

Annual Comprehensive Financial Report

City of Berkley, Michigan

*Year Ended June 30, 2024  
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, 2024  
as prepared by the Finance Department

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## **City Council**

Bridget Dean – Mayor

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

Dennis S. Hennen  
Clarence Black  
Jessica Vilani

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## **City Manager**

Crystal VanVleck

## **Finance Director**

Carl Johnson

City of Berkley, Michigan  
Annual Comprehensive Financial Report  
Year Ended June 30, 2024

**Contents**

Introductory Section

List of City Officials .....	i
Letter of Transmittal.....	ii
GFOA Certificate of Achievement .....	vi
Fund Organization Chart.....	vii
Organizational Chart .....	viii

Financial Section

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4

*Basic Financial Statements*

Government Wide Financial Statements

Statement of Net Position.....	12
Statement of Activities .....	13

Fund Financial Statements

Governmental Funds

Balance Sheet .....	14
Reconciliation of the Balance Sheet to the Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	17

Proprietary Funds

Statement of Net Position.....	18
Statement of Revenues, Expenses, and Changes in Net Position .....	19
Statement of Cash Flows.....	20

## Fiduciary Funds

Statement of Fiduciary Net Position .....	21
Statement of Changes in Fiduciary Net Position .....	22
Notes to Financial Statements .....	23

### *Required Supplementary Information*

Schedule of Pension Investment Returns – Public Safety Pension Plan.....	61
Schedule of Changes in Net Pension Liability and Related Ratios – Public Safety Pension Plan .....	62
Schedule of Pension Contributions – Public Safety Pension Plan .....	63
Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Employees’ Retirement System .....	64
Schedule of Pension Contributions – Municipal Employees’ Retirement System .....	65
Schedule of Changes in Net OPEB Liability and Related Ratios.....	66
Schedule of OPEB Contributions.....	67
Schedule of OPEB Investment Returns .....	68
Budgetary Comparison Schedule – General Fund .....	69
Budgetary Comparison Schedule – Major Streets Fund .....	70
Notes to Required Supplementary Information .....	71

### *Other Supplementary Information*

## Nonmajor Governmental Funds

Nonmajor Governmental Funds Description.....	72
Combining Balance Sheet .....	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	75
Budgetary Comparison Schedules – Nonmajor Governmental Funds.....	76

## Fiduciary Funds

Fiduciary Funds Description .....	85
Combining Statement of Fiduciary Net Position .....	86
Combining Statement of Changes in Fiduciary Net Position .....	87

## Statistical Section

### Description of Statistical Section

### Financial Trend Information

Net Position by Component .....	88
Changes In Governmental Activities Net Position .....	89
Changes in Business-type Net Position.....	90
Fund Balances – Governmental Funds .....	91
Changes in Fund Balances – Governmental Funds.....	92

## Revenue Capacity Information

Taxable Value and Estimated Actual Value of Taxable Property .....	93
Direct and Overlapping Property Tax Rates .....	94
Principal Property Tax Payers.....	96
Property Tax Levies and Collections .....	97

## Debt Capacity Information

Ratios of Outstanding Debt.....	98
Ratios of General Bonded Debt Outstanding.....	99
Direct and Overlapping Governmental Activities Debt.....	100
Legal Debt Margin .....	101
Pledged-Revenue Coverage .....	103

## Demographic and Economic Information

Demographic and Economic Statistics.....	104
Principal Employers .....	105

## Operating Information

Full-Time Equivalent City Government Employees.....	106
Operating Indicators.....	107
Capital Assets Statistics .....	109

City of Berkley, Michigan  
List of City Officials June 30, 2024



**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  
Ric Chalmers, Deputy Director  
Janis Laity, Executive Assistant

**Finance/Treasury Department**

Carl Johnson, Finance Director  
Bryan Bemis, Treasurer

**Library**

Matthew Church, Library Director  
Lauren Diamond, Office Administrator

**Parks and Recreation**

Dan McMinn, Interim Director  
Bobby Green, Manager of Recreation Programs

**Community Development**

Kristen Kapelanski, Director  
Kimberly Anderson, Zoning Administrator

**Public Safety**

Matthew Koehn, Chief  
Mary Staron, Executive Assistant



**CITY OF BERKLEY**  
**OFFICE OF THE CITY MANAGER**  
3338 COOLIDGE HWY, BERKLEY, MICHIGAN 48072

**LETTER OF TRANSMITTAL**

December 30, 2024

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, 2024.

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) has awarded the City of Berkley with a certificate of excellence in financial reporting from GFOA for its first Annual Comprehensive Financial Report that was provided to the leadership and citizens of the City for the last ten fiscal years and we expect to continue this tradition in 2024.

**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/District Court, 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% between 2012 and 2022. However, high inflation drove that rate up to 7.9% in 2023, the highest measured since the implementation of the voter-approved Proposal A of 1994. That rate is expected to fall to approximately 3.1% but the State has yet to publish the rate for 2025 as of authoring this letter.

The City’s total tax levy for 2024 was 15.7698 which was unchanged from the 2023 rate. 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 2024/25 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, 2017. 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.”



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 \$96,993 per the Census Bureau's 2021 American Community Survey (ACS). The same survey also listed the per capita income at \$51,070. The City's real estate market has consistently outperformed the region. The 2021 ACS listed the median market rate for housing values as \$238,200 and, as of December 2023, Zillow.com lists that same figure at \$284,949.

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 \$766,329,150 as of 2024. Per Oakland County Equalization division, there are 7,034 taxable parcels in the City of Berkley, meaning the average taxable value in Berkley is \$108,946.42 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 15,000 people through 2045. As of 2020, the population of the City of Berkley is estimated at 15,513. Per the American Community Survey 2021, there are just over 64,629 single-family homes and another 623 multi-unit residences. Within these 7,252 housing units, 5,934 were owner-occupied and another 1,133 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 Beaumont Hospital are large local employers. Regionally, the main campus of Beaumont Hospital 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 67.54% funding ratio with a millage rate set at 2.700 for 2024. 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, should be available from MERS in the summer of 2024 with an improved rate.

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 \$6,542,038, leaving the plan just over 54% funded in 2024.

**Internal Controls and Other Internal Factors** - The City continues to review and examine internal controls regularly. Any internal control system contains inherent limitations wherein the objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. In addition, the cost of an internal control should not exceed the benefit. 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, City Treasurer Bryan Bemis, Deputy Treasure Gina Harold, and Cashier Phyllis Brown. 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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Berkley  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

# City of Berkley, Michigan Fund Organization Chart



## **GOVERNMENTAL FUNDS**

General Fund

## **Special Revenue Funds**

Major Street  
Local Street  
Infrastructure Fund  
Solid Waste  
Community Development Block Grant (CDGB)  
Recreation Revolving  
Seniors' Program

## **Capital Projects**

Court Projects  
Sidewalk Fund

## **Debt Service**

Eleven Mile Road Debt Service

## **PROPRIETARY FUNDS**

Water & Sewer System

## **FIDUCIARY - PENSION TRUST FUNDS**

Public Safety Pension System  
Other Postemployment Benefits

## **FIDUCIARY - CUSTODIAL FUND**

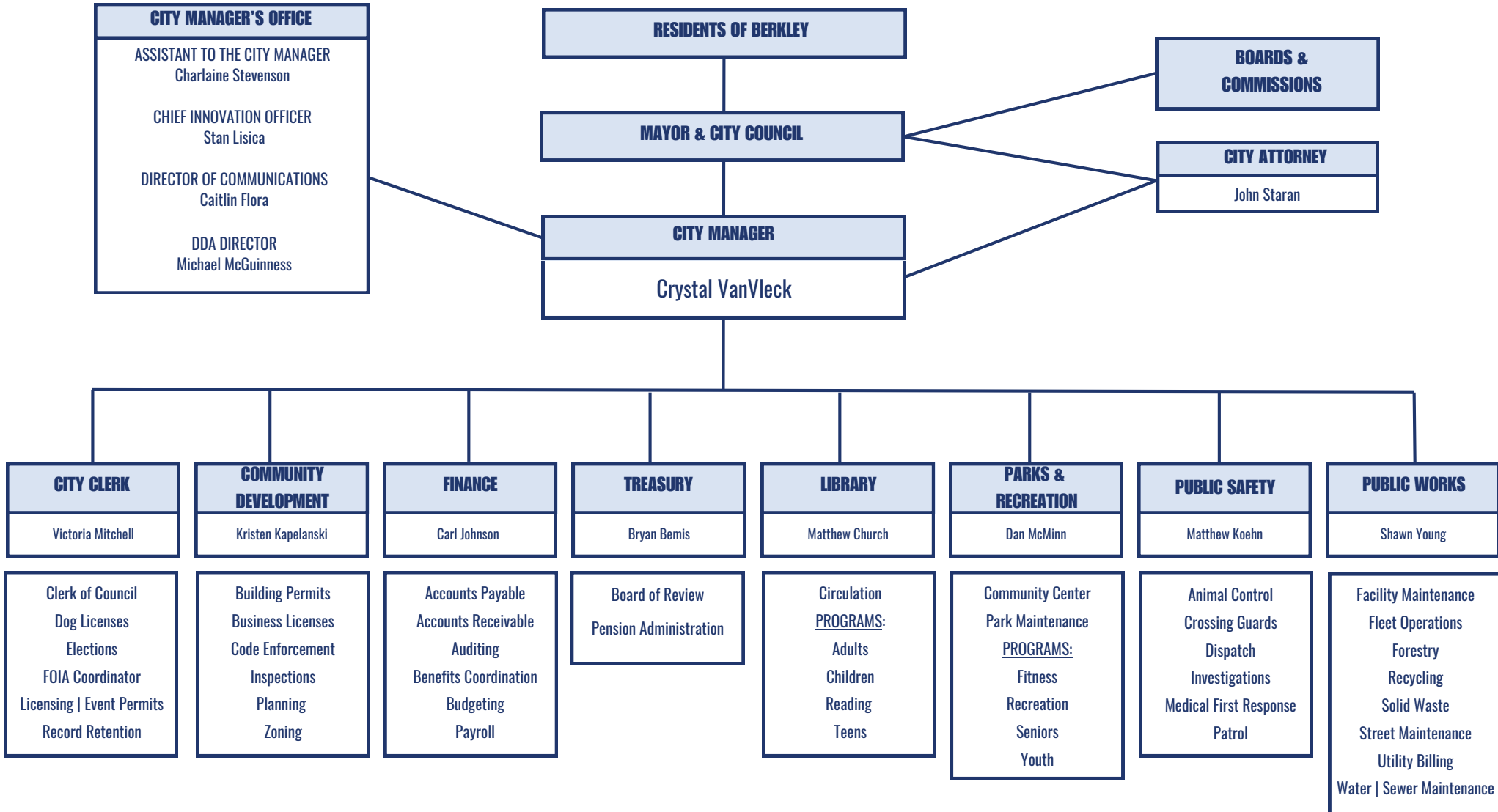
Tax Collection Fund

## **COMPONENT UNIT**

Downtown Development Authority



# CITY OF BERKLEY ORGANIZATIONAL CHART 2023-2024



## 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, 2024, 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, 2024, 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 December 30, 2024, 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  
December 30, 2024



# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2024

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, 2024.

### **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 \$4,724,607 which is compared to three-year average expenses of \$13,416,944 for a funding ratio of 35%. This ratio falls within the target range 25% to 35%. Unassigned fund balance is the portion of the total that is retained for the purpose of responding for unforeseen challenges after non-spendable, restricted, committed, and assigned classifications have been identified.
- The City's overall taxable value increased 8.3% from \$707,328,110 in 2023 to \$766,329,150 for the July 1, 2023 tax collection season that funds the 2023-2024 fiscal year. Per state law, this growth lags behind the growth in assessed values. Thankfully, this fiscal year marks over ten 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, public safety pension, and infrastructure millages remained flat compared to fiscal year 2023 after Michigan's Headlee provision of the state constitution. Our Community Promotions millage decreased by 8.3% from .0706 to .0652.
- Last year, a ballot measure to offset years of millage 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 2023/2024 fiscal year.
- It is anticipated that State Shared Revenues will increase slightly in future fiscal years. Constitutional and city, village, and township revenue-sharing payments (CVTRS), the City's second largest revenue source, increased by \$27,979 or 1.5%, in fiscal year 2023-2024, as compared to 2022-2023.
- The City continued to maintain the structural integrity of its water mains and sewer system by investing approximately \$2,027,000 in water and sewer equipment and improvements in fiscal year 2023-2024.

# City of Berkley

## Management’s Discussion and Analysis

Year Ended June 30, 2024

- The City also continued to invest in its general infrastructure with over \$5 million worth of capital improvements in fiscal year 2023-2024. Improvements included major and local street improvements, sidewalk improvements, City Hall and Community Center improvements, and equipment purchases.
- For the 24<sup>th</sup> consecutive year, the City invested in the Library collection. The Library purchased approximately \$34,000 in new reading and rental materials.
- 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 \$6,542,038 as of June 30, 2024. The chart below shows how the Plan has grown from 17.71% funded to 54.76% funded in eight 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 \$14,462,282 this year. The City also has \$7,920,244 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 \$748,991 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%

### 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, 2024

### Government-wide Overall Financial Analysis

The following table shows, in a condensed format, the net position as of June 30, 2024 and 2023:

#### The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 10,967,886	\$ 14,752,237	\$ 3,362,725	\$ 2,721,399	\$ 14,330,611	\$ 17,473,636
Capital assets	24,463,369	20,885,995	22,842,676	23,320,324	47,306,045	44,206,319
Total assets	<b>35,431,255</b>	35,638,232	<b>26,205,401</b>	26,041,723	<b>61,636,656</b>	61,679,955
Deferred outflows	<b>7,858,385</b>	1,247,885	<b>416,253</b>	380,097	<b>8,274,638</b>	1,627,982
Liabilities						
Current liabilities	<b>2,443,583</b>	3,932,099	<b>463,746</b>	2,670,878	<b>2,907,329</b>	6,602,977
Long-term liabilities	<b>26,621,181</b>	25,613,359	<b>2,271,303</b>	3,843,499	<b>28,892,484</b>	29,456,858
Total liabilities	<b>29,064,764</b>	29,545,458	<b>2,735,049</b>	6,514,377	<b>31,799,813</b>	36,059,835
Deferred inflows	<b>5,164,110</b>	3,616,885	<b>313,397</b>	714,253	<b>5,477,507</b>	4,331,138
Net position (deficit)						
Net investment in capital assets	<b>24,225,019</b>	20,885,995	<b>22,590,635</b>	22,732,304	<b>46,815,654</b>	43,618,299
Restricted	<b>3,091,738</b>	6,311,248	-	-	<b>3,091,738</b>	6,311,248
Unrestricted	<b>(18,255,991)</b>	(23,473,469)	<b>982,573</b>	(3,539,114)	<b>(17,273,418)</b>	(27,012,583)
Total net position	<b>\$ 9,060,766</b>	\$ 3,723,774	<b>\$ 23,573,208</b>	\$ 19,193,190	<b>\$ 32,633,974</b>	\$ 22,916,964

The City's combined total net position increased 42.4% from a year ago – increasing from \$22.9 million to \$32.6 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 34.9% at June 30, 2024, from \$(27.0) million to \$(17.6) million. This increase is due to the increased investment in capital assets using restricted resources.

The governmental activities unrestricted net position increased by approximately \$5,000,000. Analyzing this further, the increase is largely due to decreases in the net position restricted for Streets in relation to increased investment in governmental capital asset.

The unrestricted net position for business-type activities saw an increase of approximately \$4,500,000 and the investment in capital assets decreased by approximately \$73,000.

In reviewing the City's net position of governmental activities, the net investment in capital assets increased approximately \$3,200,000 due to capital improvement within the City.

The following table shows the changes in net position during the years ended June 30, 2024 and 2023:

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2024

### The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenue:						
Charges for services	\$ 4,266,244	\$ 3,918,823	\$ 8,282,957	\$ 6,722,000	\$ 12,549,201	\$ 10,640,823
Operating grants and contributions	1,958,597	1,916,057	-	-	1,958,597	1,916,057
Capital grants and contributions	921,061	750,870	-	-	921,061	750,870
General revenue:						
Property taxes	12,493,374	11,260,203	-	-	12,493,374	11,260,203
State-shared revenue	1,939,765	1,887,088	-	-	1,939,765	1,887,088
Investment earnings	454,314	167,701	5,629	6,012	459,943	173,713
Other revenue:						
Franchise fees	184,507	243,759	-	-	184,507	243,759
Sale of capital assets	5,500	53,398	181,620	-	187,120	53,398
Total revenue	<b>22,223,362</b>	20,197,899	<b>8,470,206</b>	6,728,012	<b>30,693,568</b>	26,925,911
Expenses:						
General government	4,856,682	4,402,918	-	-	4,856,682	4,402,918
Public safety	4,126,161	7,241,289	-	-	4,126,161	7,241,289
Public works	4,634,453	4,351,707	-	-	4,634,453	4,351,707
Health and welfare	46,764	78,070	-	-	46,764	78,070
Recreation and culture	1,777,633	2,335,123	-	-	1,777,633	2,335,123
Water and sewer	-	-	5,096,616	7,740,235	5,096,616	7,740,235
Total expenses	<b>15,441,693</b>	18,409,107	<b>5,096,616</b>	7,740,235	<b>20,538,309</b>	26,149,342
Change in net position before transfers	6,781,669	1,788,792	3,373,590	(1,012,223)	10,155,259	776,569
Net position at beginning of year	3,723,774	1,934,982	19,193,190	20,205,413	22,916,964	22,140,395
Restatement for correction of error	(1,444,677)	-	1,006,428	-	(438,249)	-
Net position at beginning of year - restated	2,279,097	-	20,199,618	-	22,478,715	-
Net position at end of year	<b>\$ 9,060,766</b>	\$ 3,723,774	<b>\$ 23,573,208</b>	\$ 19,193,190	<b>\$ 32,633,974</b>	\$ 22,916,964

### Governmental Activities

Overall, the net position for governmental activities increased by approximately \$5.34 million in fiscal year 2023-2024 as compared to a decrease of approximately \$1.79 million in fiscal year 2022-2023. This is due to a decrease in expenses coupled with a small increase in revenues. The City received more than \$1.2 million in property tax revenue compared to prior year. Changes in OPEB and pension resulted in the overall net decrease in Public Safety expenditures by approximately \$2.05 million.

### 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 \$4.38 million in fiscal year 2023-2024. Charges for services increased significantly by more than \$1.56 million or 23.2%. On the expenditure side of the ledger there was an overall decrease in costs of \$2.6 million, primarily a result of the decrease in OPEB and pension liabilities of approximately \$1.57 million.

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2024

### **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.

The City's major funds for the year ended June 30, 2024 include the General Fund & the Major Streets Fund.

The General Fund pays for most of the City's governmental services. The General Fund recorded \$13.9 million in expenses to provide city service and purchase capital equipment in fiscal year 2023-2024. When adding in operating transfers to other funds, the total General Fund expenditures for the fiscal year were approximately \$14.9 million. The most significant of these costs is public safety (police and fire), which incurred expenses of approximately \$5.95 million within the General Fund. Public safety expenses were 42.8% of the total operating General Fund expenses. The City ended the fiscal year with an increase of fund balance of approximately \$1.0 million which included \$547,000 of capital expenditures spent during the fiscal year. The City recognized \$500,000 of ARPA Federal Grant revenue during fiscal year 2023-2024 and has a remaining balance of \$500,000 which is recorded as unearned revenue as of June 30, 2024 as the funds have not been spent as of year-end. Those funds can be used to offset some of the lost revenue incurred during COVID-19 shutdowns and other infrastructure projects approved by the federal government.

The Major Streets Fund recognized nearly \$1.5 million in total revenue, primarily from the State of Michigan related to Act 51 roads and streets funding. It's expenditures totaled \$2.9 million related to roads and streets improvements and capital outlay, and transferred \$200,000 to the Local Streets Fund.

This year, the Infrastructure Fund (previously referred to as the Road Millage Fund), moved to a nonmajor fund and recognized \$1.4 million in revenue, primarily from property taxes and expended \$1.6 million in capital outlay related to infrastructure improvements.

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 \$3.23 million. During the 2023-2024 fiscal year, expenditures recorded in the General Fund directly related to public safety amounted to approximately \$5.95 million. The remaining cost of the police and fire protection is funded by other general revenue sources of the General Fund.

The City presents the Solid Waste Service Fund activity in the nonmajor fund category of the financial statements. The City spent \$1.64 million to collect and dispose of the City's solid waste, recyclables, and leaves in fiscal year 2023-2024. In addition to property taxes collected of approximately \$1.28 million, the fund also recorded approximately \$830,000 in charges for service. As of June 30, 2024, \$886,859 remains in the Solid Waste Service Fund fund balance.

The Recreation Revolving Fund recorded approximately \$1.33 million in operating and capital expenses. Recreation program revenue amounted to approximately \$2.16 million and the fund received

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2024

support of \$900,000 from the General Fund. This resulted in an ending fund balance of \$295,210 as of June 30, 2024 for the Recreation Revolving Fund.

### **General Fund Budgetary Highlights**

The General Fund had an original budgeted increase of fund balance of approximately \$50,000 and had a final amended increase of fund balance of approximately \$162,000. Actual revenues came in approximately \$1.61 million lower than anticipated and expenditures were less than anticipated by approximately \$2.49 million resulting in a final net increase in General Fund fund balance of \$1,033,054. Some of the favorable expenditure variances were a result of projects budgeted in fiscal year 2023-2024 that were not completed and will need to be rolled over or rebudgeted in fiscal year 2024-2025.

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

At the end of fiscal year June 30, 2024, the City had a net book value of approximately \$47.3 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 \$405,000 from fiscal year 2022-2023 to approximately \$183,000 in the fiscal year ended June 30, 2024.

In January 2017, Fitch Ratings services affirmed the City's bond rating as AA stable for the general obligation road bonds, Series 2066. Fitch Ratings stated, "The City has maintained very stable financial operations throughout the most recent economic recession. Management has been proactive in maintaining strong financial resilience given the City's small budget and limited ability to independently increase revenue. Fitch believes that the City will maintain strong financial resilience based on management's history of conservative budgeting practices and solid expenditure flexibility."

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2024

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

The Oakland County Assessor's Office projected a 7.28% increase in property taxable value within the City of Berkley for the July 2024 tax year (fiscal year 2024-2025). Due to an inflation above 5.00%, the negative effects of the Headlee amendment will continue and the City will be required to reduce its millage rate for fiscal year 2024-2025 for its operating, public safety, sanitation, and infrastructure millages.

It is anticipated that the State of Michigan will have a 3.2% increase in state-shared revenue payments to local governments as the State is on solid footing thanks to a one-time influx of Federal funds. This should create increases in state income and sales tax, which make up the components of state-shared revenue payment distribution in fiscal year 2024-2025.

As stated earlier in this discussion, the City sought but was not able to pass a restoration of 3.4581 mills lost to the State's Headlee Amendment. The restoration of these mills would have added approximately \$2.5 million to the City's General Fund and Public Safety budget. The City has adopted a 2024-2025 budget that includes maintain services at existing levels and provides for minimal amounts for capital outlay. The administration will formulate 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 1.8507 at June 30, 2024. The City continued repair and replacement of the worst condition roads over a 10-year program utilizing this millage and supplementing with Major Streets, Local Streets and Water and Sewer Funds.

In order to fund needed capital projects, the City was able to secure \$1.7 million in state and federal grant awards for the replacement of HVAC units throughout city owned facilities. Unfortunately, costs significantly increased over the three years the City was waiting on grant approval and the current estimate for the project is approximately \$2.7 million. The City is working on a plan to fund the cost overage. These will improve energy efficiency and reduce consumption. These new units will improve reliability in heating and cooling which has not been a guarantee for city staff or residents who work in or visit city buildings.

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, 2023 actuary report was 60%.

# City of Berkley

## Management's Discussion and Analysis

Year Ended June 30, 2024

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, 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.

### **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 400 Sixth Street, Berkley, Michigan 48307.



# City of Berkley

## Statement of Net Position

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 9,432,993	\$ 73,544	\$ 9,506,537	\$ 271,402
Receivables:				
Customers	484,802	3,277,500	3,762,302	-
Other governmental units	667,233	-	667,233	-
Interest	325	-	325	-
Inventories	75,079	-	75,079	-
Prepaid costs	307,454	11,681	319,135	-
Capital Assets:				
Assets not subject to depreciation	971,268	13,795	985,063	-
Assets subject to depreciation – net	23,492,101	22,828,881	46,320,982	-
<b>Total assets</b>	<b>35,431,255</b>	<b>26,205,401</b>	<b>61,636,656</b>	<b>271,402</b>
<b>Deferred outflows of resources</b>				
Deferred pension cost increases	6,402,035	304,606	6,706,641	-
Deferred OPEB cost increases	1,456,350	111,647	1,567,997	-
<b>Total deferred outflows of resources</b>	<b>7,858,385</b>	<b>416,253</b>	<b>8,274,638</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	811,067	434,348	1,245,415	58,477
Cash bonds and deposits	504,294	3,947	508,241	-
Accrued liabilities and other	414,375	25,451	439,826	3,292
Unearned revenue	713,847	-	713,847	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	-	62,727	62,727	-
Current portion of long-term debt	-	39,666	39,666	-
Due in more than one year:				
Compensated absences	731,803	-	731,803	-
Net pension liability	19,813,158	1,559,517	21,372,675	-
Net OPEB liability	6,076,220	465,818	6,542,038	-
Long-term debt – net of current portion	-	143,575	143,575	-
<b>Total liabilities</b>	<b>29,064,764</b>	<b>2,735,049</b>	<b>31,799,813</b>	<b>61,769</b>
<b>Deferred inflows of resources</b>				
Deferred pension cost decreases	2,571,155	114,615	2,685,770	-
Deferred OPEB cost decreases	2,592,955	198,782	2,791,737	-
<b>Total deferred inflows of resources</b>	<b>5,164,110</b>	<b>313,397</b>	<b>5,477,507</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	24,225,019	22,590,635	46,815,654	-
Restricted:				
Streets	2,134,182	-	2,134,182	-
Community development and promotion	70,697	-	70,697	-
Sanitation	886,859	-	886,859	-
Unrestricted	(18,255,991)	982,573	(17,273,418)	209,633
<b>Total net position</b>	<b>\$ 9,060,766</b>	<b>\$ 23,573,208</b>	<b>\$ 32,633,974</b>	<b>\$ 209,633</b>

See accompanying notes.

City of Berkeley

Statement of Activities

For the Year Ended June 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
<b>Functions/Programs</b>								
Primary government:								
Governmental activities:								
General government	\$ 4,856,682	\$ 1,848,381	\$ 19,518	\$ 786,011	\$ (2,202,772)	\$ -	\$ (2,202,772)	\$ -
Public safety	4,126,161	390,567	24,000	7,990	(3,703,604)	-	(3,703,604)	-
Public works	4,634,453	1,195,117	1,899,671	-	(1,539,665)	-	(1,539,665)	-
Health and welfare	46,764	332,219	-	33,060	318,515	-	318,515	-
Recreation and cultural	1,777,633	499,960	15,408	94,000	(1,168,265)	-	(1,168,265)	-
Total governmental activities	15,441,693	4,266,244	1,958,597	921,061	(8,295,791)	-	(8,295,791)	-
Business-type activities:								
Water and sewer	5,096,616	8,282,957	-	-	-	3,186,341	3,186,341	-
Total primary government	\$ 20,538,309	\$ 12,549,201	\$ 1,958,597	\$ 921,061	(8,295,791)	3,186,341	(5,109,450)	-
Component unit:								
Downtown Development Authority	\$ 578,297	\$ 11,851	\$ -	\$ 7,500	-	-	-	(558,946)
General revenue:								
Property taxes					12,493,374	-	12,493,374	466,953
Unrestricted state-shared revenue					1,939,765	-	1,939,765	-
Unrestricted investment income					454,314	5,629	459,943	11,768
Franchise fees					184,507	-	184,507	-
Gain on sale of capital assets					5,500	181,620	187,120	-
Total general revenue					15,077,460	187,249	15,264,709	478,721
Change in net position					6,781,669	3,373,590	10,155,259	(80,225)
Net position at beginning of year, as previously presented					3,723,774	19,193,190	22,916,964	289,858
Restatement for correction of an error					(1,444,677)	1,006,428	(438,249)	-
Net position at beginning of year - restated					2,279,097	20,199,618	22,478,715	289,858
Net position at end of year					\$ 9,060,766	\$ 23,573,208	\$ 32,633,974	\$ 209,633

See accompanying notes.

# City of Berkley

## Governmental Funds Balance Sheet

June 30, 2024

	<b>General Fund</b>	<b>Major Streets Fund</b>	<b>Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and investments	\$ 6,317,037	\$ 1,235,344	\$ 1,880,612	\$ 9,432,993
Receivables:				
Taxes	-	-	-	-
Customers	56,486	-	428,316	484,802
Other governmental units	373,462	209,855	83,916	667,233
Interest	325	-	-	325
Due from other funds	155,136	-	-	155,136
Inventories	75,079	-	-	75,079
Prepaid expenses	301,398	-	6,056	307,454
<b>Total assets</b>	<b>\$ 7,278,923</b>	<b>\$ 1,445,199</b>	<b>\$ 2,398,900</b>	<b>\$ 11,123,022</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 592,041	\$ 28,845	\$ 190,181	\$ 811,067
Due to other funds	-	-	155,136	155,136
Cash bonds and deposits	504,294	-	-	504,294
Accrued liabilities and other	365,342	1,045	47,988	414,375
Unearned revenue	682,162	-	31,685	713,847
<b>Total liabilities</b>	<b>2,143,839</b>	<b>29,890</b>	<b>424,990</b>	<b>2,598,719</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	34,000	-	-	34,000
<b>Fund balances:</b>				
Nonspendable – inventory and prepaid items	376,477	-	6,056	382,533
restricted for:				
Streets	-	1,415,309	718,873	2,134,182
Community service	-	-	70,697	70,697
Solid waste service	-	-	886,859	886,859
Committed – recreation	-	-	291,425	291,425
Unassigned	4,724,607	-	-	4,724,607
<b>Total fund balances</b>	<b>5,101,084</b>	<b>1,415,309</b>	<b>1,973,910</b>	<b>8,490,303</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 7,278,923</b>	<b>\$ 1,445,199</b>	<b>\$ 2,398,900</b>	<b>\$ 11,123,022</b>

See accompanying notes.

City of Berkley

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

**Fund Balance Reported in Governmental Funds** \$ 8,490,303

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. 24,463,369

Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 34,000

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. (731,803)

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. (15,982,278)

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. (7,212,825)

**Net Position of Governmental Activities** \$ 9,060,766

*See accompanying notes.*

# City of Berkley

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

For the Year Ended June 30, 2024

	General Fund	Major Streets Fund	(Formerly Major) Infrastructure Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 9,617,591	\$ -	\$ -	\$ 2,669,120	\$ 12,286,711
Special assessments	-	-	-	206,663	206,663
Intergovernmental:					
Federal grants	507,990	-	-	11,053	519,043
State-shared revenue and grants	2,267,891	1,384,803	-	647,686	4,300,380
Charges for services	1,124,652	12,087	-	1,337,650	2,474,389
Fines and forfeitures	150,730	-	-	-	150,730
Licenses and permits	799,261	-	-	96,952	896,213
Investment earnings	281,666	74,453	-	98,195	454,314
Other revenue:					
Franchise fees	184,507	-	-	-	184,507
Other miscellaneous income	696,850	25,849	-	22,213	744,912
<b>Total revenue</b>	<b>15,631,138</b>	<b>1,497,192</b>	<b>-</b>	<b>5,089,532</b>	<b>22,217,862</b>
<b>Expenditures</b>					
Current:					
General government	5,116,488	-	-	-	5,116,488
Public safety	5,953,179	-	-	-	5,953,179
Public works	1,144,634	1,177,443	-	2,742,271	5,064,348
Health and welfare	-	-	-	64,589	64,589
Recreation and culture	1,148,880	-	-	1,055,362	2,204,242
Capital outlay	546,587	1,764,384	-	2,301,390	4,612,361
<b>Total expenditures</b>	<b>13,909,768</b>	<b>2,941,827</b>	<b>-</b>	<b>6,163,612</b>	<b>23,015,207</b>
Excess (deficiency) of revenues over expenditures	1,721,370	(1,444,635)	-	(1,074,080)	(797,345)
<b>Other financing sources (uses)</b>					
Transfers in	290,258	-	-	1,184,074	1,474,332
Transfers out	(984,074)	(200,000)	-	(290,258)	(1,474,332)
Sale of capital assets	5,500	-	-	-	5,500
<b>Total other financing sources (uses)</b>	<b>(688,316)</b>	<b>(200,000)</b>	<b>-</b>	<b>893,816</b>	<b>5,500</b>
<b>Net change in fund balances</b>	<b>1,033,054</b>	<b>(1,644,635)</b>	<b>-</b>	<b>(180,264)</b>	<b>(791,845)</b>
Fund balance at beginning of year, as previously presented	4,068,030	3,565,424	1,201,041	1,892,330	10,726,825
Adjustment - changes from major fund to nonmajor fund	-	-	(1,201,041)	1,201,041	-
Adjustment - Restatement for correction of an error	-	(505,480)	-	(939,197)	(1,444,677)
Fund balance at beginning of year - restated	4,068,030	3,059,944	-	2,154,174	9,282,148
<b>Fund balance at end of year</b>	<b>\$ 5,101,084</b>	<b>\$ 1,415,309</b>	<b>\$ -</b>	<b>\$ 1,973,910</b>	<b>\$ 8,490,303</b>

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, 2024

**Net Change in Fund Balances - Total Governmental Funds** \$ (791,845)

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	5,746,857
Depreciation expense	(2,169,483)

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.	(59,313)
---	----------

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>4,055,453</u>
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**Change in Net Position in Governmental Activities** \$ 6,781,669

*See accompanying notes.*

City of Berkley  
Proprietary Funds  
Statement of Net Position

June 30, 2024

	<b>Enterprise Fund</b>
	<b>Water and Sewer System</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 73,544
Receivables – customer	3,277,500
Prepaid costs	11,681
Total current assets	3,362,725
Noncurrent assets:	
Capital assets:	
Assets not subject to depreciation	13,795
Assets subject to depreciation – net	22,828,881
Total assets	26,205,401
<b>Deferred outflows of resources</b>	
Deferred pension cost increases	304,606
Deferred OPEB cost increases	111,647
Total deferred outflows of resources	416,253
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	434,348
Cash bonds and deposits	3,947
Accrued liabilities and other	25,451
Compensated absences	62,727
Current portion of long-term debt	39,666
Total current liabilities	566,139
Noncurrent liabilities:	
Net pension liability	1,559,517
Net OPEB liability	465,818
Long-term debt – net of current portion	143,575
Total noncurrent liabilities	2,168,910
Total liabilities	2,735,049
<b>Deferred inflows of resources</b>	
Deferred pension cost reductions	114,615
Deferred OPEB cost reductions	198,782
Total deferred inflows of resources	313,397
<b>Net position</b>	
Net investment in capital assets	22,590,635
Unrestricted	982,573
Total net position	\$ 23,573,208

*See accompanying notes.*

City of Berkley

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

For the Year Ended June 30, 2024

	<u>Enterprise Fund</u>
	<u>Water and Sewer System</u>
<b>Operating revenue</b>	
Water and sewer charges	\$ 8,031,224
Property and equipment rental	13,225
Miscellaneous	238,508
Total operating revenue	<u>8,282,957</u>
<b>Operating expenses</b>	
Water and sewer operations	4,255,370
Depreciation	837,218
Total operating expenses	<u>5,092,588</u>
Operating income (loss)	<u>3,190,369</u>
<b>Nonoperating revenue (expenses)</b>	
Investment income	5,629
Interest expense	(4,028)
Sale of capital assets	181,620
Total nonoperating revenue (expenses)	<u>183,221</u>
Change in net position	3,373,590
Net position at beginning of year	19,193,190
Adjustment - Restatement for correction of an error	1,006,428
Net position at beginning of year - restated	<u>20,199,618</u>
Net position at end of year	<u>\$ 23,573,208</u>

See accompanying notes.



City of Berkley

Proprietary Funds  
Statement of Cash Flows

For the Year Ended June 30, 2024

	<u>Enterprise Fund</u>
	<u>Water and Sewer System</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 8,098,235
Receipts from interfund services	(1,586,775)
Payments to suppliers	(4,326,175)
Payments to employees	(2,096,697)
Net cash provided (used) by operating activities	<u>88,588</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(520,950)
Sale of capital assets	343,000
Principal and interest paid on capital debt	(419,560)
Net cash used in capital and related financing activities	<u>(597,510)</u>
<b>Cash flows provided by investing activities</b>	
Interest received on investments	<u>5,629</u>
Net increase (decrease) in cash and cash equivalents	(503,293)
Cash and cash equivalents at beginning of year	576,837
Cash and cash equivalents at end of year	<u>\$ 73,544</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 3,190,369
Adjustments to reconcile operating income to net cash provided by (used) by operating activities:	
Depreciation	837,218
Changes in assets and liabilities:	
Receivables	(171,497)
Prepaid and other assets	33,306
Accounts payable	(556,200)
Accrued and other liabilities	(69,876)
Due to other funds	(1,600,000)
Net pension and OPEB liabilities	(1,574,732)
Total adjustments	<u>(3,101,781)</u>
Net cash provided (used) by operating activities	<u>\$ 88,588</u>

See accompanying notes.

City of Berkeley  
 Fiduciary Funds  
 Statement of Fiduciary Net Position

June 30, 2024

	<b>Pension and Other Postemployment Benefits Funds</b>	<b>Custodial Fund Property Tax Collection Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 344,220	\$ -
Investments:		
Common and preferred stock	13,684,811	-
Mutual funds – fixed income securities	7,799,797	-
Interest in MERS pooled investments	7,920,244	-
Accrued interest receivable	26,236	-
Prepaid Costs	9,543	-
Total assets	29,784,851	-
<b>Liabilities</b>		
Accounts payable	22,026	-
<b>Net position</b>		
Restricted:		
Pensions	21,842,581	-
Postemployment benefits other than pension	7,920,244	-
Total net position	\$ 29,762,825	\$ -

*See accompanying notes.*

City of Berkley

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	<u>Pension and Other Postemployment Benefits Funds</u>	<u>Custodial Fund Property Tax Collection Fund</u>
Additions:		
Investment income (loss):		
Net increase in fair value of investments	\$ 3,108,139	\$ -
Net investment income	<u>3,108,139</u>	<u>-</u>
Contributions:		
Employer	2,073,991	-
Employee	79,807	-
Total contributions	<u>2,153,798</u>	<u>-</u>
Property tax collections	<u>-</u>	<u>19,400,240</u>
Total additions	5,261,937	19,400,240
Deductions:		
Benefit payments	2,794,935	-
Administrative expenses	211,202	-
Tax distributions to other governments	-	19,400,240
Total deductions	<u>3,006,137</u>	<u>19,400,240</u>
Net increase in fiduciary net position	2,255,800	-
Net position at beginning of year	27,507,025	-
Net position at end of year	<u>\$ 29,762,825</u>	<u>\$ -</u>

See accompanying notes.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

### 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 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, 2024.

#### 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, 2024

### 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 amount 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, 2024

### 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.

The Major Streets Fund accounts for the resources of the state gas and weight tax revenue that are restricted for use on the City's major streets.

#### Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City).

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

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

#### **Fund Accounting (continued)**

#### **Proprietary Funds (continued)**

The City reports the following fund as a major enterprise fund:

The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for user charges.

The City's internal service fund was closed in fiscal year 2023.

#### **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 Collections 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 and internal service 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.

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

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

**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.

**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>
Roads and bridges	15 – 20
Water and sewer lines	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, 2024

### **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 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, 2024

### 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, 2024

### **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 retiree 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, 2024

### 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, 2023 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 major 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, 2024

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

**Budgetary Information (continued)**

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

During the year, the city incurred expenditures which were in excess of the appropriated, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General government:			
Inspection	\$ 511,552	\$ 528,723	\$ (17,171)
Public safety:			
Operations	3,002,939	3,069,677	(66,738)
Major Streets Fund:			
Capital Outlay	1,140,780	1,499,554	(358,774)

**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, 2023	\$ (2,297,906)
Current year permit revenue	638,796
Related expenditures	<u>(528,723)</u>
Current year surplus	110,073
Cumulative shortfall as of June 30, 2024	<u>\$ (2,187,833)</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.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

### 3. Deposits and Investments (continued)

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.

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 \$9,518,713 and \$271,402, 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:

<b>Investment</b>	<b>Carrying/ Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
Mutual funds – fixed income securities	\$ 8,085,470	n/a
Mutual funds – equities	6,299,665	n/a
Corporate stocks	7,385,146	n/a
Oakland County local government investment pool	6,237	Less than 1 year
Total	<u>\$ 21,776,518</u>	

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**3. Deposits and Investments (continued)**

**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, 2024, the credit quality ratings of debt securities are as follows:

<b>Investment</b>	<b>Fair Value</b>	<b>Rating</b>	<b>Rating Organization</b>
Oakland County local government investment pool	\$ 6,237	Not Rated	N/A

**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, 2024:

	<b>Assets Measured at Carrying Value on a Recurring Basis</b>			Balance at June 30, 2024
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds – equity	\$ 6,299,665	\$ -	\$ -	\$ 6,299,665
Mutual funds – fixed income	8,085,470	-	-	8,085,470
Stocks	7,385,146	-	-	7,385,146
Total investments by fair value level	<u>\$ 21,770,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,770,281</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, 2024 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.

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**3. Deposits and Investments (continued)**

**Fair Value Measurements (continued)**

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

**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, 2024, 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	\$ 6,237	\$ -	None	None
MERS Total Market Portfolio	7,920,244	-	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, 2024

**4. Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2023	PY Corrections & Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets, not being depreciated:					
Land	\$ 738,619	\$ -	\$ -	\$ -	\$ 738,619
Construction in Progress	1,786,347	(1,780,951)	227,253	-	232,649
	<u>2,524,966</u>	<u>(1,780,951)</u>	<u>227,253</u>	<u>-</u>	<u>971,268</u>
Capital assets, being depreciated:					
Roads and bridges	61,663,298	1,738,818	4,723,942	-	68,126,058
Buildings	7,954,225	-	166,264	-	8,120,489
Equipment and books	5,076,945	41,937	134,950	-	5,253,832
Vehicles	5,297,576	-	494,644	-	5,792,220
	<u>79,992,044</u>	<u>1,780,755</u>	<u>5,519,800</u>	<u>-</u>	<u>87,292,599</u>
Accumulated depreciation:					
Roads and bridges	49,823,886	-	1,128,703	-	50,952,589
Buildings	5,945,533	-	187,036	-	6,132,569
Equipment and books	3,558,761	3,635	403,973	-	3,966,369
Vehicles	2,302,835	-	446,136	-	2,748,971
	<u>61,631,015</u>	<u>3,635</u>	<u>2,165,848</u>	<u>-</u>	<u>63,800,498</u>
Net capital assets being depreciated	<u>18,361,029</u>	<u>1,777,120</u>	<u>3,353,952</u>	<u>-</u>	<u>23,492,101</u>
Governmental activities capital assets, net	<u>\$ 20,885,995</u>	<u>\$ (3,831)</u>	<u>\$3,581,205</u>	<u>\$ -</u>	<u>\$ 24,463,369</u>

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**4. Capital Assets (continued)**

**Business-type Activities**

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets, not being depreciated:					
Land	\$ 13,795	\$ -	\$ -	\$ -	\$ 13,795
Construction in progress	1,850,733	(345,253)	-	(1,505,480)	-
	<u>1,864,528</u>	<u>(345,253)</u>	<u>-</u>	<u>(1,505,480)</u>	<u>13,795</u>
Capital assets, being depreciated:					
Water and sewer transmission lines	23,773,826	345,253	317,973	(4)	24,437,048
Buildings	1,246,842	-	-	-	1,246,842
Equipment	3,753,773	-	1,709,373	(485,362)	4,977,784
	<u>28,774,441</u>	<u>345,253</u>	<u>2,027,346</u>	<u>(485,366)</u>	<u>30,661,674</u>
Accumulated depreciation:					
Water and sewer transmission lines	4,959,034	-	372,618	-	5,331,652
Buildings	175,701	-	77,152	-	252,853
Equipment	2,183,910	-	387,448	(323,070)	2,248,288
	<u>7,318,645</u>	<u>-</u>	<u>837,218</u>	<u>(323,070)</u>	<u>7,832,793</u>
Net capital assets being depreciated	<u>21,455,796</u>	<u>345,253</u>	<u>1,190,128</u>	<u>(162,296)</u>	<u>22,828,881</u>
Business-type activities capital assets, net	<u>\$ 23,320,324</u>	<u>\$ -</u>	<u>\$ 1,190,128</u>	<u>\$ (1,667,776)</u>	<u>\$ 22,842,676</u>

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

Governmental activities:	
General government	\$ 244,978
Public safety	430,960
Public works	1,314,966
Recreation and culture	178,579
Total governmental activities	<u>\$ 2,169,483</u>
Business-type activities:	
Water and sewer	<u>\$ 837,218</u>

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**5. Interfund Receivables, Payables and Transfers**

The General Fund has loaned \$155,136 to the Sidewalk Fund, a nonmajor governmental fund, for cash flow purposes.

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

<u>Paying Fund (Transfers Out)</u>	<u>Receiving Fund (Transfers In)</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 984,074
Major Streets Fund	Local Streets Fund	200,000
Nonmajor governmental funds	General Fund	290,258
		<u>\$ 1,474,332</u>

The transfers from the General Fund to the Recreation Revolving Fund (\$900,000) and Sidewalk Fund (\$84,074) (nonmajor governmental funds) was to fund operating and capital outlay expenses during the year. The transfer from the Major Streets Fund to the Local Streets Fund represents the sharing of gas and weight tax revenue in accordance with Act 51. The transfer from the Court Projects Fund (\$280,210) and from the Eleven Mile Road Debt Service Fund (\$10,048) to the General Fund was to transfer the final remaining fund balance from the from those funds to the General Fund and close out those two funds.

**6. Long-term Debt**

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

**Governmental Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 751,133	\$ 959,246	\$ (978,576)	\$ 731,803	\$ 121,967

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

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

#### Business-type Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation bonds –						
Direct borrowings and direct placements – contractual obligations with Oakland County, Michigan – George W. Kuhn Bonds:						
2001-C:						
Amount of issue – \$5,176,822						
Maturing through 2024	2.50%	\$ 324,023	\$ -	\$ (324,023)	\$ -	\$ -
2001-D:						
Amount of issue – \$199,641						
Maturing through 2024	2.50%	8,355	-	(8,355)	-	-
2000-B and 2001-E: Refinanced 2016						
Amount of issue – \$486,508						
Maturing through 2024	2.00-2.50%	33,694	-	(33,694)	-	-
2005-F:						
Amount of issue – \$103,573						
Maturing through 2026	1.625%	16,583	-	(5,438)	11,145	5,438
2006-G:						
Amount of issue – \$112,919						
Maturing through 2028	1.625%	31,669	-	(6,078)	25,591	6,398
2008-H:						
Amount of issue - \$491,662						
Maturing through 2029	2.50%	173,696	-	(27,190)	146,506	27,830
Total bond obligations		588,020	-	(404,778)	183,242	39,666
Compensated absences						
		92,424	103,506	(133,203)	62,727	62,727
		\$ 1,431,577	\$ 1,062,752	\$ (1,516,557)	\$ 977,772	\$ 224,360

#### 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 \$183,242.

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

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

**Business-type Activities (continued)**

**Other Long-term Liabilities**

Compensated absences attributable to governmental activities will be liquidated primarily by the funds from which the individual employees' salaries are paid, generally the General Fund, Major Streets Fund, and Local Streets Fund. 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
2025	\$ 39,666	\$ 4,260	\$ 43,926
2026	40,571	3,371	43,942
2027	35,828	2,463	38,291
2028	36,468	1,623	38,091
2029	30,709	768	31,477
	<u>\$ 183,242</u>	<u>\$ 12,485</u>	<u>\$ 195,727</u>

**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.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

### **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.

#### **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.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

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

#### *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, 2024

### **8. Pension Plans (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, 2024

**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:

Date of member count	<b>General Employees' Defined Benefit Pension Plan</b>	<b>Public Safety Pension Plan</b>
	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Inactive plan members or beneficiaries currently receiving benefits	78	58
Inactive plan members entitled to but not receiving benefits	43	-
Active plan members	37	32
Total employees covered by plan	<u>158</u>	<u>90</u>

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

### **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 and 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, 2024, 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 49.80% of annual payroll and, for a nonunion eligible employee, it was 45.75% of annual payroll. Total contributions during the City's fiscal year were \$2,316,598.

##### **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, 2024, the average active member contribution rate was 0% of annual pay, and the City's average contribution rate was 55.69% 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, 2024

**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, 2023	June 30, 2024
Actuarial valuation date as of	December 31, 2023	June 30, 2023

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

**General Employees' Defined Benefit Pension Plan**

<b><u>Changes in Net Pension Liability</u></b>	<b><u>Increase (Decrease)</u></b>		
	<b><u>Total Pension Liability</u></b>	<b><u>Plan Net Position</u></b>	<b><u>Net Pension Liability</u></b>
Balance as of January 1, 2023	\$ 24,416,767	\$ 11,982,166	\$ 12,434,601
Service cost	286,397	-	286,397
Interest	1,700,000	-	1,700,000
Contributions – employer	-	2,324,687	(2,324,687)
Contributions – employee	-	90,075	(90,075)
Net investment income	-	1,376,423	(1,376,423)
Differences between expected and actual experience	37,542	-	37,542
Change in assumptions	164,354	-	164,354
Benefit payments, including refunds	(1,766,183)	(1,766,183)	-
Administrative expenses	-	(28,658)	28,658
Other Changes	16,573	-	16,573
Net changes	438,683	1,996,344	(1,557,661)
Balance as of December 31, 2023	<u>\$ 24,855,450</u>	<u>\$ 13,978,510</u>	<u>\$ 10,876,940</u>

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**8. Pension Plans (continued)**

**Net Pension Liability (continued)**

**Public Safety 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 July 1, 2023	\$ 28,760,185	\$ 20,337,007	\$ 8,423,178
Service cost	605,667	-	605,667
Interest	1,962,349	-	1,962,349
Contributions – employer	-	1,325,000	(1,325,000)
Contributions – employee	-	79,807	(79,807)
Net investment income	-	2,327,486	(2,327,486)
Differences between expected and actual experience	838,969	-	838,969
Change in assumptions	2,230,077	-	2,230,077
Benefit payments, including refunds	(2,058,931)	(2,058,931)	-
Administrative expenses	-	(145,353)	145,353
Other Changes	-	(22,435)	22,435
Net changes	3,578,131	1,505,574	2,072,557
Balance as of June 30, 2024	\$ 32,338,316	\$ 21,842,581	\$ 10,495,735

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,539,377 related to the General Employees' Defined Benefit Pension Plan and \$2,449,340 related to the Public Safety Pension Plan for a total of \$3,988,717.

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**8. Pension Plans (continued)**

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

As of June 30, 2024, 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	\$ 642,473	\$ -	\$ 131,509	\$ -
Difference between expected and actual experience	18,771	-	927,408	-
Change in assumptions	82,177	-	1,636,845	-
Employer contributions to the plan subsequent to the measurement date	581,688	-	-	-
<b>Total</b>	<b>\$ 1,325,109</b>	<b>\$ -</b>	<b>\$ 2,695,762</b>	<b>\$ -</b>

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
2025	\$ 211,537	\$ 910,425
2026	248,804	1,600,884
2027	381,849	370,828
2028	(98,770)	(186,375)

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**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	RP-2014

**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.

The actuarial assumptions used in the December 31, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from January 1, 2014 through December 31, 2018.

**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 RP-2014 Employee Mortality Table, the RP-2014 Health Annuitant Mortality Table, and the RP-2014 Disabled Annuitant Mortality Table, each adjusted for mortality improvements to 2025 using projection scale MP-2018 from 2006.

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**8. Pension Plans (continued)**

**Public Safety Pension Plan (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, 2023 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, 2024

**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, 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>
Large-cap equity	27.50%	7.25%
Small-Mid-cap equity	14.50%	7.50%
International equity	20.50%	6.25%
Domestic fixed income	30.00%	4.60%
Treasury inflation-protected securities	4.50%	4.20%
High-yield bonds	2.50%	6.20%
T-Bills	0.50%	3.40%

**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	\$ 13,449,474	\$ 10,876,940	\$ 8,697,971

**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	\$ 14,471,833	\$ 10,495,735	\$ 7,205,934



# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

### **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, 2024

**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, 2024 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 21,414,634	\$ 21,414,634
Employee reserve	364,182	364,182
Employer reserve	-	63,765
Total	<u>\$ 21,778,816</u>	<u>\$ 21,842,581</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, 2024

**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	<u>182</u>

**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, 2024, the City made payments for postemployment health benefit premiums of \$736,004.

**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, 2024 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, 2024 measurement date. The June 30, 2024 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)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance as of July 1, 2023	\$ 14,359,955	\$ 7,192,453	\$ 7,167,502
Changes for the year:			
Service cost	119,437	-	119,437
Interest	909,490	-	909,490
Differences between expected and actual experience	(1,420,451)	-	(1,420,451)
Change in assumptions	1,348,894	-	1,348,894
Contributions-employer	-	748,991	(748,991)
Net investment income (loss)	-	714,804	(714,804)
Benefit payments, including refunds	(855,043)	(736,004)	(119,039)
Net changes	<u>102,327</u>	<u>727,791</u>	<u>(625,464)</u>
Balance as of June 30, 2024	\$ 14,462,282	\$ 7,920,244	\$ 6,542,038

The plan's fiduciary net position represents 54.76% of the total OPEB liability.

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**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, 2024, the City recognized an OPEB cost recovery of \$(500,937).

As of June 30, 2024, 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	\$ -	\$ 33,484
Difference between expected and actual experience	-	2,323,697
Changes in assumptions	1,133,441	-
Total	<u>\$ 1,133,441</u>	<u>\$ 2,357,181</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>
2025	\$ (1,084,419)
2026	(10,336)
2027	(76,800)
2028	(52,185)

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2024 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 8.25%, decreasing 0.50% of 0.75% per year to an ultimate rate of 3.50%; and the RP-2014 Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables adjusted for mortality improvements to 2025 using scale MP-2018 from 2006. These assumptions were applied to all periods included in the measurement.

# City of Berkley

## Notes to Financial Statements

Year Ended June 30, 2024

### 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, 2024, the annual money-weighted rate of return on investments, net of plan investment expense, was 9.46%. 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, 2024 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
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, 2024

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

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

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net OPEB liability	\$ 8,102,962	\$ 6,542,038	\$ 5,226,247

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Net OPEB liability	\$ 5,108,888	\$ 6,542,038	\$ 8,193,165

**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, 2023, the City expensed \$880,498 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, 2024

**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, 2024, the City expensed \$1,264,490 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. Accounting Changes**

During the year ended June 30, 2024, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections* to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

*Change in Major Fund*

While the Infrastructure Fund (previously referred to as the Road Millage Fund) was presented as a major governmental fund in the City’s June 30, 2023 ACFR, the Infrastructure Fund has been presented as a non-major fund in the City’s June 30, 2024 ACFR.

*Error Corrections*

During the current year, it was determined that certain adjustments recorded during the City’s 2023 fiscal year were improperly recorded to the Solid Waste Fund and Water & Sewer Fund, resulting in understatements in the aforementioned funds of \$60,803 and \$1,006,428, respectively. These improper adjustments resulted in overstatements in the Major Streets Fund and Infrastructure Fund of \$505,480 and \$1,000,000, respectively. To correct these errors, the beginning fund balance for the aforementioned funds and both the Governmental Activities and Business-Type Activities Net Position have been adjusted as follows:

	<u>Governmental Activities</u>	<u>Major Streets Fund</u>	<u>Solid Waste Fund</u>	<u>Infrastructure Fund</u>
Beginning net position / fund balance, as previously reported	\$ 3,723,774	\$ 3,565,424	\$ 303,467	\$ 1,201,041
Correction of an error	(1,444,677)	(505,480)	60,803	(1,000,000)
Beginning net position, as restated	<u>\$ 2,279,097</u>	<u>\$ 3,059,944</u>	<u>\$ 364,270</u>	<u>\$ 201,041</u>

City of Berkley

Notes to Financial Statements

Year Ended June 30, 2024

**11. Accounting Changes (continued)**

	<u>Business-Type Activities</u>	<u>Water &amp; Sewer Fund</u>
Beginning net position, as previously reported	\$ 19,193,190	\$ 19,193,190
Correction of an error	1,006,428	1,006,428
Beginning net position, as restated	<u>\$ 20,199,618</u>	<u>\$ 20,199,618</u>

**12. Upcoming Accounting Pronouncements**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences as well as the disclosure requirements. This statement requires that the compensated absence liability be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settlement through noncash means. This statement is effective for the City’s financial statements beginning with the fiscal year ending June 30, 2025.

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 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, 2025.

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, 2024

**13. Net Investment in Capital Assets**

The composition of net investment in capital assets as of June 30, 2024 was as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
<i><b>Capital assets</b></i>		
Capital assets not being depreciated	\$ 971,268	\$ 13,795
Capital assets being depreciated	23,492,101	22,828,881
	<u>24,463,369</u>	<u>22,842,676</u>
<i><b>Related liabilities</b></i>		
Current portion of long-term debt	-	39,666
Long-term debt, net of current portion	-	143,575
Payables related to capital assets	238,350	68,800
	<u>238,350</u>	<u>252,041</u>
Net investment in capital assets	<u>\$ 24,225,019</u>	<u>\$ 22,590,635</u>

Required Supplementary Information

City of Berkeley

Schedule of Pension Investment Returns  
Public Safety Pension Plan

Last Ten Fiscal Years

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual money-weighted rate of return – net of investment expense	11.04%	3.82%	-12.90%	25.41%	4.36%	5.34%	7.33%	11.80%	-0.40%	1.80%

# City of Berkley

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

### Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 605,667	\$ 522,246	\$ 558,625	\$ 539,011	\$ 502,638	\$ 476,281	\$ 427,320	\$ 387,896	\$ 369,308	\$ 348,830
Interest	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	1,623,409
Benefit changes	-	45,707	-	-	-	-	-	-	-	-
Differences between expected and actual experience	838,969	535,705	194,594	61,418	251,209	517,899	(231,761)	38,612	189,536	15,829
Change in assumptions	2,230,077	-	-	-	-	1,070,500	-	-	-	-
Benefit payments, including refunds	(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)	(1,678,258)
Net change in total pension liability	3,578,131	960,667	758,011	633,664	743,108	2,020,638	154,839	367,619	501,657	309,810
Total pension liability at beginning of year	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	22,310,172
Total pension liability at end 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
Plan fiduciary net position:										
Contributions – employer	\$ 1,325,000	\$ 1,315,000	\$ 1,303,500	\$ 1,204,528	\$ 1,013,557	\$ 774,630	\$ 743,241	\$ 713,669	\$ 660,531	\$ 726,568
Contributions – member	79,807	16,393	58,982	204,534	6,718	41,690	118,413	-	-	-
Net investment income (loss)	2,327,486	2,057,990	(3,448,733)	4,750,831	758,066	946,900	1,341,200	1,984,577	(55,465)	357,995
Administrative expenses	(2,058,931)	(89,594)	(78,809)	(80,192)	(68,702)	(65,541)	(62,621)	(51,027)	(44,152)	(46,951)
Benefit payments, including refunds	(145,353)	(2,035,977)	(1,843,155)	(1,772,154)	(1,763,153)	(1,768,878)	(1,752,501)	(1,742,208)	(1,703,842)	(1,678,258)
Other	(22,435)	640	1,030	-	-	3,293	-	-	-	183
Net change in plan fiduciary net position	1,505,574	1,264,452	(4,007,185)	4,307,547	(53,514)	(67,906)	387,732	905,011	(1,142,928)	(640,463)
Plan fiduciary net position at beginning of year	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	19,384,261
Plan fiduciary net position at end 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
City's net position liability- ending	\$ 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	\$ 3,876,184
Plan fiduciary net position as a percent of total pension liability	67.54%	70.71%	68.61%	85.35%	71.09%	73.35%	79.91%	78.78%	76.12%	82.86%
Covered payroll	\$ 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	\$ 1,923,665
City's net pension liability as a percent of covered payroll	441.17%	331.87%	360.26%	176.75%	344.13%	327.90%	242.30%	260.18%	311.84%	201.50%



# City of Berkley

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

### Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 286,397	\$ 311,674	\$ 300,191	\$ 279,973	\$ 253,811	\$ 232,498	\$ 224,700	\$ 250,936	\$ 231,896	\$ 313,028
Interest	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	1,588,656
Differences between expected and actual experience	37,542	423,373	238,479	(2,393)	171,132	(388,478)	50,262	63,274	(432,248)	-
Change in assumptions	164,354	-	763,167	723,288	621,435	-	-	-	868,163	-
Benefit payments, including refunds	(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)	(1,678,420)
Other changes	16,573	-	-	-	-	-	-	-	-	-
Net change in total pension liability	438,683	685,431	1,243,370	836,233	896,446	(303,949)	143,752	190,748	562,335	223,264
Total pension liability at beginning of year	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	19,939,137
Total pension liability at end of year	<u>\$ 24,855,450</u>	<u>\$ 24,416,767</u>	<u>\$ 23,731,336</u>	<u>\$ 22,487,966</u>	<u>\$ 21,651,733</u>	<u>\$ 20,755,287</u>	<u>\$ 21,059,236</u>	<u>\$ 20,915,484</u>	<u>\$ 20,724,736</u>	<u>\$ 20,162,401</u>
Plan fiduciary net position:										
Contributions – employer	\$ 2,324,687	\$ 1,333,495	\$ 1,390,129	\$ 1,090,006	\$ 1,232,770	\$ 437,618	\$ 907,736	\$ 528,385	\$ 546,145	\$ 574,412
Contributions – member	90,075	169,179	127,518	86,385	96,041	74,880	116,858	72,550	80,039	90,641
Net investment income (loss)	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)	792,022
Administrative expenses	(28,658)	(25,137)	(19,521)	(22,351)	(23,897)	(22,404)	(23,315)	(24,362)	(26,595)	(28,852)
Benefit payments, including refunds	(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)	(1,678,420)
Net change in plan fiduciary net position	1,996,344	(1,664,084)	1,334,310	932,982	945,311	(1,710,164)	728,965	85,250	(1,285,347)	(250,197)
Plan fiduciary net position at beginning of year	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	12,865,140
Plan fiduciary net position at end of year	<u>\$ 13,978,510</u>	<u>\$ 11,982,166</u>	<u>\$ 13,646,250</u>	<u>\$ 12,311,940</u>	<u>\$ 11,378,958</u>	<u>\$ 10,433,647</u>	<u>\$ 12,143,811</u>	<u>\$ 11,414,846</u>	<u>\$ 11,329,596</u>	<u>\$ 12,614,943</u>
City's net pension liability – ending	<u>\$ 10,876,940</u>	<u>\$ 12,434,601</u>	<u>\$ 10,085,086</u>	<u>\$ 10,176,026</u>	<u>\$ 10,272,775</u>	<u>\$ 10,321,640</u>	<u>\$ 8,915,425</u>	<u>\$ 9,500,638</u>	<u>\$ 9,395,140</u>	<u>\$ 7,547,458</u>
Plan fiduciary net position as a percent of total pension liability	56.24%	49.07%	57.50%	54.75%	52.55%	50.27%	57.67%	54.58%	54.67%	62.57%
Covered payroll	\$ 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	\$ 1,679,482
City's net pension liability as a percent of covered payroll	489.91%	516.34%	402.92%	428.26%	488.87%	537.91%	445.51%	471.52%	559.41%	449.39%

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



City of Berkley

Schedule of Changes in Net OPEB Liability and Related Ratios

Last Seven Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 119,437	\$ 138,622	\$ 141,915	\$ 147,830	\$ 156,989	\$ 190,339	\$ 364,827
Interest	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	(855,043)	(937,577)	(888,684)	(1,074,498)	(1,028,555)	(878,125)	(1,036,188)
Net change in total OPEB liability	102,327	101,855	(3,695,175)	197,350	(1,525,995)	236,090	(762,726)
Total OPEB liability at beginning of year	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	\$ 14,462,282	\$ 14,359,955	\$ 14,258,100	\$ 17,953,275	\$ 17,755,925	\$ 19,281,920	\$ 19,045,830
Plan fiduciary net position:							
Contributions – employer	\$ 748,991	\$ 816,786	\$ 738,812	\$ 1,253,876	\$ 1,032,759	\$ 1,135,210	\$ 1,041,123
Net investment income	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	(736,004)	(791,293)	(717,395)	(1,074,498)	(1,028,555)	(878,125)	(1,036,188)
Net change in plan fiduciary net position	727,791	511,758	(591,579)	1,743,696	125,526	395,079	354,970
Plan fiduciary net position at beginning of year	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	\$ 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	\$ 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	54.76%	50.09%	46.86%	40.51%	31.14%	28.02%	26.29%
Covered employee payroll	\$ 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	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 Berkeley

Schedule of OPEB Investment Returns

Last Seven Fiscal Years

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Annual money-weighted rate of return – net of investment expense	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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenue</b>				
Property taxes	\$ 9,337,839	\$ 9,583,587	\$ 9,617,591	\$ 34,004
Intergovernmental:				
Federal grants	501,500	501,500	507,990	6,490
State-shared revenue and grants	3,997,540	3,963,831	2,267,891	(1,695,940)
Charges for services	927,975	1,099,954	1,124,652	24,698
Fines and forfeitures	152,000	152,000	150,730	(1,270)
Licenses and permits	667,300	764,115	799,261	35,146
Investment earnings	210,000	281,946	281,666	(280)
Franchise fees	270,000	249,900	184,507	(65,393)
Other miscellaneous income	418,663	593,888	696,850	102,962
<b>Total revenue</b>	<b>16,482,817</b>	<b>17,190,721</b>	<b>15,631,138</b>	<b>(1,559,583)</b>
<b>Expenditures</b>				
Current services:				
General government:				
City council	18,925	45,925	31,524	14,401
Manager	306,553	426,553	426,081	472
Clerk/elections	206,780	176,780	176,719	61
Finance	524,217	608,867	572,731	36,136
Legal	141,000	116,000	104,198	11,802
Treasurer	171,199	174,899	171,899	3,000
City hall	189,135	2,143,715	458,109	1,685,606
Planning	230,137	278,807	261,634	17,173
Inspection	310,002	511,552	528,723	(17,171)
Community promotion	55,260	65,760	39,705	26,055
Insurance	1,293,712	1,281,082	1,110,923	170,159
Active employee benefits	1,446,146	1,258,172	1,234,242	23,930
<b>Total general government</b>	<b>4,893,066</b>	<b>7,088,112</b>	<b>5,116,488</b>	<b>1,971,624</b>
Public safety:				
Administration	209,981	228,981	217,300	11,681
Operations	2,922,467	3,002,939	3,069,677	(66,738)
Service aides	502,790	537,113	537,108	5
Pension administration	1,691,678	1,684,678	1,655,382	29,296
Animal control	84,025	84,025	73,956	10,069
<b>Total public safety</b>	<b>5,410,941</b>	<b>5,537,736</b>	<b>5,553,423</b>	<b>(15,687)</b>
Public works:				
Operations	986,779	1,084,964	927,313	157,651
Street programs	214,609	246,609	241,968	4,641
Garage	525,439	580,439	452,901	127,538
<b>Total public works</b>	<b>1,726,827</b>	<b>1,912,012</b>	<b>1,622,182</b>	<b>289,830</b>
Recreation and culture:				
Library	684,666	684,766	666,840	17,926
WBRK	295,809	296,228	271,263	24,965
Communications	193,406	238,256	210,777	27,479
<b>Total recreation and culture</b>	<b>1,173,881</b>	<b>1,219,250</b>	<b>1,148,880</b>	<b>70,370</b>
Capital outlay	2,337,500	628,135	468,795	159,340
<b>Total expenditures</b>	<b>15,542,215</b>	<b>16,385,245</b>	<b>13,909,768</b>	<b>2,475,477</b>
Excess (deficiency) of revenues over expenditures	940,602	805,476	1,721,370	(915,894)
Other financing sources (uses):				
Transfers in	100,000	292,876	290,258	2,618
Transfers out	(1,050,000)	(993,900)	(984,074)	9,826
Sale of capital assets	60,000	58,000	5,500	(52,500)
<b>Total other financing sources (uses)</b>	<b>(890,000)</b>	<b>(643,024)</b>	<b>(688,316)</b>	<b>(45,292)</b>
Change in fund balance	50,602	162,452	1,033,054	870,602
Fund balance as of July 1	4,068,030	4,068,030	4,068,030	-
<b>Fund balance as of June 30</b>	<b>\$ 4,118,632</b>	<b>\$ 4,230,482</b>	<b>\$ 5,101,084</b>	<b>\$ 870,602</b>

City of Berkley

Budgetary Comparison Schedule – Major Streets Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
State shared revenue and grants	\$ 1,376,910	\$ 1,479,000	\$ 1,384,803	\$ (94,197)
Charges for services	15,095	15,095	12,087	(3,008)
Investment income	70,000	70,000	74,453	4,453
Other revenue	17,115	22,905	25,849	2,944
Total revenue	1,479,120	1,587,000	1,497,192	(89,808)
Expenditures:				
Public works	1,146,924	1,495,441	1,442,273	53,168
Capital Outlay	1,800,000	1,140,780	1,499,554	(358,774)
Total Expenditures	2,946,924	2,636,221	2,941,827	(305,606)
Excess (deficiency) of revenues over expenditures	(1,467,804)	(1,049,221)	(1,444,635)	(395,414)
Other financing sources (uses):				
Transfer out	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	(1,667,804)	(1,249,221)	(1,644,635)	(395,414)
Fund balance at beginning of year	3,565,424	3,565,424	3,565,424	-
Adjustment - restatement for correction of an error	(505,480)	(505,480)	(505,480)	-
Fund balance at beginning of year - restated	3,059,944	3,059,944	3,059,944	-
Fund balance at end of year	\$ 1,392,140	\$ 1,810,723	\$ 1,415,309	\$ 395,414

City of Berkeley

Notes to Required Supplementary Information

June 30, 2024

**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.

#### **Local Streets Fund**

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 local streets.

#### **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.

#### **Seniors' Program**

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.

#### **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.

#### **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.

#### **Infrastructure**

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.

#### **Debt Service Funds**

#### **Eleven Mile Road Project Debt Service**

The Eleven Mile Road Project Debt Service Fund accounts for a 2006 voter-approved debt issue and supporting tax increase to finance the reconstruction of Eleven Mile Road within the City of Berkley. The bonds are issued in accordance with Michigan Public Act 279 of 1909, as amended.

## City of Berkley

### Nonmajor Governmental Funds Description

#### **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.

#### **Court Projects**

The Court Projects Fund accounts for capital activity of the district court building. In March 2006, the Berkley City Council approved an ordinance under Michigan Compiled Law Section 141.261, which allows for a specific fine to be levied by the district court on a civil infraction. The funds derived from these fines are to be utilized to provide for the renovation or expansion of the Berkley District Court facility, including furniture, fixtures, and necessary equipment. Beginning on July 1, 2015, the 45-A District Court was consolidated with the City of Royal Oak, Michigan's 44<sup>th</sup> District Court. Upon the dissolution of the 45-A District Court, the capital improvement funds are permissible to be transferred to the General Fund to be used pursuant to MCLA 141.262.

#### **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 Berkeley

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds					Debt Service Fund	Capital Project Funds		Total Nonmajor Governmental Funds
	Local Streets	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Eleven Mile Road Project Debt Service	Court Projects	Sidewalk	
Assets:									
Cash and investments	\$ 657,343	\$ 17,494	\$ 58,808	\$ 407,627	\$ 689,603	\$ 49,737	\$ -	\$ -	\$ 1,880,612
Receivables:									
Customers	14,374	-	-	-	258,806	-	-	155,136	428,316
Other Governmental Units	79,381	4,535	-	-	-	-	-	-	83,916
Prepaid Costs	-	-	2,271	3,785	-	-	-	-	6,056
Total Assets	751,098	22,029	61,079	411,412	948,409	49,737	-	155,136	2,398,900
Liabilities, Deferred Inflows and Fund Balance									
Liabilities:									
Accounts payable	48,165	534	3,287	48,446	60,268	29,481	-	-	190,181
Due to other funds	-	-	-	-	-	-	-	155,136	155,136
Accrued Liabilities and other	4,316	-	1,784	40,606	1,282	-	-	-	47,988
Unearned revenue	-	4,535	-	27,150	-	-	-	-	31,685
Total Liabilities	52,481	5,069	5,071	116,202	61,550	29,481	-	155,136	424,990
Fund Balance:									
Nonspendable - Prepaid costs	-	-	2,271	3,785	-	-	-	-	6,056
Restricted for:									
Streets	698,617	-	-	-	-	20,256	-	-	718,873
Community service	-	16,960	53,737	-	-	-	-	-	70,697
Solid waste service	-	-	-	-	886,859	-	-	-	886,859
Committed - Recreation	-	-	-	291,425	-	-	-	-	291,425
Total Fund Balance	698,617	16,960	56,008	295,210	886,859	20,256	-	-	1,973,910
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 751,098	\$ 22,029	\$ 61,079	411,412	\$ 948,409	\$ 49,737	\$ -	\$ 155,136	\$ 2,398,900

City of Berkley

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

Year Ended June 30, 2024

	Special Revenue Funds					Debt Service Fund	Capital Project Funds		Total Nonmajor Governmental Funds	
	Local Streets	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Infrastructure	Eleven Mile Road Project Debt Service	Court Projects		Sidewalk
Revenue:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,283,238	\$ 1,385,882	\$ -	\$ -	\$ -	\$ 2,669,120
Special assessments	-	-	-	-	-	-	-	-	206,663	206,663
Intergovernmental:										
Federal grants	-	11,053	-	-	-	-	-	-	-	11,053
State-shared revenue and grants	514,868	-	22,007	94,000	7,826	8,985	-	-	-	647,686
Charges for services	-	-	63,708	443,765	830,177	-	-	-	-	1,337,650
Licenses and permits	96,952	-	-	-	-	-	-	-	-	96,952
Investment earnings	26,861	-	1,405	2,366	24,416	38,980	-	3,500	667	98,195
Other revenue	6,079	-	-	-	16,134	-	-	-	-	22,213
Total revenue	644,760	11,053	87,120	540,131	2,161,791	1,433,847	-	3,500	207,330	5,089,532
Expenditures:										
Current services:										
Public works	1,100,451	-	-	-	1,639,202	-	2,618	-	-	2,742,271
Health and welfare	-	4,535	60,054	-	-	-	-	-	-	64,589
Recreation and culture	-	-	-	1,055,362	-	-	-	-	-	1,055,362
Capital outlay	100,119	-	-	278,318	-	1,614,632	-	-	308,321	2,301,390
Total expenditures	1,200,570	4,535	60,054	1,333,680	1,639,202	1,614,632	2,618	-	308,321	6,163,612
Excess (deficiency) of revenues over expenditures	(555,810)	6,518	27,066	(793,549)	522,589	(180,785)	(2,618)	3,500	(100,991)	(1,074,080)
Other financing sources (uses):										
Transfers in	200,000	-	-	900,000	-	-	-	-	84,074	1,184,074
Transfers out	-	-	-	-	-	-	(10,048)	(280,210)	-	(290,258)
Total other financing sources (uses)	200,000	-	-	900,000	-	-	(10,048)	(280,210)	84,074	893,816
Net change in fund balance	(355,810)	6,518	27,066	106,451	522,589	(180,785)	(12,666)	(276,710)	(16,917)	(180,264)
Fund balance at beginning of year, as previously presented	1,054,427	10,442	28,942	188,759	303,467	-	12,666	276,710	16,917	1,892,330
Adjustment - changes from major fund to nonmajor fund	-	-	-	-	-	1,201,041	-	-	-	1,201,041
Adjustment - Restatement for correction of an error	-	-	-	-	60,803	(1,000,000)	-	-	-	(939,197)
Fund balance at beginning of year - restated	1,054,427	10,442	28,942	188,759	364,270	201,041	12,666	276,710	16,917	2,154,174
Fund balance at end of year	\$ 698,617	\$ 16,960	\$ 56,008	\$ 295,210	\$ 886,859	\$ 20,256	\$ -	\$ -	\$ -	\$ 1,973,910

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Local Streets Fund

For the Year Ended June 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
State shared revenue and grants	\$ 525,390	\$ 521,600	\$ 514,868	\$ (6,732)
Charges for services	-	89,000	96,952	7,952
Investment income	20,000	20,000	26,861	6,861
Other revenue	35,000	26,200	6,079	(20,121)
<b>Total revenue</b>	<b>580,390</b>	<b>656,800</b>	<b>644,760</b>	<b>(12,040)</b>
Expenditures:				
Public works	832,835	976,988	1,100,451	(123,463)
Capital Outlay	-	-	100,119	(100,119)
<b>Total Expenditures</b>	<b>832,835</b>	<b>976,988</b>	<b>1,200,570</b>	<b>(223,582)</b>
Excess (deficiency) of revenues over expenditures	(252,445)	(320,188)	(555,810)	(235,622)
Other financing sources:				
Transfers in	200,000	200,000	200,000	-
Net change in fund balance	(52,445)	(120,188)	(355,810)	(235,622)
Fund balance as of July 1	1,054,427	1,054,427	1,054,427	-
<b>Fund balance as of June 30</b>	<b>\$ 1,001,982</b>	<b>\$ 934,239</b>	<b>\$ 698,617</b>	<b>\$ (235,622)</b>

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Community Development Block Grant

For the Year Ended June 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
Federal grants	\$ 35,000	\$ 35,000	\$ 11,053	\$ (23,947)
Total revenue	35,000	35,000	11,053	(23,947)
Expenditures:				
Health and welfare	35,000	35,000	4,535	30,465
Net change in fund balance	-	-	6,518	6,518
Fund balance as of July 1	10,442	10,442	10,442	-
Fund balance as of June 30	\$ 10,442	\$ 10,442	\$ 16,960	\$ 6,518

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Seniors’ Program

For the Year Ended June 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
State-shared revenue and grants	\$ 22,880	\$ 22,880	\$ 22,007	\$ (873)
Charges for services	66,706	66,759	63,708	(3,051)
Investment earnings	700	1,000	1,405	405
Total revenue	<u>90,286</u>	<u>90,639</u>	<u>87,120</u>	<u>(3,519)</u>
Expenditures:				
Health and welfare	<u>87,671</u>	<u>88,171</u>	<u>60,054</u>	<u>28,117</u>
Net change in fund balance	2,615	2,468	27,066	24,598
Fund balance as of July 1	<u>28,942</u>	<u>28,942</u>	<u>28,942</u>	<u>-</u>
Fund balance as of June 30	<u>\$ 31,557</u>	<u>\$ 31,410</u>	<u>\$ 56,008</u>	<u>\$ 24,598</u>

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Recreation Revolving

For the Year Ended June 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenue:</b>				
State shared revenues and grants	\$ 300,000	\$ 300,000	\$ 94,000	\$ (206,000)
Charges for services	530,815	530,915	443,765	(87,150)
Investment earnings	300	2,200	2,366	166
Other revenue	5,000	5,000	-	(5,000)
<b>Total revenue</b>	<b>836,115</b>	<b>838,115</b>	<b>540,131</b>	<b>(297,984)</b>
<b>Expenditures:</b>				
<b>Current services:</b>				
Recreation and culture	1,228,850	1,233,343	1,055,362	177,981
Capital outlay	362,000	362,000	278,318	83,682
<b>Total Expenditures</b>	<b>1,590,850</b>	<b>1,595,343</b>	<b>1,333,680</b>	<b>261,663</b>
Excess of expenditures over revenue	(754,735)	(757,228)	(793,549)	(559,647)
<b>Other financing sources:</b>				
Transfers in	900,000	900,000	900,000	-
Net change in fund balance	145,265	142,772	106,451	(36,321)
Fund balance as of July 1	188,759	188,759	188,759	-
<b>Fund balance as of June 30</b>	<b>\$ 334,024</b>	<b>\$ 331,531</b>	<b>\$ 295,210</b>	<b>\$ (36,321)</b>

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Solid Waste Service

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenue:				
Property taxes	\$ 1,175,461	\$ 1,176,291	\$ 1,283,238	\$ 106,947
State shared revenues and grants	-	5,600	7,826	2,226
Charges for services	673,173	841,227	830,177	(11,050)
Investment earnings	15,000	15,000	24,416	9,416
Other revenue	11,000	11,000	16,134	5,134
Total revenue	1,874,634	2,049,118	2,161,791	112,673
Expenditures:				
Public works	1,563,589	1,662,818	1,639,202	23,616
Net change in fund balance	311,045	386,300	522,589	89,057
Fund balance as of July 1	303,467	303,467	303,467	-
Adjustment - Restatement for correction of an error	60,803	60,803	60,803	-
Fund balance as of July 1 - restated	364,270	364,270	364,270	-
Fund balance as of June 30	\$ 675,315	\$ 750,570	\$ 886,859	\$ (136,289)

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Infrastructure Fund

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Property taxes	\$ 1,349,519	\$ 1,381,000	\$ 1,385,882	\$ 4,882
State-shared revenue and grants	-	6,400	8,985	2,585
Investment earnings	50,000	50,000	38,980	(11,020)
Total revenue	1,399,519	1,437,400	1,433,847	(3,553)
Expenditures:				
Capital outlay	1,850,000	2,638,441	1,614,632	1,023,809
Net change in fund balance	(450,481)	(1,201,041)	(180,785)	1,020,256
Fund balance as of July 1, as previously presented	1,201,041	1,201,041	1,201,041	-
Adjustment - Restatement for correction of an error	(1,000,000)	(1,000,000)	(1,000,000)	-
Fund balance as of July 1 - restated	201,041	201,041	201,041	-
Fund balance as of June 30	\$ (249,440)	\$ (1,000,000)	\$ 20,256	\$ 1,020,256



City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Eleven Mile Road Project Debt Service

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Total revenue	-	-	-	-
Expenditures:				
Debt service	-	-	2,618	(2,618)
Excess of expenditures over revenue	-	-	(2,618)	2,618
Other financing uses:				
Transfers out	-	(12,666)	(10,048)	2,618
Net change in fund balance	-	(12,666)	(12,666)	-
Fund balance as of July 1	12,666	12,666	12,666	-
Fund balance as of June 30	\$ 12,666	\$ -	\$ -	\$ -

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Court Projects

For the Year Ended June 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
Investment earnings	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Expenditures:				
General government	-	-	-	-
Excess of expenditures over revenue	3,500	3,500	3,500	-
Other financing uses:				
Transfers out	(100,000)	(280,210)	(280,210)	-
Net change in fund balance	(96,500)	(276,710)	(276,710)	-
Fund balance as of July 1	276,710	276,710	276,710	-
Fund balance as of June 30	\$ 180,210	\$ -	\$ -	\$ -

City of Berkley

Budgetary Comparison Schedules – Nonmajor Governmental Funds  
Sidewalk

For the Year Ended June 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
Special assessments	\$ 94,000	\$ 244,415	\$ 206,663	\$ (37,752)
Investment earnings	1,000	1,000	667	(333)
Total revenue	95,000	245,415	207,330	(38,085)
Expenditures:				
Capital outlay	240,000	348,732	308,321	40,411
Excess of expenditures over revenue	(145,000)	(103,317)	(100,991)	(78,496)
Other financing sources:				
Transfers in	150,000	93,900	84,074	(9,826)
Net change in fund balance	5,000	(9,417)	(16,917)	(7,500)
Fund balance as of July 1	16,917	16,917	16,917	-
Fund balance as of June 30	\$ 21,917	\$ 7,500	\$ -	\$ (7,500)

## City of Berkley

### Fiduciary 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  
Fiduciary Funds

June 30, 2024

	<b>Pension and Other Postemployment Benefits Funds</b>		
	<b>Public Safety Pension</b>	<b>Other Postemployment Benefits Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 344,220	\$ -	\$ 344,220
Investments:			
Common and preferred stock	13,684,811	-	13,684,811
Mutual funds – fixed income securities	7,799,797	-	7,799,797
Interest in pooled investments	-	7,920,244	7,920,244
Accrued interest receivable	26,236	-	26,236
Prepaid Costs	9,543	-	9,543
Total assets	21,864,607	7,920,244	29,784,851
<b>Liabilities</b>			
Accounts payable	22,026	-	22,026
<b>Net position</b>			
Restricted:			
Pension	21,842,581	-	21,842,581
Postemployment benefits other than pension	-	7,920,244	7,920,244
Total net position	\$ 21,842,581	\$ 7,920,244	\$ 29,762,825

City of Berkley

Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

For the Year Ended June 30, 2024

	<b>Pension and Other Postemployment Benefits Funds</b>		
	<b>Public Safety Pension</b>	<b>Other Postemployment Benefits Fund</b>	
<b>Additions</b>			
Investment income (loss):			
Net increase in fair value of investments	\$ 2,377,586	\$ 730,553	\$ 3,108,139
Net investment income	2,377,586	730,553	3,108,139
<b>Contributions:</b>			
Employer	1,325,000	748,991	2,073,991
Employee	79,807	-	79,807
Total contributions	1,404,807	748,991	2,153,798
Total additions	3,782,393	1,479,544	5,261,937
<b>Deductions</b>			
Benefit payments	2,058,931	736,004	2,794,935
Administrative expenses	195,453	15,749	211,202
Total deductions	2,254,384	751,753	3,006,137
Net increase in fiduciary net position	1,528,009	727,791	2,255,800
Net position at beginning of year	20,314,572	7,192,453	27,507,025
Net position at end of year	\$ 21,842,581	\$ 7,920,244	\$ 29,762,825

## Statistical Section

## City of Berkeley

### Description of Statistical Section

This part of the City of Berkeley'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 Berkeley

## Net Position by Component

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 11,765,355	\$ 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
Restricted	2,575,308	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
Unrestricted	(7,387,648)	(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)
Total governmental activities net position	\$ 6,953,015	\$ 7,757,879	\$ 5,863,777	\$ (2,428,059)	\$ (2,222,096)	\$ (585,557)	\$ 2,647,163	\$ 1,934,982	\$ 3,723,774	\$ 9,060,766
Business-type activities:										
Net investment in capital assets	\$ 11,078,068	\$ 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
Unrestricted	2,314,089	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
Total business-type activities net position	\$ 13,392,157	\$ 14,354,498	\$ 15,194,597	\$ 15,924,201	\$ 16,686,301	\$ 17,682,613	\$ 19,134,435	\$ 20,205,413	\$ 19,193,190	\$ 23,573,208
Primary government:										
Net investment in capital assets	\$ 22,843,423	\$ 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
Restricted	2,575,308	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
Unrestricted	(5,073,559)	(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)
Total primary government net position	\$ 20,345,172	\$ 22,112,377	\$ 21,058,374	\$ 13,496,142	\$ 14,464,205	\$ 17,097,056	\$ 21,781,598	\$ 22,140,395	\$ 22,916,964	\$ 32,633,974

# City of Berkley

## Changes in Governmental Activities Net Position

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses:</b>										
General government	\$ 3,713,410	\$ 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
Public safety	5,108,392	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
Public works	3,710,743	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
Health and welfare	166,478	119,477	212,793	132,247	110,335	102,322	36,488	64,126	78,070	46,764
Recreation and culture	1,828,480	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
Interest on long-term debt	104,750	68,928	46,083	36,100	26,250	18,500	-	-	-	-
<b>Total governmental activities expenses</b>	<b>14,632,253</b>	<b>14,127,505</b>	<b>16,083,198</b>	<b>14,368,866</b>	<b>15,411,836</b>	<b>15,120,736</b>	<b>14,805,381</b>	<b>19,326,232</b>	<b>18,409,107</b>	<b>15,441,693</b>
<b>Program revenue:</b>										
Charges for services	3,057,180	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
Operating grants and contributions	1,612,680	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
Capital grants and contributions	249,360	240,677	30,933	73,692	1,343	-	-	521,806	750,870	921,061
<b>Total governmental program revenue</b>	<b>4,919,220</b>	<b>4,458,578</b>	<b>4,015,684</b>	<b>4,541,598</b>	<b>4,807,646</b>	<b>4,362,943</b>	<b>5,112,464</b>	<b>5,616,015</b>	<b>6,585,750</b>	<b>7,145,902</b>
<b>Net governmental activities expense</b>	<b>(9,713,033)</b>	<b>(9,668,927)</b>	<b>(12,067,514)</b>	<b>(9,827,268)</b>	<b>(10,604,190)</b>	<b>(10,757,793)</b>	<b>(9,692,917)</b>	<b>(13,710,217)</b>	<b>(11,823,357)</b>	<b>(8,295,791)</b>
<b>General revenue:</b>										
Property taxes	8,477,367	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
State-shared revenue	1,316,074	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
Unrestricted investment earnings	55,102	60,242	77,244	129,208	173,030	147,103	43,432	16,505	167,701	454,314
Other	459,510	553,871	430,674	781,620	466,146	439,121	568,317	320,679	297,157	190,007
<b>Total governmental activities general revenues</b>	<b>10,308,053</b>	<b>10,473,791</b>	<b>10,173,412</b>	<b>10,656,399</b>	<b>10,810,153</b>	<b>12,394,332</b>	<b>12,925,637</b>	<b>12,998,036</b>	<b>13,612,149</b>	<b>15,077,460</b>
<b>Change in governmental activities net position</b>	<b>\$ 595,020</b>	<b>\$ 804,864</b>	<b>\$ (1,894,102)</b>	<b>\$ 829,131</b>	<b>\$ 205,936</b>	<b>\$ 1,636,539</b>	<b>\$ 3,232,720</b>	<b>\$ (712,181)</b>	<b>\$ 1,788,792</b>	<b>\$ 6,781,669</b>

# City of Berkeley

## Changes in Business-type Net Position

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating revenue:										
Charges for services – water/sewer	\$ 5,729,719	\$ 6,285,422	\$ 6,296,971	\$ 6,683,811	\$ 6,717,244	\$ 6,915,755	\$ 7,146,772	\$ 7,333,257	\$ 6,722,000	\$ 8,282,957
Charges for services – arena	340,729	237,581	275,454	14,369	-	-	-	-	-	-
Total business-type operating revenue	6,070,448	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
Operation expenses:										
Water/sewer	4,874,414	5,214,208	5,762,885	5,721,616	5,991,515	5,944,829	5,702,556	6,268,860	7,740,235	5,096,616
Arena	392,804	387,124	138,126	52,870	73,980	157,113	-	-	-	-
Total business-type operating expenses	5,267,218	5,601,332	5,901,011	5,774,486	6,065,495	6,101,942	5,702,556	6,268,860	7,740,235	5,096,616
Net business-type operating income	803,230	921,671	671,414	923,694	651,749	813,813	1,444,216	1,064,397	(1,018,235)	3,186,341
Nonoperating revenue:										
Unrestricted investment earnings	10,097	13,670	18,685	22,587	30,351	23,681	7,606	6,581	6,012	5,629
Other	275	-	150,000	30,000	80,000	158,818	-	-	-	181,620
Total business-type nonoperating revenue	10,372	13,670	168,685	52,587	110,351	182,499	7,606	6,581	6,012	187,249
Change in business-type net position	813,602	935,341	840,099	976,281	762,100	996,312	1,451,822	1,070,978	(1,012,223)	3,373,590
Change in net position, total primary government	\$ 1,408,622	\$ 1,740,205	\$ (1,054,003)	\$ 1,805,412	\$ 968,063	\$ 2,632,851	\$ 4,684,542	\$ 358,797	\$ 776,569	\$ 10,155,259

# City of Berkeley

## Fund Balances - Governmental Funds

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund:										
Nonspendable	\$ 291,749	\$ 327,691	\$ 305,101	\$ 203,072	\$ 1,302,781	\$ 1,246,313	\$ 334,280	\$ 336,586	\$ 317,858	\$ 376,477
Restricted	129,814	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	3,103,391	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
Total general fund	3,524,954	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
All other governmental funds										
Nonspendable	24,361	19,707	15,485	16,607	8,258	236	40,997	17,708	19,891	6,056
Restricted	2,320,355	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
Committed	835,919	976,873	989,553	901,471	909,394	722,864	8,988	12,718	183,278	291,425
Assigned	774,901	800,592	709,313	721,710	671,893	400,238	395,976	370,301	293,627	-
Unassigned	-	-	(29,971)	-	-	-	(117,392)	-	-	-
Total all other governmental funds	3,955,536	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
Total all governmental funds	\$ 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

# City of Berkeley

## Changes in Fund Balances - Governmental Funds

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue:</b>										
Local revenue	\$ 12,468,368	\$ 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
State revenue	2,372,622	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
Federal revenue	383,305	120,601	22,240	68,914	11,092	53,347	861,316	12,375	617,528	519,043
<b>Total revenue</b>	<b>15,224,295</b>	<b>15,042,045</b>	<b>14,203,634</b>	<b>15,116,185</b>	<b>15,710,001</b>	<b>16,803,744</b>	<b>18,012,342</b>	<b>18,554,017</b>	<b>20,189,381</b>	<b>22,217,862</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,724,425	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
Public safety	4,866,822	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
Public works	4,101,935	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
Health and welfare	196,602	153,445	218,459	148,967	134,388	102,556	52,609	64,126	78,070	64,589
Recreation and culture	1,533,968	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
<b>Debt service:</b>										
Principal	860,000	925,000	225,000	225,000	250,000	275,000	300,000	-	-	-
Interest	114,276	76,174	47,194	38,349	28,750	18,250	6,000	-	-	-
Capital outlay	277,496	327,704	450,957	507,204	725,256	1,527,759	4,133,507	1,702,112	4,147,503	4,612,361
<b>Total expenditures</b>	<b>14,675,524</b>	<b>13,014,420</b>	<b>13,723,509</b>	<b>14,340,310</b>	<b>14,810,119</b>	<b>16,162,645</b>	<b>19,468,064</b>	<b>17,329,877</b>	<b>21,337,030</b>	<b>23,015,207</b>
<b>Excess of revenue over expenditures</b>	<b>548,771</b>	<b>2,027,625</b>	<b>480,125</b>	<b>775,875</b>	<b>89,988</b>	<b>641,099</b>	<b>(1,455,722)</b>	<b>1,224,140</b>	<b>(1,147,649)</b>	<b>(797,345)</b>
<b>Other financing sources (uses):</b>										
Transfers in	916,693	555,034	189,916	570,000	630,000	749,921	938,500	973,000	1,755,000	1,474,332
Transfers out	(1,057,508)	(582,034)	(339,916)	(600,000)	(710,000)	(947,607)	(938,500)	(973,000)	(1,755,000)	(1,474,332)
Other	-	-	-	-	-	108,506	64,729	59,013	53,398	5,500
<b>Total other financing sources (uses)</b>	<b>(140,815)</b>	<b>(27,000)</b>	<b>(150,000)</b>	<b>(30,000)</b>	<b>(80,000)</b>	<b>(89,180)</b>	<b>64,729</b>	<b>59,013</b>	<b>53,398</b>	<b>5,500</b>
<b>Net change in fund balances</b>	<b>407,956</b>	<b>2,000,625</b>	<b>330,125</b>	<b>745,875</b>	<b>819,882</b>	<b>551,919</b>	<b>(1,390,993)</b>	<b>1,283,153</b>	<b>(1,094,251)</b>	<b>(791,845)</b>
<b>Fund balances at beginning of year, as previously presented</b>										
	7,072,534	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
Restatement for correction of an error	-	-	-	-	-	-	-	-	-	(1,444,677)
<b>Fund balance at beginning of year - restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,282,148</b>
<b>Fund balances at end of year</b>	<b>\$ 7,480,490</b>	<b>\$ 9,481,115</b>	<b>\$ 9,811,240</b>	<b>\$ 10,557,115</b>	<b>\$ 11,376,997</b>	<b>\$ 11,928,916</b>	<b>\$ 10,537,923</b>	<b>\$ 11,821,076</b>	<b>\$ 10,726,825</b>	<b>\$ 8,490,303</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
	6.77%	7.89%	2.09%	2.07%	2.06%	2.15%	2.00%	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

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Personal Property</b>	<b>Total Value</b>	<b>Tax Rate (mills)</b>	<b>Estimated Actual Value</b>	<b>Taxable Value as a % of Actual</b>
2014	2015	\$ 410,885,648	\$ 50,207,950	\$ 816,550	\$ 11,907,130	\$ 473,817,278	17.5454	\$ 521,957,503	90.78%
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%

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 Berkeley

### Direct and Overlapping Property Tax Rates

#### Last Ten Tax Years

Fiscal Year	Millage Rates – City of Berkeley							Overlapping Taxes Berkeley Schools		
	City Operating	Public Safety	Sanitation	Community Promotions	Public Safety Pension	City Debt	Infrastructure	Total Direct Taxes	Homestead	Non-Homestead
2015	9.2831	1.8872	1.8872	0.1055	2.7120	1.6704	-	17.5454	4.7353	22.7353
2016	9.1456	1.8592	1.8592	0.1012	2.4290	1.5849	-	16.9791	7.7269	25.7269
2017	8.9818	1.8259	1.8259	0.0982	2.5445	0.5452	-	15.8215	7.7148	25.7148
2018	8.7590	1.7806	1.7806	0.0933	2.2684	0.4927	-	15.1746	7.6993	25.6993
2019	8.5697	1.7421	1.7421	0.0875	2.2684	0.4927	-	14.9025	7.6843	25.3465
2020	8.4034	1.7083	1.7083	0.0826	2.4975	0.4625	1.9612	16.8238	6.6517	24.0366
2021	8.2436	1.6758	1.6758	0.0785	2.5000	0.4500	1.9239	16.5476	6.1038	24.1038
2022	8.0696	1.6404	1.6404	0.0749	2.6800	-	1.8833	15.9886	6.0524	24.0524
2023	7.9299	1.6120	1.6120	0.0706	2.7000	-	1.8507	15.7752	6.0090	24.0090
2024	7.9299	1.6120	1.6120	0.0652	2.7000	-	1.8507	15.7698	6.0098	24.0098

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

General operating	7.9299
Public safety	1.6120
Sanitation	1.6120
Community promotions	0.0706

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 Berkeley Treasury Department

City of Berkeley

Direct and Overlapping Property Tax Rates, Continued

Last Ten Tax Years

Fiscal Year	Overlapping Taxes Royal Oak Schools		Millage Rates - City of Berkeley							
	Homestead	Non-Homestead	Oakland County	Oakland Intermediate Schools	Oakland Community College	Oakland County Public Transportation Authority	State Education	HCMA	Zoo Authority	Downtown Development Authority
2015	7.1928	25.1928	4.1900	3.3690	1.5844	1.0000	6.0000	0.2146	0.1000	1.9217
2016	7.3842	22.7466	4.3310	3.3633	1.5819	0.9998	6.0000	0.2146	0.0998	1.9217
2017	7.2911	22.5797	4.0900	3.3633	1.5819	0.9998	6.0000	0.2146	0.0998	1.9217
2018	6.6965	22.2263	4.0400	3.1113	1.5555	0.9863	6.0000	0.2140	0.0998	1.9217
2019	6.6245	22.2160	4.0400	3.0863	1.5431	1.0000	6.0000	0.2129	0.0982	1.9084
2020	6.0511	24.0511	4.0400	3.0605	1.5303	0.9927	6.0000	0.2117	0.0973	1.8776
2021	6.2372	28.5804	4.0200	3.0362	1.5184	0.9851	6.0000	0.2104	0.0965	1.8676
2022	5.3966	21.5366	4.0132	3.0110	1.5057	0.9765	6.0000	0.2089	0.0965	1.8225
2023	3.9331	21.9331	0.3431	2.9777	1.4891	0.9500	6.0000	0.2070	0.0945	1.8184
2024	4.3109	22.3109	3.9686	3.1658	1.4891	0.9500	6.0000	0.2070	0.0945	1.8184

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

General operating	7.9299
Public safety	1.6120
Sanitation	1.6120
Community promotions	0.0706

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 Berkeley Treasury Department



City of Berkley

Principal Property Tax Payers

Current Year and Ten Years Prior

	<b>Taxpayer</b>	<b>2024 Taxable Value</b>	<b>% of Total</b>	<b>2015 Taxable Value</b>	<b>% of Total</b>	<b>2015 Rank</b>
1	Consumers Energy	\$ 10,942,320	1.43%	\$ 2,373,540	0.48%	3
2	DTE Electric	\$ 5,450,000	0.71%	\$ 2,517,250	0.51%	2
3	DHS Management	\$ 3,314,970	0.43%	\$ 2,751,530	0.56%	1
4	Woodward Berkley LLC	\$ 2,306,990	0.30%			N/A
5	814 Berkley LLC	\$ 2,179,120	0.28%			N/A
6	Essco of Berkley LLC	\$ 1,571,130	0.21%	\$ 1,178,510	0.24%	6
7	Anusbigian LLC	\$ 1,549,700	0.20%	\$ 1,168,880	0.24%	9
8	Capital Development Corp	\$ 1,167,860	0.15%	\$ 1,234,120	0.25%	7
9	2200 Berkley LLC	\$ 1,150,270	0.15%			N/A
10	Monarch Acquisition LLC	\$ 1,120,830	0.15%			N/A
	Northwood Medical Limited Partners			\$ 1,676,400	0.34%	4
	SD Investments			\$ 865,300	0.18%	10
	Berkley Twelve Associates II			\$ 1,202,540	0.24%	8
	Dynex Commercial Services			\$ 1,485,360	0.30%	5
	<b>Total taxable value</b>	<b>\$ 30,753,190</b>	<b>4.01%</b>	<b>\$ 16,453,430</b>	<b>3.33%</b>	

Source: Oakland County Equalization Department  
 City of Berkley Treasury Department

City of Berkeley

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>
2014	2015	\$ 9,231,605	\$ 9,225,574	99.93%	\$ 5,111	\$ 9,230,685	99.99%
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%

Source: Oakland County Settlement Documents  
City of Berkeley 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 Berkeley

## Ratios of Outstanding Debt

### Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General obligation bonds	\$ 2,000,000	\$ 1,275,000	\$ 1,050,000	\$ 825,000	\$ 575,000	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Installment purchase agreements	200,000	-	-	-	-	-	-	-	-	-
Total governmental activities debt	2,200,000	1,275,000	1,050,000	825,000	575,000	300,000	-	-	-	-
Business-type activities:										
General obligation bonds	4,214,602	3,798,436	3,341,323	2,890,818	2,431,167	1,960,800	1,479,711	986,951	588,020	183,241
Total debt of the government	\$ 6,414,602	\$ 5,073,436	\$ 4,391,323	\$ 3,715,818	\$ 3,006,167	\$ 2,260,800	\$ 1,479,711	\$ 986,951	\$ 588,020	\$ 183,241
Total taxable value (1)	\$ 473,817,278	\$ 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
Ratio of total debt to personal income	1.35%	1.03%	0.86%	0.69%	0.53%	0.37%	0.23%	0.15%	0.08%	0.02%
Total population	15,089	15,135	15,272	15,239	15,269	15,513	15,194	15,238	14,928	14,858
Total debt per capita	\$ 425	\$ 335	\$ 288	\$ 244	\$ 197	\$ 146	\$ 97	\$ 65	\$ 39	\$ 12

(1) Personal income is not available

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

City of Berkeley

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>UTGO City General Obligation Bonds</b>	<b>General Obligation Bonds Issued by County on Behalf of the City</b>	<b>Total General Obligation Debt</b>	<b>Taxable Values</b>	<b>Total General Bonded Debt as a Percentage of Taxable Value</b>	<b>Debt as a Percentage of Taxable Value</b>	<b>Population</b>	<b>Debt Per Capita</b>
2015	\$ 2,000,000	\$ 4,214,602	\$ 6,214,602	\$ 473,817,278	0.42%	1.31%	15,089	\$ 412
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

Source: SEMCOG  
Tax Value – Oakland County Equalization

City of Berkley

Direct and Overlapping Governmental Activities Debt

June 30, 2024

<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	\$ 136,435,000	54.61%	\$ 74,507,154
Royal Oak School District	29,235,000	0.44%	128,634
Oakland County	144,919,913	1.03%	1,492,675
Oakland County Intermediate School District	38,215,000	1.03%	393,615
Oakland County Community College	-	0.00%	-
Total overlapping debt			<u>76,522,077</u>
Direct city debt			<u>\$ -</u>
Total Direct and Overlapping Debt			<u><u>\$ 76,522,077</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 Berkeley

## Legal Debt Margin

### Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Calculation of debt limit:										
State equalized valuation (SEV)	\$ 521,957,503	\$ 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
Debt limit (10% of SEV)	52,195,750	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
Calculation of debt subject to limit:										
Total debt (1)	6,414,602	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711	986,953	587,381	183,241
Less: debt not subject to limit										
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	6,414,602	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711	986,953	587,381	183,241
Net debt margin	\$ 45,781,148	\$ 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
Net debt subject to limit as % of debt limit	12.29%	8.58%	6.93%	5.44%	3.89%	2.87%	1.77%	1.13%	0.64%	0.18%

Source: Oakland County Equalization  
City annual financial statements

(1) All debt including PA 99 installment debt

# City of Berkeley

## Legal Debt Margin PA 99 Debt Only

### Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Calculation of debt limit:										
Taxable value (TV)	\$ 473,817,278	\$ 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
Debt limit (1.25% of TV)	5,922,716	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
Calculation of debt subject to limit:										
Total debt	200,000	-	-	-	-	-	-	-	-	-
Less: debt not subject to limit										
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	200,000	-	-	-	-	-	-	-	-	-
Net debt margin	\$ 5,722,716	\$ 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
Net debt subject to limit as % of debt limit	3.38%	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 Berkeley

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	422,766	0.54%
2024	8,464,576	5,830,101	2,634,475	404,778	4,028	408,806	6.44%

Source: City of Berkeley 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>
2015	15,089	\$ 75,856	\$ 38,872	5.40%
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%

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, 2024			Year Ended June 30, 2014		
	Employees	Rank	Percentage of Total (1)	Employees	Rank	Percentage of Total
Berkley School District	724	1	-	605	1	17.51%
Westborn Market	170	2	-	94	4	2.72%
Crispelli's	85	3	-	58	6	1.68%
City of Berkley	78	4	-	71	5	2.05%
Green Lantern	78	5	-	-	-	-
Vinsetta Garage	70	6	-	108	3	3.13%
Stantec	45	7	-	-	-	-
24 Seconds	25	8	-	-	-	-
Berkley Common	17	9	-	-	-	-
Durst Lumber	15	10	-	29	8	0.84%
O'Mara's Restaurant	-	-	-	30	7	0.87%
The Doll Hospital & Toy Soldier Shop	-	-	-	25	9	0.72%
Sila's Pizzeria	-	-	-	25	10	0.72%
Farina's Banquet Center	-	-	-	25	10	0.72%
SHW Group	-	-	-	109	2	3.15%
<b>Total</b>	<b>1307</b>			<b>1179</b>		

(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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City Manager	1.60	2.60	3.00	2.00	2.00	2.00	2.00	4.00	3.00	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	0.75	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
City Clerk/Elections	1.60	1.60	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Treasury	1.05	1.05	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Finance	1.15	1.15	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00
Public safety	33.15	34.00	34.00	35.00	40.00	40.00	40.00	40.00	39.00	39.00
Building	0.95	0.95	2.00	3.00	3.00	3.00	3.00	3.00	4.00	5.00
Public works (1)	5.83	5.73	12.00	12.00	8.00	8.00	8.00	8.00	8.00	6.00
Public works garage	0.56	0.60	1.00	2.00	1.00	1.00	1.00	1.00	1.00	2.00
Solid waste	2.21	2.21	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Water and sewer	7.17	9.76	1.00	1.00	5.00	5.00	5.00	5.00	7.00	6.00
Parks and recreation	4.70	4.05	5.00	5.00	5.00	5.00	5.00	5.00	6.00	5.00
Arena	1.30	0.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library	2.95	2.95	4.00	3.00	2.00	2.00	3.00	3.00	2.00	2.00
Court	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>65.97</b>	<b>69.35</b>	<b>70.00</b>	<b>71.00</b>	<b>75.00</b>	<b>75.00</b>	<b>76.00</b>	<b>78.00</b>	<b>80.00</b>	<b>78.00</b>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General government:</b>										
Registered voters	12,295	12,527	12,719	12,353	12,774	13,182	13,268	13,259	12,918	12,677
Voters at polls	3,214	1,664	7,383	2,318	6,598	3,555	2,441	1,850	3,018	2,023
Absentee ballots	940	833	2,292	748	2,254	4,576	5,626	1,844	2,887	2,212
Percent voting	33.79%	19.93%	76.07%	24.82%	69.30%	61.68%	60.80%	27.86%	45.71%	29.00%
<b>Public safety:</b>										
Responses to calls for service	16,910	16,308	15,654	17,029	16,992	15,982	11,275	12,757	12,836	12,631
Motor vehicle accidents	404	360	394	377	370	385	233	292	28	294
Assaults	80	45	43	45	36	29	36	49	47	38
Burglary	22	37	12	14	10	4	3	9	6	4
Property damage	45	25	27	45	17	43	17	10	14	13
Number of arrests	1,113	1,295	1,199	1,120	978	498	450	655	753	699
Fire:										
Fire incidents (1)	183	120	186	154	180	157	167	260	38	221
Fire inspections conducted	48	157	406	233	423	484	576	784	646	551
Medical emergencies	894	849	838	842	879	912	850	929	875	841
<b>Parks and recreation:</b>										
Youth classes	90	94	88	85	95	24	52	68	70	48
Adult classes	80	79	78	82	120	24	53	56	57	64
Youth leagues	-	-	-	-	-	-	-	-	-	-
Adult leagues	5	5	4	4	4	1	3	3	3	7
Summerday camp participants	250	305	347	389	427	-	146	300	329	106
Senior citizens programs	25	27	24	28	45	10	10	42	45	63
Ice arena:										
Number of skaters enrolled	106	130	-	-	-	-	-	-	-	-
Hours of ice time sold	1,470	1,500	-	-	-	-	-	-	-	-
<b>Public works</b>										
Water purchased from SOCWA	45,348,400	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
Water sold to customers	46,240,200	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
Number of meters	6,833	6,832	6,835	6,871	6,873	6,871	6,887	6,896	6,904	6,905

# City of Berkeley

## Operating Indicators, Continued

### Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Library:</b>										
Items circulated	145,770	146,573	147,623	150,004	157,256	136,610	132,093	185,403	201,373	211,759
Circulation per capita	10	10	10	10	11	9	9	12	13	14
Reference and patron assistance	14,440	14,351	13,769	12,839	12,710	8,174	10,500	5,106	8,638	8,130
Electronic access	11,239	13,290	13,537	15,885	19,625	27,191	35,043	30,540	35,242	44,876
Registered borrowers	7,991	7,826	7,454	7,396	6,368	6,475	6,541	6,178	5,820	5,942
Materials borrowed– non-residents	41,900	41,478	42,206	41,565	46,029	37,804	21,250	54,606	58,756	58,177
Materials borrowed– Berkeley residents	19,816	19,038	17,687	19,745	19,471	11,115	11,340	9,351	14,534	16,649
Number of participants in activities	6,536	4,260	5,507	5,942	5,959	4,425	2,546	2,836	3,677	4,155
Public internet sessions	32,111	31,264	19,763	16,906	16,108	11,573	47	6,018	8,357	8,686
Books borrowed	99,365	99,178	99,499	96,383	89,209	70,692	53,907	124,317	136,741	137,043
Audio/Video/CDs borrowed	45	40,902	39,428	36,219	29,439	21,576	9,645	39,842	28,576	29,840
Library visits*	-	-	118,263	116,217	111,901	75,323	2,947	65,247	83,522	89,944
<b>Treasury:</b>										
Summer tax bills processed	3,564	3,495	3,423	3,360	3,360	3,355	3,378	3,378	3,374	3,274

\*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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<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	34,200	-	-	-	-	-
Public safety	12,000	12,000	12,000	12,000	12,000	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	2,475	26,146	26,146
<b>Public safety:</b>										
Fire vehicles	2	2	2	2	2	2	3	3	3	3
Police vehicles	15	15	15	16	16	17	17	22	22	26
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public works:</b>										
Major streets (miles)	16	16	16	16	16	16	16	18	18	18
Local streets (miles)	36	36	36	36	36	36	36	36	36	36
Street lights	720	720	720	720	720	720	720	723	723	723
Vehicles in City fleet	41	40	40	40	40	40	40	40	48	50
<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	8
Ice arena	1	1	1	1	1	-	-	-	-	-
Historical museum	1	1	1	1	1	1	1	1	1	1
Tennis courts	-	-	-	-	-	10	10	10	10	10
<b>Water and sewer</b>										
Water mains (miles)	53	53	53	53	53	53	53	57	57	57
Sanitary sewers (miles)	56	56	69	69	69	69	69	71	71	71
Fire hydrants	500	500	500	500	500	500	500	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