

Annual Comprehensive Financial Report

City of Berkley, Michigan

*Year Ended June 30, 2025  
with Report of Independent Auditors*

*Prepared by the City of Berkley's Finance Department*

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Berkley, Michigan  
For the Fiscal Year Ended June 30, 2025  
as prepared by the Finance Department

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## **City Council**

Bridget Dean – Mayor

Ross Gavin, Mayor Pro-Tem  
Steven W. Baker  
Gregory Patterson

Dennis S. Hennen  
Clarence Black  
Jessica Vilani

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## **City Manager**

Crystal VanVleck

## **Finance Director/Treasurer**

Carl Johnson

City of Berkley, Michigan  
Annual Comprehensive Financial Report  
Year Ended June 30, 2025

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City of Berkley, Michigan  
List of City Officials June 30, 2025



**City Manager**

Crystal VanVleck, City Manager  
Stan Lisica, Chief Innovation Officer  
Charlaine Stevenson, Assistant to City Manager

**City Clerk**

Victoria Mitchell, City Clerk  
Rachel Patterson, Deputy City Clerk

**Department of Public Works**

Shawn Young, Director  
Adam Wozniak, Superintendent of Public Works  
Ashley Merz, Public Service Coordinator

**Finance/Treasury Department**

Carl Johnson, Finance Director/Treasurer  
Amy Zurawski, Deputy Finance Director

**Library**

Matthew Church, Library Director  
Lauren Diamond, Office Administrator

**Parks and Recreation**

Dan McMinn, Parks & Recreation Superintendent  
Bobby Green, Manager of Recreation Programs

**Community Development**

Kristen Kapelanski, Director  
Kimberly Anderson, Zoning Administrator

**Public Safety**

Matthew Koehn, Chief  
Amy Leigh, Administrative Assistant/Records



# **CITY OF BERKLEY**

## **OFFICE OF THE CITY MANAGER**

3338 COOLIDGE HWY, BERKLEY, MICHIGAN 48072

### **LETTER OF TRANSMITTAL**

November 12, 2025

The Honorable Mayor Bridget Dean  
Members of the City Council  
And Citizens of the City of Berkley

As City Manager and Finance Director, we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Berkley for the fiscal year ending June 30, 2025.

This report is prepared for the purpose of disclosing the City's financial condition to residents, elected officials, and other interested parties. The financial statements contain all disclosures necessary to enable the reader to gain an understanding of the City's financial activities and condition. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures belongs to the City exclusively. We believe that the information presented is accurate in all material aspects; that it is presented in a manner designated to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain the best understanding of the City's financial affairs have been included.

All local units of governments within the State of Michigan must comply with the Uniform Budgeting and Accounting Act, Public Act 2 of 1968 as amended, which requires an annual audit of the financial records and transactions of the City by independent certified public accountants. Chapter 9.8 of the Berkley City Charter also references Public Act 2 of 1968 and requires an independent audit of the City's financial records and transactions. The primary purpose of the auditing requirements of this act is to maintain the confidence of all interested parties as to the integrity of the record-keeping and financial reporting of the local unit of government such as the City of Berkley. Generally Accepted Accounting Principles (GAAP) 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 detailed 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.

The Government Finance Officers Association (GFOA) previously awarded the City of Berkley with a certificate of excellence in financial reporting from GFOA for its Annual Comprehensive Financial Report that was provided to the leadership and citizens of the City previously and we expect to continue this tradition in 2026.

### **Profile of the Local Government**

The City of Berkley became a City in May 1932. Berkley is located in Oakland County, Michigan and encompasses an area of approximately 2.6 square miles and has approximately 15,000 residents. The City is a mature community located eleven miles northwest of downtown Detroit and is directly within the historical Woodward corridor.

The City of Berkley operates under a Council-Manager form of government. The Mayor is elected to a two-year term and six council members are elected for four-year overlapping terms. The City Council appoints the City

Manager and the City Attorney. Both serve at the pleasure of the City Council. All other department heads are appointed by the City Manager. The City provides a full range of municipal services including police and fire through a public safety department; public services, parks, recreational programming for adults, children, and seniors, and cultural services at the City Library. Building inspection, code enforcement, and planning and development are also provided by the City. The City Manager directs all city operations, projects, and programs in accordance with the vision, mission, and goals set by the City Council. In addition to general government services, the activities of the Downtown Development Authority are reported as a discretely presented component unit of the City.

The City of Berkley prepares budgets in accordance with the State of Michigan Uniform Budgeting and Accounting Act, PA 2 of 1968 as amended. Under the direction of the City Manager, the Finance Director prepares an initial projection of revenue for the next fiscal year. Spending priorities are then determined by the City's financial policies, priorities, and mandated requirements of the federal and state governments. Activities of the General Fund, Special Revenue Funds, and Debt and Construction Funds along with the Downtown Development Authority and the Public Safety Pension System are all appropriated annually by the Berkley City Council. The level of budgetary control (that is the level at which expenditures cannot exceed the appropriated amount) is established by the department. It takes a four-vote majority to adopt and amend the annual appropriations document.

### **Factors Affecting Financial Condition**

**City Operation** – Future revenues should remain steady or increase at a very slow rate. Each year, the Headlee rollback combined with the Proposal “A” individual property owner restriction of rate increases, keeps the tax revenue increase at or below the rate of inflation. That rate had previously hovered near 2.4% between 2012 and 2022. However, high inflation drove that rate up to 7.9% in 2023 and 5.1% in 2024, the highest measured since the implementation of the voter-approved Proposal A of 1994. That rate fell to 3.1% for 2025 and is expected to be approximately 2.8% for 2026 but the State has yet to publish the rate for 2026 as of authoring this letter.

The City's total tax levy for 2025 was 15.6443 down from 15.7698 levied on in the 2024 tax year. The City has seen a decrease in its Headlee subject millage rates. Michigan municipal funding statutes allow for municipalities to request that voters reset millage rates back to the amount set by the local City Charter.

In August 2012, voters passed a Headlee tax override of \$3.00 per thousand taxable value on all real and personal property in the City to offset the tax base loss and to achieve revenue flexibility. The tax override went into effect on the 7/1/2013 property tax billing. A similar ballot measure to override years of rate decreases in general operating and police/fire millages was denied by voters in May of 2023 leaving these rates at 9.5419 or 3.4581 mills below the rate set by Berkley's 1932 Charter for the 2025/26 fiscal year. It is anticipated that State Shared Revenues will increase slightly in future fiscal years.

Fitch's rating service, which provides credit rating and other financial analysis, confirms the City of Berkley's high-quality rating on general obligation bonds as AA with a stable outlook in its most recent report dated February 6, 2021. The report states, “The City has solid flexibility to reduce main expenditure items, and carrying costs for debt service, pension and other post-employment benefits (OPEB) are moderate. The long-term liability burden for the debt and pension is low relative to the City's resource base. The City maintains healthy reserve balances driven by positive operating results.” Before its withdrawal on May 28, 2021, the City of Berkley held an 'AA' Issuer Default Rating with a Stable Outlook. The rating was withdrawn after this reporting period because it is no longer considered by Fitch to be relevant to the agency's coverage.

Management has been proactive in maintaining strong financial resilience given the City's small budget and



limited ability to independently increase revenues. The City itself completed payment of all outstanding bond debt in 2021. The City currently has only a share of obligations with Oakland County related to improvements with the George W Kuhn Drain as its outstanding debt.

**Housing and Local Economy** – Wealth levels within the City of Berkley remain above state and national averages. The median household income in Berkley is just over \$113,103 per the Census Bureau’s 2023 American Community Survey (ACS). The same survey also listed the per capita income at \$59,854. The City’s real estate market has consistently outperformed the region. The 2023 ACS listed the median market rate for housing values as \$289,200 and, as of December 2023, Zillow.com lists that same figure at \$309,975.

Under Michigan state law, market values do not correlate to taxable values and are calculated separately. The City of Berkley’s total real property taxable value is \$822,102,310 as of 2025. Per Oakland County Equalization division, there are 7,030 taxable parcels in the City of Berkley, meaning the average taxable value in Berkley is \$116,942 across all property types.

The Southeast Michigan Council of Governments is also forecasting that the City of Berkley will maintain a level population of approximately 15,656 people through 2050. As of 2025, the population of the City of Berkley is estimated at 15,196. Per the American Community Survey 2023, there are 6,515 single-family homes and another 553 multi-unit residences. Within these 7,068 housing units, 5,874 were owner-occupied and another 978 were rented. The City has added owner-occupied and for-rent housing units through private development over the past few years.

Berkley’s local economy employs about 13.2% of our residents and the remainder of working-age residents travel to surrounding areas to work in a diverse range of businesses and industries, but with nearly half working within the information & financial activities, leisure & hospitality services, and healthcare services sectors. Within the City of Berkley, Westborn Market, Green Lantern restaurant, Crispelli's restaurant, the Berkley School District, and satellite medical services from Corewell Health are large local employers. Regionally, the main campus of Corewell Health is just outside the City limit.

**Employee Pensions and Other Post-Employment Benefits** – The City has two pension systems: a Public Safety Pension program created under Public Act 345 of 1937 and a general employee system administered through the Municipal Employee Retirement System (MERS).

The Public Safety Officer pension system is funded through a millage levied locally. The annual rate and level of benefits are overseen by a board appointed by the Mayor and approved by City Council along with union membership representation and the City Treasurer. Internally, the City Finance Department administers the pension benefits of the public safety officers with Board oversight. The pension system has a 71.23% funding ratio with a millage rate set at 2.700 for 2025. All other employees participate in the MERS, a statewide entity that administers the pension benefits of public employees on behalf of municipalities across Michigan. The system covers all eligible non-Public Safety employees for the City of Berkley with the City’s Finance Department coordinating all pension issues with MERS locally.

In the case of both systems, the City of Berkley fully funds the annual required contribution (ARC) recommended by the actuary for pensions as determined by an independent actuary engaged by the Public Safety Pension Board and MERS for all other eligible employees. These payments are helped by efforts from the administration to reduce future pension liabilities as well as seek funding outside of tax revenues. City leaders have worked with union and non-union employees to make long-term changes to the structure of Berkley’s benefits system.

The City ended its previously defined benefit pension program for new hires in 2020. New hires now receive a Defined Contribution Retirement Plan administered by MERS. All non-union and new hires at Public Works must contribute toward their DC and pension benefits. The City has now closed all MERS non-union and Public Works employee pension divisions from new hires effective January 1, 2022.

In 2023, \$1,180,840 in funding was secured through the statewide Protecting MI Pension Act for the Berkley MERS pension system. The City's local system funding ratio was 60% as of its December 31, 2023, financial statement audit report. The new funding rate as of December 31, 2024 was 59%.

In addition to the pension system, the City has been working toward fully funding its other post-employment benefit (OPEB) obligations. In Berkley, this term applies to the costs of providing retiree healthcare to those who were provided this benefit. All Public Safety, non-union, and Public Works employees hired on or after 7/1/2005 or 7/1/2008 no longer receive a defined benefit health care plan at retirement. The City requires contributions to a third-party administrator and matches contributions as defined by contract or policy. As of 2017, the City's net OPEB liability was \$21,622,805, but through aggressive funding and benefit changes, this liability has decreased to \$5,895,993, leaving the plan just over 59% funded in 2025.

**Internal Controls and Other Internal Factors** – The City continues to review and examine internal controls regularly. Our Chief Innovation Officer performs routine checks of file protection and employee separation of critical duties. He also spends time protecting crucial data and separating accounting input and financial transaction duties. These are important internal controls that the City takes very seriously. Automated Clearing House (ACH) and banking transaction controls are separated from the set-up of vendor templates for these transactions. Approval of those financial functions is then completed by another employee. Internal controls can be challenging in a small office environment, but the City will continue to protect data and finances with regular reviews of internal controls and make improvements wherever necessary.

### **Gratitude & Appreciation**

The Annual Comprehensive Financial Report was assembled by an independent auditor, AHP, who provided guidance and assistance in putting this document together. This was made possible by the efficient and dedicated service of many individuals. I wish to express my sincere appreciation to Finance Director Carl Johnson, Deputy Finance Director Amy Zurawski, AP/Payroll Clerk Ashley Yeatts, Deputy Treasurer Gina Harold, and Treasury Clerk Brooke Simmer. Finally, we would like to also express our appreciation to the Mayor and City Council for their guidance and leadership in the financial matters of the City.

Sincerely,

*Crystal VanVleck*

Crystal VanVleck

City Manager

*Carl Johnson*

Carl Johnson

Finance Director/Treasurer

# City of Berkley, Michigan Fund Organization Chart



## **GOVERNMENTAL FUNDS**

General Fund

## **Special Revenue Funds**

Major Street Fund

Local Street Fund

Recreation Revolving Fund

Senior Activities Fund

Solid Waste Fund

Parking Fund

Community Development Block Grant (CDBG) Fund

Opioid Settlement Fund

## **Debt Service**

Eleven Mile Road Debt Service Fund

## **Capital Projects**

Infrastructure Millage Fund

Public Improvement Fund

Sidewalk Fund

## **PROPRIETARY FUNDS**

Community Field #1 Fund

Water & Sewer System Fund

## **FIDUCIARY - PENSION TRUST FUNDS**

Public Safety Pension System Fund

Other Postemployment Benefits Fund

## **FIDUCIARY - CUSTODIAL FUND**

Property Tax Revenue Fund

## **COMPONENT UNIT**

Downtown Development Authority



## Independent Auditor's Report

To the Honorable Mayor and City Council  
The City of Berkley, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berkley, Michigan, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Berkley's basic financial statements as listed in the table of contents.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berkley, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Berkley and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Berkley's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Berkley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Berkley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berkley's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2025, on our consideration of the City of Berkley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Berkley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Berkley's internal control over financial reporting and compliance.

*Andrews Hooper Pavlik PLC*

Bloomfield Hills, Michigan  
November 12, 2025

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2025

As management of the City of Berkley, Michigan, we offer readers this narrative overview and analysis of the financial activities of the City of Berkley (City) for the fiscal year ended June 30, 2025.

### **Financial Highlights**

- The City Council adopted a Fund Balance Policy that sets a minimum and target range for the unassigned fund balance for the General Fund when compared against the average of the previous three years of General Fund expenditures. As of the end of this fiscal year, the General Fund's unassigned fund balance was \$5,275,675 which is compared to three-year average expenses of \$14,719,924 for a funding ratio of 35.8%. This ratio falls just over the target range of 25% to 35%. Unassigned fund balance is the portion of the total that is retained for the purpose of responding to unforeseen challenges after non-spendable, restricted, committed, and assigned classifications have been identified.
- The City's overall taxable value increased 7.3% from \$766,329,150 in 2024 to \$822,102,310 for the July 1, 2024 tax collection season that funds the 2024-2025 fiscal year. Per state law, this growth lags behind the growth in assessed values. Thankfully, this fiscal year marks over eleven straight years of positive growth in both taxable and assessed values as the City's residents continue to gain values in their property investments.
- Millage rates in the general operating, police/fire, sanitation, infrastructure, and community promotion millages decreased during the year; general operating, police/fire, sanitation, and infrastructure millages decreased by 0.93% while the community promotions millage decreased by 6.75%. The public safety pension millage remained flat compared to fiscal year 2024.
- The City continued to maintain the structural integrity of its water mains and sewer system by investing over \$1.64 million in water and sewer equipment and improvements in fiscal year 2024-2025.
- The City also continued to invest in its general infrastructure with over \$3.77 million worth of capital improvements in fiscal year 2024-2025. Improvements included major and local street improvements, sidewalk improvements, Community Center improvements, and equipment purchases.
- For the 25<sup>th</sup> consecutive year, the City invested in the Library collection. The Library purchased approximately \$35,000 in new reading and rental materials.



## City of Berkley

### Management's Discussion and Analysis

Year Ended June 30, 2025

- Since 2017, the City has made a conscious effort to prefund its other postemployment benefit (OPEB) liability. Since that time, the City's net unfunded OPEB liability has decreased from \$21,622,805 in 2017 to \$5,895,993 as of June 30, 2025. The chart below shows how the Plan has grown from 17.71% funded to 59.63% funded in nine years. The main factors in this are the closure of this benefit to new hires since 2008 which has allowed the total OPEB liability to fall from \$26,275,808 in 2017 to \$14,605,439 this year. The City also has \$8,709,446 of investments held in trust with the Municipal Employees' Retirement System (MERS) to fund OPEB liabilities. The City continues to cover all annual costs OPEB costs and paid \$756,884 in this fiscal year.

Year Ending June 30	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
2017	\$ 26,275,808	\$ 4,653,003	\$ 21,622,805	17.71%	\$ 3,760,501	575.00%
2018	19,045,830	5,007,973	14,037,857	26.29%	3,722,725	377.09%
2019	19,281,920	5,403,052	13,878,868	28.02%	3,652,907	379.94%
2020	17,755,924	5,528,578	12,227,346	31.14%	4,913,491	248.85%
2021	17,953,275	7,272,274	10,681,001	40.51%	5,129,064	208.24%
2022	14,258,100	6,680,695	7,577,405	46.86%	5,753,643	131.70%
2023	14,359,955	7,192,453	7,167,502	50.09%	5,632,492	127.25%
2024	14,462,282	7,920,244	6,542,038	54.76%	5,088,064	128.58%
2025	14,605,439	8,709,446	5,895,993	59.63%	6,349,353	92.86%

#### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year and how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2025

### Government-wide Overall Financial Analysis

The following table shows, in a condensed format, the net position as of June 30, 2025 and 2024:

### The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 12,559,518	\$ 10,967,886	\$ 5,626,096	\$ 3,362,725	\$ 18,185,614	\$ 14,330,611
Capital assets	26,008,866	24,463,369	23,579,857	22,842,676	49,588,723	47,306,045
Total assets	38,568,384	35,431,255	29,205,953	26,205,401	67,774,337	61,636,656
Deferred outflows	5,314,144	7,858,385	375,359	416,253	5,689,503	8,274,638
Liabilities:						
Current liabilities	1,909,648	2,443,583	1,284,254	463,746	3,193,902	2,907,329
Long-term liabilities	25,579,991	26,621,181	2,485,153	2,271,303	28,065,144	28,892,484
Total liabilities	27,489,639	29,064,764	3,769,407	2,735,049	31,259,046	31,799,813
Deferred inflows	3,149,683	5,164,110	185,824	313,397	3,335,507	5,477,507
Net position (deficit):						
Net investment in capital assets	25,837,900	24,225,019	22,782,084	22,590,635	48,619,984	46,815,654
Restricted	4,005,235	3,091,738	-	-	4,005,235	3,091,738
Unrestricted	(16,599,925)	(18,784,015)	2,843,997	982,573	(13,755,928)	(17,801,442)
Total net position	\$ 13,243,206	\$ 8,532,742	\$ 25,626,081	\$ 23,573,208	\$ 38,869,287	\$ 32,105,950

The City's combined total net position increased 21.1% from a year ago – increasing from \$32.1 million to \$38.9 million. Unrestricted net position of the governmental activities and the business-type activities (the part of net position used to finance day-to-day operations) increased 22.7% at June 30, 2025, from \$(17.8) million to \$(13.8) million. This increase is due to the increased investment in capital assets using restricted resources.

The governmental activities unrestricted net position increased by approximately \$2.18 million. Analyzing this further, the increase is largely due to continued investment in governmental capital assets.

The unrestricted net position for business-type activities saw an increase of approximately \$1.86 million and the investment in capital assets increased by approximately \$191,000.

In reviewing the City's net position of governmental activities, the net investment in capital assets increased approximately \$1.61 million due to capital improvements within the City.

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2025

### The City's Changes in Net Position

The following table shows the changes in net position during the years ended June 30, 2025 and 2024:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenue:						
Charges for services	\$ 4,124,870	\$ 4,266,244	\$ 8,991,882	\$ 8,282,957	\$ 13,116,752	\$ 12,549,201
Operating grants and contributions	3,171,263	1,958,597	-	-	3,171,263	1,958,597
Capital grants and contributions	1,733,947	921,061	155,268	-	1,889,215	921,061
General revenue:						
Property taxes	12,939,756	12,493,374	-	-	12,939,756	12,493,374
State-shared revenue	1,964,506	1,939,765	-	-	1,964,506	1,939,765
Investment earnings	484,510	454,314	35,998	5,629	520,508	459,943
Other revenue:						
Franchise fees	214,961	184,507	-	-	214,961	184,507
Sale of capital assets	17,414	5,500	10,416	181,620	27,830	187,120
Total revenue	24,651,227	22,223,362	9,193,564	8,470,206	33,844,791	30,693,568
Expenses:						
General government	5,248,906	4,856,682	-	-	5,248,906	4,856,682
Public safety	6,685,932	4,126,161	-	-	6,685,932	4,126,161
Public works	5,675,397	4,634,453	-	-	5,675,397	4,634,453
Health and welfare	130,934	46,764	-	-	130,934	46,764
Community and economic dev.	399,586	-	-	-	399,586	-
Recreation and culture	1,800,008	1,777,633	-	-	1,800,008	1,777,633
Community Field #1	-	-	27,265	-	27,265	-
Water and sewer	-	-	7,113,426	5,096,616	7,113,426	5,096,616
Total expenses	19,940,763	15,441,693	7,140,691	5,096,616	27,081,454	20,538,309
Change in net position	4,710,464	6,781,669	2,052,873	3,373,590	6,763,337	10,155,259
Net position at beginning of year	9,060,766	3,723,774	23,573,208	19,193,190	32,633,974	22,916,964
Adoption of accounting principle	(528,024)	-	-	-	(528,024)	-
Restatement for correction of error	-	(1,444,677)	-	1,006,428	-	(438,249)
Net position at beginning of year - restated	8,532,742	2,279,097	23,573,208	20,199,618	32,105,950	22,478,715
Net position at end of year	\$ 13,243,206	\$ 9,060,766	\$ 25,626,081	\$ 23,573,208	\$ 38,869,287	\$ 32,633,974

### Governmental Activities

Overall, the net position for governmental activities increased by approximately \$4.18 million in fiscal year 2024-2025 as compared to an increase of approximately \$5.34 million in fiscal year 2023-2024. This is due to an increase in expenses of approximately \$4.50 million, largely attributable to greater fiscal year 2023-2024 capital investment activity as opposed to fiscal year 2024-2025's level of capital investment, coupled with increases in revenue of approximately \$2.43 million, largely attributable to an increase in grants received during fiscal year 2024-2025 compared to fiscal year 2023-2024.

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2025

### **Business-type Activities**

The City's business-type activities include water and sewer enterprise operations. The City provides water and sewer services to residents through contracts or consortiums with the Great Lakes Water Authority and the Southeastern Oakland County Water Authority. Total net position for all business-type activities increased approximately \$2.05 million in fiscal year 2024-2025. Charges for services increased by approximately \$710,000 or 8.56%. On the expenditure side of the ledger there was an overall increase in costs of approximately \$2.04 million, primarily a result of the change in fiscal year 2023-2024 OPEB and pension liabilities adjustment, which resulted in a decrease in fiscal year 2023-2024 expenses of approximately \$1.57 million, compared to fiscal year 2024-2025's OPEB and pension adjustment of approximately \$186,000 which increased total fiscal year 2024-2025 expenses.

### **The City of Berkley's Funds**

The City of Berkley's major fund financial statements follow the statement of net position and statement of activities. The fund financial statements provide detailed information about the most significant funds, not the City as a whole.

### **Governmental Activities**

The City's major governmental funds for the year ended June 30, 2025 included the General Fund.

The General Fund pays for most of the City's governmental services. The General Fund recorded \$16.4 million in expenses to provide city service and purchase capital equipment in fiscal year 2024-2025. When adding in operating transfers to other funds, the total General Fund expenditures for the fiscal year were approximately \$17.5 million. The most significant of these costs is public safety (police and fire), which incurred expenses of approximately \$6.82 million within the General Fund. Public safety expenses were 41.6% of the total operating General Fund expenses. The City ended the fiscal year with an increase in fund balance of approximately \$670,000, which included approximately \$2.03 million of capital expenditures spent during the fiscal year. The City recognized \$1,049,260 of federal HUD funding related to the City's HVAC project. The City also recognized \$500,000 of its remaining ARPA Federal Grant dollars, which were recorded as unearned revenue as of June 30, 2024, which were used to offset lost revenues.

Public safety services are partially supported by two special public safety millages, which are recorded in the General Fund. The first millage is for operations, and the second millage is for retirement contributions and legacy costs (PA 345 levy). Revenue generated by these two millage rates was approximately \$3.42 million. During the 2024-2025 fiscal year, expenditures recorded in the General Fund directly related to public safety amounted to approximately \$6.82 million. The remaining cost of the police and fire protection is funded by other general revenue sources of the General Fund.

The Major Streets Fund moved to a nonmajor fund and recognized just under \$1.55 million in total revenue, primarily from the State of Michigan related to Act 51 roads and streets funding. Major Street expenditures totaled just over \$1.22 million related to road and streets improvements and capital outlay.

## City of Berkley

### Management's Discussion and Analysis

Year Ended June 30, 2025

The City presents the Recreation Revolving Fund in the nonmajor fund category of the financial statements. The Recreation Revolving Fund recorded approximately \$1.10 million in operating and capital expenses. Recreation program revenue amounted to approximately \$560,000 and the fund received support of \$546,000 from the General Fund. This resulted in an ending fund balance of \$314,574 as of June 30, 2025 for the Recreation Revolving Fund.

The City presents the Solid Waste Fund activity in the nonmajor fund category of the financial statements. The City spent \$1.85 million to collect and dispose of the City's solid waste and recyclables in fiscal year 2024-2025. In addition to property taxes collected of approximately \$1.27 million, the fund also recorded approximately \$670,000 in charges for service. The Solid Waste Fund also expended approximately \$156,000 in capital outlay related to equipment purchases. As of June 30, 2025, \$1,036,296 remains in the Solid Waste Service Fund fund balance.

The City presents the Infrastructure Millage Fund in the nonmajor fund category of the financial statements. The City recognized approximately \$1.5 million in revenue, primarily from property taxes and expended approximately \$750,000 in capital outlay related to infrastructure improvements.

#### **General Fund Budgetary Highlights**

The General Fund had an original budgeted increase in fund balance of \$0 and had a final amended decrease in fund balance of approximately \$563,000. Actual revenues came in approximately \$340,000 higher than anticipated and expenditures were less than anticipated by approximately \$880,000 resulting in a final net increase in General Fund fund balance of \$668,601.

#### **Capital Assets and Debt Administration**

At the end of fiscal year June 30, 2025, the City had a net book value of approximately \$49.59 million invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the City invested significantly in its major and local road system.

Additions to capital assets include city building improvements, road & sidewalk improvements throughout the City, equipment for various city departments, and several vehicles for both the department of public works & police department. Additional information regarding the City's capital assets and long-term debt can be found in Note 4 and 6, respectively, within the financial statements.

All bond obligations of the City are business-type debt in the Water and Sewer Fund. Total bond obligations for the Water and Sewer Fund are down approximately \$40,000 from fiscal year 2023-2024 to approximately \$144,000 in the fiscal year ended June 30, 2025.

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

The City projects a 4% increase in property taxable value within the City of Berkley for the 2025 tax year (fiscal year 2025-2026). The taxable value increase is projected to be above inflation so the negative effects of the Headlee amendment will continue and the City will be required to reduce its millage rate for fiscal year 2025-2026 for its operating, public safety, sanitation, and infrastructure millages.

## City of Berkley

### Management's Discussion and Analysis

Year Ended June 30, 2025

The State of Michigan is projecting a 6.3% reduction in state-shared revenue payments to local governments, following the conclusion of one-time federal funding support. This decrease is associated with the State's budget and road funding legislation, which eliminates the sales tax on motor fuel effective January 1, 2026, thereby reducing constitutional revenue sharing. The estimated impact to the City represents approximately 0.2% of the Fiscal Year 2025-2026 General Fund budget, and the City will continue to budget conservatively to address this change.

The State's budget also includes an enhanced funding package for municipal road projects, with cities and villages in Oakland County expected to receive an estimated 33.4% increase in the first year of implementation.

The City sought but was not able to pass a restoration of 3.4581 mills lost to the State's Headlee Amendment several years ago. The restoration of these mills would have added approximately \$2.5 million to the City's General Fund and Public Safety budget at the time. The City has adopted a 2025-2026 budget that includes maintaining services at existing levels and provides for minimal amounts for capital outlay. The administration continues to work on formulating a long-term plan on how to address the significant unfunded capital needs.

The voters approved an infrastructure millage for road repair/replacement and water and sewer line replacement of up to 2 mills in November 2018. This millage has been permanently rolled back by Headlee to 1.8079 at June 30, 2025. The City continued to replace lead line throughout the City as required by the State's unfunded mandated along with the repair and replacement of the worst condition roads utilizing this millage and supplementing with Major Streets, Local Streets and Water and Sewer Funds.

During fiscal year 2022-2023, \$1,180,840 in funding was secured through the statewide Protecting MI Pension Act for the Berkley MERS pension system. The City's local system funding ratio was 54.7% as of its December 31, 2021 financial statements and audit report. The new funding ratio as of December 31, 2024 actuary report was 59%. On the expenditure side of operations, the City continues to carefully manage resources that are available for operations and improvements. The City evaluates all current operating programs in order to determine if the program provides a quality level of service at a fair cost. The City continues to evaluate revenue to ensure that revenue charged ratepayers meet program expenses.

Salaries and fringes continue to be the largest expenditures, making up approximately 70% of the General Fund budget. The City will also continue to make investments in its capital structure, such as police vehicles, new fire truck, department of public works equipment, upgrades to parks and park structures, various street repair projects, a sidewalk program, and water and sewer improvements and lining.

City of Berkley

Management's Discussion and Analysis

Year Ended June 30, 2025

**Requests for Further Information**

This financial report is designed to provide a general overview of the City of Berkley's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Municipal Offices at 3338 Coolidge Highway, Berkley, Michigan 48307.

# City of Berkley

## Statement of Net Position

June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 10,628,189	1,906,009	\$ 12,534,198	\$ 323,624
Receivables:				
Taxes	8,624	-	8,624	-
Customers, net	396,945	3,674,133	4,071,078	-
Other governmental units	841,959	31,610	873,569	-
Interest	325	-	325	-
Due from fiduciary funds	10,062	-	10,062	-
Inventories	15,391	-	15,391	-
Prepaid costs	491,243	14,344	505,587	-
Advance to business-type activities	166,780	-	166,780	-
Capital Assets:				
Assets not subject to depreciation	2,607,315	13,795	2,621,110	-
Assets subject to depreciation- net	23,401,551	23,566,062	46,967,613	-
Total assets	38,568,384	29,205,953	67,774,337	323,624
<b>Deferred outflows of resources</b>				
Deferred pension cost increases	4,458,250	298,650	4,756,900	-
Deferred OPEB cost increases	855,894	76,709	932,603	-
Total deferred outflows of resources	5,314,144	375,359	5,689,503	-
<b>Liabilities</b>				
Accounts payable	1,139,214	1,089,415	2,228,629	7,164
Cash bonds and deposits	404,590	3,947	408,537	-
Accrued liabilities and other	365,844	24,112	389,956	2,635
Advance from governmental activities	-	166,780	166,780	-
Unearned revenue	-	-	-	62,732
Noncurrent liabilities:				
Due within one year:				
Compensated absences	221,289	84,475	305,764	-
Current portion of long-term debt	-	40,575	40,575	-
Due in more than one year:				
Compensated absences	1,106,444	-	1,106,444	-
Net pension liability	18,841,223	1,772,144	20,613,367	-
Net OPEB liability	5,411,035	484,958	5,895,993	-
Long-term debt- net of current portion	-	103,001	103,001	-
Total liabilities	27,489,639	3,769,407	31,259,046	72,531
<b>Deferred inflows of resources</b>				
Deferred pension cost decreases	1,989,575	81,850	2,071,425	-
Deferred OPEB cost decreases	1,160,108	103,974	1,264,082	-
Total deferred inflows of resources	3,149,683	185,824	3,335,507	-
<b>Net position</b>				
Net investment in capital assets	25,837,900	22,782,084	48,619,984	-
Restricted:				
Streets	2,822,375	-	2,822,375	-
Community development and promotion	90,761	-	90,761	-
Sanitation	1,036,296	-	1,036,296	-
Opioid settlement	55,799	-	55,799	-
Unrestricted	(16,599,925)	2,843,997	(13,755,928)	251,093
Total net position	\$ 13,243,206	\$ 25,626,081	\$ 38,869,287	\$ 251,093

See accompanying notes.



# City of Berkley

## Statement of Activities

For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Component Unit
Primary government:								
Governmental activities:								
General government	\$ 5,248,906	\$ 1,859,457	\$ 863,661	\$ 1,581,422	\$ (944,366)	\$ -	\$ (944,366)	\$ -
Public safety	6,685,932	445,021	112,714	-	(6,128,197)	-	(6,128,197)	-
Public works	5,675,397	1,187,551	1,986,431	-	(2,501,415)	-	(2,501,415)	-
Health and welfare	130,934	87,132	165,715	76,954	198,867	-	198,867	-
Community and economic development	399,586	-	-	30,000	(369,586)	-	(369,586)	-
Recreation and cultural	1,800,008	545,709	42,742	45,571	(1,165,986)	-	(1,165,986)	-
Total governmental activities	19,940,763	4,124,870	3,171,263	1,733,947	(10,910,683)	-	(10,910,683)	-
Business-type activities:								
Community Field #1	27,265	52,500	-	-	-	25,235	25,235	-
Water and sewer	7,113,426	8,939,382	-	155,268	-	1,981,224	1,981,224	-
Total business-type activities	7,140,691	8,991,882	-	155,268	-	2,006,459	2,006,459	-
Total primary government	\$ 27,081,454	\$ 13,116,752	\$ 3,171,263	\$ 1,889,215	(10,910,683)	2,006,459	(8,904,224)	-
Component unit:								
Downtown Development Authority	\$ 503,919	\$ 1,870	\$ -	\$ -	-	-	-	(502,049)
General revenue:								
Property taxes					12,939,756	-	12,939,756	532,455
Unrestricted state-shared revenue					1,964,506	-	1,964,506	-
Unrestricted investment income					484,510	35,998	520,508	11,054
Franchise fees					214,961	-	214,961	-
Gain on sale of capital assets					17,414	10,416	27,830	-
Total general revenue					15,621,147	46,414	15,667,561	543,509
Change in net position					4,710,464	2,052,873	6,763,337	41,460
Net position at beginning of year, as previously reported					9,060,766	23,573,208	32,633,974	209,633
Adjustment - Adoption of accounting principle					(528,024)	-	(528,024)	-
Net position at beginning of year - restated					8,532,742	23,573,208	32,105,950	209,633
Net position at end of year					\$ 13,243,206	\$ 25,626,081	\$ 38,869,287	\$ 251,093

See accompanying notes.

# City of Berkley

## Governmental Funds Balance Sheet

June 30, 2025

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 6,045,300	\$ 4,582,889	\$ 10,628,189
Receivables:			
Taxes	7,801	823	8,624
Customers, net	89,650	307,295	396,945
Other governmental units	408,633	433,326	841,959
Interest	325	-	325
Due from other funds	50,722	-	50,722
Inventories	15,391	-	15,391
Prepaid expenses	478,622	12,621	491,243
Advance to other funds	166,780	-	166,780
Total assets	<u>\$ 7,263,224</u>	<u>\$ 5,336,954</u>	<u>\$ 12,600,178</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 792,684	\$ 346,530	\$ 1,139,214
Due to other funds	-	40,660	40,660
Cash bonds and deposits	404,590	-	404,590
Accrued liabilities and other	296,262	69,582	365,844
Total liabilities	<u>1,493,536</u>	<u>456,772</u>	<u>1,950,308</u>
Deferred inflows of resources:			
Deferred revenue	-	50,897	50,897
Fund balances:			
Nonspendable – inventory and prepaid items	494,013	12,621	506,634
restricted for:			
Streets	-	2,822,375	2,822,375
Community service	-	90,761	90,761
Solid waste service	-	1,036,296	1,036,296
Opioid settlement	-	55,799	55,799
Committed – recreation	-	305,303	305,303
Assigned - capital improvement	-	557,027	557,027
Unassigned	5,275,675	(50,897)	5,224,778
Total fund balances	<u>5,769,688</u>	<u>4,829,285</u>	<u>10,598,973</u>
Total liabilities and fund balances	<u>\$ 7,263,224</u>	<u>\$ 5,336,954</u>	<u>\$ 12,600,178</u>

See accompanying notes.

City of Berkley

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

<b>Fund Balance Reported in Governmental Funds</b>	<b>\$ 10,598,973</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and are reported in the funds.	26,008,866
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Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as deferred revenue in the funds.	50,897
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Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:

Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities.	(1,327,733)
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Net pension liability and related deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and are not reported in the funds.	(16,372,548)
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Net OPEB liability and related deferred inflows of resources and deferred outflows of resources and are not due and payable in the current period and are not reported in the funds.	(5,715,249)
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<b>Net Position of Governmental Activities</b>	<b><u>\$ 13,243,206</u></b>
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*See accompanying notes.*

# City of Berkley

## Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2025

	General Fund	Major Streets Fund (formerly major)	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 10,206,447	\$ -	\$ 2,733,309	\$ 12,939,756
Intergovernmental:				
Federal grants	2,081,422	-	55,843	2,137,265
State-shared revenue and grants	2,060,624	-	2,076,310	4,136,934
Charges for services	1,195,280	-	1,326,888	2,522,168
Fines and forfeitures	192,915	-	-	192,915
Licenses and permits	1,209,349	-	130,574	1,339,923
Investment earnings	349,794	-	134,716	484,510
Other revenue:				
Franchise fees	214,961	-	-	214,961
Other miscellaneous income	645,273	-	32,045	677,318
Total revenue	18,156,065	-	6,489,685	24,645,750
<b>Expenditures</b>				
Current:				
General government	5,303,499	-	-	5,303,499
Public safety	6,823,764	-	12	6,823,776
Public works	1,178,764	-	3,246,877	4,425,641
Health and welfare	-	-	186,842	186,842
Community and economic development	426,251	-	-	426,251
Recreation and culture	637,560	-	1,000,438	1,637,998
Capital outlay	2,033,524	-	1,737,306	3,770,830
Total expenditures	16,403,362	-	6,171,475	22,574,837
Excess (deficiency) of revenues over expenditures	1,752,703	-	318,210	2,070,913
<b>Other financing sources (uses)</b>				
Transfers in	10,624	-	1,132,480	1,143,104
Transfers out	(1,132,480)	-	(10,624)	(1,143,104)
Sale of capital assets	37,757	-	-	37,757
Total other financing sources (uses)	(1,084,099)	-	1,121,856	37,757
Net change in fund balances	668,604	-	1,440,066	2,108,670
Fund balance at beginning of year, as previously presented	5,101,084	1,415,309	1,973,910	8,490,303
Adjustment - changes from major fund to nonmajor fund	-	(1,415,309)	1,415,309	-
Fund balance at beginning of year - restated	5,101,084	-	3,389,219	8,490,303
Fund balance at end of year	\$ 5,769,688	\$ -	\$ 4,829,285	\$ 10,598,973

See accompanying notes.

City of Berkley

Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
Balances to the Statement of Activities

For the Year Ended June 30, 2025

<b>Net Change in Fund Balances – Total Governmental Funds</b>	<b>\$ 2,108,670</b>
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Amounts reported for governmental activities in the statement of net position  
are different because:

Governmental funds report capital outlays as expenditures; however, in the  
statement of activities, these costs are allocated over their estimated  
useful lives as depreciation:

Capital outlay	3,770,829
Depreciation expense	(2,204,989)
Sales of capital assets	(20,343)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available.	16,897
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Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>1,039,400</u>
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<b>Change in Net Position in Governmental Activities</b>	<b><u><u>\$ 4,710,464</u></u></b>
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*See accompanying notes.*

# City of Berkley

## Proprietary Funds Statement of Net Position

June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Water and Sewer System</b>	<b>Community Field #1 (nonmajor fund)</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 1,886,007	\$ 20,002	\$ 1,906,009
Receivables – customer	3,674,133	-	3,674,133
Receivables - other governmental units	31,610	-	31,610
Prepaid costs	14,344	-	14,344
Total current assets	5,606,094	20,002	5,626,096
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation	13,795	-	13,795
Assets subject to depreciation – net	23,390,711	175,351	23,566,062
Total assets	29,010,600	195,353	29,205,953
<b>Deferred outflows of resources</b>			
Deferred pension cost increases	298,650	-	298,650
Deferred OPEB cost increases	76,709	-	76,709
Total deferred outflows of resources	375,359	-	375,359
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,088,207	1,208	1,089,415
Advance from other funds	-	166,780	166,780
Cash bonds and deposits	3,947	-	3,947
Accrued liabilities and other	22,123	1,989	24,112
Compensated absences	84,475	-	84,475
Current portion of long-term debt	40,575	-	40,575
Total current liabilities	1,239,327	169,977	1,409,304
Noncurrent liabilities:			
Net pension liability	1,772,144	-	1,772,144
Net OPEB liability	484,958	-	484,958
Long-term debt – net of current portion	103,001	-	103,001
Total noncurrent liabilities	2,360,103	-	2,360,103
Total liabilities	3,599,430	169,977	3,769,407
<b>Deferred inflows of resources</b>			
Deferred pension cost reductions	81,850	-	81,850
Deferred OPEB cost reductions	103,974	-	103,974
Total deferred inflows of resources	185,824	-	185,824
<b>Net position</b>			
Net investment in capital assets	23,260,930	175,351	23,436,281
Unrestricted	2,339,775	(149,975)	2,189,800
Total net position	\$ 25,600,705	\$ 25,376	\$ 25,626,081

See accompanying notes.

# City of Berkley

## Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025

	<b>Enterprise Fund</b>		
	<b>Water and Sewer</b>	<b>Community</b>	<b>Total Enterprise</b>
	<b>System</b>	<b>Field #1</b>	<b>Funds</b>
	<b>(nonmajor fund)</b>		
<b>Operating revenue</b>			
Charges for services	\$ 8,657,745	\$ 52,500	\$ 8,710,245
Property and equipment rental	47,913	-	47,913
Miscellaneous	233,724	-	233,724
Total operating revenue	8,939,382	52,500	8,991,882
<b>Operating expenses</b>			
Water and sewer operations	6,212,183	-	6,212,183
Ball field operations	-	12,472	12,472
Depreciation	897,217	9,229	906,446
Total operating expenses	7,109,400	21,701	7,131,101
Operating income	1,829,982	30,799	1,860,781
<b>Nonoperating revenue (expenses)</b>			
Investment income	35,857	141	35,998
Intergovernmental revenues	155,268	-	155,268
Interest expense	(4,026)	(5,564)	(9,590)
Sale of capital assets	10,416	-	10,416
Total nonoperating revenue (expenses)	197,515	(5,423)	192,092
Change in net position	2,027,497	25,376	2,052,873
Net position at beginning of year	23,573,208	-	23,573,208
Net position at end of year	\$ 25,600,705	\$ 25,376	25,626,081

See accompanying notes.

# City of Berkley

## Proprietary Funds Statement of Cash Flows

For the Year Ended June 30, 2025

	<b>Enterprise Fund</b>		
	<b>Water and Sewer System</b>	<b>Community Field #1 (nonmajor fund)</b>	<b>Total Enterprise Funds</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 8,463,226	\$ 52,500	\$ 8,515,726
Receipts from interfund services	47,913	206,496	254,409
Payments to suppliers	(4,885,984)	(9,275)	(4,895,259)
Payments to employees	(511,273)	-	(511,273)
Net cash provided by operating activities	3,113,882	249,721	3,363,603
<b>Cash flows from capital and related financing activities</b>			
State grants received	155,268	-	155,268
Purchase of capital assets	(1,459,047)	(184,580)	(1,643,627)
Sale of capital assets	10,416	-	10,416
Principal and interest paid on capital debt	(43,913)	-	(43,913)
Principal and interest paid on interfund advance	-	(45,280)	(45,280)
Net cash used in capital and related financing activities	(1,337,276)	(229,860)	(1,567,136)
<b>Cash flows provided by investing activities</b>			
Interest received on investments	35,857	141	35,998
Net increase in cash and cash equivalents	1,812,463	20,002	1,832,465
Cash and cash equivalents at beginning of year	73,544	-	73,544
Cash and cash equivalents at end of year	\$ 1,886,007	\$ 20,002	\$ 1,906,009
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 1,829,982	\$ 30,799	\$ 1,860,781
Adjustments to reconcile operating income to net cash provided by (used) by operating activities:			
Depreciation	897,217	9,229	906,446
Changes in assets and liabilities:			
Receivables	(428,243)	-	(428,243)
Prepaid and other assets	(2,663)	-	(2,663)
Accounts payable	653,859	1,208	655,067
Accrued and other liabilities	18,642	1,989	20,631
Advance from other funds	-	206,496	206,496
Net pension and OPEB liabilities	145,088	-	145,088
Total adjustments	1,283,900	218,922	1,502,822
Net cash provided by operating activities	\$ 3,113,882	\$ 249,721	\$ 3,363,603

See accompanying notes.



City of Berkley

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2025

	<b>Pension and Other Postemployment Benefits Funds</b>	<b>Custodial Fund Property Tax Revenue Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,248,948	\$ 107,506
Investments:		
Common and preferred stock	14,285,539	-
Mutual funds – fixed income securities	8,248,101	-
Interest in MERS pooled investments	8,709,446	-
Accrued interest receivable	24,532	-
Prepaid Costs	10,250	-
Total assets	<u>32,526,816</u>	<u>107,506</u>
<b>Liabilities</b>		
Accounts payable	24,259	107,506
Due to primary government	10,062	-
Total liabilities	<u>34,321</u>	<u>107,506</u>
<b>Net position</b>		
Restricted:		
Pensions	23,783,049	-
Postemployment benefits other than pension	8,709,446	-
Total net position	<u>\$ 32,492,495</u>	<u>\$ -</u>

*See accompanying notes.*

City of Berkley

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2025

	<b>Pension and Other Postemployment Benefits Funds</b>	<b>Custodial Fund Property Tax Revenue Fund</b>
Additions:		
Investment income:		
Net increase in fair value of investments	\$ 3,170,375	\$ -
Net investment income	3,170,375	-
Contributions:		
Employer	2,540,255	-
Employee	14,605	-
Total contributions	2,554,860	-
Property tax collections	-	22,735,304
Total additions	5,725,235	22,735,304
Deductions:		
Benefit payments	2,778,413	-
Administrative expenses	217,152	-
Tax distributions to other governments	-	22,735,304
Total deductions	2,995,565	22,735,304
Net increase in fiduciary net position	2,729,670	-
Net position at beginning of year	29,762,825	-
Net position at end of year	\$ 32,492,495	\$ -

*See accompanying notes.*

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 1. Significant Accounting Policies

#### Reporting Entity

The City of Berkley (City) is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially responsible. Although blended component units are legally separate entities, in substance, they are part of the City operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

#### Blended Component Unit

The City's building authority is governed by a three-member board appointed by the City Council. Although it is legally separate from the City, the building authority is reported as if it were part of the primary government because its primary purpose is to acquire, furnish, equip, own, improve, enlarge, operate, and maintain the ice arena and horseshoe pit for the use or benefit of the City. The building authority was inactive during the year ended June 30, 2025.

#### Discretely Presented Component Units

##### *Downtown Development Authority*

The Downtown Development Authority (Authority or DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of the City Manager and twelve directors, is appointed by the City Manager and approved by the City Council. In addition, the Authority's budget is subject to approval by the City Council. Financial information can be obtained from the City of Berkley at 3338 Coolidge, Berkley, Michigan 48072.

##### *Pension and Other Postemployment Benefits Funds*

The Public Safety Pension Trust Fund is governed by a five-member board that includes the City's treasurer, three current or retired City of Berkley public safety officers, and an individual outside of the City of Berkley Public Safety Department appointed by the Mayor. The Other Postemployment Benefits Fund is governed by the City Council. Although they are legally separate from the City, they are reported as fiduciary component units because the City governs the plans or appoints a voting majority to the board and the plans impose a financial burden on the City.

#### Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 1. Significant Accounting Policies (continued)

#### Report Presentation

Governmental accounting principles require that financial reports include two different perspectives – the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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.

#### Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received, or the services are rendered. Capital outlays are reported as expenditures (rather than capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs of sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 1. Significant Accounting Policies (continued)

#### Basis of Accounting (continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, for certain amount due from businesses and residents collected after the period of availability, receivables have been recorded for these along with a deferred inflow.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

#### Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as major governmental funds:

The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

#### Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). Activities that are reported as proprietary funds include the following:

The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for user charges. The City reported the Water and Sewer Fund as a major enterprise fund.

The Community Field #1 Fund is used to account for rental fees collected for use of Community Field #1. The rental fees will be utilized to maintain and improve the field.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 1. Significant Accounting Policies (continued)

#### Fund Accounting (continued)

##### **Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

The Public Safety Pension Fund accumulates resources for pension benefit payments to qualified public safety employees.

The Other Postemployment Benefits Fund accumulates resources for future retiree health care payments to qualified retirees.

The Property Tax Revenue Fund collects taxes on behalf of all the taxing authorities (county, school district, and the various other taxing authorities).

##### **Interfund Activity**

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business type activities column.

#### **Specific Balances and Transactions**

##### **Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for investments in external investment pools, which are valued at amortized cost. Pooled investment income from all funds is generally allocated to each fund using a weighted average of balance for the principal.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 1. Significant Accounting Policies (continued)

#### Specific Balances and Transactions (continued)

##### Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors (i.e. purchases method) reflect costs applicable to future years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

##### Capital Assets

Capital assets, which include property, plant equipment, intangible assets, and infrastructure (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 City as assets with an initial individual cost of more than \$5,000 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 acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Depreciable Life – Years</u>
GA Infrastructure	15 – 20
BT Infrastructure	60 – 85
Buildings	15 – 50
Building improvements	7 – 20
Equipment and books	3 – 15
Vehicles	5 – 10
Land improvements	20

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### **1. Significant Accounting Policies (continued)**

#### **Specific Balances and Transactions (continued)**

##### **Long-term Obligations**

In the government-wide financial statements and the proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The debt service funds are generally used to liquidate governmental long-term debt.

##### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred inflows and outflows related to pensions and OPEB, as detailed in Notes 8 and 9, respectively.

##### **Net Position**

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any liabilities that arise from the acquisition or construction of capital assets, including capital-related amounts included in accounts payable. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

##### **Net Position Flow Assumption**

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.



# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 1. Significant Accounting Policies (continued)

#### Specific Balances and Transactions (continued)

##### **Fund Balance Flow Assumptions**

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

##### **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential either to remove or revise a commitment.

Amounts that do not fall into the nonspendable, restricted, committed, or assigned categories of fund balance are reported as unassigned. This is the residual classification for amount in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### **1. Significant Accounting Policies (continued)**

#### **Specific Balances and Transactions (continued)**

##### **Property Tax Revenue**

Property taxes are levied and become an enforceable lien on each July 1; the tax is based on the taxable valuation of property as of the preceding December 31. Summer taxes are due on the first business day of September. Penalties and interest are assessed on late summer tax payments from approximately September 1 through the end of February. Winter taxes are due on the third Monday of February. Penalties and interest are assessed on late winter tax payments from approximately mid-February to the end of February. Delinquent real and personal property taxes are turned over to the county on March 1.

##### **Pension**

The City offers defined benefit pension benefits to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **Other Postemployment Benefit Costs**

The City offers health care benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **Compensated Absences (Vacation and Sick Leave)**

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Most annual leave and sick pay related to governmental activities is accrued when incurred. Annual leave and sick pay related to the Water and Sewer Fund is accrued when incurred in that fund.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 1. Significant Accounting Policies (continued)

#### Specific Balances and Transactions (continued)

##### Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to customers for sales or services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

##### 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 2. Stewardship, Compliance, and Accountability

#### Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978 as amended). The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding as of June 30, 2025 has not been calculated.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that interfund reimbursements are budgeted as transfers. The budgetary comparison schedules (General Fund and special revenue funds) are presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on an activity basis (i.e., City Council, city manager, etc.); expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results adopted by the City Council is included in the required supplemental information.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 2. Stewardship, Compliance, and Accountability (continued)

#### Budgetary Information (continued)

##### Excess of Expenditures Over Appropriations in Budgeted Funds

The City reported no budget variances for expenditures in excess of appropriated amounts during the year.

#### Construction Code Fees

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. 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 current year activity and the cumulative surplus or shortfall generated since January 2, 2000 is as follows:

Cumulative shortfall as of July 1, 2024	\$ (2,187,833)
Current year permit revenue	706,276
Related expenditures	<u>(403,462)</u>
Current year surplus	<u>302,814</u>
Cumulative shortfall as of June 30, 2025	<u>\$ (1,885,019)</u>

### 3. Deposits and Investments

Michigan Compiled Law Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loans associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that mature no 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. The pension trust fund is 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 one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1977 has authorized investment in accordance 20 of 1943, as amended. The City's deposits and investments are in accordance with statutory authority.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 3. Deposits and Investments (continued)

The City's cash and investments are subject to several 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 City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City and Downtown Development Authority had \$12,767,375 and \$323,324, respectively, of certificates of deposit and bank deposits that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### 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 investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the City had the following investments:

Investment	Carrying/ Fair Value	Weighted Average Maturity (Years)
Mutual funds – fixed income securities	\$ 9,497,049	n/a
Mutual funds – equities	6,443,551	n/a
Corporate stocks	7,841,988	n/a
Oakland County local government investment pool	6,467	Less than 1 year
Total	<u>\$ 23,789,055</u>	

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2025, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Oakland County local government investment pool	\$ 6,467	Not Rated	N/A

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 3. Deposits and Investments (continued)

#### Fair Value Measurements

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

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

The City has the following recurring fair value measurements as of June 30, 2025:

	<b>Assets Measured at Carrying Value on a Recurring Basis</b>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Mutual funds – equity	\$ 6,443,551	\$ -	\$ -	\$ 6,443,551
Mutual funds – fixed income	9,497,049	-	-	9,497,049
Stocks	7,841,988	-	-	7,841,988
Total investments by fair value level	<u>\$ 23,782,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,782,588</u>

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

The fair value of certain assets as of June 30, 2025 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 3. Deposits and Investments (continued)

#### Investments in Entities that Calculated Net Asset Value per Share

The City holds shares or interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<b>Identical Assets Carrying Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency, if Eligible</b>	<b>Redemption Notice Period</b>
Oakland County Local Government Investment Pool	\$ 6,467	\$ -	None	None
MERS Total Market Portfolio	8,709,446	-	None	None

The Oakland County Local Government Investment Pool (LGIP) is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share, regardless of current fair value.

The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 4. Capital Assets

Capital assets activity of the City's governmental and business-type activities was as follows:

#### Governmental Activities

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 738,619	\$ -	\$ -	\$ 738,619
Construction in Progress	232,649	1,636,047	-	1,868,696
	<u>971,268</u>	<u>1,636,047</u>	<u>-</u>	<u>2,607,315</u>
Capital assets, being depreciated:				
Infrastructure	68,126,058	1,052,794	-	69,178,852
Buildings	8,120,489	-	-	8,120,489
Equipment and books	5,253,832	209,749	(6,780)	5,456,801
Vehicles	5,792,220	872,239	(392,535)	6,271,924
	<u>87,292,599</u>	<u>2,134,782</u>	<u>(399,315)</u>	<u>89,028,066</u>
Accumulated depreciation:				
Infrastructure	50,952,589	1,170,815	-	52,123,404
Buildings	6,132,569	183,734	-	6,316,303
Equipment and books	3,966,369	382,497	(6,780)	4,342,086
Vehicles	2,748,971	467,943	(372,192)	2,844,722
	<u>63,800,498</u>	<u>2,204,989</u>	<u>(378,972)</u>	<u>65,626,515</u>
Net capital assets being depreciated	<u>23,492,101</u>	<u>(70,207)</u>	<u>(20,343)</u>	<u>23,401,551</u>
Governmental activities capital assets, net	<u>\$ 24,463,369</u>	<u>\$ 1,565,840</u>	<u>\$ (20,343)</u>	<u>\$ 26,008,866</u>



# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 4. Capital Assets (continued)

#### Business-type Activities

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 13,795	\$ -	\$ -	\$ 13,795
Construction in progress	-	-	-	-
	<u>13,795</u>	<u>-</u>	<u>-</u>	<u>13,795</u>
Capital assets, being depreciated:				
Infrastructure	24,437,048	1,179,427	-	25,616,475
Buildings	1,246,842	-	-	1,246,842
Equipment	4,977,784	464,200	(39,944)	5,402,040
	<u>30,661,674</u>	<u>1,643,627</u>	<u>(39,944)</u>	<u>32,265,357</u>
Accumulated depreciation:				
Infrastructure	5,331,652	405,364	-	5,737,016
Buildings	252,853	77,152	-	330,005
Equipment	2,248,288	423,930	(39,944)	2,632,274
	<u>7,832,793</u>	<u>906,446</u>	<u>(39,944)</u>	<u>8,699,295</u>
Net capital assets being depreciated	<u>22,828,881</u>	<u>737,181</u>	<u>-</u>	<u>23,566,062</u>
Business-type activities capital assets, net	<u>\$ 22,842,676</u>	<u>\$ 737,181</u>	<u>\$ -</u>	<u>\$ 23,579,857</u>

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

Governmental activities:	
General government	\$ 94,228
Public safety	420,217
Public works	1,373,767
Recreation and culture	316,777
Total governmental activities	<u>\$ 2,204,989</u>
Business-type activities:	
Water and sewer	\$ 897,217
Community field #1	9,229
Total business-type activities	<u>\$ 906,446</u>

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 5. Interfund Receivables, Payables and Transfers

As of June 30, 2025, the composition of interfund receivables and payables is as follows:

<b>Payable Fund</b>	<b>Receivable Fund</b>	<b>Amount</b>
Community Field #1	General Fund	\$ 166,780
Public Safety Pension Fund	General Fund	10,062
Sidewalk Fund	General Fund	40,660
		<u>\$ 217,502</u>

The interfund receivables and payables were made for cash flow purposes. The \$166,780 between the General Fund and the Community Field #1 fund represents an advance to provide funding to the Community Field #1 fund for improvements. This interfund advance accrues interest at a rate of 4.5% and will be repaid by future collections in the Community Field #1 fund.

Interfund transfers reported in the fund financial statements are composed of the following:

<b>Paying Fund (Transfers Out)</b>	<b>Receiving Fund (Transfers In)</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$ 1,132,480
Comm. Dev. Block Grant Fund	General Fund	10,624
		<u>\$ 1,143,104</u>

The transfers from the General Fund to the Recreation Revolving Fund (\$546,000), Opioid Settlement Fund (\$29,480), and Public Improvement Fund (\$557,000) (nonmajor governmental funds) were to fund operating and capital outlay expenses during the year. The transfer from the Community Development Block Grant fund to the General Fund was made to reimburse the General Fund for seed funding.

### 6. Long-term Debt

#### General Obligations Bonds and Contracts

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for the business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements are also general obligations of the City.

#### County Contractual Obligations

The above contractual obligations to Oakland County, Michigan, are the result of the issuance of bonds by the County on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay obligations. Proceeds from the bonds provided financing for the construction of the George G. Kuhn Drain. The remaining principal on the bonds total \$143,576.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 6. Long-term Debt (continued)

Long-term debt activity for the year ended June 30, 2025 (as restated) can be summarized as follows:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
Compensated Absences		\$ 1,259,827	\$ 67,906	\$ -	\$ 1,327,733	\$ 221,289
<b>Business-Type Activities</b>						
General Obligation bonds – Direct borrowings and direct placements – contractual obligations with Oakland County, Michigan – George W. Kuhn Bonds:						
2005-F:						
Amount of issue – \$103,573						
Maturing through 2026	1.625%	11,145	-	(5,438)	5,707	5,707
2006-G:						
Amount of issue – \$112,919						
Maturing through 2028	1.625%	25,591	-	(6,398)	19,193	6,398
2008-H:						
Amount of issue - \$491,662						
Maturing through 2029	2.500%	146,506	-	(27,830)	118,676	28,470
Total bond obligations		183,242	-	(39,666)	143,576	40,575
Compensated absences		62,727	21,748	-	84,475	84,475
Total Business-Type Activities		245,969	21,748	(39,660)	228,051	125,050
Total Long-term Debt		\$ 1,505,796	\$ 89,654	\$ (39,666)	\$ 1,555,784	\$ 346,339

Increases and decreases in compensated absences have been presented on a net basis.

### Other Long-term Liabilities

The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employees' salaries are paid, generally the General Fund and the Water and Sewer Fund.

### Debt Service Requirements to Maturity

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

Years Ending June 30	Business-type Activities		
	Principal	Interest	Total
2026	\$ 40,575	\$ 3,371	\$ 43,946
2027	35,828	2,463	38,291
2028	36,468	1,623	38,091
2029	30,705	768	31,473
	\$ 143,576	\$ 8,225	\$ 151,801

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### **7. 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 purchased commercial insurance for health and workers' compensation claims and participates in the Michigan Municipal Liability and Property Pool for claims related to property liability and errors. Settled claims relating to the commercial insurance above have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

### **8. Pension Plans**

#### **Plan Description**

#### **General Employees' Defined Benefit Pension Plan**

The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System (MERS) of Michigan that covers substantially all employees of the City's merit system and all employees of the Department of Public Works (the General Employees' Defined Benefit Pension Plan). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

#### **Public Safety Pension Plan**

The City also administers the City of Berkley Public Safety Pension System (the Public Safety Pension Plan). This single employer defined benefit pension system that covers all public safety officers of the City, including the chief. This pension system is provided by State of Michigan, PA 345 of 1937, as amended. The voters of the City approved this type of pension system in April 1965.

The system is governed by a five-member board. The composition of this board is made up of one public safety command officer and one public safety officer. Each is voted onto the board by members of their respective bargaining units. The law also requires that the city treasurer have a seat on the board. The mayor appoints the final two members of the board with City Council approval.

Benefit terms have been established by contractual agreements and PA 345 of 1937, as amended. The financial statements of the plan are included in these financial statements as a pension fiduciary trust fund. A separate stand-alone financial report is not issued.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Benefits Provided

##### **General Employees' Defined Benefit Pension Plan**

The General Employees' Defined Benefit Pension Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. A member must meet minimum employment and age requirements to vest and obtain a pension benefit. An employee from any group who leaves service may withdraw his or her contributions plus any accumulated interest and forfeit his or her pension benefit. The City is a Public Act 88 of 1961 city.

##### *Service or Deferred Retirement – Union Members Hired in Public Works Prior to July 1, 2004*

Retirement benefits for members are calculated as 2.50% of the member's best three consecutive years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80% of final average compensation. The member must be age 55 with 15 years of service, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This closed group does not contribute toward its pension benefit. There is a 10 year vesting requirement for this group. Compensation is defined as all wages, except overtime, uniform allowance, education pay, and license pay. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

##### *Service or Deferred Retirement – Union Members Hired in Public Works on or after July 1, 2004*

Retirement benefits for members are calculated as 2.50% of the member's best three consecutive years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80% of final average compensation. The member must be age 55 with 15 years of service, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This open group pays 4.00% toward its pension benefit. There is a 10 year vesting requirement for this group. Compensation is defined as all wages, except overtime, uniform allowance, education pay, and license pay. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

##### *Service or Deferred Retirement – Nonunion Members Hired Prior to July 1, 2008*

Retirement benefits for members are calculated as 2.50% of the member's best three consecutive years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80% of final average compensation. The member must be age 55 with 15 years of service, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This closed group pays 4.00% toward its pension benefit. There is a six year vesting requirement for this group. Compensation is defined as all wages, including earned overtime. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### **General Employees' Defined Benefit Pension Plan (continued)**

##### *Service or Deferred Retirement – Nonunion Members Hired on or after July 1, 2008*

Retirement benefits for members are calculated as 2.25% of the member's best three consecutive years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80% of final average compensation. The member must be age 55 with 25 years of service, be age 60 with 10 years of service to obtain a pension benefit. This closed group pays 4.00% toward its pension benefit. There is a 10 year vesting requirement for this group. Compensation is defined as all wages, including overtime. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

#### **Public Safety Pension Plan**

The Public Safety Pension Plan provides retirement, disability, duty, and nonduty death benefits. A member must have 25 years or more years of service or be age 60, regardless of service. Military or prior employment and other public employment or generic credited service may be purchased by a member. A deferred retirement may be obtained after 10 years of service. Straight-life benefits only are paid under a deferred retirement at the date retirement would have occurred had the member remained employed.

##### *Service or Deferred Retirement – Members Hired Prior to July 1, 2013*

Retirement benefits for members are calculated as 2.80% of the member's best three consecutive years of the last 10 years of a member's average final compensation for the first 25 years of service, plus 1.00% of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85% of base wages. Base wages are defined as the final rate of pay at retirement, multiplied by 2,080 hours, multiplied by 85%.

##### *Service or Deferred Retirement – Members Hired on or after July 1, 2013*

Retirement benefits for members are calculated as 2.50% of the member's best three consecutive years of the last 10 years of a member's average final compensation for the first 25 years of service, plus 1.00% of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85% of base wages. Base wages are defined as the final rate of pay at retirement, multiplied by 2,080 hours, multiplied by 85%.

##### *Death after Retirement – Survivor Pension*

The benefit is payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight-life pension that was effective July 1, 1975 or later. The spouse's pension equals 60% of the straight-life pension the deceased retiree was receiving. Deferred retirees are ineligible for this benefit.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### **Public Safety Pension Plan (continued)**

##### *Nonduty Death-in-service Survivor's Pension*

The benefit is payable to a surviving spouse upon the death of a member with 20 or more years of service. Accrued straight-life pension is actuarially reduced in accordance with Option 1 election.

##### *Duty Death-in-service Survivor's Pension*

The benefit is payable upon the expiration of workers' compensation to the survivors of a member who died in the line of duty. The benefit is the same amount that was paid by workers' compensation.

##### *Non-duty Disability*

The benefit is payable upon the total and permanent disability of a member with five or more years of service. To age 55, it is equal to 1.50% of average final compensation times years of service. At age 55, it is equal to the same benefit as a service retirement pension.

##### *Duty Disability*

The benefit is payable upon the total and permanent disability of a member in the line of duty. To age 55, the benefit is payable at 50% of average final compensation. At age 55, it is payable at the same benefit as a service retirement pension.

##### *Annuity Withdrawals*

Accumulated member contributions may be withdrawn with an actuarial reduction in the pension that would otherwise be payable.

#### **Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	<b>General Employees' Defined Benefit Pension Plan</b>	<b>Public Safety Pension Plan</b>
Date of member count	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Inactive plan members or beneficiaries currently receiving benefits	85	58
Inactive plan members entitled to but not receiving benefits	40	-
Active plan members	31	27
Total employees covered by plan	156	85

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Contributions

##### **General Employees' Defined Benefit Pension Plan**

Article 9, Section 24 of the State of Michigan constitution requires public employers to make pension contributions in accordance with an actuarial valuation. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2025, the average active employee contribution rate was 0.0% of annual pay for a union public works member hired prior to July 1, 2004; 4.0% of annual pay for a union public works member hired on or after July 1, 2004; and 4.0% for all nonunion eligible employees. The City's average contribution rate for a union public works employee was 55.52% of annual payroll and, for a nonunion eligible employee, it was 45.82% of annual payroll. Total contributions during the City's fiscal year were \$1,233,460.

##### **Public Safety Pension Plan**

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board in accordance with the charter, union contracts, and plan provisions. For the year ended June 30, 2025, the average active member contribution rate was 0% of annual pay, and the City's average contribution rate was 66.40% of annual payroll.

#### Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.



# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Net Pension Liability (continued)

	<b>General Employees' Defined Benefit Pension Plan</b>	<b>Public Safety Pension Plan</b>
Measurement date used	December 31, 2024	June 30, 2025
Actuarial valuation date as of	December 31, 2024	June 30, 2024

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

#### General Employees' Defined Benefit Pension Plan

<b>Changes in Net Pension Liability</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability</b>
Balance as of January 1, 2024	\$ 24,855,450	\$ 13,978,510	\$ 10,876,940
Service cost	248,855	-	248,855
Interest	1,724,905	-	1,724,905
Contributions – employer	-	1,177,472	(1,177,472)
Contributions – employee	-	102,546	(102,546)
Net investment income	-	1,034,556	(1,034,556)
Differences between expected and actual experience	512,759	-	512,759
Change in assumptions	(70,708)	-	(70,708)
Benefit payments, including refunds	(1,912,257)	(1,912,257)	-
Administrative expenses	-	(30,593)	30,593
Other Changes	-	(250)	250
Net changes	503,554	371,474	132,080
Balance as of December 31, 2024	\$ 25,359,004	\$ 14,349,984	\$ 11,009,020

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Net Pension Liability (continued)

#### Public Safety Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of July 1, 2024	\$ 32,338,316	\$ 21,842,581	\$ 10,495,735
Service cost	672,448	-	672,448
Interest	2,057,069	-	2,057,069
Contributions – employer	-	1,783,371	(1,783,371)
Contributions – employee	-	14,606	(14,606)
Net investment income	-	2,287,816	(2,287,816)
Differences between expected and actual experience	374,206	-	374,206
Benefit payments, including refunds	(2,054,644)	(2,054,644)	-
Administrative expenses	-	(93,540)	93,540
Other Changes	-	2,858	(2,858)
Net changes	1,049,079	1,940,467	(891,388)
Balance as of June 30, 2025	\$ 33,387,395	\$ 23,783,048	\$ 9,604,347

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

For the year ended June 30, 2025, the City recognized pension expense of \$1,584,023 related to the General Employees' Defined Benefit Pension Plan and \$2,281,162 related to the Public Safety Pension Plan for a total of \$3,865,185.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees' Defined Benefit Pension Plan		Public Safety Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 488,121	\$ -	\$ -	\$ 554,006
Difference between expected and actual experience	256,379	-	849,046	-
Change in assumptions	-	35,354	1,043,613	-
Employer contributions to the plan subsequent to the measurement date	637,676	-	-	-
Total	\$ 1,382,176	\$ 35,354	\$ 1,892,659	\$ 554,006

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, which will impact the net pension liability in fiscal year 2025, rather than pension expense.

Year Ending June 30	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
2026	\$ 458,889	\$ 1,542,344
2027	370,908	312,288
2028	(109,710)	(340,093)
2029	(10,941)	(175,886)

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<b>General Employees' Defined Benefit Pension Plan</b>	<b>Public Safety Pension Plan</b>
Inflation	2.50%	2.50%
Salary increases	3.00%	3.50%
Investment rate of return	7.18%	6.50%
Mortality rates	Pub-2010	Pub-2010

#### **General Employees' Defined Benefit Pension Plan**

Salary increase assumptions are based on an age-related scale to reflect merit, longevity, and promotional pay increases.

The investment rate of return presented above is gross of pension plan investment expense, including inflation.

Mortality rates were based on a blend of the Pub-2010 Juvenile Mortality Tables, the PubG-2010 Employee Mortality Tables, and the PubG-2010 Healthy Retiree Tables, each adjusted for mortality improvements to 2025 using projection scale MP-2021 applied fully generationally from the Pub-2010 base year of 2010.

The actuarial assumptions used in the December 31, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from January 1, 2019 through December 31, 2023.

#### **Public Safety Pension Plan**

Salary increase assumptions are based on an age-related scale to reflect merit, longevity, and promotional pay increases, including inflation.

The investment rate of return presented above is net of plan investment expense, including inflation.

Mortality rates were based on the Pub-2010, Headcount-Weighted, Safety Employee Mortality Tables; the Pub-2010, Headcount-Weighted, Safety Health Retiree Tables; and the Pub-2010, Headcount-Weighted, Safety Disabled Retiree Mortality Tables; each adjusted for mortality improvements to 2025 using projection scale MP-2021 applied fully generationally from the Pub-2010 base year of 2010.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

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

	<b>General Employees' Defined Benefit Pension Plan</b>	<b>Public Safety Pension Plan</b>
Assumed investment rate of return	6.93%	6.50%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total pension liability	7.18%	6.50%

#### Investment Rate of Return

##### General Employees' Defined Benefit Pension Plan

Best estimates of arithmetic real rates of return as of the December 31, 2024 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Global equity	60%	2.70%
Global fixed income	20%	0.40%
Private investments	20%	1.40%

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Investment Rate of Return (continued)

##### Public Safety Pension Plan

Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Large-cap equity	27.50%	7.25%
Small-Mid-cap equity	14.50%	7.50%
International equity	20.50%	6.75%
Domestic fixed income	30.00%	2.00%
Treasury inflation-protected securities	4.50%	2.00%
High-yield bonds	2.50%	3.10%
T-Bills	0.50%	1.60%

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

##### General Employees' Defined Benefit Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 7.18%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease (6.18%)</b>	<b>Current Discount Rate (7.18%)</b>	<b>1% Increase (8.18%)</b>
Net pension liability	\$ 13,620,621	\$ 11,009,020	\$ 8,800,845

##### Public Safety Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net pension liability	\$ 13,741,537	\$ 9,604,347	\$ 6,181,625

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### **8. Pension Plans (continued)**

#### **Pension Plan Fiduciary Net Position**

##### **General Employees' Defined Pension Plan**

Detailed information about the General Employees' Defined Pension Plan's fiduciary net position is available in the separately issued financial report found at [www.mersofmich.com](http://www.mersofmich.com). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

##### **Public Safety Pension Plan**

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus on the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

#### **Investment Policy**

The Public Safety Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of case equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

#### **Pension Plan Reserves**

In accordance with Public Act 345, as amended, and the actions of the City Council and Public Safety Retirement Board, the following reserves are required to be set aside within the Public Safety pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 8. Pension Plans (continued)

#### Pension Plan Reserves (continued)

The employee reserve is credited as employee contributions are received through the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 2.0%. For any employee who terminates before vesting in the pension plan, his or her balance is returned to him or her; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used for the residual net position balance in the pension plan after funding the above two reserves and receives all investment income (or loss) earned within the fiscal year.

The balances of the reserve accounts as of June 30, 2025 are as follows:

	<b>Required Reserve</b>	<b>Amount Funded</b>
Retiree reserve	\$ 22,949,201	\$ 22,949,201
Employee reserve	358,732	358,732
Employer reserve	-	475,116
Total	<u>\$ 23,307,933</u>	<u>\$ 23,783,049</u>

### 9. Other Postemployment Benefit Plan

#### Plan Description

The City has elected to provide postemployment health benefits and life insurance benefits to certain retirees and their beneficiaries in accordance with current employment labor contracts for union members, and the City Council adopted Merit System of Personnel Management for nonunion and court retirees.

This is a single-employer defined benefit plan administered by the City. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions. The assets of the plan are being held in the MERS Retiree Health Funding Vehicle.

#### Benefits Provided

The plan provides health care, prescription drug, vision, and life insurance benefits for eligible retirees. Members are subject to age and service requirements in order to receive benefits. Member coverage is dependent upon the hire date and employee group of the member. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.



# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 9. Other Postemployment Benefit Plan (continued)

#### Benefits Provided (continued)

#### Employees Covered by Benefit Terms

Date of member count	June 30, 2023
Inactive plan members or beneficiaries receiving benefits	100
Active plan members	82
Total plan members	182

#### Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment; however, the City does make discretionary contributions to the trust. For the fiscal year ended June 30, 2025, the City made payments for postemployment health benefit premiums of \$723,771.

#### Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2025 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2025 measurement date. The June 30, 2025 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2023.

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

Changes in Net OPEB Liability	Increase (Decrease)		Net OPEB Liability
	Total OPEB Liability	Plan Net Position	
Balance as of July 1, 2024	\$ 14,462,282	\$ 7,920,244	\$ 6,542,038
Changes for the year:			
Service cost	126,143	-	126,143
Interest	914,965	-	914,965
Contributions – employer		756,884	(756,884)
Net investment income (loss)	-	756,089	(756,089)
Benefit payments, including refunds	(897,951)	(723,771)	(174,180)
Net changes	143,157	789,202	(646,045)
Balance as of June 30, 2025	\$ 14,605,439	\$ 8,709,446	\$ 5,895,993

The plan's fiduciary net position represents 59.63% of the total OPEB liability.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 9. Other Postemployment Benefit Plan (continued)

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized an OPEB cost recovery of \$(607,242).

As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 143,481
Difference between expected and actual experience	-	903,323
Changes in assumptions	715,325	-
Total	<u>\$ 715,325</u>	<u>\$ 1,046,804</u>

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

<b>Years Ending June 30</b>	<b>Amount</b>
2026	\$ (58,375)
2027	(124,839)
2028	(100,224)
2029	(48,041)

#### Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using an inflation assumption of 3.00%; assumed salary increases (including inflation) of between 3.50% and 10.20% depending on seniority and merit; an investment rate of return (net investment expenses) of 6.50%; a health care cost trend rate of 7.25%, decreasing 0.25% per year to an ultimate rate of 3.50%; and the Pub-2010, Amount-Weighted, Employee Table, the Pub-2010, Amount-Weighted, Healthy Retiree Table, and the Pub-2010, Amount-Weighted, Disabled Retiree Tables, each adjusted for mortality improvements to 2025 using projection scale MP-2021 applied fully generationally from the Pub-2010 base year of 2010. These assumptions were applied to all periods included in the measurement.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 9. Other Postemployment Benefit Plan (continued)

#### Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projections of cash flows used to determine the discount rate assumed the City will continue to fund OPEB benefits on a pay as you go basis up to \$1.2 million per year. Benefit payments in excess of \$1.2 million in a given year would be paid from trust assets.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Investment Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of plan investment expense, was 9.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global equity	60.0%	4.95%
Global fixed income	20.0%	2.40%
Private investments	20.0%	7.00%

#### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.50%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 9. Other Postemployment Benefit Plan (continued)

#### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (continued)

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 7,435,995	\$ 5,895,993	\$ 4,595,957

#### Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	\$ 4,360,797	\$ 5,895,993	\$ 7,665,149

### OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

### 10. Joint Ventures

#### Southeastern Oakland County Water Authority

The City is a member of the Southeastern Oakland County Water Authority (Water Authority), which provides a water supply system serving 11 members and two nonmember 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, 2025, the City expensed \$904,569 of payments made to the Water Authority. The City has no explicit and measurable equity in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements of the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 10. Joint Ventures (continued)

#### **Southeastern Oakland County Resource Recovery Authority**

The City is a member of the Southeastern Oakland County Resource Recovery Authority (Resource Recovery Authority), which collects, processes, and disposes of the municipal solid waste, yard waste, and recyclables accumulated within the City. The Resource Recovery Authority provides services to 12 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, 2025, the City expensed \$1,303,554 of payments made to the Resource Recovery Authority. The City has no explicit and measurable equity interests in the joint venture. Complete financial statements of the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 W. Webster Road, Royal Oak, MI 48073.

### 11. Adoption of New Standards

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which replaces GASB 16, Accounting Compensated Absences to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025. As a result of the adoption of this guidance, the City has restated opening Governmental Activities net position by \$(528,024).

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures, to provide users of government financial statements with essential information about risks related to vulnerabilities due to certain concentrations or constraints. As a result, an assessment will be required to determine whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the vulnerability to the risk of a substantial impact. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025. The adoption of this guidance by the City did not have a material impact on the financial statements.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 12. Accounting Changes

#### *Changes to or within the Financial Reporting Entity - Change in Major Fund*

While the Major Streets Fund was presented as a major governmental fund in the City's June 30, 2024 ACFR, the Major Streets Fund has been presented as a non-major fund in the City's June 30, 2025 ACFR.

#### *Changes in accounting principle - Adoption of GASB 101*

Prior to the adoption of GASB 101, *Compensated Absences*, the City calculated and reported compensated absence liabilities in accordance with GASB 16, *Accounting For Compensated Absences*. Upon the adoption of GASB 101, *Compensated Absences*, as of July 1, 2024, the City recognized additional compensated absence liabilities in accordance with GASB 101 totaling \$528,024.

#### *Adjustments to and Restatements of Beginning Balance*

During fiscal year 2025, changes in accounting principles resulted in adjustments to and restatements of beginning net position, as follows:

	<u>Governmental Activities</u>
Beginning net position, as previously reported	\$ 9,060,766
Change in accounting principle	<u>(528,024)</u>
Beginning net position, as restated	<u>\$ 8,532,742</u>

### 13. Upcoming Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. This statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A) enhanced with detailed analyses that explains why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. Additionally, this statement requires additional disclosures and discussion of unusual or infrequent items, changes in the presentation of the statement of revenues, expenses, and changes in net position, major component unit information, budgetary comparison information, and financial trends information in the statistical section. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2025

### 13. Upcoming Accounting Pronouncements (Continued)

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability and additionally improve consistency and comparability between governments. The statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34., *Basic Financial Statements—And Management’s Discussion and Analysis—For State and Local Governments*. Lease assets recognized in accordance with Statement No. 87, *Leases*, intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, and intangible assets other than those three types should be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the City’s financial statements for the year ending June 30, 2026.

### 14. Net Investment in Capital Assets

The composition of the net investment in capital assets as of June 30, 2025 was as follows:

	Governmental Activities	Business-Type Activities
<b><i>Capital assets</i></b>		
Capital assets not being depreciated	\$ 2,607,315	\$ 13,795
Capital assets being depreciated	23,401,551	23,566,062
	26,008,866	23,579,857
<b><i>Related liabilities</i></b>		
Current portion of long-term debt	-	40,575
Long-term debt, net of current portion	-	103,001
Payables related to capital assets	170,966	654,197
	170,966	797,773
Net investment in capital assets	\$ 25,837,900	\$ 22,782,084

### 15. Fund Balance Deficit

The City has an accumulated fund balance deficit in the Community Development Block Grant Fund in the amount of \$50,897 as of June 30, 2025.

A deficit elimination is not required to be submitted to the Michigan Department of Treasury as deferred inflows of resources are greater than or equal to the deficit.

## Required Supplementary Information



City of Berkley

Schedule of Pension Investment Returns  
Public Safety Pension Plan

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return – net of investment expense	10.03%	11.04%	3.82%	-12.90%	25.41%	4.36%	5.34%	7.33%	11.80%	-0.40%

# City of Berkley

## Schedule of Changes in Net Pension Liability and Related Ratios Public Safety Pension Plan

### Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	\$ 672,448	\$ 605,667	\$ 522,246	\$ 558,625	\$ 539,011	\$ 502,638	\$ 476,281	\$ 427,320	\$ 387,896	\$ 369,308
Interest	2,057,069	1,962,349	1,892,986	1,847,947	1,805,389	1,752,414	1,724,836	1,711,781	1,683,319	1,646,655
Benefit changes	-	-	45,707	-	-	-	-	-	-	-
Differences between expected and actual experience	374,206	838,969	535,705	194,594	61,418	251,209	517,899	(231,761)	38,612	189,536
Change in assumptions	-	2,230,077	-	-	-	-	1,070,500	-	-	-
Benefit payments, including refunds	(2,054,644)	(2,058,931)	(2,035,977)	(1,843,155)	(1,772,154)	(1,763,153)	(1,768,878)	(1,752,501)	(1,742,208)	(1,703,842)
Net change in total pension liability	1,049,079	3,578,131	960,667	758,011	633,664	743,108	2,020,638	154,839	367,619	501,657
Total pension liability at beginning of year	32,338,316	28,760,185	27,799,518	27,041,507	26,407,843	25,664,735	23,644,097	23,489,258	23,121,639	22,619,982
Total pension liability at end of year	\$ 33,387,395	\$ 32,338,316	\$ 28,760,185	\$ 27,799,518	\$ 27,041,507	\$ 26,407,843	\$ 25,664,735	\$ 23,644,097	\$ 23,489,258	\$ 23,121,639
Plan fiduciary net position:										
Contributions – employer	\$ 1,783,371	\$ 1,325,000	\$ 1,315,000	\$ 1,303,500	\$ 1,204,528	\$ 1,013,557	\$ 774,630	\$ 743,241	\$ 713,669	\$ 660,531
Contributions – member	14,606	79,807	16,393	58,982	204,534	6,718	41,690	118,413	-	-
Net investment income (loss)	2,287,816	2,327,486	2,057,990	(3,448,733)	4,750,831	758,066	946,900	1,341,200	1,984,577	(55,465)
Benefit payments, including refunds	(2,054,644)	(2,058,931)	(2,035,977)	(1,843,155)	(1,772,154)	(1,763,153)	(1,768,878)	(1,752,501)	(1,742,208)	(1,703,842)
Administrative expenses	(93,540)	(145,353)	(89,594)	(78,809)	(80,192)	(68,702)	(65,541)	(62,621)	(51,027)	(44,152)
Other changes	2,858	(22,435)	640	1,030	-	-	3,293	-	-	-
Net change in plan fiduciary net position	1,940,467	1,505,574	1,264,452	(4,007,185)	4,307,547	(53,514)	(67,906)	387,732	905,011	(1,142,928)
Plan fiduciary net position at beginning of year	21,842,581	20,337,007	19,072,555	23,079,740	18,772,193	18,825,707	18,893,613	18,505,881	17,600,870	18,743,798
Plan fiduciary net position at end of year	\$ 23,783,048	\$ 21,842,581	\$ 20,337,007	\$ 19,072,555	\$ 23,079,740	\$ 18,772,193	\$ 18,825,707	\$ 18,893,613	\$ 18,505,881	\$ 17,600,870
City's net position liability - ending	\$ 9,604,347	\$ 10,495,735	\$ 8,423,178	\$ 8,726,963	\$ 3,961,767	\$ 7,635,650	\$ 6,839,028	\$ 4,750,484	\$ 4,983,377	\$ 5,520,769
Plan fiduciary net position as a percent of total pension liability	71.23%	67.54%	70.71%	68.61%	85.35%	71.09%	73.35%	79.91%	78.78%	76.12%
Covered payroll	\$ 2,685,800	\$ 2,379,069	\$ 2,538,091	\$ 2,422,387	\$ 2,241,392	\$ 2,218,820	\$ 2,085,703	\$ 1,960,564	\$ 1,915,375	\$ 1,770,387
City's net pension liability as a percent of covered payroll	357.60%	441.17%	331.87%	360.26%	176.75%	344.13%	327.90%	242.30%	260.18%	311.84%

# City of Berkley

## Schedule of Pension Contributions Public Safety Pension Plan

### Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,783,371	\$ 1,232,358	\$ 1,143,410	\$ 1,167,348	\$ 1,090,661	\$ 1,013,557	\$ 774,630	\$ 743,054	\$ 713,669	\$ 660,531
Contributions in realtion to the actuarially determined contribution	1,783,371	1,325,000	1,315,000	1,303,500	1,203,500	1,013,557	774,630	743,241	713,669	660,531
Contribution excess	\$ -	\$ 92,642	\$ 171,590	\$ 136,152	\$ 112,839	\$ -	\$ -	\$ 187	\$ -	\$ -
Covered payroll	\$ 2,685,800	\$ 2,379,069	\$ 2,538,091	\$ 2,422,387	\$ 2,241,392	\$ 2,218,820	\$ 2,085,703	\$ 1,960,564	\$ 1,915,375	\$ 1,770,387
Contributions as a percentage of covered payroll	66.40%	55.69%	51.81%	53.81%	53.69%	45.68%	37.14%	37.91%	37.26%	37.31%

Actuarial valuation information relative to the determination of contributions:

Valuation date                      Actuarially determined contribution amounts are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	11 years, closed
Asset Valuation Method	4-year smoothed fair value
Price Inflation	2.5%
Salary Increase	3.50% to 7.50% including wage inflation
Investment Rate of Return	6.50% net of investment and administrative expenses
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010, Headcount-Weighted, Safety Employee, Healthy Retiree, and Disabled Retiree Mortality Tables, adjusted for mortality improvements to 2025 using projection scale MP-2021 from 2010

# City of Berkley

## Schedule of Changes in Net Pension Liability and Related Ratios Municipal Employees' Retirement System

### Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 248,855	\$ 286,397	\$ 311,674	\$ 300,191	\$ 279,973	\$ 253,811	\$ 232,498	\$ 224,700	\$ 250,936	\$ 231,896
Interest	1,724,905	1,700,000	1,669,502	1,655,367	1,589,513	1,600,556	1,623,192	1,612,480	1,599,114	1,602,510
Differences between expected and actual experience	512,759	37,542	423,373	238,479	(2,393)	171,132	(388,478)	50,262	63,274	(432,248)
Change in assumptions	(70,708)	164,354	-	763,167	723,288	621,435	-	-	-	868,163
Benefit payments, including refunds	(1,912,257)	(1,766,183)	(1,719,118)	(1,713,834)	(1,754,148)	(1,750,488)	(1,771,161)	(1,743,690)	(1,722,576)	(1,707,986)
Other changes	-	16,573	-	-	-	-	-	-	-	-
Net change in total pension liability	503,554	438,683	685,431	1,243,370	836,233	896,446	(303,949)	143,752	190,748	562,335
Total pension liability at beginning of year	24,855,450	24,416,767	23,731,336	22,487,966	21,651,733	20,755,287	21,059,236	20,915,484	20,724,736	20,162,401
Total pension liability at end of year	\$ 25,359,004	\$ 24,855,450	\$ 24,416,767	\$ 23,731,336	\$ 22,487,966	\$ 21,651,733	\$ 20,755,287	\$ 21,059,236	\$ 20,915,484	\$ 20,724,736
Plan fiduciary net position:										
Contributions – employer	\$ 1,177,472	\$ 2,324,687	\$ 1,333,495	\$ 1,390,129	\$ 1,090,006	\$ 1,232,770	\$ 437,618	\$ 907,736	\$ 528,385	\$ 546,145
Contributions – member	102,546	90,075	169,179	127,518	86,385	96,041	74,880	116,858	72,550	80,039
Net investment income (loss)	1,034,556	1,376,423	(1,422,503)	1,550,018	1,533,090	1,390,885	(429,097)	1,471,376	1,231,253	(176,950)
Benefit payments, including refunds	(1,912,257)	(1,766,183)	(1,719,118)	(1,713,834)	(1,754,148)	(1,750,488)	(1,771,161)	(1,743,690)	(1,722,576)	(1,707,986)
Administrative expenses	(30,593)	(28,658)	(25,137)	(19,521)	(22,351)	(23,897)	(22,404)	(23,315)	(24,362)	(26,595)
Other changes	(250)	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	371,474	1,996,344	(1,664,084)	1,334,310	932,982	945,311	(1,710,164)	728,965	85,250	(1,285,347)
Plan fiduciary net position at beginning of year	13,978,510	11,982,166	13,646,250	12,311,940	11,378,958	10,433,647	12,143,811	11,414,846	11,329,596	12,614,943
Plan fiduciary net position at end of year	\$ 14,349,984	\$ 13,978,510	\$ 11,982,166	\$ 13,646,250	\$ 12,311,940	\$ 11,378,958	\$ 10,433,647	\$ 12,143,811	\$ 11,414,846	\$ 11,329,596
City's net pension liability – ending	\$ 11,009,020	\$ 10,876,940	\$ 12,434,601	\$ 10,085,086	\$ 10,176,026	\$ 10,272,775	\$ 10,321,640	\$ 8,915,425	\$ 9,500,638	\$ 9,395,140
Plan fiduciary net position as a percent of total pension liability	56.59%	56.24%	49.07%	57.50%	54.75%	52.55%	50.27%	57.67%	54.58%	54.67%
Covered payroll	\$ 1,931,044	\$ 2,220,182	\$ 2,408,210	\$ 2,502,987	\$ 2,376,127	\$ 2,101,331	\$ 1,918,830	\$ 2,001,189	\$ 2,014,906	\$ 1,679,482
City's net pension liability as a percent of covered payroll	570.11%	489.91%	516.34%	402.92%	428.26%	488.87%	537.91%	445.51%	471.52%	559.41%

Schedule is built prospectively upon implementation of GASB Statement No. 68.

# City of Berkley

## Schedule of Pension Contributions Municipal Employees' Retirement System

Last Ten Fiscal Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,190,244	\$ 1,108,140	\$ 1,150,332	\$ 1,390,129	\$ 1,119,653	\$ 960,613	\$ 424,931	\$ 640,280	\$ 528,385	\$ 546,145
Contributions in relation to the actuarially determined contribution	1,233,460	2,316,598	1,150,332	1,390,129	1,294,653	1,360,613	675,590	907,736	528,385	546,145
Contribution excess (deficiency)	43,216	1,208,458	-	\$ -	\$ 175,000	\$ 400,000	\$ 250,659	\$ 267,456	\$ -	\$ -
Covered employee payroll	\$ 1,931,044	\$ 2,220,182	\$ 2,408,210	\$ 2,502,987	\$ 2,622,540	\$ 2,319,247	\$ 2,404,170	\$ 2,001,189	\$ 2,001,644	\$ 2,222,306
Contributions as a percentage of covered employee payroll	63.88%	104.34%	47.77%	55.54%	49.37%	58.67%	28.10%	45.36%	26.40%	24.58%

Actuarial valuation information relative to the determination of contributions:

Valuation date                      Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Amortization Method	Level percentage of pay – closed
Remaining Amortization Period	14 years
Asset Valuation Method	10 year smoothed fair value
Inflation	2.50%
Salary Increase	3.00%
Investment Rate of Return	6.93%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Blend of the Pub-2010 Juvenile Mortality Tables, the PubG-2010 Employee Mortality Tables, and the PubG-2010 Healthy Retiree Tables, and the PubNS-2010 Disabled Retiree Tables

# City of Berkley

## Schedule of Changes in the Net OPEB Liability and Related Ratios

### Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	\$ 126,143	\$ 119,437	\$ 138,622	\$ 141,915	\$ 147,830	\$ 156,989	\$ 190,339	\$ 364,827
Interest	914,965	909,490	900,810	1,142,693	1,124,018	1,130,768	1,122,116	923,469
Differences between expected and actual experience	-	(1,420,451)	-	(4,482,016)	-	(1,894,582)	(198,240)	(1,014,834)
Change in assumptions	-	1,348,894	-	390,917	-	109,385	-	-
Benefit payments, including refunds	(897,951)	(855,043)	(937,577)	(888,684)	(1,074,498)	(1,028,555)	(878,125)	(1,036,188)
Net change in total OPEB liability	143,157	102,327	101,855	(3,695,175)	197,350	(1,525,995)	236,090	(762,726)
Total OPEB liability at beginning of year	14,462,282	14,359,955	14,258,100	17,953,275	17,755,925	19,281,920	19,045,830	19,808,556
Total OPEB liability at end of year	\$ 14,605,439	\$ 14,462,282	\$ 14,359,955	\$ 14,258,100	\$ 17,953,275	\$ 17,755,925	\$ 19,281,920	\$ 19,045,830
Plan fiduciary net position:								
Contributions – employer	\$ 756,884	\$ 748,991	\$ 816,786	\$ 738,812	\$ 1,253,876	\$ 1,032,759	\$ 1,135,210	\$ 1,041,123
Net investment income	756,089	714,804	486,265	(599,936)	1,575,924	121,322	137,994	350,035
Administrative expenses	-	-	-	(13,060)	(11,606)	-	-	-
Benefit payments, including refunds	(723,771)	(736,004)	(791,293)	(717,395)	(1,074,498)	(1,028,555)	(878,125)	(1,036,188)
Net change in plan fiduciary net position	789,202	727,791	511,758	(591,579)	1,743,696	125,526	395,079	354,970
Plan fiduciary net position at beginning of year	7,920,244	7,192,453	6,680,695	7,272,274	5,528,578	5,403,052	5,007,973	4,653,003
Plan fiduciary net position at end of year	\$ 8,709,446	\$ 7,920,244	\$ 7,192,453	\$ 6,680,695	\$ 7,272,274	\$ 5,528,578	\$ 5,403,052	\$ 5,007,973
Net OPEB liability - ending	\$ 5,895,993	\$ 6,542,038	\$ 7,167,502	\$ 7,577,405	\$ 10,681,001	\$ 12,227,347	\$ 13,878,868	\$ 14,037,857
Plan fiduciary net position as a percent of total OPEB liability	59.63%	54.76%	50.09%	46.86%	40.51%	31.14%	28.02%	26.29%
Covered employee payroll	\$ 6,349,353	\$ 5,088,064	\$ 5,632,492	\$ 5,753,643	\$ 5,129,064	\$ 4,913,491	\$ 3,652,907	\$ 3,722,725
Net OPEB liability as a percent of covered employee payroll	92.86%	128.58%	127.25%	131.70%	208.24%	248.85%	379.94%	377.09%

Schedule is built prospectively upon implementation of GASB Statement No. 75.

# City of Berkley

## Schedule of OPEB Contributions

### Last Ten Fiscal Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019*	2018*	2017	2016
Actuarially determined contribution	\$ 701,565	\$ 708,807	\$ 675,568	\$ 685,635	\$ 1,068,849	\$ 1,074,788	\$ -	\$ -	\$ 2,512,485	\$ 2,531,410
Contributions in relation to the actuarially determined contribution	756,884	748,991	816,786	738,812	771,334	710,989	-	-	1,541,815	1,571,446
Contribution excess (deficiency)	\$ 55,319	\$ 40,184	\$ 141,218	\$ 53,177	\$ (297,515)	\$ (363,799)	\$ -	\$ -	\$ (970,670)	\$ (959,964)
Covered employee payroll	\$ 6,349,353	\$ 5,088,064	\$ 5,632,492	\$ 5,753,643	\$ 5,129,064	\$ 4,913,491	\$ 3,652,907	\$ 3,722,725	\$ 2,635,197	\$ 2,635,197
Contributions as a percentage of covered employee payroll	11.92%	14.72%	14.50%	12.84%	15.04%	14.47%	0.00%	0.00%	58.51%	59.63%

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

\*No actuarially determined employer contribution (ADC) was calculated in connection with the valuation of the plan for this year.

Actuarial valuation information relative to the determination on contributions:

Valuation Date Actuarially determined contribution amounts are calculated as of June 30 each year.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Individual entry age normal
Asset Valuation Method	Fair value
Inflation	3.00%
Health Care Cost Trend Rates	7.25% decreasing .25% or 0% per year to an ultimate rate of 3.50% after 10 years
Salary Increase	3.50% to 10.20%, including inflation
Investment Rate of Return	6.50%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010, Headcount-Weighted, Safety Employee, Healthy Retiree, and Disabled Retiree Mortality Tables, adjusted for mortality improvements to 2025 using projection scale MP-2021 from 2010

City of Berkley

Schedule of OPEB Investment Returns

Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return – net of investment expense	9.09%	9.46%	6.32%	-3.35%	28.19%	2.36%	2.97%	7.78%



# City of Berkley

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenue</b>				
Property taxes	\$ 9,815,000	\$ 10,370,968	\$ 10,206,447	\$ (164,521)
Intergovernmental:				
Federal grants	501,500	1,900,500	2,081,422	180,922
State-shared revenue and grants	2,063,991	2,063,991	2,060,624	(3,367)
Charges for services	1,129,775	1,132,675	1,195,280	62,605
Fines and forfeitures	178,000	178,000	192,915	14,915
Licenses and permits	901,300	1,059,300	1,209,349	150,049
Investment earnings	213,834	224,389	349,794	125,405
Franchise fees	240,000	239,300	214,961	(24,339)
Other miscellaneous income	466,500	643,300	645,273	1,973
Total revenue	15,509,900	17,812,423	18,156,065	343,642
<b>Expenditures</b>				
Current services:				
General government:				
City council	28,100	44,500	44,153	347
Manager	358,500	272,900	270,585	2,315
Finance	461,500	526,500	483,261	43,239
Clerk/elections	329,600	310,600	273,309	37,291
Information technology	299,700	299,700	284,193	15,507
Communications	194,000	205,500	154,628	50,872
Active employee benefits	1,469,200	1,469,024	1,460,724	8,300
Treasury	176,300	214,774	209,452	5,322
Retiree benefits	1,293,000	1,329,176	1,131,018	198,158
Legal	135,000	125,000	103,683	21,317
Facilities	643,600	2,548,004	2,190,779	357,225
Human resources	-	58,000	49,940	8,060
Planning	236,700	246,700	230,529	16,171
Total general government	5,625,200	7,650,378	6,886,254	764,124
Public safety:				
Administration	248,900	183,458	183,452	6
Dispatch	517,000	562,685	524,983	37,702
Operations	4,372,300	4,112,643	4,111,491	1,152
Retiree benefits	1,702,700	2,139,646	2,139,645	1
Animal control	84,400	79,670	79,667	3
Total public safety	6,925,300	7,078,102	7,039,238	38,864
Public works:				
Operations	540,800	788,872	781,005	7,867
Garage	309,700	351,560	342,545	9,015
Street programs	231,000	250,000	249,235	765
Total public works	1,081,500	1,390,432	1,372,785	17,647
Community and economic development:				
Community promotion	55,300	55,300	22,789	32,511
Building & inspection	411,000	421,000	403,462	17,538
Total community and economic development	466,300	476,300	426,251	50,049
Recreation and culture:				
Library	683,600	683,600	678,834	4,766
Total recreation and culture	683,600	683,600	678,834	4,766
Total expenditures	14,781,900	17,278,812	16,403,362	875,450
Excess (deficiency) of revenues over expenditures	728,000	533,611	1,752,703	1,219,092
Other financing sources (uses):				
Transfers in	-	-	10,624	10,624
Transfers out	(788,000)	(1,132,481)	(1,132,480)	1
Sale of capital assets	60,000	36,000	37,757	1,757
Total other financing sources (uses)	(728,000)	(1,096,481)	(1,084,099)	12,382
Change in fund balance	-	(562,870)	668,604	1,231,474
Fund balance as of July 1	5,101,084	5,101,084	5,101,084	-
Fund balance as of June 30	\$ 5,101,084	\$ 4,538,214	\$ 5,769,688	\$ 1,231,474

## City of Berkley

### Notes to Required Supplementary Information

June 30, 2025

**Budgetary Information** – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental 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. During the fiscal year, the budget was amended in a legally permissible manner.

## Other Supplementary Information

## City of Berkley

### Nonmajor Governmental Funds Description

#### **Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue courses that are restricted or committed to expenditure for specified purposes.

#### **Major Streets**

The Major Streets Fund accounts for state gas and weight tax revenues received by the City and restricted in use to be used on the City's major streets.

#### **Local Streets**

The Local Streets Fund accounts for state gas and weight tax revenues received by the City and restricted in use to be used on the City's local streets.

#### **Recreation Revolving**

The Recreation Revolving Fund accounts for all revenue and expenditures associated with parks and recreation youth and adult recreation programs. This fund also accounts for all dream cruise revenue and expenditures for the City. User fees are the main revenue source for this fund.

#### **Senior Activities**

The Seniors' Program Fund accounts for all senior recreation revenue and expenses related to senior activities planned within the recreation department, including SMART senior transportation programming. User fees and nonprofit and corporate grants are the major funding sources of this fund.

#### **Solid Waste Service**

The Solid Waste Service Fund accounts for the activities of the City's sanitation system. Revenue in the fund is generated from a dedicated millage and charges to customers with the City for trash pickup.

#### **Parking**

The Parking Fund records the fees collected for on-street parking. The revenue collected in this fund is used to maintain the City-owned parking lots and any other parking-related costs.

#### **Community Development Block Grant**

The Community Development Block Grant Fund accounts for federal grant funds received from the U.S. Department of Housing and Urban Development to assist economically disadvantaged areas within the community and those citizens who are also economically disadvantaged.

#### **Opioid Settlement Fund**

The Opioid Fund was established to track the funds received from the nationwide settlement reached in July 2021 to resolve all opioid litigation brought by states and local policitcal subdivisions against several major pharmaceutical distributors.

## City of Berkley

### Nonmajor Governmental Funds Description (continued)

#### **Capital Project Funds**

Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring land, buildings, and equipment; technology upgrades; and remodeling repairs.

#### **Infrastructure Millage**

The Infrastructure Fund (previously referred to as the Road Millage fund) accounts for resources of the specific voter approved millage tax revenue that is restricted for use on City infrastructure projects such as road improvements and water and sewer line replacement.

#### **Public Improvement**

The Public Improvement Fund was established to set aside reserves for significant capital projects that cannot be purchased in a single year, given the size of the project. The funds will be set aside in the Public Improvement Fund as appropriated during the annual budget process.

#### **Sidewalk**

The Sidewalk Fund will manage any special assessment sidewalk projects with the City. All future special assessment revenue will be collected here to offset the construction expenses of the sidewalk project. Engineering costs related to the project are budgeted in the Major Streets and Local Streets funds.

# City of Berkley

## Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds						Capital Project Funds					Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Recreation Revolving	Senior Activities	Solid Waste	Parking	Community Development Block Grant	Opioid Settlement	Infrastructure Millage	Public Improvement	Sidewalk	
Assets:												
Cash and investments	\$ 1,523,664	\$ 322,747	\$ 363,105	\$ 92,216	\$ 917,194	\$ 9,155	\$ 3,229	\$ 55,799	\$ 738,753	557,027	\$ -	\$ 4,582,889
Receivables:												
Taxes	-	-	-	-	383	-	-	-	440	-	-	823
Customers, net	-	-	-	-	266,635	-	-	-	-	-	40,660	307,295
Other governmental units	236,526	100,769	1,925	-	-	-	94,106	-	-	-	-	433,326
Prepaid costs	688	688	9,271	1,974	-	-	-	-	-	-	-	12,621
Total assets	1,760,878	424,204	374,301	94,190	1,184,212	9,155	97,335	55,799	739,193	557,027	40,660	5,336,954
Liabilities and fund balance												
Liabilities:												
Accounts payable	16,445	24,061	9,721	118	147,053	-	97,335	-	51,797	-	-	346,530
Due to other funds	-	-	-	-	-	-	-	-	-	-	40,660	40,660
Accrued liabilities and other	3,235	14,141	50,006	1,337	863	-	-	-	-	-	-	69,582
Total liabilities	19,680	38,202	59,727	1,455	147,916	-	97,335	-	51,797	-	40,660	456,772
Deferred inflows of resources:												
Deferred revenues	-	-	-	-	-	-	50,897	-	-	-	-	50,897
Fund Balance:												
Nonspendable - prepaid costs	688	688	9,271	1,974	-	-	-	-	-	-	-	12,621
Restricted for:												
Streets	1,740,510	385,314	-	-	-	9,155	-	-	687,396	-	-	2,822,375
Community service	-	-	-	90,761	-	-	-	-	-	-	-	90,761
Solid waste service	-	-	-	-	1,036,296	-	-	-	-	-	-	1,036,296
Opioid settlement	-	-	-	-	-	-	-	55,799	-	-	-	55,799
Committed - recreation	-	-	305,303	-	-	-	-	-	-	-	-	305,303
Assigned - capital improvement	-	-	-	-	-	-	-	-	-	557,027	-	557,027
Unassigned	-	-	-	-	-	-	(50,897)	-	-	-	-	(50,897)
Total fund balance	1,741,198	386,002	314,574	92,735	1,036,296	9,155	(50,897)	55,799	687,396	557,027	-	4,829,285
Total liabilities, deferred inflows of resources and fund balance	\$ 1,760,878	\$ 424,204	374,301	\$ 94,190	\$ 1,184,212	\$ 9,155	\$ 97,335	\$ 55,799	\$ 739,193	\$ 557,027	\$ 40,660	\$ 5,286,057

# City of Berkley

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds

Year Ended June 30, 2025

	Special Revenue Funds						Capital Project Funds					Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Recreation Revolving	Senior Activities	Solid Waste	Parking	Community Development Block Grant	Opioid Settlement	Infrastructure Millage	Public Improvement	Sidewalk	
Revenue:												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,272,472	\$ -	\$ -	\$ -	\$ 1,460,837	\$ -	\$ -	\$ 2,733,309
Intergovernmental:												
Federal grants	-	-	-	-	-	-	55,843	-	-	-	-	55,843
State-shared revenue and grants	1,449,772	536,659	27,900	21,111	7,406	-	-	24,959	8,503	-	-	2,076,310
Charges for services	56,107	6,224	506,218	87,132	671,207	-	-	-	-	-	-	1,326,888
Licenses and permits	-	121,524	-	-	-	9,050	-	-	-	-	-	130,574
Investment earnings	42,465	12,479	9,695	1,840	33,999	105	-	1,372	32,734	27	-	134,716
Other miscellaneous income	-	-	15,421	410	16,214	-	-	-	-	-	-	32,045
Total revenue	1,548,344	676,886	559,234	110,493	2,001,298	9,155	55,843	26,331	1,502,074	27	-	6,489,685
Expenditures:												
Current services:												
Public safety	-	-	-	-	-	-	-	12	-	-	-	12
Public works	671,901	797,194	-	-	1,695,908	-	-	-	81,874	-	-	3,246,877
Health and welfare	-	-	-	73,766	-	-	113,076	-	-	-	-	186,842
Recreation and culture	-	-	1,000,438	-	-	-	-	-	-	-	-	1,000,438
Capital outlay	550,554	192,307	85,432	-	155,953	-	-	-	753,060	-	-	1,737,306
Total expenditures	1,222,455	989,501	1,085,870	73,766	1,851,861	-	113,076	12	834,934	-	-	6,171,475
Excess (deficiency) of revenues over expenditures	325,889	(312,615)	(526,636)	36,727	149,437	9,155	(57,233)	26,319	667,140	27	-	318,210
Other financing sources (uses):												
Transfers in	-	-	546,000	-	-	-	-	29,480	-	557,000	-	1,132,480
Transfers out	-	-	-	-	-	-	(10,624)	-	-	-	-	(10,624)
Total other financing sources (uses)	-	-	546,000	-	-	-	(10,624)	29,480	-	557,000	-	1,121,856
Net change in fund balance	325,889	(312,615)	19,364	36,727	149,437	9,155	(67,857)	55,799	667,140	557,027	-	1,440,066
Fund balance at beginning of year, as previously presented	-	698,617	295,210	56,008	886,859	-	16,960	-	20,256	-	-	1,973,910
Adjustment - changes from major fund to nonmajor fund	1,415,309	-	-	-	-	-	-	-	-	-	-	1,415,309
Fund balance at beginning of year - restated	1,415,309	698,617	295,210	56,008	886,859	-	16,960	-	20,256	-	-	3,389,219
Fund balance at end of year	\$ 1,741,198	\$ 386,002	\$ 314,574	\$ 92,735	\$ 1,036,296	\$ 9,155	\$ (50,897)	\$ 55,799	\$ 687,396	\$ 557,027	\$ -	\$ 4,829,285

# City of Berkley

## Budgetary Comparison Schedules – Nonmajor Governmental Funds Major Streets Fund

For the Year Ended June 30, 2025

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
Revenue:				
State shared revenue and grants	\$ 1,474,000	\$ 1,461,000	\$ 1,449,772	\$ (11,228)
Charges for services	44,000	57,000	56,107	(893)
Investment earnings	54,194	82,106	42,465	(39,641)
Total revenue	1,572,194	1,600,106	1,548,344	(51,762)
Expenditures:				
Public works	2,075,194	1,480,415	1,222,453	257,962
Excess (deficiency) of revenues over expenditures	(503,000)	119,691	325,891	206,200
Other financing sources (uses):				
Transfer out	(697,000)	-	-	-
Net change in fund balance	(1,200,000)	119,691	325,891	206,200
Fund balance as of July 1	1,415,309	1,415,309	1,415,309	-
Fund balance as of June 30	\$ 215,309	\$ 1,535,000	\$ 1,741,200	\$ 206,200



# City of Berkley

## Budgetary Comparison Schedules – Nonmajor Governmental Funds Local Streets Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
State shared revenues and grants	\$ 526,800	\$ 546,800	\$ 536,659	\$ (10,141)
Charges for services	-	6,300	6,224	(76)
Licenses and permits	-	114,000	121,524	7,524
Investment earnings	20,227	21,927	12,479	(9,448)
Total revenue	547,027	689,027	676,886	(12,141)
Expenditures:				
Public works	924,027	1,067,644	989,499	78,145
Excess (deficiency) of revenues over expenditures	(377,000)	(378,617)	(312,613)	66,004
Other financing sources:				
Transfers in	697,000	-	-	-
Net change in fund balance	320,000	(378,617)	(312,613)	66,004
Fund balance as of July 1	698,617	698,617	698,617	-
Fund balance as of June 30	\$ 1,018,617	\$ 320,000	\$ 386,004	\$ 66,004

# City of Berkley

## Budgetary Comparison Schedules – Nonmajor Governmental Funds Recreation Revolving Fund

For the Year Ended June 30, 2025

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
Revenue:				
State shared revenues and grants	\$ -	\$ -	\$ 27,900	\$ 27,900
Charges for services	532,800	529,800	506,218	(23,582)
Investment earnings	1,343	1,343	9,695	8,352
Other miscellaneous income	-	3,000	15,421	12,421
Total revenue	534,143	534,143	559,234	25,091
Expenditures:				
Recreation and culture	1,372,143	1,452,143	1,085,870	366,273
Excess of expenditures over revenue	(838,000)	(918,000)	(526,636)	391,364
Other financing sources:				
Transfers in	788,000	788,000	546,000	(242,000)
Net change in fund balance	(50,000)	(130,000)	19,364	149,364
Fund balance as of July 1	295,210	295,210	295,210	-
Fund balance as of June 30	\$ 245,210	\$ 165,210	\$ 314,574	\$ 149,364

# City of Berkley

## Budgetary Comparison Schedules – Nonmajor Governmental Funds Senior Activities Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Federal grants	\$ 19,000	\$ 19,000	\$ 21,111	\$ 2,111
Charges for services	65,000	65,000	87,132	22,132
Investment earnings	829	829	1,840	1,011
Other miscellaneous income	-	-	410	410
Total revenue	84,829	84,829	110,493	25,664
Expenditures:				
Health and welfare	84,829	84,829	73,766	11,063
Net change in fund balance	-	-	36,727	36,727
Fund balance as of July 1	56,008	56,008	56,008	-
Fund balance as of June 30	\$ 56,008	\$ 56,008	\$ 92,735	\$ 36,727

# City of Berkley

## Budgetary Comparison Schedules – Nonmajor Governmental Funds Solid Waste Fund

For the Year Ended June 30, 2025

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
Property taxes	\$ 1,234,000	\$ 1,306,764	\$ 1,272,472	\$ (34,292)
State shared revenues and grants	6,000	6,000	7,406	1,406
Charges for services	762,000	689,236	671,207	(18,029)
Investment earnings	15,292	15,292	33,999	18,707
Other miscellaneous income	10,000	10,000	16,214	6,214
Total revenue	2,027,292	2,027,292	2,001,298	(25,994)
Expenditures:				
Public works	2,000,392	2,000,392	1,851,861	148,531
Net change in fund balance	26,900	26,900	149,437	122,537
Fund balance as of July 1	886,859	886,859	886,859	-
Fund balance as of June 30	\$ 913,759	\$ 913,759	\$ 1,036,296	\$ 122,537

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Parking Fund

For the Year Ended June 30, 2025

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
Charges for services	\$ -	\$ 10,000	\$ 9,050	\$ (950)
Investment earnings	-	-	105	105
Total revenue	-	10,000	9,155	(845)
Expenditures:				
Public works	-	-	-	-
Net change in fund balance	-	10,000	9,155	(845)
Fund balance as of July 1	886,859	886,859	886,859	-
Fund balance as of June 30	\$ 886,859	\$ 896,859	\$ 896,014	\$ (845)

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Community Development Block Grant Fund

For the Year Ended June 30, 2025

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
Revenue:				
Federal grants	\$ 35,000	\$ 135,000	\$ 55,843	\$ (79,157)
Total revenue	35,000	135,000	55,843	(79,157)
Expenditures:				
Health and welfare	35,000	124,375	113,077	11,298
Excess of expenditures over revenue	-	10,625	(57,234)	(67,859)
Other financing sources:				
Transfer out	-	(10,625)	(10,624)	1
Net change in fund balance	-	-	(67,858)	(67,858)
Fund balance as of July 1	16,960	16,960	16,960	-
Fund balance as of June 30	\$ 16,960	\$ 16,960	\$ (50,898)	\$ (67,858)

# City of Berkley

## Budgetary Comparison Schedules – Nonmajor Governmental Funds Opioid Settlement Fund

For the Year Ended June 30, 2025

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
Revenue:				
Investment earnings	\$ -	\$ -	\$ 1,372	\$ 1,372
Other miscellaneous income	-	21,525	24,959	3,434
Total revenue	-	21,525	26,331	4,806
Expenditures:				
Public safety	-	-	12	(12)
Excess of expenditures over revenue	-	21,525	26,319	4,794
Other financing sources:				
Transfers in	-	29,481	29,480	(1)
Net change in fund balance	-	51,006	55,799	4,793
Fund balance as of July 1	-	-	-	-
Fund balance as of June 30	\$ -	\$ 51,006	\$ 55,799	\$ 4,793

## City of Berkley

### Fiduciary Funds – Pension and Other Postemployment Benefits Funds

#### Funds Description

##### **Pension and Other Postemployment Benefits Funds**

###### **Public Safety Pension**

The Public Safety Pension accumulates resources for pension benefit payments to qualified public safety employees.

###### **Other Postemployment Benefits**

The Other Postemployment Benefits Fund accumulated resources for future retiree health care payments to qualified retirees.



# City of Berkley

## Combining Statement of Fiduciary Net Position - Pension and Other Postemployment Benefits Funds

June 30, 2025

	<b>Pension and Other Postemployment Benefits Funds</b>		
	<b>Public Safety</b>	<b>Other</b>	
	<b>Pension</b>	<b>Postemployment</b>	<b>Total</b>
		<b>Benefits</b>	
Assets			
Cash and cash equivalents	\$ 1,248,948	\$ -	\$ 1,248,948
Investments:			
Common and preferred stock	14,285,539		14,285,539
Mutual funds - fixed income securities	8,248,101	-	8,248,101
Interest in pooled investments	-	8,709,446	8,709,446
Accrued interest receivable	24,532	-	24,532
Prepaid costs	10,250	-	10,250
Total assets	23,817,370	8,709,446	32,526,816
Liabilities			
Accounts payable	24,259	-	24,259
Due to other funds	10,062	-	10,062
Total liabilities	34,321	-	34,321
Net position			
Restricted:			
Pension	23,783,049	-	23,783,049
Postemployment benefits other than pension	-	8,709,446	8,709,446
Total net position	\$ 23,783,049	\$ 8,709,446	\$ 32,492,495

City of Berkley

Combining Statement of Changes in Fiduciary Net Position -  
Pension and Other Postemployment Benefits Funds

For the Year Ended June 30, 2025

	<b>Pension and Other Postemployment Benefits Funds</b>		
	<b>Public Safety</b>	<b>Other</b>	
	<b>Pension</b>	<b>Postemployment</b>	<b>Total</b>
		<b>Benefits</b>	
Additions			
Investment income:			
Net increase in fair value of investments	\$ 2,396,958	\$ 773,417	\$ 3,170,375
Net investment income	2,396,958	773,417	3,170,375
Contributions:			
Employer	1,783,371	756,884	2,540,255
Employee	14,605	-	14,605
Total contributions	1,797,976	756,884	2,554,860
Total additions	4,194,934	1,530,301	5,725,235
Deductions			
Benefit payments and refunds	2,054,643	723,770	2,778,413
Administrative expenses	199,823	17,329	217,152
Total deductions	2,254,466	741,099	2,995,565
Net increase in fiduciary net position	1,940,468	789,202	2,729,670
Net position at beginning of year	21,842,581	7,920,244	29,762,825
Net position at end of year	\$ 23,783,049	\$ 8,709,446	\$ 32,492,495

## Statistical Section

## City of Berkley

### Description of Statistical Section

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

#### *Financial Trend Information*

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### *Revenue Capacity Information*

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

#### *Debt Capacity Information*

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.

#### *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.

#### *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.

Sources: Unless otherwise noted, the information in these schedules are derived from the annual financial reports for the applicable year.

# City of Berkley

## Net Position by Component

### Last Ten Fiscal Years (accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 12,605,508	\$ 12,566,628	\$ 12,991,485	\$ 13,045,304	\$ 14,370,876	\$ 17,716,646	\$ 18,244,394	\$ 20,885,995	\$ 24,225,019	\$ 25,837,900
Restricted	3,481,448	3,299,179	3,022,602	3,618,304	5,298,444	6,417,046	8,319,600	6,311,248	3,091,738	4,005,231
Unrestricted	(8,329,077)	(10,002,030)	(18,442,146)	(18,885,704)	(20,254,877)	(21,486,529)	(24,629,012)	(23,473,469)	(18,255,991)	(16,599,925)
Total governmental activities net position	<u>\$ 7,757,879</u>	<u>\$ 5,863,777</u>	<u>\$ (2,428,059)</u>	<u>\$ (2,222,096)</u>	<u>\$ (585,557)</u>	<u>\$ 2,647,163</u>	<u>\$ 1,934,982</u>	<u>\$ 3,723,774</u>	<u>\$ 9,060,766</u>	<u>\$ 13,243,206</u>
Business-type activities:										
Net investment in capital assets	\$ 11,829,788	\$ 12,902,134	\$ 14,339,122	\$ 15,633,718	\$ 16,470,852	\$ 17,373,929	\$ 19,170,640	\$ 22,732,304	\$ 22,590,635	\$ 22,782,084
Unrestricted	2,524,710	2,292,463	1,585,079	1,052,583	1,211,761	1,760,506	1,034,773	(3,539,114)	982,573	2,843,997
Total business-type activities net position	<u>\$ 14,354,498</u>	<u>\$ 15,194,597</u>	<u>\$ 15,924,201</u>	<u>\$ 16,686,301</u>	<u>\$ 17,682,613</u>	<u>\$ 19,134,435</u>	<u>\$ 20,205,413</u>	<u>\$ 19,193,190</u>	<u>\$ 23,573,208</u>	<u>\$ 25,626,081</u>
Primary government:										
Net investment in capital assets	\$ 24,435,296	\$ 25,468,762	\$ 27,330,607	\$ 28,679,022	\$ 30,841,728	\$ 35,090,575	\$ 37,415,034	\$ 43,618,299	\$ 46,815,654	\$ 48,619,984
Restricted	3,481,448	3,299,179	3,022,602	3,618,304	5,298,444	6,417,046	8,319,600	6,311,248	3,091,738	4,005,231
Unrestricted	(5,804,367)	(7,709,567)	(16,857,067)	(17,833,121)	(19,043,116)	(19,726,023)	(23,594,239)	(27,012,583)	(17,273,418)	(13,755,928)
Total primary government net position	<u>\$ 22,112,377</u>	<u>\$ 21,058,374</u>	<u>\$ 13,496,142</u>	<u>\$ 14,464,205</u>	<u>\$ 17,097,056</u>	<u>\$ 21,781,598</u>	<u>\$ 22,140,395</u>	<u>\$ 22,916,964</u>	<u>\$ 32,633,974</u>	<u>\$ 38,869,287</u>

# City of Berkley

## Changes in Governmental Activities Net Position

### Last Ten Fiscal Years (accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
General government	\$ 2,960,882	\$ 3,253,442	\$ 2,457,584	\$ 2,717,055	\$ 2,796,098	\$ 3,581,763	\$ 4,325,018	\$ 4,402,918	\$ 4,856,682	\$ 5,248,906
Public safety	5,827,300	6,537,971	5,502,213	6,153,144	5,883,336	4,712,094	8,721,090	7,241,289	4,126,161	6,685,932
Public works	3,263,194	3,961,969	4,169,167	4,307,344	4,327,550	4,556,860	4,316,306	4,351,707	4,634,453	5,675,397
Health and welfare	119,477	212,793	132,247	110,335	102,322	36,488	64,126	78,070	46,764	130,934
Community and economic development	-	-	-	-	-	-	-	-	-	399,586
Recreation and culture	1,887,724	2,070,940	2,071,555	2,097,708	1,992,930	1,918,176	1,899,692	2,335,123	1,777,633	1,800,008
Interest on long-term debt	68,928	46,083	36,100	26,250	18,500	-	-	-	-	-
Total governmental activities expenses	14,127,505	16,083,198	14,368,866	15,411,836	15,120,736	14,805,381	19,326,232	18,409,107	15,441,693	19,940,763
Program revenue:										
Charges for services	2,367,271	2,599,640	2,845,944	3,079,982	2,660,224	2,498,465	3,173,417	3,918,823	4,266,244	4,124,870
Operating grants and contributions	1,850,630	1,385,111	1,621,962	1,726,321	1,702,719	2,613,999	1,920,792	1,916,057	1,958,597	3,171,263
Capital grants and contributions	240,677	30,933	73,692	1,343	-	-	521,806	750,870	921,061	1,733,947
Total governmental program revenue	4,458,578	4,015,684	4,541,598	4,807,646	4,362,943	5,112,464	5,616,015	6,585,750	7,145,902	9,030,080
Net governmental activities expense	(9,668,927)	(12,067,514)	(9,827,268)	(10,604,190)	(10,757,793)	(9,692,917)	(13,710,217)	(11,823,357)	(8,295,791)	(10,910,683)
General revenue:										
Property taxes	8,544,699	8,236,436	8,295,631	8,685,875	10,351,643	10,654,406	10,805,968	11,260,203	12,493,374	12,939,756
State-shared revenue	1,314,979	1,429,058	1,449,940	1,485,102	1,456,465	1,659,482	1,854,884	1,887,088	1,939,765	1,964,506
Unrestricted investment earnings	60,242	77,244	129,208	173,030	147,103	43,432	16,505	167,701	454,314	484,510
Other	553,871	430,674	781,620	466,146	439,121	568,317	320,679	297,157	190,007	232,375
Total governmental activities general revenues	10,473,791	10,173,412	10,656,399	10,810,153	12,394,332	12,925,637	12,998,036	13,612,149	15,077,460	15,621,147
Change in governmental activities net position	\$ 804,864	\$ (1,894,102)	\$ 829,131	\$ 205,936	\$ 1,636,539	\$ 3,232,720	\$ (712,181)	\$ 1,788,792	\$ 6,781,669	\$ 4,710,464

# City of Berkley

## Changes in Business-type Net Position

Last Ten Fiscal Years  
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenue:										
Charges for services - community field #1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,500
Charges for services - water/sewer	5,763,832	6,001,481	6,425,818	6,477,523	6,749,719	6,998,240	7,098,854	6,595,343	8,031,224	8,657,745
Charges for services – arena	325,483	18,518	14,369	-	-	-	-	-	-	-
Other	433,688	552,426	257,993	239,721	166,036	148,532	234,403	126,657	251,733	281,637
Total business-type operating revenue	6,523,003	6,572,425	6,698,180	6,717,244	6,915,755	7,146,772	7,333,257	6,722,000	8,282,957	8,991,882
Operating expenses:										
Community field #1	-	-	-	-	-	-	-	-	-	21,701
Water/sewer	5,099,354	5,687,659	5,643,034	5,921,809	5,888,960	5,658,086	6,233,151	7,716,402	5,092,588	7,109,400
Arena	387,124	138,126	52,870	73,980	157,113	-	-	-	-	-
Total business-type operating expenses	5,486,478	5,825,785	5,695,904	5,995,789	6,046,073	5,658,086	6,233,151	7,716,402	5,092,588	7,131,101
Net business-type operating income	1,036,525	746,640	1,002,276	721,455	869,682	1,488,686	1,100,106	(994,402)	3,190,369	1,860,781
Non-operating revenue (expense), net:										
Unrestricted investment earnings	13,670	18,685	22,587	30,351	23,681	7,606	6,581	6,012	5,629	35,998
Other	(114,854)	(75,226)	(78,582)	(69,706)	(94,737)	(44,470)	(35,709)	(23,833)	177,592	156,094
Total business-type nonoperating revenue	(101,184)	(56,541)	(55,995)	(39,355)	(71,056)	(36,864)	(29,128)	(17,821)	183,221	192,092
Transfers, net	27,000	150,000	30,000	80,000	197,686	-	-	-	-	-
Change in business-type net position	962,341	840,099	976,281	762,100	996,312	1,451,822	1,070,978	(1,012,223)	3,373,590	2,052,873
Change in net position, total primary government	\$ 1,767,205	\$ (1,054,003)	\$ 1,805,412	\$ 968,036	\$ 2,632,851	\$ 4,684,542	\$ 358,797	\$ 776,569	\$ 10,155,259	\$ 6,763,337

# City of Berkley

## Fund Balances - Governmental Funds

### Last Ten Fiscal Years (accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund:										
Nonspendable	\$ 327,691	\$ 305,101	\$ 203,072	\$ 1,302,781	\$ 1,246,313	\$ 334,280	\$ 336,586	\$ 317,858	\$ 376,477	\$ 494,013
Restricted	142,012	166,408	257,678	393,516	826,899	1,197,384	1,605,949	149,249	-	-
Assigned	-	-	1,791,139	351,237	447,244	996,194	878,557	-	-	-
Unassigned	3,909,081	4,646,335	3,979,977	4,601,416	3,940,515	2,575,826	1,885,606	3,600,923	4,724,607	5,275,675
Total general fund	4,378,784	5,117,844	6,231,866	6,648,950	6,460,971	5,103,684	4,706,698	4,068,030	5,101,084	5,769,688
All other governmental funds:										
Nonspendable	19,707	15,485	16,607	8,258	236	40,997	17,708	19,891	6,056	12,621
Restricted	3,305,159	3,009,016	2,685,461	3,138,502	4,344,607	5,105,670	6,713,651	6,161,999	3,091,738	4,005,231
Committed	976,873	989,553	901,471	909,394	722,864	8,988	12,718	183,278	291,425	305,303
Assigned	800,592	709,313	721,710	671,893	400,238	395,976	370,301	293,627	-	557,027
Unassigned	-	(29,971)	-	-	-	(117,392)	-	-	-	(50,897)
Total all other governmental funds	5,102,331	4,693,396	4,325,249	4,728,047	5,467,945	5,434,239	7,114,378	6,658,795	3,389,219	4,829,285
Total all governmental funds	\$ 9,481,115	\$ 9,811,240	\$ 10,557,115	\$ 11,376,997	\$ 11,928,916	\$ 10,537,923	\$ 11,821,076	\$ 10,726,825	\$ 8,490,303	\$ 10,598,973



# City of Berkley

## Changes in Fund Balances - Governmental Funds

### Last Ten Fiscal Years (modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue:										
Local revenue	\$ 12,002,658	\$ 11,581,688	\$ 12,090,257	\$ 12,543,928	\$ 13,681,126	\$ 13,758,568	\$ 14,574,460	\$ 15,731,061	\$ 17,398,439	\$ 18,371,551
State revenue	2,918,786	2,599,706	2,957,014	3,154,981	3,069,271	3,392,458	3,967,182	3,840,792	4,300,380	4,136,934
Federal revenue	120,601	22,240	68,914	11,092	53,347	861,316	12,375	617,528	519,043	2,137,265
Total revenue	15,042,045	14,203,634	15,116,185	15,710,001	16,803,744	18,012,342	18,554,017	20,189,381	22,217,862	24,645,750
Expenditures:										
Current:										
General government	2,254,700	2,546,261	2,564,713	3,014,867	3,518,325	4,241,335	4,397,004	4,846,934	5,116,488	5,303,499
Public safety	4,668,617	5,170,198	4,928,196	5,156,993	5,313,236	5,637,089	5,829,779	6,142,535	5,953,179	6,823,776
Public works	3,123,736	3,470,559	4,154,574	3,685,816	3,815,701	3,608,516	3,488,114	3,760,349	5,064,348	4,425,641
Health and welfare	153,445	218,459	148,967	134,388	102,556	52,609	64,126	78,070	64,589	186,842
Community and economic development	-	-	-	-	-	-	-	-	-	426,251
Recreation and culture	1,485,044	1,594,881	1,773,307	1,814,049	1,591,818	1,489,008	1,848,742	2,361,639	2,204,242	1,637,998
Debt service:										
Principal	925,000	225,000	225,000	250,000	275,000	300,000	-	-	-	-
Interest	76,174	47,194	38,349	28,750	18,250	6,000	-	-	-	-
Capital outlay	327,704	450,957	507,204	725,256	1,527,759	4,133,507	1,702,112	4,147,503	4,612,361	3,770,830
Total expenditures	13,014,420	13,723,509	14,340,310	14,810,119	16,162,645	19,468,064	17,329,877	21,337,030	23,015,207	22,574,837
Excess of revenue over expenditures	2,027,625	480,125	775,875	899,882	641,099	(1,455,722)	1,224,140	(1,147,649)	(797,345)	2,070,913
Other financing sources (uses):										
Transfers in	555,034	189,916	570,000	630,000	749,921	938,500	973,000	1,755,000	1,474,332	1,143,104
Transfers out	(582,034)	(339,916)	(600,000)	(710,000)	(947,607)	(938,500)	(973,000)	(1,755,000)	(1,474,332)	(1,143,104)
Other	-	-	-	-	108,506	64,729	59,013	53,398	5,500	37,757
Total other financing sources (uses)	(27,000)	(150,000)	(30,000)	(80,000)	(89,180)	64,729	59,013	53,398	5,500	37,757
Net change in fund balances	2,000,625	330,125	745,875	819,882	551,919	(1,390,993)	1,283,153	(1,094,251)	(791,845)	2,108,670
Fund balances at beginning of year, as previously presented	7,480,490	9,481,115	9,811,240	10,557,115	11,376,997	11,928,916	10,537,923	11,821,076	10,726,825	8,490,303
Restatement for correction of an error	-	-	-	-	-	-	-	-	(1,444,677)	-
Fund balance at beginning of year - restated	7,480,490	9,481,115	9,811,240	10,557,115	11,376,997	11,928,916	10,537,923	11,821,076	9,282,148	8,490,303
Fund balances at end of year	\$ 9,481,115	\$ 9,811,240	\$ 10,557,115	\$ 11,376,997	\$ 11,928,916	\$ 10,537,923	\$ 11,821,076	\$ 10,726,825	\$ 8,490,303	\$ 10,598,973
Debt service as a percentage of noncapital expenditures	7.89%	2.05%	1.90%	1.98%	2.00%	2.00%	0.00%	0.00%	0.00%	0.00%

## City of Berkley

### Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Tax Years

Taxable Value by Property Type							Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
Tax Year	Fiscal Year	Residential	Commercial	Industrial	Personal Property	Total Value			
2015	2016	429,367,950	51,202,520	831,010	12,626,360	494,027,840	16.9791	591,165,960	83.57%
2016	2017	444,824,760	51,074,430	795,420	12,251,880	508,946,490	15.8215	634,050,220	80.27%
2017	2018	470,165,800	51,766,210	817,790	12,972,020	535,721,820	15.1746	683,000,240	78.44%
2018	2019	503,477,610	53,456,860	707,960	13,749,000	571,391,430	14.9025	722,186,870	79.12%
2019	2020	534,781,150	55,499,230	828,050	14,150,420	605,258,850	16.8238	787,137,440	76.89%
2020	2021	562,563,170	58,179,770	843,750	14,896,210	636,482,900	16.5476	838,198,290	75.93%
2021	2022	589,237,040	60,710,000	852,840	16,728,530	667,528,410	15.9886	875,290,290	76.26%
2022	2023	627,499,920	62,256,160	880,950	16,691,080	707,328,110	15.7752	922,269,888	76.69%
2023	2024	679,099,435	63,841,698	909,987	22,273,590	766,124,710	15.7698	1,025,340,830	74.72%
2024	2025	726,688,860	72,637,650	875,170	21,900,630	822,102,310	15.6443	1,110,145,970	74.05%

Note: Under Michigan law, the revenue base is referred to as "Taxable Value." This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5.00% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: Oakland County Equalization

# City of Berkley

## Direct and Overlapping Property Tax Rates

### Last Ten Tax Years

Fiscal Year	Millage Rates – City of Berkley								Overlapping Taxes Berkley Schools		
	City Operating	Public Safety	Sanitation	Community Promotions	Public Safety Pension	City Debt	Infrastructure	Total Direct Taxes	Downtown Development Authority	Homestead	Non-Homestead
2016	9.1456	1.8592	1.8592	0.1012	2.4290	1.5849	-	16.9791	1.9217	7.7269	25.7269
2017	8.9818	1.8259	1.8259	0.0982	2.5445	0.5452	-	15.8215	1.9217	7.7148	25.7148
2018	8.7590	1.7806	1.7806	0.0933	2.2684	0.4927	-	15.1746	1.9217	7.6993	25.6993
2019	8.5697	1.7421	1.7421	0.0875	2.2684	0.4927	-	14.9025	1.9084	7.6843	25.3465
2020	8.4034	1.7083	1.7083	0.0826	2.4975	0.4625	1.9612	16.8238	1.8776	6.6517	24.0366
2021	8.2436	1.6758	1.6758	0.0785	2.5000	0.4500	1.9239	16.5476	1.8676	6.1038	24.1038
2022	8.0696	1.6404	1.6404	0.0749	2.6800	-	1.8833	15.9886	1.8225	6.0524	24.0524
2023	7.9299	1.6120	1.6120	0.0706	2.7000	-	1.8507	15.7752	1.8184	6.0090	24.0090
2024	7.9299	1.6120	1.6120	0.0652	2.7000	-	1.8507	15.7698	1.8184	6.0098	24.0098
2025	7.8561	1.5970	1.5970	0.0608	2.7000	-	1.8334	15.6443	1.8184	8.2356	26.2356

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

General operating	7.8561
Public safety	1.5970
Sanitation	1.5970
Community promotions	0.0608

The public safety pension and debt millages noted in the table above are limited by law to the millage required to cover estimated eligible expenditures.

Source: Oakland County Equalization – Apportionment Reports  
City of Berkley Treasury Department

# City of Berkley

## Direct and Overlapping Property Tax Rates, Continued

### Last Ten Tax Years

Fiscal Year	Overlapping Taxes Royal Oak Schools		Millage Rates – City of Berkley								
	Homestead	Non- Homestead	Oakland County	Oakland Intermediate Schools	Oakland Community College	Oakland County					
						Public Transportation Authority	County Parks & Rec	State Education	HCMA	Zoo Authority	Art Institute
2016	7.3842	22.7466	4.3310	3.3633	1.5819	0.9998	0.2410	6.0000	0.2146	0.0998	0.1996
2017	7.2911	22.5797	4.0900	3.3633	1.5819	0.9998	0.2392	6.0000	0.2146	0.0998	0.1981
2018	6.6965	22.2263	4.0400	3.1113	1.5555	0.9863	0.2368	6.0000	0.2140	0.0998	0.1961
2019	6.6245	22.2160	4.0400	3.0863	1.5431	1.0000	0.2349	6.0000	0.2129	0.0982	0.1945
2020	6.0511	24.0511	4.0400	3.0605	1.5303	0.9927	0.2329	6.0000	0.2117	0.0973	0.1929
2021	6.2372	28.5804	4.0200	3.0362	1.5184	0.9851	0.3500	6.0000	0.2104	0.0965	0.1913
2022	5.3966	21.5366	4.0132	3.0110	1.5057	0.9765	0.3470	6.0000	0.2089	0.0965	0.1897
2023	3.9331	21.9331	0.3431	2.9777	1.4891	0.9500	0.3431	6.0000	0.2070	0.0945	0.1945
2024	4.3109	22.3109	3.9686	3.1658	1.4891	0.9500	0.3431	6.0000	0.2070	0.0945	0.1945
2025	4.3045	22.3045	3.9539	3.1541	1.4836	0.9464	0.6500	6.0000	0.2062	0.0941	0.1937

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

General operating	7.8561
Public safety	1.5970
Sanitation	1.5970
Community promotions	0.0608

The public safety pension and debt millages noted in the table above are limited by law to the millage required to cover estimated eligible expenditures.

Source: Oakland County Equalization – Apportionment Reports  
City of Berkley Treasury Department

# City of Berkley

## Principal Property Tax Payers

Current Year and Ten Years Prior

	<b>Taxpayer</b>	<b>2025 Taxable Value</b>	<b>% of Total</b>	<b>2016 Taxable Value</b>	<b>% of Total</b>	<b>2016 Rank</b>
1	Consumers Energy	\$ 10,391,600	1.26%	\$ 3,073,230	0.65%	3
2	DTE Electric	5,491,170	0.67%	2,481,100	0.52%	2
3	DHS Management	3,480,710	0.42%	2,803,930	0.59%	1
4	Woodward Berkley LLC	2,422,330	0.29%	-	0.00%	N/A
5	814 Berkley LLC	2,288,070	0.28%	-	0.00%	N/A
6	Anusbigian LLC	1,649,660	0.20%	1,242,830	0.26%	9
7	Essco of Berkley LLC	1,627,170	0.20%	1,399,670	0.30%	6
8	Capital Development Corp	1,226,250	0.15%	983,370	0.21%	7
9	Monarch Acquisition LLC	1,225,790	0.15%	-	0.00%	N/A
10	2200 Berkley LLC	1,207,780	0.15%	-	0.00%	N/A
	SD Investments	-	0.00%	879,730	0.19%	10
	Northwood Medical Limited Partners	-	0.00%	1,703,320	0.36%	4
	Berkley Twelve Associates II	-	0.00%	1,223,330	0.26%	8
	Dynex Commercial Services	-	0.00%	1,513,640	0.32%	5
	Total taxable value	<u>\$ 31,010,530</u>	<u>3.77%</u>	<u>\$ 17,304,150</u>	<u>3.65%</u>	

Source: Oakland County Equalization Department  
City of Berkley Treasury Department

City of Berkley

Property Tax Levies and Collections

Last Ten Fiscal Years

<b>Tax Year</b>	<b>Fiscal Year Ended June 30</b>	<b>Total Levy</b>	<b>Current Collections (1)</b>	<b>Percent Collected</b>	<b>Delinquent Collections (2)</b>	<b>Total Tax Collections</b>	<b>Percent of Levy Collected</b>
2015	2016	\$ 9,279,449	\$ 9,265,679	99.85%	\$ 9,786	\$ 9,275,465	99.96%
2016	2017	8,962,059	8,950,100	99.87%	11,959	8,962,059	100.00%
2017	2018	9,042,743	9,033,469	99.90%	9,274	9,042,743	100.00%
2018	2019	9,138,215	9,122,750	99.83%	15,465	9,138,215	100.00%
2019	2020	10,340,646	10,318,128	99.78%	22,518	10,340,646	100.00%
2020	2021	11,010,588	10,773,161	97.84%	237,427	11,010,588	100.00%
2021	2022	12,133,120	11,828,625	97.49%	296,941	12,125,566	99.94%
2022	2023	12,308,913	12,025,045	97.69%	283,868	12,308,913	100.00%
2023	2024	13,265,264	12,889,934	97.17%	375,330	13,265,264	100.00%
2024	2025	12,875,469	12,644,686	98.21%	216,161	12,860,847	99.89%

Source: Oakland County Settlement Documents  
City of Berkley Accounting Records

(1) Represents collections through the final distribution of taxes, including delinquent real taxes purchased by the county.

(2) Represents all collections after the final distribution date, through the current date.

# City of Berkley

## Ratios of Outstanding Debt

### Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General obligation bonds	\$ 1,275,000	\$ 1,050,000	\$ 825,000	\$ 575,000	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Total governmental activities debt	1,275,000	1,050,000	825,000	575,000	300,000	-	-	-	-	-
Business-type activities:										
General obligation bonds	3,798,436	3,341,323	2,890,818	2,431,167	1,960,800	1,479,711	986,951	588,020	183,241	143,576
Total debt of the government	\$ 5,073,436	\$ 4,391,323	\$ 3,715,818	\$ 3,006,167	\$ 2,260,800	\$ 1,479,711	\$ 986,951	\$ 588,020	\$ 183,241	\$ 143,576
Total taxable value (1)	\$ 494,027,840	\$ 508,946,490	\$ 535,721,820	\$ 571,391,430	\$ 605,258,850	\$ 636,482,900	\$ 667,528,410	\$ 707,328,110	\$ 766,124,710	\$ 822,102,310
Ratio of total debt to personal income	1.03%	0.86%	0.69%	0.53%	0.37%	0.23%	0.15%	0.08%	0.02%	0.02%
Total population	15,135	15,272	15,239	15,269	15,513	15,194	15,238	14,928	14,858	15,196
Total debt per capita	\$ 335	\$ 288	\$ 244	\$ 197	\$ 146	\$ 97	\$ 65	\$ 39	\$ 12	\$ 9

(1) Personal income is not available

Source: Population information obtained from U.S. Census Bureau  
Taxable value obtained from Oakland County Equalization

# City of Berkley

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	UTGO City General Obligation Bonds	General Obligation Bonds Issued by County on Behalf of the City	Total General Obligation Debt	Taxable Values	Total General Bonded Debt as a Percentage of Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt Per Capita
2016	\$ 1,275,000	\$ 3,798,436	\$ 5,073,436	\$ 494,027,840	0.26%	1.03%	15,135	\$ 335
2017	1,050,000	3,341,323	4,391,323	508,946,490	0.21%	0.86%	15,272	288
2018	825,000	2,890,818	3,715,818	535,721,820	0.15%	0.69%	15,239	244
2019	575,000	2,431,167	3,006,167	571,391,430	0.10%	0.53%	15,269	197
2020	300,000	1,960,800	2,260,800	605,258,850	0.05%	0.37%	15,513	146
2021	-	1,479,711	1,479,711	636,482,900	0.00%	0.23%	15,194	97
2022	-	986,951	986,951	667,528,410	0.00%	0.15%	15,238	65
2023	-	587,381	587,381	707,328,110	0.00%	0.08%	14,928	39
2024	-	183,241	183,241	766,329,150	0.00%	0.02%	14,858	12
2025	-	143,576	143,576	822,102,310	0.00%	0.02%	15,196	9

Source: SEMCOG  
Tax Value – Oakland County Equalization



# City of Berkley

## Direct and Overlapping Governmental Activities Debt

June 30, 2025

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percent Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Overlapping debt:			
Berkley School District	\$ 128,185,000	55.37%	\$ 70,976,035
Royal Oak School District	20,950,000	0.44%	92,180
Oakland County	123,902,591	1.02%	1,263,806
Oakland County Intermediate School District	36,680,000	1.03%	377,804
Oakland County Community College	-	0.00%	-
Total overlapping debt			<u>72,709,825</u>
Direct city debt			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 72,709,825</u></u>

Source: Percentages obtained from Municipal Advisory Council of Michigan

The percentage of overlapping bonded debt applicable to each governmental unit is estimated using the taxable valuation of assessed property. Applicable percentages were estimated by determining the portion of each governmental unit's taxable property located within the boundaries of the City of Berkley and dividing it by that governmental unit's total taxable value.

# City of Berkley

## Legal Debt Margin

### Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Calculation of debt limit:										
State equalized valuation (SEV)	\$ 591,165,960	\$ 634,050,220	\$ 683,000,240	\$ 772,186,870	\$ 787,137,440	\$ 838,198,290	\$ 875,290,290	\$ 922,269,888	\$ 1,025,340,830	\$ 1,110,145,970
Debt limit (10% of SEV)	59,116,596	63,405,022	68,300,024	77,218,687	78,713,744	83,819,829	87,529,029	92,226,989	102,534,083	111,014,597
Calculation of debt subject to limit:										
Total debt (1)	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711	986,953	587,381	183,241	143,576
Less: debt not subject to limit										
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711	986,953	587,381	183,241	143,576
Net debt margin	\$ 54,043,160	\$ 59,013,699	\$ 64,584,206	\$ 74,212,520	\$ 76,452,944	\$ 82,340,118	\$ 86,542,076	\$ 91,639,608	\$ 102,350,842	\$ 110,871,021
Net debt subject to limit as % of debt limit	8.58%	6.93%	5.44%	3.89%	2.87%	1.77%	1.13%	0.64%	0.18%	0.13%

Source: Oakland County Equalization  
City annual financial statements

(1) All debt including PA 99 installment debt

# City of Berkley

## Legal Debt Margin PA 99 Debt Only

### Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Calculation of debt limit:										
Taxable value (TV)	\$ 494,027,840	\$ 508,946,490	\$ 535,721,820	\$ 571,391,430	\$ 605,258,850	\$ 636,482,900	\$ 667,528,410	\$ 707,328,110	\$ 766,124,710	\$ 822,102,310
Debt limit (1.25% of TV)	6,175,348	6,361,831	6,696,523	7,142,393	7,565,736	7,956,036	8,344,105	8,841,601	9,576,559	10,276,279
Calculation of debt subject to limit:										
Total debt	-	-	-	-	-	-	-	-	-	-
Less: debt not subject to limit										
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	-	-	-	-	-	-	-	-	-	-
Net debt margin	\$ 6,175,348	\$ 6,361,831	\$ 6,696,523	\$ 7,142,393	\$ 7,565,736	\$ 7,956,036	\$ 8,344,105	\$ 8,841,601	\$ 9,576,559	\$ 10,276,279
Net debt subject to limit as % of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City annual financial statements

City of Berkley

Pledged-Revenue Coverage

Last Ten Fiscal Years

Water and Sewer Debt Service

<b>Fiscal Year (1)</b>	<b>Water and Sewer Fund Operating Revenue (2)</b>	<b>Less: Operating Expenses</b>	<b>Net Revenue</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2015	\$ 5,816,011	\$ 4,752,286	\$ 1,063,725	\$ 413,008	\$ 125,137	\$ 538,145	1.98%
2016	6,197,517	5,099,352	1,098,165	424,983	90,968	515,951	2.13%
2017	6,429,612	5,493,331	936,281	439,794	92,664	532,458	1.76%
2018	6,196,595	6,337,214	(140,619)	450,505	79,271	529,776	-0.27%
2019	6,170,042	5,485,593	684,449	459,651	69,706	529,357	1.29%
2020	6,915,755	5,888,960	1,026,795	470,368	55,869	526,237	1.95%
2021	7,146,772	5,658,086	1,488,686	481,089	47,303	528,392	2.82%
2022	7,333,257	6,233,151	1,100,106	492,760	35,709	528,469	2.08%
2023	6,722,000	6,493,293	228,707	398,933	23,883	422,816	0.54%
2024	8,464,576	5,830,101	2,634,475	404,778	4,028	408,806	6.44%
2025	8,939,382	7,109,400	1,829,982	39,665	4,026	43,691	41.88%

Source: City of Berkley finance department

(1) Debt starts in fiscal year 2004

(2) Interest income is not included in operating revenue

# City of Berkley

## Demographic and Economic Statistics

### Last Ten Fiscal Years

<b>Fiscal Year Ending</b>	<b>Population</b>	<b>Median Household Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2016	15,135	*	*	4.70%
2017	15,727	*	*	4.40%
2018	15,239	\$ 74,172	\$ 38,667	2.90%
2019	15,269	77,772	40,009	3.70%
2020	15,513	82,095	38,667	14.90%
2021	15,194	74,172	38,667	3.60%
2022	15,238	93,038	47,840	2.10%
2023	14,928	96,993	51,070	2.80%
2024	14,858	108,125	58,286	2.60%
2025	15,196	113,103	59,854	3.00%

Sources: Census  
Homefacts.com  
City-data.com  
Areavibes.com  
World Population Review  
Incomebyzipcode.com

\* Information not available

# City of Berkley

## Principal Employers

### Current Year and Ten Years Prior

Employer	Year Ended June 30, 2025			Year Ended June 30, 2015		
	Employees	Rank	Percentage of Total (1)	Employees	Rank	Percentage of Total
Berkley School District	567	1	-	605	1	17.51%
Westborn Market	213	2	-	115	2	3.33%
Crispelli's	75	3	-	81	4	2.34%
City of Berkley	80	4	-	66	6	1.91%
Green Lantern	63	5	-	-	-	-
Vinsetta Garage	75	6	-	110	3	3.18%
SHW Group (Stantec)	65	7	-	80	5	2.32%
24 Seconds	30	8	-	-	-	-
Durst Lumber	20	9	-	25	10	0.72%
The Wedding Shoppe	17	10	-	-	-	-
The Doll Hospital & Toy Soldier Shop	-	-	-	31	7	0.90%
O'Mara's Restaurant	-	-	-	30	8	0.87%
Sila's Pizzeria	-	-	-	30	9	0.87%
Total	<u>1,205</u>			<u>1,173</u>		

(1) Total number of all employees not available

Source: Berkley Finance Department  
Southeast Michigan Council of Governments  
(U.S. Census Bureau – Community Data)

# City of Berkley

## Full-time Equivalent City Government Employees

### Last Ten Fiscal Years

Department	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City Manager	2.60	3.00	2.00	2.00	2.00	2.00	4.00	3.00	2.00	2.00
Communications	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Information Technology	0.75	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
City Clerk/Elections	1.60	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Treasury	1.05	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	1.00
Facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
HR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Finance	1.15	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00	3.00
Public safety	34.00	34.00	35.00	40.00	40.00	40.00	40.00	39.00	39.00	37.00
Building	0.95	2.00	3.00	3.00	3.00	3.00	3.00	4.00	5.00	5.00
Public works (1)	5.73	12.00	12.00	8.00	8.00	8.00	8.00	8.00	6.00	9.00
Public works garage	0.60	1.00	2.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Solid waste	2.21	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water and sewer	9.76	1.00	1.00	5.00	5.00	5.00	5.00	7.00	6.00	7.00
Parks and recreation	4.05	5.00	5.00	5.00	5.00	5.00	5.00	6.00	5.00	4.00
Arena	0.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library	2.95	4.00	3.00	2.00	2.00	3.00	3.00	2.00	2.00	2.00
Total	69.35	70.00	71.00	75.00	75.00	76.00	78.00	80.00	78.00	80.00

Source: City of Berkley finance department budget record

(1) Public works includes major and local streets

# City of Berkley

## Operating Indicators

### Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General government:</b>										
Registered voters	12,527	12,719	12,353	12,774	13,182	13,268	13,259	12,918	12,677	12,316
Voters at polls	1,664	7,383	2,318	6,598	3,555	2,441	1,850	3,018	2,023	5,827
Absentee ballots	833	2,292	748	2,254	4,576	5,626	1,844	2,887	2,212	4,876
Percent voting	19.93%	76.07%	24.82%	69.30%	61.68%	60.80%	27.86%	45.71%	33.41%	86.90%
<b>Public safety:</b>										
Responses to calls for service	16,308	15,654	17,029	16,992	15,982	11,275	12,757	12,836	12,631	11,845
Motor vehicle accidents	360	394	377	370	385	233	292	28	294	299
Assaults	45	43	45	36	29	36	49	47	38	28
Burglary	37	12	14	10	4	3	9	6	4	9
Property damage	25	27	45	17	43	17	10	14	13	9
Number of arrests	1,295	1,199	1,120	978	498	450	655	753	699	715
Fire:										
Fire incidents (1)	120	186	154	180	157	167	260	38	221	135
Fire inspections conducted	157	406	233	423	484	576	784	646	551	363
Medical emergencies	849	838	842	879	912	850	929	875	841	754
<b>Parks and recreation:</b>										
Youth classes	94	88	85	95	24	52	68	70	48	71
Adult classes	79	78	82	120	24	53	56	57	64	116
Adult leagues	5	4	4	4	1	3	3	3	7	7
Summerday camp participants	305	347	389	427	-	146	300	329	106	176
Senior citizens programs	27	24	28	45	10	10	42	45	63	77
Ice arena:										
Number of skaters enrolled	130	-	-	-	-	-	-	-	-	-
Hours of ice time sold	1,500	-	-	-	-	-	-	-	-	-
<b>Public works</b>										
Water purchased from SOCWA	51,593,000	54,613,400	51,661,800	54,203,700	47,761,000	47,488,300	48,486,404	48,458,331	45,574,744	44,909,220
Water sold to customers	46,216,000	47,797,400	47,124,100	44,495,600	42,367,500	44,670,200	41,913,600	42,310,850	41,398,700	40,887,712
Number of meters	6,832	6,835	6,871	6,873	6,871	6,887	6,896	6,904	6,905	6,908



# City of Berkley

## Operating Indicators, Continued

### Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Library:</b>										
Items circulated	146,573	147,623	150,004	157,256	136,610	132,093	185,403	201,373	211,759	214,606
Circulation per capita	10	10	10	11	9	9	12	13	14	14
Reference and patron assistance	14,351	13,769	12,839	12,710	8,174	10,500	5,106	8,638	8,130	8,408
Electronic access	13,290	13,537	15,885	19,625	27,191	35,043	30,540	35,242	44,876	46,165
Registered borrowers	7,826	7,454	7,396	6,368	6,475	6,541	6,178	5,820	5,942	6,355
Materials borrowed – non-residents	41,478	42,206	41,565	46,029	37,804	21,250	54,606	58,756	58,177	59,589
Materials borrowed – Berkley residents	19,038	17,687	19,745	19,471	11,115	11,340	9,351	14,534	16,649	16,125
Number of participants in activities	4,260	5,507	5,942	5,959	4,425	2,546	2,836	3,677	4,155	5,754
Public internet sessions	31,264	19,763	16,906	16,108	11,573	47	6,018	8,357	8,686	8,831
Books borrowed	99,178	99,499	96,383	89,209	70,692	53,907	124,317	136,741	137,043	133,656
Audio/Video/CDs borrowed	40,902	39,428	36,219	29,439	21,576	9,645	39,842	28,576	29,840	34,785
Library visits*	-	118,263	116,217	111,901	75,323	2,947	65,247	83,522	89,944	94,857
<b>Treasury:</b>										
Summer tax bills processed	3,495	3,423	3,360	3,360	3,355	3,378	3,378	3,374	3,274	3,262

\*Category initiated FYE 2017

(1) Fire incidents includes open burns and downed wires

City of Berkley

Capital Asset Statistics

Last Ten Fiscal Years

Function/program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General government:</b>										
Square footage of buildings:										
City Hall	17,481	17,481	17,481	17,481	17,481	17,481	17,481	17,481	17,481	17,481
Library	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Parks and recreation	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Ice arena	34,200	34,200	34,200	34,200	-	-	-	-	-	-
Public safety	12,000	12,000	12,000	12,000	12,600	12,600	12,600	12,600	12,600	12,600
Public works	2,475	2,475	2,475	2,475	2,475	2,475	2,475	26,146	26,146	26,146
<b>Public safety:</b>										
Fire vehicles	2	2	2	2	2	3	3	3	3	3
Police vehicles	15	15	16	16	17	17	22	22	26	20
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public works:</b>										
Major streets (miles)	16	16	16	16	16	16	18	18	18	18
Local streets (miles)	36	36	36	36	36	36	36	36	36	36
Street lights	720	720	720	720	720	720	723	723	723	723
Vehicles in City fleet	40	40	40	40	40	40	40	48	50	43
<b>Parks and Recreation:</b>										
Parks	9	9	9	9	9	9	9	9	9	9
Park land (acres)	42	42	42	42	42	42	42	42	42	42
Baseball fields	8	8	8	8	8	8	8	8	8	7
Ice arena	1	1	1	1	-	-	-	-	-	-
Historical museum	1	1	1	1	1	1	1	1	1	1
Tennis courts	-	-	-	-	10	10	10	10	10	10
<b>Water and sewer</b>										
Water mains (miles)	53	53	53	53	53	53	57	57	57	57
Sanitary sewers (miles)	56	69	69	69	69	69	71	71	71	71
Fire hydrants	500	500	500	500	500	500	522	522	522	522

Source: Berkley Building Department– Square Footage  
Berkley Public Safety– Capital Asset Information  
Berkley Public Works– Capital Asset Information including water/sewer  
Berkley Parks and Recreation– Program Information  
Berkley Finance Department Fleet Information