$ 4,409,008	\$ 4,365,192
10,866,289	11,273,754	11,197,054	11,389,356	11,214,160
7,091,099	7,693,016	8,431,979	8,165,768	8,182,861
1,875,319	1,796,065	1,635,989	1,570,274	1,391,438
1,968,067	2,140,253	2,139,133	1,941,500	1,995,905
<u>691,966</u>	<u>734,287</u>	<u>818,203</u>	<u>806,707</u>	<u>742,076</u>
<u>27,108,205</u>	<u>28,322,467</u>	<u>28,872,404</u>	<u>28,282,613</u>	<u>27,891,632</u>
380,921	367,640	386,899	528,799	415,289
1,453,059	1,373,662	1,214,959	1,369,818	1,258,651
220,857	399,405	343,905	321,013	262,024
1,223,222	1,028,760	1,158,839	1,117,689	1,357,113
828,184	848,171	796,608	817,442	805,793
1,529,347	1,391,199	1,741,339	1,252,029	1,313,530
<u>5,157,018</u>	<u>3,910,855</u>	<u>1,049,066</u>	<u>363,579</u>	<u>426,356</u>
<u>10,792,608</u>	<u>9,319,692</u>	<u>6,691,615</u>	<u>5,770,369</u>	<u>5,838,756</u>
<u>16,315,597</u>	<u>19,002,775</u>	<u>22,180,789</u>	<u>22,512,244</u>	<u>22,052,876</u>
22,152,298	23,279,582	22,901,101	22,677,733	22,534,629
1,732,302	1,747,291	1,675,281	1,496,216	1,518,034
1,566,735	2,020,505	1,338,730	707,362	450,037
48,407	25,666	6,894	61,652	52,124
-	-	(2,102,460)	-	-
<u>(27,470)</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>(146,000)</u>
<u>25,472,272</u>	<u>27,093,044</u>	<u>23,839,546</u>	<u>24,962,963</u>	<u>24,408,824</u>
<u>\$ 9,156,675</u>	<u>\$ 8,090,269</u>	<u>\$ 1,658,757</u>	<u>\$ 2,450,719</u>	<u>\$ 2,355,948</u>

City of Birmingham, Michigan

Schedule 2

	Fiscal Year Ended June 30			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Business-type Activities:				
Expenses				
Water and sewer	\$ 9,785,225	\$ 9,047,703	\$ 8,854,306	\$ 9,241,450
Automobile parking	3,088,100	3,204,165	3,328,312	3,355,063
Golf courses	<u>1,009,814</u>	<u>974,624</u>	<u>1,054,367</u>	<u>1,066,650</u>
Total expenses	<u>13,883,139</u>	<u>13,226,492</u>	<u>13,236,985</u>	<u>13,663,163</u>
Revenues				
Charges for services:				
Water and sewer	7,081,129	6,927,714	7,279,784	7,858,138
Automobile parking	3,693,419	3,608,526	3,773,554	3,754,325
Golf courses	1,063,581	1,075,422	1,162,190	1,152,815
Capital grants and contributions	<u>230,740</u>	<u>64,014</u>	<u>13,659</u>	<u>-</u>
Total revenues	<u>12,068,869</u>	<u>11,675,676</u>	<u>12,229,187</u>	<u>12,765,278</u>
Total Business-type Activities Net Program Expense	<u>1,814,270</u>	<u>1,550,816</u>	<u>1,007,798</u>	<u>897,885</u>
General Revenues and Other Changes in Net Assets				
Property taxes	3,955,796	3,209,429	4,172,129	4,105,169
Investment earnings	265,363	210,800	282,853	450,013
Transfers	<u>(131,720)</u>	<u>21,876</u>	<u>(21,287)</u>	<u>20,963</u>
Total general revenues and other changes in net assets	<u>4,089,439</u>	<u>3,442,105</u>	<u>4,433,695</u>	<u>4,576,145</u>
Total Business-type Activities Change in Net Assets	<u>\$ 2,275,169</u>	<u>\$ 1,891,289</u>	<u>\$ 3,425,897</u>	<u>\$ 3,678,260</u>
Total Primary Government Change in Net Assets	<u>\$ 7,514,618</u>	<u>\$ 6,573,306</u>	<u>\$ 8,618,998</u>	<u>\$ 8,381,044</u>

Changes in Net Assets (Continued)
Last Nine Fiscal Years
(accrual basis of accounting)

Fiscal Year Ended June 30				
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 9,394,229	\$ 9,547,433	\$ 9,602,230	\$ 10,101,858	\$ 10,667,174
3,330,406	3,285,579	3,923,862	3,217,660	3,255,726
<u>1,099,025</u>	<u>1,078,213</u>	<u>1,104,153</u>	<u>1,070,307</u>	<u>1,150,525</u>
<u>13,823,660</u>	<u>13,911,225</u>	<u>14,630,245</u>	<u>14,389,825</u>	<u>15,073,425</u>
7,484,810	8,284,887	7,775,992	8,597,161	10,031,937
3,713,506	3,754,252	3,664,014	3,570,668	3,837,198
974,386	985,469	1,021,878	946,467	881,120
-	-	-	-	<u>125,120</u>
<u>12,172,702</u>	<u>13,024,608</u>	<u>12,461,884</u>	<u>13,114,296</u>	<u>14,875,375</u>
<u>1,650,958</u>	<u>886,617</u>	<u>2,168,361</u>	<u>1,275,529</u>	<u>198,050</u>
4,253,485	4,256,794	4,203,739	3,785,008	3,251,700
834,347	900,415	511,432	230,570	129,190
<u>27,470</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>146,000</u>
<u>5,115,302</u>	<u>5,137,209</u>	<u>4,695,171</u>	<u>3,995,578</u>	<u>3,526,890</u>
<u>\$ 3,464,344</u>	<u>\$ 4,250,592</u>	<u>\$ 2,526,810</u>	<u>\$ 2,720,049</u>	<u>\$ 3,328,840</u>
<u>\$ 12,621,019</u>	<u>\$ 12,340,861</u>	<u>\$ 4,185,567</u>	<u>\$ 5,170,768</u>	<u>\$ 5,684,788</u>

City of Birmingham, Michigan

Schedule 3

	June 30			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Reserved	\$ 1,245,487	\$ 897,036	\$ 992,775	\$ 1,362,654
Designated	45,047	-	-	-
Unreserved	4,014,568	4,165,479	5,294,617	5,982,117
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 5,305,102</u>	<u>\$ 5,062,515</u>	<u>\$ 6,287,392</u>	<u>\$ 7,344,771</u>
All Other Governmental Funds				
Reserved ^a	\$ 5,967,257	\$ 10,726,375	\$ 9,666,801	\$ 11,654,051
Designated, reported in:				
Capital projects fund ^b	10,289,766	3,171,195	3,037,924	3,172,187
Unreserved, reported in:				
Special revenue funds ^c	632,136	751,190	867,541	-
Capital projects fund	690,166	958,701	798,929	556,673
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 17,579,325</u>	<u>\$ 15,607,461</u>	<u>\$ 14,371,195</u>	<u>\$ 15,382,911</u>

Sources: Fiscal Years 2003-2011 - Governmental Funds Balance Sheet; fiscal years 2000-2002 - Combined Balance Sheet (All Fund Types).

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

^bDesignated fund balance for Other Governmental Funds at 6/30/03 reflects a reduction of beginning fund balance in the amount of \$7,758,674. This represents sewer-related bond proceeds which had been accounted for in Debt Service Funds in fiscal years 2000, 2001 and 2002. These are now accounted for in the Sewage-Disposal Fund in accordance with GASB 34.

^cIn fiscal years 2001-2004, fund balance in the Solid Waste Disposal Fund was classified as unreserved. Beginning in fiscal year 2005, it was classified as Reserved.

^dFund balance classifications for fiscal year 2011 are in conformance with GASB 54. Prior years have not been restated because all information needed for the new classifications is either not available or not readily available.

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

June 30					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011^d</u>
\$ 1,562,317	\$ 1,986,891	\$ 313,408	\$ 218,413	\$ 886,030	\$ -
-	500,000	735,025	-	251,880	-
7,286,316	8,176,854	10,430,754	11,352,459	10,363,888	-
-	-	-	-	-	799,384
-	-	-	-	-	-
-	-	-	-	-	2,426
-	-	-	-	-	94,497
-	-	-	-	-	12,187,402
<u>\$ 8,848,633</u>	<u>\$ 10,663,745</u>	<u>\$ 11,479,187</u>	<u>\$ 11,570,872</u>	<u>\$ 11,501,798</u>	<u>\$ 13,083,709</u>
\$ 7,250,718	\$ 7,899,224	\$ 13,134,471	\$ 12,202,989	\$ 9,347,952	\$ -
3,245,465	1,477,453	2,057,504	3,405,744	4,395,691	-
-	-	-	-	-	-
777,328	933,555	1,058,483	889,012	917,256	-
-	-	-	-	-	193,612
-	-	-	-	-	1,335,045
-	-	-	-	-	144,846
-	-	-	-	-	12,518,147
-	-	-	-	-	(1,330)
<u>\$ 11,273,511</u>	<u>\$ 10,310,232</u>	<u>\$ 16,250,458</u>	<u>\$ 16,497,745</u>	<u>\$ 14,660,899</u>	<u>\$ 14,190,320</u>

City of Birmingham, Michigan

Schedule 4

	Fiscal Year Ended June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues					
Property taxes and special assessments	\$ 18,166,178	\$ 16,157,523	\$ 19,311,096	\$ 20,193,516	\$ 21,225,051
Licenses and permits	1,697,747	1,554,182	1,788,000	2,325,043	2,082,832
Federal grants	111,135	936,125	358,157	167,152	305,584
State sources	3,368,671	3,719,633	3,157,699	4,085,860	3,162,540
Charges for services	1,987,525	2,300,941	2,441,215	2,170,661	2,706,414
Fines and forfeitures	1,416,836	1,310,556	1,268,379	1,611,650	1,480,147
Use of money and property	867,912	379,343	360,197	509,800	871,444
Other revenues	<u>121,188</u>	<u>235,449</u>	<u>346,684</u>	<u>236,698</u>	<u>539,346</u>
Total revenues	<u>27,737,192</u>	<u>26,593,752</u>	<u>29,031,427</u>	<u>31,300,380</u>	<u>32,373,358</u>
Expenditures					
General government	4,256,477	4,462,205	4,781,522	4,975,125	5,074,225
Public safety	8,184,850	8,684,771	8,999,008	9,751,923	10,360,896
Public works	3,274,428	3,828,632	3,406,619	3,266,816	3,246,268
Highway and streets	1,950,418	2,074,639	2,268,936	2,774,938	2,528,375
Community and economic development	1,433,099	1,414,364	1,648,463	1,632,810	2,458,714
Solid waste disposal	1,205,276	1,316,938	1,519,664	1,494,526	1,577,262
Contributions	840,165	866,178	681,247	940,609	869,377
Capital outlay ^a	13,407,326	13,361,958	4,180,968	3,117,195	7,605,553
Debt service ^b					
Interest	1,720,036	521,564	914,514	825,825	812,263
Principal	<u>1,557,567</u>	<u>350,000</u>	<u>550,000</u>	<u>525,000</u>	<u>725,000</u>
Total Expenditures	<u>37,829,642</u>	<u>36,881,249</u>	<u>28,950,941</u>	<u>29,304,767</u>	<u>35,257,933</u>
Excess of revenues over (under) expenditures	(10,092,450)	(10,287,497)	80,486	1,995,613	(2,884,575)
Other Financing Sources (Uses)					
Transfer from component units to primary government	69,852	-	-	-	-
Transfers in	4,000,553	2,926,235	3,270,895	4,063,066	4,012,561
Transfers out	(4,055,286)	(2,794,515)	(3,292,771)	(3,989,585)	(4,033,524)
Loan proceeds	-	-	-	-	300,000
Bond issuance ^c	4,513,760	15,700,000	5,130,000	-	-
Payments to bond escrow agent	<u>-</u>	<u>-</u>	<u>(5,200,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,528,879</u>	<u>15,831,720</u>	<u>(91,876)</u>	<u>73,481</u>	<u>279,037</u>
Net change in fund balances	<u>\$ (5,563,571)</u>	<u>\$ 5,544,223</u>	<u>\$ (11,390)</u>	<u>\$ 2,069,094</u>	<u>\$ (2,605,538)</u>
Debt service as a percentage of noncapital expenditures ^d	NRA	3.9%	6.1%	5.3%	5.7%

NRA=Not readily available

^aCapital outlay for 2002 includes \$8.7 million for sewer-improvement projects; capital outlay for 2003 includes purchase of the Barnum property for \$8.5 million.

^bPrior to implementation of GASB 34 in 2003, the debt service for several sewer-related bond issues was accounted for in the Debt Service Funds. This is now accounted for in the Sewerage Disposal Fund.

^cSewer-improvement bonds were issued in 2000 in the amount of \$12 million; parks & recreation bonds in the amount of \$15.7 million in 2003.

^dNoncapital 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 2008-2011, 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				
2007	2008	2009	2010	2011
\$ 22,586,390	\$ 24,319,277	\$ 23,722,152	\$ 23,355,496	\$ 23,082,343
1,471,868	1,306,345	1,452,722	1,515,554	1,683,426
273,887	468,915	714,029	236,478	186,528
2,987,264	3,021,448	2,902,148	2,718,412	2,676,147
2,762,206	2,288,815	2,244,186	2,250,830	2,108,899
1,422,209	1,188,631	1,060,422	1,214,127	1,036,303
1,517,744	1,910,769	1,270,423	595,958	353,133
217,507	350,214	233,823	215,301	176,241
<u>33,239,075</u>	<u>34,854,414</u>	<u>33,599,905</u>	<u>32,102,156</u>	<u>31,303,020</u>
5,367,207	5,429,209	5,318,511	4,942,453	4,772,333
10,602,175	11,155,388	10,833,054	10,731,549	10,699,725
3,290,440	3,514,572	3,594,641	3,644,733	3,229,878
2,562,731	3,083,656	3,681,423	3,269,797	2,906,394
1,908,941	1,821,498	1,683,326	1,586,976	1,427,516
1,588,623	1,561,829	1,601,925	1,637,880	1,643,041
768,622	694,993	617,413	836,635	655,417
4,725,070	3,164,577	4,211,925	5,504,239	2,637,088
684,365	701,236	787,675	773,084	729,296
<u>900,000</u>	<u>965,000</u>	<u>1,025,000</u>	<u>1,245,000</u>	<u>1,345,000</u>
<u>32,398,174</u>	<u>32,091,958</u>	<u>33,354,893</u>	<u>34,172,346</u>	<u>30,045,688</u>
840,901	2,762,456	245,012	(2,070,190)	1,257,332
-	-	-	-	-
6,089,460	5,191,880	5,380,640	5,231,430	3,720,000
(6,116,930)	(5,171,880)	(5,286,680)	(5,067,160)	(3,866,000)
-	-	-	-	-
8,881,348	3,973,212	-	-	-
<u>(8,842,409)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,469</u>	<u>3,993,212</u>	<u>93,960</u>	<u>164,270</u>	<u>(146,000)</u>
<u>\$ 852,370</u>	<u>\$ 6,755,668</u>	<u>\$ 338,972</u>	<u>\$ (1,905,920)</u>	<u>\$ 1,111,332</u>
5.7%	5.8%	6.4%	7.2%	7.5%

City of Birmingham, Michigan

Schedule 5

Fiscal Year Ended	Taxable Value				
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total
June 30					
2002	\$ 1,066,075,236	\$ 236,608,907	\$ 10,095,740	\$ 60,179,340	\$ 1,372,959,223
2003	1,162,634,718	261,405,270	9,683,680	58,533,820	1,492,257,488
2004	1,252,362,600	277,386,489	11,224,590	60,481,400	1,601,455,079
2005	1,363,676,341	282,710,819	11,544,590	57,255,170	1,715,186,920
2006	1,490,523,810	293,249,140	10,601,220	55,691,160	1,850,065,330
2007	1,600,709,750	303,977,980	9,186,970	57,873,970	1,971,748,670
2008	1,724,269,815	322,219,210	9,005,450	56,736,576	2,112,231,051
2009	1,709,739,763	330,022,780	9,332,730	51,291,260	2,100,386,533
2010	1,617,415,820	341,086,070	9,698,800	55,942,140	2,024,142,830
2011	1,488,863,310	325,777,590	9,576,870	53,902,590	1,878,120,360

Source: City of Birmingham Finance Department

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

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

^aPer \$1,000 of taxable value.

Assessed Value and Taxable
Values 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
15.49	\$ 3,642,595,810	37.7%	\$ 1,821,297,905	50%
14.87	4,134,445,980	36.1%	2,067,222,990	50%
15.57	4,908,737,620	32.6%	2,454,368,810	50%
15.43	4,999,228,606	34.3%	2,499,614,303	50%
15.07	5,310,882,410	34.8%	2,655,441,205	50%
14.96	5,640,339,340	35.0%	2,820,169,670	50%
14.62	5,851,521,360	36.1%	2,925,760,680	50%
14.09	5,415,703,562	38.8%	2,707,851,781	50%
14.22	4,740,351,530	42.7%	2,370,175,765	50%
15.00	4,176,535,800	45.0%	2,088,267,900	50%

City of Birmingham, Michigan

Schedule 6

Fiscal Year Ended	City Direct Rates					Overlapping Rates			
	Basic Charter Operating Rate ^a	Refuse ^b	Baldwin Public Library ^c	Debt Service ^d	Total Direct	Oakland County			Total County Rate
						Community College	Intermediate School District		
June 30	Rate ^a	Refuse ^b	Library ^c	Service ^d	Direct	County	College	District	Rate
2002 ^e	12.02	0.77	1.64	1.06	15.49	4.65	1.60	3.45	9.70
2003	11.50	0.83	1.54	1.00	14.87	4.65	1.61	3.42	9.68
2004 ^f	11.61	0.93	1.57	1.46	15.57	4.65	1.60	3.40	9.65
2005	11.71	0.87	1.55	1.30	15.43	4.65	1.59	3.38	9.62
2006	11.44	0.82	1.52	1.29	15.07	4.65	1.58	3.37	9.60
2007	11.36	0.81	1.48	1.31	14.96	4.65	1.58	3.37	9.60
2008	11.21	0.72	1.47	1.22	14.62	4.65	1.58	3.37	9.60
2009	11.07	0.72	1.00	1.30	14.09	4.65	1.58	3.37	9.60
2010	11.05	0.72	1.00	1.45	14.22	4.65	1.58	3.37	9.60
2011	11.59	0.71	1.10	1.60	15.00	4.65	1.58	3.37	9.60

Source: City of Birmingham Finance Department

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

1) The Headlee constitutional amendment: this amendment to the State Constitution approved in 1978 places an upper limit on the annual operating millage rate. The maximum rate is calculated by a formula tied to the rate of inflation and previous years' cumulative "roll-back factor." The Headlee maximum allowable rates per \$1,000 of taxable valuation for fiscal year 2009-2010 are as follows: general operating \$12.59, refuse \$1.89, library \$1.49. There is no Headlee limitation on debt service. The Headlee limitation may be waived only by a vote of the electorate.

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

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

^bMichigan law allows the City to levy up to \$3.00 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 and no more than \$1.75 per \$1,000 of taxable valuation.

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

^eBeginning in 2001-2002, a portion of the charter operating millage is allocated to the George W. Kuhn Drain Bond Debt Service Fund.

^fBeginning in 2003-2004, a portion of the charter operating millage is allocated to the Sewage-Disposal Fund to fund the debt service for the North Arm Drain.

^gSuburban Mobility Authority for Regional Transportation.

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

<u>Overlapping Rates</u>				<u>Total Rates</u>	
<u>Birmingham Public Schools</u>					
<u>Homestead</u>	<u>Non-Homestead</u>	<u>SMART⁹</u>	<u>Zoo Authority</u>	<u>Homestead</u>	<u>Non-Homestead</u>
18.48	25.45	0.32	0.00	43.99	50.96
17.75	25.45	0.60	0.00	42.90	50.60
16.43	24.55	0.60	0.00	42.25	50.37
18.41	26.97	0.60	0.00	44.06	52.62
18.21	27.26	0.60	0.00	43.48	52.53
17.82	27.24	0.59	0.00	42.97	52.39
17.16	27.00	0.59	0.00	41.97	51.81
16.74	26.90	0.59	0.10	41.12	51.28
17.38	26.90	0.59	0.10	41.89	51.41
18.08	26.90	0.59	0.10	43.37	52.19

City of Birmingham, Michigan

Schedule 7

June 30, 2011

<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	\$ 35,225,350	1	1.88%
Palladium/Related Retail	Retail	15,752,600	2	0.84%
Geoff Hockman & Associates	Hotel, Office, Residential	13,374,340	3	0.71%
DTE Energy	Utility	9,421,900	4	0.50%
Associates of 555	Office, Retail, Parking, Apts	7,555,660	5	0.40%
James Esshaki, /J.P. Equities	Office, Retail	6,914,860	6	0.37%
Rosso Development	Office, Residential, Apts	5,982,340	7	0.32%
VS Birmingham Limited	Retail	5,698,190	8	0.30%
Prudential Investments	Office	5,440,510	9	0.29%
Kroger/TopValco	Retail	5,389,700	10	0.29%
Paul Johnson	Apartments, Commercial	-		-
Media One of Michigan	Office	-		-
Transwestern CG II, LLC	Office, Retail	-		-
Jacobson's	Retail	-		-
Total taxable value of 10 largest taxpayers		110,755,450		5.90%
Total taxable value of all other taxpayers		1,767,364,910		94.10%
Total taxable value of all taxpayers		<u>\$ 1,878,120,360</u>		<u>100.00%</u>

Source: City of Birmingham Assessor's Office

Principal Property Tax payers
Current Year and Nine Years Ago

June 30, 2002

<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Value</u>
\$ 13,202,790	3	0.96%
5,747,380	8	0.42%
16,518,210	2	1.20%
8,622,420	4	0.63%
5,990,550	7	0.44%
-		-
4,932,210	10	0.36%
-		-
-		-
-		-
17,957,140	1	1.31%
7,592,550	5	0.55%
6,329,920	6	0.46%
5,255,440	9	0.38%
92,148,610		6.71%
<u>1,280,810,613</u>		<u>93.29%</u>
<u>\$ 1,372,959,223</u>		<u>100.00%</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
2002	\$ 21,277,771	\$ (97,491)	\$ 21,180,280	\$ 21,121,312	99.26%	
2003	22,193,468	47,618	22,241,086	22,160,959	99.85%	
2004	24,946,153	(68,761)	24,877,392	24,821,539	99.50%	
2005	26,465,501	(70,295)	26,395,205	26,334,298	99.50%	
2006	27,889,480	(150,577)	27,738,903	27,725,980	99.41%	
2007	29,514,861	(42,915)	29,471,946	29,449,126	99.78%	
2008	30,894,721	(153,017)	30,741,704	30,696,286	99.36%	
2009	29,612,497	(104,757)	29,507,740	29,469,513	99.52%	
2010	28,798,870	(38,243)	28,760,627	28,720,517	99.73%	
2011	28,192,503	(82,454)	28,110,049	28,077,723	99.59%	

Source: City of Birmingham Finance Department

NRA= Not readily available.

NA=Not available

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

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

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

^dBeginning in 2004, *Collected within the Fiscal Year* includes personal property tax payments received subsequent to settlement with Oakland County but prior to the end of the fiscal year. This information is not readily available for prior years.

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

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

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

Property Tax Levies and Collections
Last Ten Fiscal Years

Collections in Subsequent Years ^e	<u>Total Collections to Date</u>	
	Amount	Percentage of Adjusted Levy
NRA	NRA	NRA
NRA	NRA	NRA
\$ 23,366	\$ 24,844,905	99.87%
20,890	26,355,188	99.85%
58	27,726,038	99.95%
15,511	29,464,637	99.98%
29,474	30,725,760	99.95%
20,360	29,489,873	99.94%
24,314	28,744,831	99.95%
NA	NA	NA

City of Birmingham, Michigan

Schedule 9

Fiscal Year Ended June 30	Governmental Activities		Business-type Activities		
	General Obligation Bonds ^a	Brownfield Redevelopment Loans	General Obligation Bonds	Contractual Obligations ^b	Water Revenue Bonds ^c
2002	\$ 5,900,000	\$ -	\$ 17,585,000	\$ 25,630,168	\$ 1,400,000
2003	21,250,000	-	16,345,000	27,663,312	-
2004	20,630,000	-	15,025,000	26,228,128	-
2005	20,105,000	-	14,555,000	24,801,276	-
2006	19,380,000	300,000	13,095,000	23,343,203	-
2007	18,587,725	300,000	11,655,000	21,821,028	-
2008	21,652,859	300,000	10,440,000	20,206,512	-
2009	20,657,993	300,000	9,945,000	18,857,893	-
2010	19,443,127	267,257	9,400,000	17,005,015	-
2011	18,128,261	239,859	8,810,000	15,080,771	-

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

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

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

^cIn 2002-2003, the water revenue bonds were called.

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

^eSee Schedule 14 for population data.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Total Primary <u>Government</u>	Percentage of Actual Taxable Value of <u>Property</u>^d	Per <u>Capita</u>^e
\$ 50,515,168	3.68%	\$ 2,605
65,258,312	4.37%	3,353
61,883,128	3.86%	3,191
59,461,276	3.47%	3,073
56,118,203	3.03%	2,902
52,363,753	2.66%	2,687
52,599,371	2.49%	2,690
49,760,886	2.37%	2,580
46,115,399	2.28%	2,254
42,258,891	2.25%	2,102

City of Birmingham, Michigan

Schedule 10

Fiscal Year Ended June 30	Net General Bonded Debt Outstanding				Less: Funds Restricted to Repayment of Debt ^c	Total
	General Obligation Bonds ^a	Brownfield Redevelopment Loans	Contractual Obligations ^b			
2002	\$ 23,485,000	\$ -	\$ 25,630,168	\$ (1,225,960)	\$ 47,889,208	
2003	37,595,000	-	27,663,312	(10,078)	65,248,234	
2004	35,655,000	-	26,228,128	(109,710)	61,773,418	
2005	34,660,000	-	24,801,276	(109,458)	59,351,818	
2006	32,475,000	300,000	23,343,203	(102,105)	56,016,098	
2007	30,755,000	300,000	21,821,028	(107,427)	52,768,601	
2008	32,092,859	300,000	20,206,512	(103,268)	52,496,103	
2009	30,602,993	300,000	18,857,893	(125,434)	49,635,452	
2010	28,843,127	267,257	17,005,015	(115,003)	46,000,396	
2011	26,938,261	239,859	15,080,771	(86,541)	42,172,350	

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

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

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

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

^dSee Schedule 5 for property value data.

^eSee Schedule 14 for population data.

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Percentage of Actual Taxable Value of Property^d	Per Capita^e
3.49%	\$ 2,470
4.37%	3,352
3.86%	3,185
3.46%	3,068
3.03%	2,897
2.68%	2,707
2.49%	2,685
2.36%	2,574
2.27%	2,248
2.25%	2,098

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City of Birmingham, Michigan

Schedule 11

Direct and Overlapping
Governmental Activities Debt
As of June 30, 2011

<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	\$ 212,830,000	42.61%	\$ 90,686,863
Oakland County ^a	97,306,733	3.37%	3,279,237
Oakland Community College	5,075,000	3.40%	172,550
Oakland Intermediate School District	62,379,412	3.38%	2,108,424
Other Debt	-	N/A	-
Subtotal, overlapping debt			96,247,074
City direct debt (see schedule 9 for governmental activities)			18,128,261
Total direct and overlapping debt			<u>\$ 114,375,335</u>

Source: The net tax-supported debt (*debt repaid with property taxes*) information was provided by the City's bonding agent, Bendzinski & Co., courtesy of the Municipal Advisory Council of Michigan. The percentages for each entity are calculated by dividing the City's 2010 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 182,130	\$ 206,722	\$ 245,437	\$ 249,961
Total net debt applicable to limit	<u>29,254</u>	<u>46,327</u>	<u>43,930</u>	<u>42,582</u>
Legal debt margin	<u>\$ 152,876</u>	<u>\$ 160,395</u>	<u>\$ 201,507</u>	<u>\$ 207,379</u>
Total net debt applicable to the limit as a percentage of debt limit	16.06%	22.41%	17.90%	17.04%

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 2010-2011

2010 State Equalized Valuation		\$	<u>2,088,268</u>
Debt limit ^a (10% of State Equalized Valuation ^b)			208,827
Debt applicable to limitation:			
Total bonded and contractual debt	\$		42,259
Less deductions allowed by law:			
Combined sewer overflow abatement project			<u>9,076</u>
Total net debt applicable to limit			<u>33,183</u>
Legal debt margin		\$	<u><u>175,644</u></u>

Fiscal Year Ended June 30					
2006	2007	2008	2009	2010	2011
\$ 265,544	\$ 282,017	\$ 292,576	\$ 270,785	\$ 237,018	\$ 208,827
<u>40,330</u>	<u>37,795</u>	<u>39,337</u>	<u>37,795</u>	<u>35,541</u>	<u>33,183</u>
<u><u>\$ 225,214</u></u>	<u><u>\$ 244,222</u></u>	<u><u>\$ 253,239</u></u>	<u><u>\$ 232,990</u></u>	<u><u>\$ 201,477</u></u>	<u><u>\$ 175,644</u></u>
15.19%	13.40%	13.45%	13.96%	15.00%	15.89%

City of Birmingham, Michigan

Schedule 13

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended	Water Revenue Bonds						
	Water Fund Operating Revenues	Less: Operating Expenses ^a	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2002	\$ 2,633,119	\$ 1,928,922	\$ 704,197	\$ 200,000	\$ 61,500	\$ 261,500	2.69
2003	2,702,271	2,443,291	258,980	1,400,000	52,750	1,452,750	N/A

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

^aOperating expenses do not include depreciation and amortization.

City of Birmingham, Michigan

Schedule 14

Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population ^a	Number of Households ^a	Median Household Income ^b	Per Capita Income ^c	Median Age ^d	Total School Enrollment K-12 ^e	Public School Enrollment K-12 ^f	Unemployment Rate ^g
2001	19,391	9,200	\$113,612					2.1
2002	19,465	9,237	124,839					2.7
2003	19,393	9,230	112,207				2,245	2.8
2004	19,347	9,270	92,018				2,184	2.9
2005	19,337	9,291	106,264				2,173	3.6
2006	19,490	9,385	106,523				2,271	3.5
2007	19,555	9,460	106,515				2,311	3.8
2008	19,286	9,350	85,657	\$70,065			2,366	4.5
2009	20,460	8,943	86,913	70,208			2,397	8.6
2010	20,103	9,039			41.1		2,457	8.1

Sources:

^aEstimates for 2001-2009 are from SEMCOG, Southeast Michigan Council of Governments.

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

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

^bEstimates are from Oakland County Planning & Economic Development. 2010 U.S. Census data is not yet available.

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

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

It is assumed that no significant changes have occurred in the relative values between Birmingham and these larger surrounding communities between the years 2000 and 2008. This estimate was prepared by the Birmingham Finance Department. 2009 data is from the U.S. Census Bureau 2005-2009 American Community Survey found via Oakland County's website. 2010 Census data is not yet available.

^d2010 data is from U.S. Census Bureau for 2010. The median age per the 2000 U.S. census was 39.3.

^eRepresents Birmingham residents enrolled in public and private schools, kindergarten through high school.

2010 data from U.S. Census Bureau is not yet available. The 2000 U.S. census number was 2,817.

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

^gData is from the Michigan Department of Energy, Labor & Economic Growth (DELEG) and reflects the annual average as of December 31.

City of Birmingham, Michigan

Schedule 15

Employer	Product or Service	June 30, 2011^a		
		Employees	Rank	Percentage of Total City Employment^c
Birmingham Public Schools ^d	Primary education	1,303	1	7.21%
McCann Worldgroup	Advertising and marketing	452	2	2.49%
Townsend Hotel	Hotel/restaurant	192	3	1.06%
Munder Capital Management	Investment counselors	152	4	0.84%
Max Broock Realtors, Inc	Real estate sales	150	5	0.83%
City of Birmingham ^e	Government services	142	6	0.79%
Coldwell Banker Weir Manuel	Real estate sales	140	7	0.78%
Kroger Co. of Michigan	Supermarket chain	130	8	0.72%
Home Instead Senior Care	In-home care	130	9	0.72%
Morgan Stanley DW Inc	Securities broker	100	10	0.55%
Consumer Pulse of Washington	Market research	-		
Gettel Management Corp.	Restaurants	-		
ERB Lumber	Lumber supplies	-		
Greater Resource, Inc.	Management consulting	-		
Gettel Group, Inc.	Management services	-		
Sentek Corp.	Help supply services	-		
Suburban Resources	Management consulting	-		
Principal Resources, Inc.	Help supply services	-		
Total		2,891		15.99%

^aSources include the 2010 Community Profile prepared by Oakland County Planning & Economic Development; Reference USA, an on-line data base (<http://www.referenceusa.com>); and previous Top Employer lists used by the Birmingham Finance Dept.

All companies in the top ten for 2011 were contacted directly to obtain or confirm 2011 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 2002 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 2002 is 22,802 based on an estimate for 2000. The number used for 2011 is 18,051 based on an estimate for 2010. These numbers do not include construction, farming, or military employment. They do include full-time and part-time as well as the self-employed.

^dThe 2011 number represents all school district employees. The 2002 number represents only those employees working within Birmingham city limits. The 2011 number for employees within Birmingham city limits is not readily available.

^eReflects budgeted full-time positions excluding component units.

Principal Employers
Current Year and Nine Years Ago

<u>June 30, 2002^b</u>		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment^c</u>
743	2	3.26%
-		
-		
-		
-		
186	10	
-		
-		
-		
-		
1,500	1	6.58%
416	3	1.82%
404	4	1.77%
345	5	1.51%
297	6	1.30%
283	7	1.24%
252	8	1.11%
212	9	0.93%
4,638		19.52%

City of Birmingham, Michigan

Schedule 16

<u>Function/Program</u>	<u>Average FTE for the Fiscal Year Ended June 30</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government					
Finance	8.10	8.60	8.20	8.00	7.10
Treasury	6.40	6.60	6.30	6.40	6.60
City Manager/Human Resources	5.00	5.20	4.80	5.30	5.30
Assessor	4.60	4.90	4.50	4.30	4.60
Other ^a	10.40	11.00	10.50	10.70	11.10
Public Safety					
Firefighters and officers	36.75	37.20	37.77	38.14	36.87
Police officers and command	35.10	36.00	34.40	34.30	35.10
Police civilians	21.10	21.50	19.90	19.40	19.60
Fire civilians	1.10	1.10	1.00	1.00	0.70
Public Works					
Engineering	5.20	5.80	4.40	2.90	3.50
Public service operations ^b	18.70	20.60	21.30	22.40	21.00
Community and Economic Development					
Building department	10.00	9.90	9.20	9.80	11.10
Planning department	5.30	5.50	5.60	5.70	6.00
Recreation and Culture ^c	12.90	13.30	12.80	13.40	14.20
Water and Sewer					
Water- and sewer-main maintenance	8.70	10.40	10.10	10.20	9.40
Water meter shop	3.00	3.50	3.20	3.30	3.20
Automobile Parking ^d	3.60	3.90	3.50	3.50	4.00
Golf Courses	13.30	14.80	12.60	13.70	12.90
Total Primary Government	<u>209.25</u>	<u>219.80</u>	<u>210.07</u>	<u>212.44</u>	<u>212.27</u>
Component Units					
Library	34.60	38.50	37.40	37.90	37.50
Principal Shopping District	2.90	3.20	3.10	3.50	3.50
Total City	<u>246.75</u>	<u>261.50</u>	<u>250.57</u>	<u>253.84</u>	<u>253.27</u>

Source: Finance Department payroll records.

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

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

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

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

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

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

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

<u>Average FTE for the Fiscal Year Ended June 30</u>				
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
7.49	7.12	7.65	7.43	7.15
6.12	5.92	6.47	6.36	6.38
5.01	4.90	4.88	4.74	4.64
4.69	2.39	0.12	-	-
10.53	10.50	10.58	9.85	6.72
36.48	33.99	30.86	27.65	26.04
35.35	34.07	32.88	32.06	29.77
19.60	18.15	17.69	14.84	13.83
0.40	0.40	0.43	0.40	-
5.87	5.04	6.35	5.57	5.07
21.36	23.83	22.49	20.19	19.75
11.00	9.57	10.18	9.34	8.44
6.85	7.24	4.06	4.08	2.81
15.27	15.96	14.24	14.12	12.27
7.91	7.03	6.96	7.08	5.94
3.29	3.11	2.67	-	2.84
3.09	3.51	3.49	7.08	3.78
<u>13.30</u>	<u>13.05</u>	<u>13.37</u>	<u>12.88</u>	<u>12.32</u>
<u>213.61</u>	<u>205.78</u>	<u>195.37</u>	<u>183.67</u>	<u>167.75</u>
38.16	39.77	39.99	39.54	34.42
<u>3.41</u>	<u>3.67</u>	<u>3.66</u>	<u>3.65</u>	<u>3.87</u>
<u><u>255.18</u></u>	<u><u>249.22</u></u>	<u><u>239.02</u></u>	<u><u>226.86</u></u>	<u><u>206.04</u></u>

City of Birmingham, Michigan

Schedule 17

<u>Function/Program</u>	<u>Fiscal Year Ended June 30</u>						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government							
Registered voters ^a	16,590	16,295	16,153	15,422	14,307	14,863	15,127
Ballots cast in November election	4,807	2,570	4,586	12,340	3,402	10,164	3,911
Taxpayers	11,000	10,610	10,610	11,000	11,000(E)	11,179	11,133
Average rate of return on city investments	2.50%	1.40%	1.47%	2.27%	3.19%	4.17%	4.28%
Vendor checks issued	8,325	7,850	8,075	8,168	8,362	8,014	7,603
Public Safety							
Fire Department^b							
Total alarms	NRA	1,774	1,713	1,689	1,719	1,696	1,855
Fires	NRA	65	43	51	50	36	43
Rescues/extrications (medical runs)	NRA	931	942	953	955	980	974
Other runs	NRA	778	728	685	714	680	838
Fire inspections ^c	876	850	850	825	1,844	1,674	929
Police Department^b							
Responses to calls for service	19,276	20,978	19,628	20,004	20,003	19,977	18,749
Adult arrests	755	682	728	578	645	630	510
Parking violations	48,639	46,278	50,173	49,410	44,394	45,214	40,615
Moving violations	7,445	6,596	5,095	6,450	6,662	7,129	6,439
Public Works							
Tons of municipal solid waste collected	13,000	12,556	12,748	12,254	11,898	10,282	9,500
City vehicles/equipment serviced per month ^k	NRA	NRA	NRA	NRA	100	100	90
Street trees planted	NRA	NRA	NRA	NRA	240	407	293
Street trees removed	NRA	NRA	NRA	NRA	600	453	230
Community & Economic Development							
Building & demolition permits issued	826	849	937	1,122	993	766	650
Total construction value (in thousands)	\$62,542	\$58,217	\$98,979	\$92,583	\$81,777	\$49,353	\$40,282
Recreation & Culture							
Skaters in ice arena basic skills program	NRA	1,477	1,294	1,501	1,217	1,000	1,200
Men's softball teams	7	7	5	5	6	6	6
Water & Sewer							
Water customers	8,283	8,277	8,296	8,476	NRA	8,594	8,617
Water meters in service	8,524	8,522	8,523	8,533	8,602	8,646	8,672
Automobile Parking							
Five parking structures							
Active parking permits at June 30	3,158	2,896	2,764	3,189	3,247	3,296	3,165
Transient parkers (includes free parkers)	1,436,405	1,440,004	1,453,125	1,485,487	1,377,702	1,366,749	1,298,284
Free parkers	827,966	832,018	856,850	882,495	849,698	881,005	827,127
Golf Courses (calendar year)							
Rounds played-Lincoln Hills ^d	35,000	35,000	31,401	28,710	29,455	21,839	27,898
Rounds played-Springdale ^e	NRA	NRA	28,151	28,560	24,546	17,986	26,674
Business memberships	NRA	NRA	NRA	180	160	116	127
Non-resident memberships							
Individual	NRA	NRA	NRA	366	298	258	421
Family	NRA	NRA	NRA	NRA	74	70	42
Dual (new in 2008)	-	-	-	-	-	-	143
Junior golf registrations	NRA	NRA	NRA	238	260	396	378

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>		
<u>2009</u>	<u>2010</u>	<u>2011</u>
15,300	15,763	15,996
12,595	2,841	9,483
10,925	11,597	11,578
3.48%	2.15%	1.31%
6,788	6,657	6,536
1,854	1,634	1,896
75	40	41
994	926	1,074
785	668	781
858	610	673
20,104	16,031	17,713
419	328	257
34,592	33,827	27,695
5,478	6,980	5,329
8,951	8,942	9,255
95	45	63
226	315	212
252	232	187
610	611	710
\$46,001	\$53,457	\$40,010
1,200	1,100	1,100
6	5	5
8,617	8,634	8,598
8,688	8,693	8,702
2,690	2,975	3,063
1,188,367	1,166,818	1,194,026
730,220	750,919	777,870
25,950	21,749	17,843
27,716	25,528	16,020
116	105	77
359	365	351
27	26	29
125	121	109
420	341	457

City of Birmingham, Michigan

Schedule 17

Function/Program	Fiscal Year Ended June 30						
	2002	2003	2004	2005	2006	2007	2008
Component Units:							
Library							
Registered patrons ^f	32,999	36,477	40,029	42,213	45,237	48,113	22,245
Book collections	138,487	135,203	135,132	132,586	133,189	135,192	135,420
Audiovisual collections	15,534	16,649	18,655	20,240	21,896	23,357	25,208
Items circulated	344,788	386,488	426,007	520,018	586,191	662,035	698,444
Patron visits	282,894	287,336	320,047	352,742	382,414	370,097	362,699
Circulation per capita ^g	11	13	14	17	19	22	22.7
Program attendance	N/A	13,450	22,819	28,991	29,516	27,633	27,595
Public computer log-ins	N/A	N/A	N/A	N/A	75,013	60,862	62,640
Database usage	N/A	N/A	N/A	N/A	64,502	84,544	72,345
Principal Shopping District							
Retail occupancy rate as of June 30 ^h	N/A	89.0%	94.0%	94.9%	93.0%	94.3%	95.7%
Sponsored events	N/A	8	8	9	11	11	11
PR media impressions (in millions) ⁱ	N/A	17	34.3	37.8	41.7	46.6	48.7
Website "hits" per month (approximate) ^j	N/A	N/A	N/A	N/A	148,000	348,000	345,000
Flower planters/baskets maintained	N/A	34	85	124	144	144	144

N/A=Not available

NRA = Not readily available

^aDate of count varies.

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

^cIn all buildings except single and duplex residential.

^dNumber for 2011 is through August only.

^eSpringdale was closed for remodeling during part of 2000 and most of 2001; number for 2011 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 and Bingham Farms.

Years 2001-2002 to 2009-2010 are based on the 2000 census population of 30,758. Year 2010-2011 is based on the 2010 census population of 31,481.

^hRetail occupancy is based on the total number of retail (1st floor) square footage in the PSD, divided by the total square footage of retail space for lease in the same area.

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

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

^kYears 2003 - 2009 are estimates.

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

<u>Fiscal Year Ended June 30</u>		
<u>2009</u>	<u>2010</u>	<u>2011</u>
27,104	30,904	33,989
137,798	140,330	143,427
28,156	28,764	29,675
736,074	752,351	721,380
373,022	357,374	325,976
23.9	24.5	22.9
26,925	25,677	25,881
64,506	66,425	57,194
64,383	61,421	63,122
94.9%	92.6%	94.7%
11	12	12
49.2	50	50.2
157,000	264,000	270,000
165	165	205

City of Birmingham, Michigan

Schedule 18

	Fiscal Year June 30						
	2002	2003	2004	2005	2006	2007	2008
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 Pumps	3	3	3	3	3	3	3
Other fire vehicles (includes 1 aerial tower)	8	8	8	9	9	9	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)	69.12	62.45	62.45	62.58	62.58	62.58	62.58
Sidewalks (miles)	128.69	128.69	128.69	128.69	128.69	128.69	128.69
Bridges	9	9	9	9	9	9	9
Vehicles in city fleet (excluding fire) ^b	NRA	NRA	NRA	NRA	93	93	91
Recreation & Culture							
Parks	18	18	18	18	18	18	18
Park land/public property (acres)	200	200	200+	200+	225+	225+	225+
Trees on park/public land	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Tennis courts	20	20	16	16	16	16	16
Baseball diamonds	1	1	1	1	1	4	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
Water & Sewer							
Water mains (miles)	101.56	100.24	100.24	100.8	100.85	100.85	100.85
Sanitary sewers (miles)	116	117	117.09	117.09	116.94	116.94	116.11
Fire hydrants (city-owned)	749	763	779	789	809	819	823
Water storage tanks (500,000 gal.)	2	2	2	2	2	2	2
Line gate valves	1,251	1,259	1,272	1,278	1,278	1,278	1,286
Automobile Parking							
Parking structures	5	5	5	5	5	5	5
Revenue-generating public parking spaces							
Metered spaces (streets & surface lots)	1,228	1,252	1,267	1,270	1,270	1,288	1,304
Parking structure spaces	3,579	3,579	3,579	3,579	3,579	3,579	3,579
Total	4,807	4,831	4,846	4,849	4,849	4,867	4,883
Golf Courses (nine-hole)	2	2	2	2	2	2	2

NRA=Not readily available

^aThe City of Birmingham occupies 4.73 square miles.

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

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Fiscal Year June 30
2009 2010 2011

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

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

36,365 36,365 36,365
21.87 21.87 21.87
62.58 62.58 62.66
129.03 129.03 129.03
9 9 9
91 85 85

18 18
225+ 225+
25,000 25,000 25,000
16 16 16
1 1 1
1 1 1
6 6 6
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1 1 1
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100.85 100.85 100.85
115.95 115.41 115.41
830 825 829
2 2 2
1,291 1289 1289

5 5 5

1,313 1,311 1,309
3,579 3,579 3,579
4,892 4,890 4,888

2 2 2

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