



CITY MANAGER
RECOMMENDED BUDGET

2024 - 2025



Table of Contents

City Manager's Budget Message

Budget Message	1
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Financial Structure, Policy, and Process

Fund Structure	7
Significant Budget and Accounting Policies	8
Financial Policies	11
Budget Policies and Procedures	14
Budget Process and Budget Amendment Process	15

Financial Summaries

General Fund	17
---------------------	----

Special Revenue Funds

202 Major Street Fund	20
203 Local Street Fund	21
208 Recreation Revolving Fund	22
226 Solid Waste Fund	23
252 CDBG Fund	24
211 Senior Activities Fund	25

Debt Service Funds

311 Eleven Mile Road Fund	26
---------------------------	----

Capital Project Fund

469 Court Building Fund	27
443 Infrastructure Millage Fund	28
811 Sidewalk Fund	29

Enterprise Funds

592 Water and Sewer Fund	30
--------------------------	----

Fiduciary Fund

732 Public Safety Pension Fund	31
248 DDA Fund	32

Fund Balance Policy	33
---------------------	----

Resolutions

Resolution of Adoption 2024 Millage Rates	35
Resolution of Adoption Fiscal Year 2024-2025 Budget and Acknowledging the Multi-Year Budget Including Projection of Future Fiscal Year 2025-2026	36



Budget Message

April 1, 2024

Madam Mayor, Members of City Council, and Residents of the Berkley Community,

As City Manager, I proudly present to you the draft budget for Fiscal Years (FY) 2024-25 and 2025-26. As you will see in this draft, staff and administration have worked diligently to make the most of the resources available to our local government. In total, the proposed budget invests more than \$35.5 Million into our community through the City of Berkley's various funds.

The plan for investing resources outlined in this draft budget strikes a delicate balance between continuing the City's delivery of excellent services to our residents and maintaining our sound financial standing. I, along with our elected officials, and concerned residents, have discussed at length the challenges faced by our City. Each challenge is largely out of our control but still impacts our day-to-day operations and ability to invest further into services and publicly owned assets for our residents. These lingering challenges are outlined below.

Four years later, we have nearly recovered from the effects of the coronavirus pandemic and the measures taken to slow its spread. The pandemic significantly impacted the economies of our State and our City. The lengthy shutdown of businesses and the stay-at-home orders resulted in significant loss of revenues and increased costs across multiple fiscal years. Under the State of Michigan's formula, we estimate the City has lost about \$2.2 million in revenue. In response to these losses, the Federal Government passed the American Rescue Plan Act of 2021, which included a \$1.652 million allocation for the City of Berkley. These funds have been used to offset losses across three fiscal years, and they no longer will be available for FY 2025-26. The expenditure budget for FY 2025-26 shows a \$259,000 reduction in investment to reflect this overall decrease in revenues.

The other significant issue facing the City – like so many other employers – is the challenge of retaining and recruiting employees. Economic pressures and worker shortages are the primary drivers of this challenge. For example, a shortage of public safety officers is significantly driving up salaries in law enforcement agencies across our region, and we will need to be competitive to continue to maintain our outstanding public safety team. This is true for other departments across our organization as we work to fill vacancies in several key positions.

High inflation and supply chain issues continue to impact our ability to purchase critical equipment and vehicles and have resulted in months or years delays in receiving delivery of these items. The reduction in capital expenses has been the largest driver in the decrease in spending to balance the proposed budgets. As with previous years' budgets, limited revenue growth and increased operating costs have resulted in the delay of purchasing critical items as the need continues to increase. This is



Budget Message

noted in our annual Capital Improvement Plan (CIP) and Capital Equipment Replacement Plan (CERP) summary documents. While it is necessary to operate within our revenues, these delays are often costly since these projects are subject to higher-than-average rates of inflation. Additionally, aging assets and buildings cost more to maintain on a year-to-year basis. Berkley proudly does not carry any bond debt and does not plan to take on debt to finance large capital projects, as is common in other communities.

Berkley, like many other Michigan communities that lack open space for new construction and development, has significant financial constraints as overall operating revenues historically do not keep pace with inflation. Under the laws that govern how Michigan municipalities fund themselves (primarily the 1978 Headlee Amendment and Proposal A of 1994), inflation is used to reduce the millage rates and limit taxable value growth in cities, villages, and townships. In Berkley, the General Operating, Public Safety, Sanitation, and Infrastructure millages are subject to the Headlee Amendment and have "rolled back" at various rates. Today, the difference between the original intended millage rates and those levied for this upcoming fiscal year is 4.9954 mills, or less than three-quarters of what our founders and past voters intended. You can see the effect on these individual rates below:

Millages Subject to Headlee Reductions	Original Intended Amount	FY 24-25 Projected Millage Rates	Total Reduction	% Reduction
Operating	10.00	7.9299	2.07	20.70%
Public Safety	3.00	1.6120	1.39	46.27%
Sanitation	3.00	1.6120	1.39	46.27%
Infrastructure	2.00	1.8507	0.15	7.47%
Total	18.0000	13.0046	4.9954	27.75%

The budget document also includes projections for FY 2025-26. The following are some of the significant items addressed in the budget:

Solid Waste

The Solid Waste Fund was of particular focus in this fiscal year. This fund provides monies for the collection of refuse, recycling, yard waste, curbside leaves, and, until recently, brush chipping. Because these valuable services are important to our residents, maintaining them required us to transfer labor costs, equipment replacements, vehicle purchases, etc. to the General Fund over many fiscal years. This provided funding to these vital services but made it difficult to easily communicate the



Budget Message

true cost of them. The draft budget for this fiscal year returns all expenditures related to solid waste to the fund. For this reason, there is a significant increase in expenditures.

During FY 2023-24, the City began charging a commercial trash fee along with a residential yard waste tag fee. These fees were necessary to address the annual operating shortfall, and they have been sufficient to balance the annual operating budget. Overall property tax revenue, including the solid waste levy, has seen a significant increase due to the high rates of inflation over the past two years. The proposed budget utilizes the new revenue and reinstates the full curbside leaf pickup program, which will cost approximately \$145,000 annually.

In subsequent fiscal years, if the cost of services increases faster than revenues or yard waste tags are eliminated, the City Council may want to consider a transfer from the General Fund to the Solid Waste Fund as needed.

Recreation

We continue to provide a wide variety of parks and recreation programs to residents. In previous years, we have actively implemented our five-year Parks Plan – created based on community feedback and listening sessions. This work has been successful with updates to Oxford, Bacon, Tot-Lot, and Community parks over the past three years. Since this planned work is now mostly completed, the proposed budget focuses less on capital improvements and more on events and programming.

Parks and recreation programs historically do not cover their costs and require a dedicated property tax millage or a subsidy from the General Fund to make up the shortfall. The proposed budget has approximate costs of \$1.3 million annually (including capital), program revenues of approximately \$500,000 and a General Fund subsidy of approximately \$800,000. The City will continue to pursue grants and outside funding for additional improvements to our public parks.

Water and Sewer

We continue to invest in our aging infrastructure to ensure safe, clean water for all residents. In addition to annual operating costs for maintaining municipal water and sewer services, we have been burdened by unfunded mandates from the State that include the replacement of lead lines for almost all households in Berkley. The estimated cost of this lead line replacement project is in excess of \$30 million, and the City had \$0 cash available to run the entire system, according to a June 30, 2023 audit. We have been unable to secure loans and grants for this work, resulting in the use of part of the Infrastructure tax levy and significant annual water and sewer rate increases for property owners to pay for these replacements. Additionally, the high inflation rate and State mandates have driven up the costs to 30%-40% higher than originally projected just in the past year, with no end in sight. We will continue to comply with the mandate while actively trying to minimize the cost to Berkley residents.



Budget Message

Roads/Infrastructure

We also continue to invest in our aging infrastructure to ensure the highest quality roads for all residents. We are minimizing costs by replacing roads connected with water projects so we are not ripping up and redoing recently repaired streets. The proposed budgets for both the Road Fund and Infrastructure Fund over the next two years use almost all of the available fund balances, as expected when voters approved the Infrastructure millage several years ago.

Revenues

Despite the City's sound financial condition, annual revenues continue to increase at a rate less than inflation and make it difficult to continue to invest in both our staff and badly needed operating equipment. General Fund revenue has decreased from the previous year by \$1.2 million, primarily due to a one-time \$1.8 million grant for HVAC replacement, which was included in FY 2024. Overall, excluding the one-time grant, revenues increased 3.9% in the FY 2024-25 budget. Property taxes, which make up more than 63% of the overall revenues, are projected to increase 5%. Revenue sharing from the State, which makes up approximately 12% of the annual revenues, is projected to increase approximately 2.4%. Most of the other revenues are expected to remain consistent with the previous year or see slight increases. The City also received its first marijuana revenue-sharing payment from the State, which was approximately \$118,000 plus related annual license fees. These fees will continue into the future.

We will continue to explore the need to restore the millage rates back to the original City Charter-approved level, which can only be done by a vote of the residents. Discussions on possibly bringing operating and public safety millage proposals to voters in November 2024 are underway. These two millages are projected to be levied at a total rate of 9.5419 this fiscal year, which is much lower than the original total rate of 13.0000 set by the City Charter. Restoring these mills to their intended rates would enable us to fund the restoration, expansion, and creation of new services as well as fund capital needs. While the allocation of funds is ultimately the City Council's decision, here are investments for consideration should funding be made available by Berkley voters:

Restoration of monthly chipping service for private residential branches. This previously available service was discontinued due to necessary cuts in the FY 2023-24 budget. If a restoration millage were approved by Berkley voters, funds would be available in the General Fund to transfer to the Solid Waste Fund to again offer this program.

Elimination of yard waste tags. As of FY 2023-24, yard waste tags were required again after a five-year hiatus. These tags cost between \$2.50 and \$3.00 and required for each bag or



Budget Message

container for collection. The revenue generated from these tags could be replaced by a General Fund transfer if a restoration millage were approved by Berkley voters.

Funding for senior home chore program. The City is fortunate to have a large number of senior residents. However, with Berkley's housing stock, many live in single-family homes that can be difficult to maintain. The City has been able to provide assistance through a home chore program – funded through grants – that covers the cost of contractors providing lawn maintenance and snow and ice removal at seniors' homes. Unfortunately, these grant dollars have been declining and becoming more challenging to use because of federal restrictions. We had to discontinue the lawn care portion of the service in 2017 due to lack of funding and, in advance of winter 2023-24, were able to enroll only 40 senior households in the snow and ice removal program compared to NUMBER in previous years. As with other services mentioned in this section, annual funding from a restored millage could be dedicated to expanding this program and making it available to more seniors, helping them remain in their homes and in the community they love.

Funding for fire engine replacement. Berkley Public Safety's Engine 4 will reach the end of its useful life and need to be replaced in FY 2027-28. As of now, we would not be able to fund this purchase within that timeframe. With a restored millage, we could fund and purchase the new fire truck in a timely manner with annual contributions reserved only for this specific purpose. This would only be possible through a restoration millage approval by Berkley voters.

Funding for sidewalk maintenance and replacement program. Berkley residents tout the walkability of our community, and it was a frequent point of pride in community feedback collected during the master planning process. To meet this expectation of walkability, the City has administered an annual sidewalk replacement program since 2016. This program divides the City into five sections, gathers a list of potential trip hazards and unsafe surfaces, repairs those sections of sidewalks, and then bills the resident for the repairs to the public sidewalk in front of their home through a special assessment fee. As of 2024, the program has been through all five sections of the City and residents are being billed for the last two sections of this program. The special assessment portion of this program has been unpopular with residents and, even though a multiyear payment option is available, it is difficult for some households to pay. If a restoration millage were approved by Berkley voters, the program could be funded through an annual General Fund contribution to the Sidewalks Fund, eliminating the need for the special assessment. Similar to the program in place now, the City would make repairs to public sidewalks in one to two sections annually on a continuous rotating basis.



Budget Message

Restoration of Berkley Public Library hours of operation. The Berkley Public Library had to greatly reduce its hours of operation during summer 2023 and operated on a slightly reduced schedule during fall and winter. The Public Library is a cultural hub and provides a wide array of services to residents of all ages. The reduction in operating hours was a budget-based decision that coincided with a decrease in full-time staff and the postponement of improvements and capital projects for the building itself. If Berkley voters approved a restoration millage, the library's restored hours of operation and improvements such as small group work spaces for students could be funded.

Employee recruitment and retention initiatives for Public Works and Public Safety. Our residents frequently tout the safety and services they enjoy in Berkley – and often say they do not want these benefits placed in jeopardy from budget cuts. Efforts to recruit and retain quality staff in the Public Works and Public Safety professions have become increasingly difficult, and this is expected to continue for the foreseeable future. This puts the City of Berkley in an increasingly difficult position of competing with state and local agencies for employees who will meet the standards of our community and remain dedicated to keeping Berkley safe. If voters approved a restoration millage, revenues from that millage would fund competitive wage and benefit structures as well as updates to the physical environment where our employees work every day.

The City of Berkley remains committed to providing our residents with the best services available in the most efficient and effective manner possible. As former Treasury Secretary Jacob Lew once said, "The budget is not just a collection of numbers, but an expression of our values and aspirations." Despite our many challenges, the proposed budget for FY 2024-25 is balanced and continues to provide residents with the wide variety of City services and programs they have come to expect, including community priorities outlined in the City's 2021 Master Plan and the 2023 Strategic Plan. This would not have been accomplished without a joint effort with the Mayor, City Council and all the residents and volunteers within the City.

Thank you for your consideration of the draft FY 2024-25 budget.

A handwritten signature in black ink, appearing to read "Matthew Baumgarten".

Matthew Baumgarten
Berkley City Manager



Fund Structure

Governmental Funds

*# 101 General Fund

Capital Projects Funds

- # 443 – Infrastructure
- 469 – Court Building
- 811 – Sidewalk

* Debt Service Fund

- 311 – Eleven Mile Road

* Special Revenue Funds

- # 202 - Major Street
- 203 - Local Street
- 208 – Recreation Revolving
- 211 – Senior Activities
- 226 – Solid Waste
- 252 – Community Development Block Grant

Proprietary (Enterprise) Funds

- 592 - Water and Sewer

Trust and Agency (Fiduciary) Funds

- 703 - Property Tax Collection
- 732 – Public Safety Retirement System
- 735 – Other Post-Employment Benefits OPEB

Component Unit

- 248 - Downtown Development Authority

* Requires Budget

Major Fund



Significant Budget and Accounting Policies

The budgeting and accounting policies of the City of Berkley conform to (GAAP) as applicable to governmental units. The following is a summary of the significant budget and accounting policies:

Basis of Budgeting

All Governmental Funds, including the legally adopted General Fund, Special Revenue Funds, Debt Service and Capital Projects are budgeted for on a modified accrual basis. As an example, employee wages are budgeted to account for the number of days scheduled for each fiscal year. The basis of budgeting is the same as the basis of accounting.

Basis of Accounting

The accrual basis of accounting is used by the Enterprise Funds. All Governmental Funds and Agency Funds use the modified-accrual basis of accounting. Modifications in such methods from the accrual basis are as follows:

Property tax revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Other revenue is recorded when received. Properties are assessed as of December 31 and become a lien then. The related property taxes are billed on July 1 of the following year. These taxes are due without a penalty during the period July 1 through the first business day in September with a penalty added after that date. After February 28, they are added to the County tax rolls. The County Tax Revolving Fund reimburses the City for the real property portion of these taxes and assumes collection responsibilities for both real and personal property taxes.

- Interest on bonded indebtedness and other long-term debt are not recorded as expenditures until the due date.
- Payments for inventory type of supplies are recorded as expenditures at the time of purchase.
- Normally, expenditures are not divided between years by the recording of prepaid expenses.
- The non-current portion of accumulated employee benefits is reflected in the government-wide financial statements.

Fund Structure of Approved Budget

Annual budgets are legally adopted for the General Fund, Special Revenue, and Debt Service Funds as required by the State's Uniform Budgeting and Accounting Act. In addition, although not required by law, budgets are prepared for the Capital Project, Enterprise Fund, and Fiduciary Funds. These budgets are prepared for financial management and project control purposes.

Major Funds

The City of Berkley reports on three major governmental funds which are the General, Major Streets, and Infrastructure Funds.



Financial Structure, Policy, and Process

Fund Accounting

The accounts of the City are organized by funds and account groups, each of which is considered a separate accounting entity. Funds are established to segregate specific activities or objectives of a government in accordance with special regulations, restrictions or limitations. The various funds are grouped into generic fund types in three broad fund categories as follows:

Governmental Funds

General Fund: The General Fund contains the records of the ordinary activities of the City that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue and other sources.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of earmarked revenue from financing activities requiring separate accounting because of legal or regulatory provisions.

Debt Service Fund: Debt Service Funds are used to record the accumulation of resources and payment of principal and interest on general long-term obligations.

Capital Projects Funds: Capital Project Funds are used to account for the development of capital facilities or capital related items other than those financed by the operations of the enterprise funds.

Proprietary Funds

Enterprise Funds: The Water and Sewer Fund is used to account for the results of operations that provide a service to citizens financed by a user charge for the provision of that service.

Trust and Agency Funds

Fiduciary Funds: Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments or other funds. These include the Public Safety Retirement System, OPEB Fund and the Tax Collection Fund. The OPEB Fund is an expendable trust fund and is accounted for in the same manner as governmental funds. The Tax Collection Fund and Agency Fund are custodial in nature and do not involve the measurement of results of operations.

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations are accounted for in the government-wide financial statements, rather than in the governmental funds. Depreciation is reported on a straight-line basis for such fixed assets. All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated. Long-term liabilities expected to be financed from governmental funds are accounted for in the government-wide financial statements, not in the governmental funds.

Fixed assets and long-term liabilities relating to the Water and Sewer Fund are accounted for in those funds. Depreciation on such fixed assets is charged as an expense against the operations of the fund on a straight-line basis.



Financial Structure, Policy, and Process

Cash Equivalents

For purposes of the statement of cash flow, the Enterprise funds consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. In addition, the statements of cash flow include both restricted and unrestricted cash and cash equivalents.

Inventories

Inventories in the Enterprise funds are valued at cost, on a first in, first out basis, which approximates market value.

Deposits and Investments

The City believes that due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation, insuring all bank deposits is impractical. The City evaluates every financial institution it deposits City funds into, assessing the level of risk.

Investments

The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, government agencies, Bankers' acceptances and mutual funds and investment pools that are composed of authorized vehicles.

To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool, except that investment earnings by the Agency Funds are allocated to the General Fund.



Financial Policies

The City of Berkley's financial policies, as compiled below, set forth the basic framework for the overall fiscal management of the City. Operating independently of changing economic circumstances and conditions, these policies help the decision making process of the Mayor, City Council and City Manager. These policies provide guidelines for evaluating both current activities and proposals for future programs.

Most of the policies represent long-standing principles (i.e. traditions and practices) that have guided the City in the past and have helped maintain financial stability.

The City's financial policies serve the administration in the preparation of a balanced operating budget and management of the City's financial affairs.

Operating Budget Policies

The City will attempt to maintain its present service level for all priority and essential services within the existing property tax millage limits.

- The City will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues and expenditures with budgeted amounts.
- The City will emphasize efforts to reduce expenditures in major cost centers (i.e. energy, medical insurance premiums, street lighting, pension cost, and Worker's Compensation payments).
- The Water and Sewer funds will be self-supporting.
- The City will protect against catastrophic losses through a combination of insurance and maintaining appropriate fund balance levels.

Fund Balance/Reserve Policies

The Mayor and City Council follow the following fund balance/reserve policies:

- The General Fund has a minimum fund balance of 20%, a targeted fund balance of 25-35% and a maximum fund balance of 40%. If fund balance falls below the minimum the City will fully replenish to the minimum within two years.
- The Major and Local Street funds have a targeted fund balance of 50-75% without a minimum or maximum.
- The Solid Waste Fund funds has a targeted fund balance of 20-40%.
- The Water and Sewer Fund has a targeted working capital range of \$2 to \$3 million.
- The fund balance policy for all funds not specifically listed above there is no minimum, maximum or targeted balances.
- The City will establish reserves to comply with the terms and conditions of the debt instruments used to finance capital improvement projects.
- The City will review fund balance/reserves annually during the budget process.



Financial Structure, Policy, and Process

Revenue Policies

The City will estimate its annual revenue by a conservative, objective and analytical process.

The City will review fees and charges annually. It will attempt to design and/or modify revenue systems to include provisions that automatically allow charges to grow at a rate that keeps pace with the cost of providing the service.

Non-recurring revenue will be used only to fund non-recurring expenditures.

Capital Improvements Policies

The City will develop a multi-year plan for capital improvements

The City will maintain its physical assets at a level adequate to protect the City's capital investment and to reduce future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital plant and equipment from current revenues where possible.

The City will use the following criteria to evaluate the relative merit of each capital project:

- Projects specifically included in an approved replacement schedule will receive priority consideration.
- Projects will be evaluated as to the impact on the operating budget; those that reduce the cost of operations or energy consumption will receive priority consideration.

Debt Policies

City of Berkley, as a home rule unit, presently has a statutory limit on the amount of general obligation debt outstanding. The limit on the outstanding indebtedness cannot exceed 10% of the equalized assessed valuation. Using 2023 values (the most recent available information), this limitation would allow for approximately \$92.2 million in debt.

Investment Policies

The City's investment objectives in priority order are: Safety, Liquidity, and Yield.

Disbursement, collection, and deposit of all funds will be managed to insure that all cash is invested promptly until needed.

The City will strive to maximize the return on the portfolio, with the primary objective of preserving capital by prudent investment practices.

For the City's complete investment policies please contact the Finance Department.



Financial Structure, Policy, and Process

Accounting, Auditing and Financial Reporting Policies

An independent audit will be performed annually.

The City will produce annual financial reports following Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

The City will maintain strong internal audit controls.

Purchasing Policies

The Purchasing Division is responsible for the administration of the procurement process for the supplies, materials and equipment required for the operation and maintenance of the City's departments and facilities.

Purchases will be made in accordance with federal, state and municipal requirements.

Purchases will be made in an impartial, economical, competitive, and efficient manner.

Purchases under \$3,000: Department's responsibility to obtain best price possible and to foster competition.

Purchases \$3000 - \$7,499: Department's responsibility to obtain complete quotes in writing and then to obtain best price possible.

Purchases over \$7,500: Formal sealed bids must be obtained. All bids and/or written quotations and request for proposals are awarded by the Mayor and City Council.

Grant Policies

The City Manager reviews and approves department requests to pursue grants.

Completed applications requiring a local match are presented for approval to the Mayor and City Council. The approval includes financing mechanism and required matching funds.

Upon notice of grant award Mayor and City Council approves budget and formal acceptance.

The Finance Department works with the initiating department for proper reporting and program monitoring.



Budget Policies and Procedures

Role of the Budget

The budget provides the annual financial plan for the management of the City's affairs. The document compiles the financial data needed to support Berkley's comprehensive decision making/policy development process. This Budget is based on the Mayor and City Council Goals, the Capital Improvements needs, and the City's financial policies, past Mayor and City Council direction, and City Manager and departmental review of operations.

Budget Strategy

The current financial plan is based upon Mayor and Council direction and current revenue constraints. These factors govern the stewardship of public funds and reflect the following principles:

- Basic services will be maintained at least at current levels and will be funded adequately.
- Program costs will reflect a true picture of the cost of operations. Depreciation will not be included in program costs and some City-wide expenses will be separated from program expenditures for ease of administration.
- Program services will be provided in the most efficient method while meeting the needs of the public.
- Necessary infrastructure improvements will be undertaken to meet needs.
- Revenue will be estimated at realistic levels.
- Reserves will be programmed at appropriate levels to protect the City from future uncertainties.
- The budget will comply with provisions of the State Constitution, City Charter, Municipal Code and sound fiscal policy.

Balanced Operating Budget

A balanced budget is a basic budgetary constraint intended to ensure that the City does not spend beyond its means. The City must function within the limits of the financial resources available and under normal circumstances, requires commitment to a balanced budget. The appropriated budget cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. Any deviation from a balanced operating budget requires disclosure when it occurs.

Impact of Capital Budget on the Operating Budget

As new policies and programs are approved, both the operating and capital budgets are impacted. For example, an increase in service levels approved as part of the operating budget would have long-term effects on the Capital Improvements Program. Conversely, a restrictive change to the use of long-term debt would slow capital programs.



Financial Structure, Policy, and Process

Regardless of the difference between the operating and capital budgets, the two are interdependent. Budgetary policy states that all foreseeable operating costs related to capital projects be estimated and provided for as part of the review process associated with the Capital Improvements Program. In addition, departments are required to include costs associated with operating and maintaining capital projects that are requested for the upcoming year.

Budgetary Internal Controls

The annual adopted budget provides a basis of control over financial operations. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the approved budget. Activities of the General Fund, Special Revenue and Debt Service Funds are included in the annual approved budget. The level of budgetary control (that is the level at which expenditures cannot exceed the appropriated amount) is established by function for the General Fund and at the fund level for the Special Revenue and Debt Service Funds.

Independent Audit

State statutes and the City Charter require an annual audit of all accounts of the City by certified public accountants selected by the Mayor and City Council. PSLZ, PLLC has fulfilled this requirement. The auditor's report is included in the City's Annual Financial Report with supplemental information and is available to the public.

Budget Process

The City's annual budget covers a twelve-month period beginning July 1 and ending June 30. The budget is an ongoing process that includes phases of development, adoption, implementation and oversight throughout the year.

Several goals are associated with the preparation and development of the City's annual budget document. First, the budget is a policy document. The document should help foster comprehensive community problem-solving and policy making. Second, the budget is a financial plan and management tool. The document should help staff in monitoring revenue and expenditures and in evaluating the effectiveness of City programs and services. Third, the budget serves as an important reference document. It should provide the Mayor and City Council, the public and staff with extensive information on the nature and scope of municipal operations and services.

Building the Recommended Budget

Under the direction of the City Manager, and with the assistance of the City Assessor and other Department Heads and staff, the Finance Director prepares an initial projection of revenue for the next fiscal year. This projection is based on reasonable assumptions of revenue generated by estimated property values and current user fees, and the best available information from the State of Michigan.

Spending priorities are based on the City's financial policies and mandated requirements, and focus on maintaining services, covering insurance and bond requirements, and the balancing of labor, supplies, and equipment.



Financial Structure, Policy, and Process

City Manager Review

The City Manager makes the final adjustments and works with the Finance Director and staff to prepare the draft of the Proposed Budget.

Mayor and City Council Adoption

After receiving the Proposed Budget, a public hearing is conducted to assure that all persons and organizations are provided an opportunity to be heard. The Mayor and City Council then makes its revisions and adopts the budget for the next fiscal year no later than June 30.

Budget Amendment Process

After the budget is adopted, the primary responsibility for managing it falls to the individual departments. The Finance Department reviews the monthly budget reports concurrently with the departments. Management flexibility is given to each department of exceeding a line item within a function if it can be compensated for within that same function.

If a function must be adjusted, a formal budget amendment must be requested. The Finance Department prepares a formal budget amendment which is presented to the Mayor and City Council along with a report on the status of the contingency balance for approval.



Long-Range Financial Plan – Multi-Year Budget 2025-2026

The City of Berkley has recognized the need for planning to provide quality services to its residents. The City has prepared a two-year budget, going beyond the requirement for adoption of an annual budget. The multi-year budget is prepared using projections based on the best information/data available at the time. The research includes obtaining data from the County and State of Michigan. This future outlook allows the City to plan rather than react to anticipated financial conditions.

General Fund

General Fund

The General Fund is used to account for all financial resources traditionally associated with City government, except those required to be accounted for in another fund. The General Fund includes police, fire, city manager, building inspection, senior and recreation services, public works, assessing, and internal services such as legal and finance among others. The two primary sources of revenue for this fund are general property taxes and state shared revenue. In addition, the General Fund also receives revenue from licenses and permits, grants, fines and forfeitures and interest on investments.



Financial Summaries

GENERAL FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
PROPERTY TAXES	\$ 8,868,129	\$ 9,337,839	\$ 9,815,000	\$ 10,107,000
FEDERAL GRANTS	617,528	2,250,500	501,500	1,500
STATE SOURCES	1,983,685	2,048,540	2,063,991	2,049,731
CHARGES FOR SERVICES	1,114,547	1,271,525	1,297,775	1,301,875
FINES AND FORFEITURES	169,488	152,000	178,000	178,000
LICENSES AND PERMITS	792,932	872,300	901,300	901,300
INVESTMENT INCOME	212,463	210,000	213,834	211,994
OTHER REVENUE	780,803	488,663	598,500	559,500
TOTAL ESTIMATED REVENUES	14,539,575	16,631,367	15,569,900	15,310,900
APPROPRIATIONS				
CITY COUNCIL	35,229	18,925	28,100	20,900
MANAGER	320,994	306,553	308,500	317,000
CITY CLERK/ELECTIONS	241,095	309,794	329,600	316,000
FINANCE	573,382	387,203	461,500	461,500
LEGAL	115,219	141,000	135,000	140,000
TREASURER	134,049	171,199	176,300	179,600
CITY HALL	456,659	2,039,135	140,200	141,600
FACILITIES	-	-	503,400	413,000
PLANNING	156,969	230,137	236,700	240,900
INSPECTION	619,431	310,402	411,000	422,700
COMMUNITY PROMOTION	66,028	58,060	55,300	55,300
INSURANCE	1,167,968	1,293,712	1,293,000	1,300,000
ACTIVE EMPLOYEE BENEFITS	1,190,363	1,446,146	1,469,200	1,609,200
CORONAVIRUS	11,084	-	-	-



Financial Summaries

GENERAL FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
APPROPRIATIONS (CONTINUED)				
PUBLIC SAFETY:				
ADMINISTRATION	\$ 183,312	\$ 209,981	\$ 248,900	\$ 255,300
DISPATCH	526,688	578,790	517,000	530,100
OPERATIONS	3,878,559	3,919,274	4,372,300	4,091,700
RETIREE BENEFITS	1,666,400	1,691,678	1,702,700	1,748,200
ANIMAL CONTROL	72,555	84,025	84,400	85,900
TOTAL PUBLIC SAFETY	6,327,514	6,483,748	6,925,300	6,711,200
PUBLIC WORKS:				
OPERATIONS	773,436	542,472	540,800	498,400
STREET PROGRAMS	208,791	214,609	231,000	238,000
GARAGE	242,803	331,939	309,700	311,400
TOTAL PUBLIC WORKS	1,225,030	1,089,020	1,081,500	1,047,800
RECREATION AND CULTURE:				
LIBRARY	747,794	684,666	683,600	675,200
WBRK	260,822	295,809	299,700	302,000
COMMUNICATIONS	197,011	193,406	194,000	187,000
TOTAL RECREATION AND CULTURE	1,205,627	1,173,881	1,177,300	1,164,200
TOTAL APPROPRIATIONS	13,846,641	15,458,915	14,731,900	14,540,900
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER IN	85,000	100,000	-	-
OPERATING TRANSFER OUT	(1,470,000)	(1,050,000)	(838,000)	(770,000)
SALE OF CAPITAL ASSETS	53,398	-	-	-
TOTAL OTHER FINANCING SOURCES	(1,331,602)	(950,000)	(838,000)	(770,000)
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	(638,668)	222,452	-	-
BEGINNING FUND BALANCE	4,706,698	4,068,030	4,290,482	4,290,482
ENDING FUND BALANCE	\$ 4,068,030	\$ 4,290,482	\$ 4,290,482	\$ 4,290,482



Special Revenue Funds

Major Street Fund

The Major Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the Major Street portion (as defined by State Act 51) of the City's street network. Of the 51.58 total centerline miles that make up the City of Berkley road network, the City has 15.63 centerline miles of Major streets. Financing is primarily provided by the City's share of State gas and weight taxes.

MAJOR STREETS FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
STATE SOURCES	\$ 1,355,743	\$ 1,376,910	\$ 1,474,000	\$ 1,532,000
CHARGES FOR SERVICES	12,539	32,210	44,000	46,000
INVESTMENT INCOME	76,089	70,000	54,194	45,378
OTHER REVENUE	25,185	-	-	-
TOTAL ESTIMATED REVENUES	1,469,556	1,479,120	1,572,194	1,623,378
APPROPRIATIONS				
PUBLIC WORKS	706,183	840,924	735,694	746,878
CAPITAL OUTLAY	-	1,687,417	1,339,500	1,602,500
TOTAL APPROPRIATIONS	706,183	2,528,341	2,075,194	2,349,378
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER OUT	(200,000)	(200,000)	(697,000)	(390,000)
TOTAL OTHER FINANCING SOURCES	(200,000)	(200,000)	(697,000)	(390,000)
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	563,373	(1,249,221)	(1,200,000)	(1,116,000)
BEGINNING FUND BALANCE	3,002,051	3,565,424	2,316,203	1,116,203
ENDING FUND BALANCE	\$ 3,565,424	\$ 2,316,203	\$ 1,116,203	\$ 203



Financial Summaries

Local Street Fund

The Local Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the City's 35.95 centerline miles of Local Streets. Financing is provided by the City's share of State gas and weight taxes and transfers from other funds.

LOCAL STREETS FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
STATE SOURCES	\$ 482,628	\$ 545,154	\$ 526,800	\$ 547,900
LICENSES AND PERMITS	-	38,452	-	-
INVESTMENT INCOME	21,438	20,000	20,227	14,660
OTHER REVENUE	35,346	26,200	35,000	35,000
TOTAL ESTIMATED REVENUES	539,412	629,806	582,027	597,560
APPROPRIATIONS				
PUBLIC WORKS	683,611	733,994	682,027	686,560
CAPITAL OUTLAY	32,161	216,000	277,000	1,555,000
TOTAL APPROPRIATIONS	715,772	949,994	959,027	2,241,560
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER IN	200,000	200,000	697,000	390,000
TOTAL OTHER FINANCING SOURCES	200,000	200,000	697,000	390,000
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	23,640	(120,188)	320,000	(1,254,000)
BEGINNING FUND BALANCE	1,030,787	1,054,427	934,239	1,254,239
ENDING FUND BALANCE	\$ 1,054,427	\$ 934,239	\$ 1,254,239	\$ 239



Financial Summaries

Recreation Revolving Fund

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

RECREATION REVOLVING FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
CHARGES FOR SERVICES	\$ 528,471	\$ 523,515	\$ 525,500	\$ 525,500
STATE SOURCES	-	300,000	-	-
INVESTMENT INCOME	179	2,200	1,343	1,260
OTHER REVENUE	27,973	12,400	7,300	7,300
TOTAL ESTIMATED REVENUES	556,623	838,115	534,143	534,060
APPROPRIATIONS				
RECREATION AND CULTURE	1,178,012	1,204,343	1,222,643	1,239,060
CAPITAL OUTLAY	577,429	391,000	149,500	65,000
TOTAL APPROPRIATIONS	1,755,441	1,595,343	1,372,143	1,304,060
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER IN	1,370,000	900,000	838,000	770,000
TOTAL OTHER FINANCING SOURCES	1,370,000	900,000	838,000	770,000
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	171,182	142,772	-	-
BEGINNING FUND BALANCE	17,577	188,759	331,531	331,531
ENDING FUND BALANCE	\$ 188,759	\$ 331,531	\$ 331,531	\$ 331,531



Financial Summaries

Solid Waste Fund

The Solid Waste Fund records the activity related to the City trash collection program. Financing for the annual service is provided by a dedicated property tax millage.

SOLID WASTE FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
PROPERTY TAXES	\$ 1,113,587	\$ 1,176,291	\$ 1,234,000	\$ 1,271,000
STATE SOURCES	-	-	6,000	6,000
CHARGES FOR SERVICES	421,677	546,224	762,000	762,000
INVESTMENT INCOME	13,551	15,000	15,292	15,814
OTHER REVENUE	6,167	11,000	10,000	10,000
TOTAL ESTIMATED REVENUES	1,554,982	1,748,515	2,027,292	2,064,814
APPROPRIATIONS				
PUBLIC WORKS	1,488,852	1,743,118	1,808,392	1,881,314
CAPITAL OUTLAY	-	-	192,000	-
TOTAL APPROPRIATIONS	1,488,852	1,743,118	2,000,392	1,881,314
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	66,130	5,397	26,900	183,500
BEGINNING FUND BALANCE	237,337	303,467	308,864	335,764
ENDING FUND BALANCE	\$ 303,467	\$ 308,864	\$ 335,764	\$ 519,264



Community Development Block Grant Fund

This fund records federal grant monies passed through to the City from Oakland County to assist economically disadvantaged areas within the community and those citizens who are also economically disadvantaged.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
FEDERAL GRANTS	\$ -	\$ 35,000	\$ 35,000	\$ 35,000
INVESTMENT INCOME	26	-	-	-
TOTAL ESTIMATED REVENUES	26	35,000	35,000	35,000
APPROPRIATIONS				
COMMUNITY & ECONOMIC DEVELOP	6,821	35,000	35,000	35,000
TOTAL APPROPRIATIONS	6,821	35,000	35,000	35,000
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	(6,795)	-	-	-
BEGINNING FUND BALANCE	17,237	10,442	10,442	10,442
ENDING FUND BALANCE	\$ 10,442	\$ 10,442	\$ 10,442	\$ 10,442



Senior Activities Fund

The Senior Activities Fund is used to account for all senior recreation revenue and expenditures associated with senior programs planned in the parks and recreation department. The fund also accounts for all SMART senior transportation activity. User fees and grants are the main revenue source for this fund.

SENIOR ACTIVITIES FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
STATE SOURCES	\$ 18,736	\$ 22,880	\$ 19,000	\$ 19,000
CHARGES FOR SERVICES	67,393	66,759	65,000	65,000
INVESTMENT INCOME	760	1,000	829	982
TOTAL ESTIMATED REVENUES	86,889	90,639	84,829	84,982
APPROPRIATIONS				
HEATH AND WELFARE	71,249	88,171	84,829	84,982
TOTAL APPROPRIATIONS	71,249	88,171	84,829	84,982
NET OF REVENUE/APPROPRIATIONS	15,640	2,468	-	-
BEGINNING FUND BALANCE	13,302	28,942	31,410	31,410
ENDING FUND BALANCE	\$ 28,942	\$ 31,410	\$ 31,410	\$ 31,410



Debt Service Fund

11 Mile Road Bond Fund

The fund is used to account for the 2006 voter approved debt issuance and related property tax levy for the reconstruction of Eleven Mile Road. The bonds were paid off in a previous year and the fund is considered closed at June 30, 2024.

ELEVEN MILE ROAD BOND FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
INVESTMENT INCOME	\$ -	\$ -	\$ -	\$ -
TOTAL ESTIMATED REVENUES	-	-	-	-
APPROPRIATIONS				
DEBT SERVICE	-	-	-	-
TOTAL APPROPRIATIONS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER OUT	-	(12,666)	-	-
TOTAL OTHER FINANCING SOURCES	-	(12,666)	-	-
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	-	(12,666)	-	-
BEGINNING FUND BALANCE	12,666	12,666	-	-
ENDING FUND BALANCE	\$ 12,666	\$ -	\$ -	\$ -



Capital Project Funds

Court Building Fund

This fund is used to account for capital activity of the district court building. In July, 2015 the court was consolidated with the City of Royal Oak. Upon dissolution of the court, the capital improvement funds remaining are permissible to be transferred to the General Fund for allowable purposes. The fund is considered closed as of June 30, 2024.

COURT PROJECTS FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
INVESTMENT INCOME	\$ 3,520	\$ 3,500	\$ -	\$ -
TOTAL ESTIMATED REVENUES	3,520	3,500	-	-
APPROPRIATIONS				
CAPITAL OUTLAY	-	-	-	-
TOTAL APPROPRIATIONS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER OUT	(85,000)	(280,210)	-	-
TOTAL OTHER FINANCING SOURCES	(85,000)	(280,210)	-	-
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	(81,480)	(276,710)	-	-
BEGINNING FUND BALANCE	358,190	276,710	-	-
ENDING FUND BALANCE	\$ 276,710	\$ -	\$ -	\$ -



Financial Summaries

Infrastructure Fund

This fund is used to account for capital activity and related tax revenue of the 2018 voter approved millage of not to exceed 2 mills.

INFRASTRUCTURE MILLAGE FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
PROPERTY TAXES	\$ 1,278,487	\$ 1,350,477	\$ 1,421,000	\$ 1,477,000
STATE SOURCES	-	6,393	-	-
INVESTMENT INCOME	51,464	50,089	29,000	23,000
TOTAL ESTIMATED REVENUES	1,329,951	1,406,959	1,450,000	1,500,000
APPROPRIATIONS				
CAPITAL OUTLAY	2,542,030	2,608,000	750,000	2,200,000
TOTAL APPROPRIATIONS	2,542,030	2,608,000	750,000	2,200,000
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER IN	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	(1,212,079)	(1,201,041)	700,000	(700,000)
BEGINNING FUND BALANCE	2,413,120	1,201,041	-	700,000
ENDING FUND BALANCE	\$ 1,201,041	\$ -	\$ 700,000	\$ -



Sidewalk Fund

This fund is used to account for any special assessment sidewalk projects within the City. Special assessment revenue will be collected to offset the actual construction expenditures of sidewalk projects. Engineering costs for the sidewalks will be paid from the Major and Local Street Funds.

SIDEWALK FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
SPECIAL ASSESSMENTS	\$ 108,173	\$ 201,100	\$ -	\$ -
INVESTMENT INCOME	674	991	-	-
TOTAL ESTIMATED REVENUES	108,847	202,091	-	-
APPROPRIATIONS				
CAPITAL OUTLAY	204,041	305,408	7,500	-
TOTAL APPROPRIATIONS	204,041	305,408	7,500	-
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFER IN	100,000	93,900	-	-
TOTAL OTHER FINANCING SOURCES	100,000	93,900	-	-
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	4,806	(9,417)	(7,500)	-
BEGINNING FUND BALANCE	12,111	16,917	7,500	-
ENDING FUND BALANCE	\$ 16,917	\$ 7,500	\$ -	\$ -



Enterprise Fund

Water and Sewer Fund

The fund provides water to customers and disposes of sanitary sewage in exchange for user fees. In addition to covering the operating costs of the system, the fund also charges user fees to cover any related debt and capital expenditures.

WATER AND SEWER FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
STATE SOURCES	\$ -	101,920	-	-
CHARGES FOR SERVICES	6,595,343	8,573,009	8,946,517	9,799,723
INVESTMENT INCOME	6,012	7,000	7,652	7,674
RENTAL INCOME	18,704	15,400	20,000	20,000
OTHER REVENUE	107,953	412,134	181,000	207,000
TOTAL ESTIMATED REVENUES	6,728,012	9,109,463	9,155,169	10,034,397
APPROPRIATIONS				
OPERATING AND MAINTENANCE	6,968,663	5,945,450	6,090,343	6,303,454
DEPRECIATION	747,739	-	-	-
CAPITAL OUTLAY	-	1,722,790	3,020,900	3,687,000
DEBT SERVICE	23,833	418,060	43,926	43,943
TOTAL APPROPRIATIONS	7,740,235	8,086,300	9,155,169	10,034,397
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	(1,012,223)	1,023,163	-	-
BEGINNING NET POSITION	20,205,413	19,193,190	20,216,353	20,216,353
ENDING NET POSITION	\$ 19,193,190	\$ 20,216,353	\$ 20,216,353	\$ 20,216,353



Fiduciary Fund

Public Safety Pension Fund

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

PUBLIC SAFETY PENSION FUND				
	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ADDITIONS				
EMPLOYER CONTRIBUTIONS	\$ 1,315,000	\$ 1,380,750	\$ 1,449,788	\$ 1,500,000
EMPLOYEE CONTRIBUTIONS	16,393	39,000	35,000	35,000
INVESTMENT INCOME	2,112,947	475,000	1,264,000	1,303,000
TOTAL ADDITIONS	3,444,340	1,894,750	2,748,788	2,838,000
DEDUCTIONS				
BENEFIT PAYMENTS	2,033,055	2,216,000	2,100,000	2,200,000
ADMINISTRATIVE EXPENSES	169,268	75,736	83,788	85,000
TOTAL DEDUCTIONS	2,202,323	2,291,736	2,183,788	2,285,000
NET INCREASE IN FIDUCIARY NET POSITION	1,242,017	(396,986)	565,000	553,000
NET POSITION - BEGINNING OF YEAR	19,072,555	20,314,572	19,917,586	20,482,586
NET POSITION - END OF YEAR	\$ 20,314,572	\$ 19,917,586	\$ 20,482,586	\$ 21,035,586



Component Unit

Downtown Development Authority Fund

The Downtown Development Authority Fund accounts for the activity to correct and prevent deterioration, encourage historical preservation, and promote economic growth within the downtown district. The fund is primarily funded by property tax revenue captures and a millage.

DOWNTOWN DEVELOPMENT AUTHORITY FUND

	ACTUAL 2022-23	ESTIMATED 2023-24	BUDGET 2024-25	PROJECTED 2025-26
ESTIMATED REVENUES				
PROPERTY TAXES	\$ 394,365	\$ 398,000	\$ 424,000	\$ 436,700
STATE SOURCES	-	24,000	10,000	10,000
INVESTMENT INCOME	10,397	11,000	10,234	9,995
OTHER REVENUE	20,115	30,000	15,000	15,000
TOTAL ESTIMATED REVENUES	424,877	463,000	459,234	471,695
APPROPRIATIONS				
COMMUNITY & ECONOMIC DEVELOP	394,473	503,149	454,234	457,695
CAPITAL OUTLAY	55,407	160,000	70,000	-
TOTAL APPROPRIATIONS	449,880	663,149	524,234	457,695
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	(25,003)	(200,149)	(65,000)	14,000
BEGINNING FUND BALANCE	314,861	289,858	89,709	24,709
ENDING FUND BALANCE	\$ 289,858	\$ 89,709	\$ 24,709	\$ 38,709



Fund Balance

Fund Balance is the difference between assets and liabilities in a governmental fund. The governmental funds account for the City's bread-and-butter, are typically tax-supported activities of a government (as opposed to enterprise funds, which are self-supporting, business-like activities), and include the following:

- General Fund – where a government accounts for everything not reported in another fund
- Special Revenue Funds – for reporting specific sources that are limited to being used for a particular purpose
- Debt Service Funds – which track the accumulation and use of resources for repayment of principal and interest on long-term debt
- Capital Project Funds – which track the accumulation and use of resources for construction, acquiring, and rehabilitating capital assets (such as buildings and roads)

GASB 54

GASB Statement No. 54 creates five components of fund balance, though not every government or governmental fund will report all components. This approach is intended to provide users consistent and understandable information about a fund's net resources. The five components are:

Nonspendable Fund Balance

**cannot be spent (legally restricted or in unspendable form)*

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually (corpus or principal of a permanent fund)

Restricted Fund Balance

**externally imposed (law, creditor, bond covenant)*

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for restricted net assets.

Committed Fund Balance

**constraints approved by Council*

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.



Assigned Fund Balance

**constrained by intent by Mayor and City Council, or by the City Manager, or by a body/person to which City Council designates the authority*

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.
- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

**available to spend, unrestricted*

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.
- For all governmental funds other than the general fund, amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

Resolution of Adoption 2024 Millage Rates

WHEREAS, the Mayor and City Council has agreed to keep the City's total millage at the same rate as last year's 13.0698 mills and

WHEREAS, that these levies are being placed on a diversified tax base that has decreased slightly as anticipated in the financial plan, and

WHEREAS, a public hearing was held on April 29, 2024 on the 2024 millage rates and the 2024-2025 budget,

NOW, THEREFOR, BE IT RESOLVED, that to finance the level of services established in the 2024-2025 fiscal year, and to meet specific debt obligations of the City that the following millages are authorized to be spread:

General Operating	7.9299
Police/Fire	1.6120
Economic Development	0.0652
Solid Waste	1.6120
Capital Improvement	<u>1.8507</u>
	<u>13.0698</u>

Resolution of Adoption Fiscal-Year 2024-2025 Budget and Acknowledging the Multi-Year Budget Including Projections of Future Fiscal-Year 2025-2026

WHEREAS, the City Manager has submitted a balance proposed budget for fiscal year 2024-2025 and

WHEREAS, the budget takes into consideration the City's multi-year budget and financial planning through fiscal year 2025-2026, and

WHEREAS, the budget takes into consideration property tax revenue from the proposed 2024 millage rates, and

WHEREAS, a public hearing was held on April 29, 2024 on the proposed 2024-2025 budget,

NOW, THEREFOR, BE IT RESOLVED, that the fiscal year 2024-2025 attached budget is adopted (including the proposed property tax and water and sewer rate changes) and that the City Council acknowledges the Multi-Year Budget, including projections of future-year 2025-2026 as part of this resolution.