



# City of Berkley



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Berkley, Michigan  
For the Fiscal Year Ended June 30, 2017  
as prepared by the Finance Department

---

## **City Council**

Phil O'Dwyer – Mayor

Steven W. Baker, Mayor Pro-Tempore  
John (Jack) Blanchard  
Alan H. Kideckel

Dan Terbrack  
Colleen Graveline  
Eileen Steadman

---

## **City Manager**

Matthew Baumgarten

## **Finance Director**

Sabrina Lilla

### Introductory Section

List of Principal Officials	i
Letter of Transmittal	ii-v
Organization Chart	vi
Fund Organization Chart	vii
Certificate of Achievement	viii

### Financial Section

Report Letter	1-2
Management's Discussion and Analysis	3-10
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14-15
Reconciliation of the Balance Sheet to the Statement of Net Position	16
Statement of Revenue, Expenditures, and Changes in Fund Balances	17-18
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds:	
Statement of Net Position	20
Statement of Revenue, Expenses, and Changes in Net Position	21
Statement of Cash Flows	22
Fiduciary Funds:	
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position - Public Safety Pension	24
Notes to Financial Statements	25-61

# City of Berkley, Michigan

---

## Contents (Continued)

<b>Required Supplemental Information</b>	62
Budgetary Comparison Schedule - General Fund	63-64
Budgetary Comparison Schedule - Major Special Revenue Funds	65-66
Pension Systems Schedules	67-71
OPEB System Schedule	72
<b>Other Supplemental Information</b>	73
Nonmajor Governmental Funds:	
Combining Balance Sheet	74-75
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	76-77
Budgetary Comparison	78-85
Agency Fund - Schedule of Changes in Assets and Liabilities	86

<b><u>Statistical Section</u></b>	87
Statistical Contents	88-89
Financial Trend Information:	
Net Position by Component	90-91
Changes in Net Position	92-93
Fund Balances of Governmental Funds	94-95
Changes in Fund Balances of Governmental Funds	96-97
Revenue Capacity Information:	
Property Tax Levies and Collections	98
Assessed Value and Actual Value of Taxable Property	99
Direct and Overlapping Property Tax Rates	100-101
Principal Property Taxpayers	102
Debt Capacity Information:	
Ratios of Outstanding Debt by Type	103-104
Pledged-revenue Coverage	105
Ratios of General Bonded Debt Outstanding	106
Direct and Overlapping Governmental Activities Debt	107
Legal Debt Margin	108-109
Legal Debt Margin - P.A. 99 Debt	110-111
Demographic and Economic Information:	
Demographic and Economic Statistics	112
Principal Employers	113
Operating Information:	
Full-time Equivalent Government Employees by Function	114
Operating Indicators by Function	115-116
Capital Asset Statistics by Function	117

City of Berkley, Michigan  
List of City Officials  
June 30, 2017



**City Manager**

Matthew Baumgarten, City Manager  
Darchelle Strickland-Love, Deputy City Manager  
Cynthia Chiara, Assistant to the City Manager  
Stan Lisica, Information Technology Coordinator  
Vacant , Communications Coordinator

**City Clerk**

Annette Boucher, City Clerk  
Gina Cipriani, Deputy City Clerk

**Department of Public Works**

Derrick L. Schueller, Director  
Shawn Young, Deputy Director  
Janice Laity, Executive Assistant

**Finance/Treasury Department**

Sabrina Lilla, CPA, Finance Director  
Bryan Bemis, Deputy Treasurer  
Laurie Fielder, Accountant  
Susan Reddin, Accountant

**Library**

Matthew Church, Library Director  
Karen Endres, Library Secretary  
Carol Stadther, Library Clerk

**Parks and Recreation**

Theresa McArleton, Director  
Dan McMinn, Arena/Events Manager  
Scott Jennex, Program Manager

**Planning**

Amy Vansen, AICP, City Planner  
Kimberly Anderson, Department Clerk  
Danna Bauer, Building Clerk

**Public Safety**

Matthew Koehn. Eshman, Chief  
Selena Frost, Executive Assistant



"We Care"

Department of Finance & Treasury  
248-658-3340 - Finance  
248-658-3310 - Treasury  
248-658-3301 - Fax

## **LETTER OF TRANSMITTAL**

November 20, 2017

The Honorable Mayor Phil O'Dwyer  
Members of the City Council  
Matthew Baumgarten, City Manager  
And Citizens of the City of Berkley

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Berkley for the fiscal year ending June 30, 2017. This is the sixth Comprehensive Annual Financial Report to the Mayor and City Council.

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 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.

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.

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 local unit of government such as the City of Berkley.

## **Reporting Changes**

During the year-ended June 30, 2017, the City implemented the reporting change required to be instituted in the financial statements of local units of government as established by Governmental Accounting Standards Board (GASB) Statement Number 77, *Tax Abatement Disclosures*. The City evaluated the impact of this standard and concluded, no disclosure was deemed necessary.

## **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 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 Manager directs all city operations, projects and programs.

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. 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 upon 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, 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 department. It takes a four vote majority to adopt and amend the annual appropriations document.

## **Factors Affecting Financial Condition**

**City Operation** - 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 January 2017. This rating places Berkley in a solid position as compared to other municipalities in Southeastern Michigan and the State.



According to Fitch's rating service, 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 revenues. Fitch believes that the city will maintain strong financial resilience based on management's history of conservative budgeting practices and solid expenditure flexibility.

**Local Economy** - Wealth levels within the City of Berkley remain above state and national averages. The median household income in Berkley is just over \$65,600. The per capita income is just over \$33,900. The median housing value calculated by the Southeast Michigan Council of Governments is \$165,600; the median gross rents are \$1,005/month. The average taxable value in the City as determined by the City Finance Department is \$75,000. Per the 2010 census, there are just over 6,400 single family homes and another 624 multi-unit residences. Within this amount 5,363 were owner occupied and another 1,231 is rented. Approximately 339 units are vacant and the rest of the housing is seasonally occupied.

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 2035. As of 6/30/2017, the population of the City of Berkley is 15,272. As of 6/30/2017, the unemployment level within the City according to HomeFacts as of the same date is 2.9% which is under the State unemployment rate of 4.0 % and the National average of 4.4%.

The City and area have a very diverse business community that employs residents in the region. Specifically, the City has the SHW Group, a global engineering firm within the City limits, along with the City of Berkley, Westborn Market, the Vinsetta Garage restaurant, Crispelli's restaurant, the Berkley School District and satellite medical services from Beaumont Hospital. Regionally, the main campus of Beaumont Hospital is just outside the City limit.

The City's taxable value has halted its downward moving trend. The City's tax base declined 13.51% from July 1, 2009 through June 30, 2012 with the largest decline incurring in July 2010 at 6.8%. Tax-base constriction continued at a lesser extent, with a 2.38% decline in July 2012. In July 2013 the City saw its tax base rebound with a 2.23% overall tax value increase. Since 2013, the City's tax base has continued to increase 2.13%, 4.3%, and 3%, respectively for 2014, 2015, and 2016 tax years

In August 2012, the City was able to pass through a vote of the people 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. This additional tax levy added \$1.45 million for City operation net of tax increment capture for FY 2016/17. It is anticipated that State Shared Revenues now and into the future will remain steady and increase at a very slow rate.

The City's debt has decreased significantly over the years with only one governmental activities bond remaining. The outstanding balance on the debt is \$1,050,000. The business type activities debt outstanding are all obligations with Oakland County related to improvements with the George W Kuhn Drains.

The City labor contracts have expired as of June 30, 2017. Those labor contracts will begin negotiations in early calendar year 2018.

**Employee Pensions and Other Post-Employment Benefits** - The City has two pension systems. The Public Safety Officers have their pension benefits overseen by a board appointed by the Mayor and approved by City Council along with union membership representation and the City Finance Director. All other employees participate in the Municipal Employee Retirement System (MERS). Internally, the City Finance Department administers the pension benefits of the public safety officers with Board oversight. MERS administers the pension benefits of all other eligible employees. The Finance Department coordinates all pension issues with MERS locally. The City's annual required contribution is determined by an independent actuary engaged by the Board for the public safety officers and MERS for all other eligible employees. The City of Berkeley fully funds the annual required contribution recommended by the actuary for pensions. To reduce future pension liabilities, the City has closed certain non-union and public works employee pension divisions from new hires. New hires receive lower pension multiplier benefits in these new groups. All non-union and 7/1/2005 new hires at Public Works must contribute towards their pension 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.

**Awards** - The Government Finance Officers Association (GFOA) has awarded to the City of Berkeley a certificate of excellence in financial reporting from GFOA for its first Comprehensive Annual Financial Report that was provided to the leadership and citizens of the City for fiscal year 2011/12 through 2015/16.

This Comprehensive Annual Financial Report was made possible by the efficient and dedicated service of many individuals. We wish to express our sincere appreciation to each of them. Special thanks go to our independent auditors Plante Moran who provided guidance and assistance in putting this document together. Finally, we would like to also express our appreciation to the Mayor and City Council along with City Manager Matthew Baumgarten, for their guidance and leadership dealing with financial matters of the City this past fiscal year.

Sincerely,

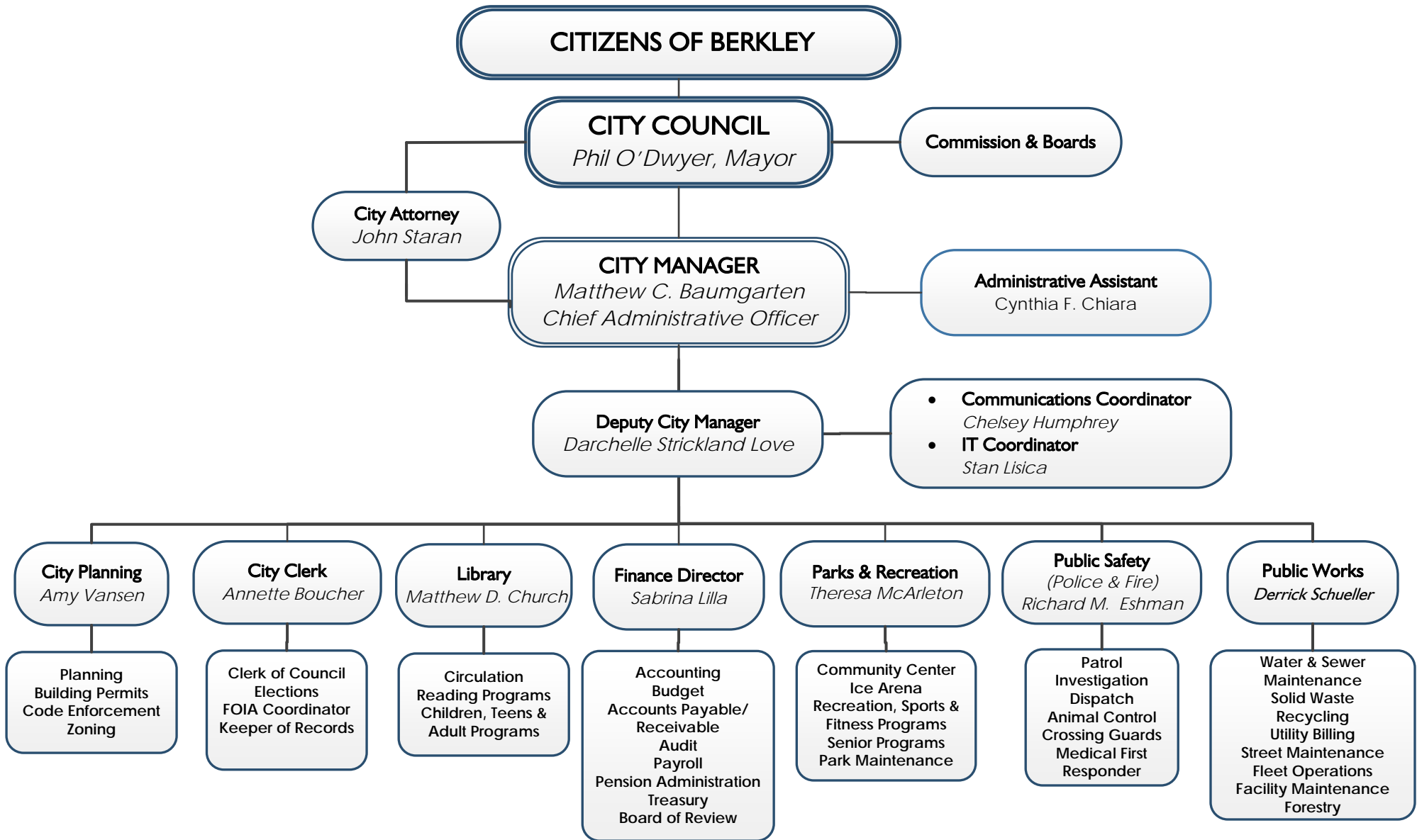


Laurie Fielder  
Accountant



Sabrina Lilla, CPA  
Finance Director

# City of Berkley



Adopted 5/17/16  
Rev: 10/21/16

# City of Berkley, Michigan Fund Organization Chart



**GOVERNMENTAL FUNDS**

General Fund

**Special Revenue Funds**

Major Street

Local Street

Solid Waste

Community Development Block Grant (CDGB)

Drug Forfeiture

Recreation Revolving

Seniors Program

**Debt Funds**

2006 Eleven Mile Road Debt

**Capital Projects**

Capital Projects Fund

Sidewalks Fund

**PROPRIETARY FUNDS**

Ice Arena

Water and Sewer

Fringe Benefits/Compensated Absences

**FIDUCIARY - PENSION TRUST FUND**

Public Safety Pension System

**FIDUCIARY - AGENCY FUNDS**

General Agency - Trust Fund

General Agency - Tax Collection Fund

**COMPONENT UNIT**

Downtown Development Authority

Downtown Development Authority TIF Capture



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Berkley  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

## Independent Auditor's Report

To the City Council  
City of Berkley, Michigan

### **Report on the Financial Statements**

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 (the "City") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net 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, Michigan as of June 30, 2017 and the respective changes in its net position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Berkley, Michigan

**Required Supplemental Information**

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

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berkley, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Plante & Moran, PLLC*

November 20, 2017

# City of Berkley, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Berkley, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2017:

- Property tax values increased (3 percent or \$15.0 million) for the July 1, 2016 tax collection season that funds fiscal year 2016-2017; however, this is offset by a Headlee reduction factor to many of the City's millages. This is the fourth straight year that the City has experienced an overall increase in its taxable value. Last fiscal year, taxable values increased 4.2 percent, or approximately \$20.0 million.
- The City also saw a continued increase in building, electrical, heating, and plumbing permit revenue in fiscal year 2016-2017. This revenue stream increased by 37 percent, or approximately \$174,000. This economic indicator also highlights that the housing market and local economy is continuing to turn around and the City will continue to see better property tax values in fiscal year 2017-2018.
- Constitutional and city, village, and township (CVT) revenue sharing payments, the City's second largest revenue source, increased by \$65,675, or 5 percent in fiscal year 2016-2017 as compared to fiscal year 2015-2016.
- To offset the loss of revenue and to increase infrastructure investments, the City sought in August 2012 a \$3.00 per thousand Headlee tax override. This levy was overwhelmingly passed with almost 70 percent of the voters approving the Headlee property tax override. This levy went into effect on July 1, 2013. The levy was rolled back to \$2.8942 per thousand tax value for the July 2016 tax levy in accordance with the State Headlee amendment. This tax levy generated approximately \$1.45 million (net of tax increment finance capture) for fiscal year 2016-2017.
- The City continued to maintain the structural integrity of its water mains and sewer system by investing approximately \$1.22 million in water and sewer improvements in fiscal year 2016-2017. Improvements included sewer lining, vector equipment, meters, and construction progress on the Harvard Street reconstruction project.
- The City also continued to invest in its general infrastructure with over \$906,000 worth of capital improvements performed in fiscal year 2016-2017. Improvements included Oxford/Merchant park improvements, major and local street improvements, updated E911 system, library LED light conversion, department of public works equipment and police vehicles, and the Harvard Street reconstruction project.



# City of Berkley, Michigan

---

## Management's Discussion and Analysis (Continued)

- For the 18th consecutive year, the City invested in the library collection. The library purchased \$60,455 in new reading and rental materials.
- The City's estimated total other postemployment benefit (OPEB) liability as of June 30, 2017 is \$26,275,808. The City currently has \$4,653,003 of investments held in trust with Municipal Employees' Retirement System (MERS), which leaves a net unfunded OPEB liability of \$21,622,805 or 17.71 percent funded. The City has continued to make a conscious effort to set aside some level of funding for its OPEB liability.
- The annual calculated OPEB liability contribution for fiscal year 2016-2017 was \$2,400,747, including interest and adjustments. The City paid \$1,300,615 on a pay-as-you-go basis, including an implicit rate subsidy contribution. The City then invested an additional \$241,200 toward the OPEB liability in fiscal year 2016-2017. These additional funds were transferred to the City's third-party trust for investment and safekeeping. The total payment made by the City in fiscal year 2016-2017 toward the yearly OPEB liability totaled \$1,541,815.

### 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 us how the taxpayers' resources were spent during the year, as well as 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, Michigan

## Management's Discussion and Analysis (Continued)

### The City of Berkley as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2017 and 2016 (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current assets	\$ 11.4	\$ 10.7	\$ 5.0	\$ 5.0	\$ 16.4	\$ 15.7
Capital assets	<u>13.6</u>	<u>13.9</u>	<u>16.2</u>	<u>15.7</u>	<u>29.8</u>	<u>29.5</u>
Total assets	25.0	24.6	21.2	20.7	46.2	45.2
<b>Deferred Outflows</b>	1.7	3.4	0.2	0.4	1.9	3.8
<b>Liabilities</b>						
Current liabilities	0.9	0.7	0.7	0.5	1.6	1.2
Long-term liabilities	<u>19.8</u>	<u>19.3</u>	<u>5.5</u>	<u>6.1</u>	<u>25.3</u>	<u>25.4</u>
Total liabilities	20.7	20.0	6.2	6.6	26.9	26.6
<b>Deferred Inflows</b>	<u>0.1</u>	<u>0.2</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>
<b>Net Position</b>						
Net investment in capital assets	12.6	12.6	12.9	11.9	25.5	24.4
Restricted	3.3	3.5	-	-	3.3	3.5
Unrestricted	<u>(10.0)</u>	<u>(8.3)</u>	<u>2.3</u>	<u>2.5</u>	<u>(7.7)</u>	<u>(5.8)</u>
Total net position	<u>\$ 5.9</u>	<u>\$ 7.8</u>	<u>\$ 15.2</u>	<u>\$ 14.4</u>	<u>\$ 21.1</u>	<u>\$ 22.1</u>

The City's combined total net position decreased 4.5 percent from a year ago - decreasing from \$22.1 million to \$21.1 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) decreased 32.8 percent at June 30, 2017, from (\$5.8) million to (\$7.7) million. This reduction is due to a decrease in deferred outflows related to pensions under GASB Statement No. 68 of approximately \$3.8 million in 2016 to \$1.9 million in 2017.

The governmental activities unrestricted net position declined by approximately \$1.7 million. Analyzing this further, the decline is attributed to the decrease in deferred outflows related to pension under GASB Statement No. 68; however, the majority of the governmental funds experienced revenue exceeding expenses, which attributed to an increase in the unrestricted fund balance.

The unrestricted net position for business-type activities saw a slight decrease of approximately \$232,000 and the investment in capital assets increased by approximately \$1.1 million.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

In reviewing the City's net position of governmental activities, the net position investment in capital assets decreased approximately 0.3 percent due to the recognition of approximately \$1.1 million in depreciation expense in 2017 that was partially offset by asset additions of approximately \$0.9 million.

The following table shows the changes in net position during the years ended June 30, 2017 and 2016 (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2.6	\$ 2.4	\$ 6.3	\$ 6.3	\$ 8.9	\$ 8.7
Operating grants and contributions	1.4	1.9	0.3	0.3	1.7	2.2
Capital grants and contributions	-	0.2	-	-	-	0.2
General revenue:						
Property taxes	8.2	8.5	-	-	8.2	8.5
State-shared revenue	1.4	1.3	-	-	1.4	1.3
Unrestricted investment earnings	0.1	0.1	-	-	0.1	0.1
Franchise fees	0.4	0.4	-	-	0.4	0.4
Other revenue	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>-</u>	<u>0.4</u>	<u>0.2</u>
Total revenue	14.3	15.0	6.8	6.6	21.1	21.6
<b>Program Expenses</b>						
General government	3.3	3.0	-	-	3.3	3.0
Public safety	6.5	5.8	-	-	6.5	5.8
Public works	4.0	3.3	-	-	4.0	3.3
Health and welfare	0.2	0.1	-	-	0.2	0.1
Recreation and culture	2.1	1.9	-	-	2.1	1.9
Interest on long-term debt	0.1	0.1	-	-	0.1	0.1
Water and sewer	-	-	5.8	5.2	5.8	5.2
Arena	-	-	0.1	0.4	0.1	0.4
Total expenses	<u>16.2</u>	<u>14.2</u>	<u>5.9</u>	<u>5.6</u>	<u>22.1</u>	<u>19.8</u>
<b>Change in Net Position</b>	<u>\$ (1.9)</u>	<u>\$ 0.8</u>	<u>\$ 0.9</u>	<u>\$ 1.0</u>	<u>\$ (1.0)</u>	<u>\$ 1.8</u>

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

### Governmental Activities

Overall, the net position for governmental activities decreased by \$1.9 million in fiscal year 2016-2017 as compared to an increase of \$0.8 million in fiscal year 2015-2016 due to the local economic effects as described below:

- The City's total governmental revenue decreased by approximately \$0.7 million, despite modest increases in state-shared revenue, building permits, and interest income. The decrease, which represents 4.6 percent, was primarily due to fewer capital grants and slightly lower property tax revenue.
- Expenses increased by about \$1.96 million during the year. Increases were led by increases in healthcare costs, retirement contributions, and property insurance rates. In addition, the City received an updated OPEB valuation as of June 30, 2017. The valuation increased the governmental activities liability by \$839,000. To offset these increases, the City closely monitored its spending in all other areas.

### Business-type Activities

The City's business-type activities include water and sewer and ice arena 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. In prior years, the City also operated an ice arena; however, in the current year (October 2016) the arena became nonoperational due to severe building and equipment issues. Total net position for all business-type activities increased \$0.9 million in fiscal year 2016-2017. Activity remained relatively consistent with the prior year.

### The City of Berkley, Michigan's Funds

The City of Berkley, Michigan's major funds financial statements are on pages 14 through 24, following the statement of net position and statement of activities financial statements. 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, 2017 include the General Fund and the Major and Local Streets Funds.

The General Fund pays for most of the City's governmental services. The General Fund recorded \$10.1 million in expenses to provide city service and purchase capital equipment in fiscal year 2016-2017. The most significant of these costs is public safety (police and fire), which incurred expenses of approximately \$5.2 million within the General Fund. Public safety expenses are 51.4 percent of the total General Fund expense.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

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 contribution and legacy costs (PA 345 levy). During the 2016-2017 fiscal year, expenditures recorded in the General Fund directly related to the public safety millages amounted to approximately \$2.2 million. The remaining cost of the police and fire protection is funded by other general revenue sources of the General Fund.

In the City's Solid Waste Service Fund, the City spent \$1.3 million to collect and dispose of the City's solid waste, recyclables, and leaves in fiscal year 2016-2017. In addition to property taxes collected of approximately \$914,000, the fund also recorded approximately \$297,000 in charges for service.

The Recreation Revolving Fund recorded approximately \$408,000 in operating and capital expenses and supported the arena through operating transfers out in the amount of another \$150,000. Recreational program revenue received amounted to approximately \$562,000. This program revenue supported each individual recreation program offered throughout the fiscal year in addition to supporting the ice arena. In turn, the fund balance of the Recreation Revolving Fund increased by approximately \$3,400 for the fiscal year. These dollars will be utilized in the future to fund capital projects for the recreation department.

### **General Fund Budgetary Highlights**

Over the course of the year, the City amended various operating budgets to address unexpected operating events throughout the year. The total amount of revenue appropriation in the General Fund was \$190,000 when comparing original revenue appropriation and the final amended revenue appropriation. When comparing the City's General Fund amended revenue appropriation to actual revenue received, the actual revenue received is 100.8 percent of the amended revenue appropriation, or \$10.8 million.

The General Fund expenditure appropriation adjustment was \$427,000 of the increase when comparing the City's General Fund original expenditure appropriation and the final amended expenditure appropriation. When comparing the City's General Fund amended expenditure appropriation to actual expenditures, the City spent 94.4 percent of the total appropriation, or \$10.1 million. All General Fund expenditures came within or under appropriation.

### **Capital Asset and Debt Administration**

At the end of fiscal year 2017, the City had a net book value of approximately \$29.9 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.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

Additions to capital assets include the construction in progress on various major and local streets throughout the City, new water meters, sidewalks, patrol cars, various public works equipment, and reinvestment in various city facilities. Additional information regarding the City's capital assets and long-term debt can be found in Notes 4 and 6, respectively, within the financial statements.

The governmental activities long-term bond obligation is down to one road bond with an outstanding balance of \$1,050,000. The business-type debt all resides with the Water and Sewer Fund. Total bond obligations for the Water and Sewer Fund is down \$457,113 from fiscal year 2015-2016 to \$3,341,323 in fiscal year 2016-2017.

In January 2017, Fitch rating services affirmed the City's bond rating as AA stable for the general obligation road bonds, Series 2006. 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 revenues. Fitch believes that the City will maintain strong financial resilience based on management's history of conservative budgeting practices and solid expenditure flexibility."

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

The Oakland County Assessor's Office anticipates a 5.3 percent increase in property taxable value within the City of Berkley, Michigan for the July 2017 tax year (fiscal year 2017-2018). The effects of the Headlee reduction factor reduce the anticipated operating and public safety tax revenue from the taxable value increase of 5.3 percent down to an anticipated increase in property tax revenue of only 2.7 percent.

It is anticipated that the State of Michigan will not significantly increase state-shared revenue payments to local governments. Finance department financial forecasts in this area project a 2.7 percent state-shared revenue increase in fiscal year 2016-2017 from 2015-2016 funding levels.

As stated earlier in this discussion, the City sought and was able to pass, through a vote of the people, a Headlee tax override of \$3.00/thousand taxable value on all real and personal property in the City. It is anticipated that the City will continue to levy this voter-approved tax increase in fiscal year 2016-2017 and into the future to allow the City to balance all operating budgets and to invest in various infrastructure projects around the City. The levy has been reduced from \$3.00/thousand taxable value to \$2.8224/thousand taxable value in fiscal year 2017-2018.

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 rate payors meets program expenses.

# **City of Berkley, Michigan**

---

## **Management's Discussion and Analysis (Continued)**

Salaries and fringes continue to be the largest expenditures making up approximately 68 percent 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, Wayfinding project, phone system, Harvard Street reconstruction, Oxford/Merchant Park improvements, and water and sewer improvements and lining.

Through the use of long-term planning, the City will continue to evaluate and monitor its budgets. Other adjustments will be made to address changes in economic conditions and other events as they present themselves.

### **Contacting the City of Berkley, Michigan's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City of Berkley, Michigan's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the city manager or the city finance director.

# City of Berkley, Michigan

## Statement of Net Position June 30, 2017

	Primary Government			Component Unit
	Governmental	Business-type	Total	
	Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 8,804,000	\$ 1,981,499	\$ 10,785,499	\$ 294,225
Investments (Note 3)	1,205,241	300,505	1,505,746	-
Receivables:				
Taxes	33,996	-	33,996	8,546
Customers	125,078	2,673,241	2,798,319	-
Other receivables	-	3,660	3,660	-
Other governmental units	852,264	-	852,264	-
Inventories	77,395	-	77,395	-
Prepaid costs	243,191	11,273	254,464	-
Capital assets (Note 4):				
Assets not subject to depreciation	882,688	381,443	1,264,131	-
Assets subject to depreciation	12,733,940	15,862,014	28,595,954	-
Total assets	24,957,793	21,213,635	46,171,428	302,771
<b>Deferred Outflows of Resources -</b>				
Deferred outflows related to pensions (Notes 8 and 12)	1,710,891	228,176	1,939,067	-
<b>Liabilities</b>				
Accounts payable	550,985	637,452	1,188,437	21,986
Due to other governmental units	-	2,855	2,855	-
Accrued liabilities and other	311,142	35,576	346,718	-
Unearned revenue	44,550	-	44,550	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	208,135	52,768	260,903	-
Current portion of long-term debt (Note 6)	225,000	450,504	675,504	-
Due in more than one year:				
Compensated absences (Note 6)	401,531	-	401,531	-
Net OPEB obligation (Note 13)	5,579,918	207,990	5,787,908	-
Net pension liability (Notes 8 and 12)	12,547,705	1,936,110	14,483,815	-
Long-term debt (Note 6)	825,000	2,890,819	3,715,819	-
Total liabilities	20,693,966	6,214,074	26,908,040	21,986
<b>Deferred Inflows of Resources -</b>				
Deferred inflows related to pensions (Notes 8 and 12)	110,941	33,140	144,081	-
<b>Net Position</b>				
Net investment in capital assets	12,566,628	12,902,134	25,468,762	-
Restricted for:				
Streets	2,421,036	-	2,421,036	-
Public safety	75,863	-	75,863	-
Community development and promotion	111,311	-	111,311	-
Sanitation	603,939	-	603,939	-
Library	37,020	-	37,020	-
Debt service	50,010	-	50,010	-
Unrestricted	(10,002,030)	2,292,463	(7,709,567)	280,785
Total net position	<u>\$ 5,863,777</u>	<u>\$ 15,194,597</u>	<u>\$ 21,058,374</u>	<u>\$ 280,785</u>

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



# City of Berkley, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,253,442	\$ 1,390,272	\$ 24,379	\$ -
Public safety	6,537,971	233,674	25,083	-
Public works	3,961,969	341,940	1,198,389	-
Health and welfare	212,793	-	75,686	-
Recreation and culture	2,070,940	633,754	61,574	30,933
Interest on long-term debt	46,083	-	-	-
Total governmental activities	16,083,198	2,599,640	1,385,111	30,933
Business-type activities:				
Water and sewer	5,762,885	6,296,971	256,936	-
Arena	138,126	18,518	-	-
Total business-type activities	5,901,011	6,315,489	256,936	-
Total primary government	<b>\$ 21,984,209</b>	<b>\$ 8,915,129</b>	<b>\$ 1,642,047</b>	<b>\$ 30,933</b>
Component unit - Downtown Development Authority	<b>\$ 198,462</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment earnings				
Franchise fees				
Miscellaneous				
Total general revenue				
<b>Transfers (Note 5)</b>				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2017**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,838,791)	\$ -	\$ (1,838,791)	\$ -
(6,279,214)	-	(6,279,214)	-
(2,421,640)	-	(2,421,640)	-
(137,107)	-	(137,107)	-
(1,344,679)	-	(1,344,679)	-
(46,083)	-	(46,083)	-
(12,067,514)	-	(12,067,514)	-
-	791,022	791,022	-
-	(119,608)	(119,608)	-
-	671,414	671,414	-
(12,067,514)	671,414	(11,396,100)	-
-	-	-	(198,462)
8,236,436	-	8,236,436	232,481
1,429,058	-	1,429,058	-
77,244	18,685	95,929	1,779
369,164	-	369,164	-
211,510	-	211,510	1,900
10,323,412	18,685	10,342,097	236,160
(150,000)	150,000	-	-
(1,894,102)	840,099	(1,054,003)	37,698
7,757,879	14,354,498	22,112,377	243,087
<b>\$ 5,863,777</b>	<b>\$ 15,194,597</b>	<b>\$ 21,058,374</b>	<b>\$ 280,785</b>

# City of Berkley, Michigan

	General Fund	Major Streets Fund	Local Streets Fund
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 3,975,273	\$ 1,506,404	\$ 915,656
Investments (Note 3)	752,873	-	-
Receivables:			
Taxes	10,777	-	-
Customers	19,671	-	-
Other governmental units	576,318	151,715	57,939
Inventories	72,442	-	-
Prepaid costs	232,659	2,377	2,335
	<u>\$ 5,640,013</u>	<u>\$ 1,660,496</u>	<u>\$ 975,930</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 229,183	\$ 194,995	\$ 15,667
Accrued and other liabilities	283,731	4,473	255
Unearned revenue	1,100	-	-
	<u>514,014</u>	<u>199,468</u>	<u>15,922</u>
<b>Deferred Inflows of Resources</b> - Unavailable revenue	8,155	-	-
<b>Fund Balances</b>			
Nonspendable - Inventory and prepaid items	305,101	2,377	2,335
Restricted:			
Debt service	-	-	-
Streets	-	1,458,651	957,673
Solid waste service	-	-	-
Public safety	75,863	-	-
Library	37,020	-	-
Community promotion and development	53,525	-	-
Committed:			
Recreation	-	-	-
Seniors' program	-	-	-
Assigned - Capital improvement	-	-	-
Unassigned	4,646,335	-	-
	<u>5,117,844</u>	<u>1,461,028</u>	<u>960,008</u>
Total fund balances	<u>\$ 5,640,013</u>	<u>\$ 1,660,496</u>	<u>\$ 975,930</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,640,013</u>	<u>\$ 1,660,496</u>	<u>\$ 975,930</u>

**Governmental Funds  
Balance Sheet  
June 30, 2017**

<u>Nonmajor Funds</u>	<u>Total</u>
\$ 2,155,129	\$ 8,552,462
200,337	953,210
23,219	33,996
105,407	125,078
66,292	852,264
4,953	77,395
5,820	243,191
<u>\$ 2,561,157</u>	<u>\$ 10,837,596</u>

\$ 111,140	\$ 550,985
12,183	300,642
43,450	44,550
<u>166,773</u>	<u>896,177</u>
122,024	130,179
10,773	320,586
57,510	57,510
-	2,416,324
535,182	535,182
-	75,863
-	37,020
-	53,525
715,252	715,252
274,301	274,301
709,313	709,313
(29,971)	4,616,364
<u>2,272,360</u>	<u>9,811,240</u>
<u>\$ 2,561,157</u>	<u>\$ 10,837,596</u>

# City of Berkley, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017

<b>Fund Balance Reported in Governmental Funds</b>	\$ 9,811,240
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	13,616,628
Revenue related to receivables is recorded in the statement of net position at the time it is earned without regard to timeliness of collection	130,178
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(1,050,000)
Accrued interest payable is not recorded in the funds	(10,500)
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	(106,097)
The cost of other postemployment benefits is not due and payable in the current period and is not reported in the funds	(5,579,918)
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	<u>(10,947,754)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 5,863,777</u></b>

# City of Berkley, Michigan

	General Fund	Major Streets Fund	Local Streets Fund
<b>Revenue</b>			
Property taxes	\$ 7,048,581	\$ -	\$ -
Licenses and permits	826,822	-	-
Federal grants	2,325	-	-
State-shared revenue and grants	1,438,983	830,070	297,124
Charges for services	206,278	4,424	-
Fines and forfeitures	391,667	-	-
Investment earnings	47,553	8,130	4,706
Franchise fees	200,652	-	-
Other miscellaneous income	663,519	38,490	14,594
Total revenue	<u>10,826,380</u>	<u>881,114</u>	<u>316,424</u>
<b>Expenditures</b>			
Current:			
General government	2,442,761	-	-
Public safety	5,170,198	-	-
Public works	732,211	838,804	527,482
Health and welfare	74,868	-	-
Recreation and culture	1,211,992	-	-
Capital outlay	422,374	-	-
Debt service	-	-	-
Total expenditures	<u>10,054,404</u>	<u>838,804</u>	<u>527,482</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	771,976	42,310	(211,058)
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 5)	-	-	157,000
Transfers out (Note 5)	(32,916)	(157,000)	-
Total other financing (uses) sources	<u>(32,916)</u>	<u>(157,000)</u>	<u>157,000</u>
<b>Net Change in Fund Balances</b>	739,060	(114,690)	(54,058)
<b>Fund Balances - Beginning of year</b>	<u>4,378,784</u>	<u>1,575,718</u>	<u>1,014,066</u>
<b>Fund Balances - End of year</b>	<u>\$ 5,117,844</u>	<u>\$ 1,461,028</u>	<u>\$ 960,008</u>

**Governmental Funds**

**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2017**

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,187,855	\$ 8,236,436
-	826,822
19,915	22,240
33,529	2,599,706
886,094	1,096,796
8,006	399,673
13,660	74,049
-	200,652
30,657	747,260
<u>2,179,716</u>	<u>14,203,634</u>
103,500	2,546,261
-	5,170,198
1,372,062	3,470,559
143,591	218,459
382,889	1,594,881
28,583	450,957
272,194	272,194
<u>2,302,819</u>	<u>13,723,509</u>
(123,103)	480,125
32,916	189,916
<u>(150,000)</u>	<u>(339,916)</u>
<u>(117,084)</u>	<u>(150,000)</u>
(240,187)	330,125
2,512,547	9,481,115
<u>\$ 2,272,360</u>	<u>\$ 9,811,240</u>

# City of Berkley, Michigan

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 330,125</b>
Amounts reported for governmental activities in the statement of activities 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	906,300
Depreciation expense	(1,114,391)
Loss on disposal of assets	(55,789)
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds	89,715
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	225,000
Accrued interest is recorded on debt when incurred in the statement of activities	1,110
Changes in compensated absences are reported in the statement of activities	(106,097)
The annual required contribution for other postemployment benefits is recorded when incurred in the statement of activities	(838,823)
Change in net pension liability and related deferred inflows of resources and deferred outflows of resources reported in the statement of activities does not require the use of current resources and therefore is not reported in the funds	<u>(1,331,252)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (1,894,102)</u></b>



# City of Berkley, Michigan

## Proprietary Funds Statement of Net Position June 30, 2017

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 1,965,678	\$ 15,821	\$ 1,981,499	\$ 251,538
Investments (Note 3)	300,505	-	300,505	252,031
Receivables - Customer	2,673,241	3,660	2,676,901	-
Prepaid costs	11,273	-	11,273	-
Total current assets	4,950,697	19,481	4,970,178	503,569
Noncurrent assets - Capital assets (Note 4):				
Assets not subject to depreciation	381,443	-	381,443	-
Assets subject to depreciation	15,778,817	83,197	15,862,014	-
Total assets	21,110,957	102,678	21,213,635	503,569
<b>Deferred Outflows of Resources -</b>				
Deferred outflows related to pension system (Note 8)	212,509	15,667	228,176	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	633,674	3,778	637,452	-
Due to other governmental units	1,104	1,751	2,855	-
Accrued liabilities and other	34,688	888	35,576	-
Current portion of compensated absences (Note 6)	52,768	-	52,768	208,135
Current portion of long-term debt (Note 6)	450,504	-	450,504	-
Total current liabilities	1,172,738	6,417	1,179,155	208,135
Noncurrent liabilities:				
Compensated absences (Note 6)	-	-	-	295,434
Net OPEB obligation (Note 13)	207,990	-	207,990	-
Net pension liability (Note 8)	1,829,610	106,500	1,936,110	-
Long-term debt - Net of current portion (Note 6)	2,890,819	-	2,890,819	-
Total noncurrent liabilities	4,928,419	106,500	5,034,919	295,434
Total liabilities	6,101,157	112,917	6,214,074	503,569
<b>Deferred Inflows of Resources -</b>				
Deferred inflows related to pensions (Note 8)	28,202	4,938	33,140	-
<b>Net Position</b>				
Net investment in capital assets	12,818,937	83,197	12,902,134	-
Unrestricted	2,375,170	(82,707)	2,292,463	-
Total net position	<u>\$ 15,194,107</u>	<u>\$ 490</u>	<u>\$ 15,194,597</u>	<u>\$ -</u>

# City of Berkley, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
<b>Operating Revenue</b>				
Water and sewer charges	\$ 6,001,481	\$ -	\$ 6,001,481	\$ -
Ice rental and related charges	-	18,518	18,518	-
Property and equipment rental	21,394	-	21,394	-
Miscellaneous	274,096	-	274,096	-
Charges to other funds	-	-	-	20,514
Operating grants	256,936	-	256,936	-
Total operating revenue	6,553,907	18,518	6,572,425	20,514
<b>Operating Expenses</b>				
Water and sewer operations	4,932,432	-	4,932,432	-
Arena operations	-	117,412	117,412	-
Compensated absences	174,219	-	174,219	23,709
Depreciation	581,008	20,714	601,722	-
Total operating expenses	5,687,659	138,126	5,825,785	23,709
<b>Operating Income (Loss)</b>	866,248	(119,608)	746,640	(3,195)
<b>Nonoperating Revenue (Expenses)</b>				
Investment income	18,189	496	18,685	3,195
Interest expense	(75,226)	-	(75,226)	-
Total nonoperating (expenses) revenue	(57,037)	496	(56,541)	3,195
<b>Income (Loss) - Before transfers</b>	809,211	(119,112)	690,099	-
<b>Transfers In (Note 5)</b>	-	150,000	150,000	-
<b>Change in Net Position</b>	809,211	30,888	840,099	-
<b>Net Position - Beginning of year</b>	14,384,896	(30,398)	14,354,498	-
<b>Net Position - End of year</b>	<b>\$ 15,194,107</b>	<b>\$ 490</b>	<b>\$ 15,194,597</b>	<b>\$ -</b>

# City of Berkley, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 6,423,158	\$ 22,908	\$ 6,446,066	\$ -
Receipts from interfund services	-	-	-	20,514
Payments to suppliers	(3,801,997)	(200,216)	(4,002,213)	-
Payments to employees	(922,102)	(100,405)	(1,022,507)	(386)
Net cash provided by (used in) operating activities	1,699,059	(277,713)	1,421,346	20,128
<b>Cash Flows from Noncapital Financing Activities</b> - Cash received from other funds	-	150,000	150,000	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(1,216,740)	-	(1,216,740)	-
Principal and interest paid on capital debt	(532,340)	-	(532,340)	-
Net cash used in capital and related financing activities	(1,749,080)	-	(1,749,080)	-
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	18,189	496	18,685	3,195
Purchase of investment securities	-	-	-	(2,031)
Proceeds from sale and maturities of investment securities	474,495	-	474,495	-
Net cash provided by investing activities	492,684	496	493,180	1,164
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	442,663	(127,217)	315,446	21,292
<b>Cash and Cash Equivalents</b> - Beginning of year	1,523,015	143,038	1,666,053	230,246
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 1,965,678</u>	<u>\$ 15,821</u>	<u>\$ 1,981,499</u>	<u>\$ 251,538</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 866,248	\$ (119,608)	\$ 746,640	\$ (3,195)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	581,008	20,714	601,722	-
Changes in assets and liabilities:				
Receivables	(130,749)	4,390	(126,359)	-
Prepaid and other assets	206,626	1,516	208,142	-
Accounts payable	198,215	(247)	197,968	-
Accrued and other liabilities	(22,289)	(184,478)	(206,767)	23,323
Net cash provided by (used in) operating activities	<u>\$ 1,699,059</u>	<u>\$ (277,713)</u>	<u>\$ 1,421,346</u>	<u>\$ 20,128</u>

# City of Berkley, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2017

	Public Safety Pension	Agency Fund
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 524,844	\$ 389,418
Investments (Note 3):		
Municipal bonds	29,154	-
U.S. Treasury bonds	840,809	-
U.S. government agency securities	1,258,523	-
Common and preferred stock	11,644,810	-
Corporate bonds	2,765,524	-
Mortgage-backed securities	149,614	-
Mutual funds - Fixed-income securities	1,268,018	-
Accrued interest	57,446	-
	<u>18,538,742</u>	<u>\$ 389,418</u>
<b>Liabilities</b>		
Accounts payable and other	32,861	\$ 12,504
Due to other governmental units	-	35,809
Cash bonds and deposits	-	341,105
	<u>32,861</u>	<u>\$ 389,418</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 18,505,881</u>	

# City of Berkley, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Public Safety Pension Year Ended June 30, 2017

### Additions

Investment income:	
Interest and dividends	\$ 484,941
Net increase in fair value of investments	1,630,672
Investment-related expenses	<u>(131,036)</u>
Net investment income	1,984,577
Contributions	<u>713,669</u>
Total additions	2,698,246

### Deductions

Benefit payments	1,742,208
Administrative expenses	<u>51,027</u>
Total deductions	<u>1,793,235</u>

<b>Net Increase in Net Position Held in Trust</b>	905,011
<b>Net Position Restricted for Pensions - Beginning of year</b>	<u>17,600,870</u>
<b>Net Position Restricted for Pensions - End of year</b>	<u><u>\$ 18,505,881</u></u>

### **Note I - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies used by the City of Berkley, Michigan (the "City").

#### **Reporting Entity**

The City of Berkley, Michigan 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 accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

**Blended Component Unit** - The City of Berkley, Michigan's Building Authority is governed by a three-member board that is appointed by the City Council. Although it is legally separate from the City, it 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, 2017.

**Discretely Presented Component Unit** - The Downtown Development Authority (DDA or the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 10 individuals, is selected 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, Michigan at 3338 Coolidge, Berkley, Michigan 48072.

#### **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.

### **Note I - Summary of 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. 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 and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. 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 government has spent its resources.

### Note I - Summary of Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as 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 healthcare-related costs or 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.

Revenue is not recognized until it is collected, or collected soon enough after year end that it is available to pay for obligations outstanding at year end. 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 amounts due from businesses and residents collected after the period of availability, receivables have been recorded, along with a "deferred inflow."

Proprietary funds and the Public Safety Pension fiduciary fund 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. The agency funds have no measurement focus.

#### **Fund Accounting**

The City accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

**Governmental funds** include all activities that provide general governmental services that are not business-type activities. This includes 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, which is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund
- The Major Streets Fund, which accounts for the resources of state gas and weight tax revenue that are restricted for use on the City's major streets
- The Local Streets Fund, which accounts for resources of state gas and weight tax revenue that are restricted for use on the City's local streets



### Note I - Summary of Significant Accounting Policies (Continued)

**Proprietary funds** include enterprise funds, (which provide goods or services to users in exchange for charges or fees) and internal service funds (which account for the financing of the City's liability for employee compensated absences). The City reports the following fund as a "major" enterprise fund:

- The Water and Sewer Fund accounts for the distribution of water to customers and the disposal of sanitary sewage in exchange for user charges.

The City's internal service fund is used to allocate the City's liability for employee compensated absences on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year during which the costs are incurred.

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

- The Public Safety Pension Trust Fund, which accumulates resources for pension benefit payments to qualified public safety employees
- The Agency Fund, which accounts for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Interfund activity: During the course of operations, the government 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. Interfund services provided and used are not eliminated in the preparation of the government-wide financial statements.

### Note I - Summary of Significant Accounting Policies (Continued)

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

#### Specific Balances and Transactions

**Bank Deposits 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. Pooled investment income from all funds is generally allocated to each fund using a weighted average.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

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

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

<u>Capital Asset Class</u>	<u>Lives</u>
Roads and bridges	15 to 20 years
Water and sewer lines	60 to 85 years
Land improvements	20 years
Buildings	15 to 50 years
Building improvements	7 to 20 years
Equipment and books	3 to 15 years
Vehicles	5 to 10 years

### **Note I - Summary of Significant Accounting Policies (Continued)**

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

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category: the deferred outflows of resources related to pensions, which are created by differences between projected and actual investment earnings, differences between projected and actual plan experience, employer contributions made subsequent to the measurement date, and changes in assumptions related to economic and demographic factors.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category: the deferred inflows of resources related to receivables collected beyond the City's period of availability, which are reported only in the governmental funds balance sheet, and the difference between projected and actual experience in the pension plans. The governmental funds report unavailable revenue related to delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Sometimes, the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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 government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Fund Balance Flow Assumption**

Sometimes, the government will 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 government'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 government 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 government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can commit fund balance. Commitments are made and can be rescinded only via resolution of the Honorable Mayor and City Council.

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 through the budgetary process of the City, 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 only exist 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 to either remove or revise a commitment.

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Property Tax Revenue**

Property taxes are levied and become a lien on each July 1 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.

The City's 2016 tax is levied and collectible on July 1, 2016. All real property and collected personal property is recognized as revenue in the year ended June 30, 2017, when the proceeds of the levy are budgeted and available for the financing of operations. Uncollected (delinquent) personal property tax is recognized as a deferred inflow and is considered unavailable until collected. Delinquent personal property tax is recognized as revenue in the fiscal year of collection.

The 2016 taxable valuation of the City totaled \$508.9 million (a portion of which is abated and a portion of which is captured by the DDA TIF), on which taxes levied consisted of 10.8077 mills for operation and public safety purposes, 1.8259 mills for sanitation services, 0.0982 mills for community promotion, 2.5445 mills for public safety retirement benefits, and 0.5452 mills for debt service. This resulted in approximately \$5.5 million for operations and public safety, \$929,000 for sanitation services, \$50,000 for community promotion, \$1.3 million for public safety retirement benefits, and \$277,000 for debt service. These amounts are recognized in the respective General Fund and special revenue and debt service fund financial statements as tax revenue.

The DDA levied 1.9217 mills (a portion of which is captured by the DDA TIF), which resulted in approximately \$40,000 of tax revenue. The total tax increment finance capture from all eligible taxing units for the DDA amounted to \$193,000, which is net of delinquent personal property taxes. These amounts are recorded as part of the DDA component unit.

**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 liabilities calculated by the actuaries and the pension plans' fiduciary net position. For the purpose of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from the pension plans' fiduciary net position 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.

### **Note I - Summary of Significant Accounting Policies (Continued)**

**Other Postemployment Benefit Costs** - Currently, all city retirees and certain active employees of the City (depending on date of hire) have defined other postemployment benefits from the City. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any. Active employees who do not have defined other postemployment benefits from the City are included in a defined contribution retirement health benefit program.

**Compensated Absences (Vacation and Sick Leave)** - It is the City's policy to permit employees to accumulate earned but unused sick and annual leave pay benefits. All annual leave and sick pay related to governmental activities and the ice arena is accrued when incurred in the internal service fund. Annual leave and sick pay related to the Water and Sewer Fund is accrued when incurred in the Water and Sewer Fund.

**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 the Water and Sewer Fund, Ice Arena Fund, and the Internal Service Fund are charged to customers or funds for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### Note 2 - Stewardship, Compliance, and Accountability and Construction Code Fees

#### 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 at June 30, 2017 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 as adopted by the City Council is included in the required supplemental information.

**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 shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2016		\$ (1,175,342)
Current year permit revenue		386,813
Related expenses:		
Direct costs	\$ (387,194)	
Estimated indirect costs	<u>(38,719)</u>	<u>(425,913)</u>
Current year shortfall		<u>(39,100)</u>
Cumulative shortfall - June 30, 2017		<u>\$ (1,214,442)</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan 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 direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

The City has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in accordance with Public Act 20 of 1943, as amended. The City's deposits and investment policies 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 the Downtown Development Authority had \$12,457,367 and \$294,225, respectively, of bank deposits (certificates of deposit and checking and savings accounts) 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 it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.



### Note 3 - Deposits and Investments (Continued)

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the City had the following investments:

Investment	Fair Value	Weighted Average Maturity (years)
Corporate bonds	\$ 2,765,524	6.34
Mutual fund fixed income	1,268,018	5.74
Mortgage-backed securities	149,614	18.74
U.S. Treasury bonds	840,809	14.34
Municipal bonds	29,154	23.52
U.S. government agency securities	1,258,523	24.97
Total	<u>\$ 6,311,642</u>	

### Note 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 year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	\$ 218,854	A1	Moody's
Corporate bonds	645,781	A2	Moody's
Municipal bonds	29,154	A2	Moody's
Corporate bonds	745,395	A3	Moody's
Corporate bonds	88,933	AA2	Moody's
Corporate bonds	57,373	AA3	Moody's
Corporate bonds	93,932	AAA	Moody's
Mortgage-backed securities	86,618	AAA	Moody's
U.S. Treasury notes	840,809	AAA	Moody's
U.S. government agency securities	1,258,523	AAA	Moody's
Corporate bonds	610,126	BAA1	Moody's
Corporate bonds	260,933	BAA2	Moody's
Corporate bonds	15,325	BAA3	Moody's
Mutual funds	1,268,018	Various	Various
Corporate bonds	28,872	N/A	Not Rated
Mortgage-backed securities	62,996	N/A	Not Rated
Total	\$ 6,311,642		

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

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

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2017

### Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2017:

#### Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Agency bonds	\$ 1,258,523	\$ -	\$ 1,258,523	\$ -
Corporate bonds	2,765,524	-	2,765,524	-
ETF - Alternative investments	4,505	4,505	-	-
ETF - Equity	2,104,323	2,104,323	-	-
Mortgage-backed securities	149,614	-	149,614	-
Municipal bonds	29,154	-	29,154	-
Mutual funds - Alternative investments	394,829	394,829	-	-
Mutual funds - Equity	1,010,339	1,010,339	-	-
Mutual funds - Fixed income	1,268,018	1,268,018	-	-
Mutual funds - Money market	397,884	397,884	-	-
Net pending trades	7,455	-	-	7,455
Stocks	8,123,359	8,123,359	-	-
Treasury notes	840,809	840,809	-	-
Total investments by fair value level	<u>\$ 18,354,336</u>	<u>\$ 14,144,066</u>	<u>\$ 4,202,815</u>	<u>\$ 7,455</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 at June 30, 2017 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of other certain assets at June 30, 2017 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments with the assistance of investment custodians who use pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

### Note 4 - Capital Assets

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

	Balance July 1, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2017
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 573,611	\$ -	\$ -	\$ -	\$ 573,611
Construction in progress	302,210	(257,496)	309,077	(44,714)	309,077
Subtotal	875,821	(257,496)	309,077	(44,714)	882,688
Capital assets being depreciated:					
Roads and bridges	54,440,970	257,496	165,945	-	54,864,411
Buildings	6,804,622	-	48,201	(4,970)	6,847,853
Equipment and books	2,718,683	-	283,836	(139,830)	2,862,689
Vehicles	2,416,807	-	99,241	(23,267)	2,492,781
Subtotal	66,381,082	257,496	597,223	(168,067)	67,067,734
Accumulated depreciation:					
Roads and bridges	44,918,346	-	596,527	-	45,514,873
Buildings	4,942,336	-	153,674	(3,397)	5,092,613
Equipment and books	1,976,570	-	222,195	(139,830)	2,058,935
Vehicles	1,539,143	-	141,995	(13,765)	1,667,373
Subtotal	53,376,395	-	1,114,391	(156,992)	54,333,794
Net capital assets being depreciated	13,004,687	257,496	(517,168)	(11,075)	12,733,940
Net capital assets	\$ 13,880,508	\$ -	\$ (208,091)	\$ (55,789)	\$ 13,616,628
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 13,795	\$ -	\$ -	\$ -	\$ 13,795
Construction in progress	-	-	367,648	-	367,648
Subtotal	13,795	-	367,648	-	381,443
Capital assets being depreciated:					
Water and sewer transmission lines	17,395,771	-	302,360	-	17,698,131
Buildings	1,022,730	4,360	-	-	1,027,090
Land and building improvements	317,672	(4,360)	-	-	313,312
Equipment	2,881,794	-	546,732	(218,607)	3,209,919
Subtotal	21,617,967	-	849,092	(218,607)	22,248,452
Accumulated depreciation:					
Water and sewer transmission lines	2,916,275	-	240,576	-	3,156,851
Buildings	973,838	-	4,156	-	977,994
Land and building improvements	281,601	-	8,284	(215)	289,670
Equipment	1,831,824	-	348,706	(218,607)	1,961,923
Subtotal	6,003,538	-	601,722	(218,822)	6,386,438
Net capital assets being depreciated	15,614,429	-	247,370	215	15,862,014
Net capital assets	\$ 15,628,224	\$ -	\$ 615,018	\$ 215	\$ 16,243,457

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2017

### Note 4 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 120,194
Public safety	150,191
Public works	690,487
Recreation and culture	153,519
Total governmental activities	<u>\$ 1,114,391</u>
Business-type activities:	
Water and sewer	\$ 581,008
Ice arena	20,714
Total business-type activities	<u>\$ 601,722</u>

### Note 5 - Interfund Receivables, Payables, and Transfers

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Nonmajor governmental fund	\$ 32,916
Major Streets Fund	Local Streets Fund	157,000
Nonmajor governmental funds	Nonmajor enterprise fund	150,000
	Total	<u>\$ 339,916</u>

The transfer from the General Fund to the Sidewalk Fund (nonmajor governmental fund) was to fund capital projects during the year. The transfer from the Major Streets Fund to the Local Streets Fund was Act 51 money first recorded in the Major Streets Fund and transferred to the Local Streets Fund in accordance with MCL 247.663(13)(6). The transfer from the Recreation Revolving Fund (nonmajor governmental fund) to the Arena Fund (nonmajor enterprise fund) was to fund operations at the City's ice arena.

### Note 6 - Long-term Debt

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

### Note 6 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
2006 General Obligation 11 Mile Road Bonds:							
Amount of issue: \$2,500,000	3.90% -	\$175,000 -					
Maturing through 2021	4.25%	\$300,000	\$ 1,275,000	\$ -	\$ 225,000	\$ 1,050,000	\$ 225,000
Other long-term obligations:							
Compensated absences			480,246	488,801	359,381	609,666	208,135
Other postemployment benefits			4,741,095	2,280,709	1,441,886	5,579,918	-
Total governmental activities			<u>\$ 6,496,341</u>	<u>\$ 2,769,510</u>	<u>\$ 2,026,267</u>	<u>\$ 7,239,584</u>	<u>\$ 433,135</u>
<b>Business-type Activities</b>							
General Obligation Bond - Contractual obligations with Oakland County - George W. Kuhn Bonds:							
2000-A:							
Amount of issue: \$1,126,053	2.50%	\$63,923 -					
Maturing through 2022		\$70,354	\$ 398,021	\$ -	\$ 62,349	\$ 335,672	\$ 63,923
2001-C:							
Amount of issue: \$5,176,822	2.50%	\$279,309 -					
Maturing through 2024		\$324,025	2,380,898	-	272,696	2,108,202	279,309
2001-D:							
Amount of issue: \$199,641	2.50%	\$7,243 -					
Maturing through 2024		\$8,502	62,831	-	7,243	55,588	7,243
2000-B & 2001-E Refinanced 2016							
Amount of issue: \$486,508	2.00% -	\$33,369 -					
Maturing through 2024	2.50%	\$68,332	486,508	-	81,557	404,951	66,441
2005-F:							
Amount of issue: \$103,572	1.625%	\$4,798 -					
Maturing through 2026		\$5,703	51,769	-	4,798	46,971	4,798
2006-G:							
Amount of issue: \$112,919	1.625%	\$5,438 -					
Maturing through 2028		\$6,398	71,975	-	5,438	66,537	5,438
2008-H:							
Amount of issue: \$491,662	2.50%	\$23,352 -					
Maturing through 2029		\$30,709	346,434	-	23,032	323,402	23,352
Total bond obligations			3,798,436	-	457,113	3,341,323	450,504
Other long-term obligations:							
Compensated absences			80,928	29,183	57,343	52,768	52,768
Other postemployment benefits			187,881	120,037	99,928	207,990	-
Total business-type activities			<u>\$ 4,067,245</u>	<u>\$ 149,220</u>	<u>\$ 614,384</u>	<u>\$ 3,602,081</u>	<u>\$ 503,272</u>

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2017

### Note 6 - Long-term Debt (Continued)

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 225,000	\$ 37,500	\$ 262,500	\$ 450,504	\$ 80,515	\$ 531,019
2019	250,000	28,000	278,000	459,652	69,674	529,326
2020	275,000	17,500	292,500	470,368	58,604	528,972
2021	300,000	6,000	306,000	481,089	47,272	528,361
2022	-	-	-	492,759	35,678	528,437
2023-2027	-	-	-	919,775	48,005	967,780
2028-2029	-	-	-	67,176	2,391	69,567
Total	<u>\$ 1,050,000</u>	<u>\$ 89,000</u>	<u>\$ 1,139,000</u>	<u>\$ 3,341,323</u>	<u>\$ 342,139</u>	<u>\$ 3,683,462</u>

Compensated absences attributable to the governmental activities will be liquidated primarily by the City's Fringe Benefits Internal Service Fund. That fund will finance the payment of those liabilities by charging the other funds based on management's calculation of the compensated absence liability attributed to employees of the individual funds. The net OPEB obligation will be liquidated from the funds from which the individual employee's salaries are paid, generally the General and Water and Sewer Funds.

**County Contractual Obligations** - The above contractual obligations to the county are the result of the county issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the county bonds provided financing for the construction of the George W. Kuhn Drain. The remaining principal and interest to be paid on the bonds total \$3,683,463. During the current year, net revenue of the system was \$1,443,565 compared to annual debt requirements of \$546,928.

### Note 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 has 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 and omissions. Settled claims relating to the commercial insurance 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.

### **Note 8 - General Employees' Defined Benefit Pension Plan**

**Plan Description** - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers substantially all employees of the City's merit system and all employees of the Department of Public Works. 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, Michigan 48917.

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

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

Retirement benefits for members are calculated as 2.5 percent 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 percent of final average compensation. The member must be age 55 with 15 years of service, 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.



### **Note 8 - General Employees' Defined Benefit Pension Plan (Continued)**

#### **Service or Deferred Retirement - Union Members Hired in Public Works on or After July 1, 2004:**

Retirement benefits for members are calculated as 2.5 percent 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 percent of final average compensation. The member must be age 55 with 15 years of service, 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 percent 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 2.5 percent 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 percent of final average compensation. The member must be age 55 with 15 years of service, age 60 with six years of service, or have a total of 25 years of service to obtain a pension benefit. This closed group pays 4 percent towards 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.

#### **Service or Deferred Retirement - Nonunion Members Hired on or After July 1, 2008:**

Retirement benefits for members are calculated as 2.25 percent of the member's best three 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 percent of compensation. The member must be age 55 with 25 years of service or age 60 with 10 years of service to obtain a pension benefit. This closed group pays 4 percent 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.

### Note 8 - General Employees' Defined Benefit Pension Plan (Continued)

**Employees Covered by Benefit Terms** - At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	75
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>43</u>
Total employees covered by MERS	<u><u>128</u></u>

**Contributions** - 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, 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, 2017, the average active employee contribution rate was 0.0 percent of annual pay for a union public works member hired prior to July 1, 2004, 4.0 percent of annual pay for a union public works member hired on or after July 1, 2004, and 4.0 percent for all nonunion eligible employees. The City's average contribution rate for a union public works employee was 36.74 percent of annual payroll, and for a nonunion eligible employee, it was 24.52 percent of annual payroll.

#### **Net Pension Liability**

The net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

### Note 8 - General Employees' Defined Benefit Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2015</b>	\$ 20,724,736	\$ 11,329,596	\$ 9,395,140
Service cost	250,936	-	250,936
Interest	1,599,114	-	1,599,114
Differences between expected and actual experience	63,274	-	63,274
Contributions - Employer	-	528,385	(528,385)
Contributions - Employee	-	72,550	(72,550)
Net investment income	-	1,231,253	(1,231,253)
Benefit payments, including refunds	(1,722,576)	(1,722,576)	-
Administrative expenses	-	(24,362)	24,362
Net changes	190,748	85,250	105,498
<b>Balance at December 31, 2016</b>	<u>\$ 20,915,484</u>	<u>\$ 11,414,846</u>	<u>\$ 9,500,638</u>

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

For the year ended June 30, 2017, the City recognized pension expense of \$1,313,250. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 42,183	\$ 144,081
Changes in assumptions	289,388	-
Net difference between projected and actual earnings on pension plan investments	497,140	-
Employer contributions to the plan subsequent to the measurement date	272,417	-
Total	<u>\$ 1,101,128</u>	<u>\$ 144,081</u>

### Note 8 - General Employees' Defined Benefit Pension Plan (Continued)

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 (\$272,417), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

Years Ending June 30	Amount
2018	\$ 371,915
2019	226,610
2020	160,247
2021	(74,142)

**Actuarial Assumptions** - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %	
Salary increases	3.75 %	In the long term plus a percentage based on an age-related scale to reflect merit, longevity, and promotional pay increases
Investment rate of return	8.00 %	Gross of pension plan investment expense, including inflation

Mortality rates were based on 50 percent male 50 percent female blend of the RP 2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, RP 2014 Employee Mortality Tables, and RP 2014 Juvenile Mortality Tables. For disabled plan members, rates were based on a blend of the 50 percent male 50 percent RP 2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

### Note 8 - General Employees' Defined Benefit Pension Plan (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 8.00 percent for 2016. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Projected Cash Flows

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

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.00 %
Global fixed income	20 %	2.20 %
Real assets	12 %	4.20 %
Diversifying strategies	10 %	6.60 %

The preceding target allocation was amended as of January 1, 2017 to reduce the previous allocation to global equity and global fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent diversifying strategies.

### Note 8 - General Employees' Defined Benefit Pension Plan (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 8.0 percent, 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 (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability of the City	\$ 11,490,923	\$ 9,500,638	\$ 7,797,857

**Pension Plan Fiduciary Net Position** - Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at [www.mersofmich.com](http://www.mersofmich.com). The plan's fiduciary net position has been determined on the same basis used 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.

### Note 9 - Public Safety Pension Plan Description

**Plan Description** - The City of Berkley, Michigan administers the City of Berkley Public Safety Pension System. This is a 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 the 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.

### Note 9 - Public Safety Pension Plan Description (Continued)

**Employees Covered by Benefit Terms** - At June 30, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	49
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	25
Total employees covered by the plan	77

**Benefits Provided** - The pension plan provides retirement, disability, duty, and nonduty death benefits. A member must have 25 or more years of service or 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 2.8 percent 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 percent of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85 percent of "base" wages. Base wages are defined as the final rate of pay at retirement, multiplied by 2,080 hours, multiplied by 85 percent.

#### **Service or Deferred Retirement - Members Hired on or After July 1, 2013\*:**

Retirement benefits for members are calculated as 2.5 percent 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 percent of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85 percent of "base" wages. Base wages are defined as the final rate of pay at retirement, multiplied by 2,080 hours, multiplied by 85 percent.

\* The first officer hired on or after July 1, 2013 will be considered hired prior to July 1, 2013 for multiplier purposes only.

#### **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 which was effective July 1, 1975 or later. The spouse's pension equals 60 percent of the straight-life pension the deceased retiree was receiving. Deferred retirees are ineligible for this benefit.

## **Note 9 - Public Safety Pension Plan Description (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 the Option I 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.

### **Nonduty 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 1.5 percent 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 percent 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 at retirement with an actuarial reduction in the pension that would otherwise be payable.

**Contributions** - 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 city charter, union contracts, and plan provisions. For the year ended June 30, 2017, the average active member contribution rate was 0 percent of annual pay and the City's average contribution rate was 37.26 percent of annual payroll.



### Note 10 - Public Safety Pension Plan Investments - Policy and Rate of Return

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the board by a majority vote of its members. It is the policy of the 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 cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Large-cap equity	32.00 %
Small/mid-cap equity	10.00 %
International equity	18.00 %
Domestic fixed income	29.50 %
Treasury inflation-protected securities	5.00 %
International fixed income	2.50 %
Commodities	2.50 %
Cash or cash equivalents	0.50 %

**Concentrations** - The pension system does not have a concentration of an investment greater than or equal to 5 percent of total assets.

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.79 percent.

### Note 11 - Public Safety 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 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.

The employee reserve is credited as employee contributions are received throughout the year, if any. The system maintains a record of the amount contributed by each employee and credits interest annually at a rate of 2.0 percent. 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.

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Public Safety Pension Plan Reserves (Continued)

The employer reserve account is used to account 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.

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 18,517,196	\$ 18,347,184
Employee reserve	158,697	158,697
Employer reserve	-	-

### Note 12 - Public Safety Pension Net Pension Liability

The components of the net pension liability of the City at June 30, 2017 were as follows:

Total pension liability	\$ 23,489,058
Plan fiduciary net position	<u>18,505,881</u>
City's net pension liability	<u>\$ 4,983,177</u>
Plan fiduciary net position as a percentage of the total pension liability	78.8 %

The City has chosen to use June 30, 2017 as its measurement date for the net pension liability. The June 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2017. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of June 30, 2016, which used updated procedures to roll forward the estimated liability to June 30, 2017.

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2017

### Note 12 - Public Safety Pension Net Pension Liability (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at June 30, 2016</b>	\$ 23,121,639	\$ 17,600,870	\$ 5,520,769
Service cost	387,896	-	387,896
Interest	1,683,319	-	1,683,319
Differences between expected and actual experience	38,612	-	38,612
Contributions - Employer	-	713,669	(713,669)
Net investment income	-	1,984,577	(1,984,577)
Benefit payments, including refunds	(1,742,208)	(1,742,208)	-
Administrative expenses	-	(51,027)	51,027
Miscellaneous other charges	-	-	(200)
Net changes	<u>367,619</u>	<u>905,011</u>	<u>(537,592)</u>
<b>Balance at June 30, 2017</b>	<u>\$ 23,489,258</u>	<u>\$ 18,505,881</u>	<u>\$ 4,983,177</u>

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

For the year ended June 30, 2017, the City recognized pension expense of \$1,259,158 related to the public safety plan and \$2,572,408 of total pension expense for both plans. At June 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 126,313
Net difference between projected and actual earnings on pension plan investments	<u>711,626</u>
Total	<u>\$ 837,939</u>

### Note 12 - Public Safety Pension Net Pension Liability (Continued)

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2018	\$ 416,689
2019	410,183
2020	152,068
2021	(141,001)

**Actuarial Assumptions** - The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of June 30, 2016, which used updated procedures to roll forward the estimated liability to June 30, 2017. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	4.0 - 8.0 % Average, including inflation
Investment rate of return	7.50 % Net of pension plan investment expense, including inflation

Mortality rates are an experience-based table of rates that are specific to the type of eligibility condition. The mortality table used was RP-2000 Combined Healthy Life Mortality Table with improvements to 2020 using projection scale BB for both males and females.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50 percent. The single discount rate was based on an expected rate of return on pension plan investments of 7.50 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rates.

Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2117. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2117.

### Note 12 - Public Safety Pension Net Pension Liability (Continued)

#### Projected Cash Flows

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2017 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:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Large-cap equity	6.75 %
Small/mid-cap equity	7.00 %
International equity	6.75 %
Domestic fixed income	3.00 %
Treasury inflation-protected securities	3.00 %
International fixed income	1.40 %
Commodities	2.65 %
Cash or cash equivalents	2.25 %

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	<u>1 Percent Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1 Percent Increase (8.5%)</u>
Net pension liability of the City	\$ 7,592,423	\$ 4,983,177	\$ 2,790,840

### **Note 12 - Public Safety Pension Net Pension Liability (Continued)**

**Pension Plan Fiduciary Net Position** - 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.

### **Note 13 - Other Postemployment Benefits**

**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. As of June 30, 2015, a total of 101 retirees and beneficiaries are eligible for postemployment health and life benefits. This includes pre-Medicare retirees as well as Medicare-eligible 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.

**Funding Policy** - Currently, the City pays the full pay-as-you-go monthly cost of health and life benefit coverage for the retiree and his or her beneficiary only. Retirees can purchase at their option health benefit coverage for their dependents or for their spouse, if eligible, at the City's current monthly group rate. A retiree can only purchase healthcare coverage for a dependent through the dependent's 27th year of birth. Eligible retirees can also elect and purchase master medical health coverage for themselves and their beneficiary at the City's current monthly group rate.

The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, at June 30, 2017, the City has assets totaling \$4,653,003 invested with the Municipal Employees' Retirement System of Michigan. These funds are intended to be used in the future toward the other postemployment liability costs for these eligible retiree health and life benefits.

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2017

### Note 13 - Other Postemployment Benefits (Continued)

For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2012. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 2,512,485
Interest on the prior year's net OPEB obligation	271,094
Less adjustment to the annual required contribution	<u>(382,832)</u>
Annual OPEB cost	2,400,747
Amounts contributed:	
Payments of current premiums	(1,300,615)
Employer contributions	<u>(241,200)</u>
Increase in net OPEB obligation	858,932
OPEB obligation - Beginning of year	<u>4,928,976</u>
OPEB obligation - End of year	<u>\$ 5,787,908</u>

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/15	6/30/12	\$ 2,506,285	64.0 %	\$ 4,054,298
6/30/16	6/30/12	2,446,124	64.2	4,928,976
6/30/17	6/30/12	2,400,747	64.2	5,787,908

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/06	\$ 100,000	\$ 21,807,213	\$ 21,707,213	0.5 %	\$ 3,651,406	594.5 %
6/30/09	1,035,664	17,655,852	16,620,188	5.9	3,344,839	496.9
6/30/12	2,223,325	27,663,815	25,440,490	8.0	2,635,197	965.4

### **Note 13 - Other Postemployment Benefits (Continued)**

In addition to the funding progress shown above, the City obtained an actuarial valuation in accordance with GASB Statement No. 74 as of June 30, 2015 and rolled forward to June 30, 2017. The valuation reported a total OPEB liability of \$26,275,808 and plan net position of \$4,653,003.

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2012 actuarial valuation, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 5.5 percent investment rate of return net of administrative expenses, including wage inflation. A level dollar amortization method is used along with a closed 24-year amortization period. Market value of assets is the asset valuation method utilized by the actuary. Salaries are projected to increase between 4.8 percent and 12.9 percent, including wage inflation. Rate of inflation for medical benefits utilized is 9.0 percent grading down to 4.5 percent 10 years after the valuation. The rate of inflation for dental and vision benefits is 4.5 percent for all years.



### **Note 14 - Joint Ventures**

#### **Southeastern Oakland County Water Authority**

The City is a member of the Southeastern Oakland County Water Authority (the "Water Authority"), which provides a water supply system serving 11 member 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, 2017, the City expensed \$906,317 of payments made to the Water Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements of the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

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

The City is a member of the Southeastern Oakland County Resource Recovery Authority (the "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, 2017, the City expensed \$960,406 of payments made to the Resource Recovery Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Resource Recovery Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements of the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 W. Webster Road, Royal Oak, Michigan 48073.

### **Note 15 - Contingent Liabilities**

The City is involved in certain legal matters that have not progressed to a point where any ultimate liability can be determined. Settlement payments on certain cases, but potentially not all cases, would be covered by the insurance pool noted in Note 7. No liability has been reflected in these financial statements.

### Note 16 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the Municipal Employees' Retirement System of Michigan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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, 2018.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. 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 2019-2020 fiscal year.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. 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 2020-2021 fiscal year.

## **Required Supplemental Information**

---

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 7,035,132	\$ 7,043,640	\$ 7,048,581	\$ 4,941
Licenses and permits	679,100	814,145	826,822	12,677
Federal grants	5,500	5,270	2,325	(2,945)
State-shared revenue and grants	1,429,639	1,391,379	1,438,983	47,604
Charges for services	211,924	203,647	206,278	2,631
Fines and forfeitures	371,465	376,608	391,667	15,059
Investment earnings	35,658	45,700	47,553	1,853
Franchise fees	245,474	203,533	200,652	(2,881)
Other revenue:				
Local donations	33,069	47,224	48,144	920
Cable franchise fees	388,611	371,221	369,164	(2,057)
Other	115,749	239,094	246,211	7,117
Total revenue	10,551,321	10,741,461	10,826,380	84,919
<b>Expenditures</b>				
Current:				
General government:				
City Council	18,428	19,178	17,297	1,881
Manager	238,143	300,514	295,087	5,427
Elections	170,226	180,396	162,936	17,460
Finance	308,797	329,929	305,182	24,747
Legal	98,600	119,600	116,743	2,857
Clerk/Treasurer	102,370	100,070	94,390	5,680
City hall	211,541	257,591	243,057	14,534
Planning	61,394	63,994	58,660	5,334
Inspection	401,264	461,896	387,194	74,702
Insurance	733,698	718,604	681,169	37,435
Community promotion	57,885	67,885	61,376	6,509
Total general government	2,402,346	2,619,657	2,423,091	196,566
Public safety:				
Administration	182,461	185,217	182,438	2,779
Service aides	458,730	436,248	402,986	33,262
Operations	3,857,318	3,903,827	3,886,335	17,492
Pension administration	693,940	672,942	654,188	18,754
Building inspections and related	445	445	436	9
Animal control	76,634	70,925	43,815	27,110
Total public safety	5,269,528	5,269,604	5,170,198	99,406

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures</b> (continued)				
Current (continued):				
Public works:				
Operations	\$ 393,424	\$ 423,079	\$ 363,759	\$ 59,320
Garage	152,634	198,389	183,242	15,147
Street programs	173,513	185,513	185,210	303
Total public works	719,571	806,981	732,211	74,770
Health and welfare - Community development	79,537	79,537	74,868	4,669
Recreation and culture:				
Recreation	399,872	420,972	413,619	7,353
Library	654,932	670,207	646,657	23,550
WBRK	79,616	80,116	64,099	16,017
Communications coordinator	86,895	93,495	87,617	5,878
Total recreation and culture	1,221,315	1,264,790	1,211,992	52,798
Capital outlay	510,526	589,431	422,374	167,057
Total expenditures	10,202,823	10,630,000	10,034,734	595,266
<b>Excess of Revenue Over Expenditures</b>	348,498	111,461	791,646	680,185
<b>Other Financing Sources (Uses)</b>				
Transfers in	29,080	-	-	-
Transfers out	(799,670)	(549,670)	(52,586)	(497,084)
Total other financing uses	(770,590)	(549,670)	(52,586)	(497,084)
<b>Net Change in Fund Balance</b>	(422,092)	(438,209)	739,060	1,177,269
<b>Fund Balance</b> - Beginning of year	4,378,784	4,378,784	4,378,784	-
<b>Fund Balance</b> - End of year	<u>\$ 3,956,692</u>	<u>\$ 3,940,575</u>	<u>\$ 5,117,844</u>	<u>\$ 1,177,269</u>

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 835,622	\$ 813,550	\$ 830,070	\$ 16,520
Charges for services	10,018	4,425	4,424	(1)
Investment income	5,441	7,700	8,130	430
Other revenue	29,500	39,545	38,490	(1,055)
Total revenue	880,581	865,220	881,114	15,894
<b>Expenditures</b>				
Current - Public works:				
Administrative	15,424	16,353	13,267	3,086
Field operations	1,191,520	1,622,251	825,537	796,714
Total expenditures	1,206,944	1,638,604	838,804	799,800
<b>Excess of Revenue (Under) Over Expenditures</b>	(326,363)	(773,384)	42,310	815,694
<b>Other Financing Sources (Uses)</b>				
Transfers in	550,000	350,000	-	(350,000)
Transfers out	(157,709)	(157,709)	(157,000)	709
<b>Net Change in Fund Balance</b>	65,928	(581,093)	(114,690)	466,403
<b>Fund Balance - Beginning of year</b>	1,575,718	1,575,718	1,575,718	-
<b>Fund Balance - End of year</b>	<u>\$ 1,641,646</u>	<u>\$ 994,625</u>	<u>\$ 1,461,028</u>	<u>\$ 466,403</u>

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 308,204	\$ 308,204	\$ 297,124	\$ (11,080)
Investment income	3,968	3,968	4,706	738
Other revenue	27,850	14,060	14,594	534
Total revenue	340,022	326,232	316,424	(9,808)
<b>Expenditures</b>				
Current - Public works:				
Administrative	16,118	16,118	15,776	342
Field operations	649,388	677,949	511,706	166,243
Total expenditures	665,506	694,067	527,482	166,585
<b>Excess of Expenditures Over Revenue</b>	(325,484)	(367,835)	(211,058)	156,777
<b>Other Financing Sources (Uses)</b>				
Transfers in	257,000	257,000	157,000	(100,000)
Transfers out	(572)	(572)	-	572
<b>Net Change in Fund Balance</b>	(69,056)	(111,407)	(54,058)	57,349
<b>Fund Balance - Beginning of year</b>	1,014,066	1,014,066	1,014,066	-
<b>Fund Balance - End of year</b>	<b>\$ 945,010</b>	<b>\$ 902,659</b>	<b>\$ 960,008</b>	<b>\$ 57,349</b>

# City of Berkley, Michigan

---

## Required Supplemental Information Public Safety Pension Trust Schedule of Investment Returns Last Ten Fiscal Years

(Schedule is built prospectively upon implementation of GASB Statement No. 67)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual money-weighted rate of return - Net of investment expense	11.8 %	(0.4)%	1.8 %	16.2 %	10.8 %	(0.3)%	20.2 %



# City of Berkley, Michigan

## Required Supplemental Information Public Safety Pension Trust Schedule of Changes in the City's Net Pension Liability and Related Ratios Last Ten Fiscal Years

(Schedule is built prospectively upon implementation of GASB Statement No. 67)

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 387,896	\$ 369,308	\$ 348,830	\$ 376,217
Interest	1,683,319	1,646,655	1,623,409	1,600,549
Differences between expected and actual experience	38,612	189,536	15,829	-
Benefit payments, including refunds	<u>(1,742,208)</u>	<u>(1,703,842)</u>	<u>(1,678,258)</u>	<u>(1,638,281)</u>
<b>Net Change in Total Pension Liability</b>	367,619	501,657	309,810	338,485
<b>Total Pension Liability - Beginning of year</b>	<u>23,121,639</u>	<u>22,619,982</u>	<u>22,310,172</u>	<u>21,971,687</u>
<b>Total Pension Liability - End of year</b>	<u><b>\$ 23,489,258</b></u>	<u><b>\$ 23,121,639</b></u>	<u><b>\$ 22,619,982</b></u>	<u><b>\$ 22,310,172</b></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 713,669	\$ 660,531	\$ 726,568	\$ 780,105
Contributions - Member	-	-	-	90,169
Net investment income	1,984,577	(55,465)	357,995	2,752,802
Administrative expenses	(51,027)	(44,152)	(46,951)	(51,306)
Benefit payments, including refunds	(1,742,208)	(1,703,842)	(1,687,258)	(1,638,281)
Other	<u>-</u>	<u>-</u>	<u>183</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	905,011	(1,142,928)	(649,463)	1,933,489
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>17,600,870</u>	<u>18,743,798</u>	<u>19,384,261</u>	<u>17,450,772</u>
<b>Plan Fiduciary Net Position - End of year</b>	<u><b>\$ 18,505,881</b></u>	<u><b>\$ 17,600,870</b></u>	<u><b>\$ 18,743,798</b></u>	<u><b>\$ 19,384,261</b></u>
<b>City's Net Pension Liability - Ending</b>	<u><b>\$ 4,983,377</b></u>	<u><b>\$ 5,520,769</b></u>	<u><b>\$ 3,876,184</b></u>	<u><b>\$ 2,925,911</b></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	78.78 %	76.12 %	82.86 %	86.89 %
<b>Covered Employee Payroll</b>	\$ 1,915,375	\$ 1,770,387	\$ 1,923,665	\$ 1,965,494
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	260.18 %	311.8 %	201.5 %	148.9 %

# City of Berkley, Michigan

## Required Supplemental Information Public Safety Pension Trust Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 713,669	\$ 660,531	\$ 726,568	\$ 780,105	\$ 770,451	\$ 780,942	\$ 719,836	\$ 452,531	\$ 499,877	\$ 506,423
Contributions in relation to the actuarially determined contribution	713,669	660,531	726,568	780,105	770,451	780,942	719,836	452,531	499,877	506,423
<b>Contribution Deficiency</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered Employee Payroll</b>	\$ 1,915,375	\$ 1,770,387	\$ 1,923,665	\$ 1,965,494	\$ 1,965,938	\$ 2,020,026	\$ 1,893,309	\$ 1,816,664	\$ 2,004,318	\$ 1,969,751
<b>Contributions as a Percentage of Covered Employee Payroll</b>	37.3 %	37.3 %	37.8 %	39.7 %	39.2 %	38.7 %	38.0 %	24.9 %	24.9 %	25.7 %

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	19 years closed
Asset valuation method	Four-year smoothed market 80 percent/120 percent corridor
Inflation	2.75 percent
Salary increases	4.0 percent to 8.0 percent including inflation
Investment rate of return	7.5 percent net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Life Mortality Tables adjusted for mortality improvements to 2020 using projection scale BB for both males and females

# City of Berkley, Michigan

## Required Supplemental Information Schedule of Changes in the City's Net Pension Liability and Related Ratios Municipal Employees' Retirement System of Michigan Last Ten Fiscal Years

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

	2017	2016	2015
<b>Total Pension Liability</b>			
Service cost	\$ 250,936	\$ 231,896	\$ 313,028
Interest	1,599,114	1,602,510	1,588,656
Changes in benefit terms	-	-	-
Differences between expected and actual experience	63,274	(432,248)	-
Changes in assumptions	-	868,163	-
Benefit payments, including refunds	(1,722,576)	(1,707,986)	(1,678,420)
<b>Net Change in Total Pension Liability</b>	190,748	562,335	223,264
<b>Total Pension Liability - Beginning of year</b>	20,724,736	20,162,401	19,939,137
<b>Total Pension Liability - End of year</b>	<u>\$ 20,915,484</u>	<u>\$ 20,724,736</u>	<u>\$ 20,162,401</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 528,385	\$ 546,145	\$ 574,412
Contributions - Member	72,550	80,039	90,641
Net investment income	1,231,253	(176,950)	792,022
Administrative expenses	(24,362)	(26,595)	(28,852)
Benefit payments, including refunds	(1,722,576)	(1,707,986)	(1,678,420)
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	85,250	(1,285,347)	(250,197)
<b>Plan Fiduciary Net Position - Beginning of year</b>	11,329,596	12,614,943	12,865,140
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$ 11,414,846</u>	<u>\$ 11,329,596</u>	<u>\$ 12,614,943</u>
<b>City's Net Pension Liability - Ending</b>	<u>\$ 9,500,638</u>	<u>\$ 9,395,140</u>	<u>\$ 7,547,458</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	54.58 %	54.67 %	62.57 %
<b>Covered Employee Payroll</b>	\$ 2,014,906	\$ 1,679,482	\$ 1,679,482
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	471.5 %	559.4 %	449.4 %

# City of Berkley, Michigan

## Required Supplemental Information Schedule of City Contributions Municipal Employees' Retirement System of Michigan Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 528,385	\$ 546,145	\$ 574,412	\$ 600,607	\$ 637,576	\$ 552,043	\$ 537,833	\$ 438,510	\$ 453,506	\$ 452,215
Contributions in relation to the actuarially determined contribution	528,385	546,145	574,412	600,607	637,576	552,043	537,833	438,510	453,506	452,215
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 2,001,644</b>	<b>\$ 2,222,306</b>	<b>\$ 2,253,166</b>	<b>\$ 2,225,644</b>	<b>\$ 2,194,904</b>	<b>\$ 2,540,930</b>	<b>\$ 2,360,645</b>	<b>\$ 2,412,962</b>	<b>\$ 2,414,979</b>	<b>\$ 2,252,412</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>26.4 %</b>	<b>24.6 %</b>	<b>25.5 %</b>	<b>27.0 %</b>	<b>29.0 %</b>	<b>21.7 %</b>	<b>22.8 %</b>	<b>18.2 %</b>	<b>18.8 %</b>	<b>20.1 %</b>

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	5 - 22 years
Asset valuation method	10-year smoothed market
Inflation	2.50 percent
Salary increases	3.75 percent, including inflation
Investment rate of return	7.75 percent
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables
Other information	None

# City of Berkley, Michigan

## Required Supplemental Information OPEB System Schedule Year Ended June 30, 2017

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/06	\$ 100,000	\$ 21,807,213	\$ 21,707,213	0.5 %	\$ 3,651,406	594.5 %
6/30/09	1,035,664	17,655,852	16,620,188	5.9	3,344,839	496.9
6/30/12	2,223,325	27,663,815	25,440,490	8.0	2,635,197	965.4

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/15	6/30/12	\$ 2,603,419	61.6 %
6/30/16	6/30/12	2,531,410	62.1
6/30/17	6/30/12	2,512,485	61.4

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

## **Other Supplemental Information**

---

# City of Berkley, Michigan

	Special Revenue Funds				
	Community Development Block Grant	Drug Forfeiture Fund	Seniors' Program Fund	Recreation Revolving	Solid Waste Service
<b>Assets</b>					
Cash and cash equivalents	\$ 18,829	\$ -	\$ 274,887	\$ 769,477	\$ 526,105
Receivables:					
Taxes	-	-	-	-	20,088
Receivables from sales to customers on account	-	-	-	-	104,697
Other governmental units	66,292	-	-	-	-
Inventory	-	-	-	-	4,953
Prepaid costs	-	-	-	3,254	2,566
Total assets	<u>\$ 85,121</u>	<u>\$ -</u>	<u>\$ 274,887</u>	<u>\$ 772,731</u>	<u>\$ 658,409</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 57,306	\$ -	\$ 255	\$ 3,192	\$ 50,201
Accrued and other liabilities	-	-	331	7,583	4,269
Unearned revenue	-	-	-	43,450	-
Total liabilities	57,306	-	586	54,225	54,470
<b>Deferred Inflows of Resources</b> - Unavailable revenue	57,786	-	-	-	61,238
<b>Fund Balances</b>					
Nonspendable - Inventory and prepaid items	-	-	-	3,254	7,519
Restricted:					
Debt service	-	-	-	-	-
Solid waste services	-	-	-	-	535,182
Committed:					
Recreation	-	-	-	715,252	-
Seniors' program	-	-	274,301	-	-
Assigned - Capital improvement	-	-	-	-	-
Unassigned	(29,971)	-	-	-	-
Total fund balances	<u>(29,971)</u>	<u>-</u>	<u>274,301</u>	<u>718,506</u>	<u>542,701</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 85,121</u>	<u>\$ -</u>	<u>\$ 274,887</u>	<u>\$ 772,731</u>	<u>\$ 658,409</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

Debt Service	Capital Projects Fund		Total
Funds			Nonmajor
Eleven Mile Road Project Debt Service	Court Projects	Sidewalks	Governmental Funds
\$ 57,379	\$ 708,603	\$ 186	\$ 2,355,466
3,131	-	-	23,219
-	710	-	105,407
-	-	-	66,292
-	-	-	4,953
-	-	-	5,820
<b>\$ 60,510</b>	<b>\$ 709,313</b>	<b>\$ 186</b>	<b>\$ 2,561,157</b>

\$ -	\$ -	\$ 186	\$ 111,140
-	-	-	12,183
-	-	-	43,450
-	-	186	166,773
3,000	-	-	122,024
-	-	-	10,773
57,510	-	-	57,510
-	-	-	535,182
-	-	-	715,252
-	-	-	274,301
-	709,313	-	709,313
-	-	-	(29,971)
57,510	709,313	-	2,272,360
<b>\$ 60,510</b>	<b>\$ 709,313</b>	<b>\$ 186</b>	<b>\$ 2,561,157</b>



# City of Berkley, Michigan

	Special Revenue Funds				
	Community	Drug Forfeiture	Seniors' Program	Recreation	Solid Waste
	Development Block Grant	Fund	Fund	Revolving	Service
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 913,986
Federal grants	19,915	-	-	-	-
State-shared revenue and grants	-	-	21,400	-	6,594
Charges for services	-	-	56,253	533,064	296,777
Fines and forfeitures	-	-	-	-	-
Investment earnings	-	12	1,427	3,507	4,206
Other	-	-	1,326	25,250	4,081
<b>Total revenue</b>	<b>19,915</b>	<b>12</b>	<b>80,406</b>	<b>561,821</b>	<b>1,225,644</b>
<b>Expenditures - Current</b>					
General government	-	-	-	-	-
Public works	-	-	-	-	1,339,146
Health and welfare	75,687	-	67,904	-	-
Recreation and culture	-	-	-	382,889	-
Capital outlay	-	3,083	-	25,500	-
Debt service	-	-	-	-	-
<b>Total expenditures</b>	<b>75,687</b>	<b>3,083</b>	<b>67,904</b>	<b>408,389</b>	<b>1,339,146</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(55,772)</b>	<b>(3,071)</b>	<b>12,502</b>	<b>153,432</b>	<b>(113,502)</b>
<b>Other Financing (Uses) Sources</b>					
Transfers out	-	-	-	(150,000)	-
Transfers in	-	-	-	-	-
<b>Total other financing (uses) sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(55,772)</b>	<b>(3,071)</b>	<b>12,502</b>	<b>3,432</b>	<b>(113,502)</b>
<b>Fund Balances - Beginning of year</b>	<b>25,801</b>	<b>3,071</b>	<b>261,799</b>	<b>715,074</b>	<b>656,203</b>
<b>Fund Balances - End of year</b>	<b>\$ (29,971)</b>	<b>\$ -</b>	<b>\$ 274,301</b>	<b>\$ 718,506</b>	<b>\$ 542,701</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2017**

Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
Eleven Mile Road Project Debt Service	Court Projects	Sidewalks	
\$ 273,869	\$ -	\$ -	\$ 1,187,855
-	-	-	19,915
5,535	-	-	33,529
-	-	-	886,094
-	8,006	-	8,006
293	4,215	-	13,660
-	-	-	30,657
<u>279,697</u>	<u>12,221</u>	<u>-</u>	<u>2,179,716</u>
-	103,500	-	103,500
-	-	32,916	1,372,062
-	-	-	143,591
-	-	-	382,889
-	-	-	28,583
272,194	-	-	272,194
<u>272,194</u>	<u>103,500</u>	<u>32,916</u>	<u>2,302,819</u>
7,503	(91,279)	(32,916)	(123,103)
-	-	-	(150,000)
-	-	32,916	32,916
<u>-</u>	<u>-</u>	<u>32,916</u>	<u>(117,084)</u>
7,503	(91,279)	-	(240,187)
50,007	800,592	-	2,512,547
<u>\$ 57,510</u>	<u>\$ 709,313</u>	<u>\$ -</u>	<u>\$ 2,272,360</u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund Community Development Block Grant Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 87,077	\$ 87,077	\$ 19,915	\$ (67,162)
<b>Expenditures - Health and welfare</b>	87,077	87,077	75,687	11,390
<b>Net Change in Fund Balance</b>	-	-	(55,772)	(55,772)
<b>Fund Balance - Beginning of year</b>	25,801	25,801	25,801	-
<b>Fund Balance - End of year</b>	<u>\$ 25,801</u>	<u>\$ 25,801</u>	<u>\$ (29,971)</u>	<u>\$ (55,772)</u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment earnings	\$ 12	\$ 39	\$ 12	\$ (27)
<b>Expenditures</b> - Capital outlay	3,083	-	3,083	(3,083)
<b>Net Change in Fund Balance</b>	(3,071)	39	(3,071)	(3,110)
<b>Fund Balance</b> - Beginning of year	3,071	3,071	3,071	-
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ 3,110</u>	<u>\$ -</u>	<u>\$ (3,110)</u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Seniors' Program Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 22,880	\$ 22,880	\$ 21,400	\$ (1,480)
Charges for services	65,231	65,231	56,253	(8,978)
Investment earnings	1,275	1,275	1,427	152
Other	-	-	1,326	1,326
Total revenue	<u>89,386</u>	<u>89,386</u>	<u>80,406</u>	<u>(8,980)</u>
<b>Expenditures - Health and welfare</b>	<u>88,676</u>	<u>88,676</u>	<u>67,904</u>	<u>20,772</u>
<b>Net Change in Fund Balance</b>	710	710	12,502	11,792
<b>Fund Balance - Beginning of year</b>	<u>261,799</u>	<u>261,799</u>	<u>261,799</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 262,509</u></u>	<u><u>\$ 262,509</u></u>	<u><u>\$ 274,301</u></u>	<u><u>\$ 11,792</u></u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Recreation Revolving Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ 510,920	\$ 503,470	\$ 533,064	\$ 29,594
Investment income	2,912	2,912	3,507	595
Other revenue	25,000	25,000	25,250	250
Total revenue	538,832	531,382	561,821	30,439
<b>Expenditures</b>				
Current - Recreation and culture	401,066	432,921	382,889	50,032
Capital outlay	39,700	39,700	25,500	14,200
Total expenditures	440,766	472,621	408,389	64,232
<b>Transfers Out</b>	(129,556)	(325,156)	(150,000)	175,156
<b>Net Change in Fund Balance</b>	(31,490)	(266,395)	3,432	269,827
<b>Fund Balance - Beginning of year</b>	715,074	715,074	715,074	-
<b>Fund Balance - End of year</b>	<u>\$ 683,584</u>	<u>\$ 448,679</u>	<u>\$ 718,506</u>	<u>\$ 269,827</u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Solid Waste Service Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 913,942	\$ 913,942	\$ 913,986	\$ 44
State-shared revenue and grants	-	6,595	6,594	(1)
Charges for services	339,030	339,030	296,777	(42,253)
Investment income	3,655	3,655	4,206	551
Other revenue -				
Other miscellaneous income	4,400	4,400	4,081	(319)
Total revenue	1,261,027	1,267,622	1,225,644	(41,978)
<b>Expenditures -</b>				
Current - Public works	1,439,059	1,490,478	1,339,146	151,332
<b>Excess of Expenditures Over Revenue</b>	(178,032)	(222,856)	(113,502)	109,354
<b>Other Financing Sources (Uses)</b>				
Transfers in	50,000	-	-	-
Transfers out	(688)	(688)	-	688
<b>Net Change in Fund Balance</b>	(128,720)	(223,544)	(113,502)	110,042
<b>Fund Balance - Beginning of year</b>	656,203	656,203	656,203	-
<b>Fund Balance - End of year</b>	<b>\$ 527,483</b>	<b>\$ 432,659</b>	<b>\$ 542,701</b>	<b>\$ 110,042</b>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Eleven Mile Road Project Debt Service Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 272,928	\$ 272,928	\$ 273,869	\$ 941
State-shared revenue and grants	-	5,535	5,535	-
Investment earnings	166	166	293	127
Total revenue	273,094	278,629	279,697	1,068
<b>Expenditures - Debt service</b>	271,444	272,194	272,194	-
<b>Net Change in Fund Balance</b>	1,650	6,435	7,503	1,068
<b>Fund Balance - Beginning of year</b>	50,007	50,007	50,007	-
<b>Fund Balance - End of year</b>	<b>\$ 51,657</b>	<b>\$ 56,442</b>	<b>\$ 57,510</b>	<b>\$ 1,068</b>



# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Court Projects Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Fines and forfeitures	\$ 10,600	\$ 10,600	\$ 8,006	\$ (2,594)
Investment earnings	4,009	4,009	4,215	206
Total revenue	14,609	14,609	12,221	(2,388)
<b>Expenditures - General government</b>	103,500	103,500	103,500	-
<b>Net Change in Fund Balance</b>	(88,891)	(88,891)	(91,279)	(2,388)
<b>Fund Balance - Beginning of year</b>	800,592	800,592	800,592	-
<b>Fund Balance - End of year</b>	<b>\$ 711,701</b>	<b>\$ 711,701</b>	<b>\$ 709,313</b>	<b>\$ (2,388)</b>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Sidewalks Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Expenditures</b> - Current - Public works	\$ 80,000	\$ 80,000	\$ 32,916	\$ 47,084
<b>Other Financing Sources</b> - Transfers in	80,000	80,000	32,916	(47,084)
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	\$ -	\$ -	\$ -	\$ -

# City of Berkley, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2017

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<b>Assets - Cash</b>	<b>\$ 308,058</b>	<b>\$ 359,921</b>	<b>\$ (278,561)</b>	<b>\$ 389,418</b>
<b>Liabilities</b>				
Accounts payable	\$ 52	\$ 268,420	\$ (255,968)	\$ 12,504
Due to other governmental units	9,966	59,085	(33,242)	35,809
Cash bonds and deposits	298,040	284,865	(241,800)	341,105
Total liabilities	<b>\$ 308,058</b>	<b>\$ 612,370</b>	<b>\$ (531,010)</b>	<b>\$ 389,418</b>

## **Statistical Section**

---

### Statistical Information

Statistical information contained herein relates to the physical, economic, social, and political characteristics of the City. It is designed to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the financial section.

#### **1. Financial Trend Information**

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

Net Position by Component	90-91
Changes in Net Position	92-93
Fund Balances of Governmental Funds	94-95
Changes in Fund Balances of Governmental Funds	96-97

#### **2. Revenue Capacity Information**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its main income source - property taxes.

Property Tax Levies and Collections	98
Assessed Value and Actual Value of Taxable Property	99
Direct and Overlapping Property Tax Rates	100-101
Principal Property Taxpayers (Major Taxpayers)	102

#### **3. Debt Capacity Information**

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	103-104
Pledged-revenue Coverage	105
Ratios of General Bonded Debt Outstanding	106
Direct and Overlapping Governmental Activities Debt	107
Legal Debt Margin	108-109
Legal Debt Margin - P.A. 99 Debt	110-111

### 4. Demographic and Economic Information

These schedules present various demographic and economic indicators for the reader to understand the environment within the City that affects the City's financial statements.

Demographic and Economic Statistics	112
Principal Employers	113

### 5. 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.

Full-time Equivalent Government Employees by Function	114
Operating Indicators by Function	115-116
Capital Asset Statistics by Function	117

# City of Berkley, Michigan

Source: City annual financial statements

	As of June 30				
	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 6,248,911	\$ 7,060,516	\$ 7,803,010	\$ 8,386,258	\$ 8,913,634
Restricted	4,094,643	3,544,810	3,483,147	2,740,980	2,498,530
Unrestricted	<u>3,797,532</u>	<u>3,414,309</u>	<u>2,433,875</u>	<u>2,197,612</u>	<u>1,864,274</u>
Total net assets	14,141,086	14,019,635	13,720,032	13,324,850	13,276,438
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	6,617,232	8,142,849	8,794,109	8,912,363	9,349,182
Restricted	-	-	-	-	-
Unrestricted	<u>2,013,068</u>	<u>1,241,937</u>	<u>1,308,518</u>	<u>1,968,092</u>	<u>2,373,103</u>
Total net assets	8,630,300	9,384,786	10,102,627	10,880,455	11,722,285
<b>Primary Government in Total</b>					
Invested in capital assets, net of related debt	12,866,143	15,203,365	16,597,119	17,298,621	18,262,816
Restricted	4,094,643	3,544,810	3,483,147	2,740,980	2,498,530
Unrestricted	<u>5,810,600</u>	<u>4,656,246</u>	<u>3,742,393</u>	<u>4,165,704</u>	<u>4,237,377</u>
Total net assets	<u><b>\$ 22,771,386</b></u>	<u><b>\$ 23,404,421</b></u>	<u><b>\$ 23,822,659</b></u>	<u><b>\$ 24,205,305</b></u>	<u><b>\$ 24,998,723</b></u>

**Financial Trend Information  
Net Position by Component  
Last Ten Fiscal Years**

As of June 30				
2013	2014	2015	2016	2017
\$ 9,546,904	\$ 10,490,391	\$ 11,765,355	\$ 12,605,508	\$ 12,566,628
2,297,100	2,489,255	2,575,308	3,481,448	3,299,179
<u>1,605,022</u>	<u>1,571,278</u>	<u>(7,387,648)</u>	<u>(8,329,077)</u>	<u>(10,002,030)</u>
13,449,026	14,550,924	6,953,015	7,757,879	5,863,777
10,048,279	10,469,046	11,078,068	11,829,788	12,902,134
-	-	-	-	-
<u>2,792,194</u>	<u>3,431,190</u>	<u>2,314,089</u>	<u>2,524,710</u>	<u>2,292,463</u>
12,840,473	13,900,236	13,392,157	14,354,498	15,194,597
19,595,183	20,959,437	22,843,423	24,435,296	25,468,762
2,297,100	2,489,255	2,575,308	3,481,448	3,299,179
<u>4,397,216</u>	<u>5,002,468</u>	<u>(5,073,559)</u>	<u>(5,804,367)</u>	<u>(7,709,567)</u>
<b><u>\$ 26,289,499</u></b>	<b><u>\$ 28,451,160</u></b>	<b><u>\$ 20,345,172</u></b>	<b><u>\$ 22,112,377</u></b>	<b><u>\$ 21,058,374</u></b>



# City of Berkley, Michigan

	As of June 30				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 2,485,624	\$ 3,364,289	\$ 3,136,223	\$ 3,278,204	\$ 3,481,679
Public safety	4,319,548	4,880,904	4,648,256	4,771,634	4,621,263
Public works	2,805,318	2,652,054	2,956,123	2,995,491	3,003,907
Health and welfare	233,320	290,150	131,969	184,224	101,435
Recreation and culture	1,720,748	1,732,343	1,676,755	1,538,314	1,539,712
Interest on long-term debt	304,824	283,330	215,764	237,219	203,665
Unallocated depreciation	-	-	-	-	-
Total primary governmental activities	11,869,382	13,203,070	12,765,090	13,005,086	12,951,661
<b>Business-type Activities</b>					
Water/Sewer	3,404,673	3,673,284	3,883,589	4,425,206	4,586,983
Arena	457,502	459,062	485,033	391,151	382,335
Total Business Type Activities	3,862,175	4,132,346	4,368,622	4,816,357	4,969,318
<b>Total Primary Government Expenses</b>	<b>15,731,557</b>	<b>17,335,416</b>	<b>17,133,712</b>	<b>17,821,443</b>	<b>17,920,979</b>
<b>Program Revenue</b>					
<b>Government Activities</b>					
Charges for services	2,727,253	2,819,447	2,666,889	2,688,763	3,033,244
Operating grants and contributions	1,168,098	1,226,338	1,035,713	1,132,307	1,132,650
Capital grants and contributions	70,840	20,419	5,388	309,306	147,306
Total government activities program revenue	3,966,191	4,066,204	3,707,990	4,130,376	4,313,200
<b>Business-type Activities</b>					
Charges for services - Water/Sewer	4,219,273	4,460,704	4,604,767	4,996,086	5,390,864
Charges for services - Arena	445,109	325,681	363,289	342,046	321,367
Total business-type activities program revenue	4,664,382	4,786,385	4,968,056	5,338,132	5,712,231
<b>Total primary government program revenue</b>	<b>8,630,573</b>	<b>8,852,589</b>	<b>8,676,046</b>	<b>9,468,508</b>	<b>10,025,431</b>
<b>Net (Expense) Revenue</b>					
Governmental activities	(7,903,191)	(9,136,866)	(9,057,100)	(8,874,710)	(8,638,461)
Business-type activities	802,207	654,039	599,434	521,775	742,913
<b>Total primary government net expenses</b>	<b>(7,100,984)</b>	<b>(8,482,827)</b>	<b>(8,457,666)</b>	<b>(8,352,935)</b>	<b>(7,895,548)</b>
<b>General Revenue and Other Changes in Net Assets</b>					
<b>Governmental activities</b>					
Property taxes	7,081,734	7,091,901	6,985,695	7,010,324	6,769,419
State-shared revenue	1,418,217	1,360,499	1,210,027	1,210,027	1,226,594
Unrestricted investment earnings	584,484	220,526	54,021	54,268	54,520
Other	560,491	432,374	624,376	458,965	635,772
Total general government revenue	9,644,926	9,105,300	8,874,119	8,733,584	8,686,305
<b>Business-type activities</b>					
Unrestricted investment earnings	43,708	10,562	1,785	1,997	2,661
Other	-	-	-	-	-
Total general business-type revenues	43,708	10,562	1,785	1,997	2,661
Total primary government program revenues	9,688,634	9,115,862	8,875,904	8,735,581	8,688,966
<b>Change in Net Position</b>					
Governmental activities	1,741,735	(31,566)	(182,981)	(141,126)	47,844
Business-type activities	845,915	664,601	601,219	523,772	745,574
Total primary government	<b>\$ 2,587,650</b>	<b>\$ 633,035</b>	<b>\$ 418,238</b>	<b>\$ 382,646</b>	<b>\$ 793,418</b>

## Financial Trend Information Changes in Net Position Last Ten Fiscal Years

As of June 30				
2013	2014	2015	2016	2017
\$ 3,014,392	\$ 3,259,836	\$ 3,713,410	\$ 2,960,882	\$ 3,253,442
4,693,881	4,824,914	5,108,392	5,827,300	6,537,971
3,033,044	3,303,767	3,710,743	3,263,194	3,961,969
163,566	159,649	166,478	119,477	212,793
1,585,170	1,709,925	1,828,480	1,887,724	2,070,940
172,787	139,890	104,750	68,928	46,083
-	-	-	-	-
12,662,840	13,397,981	14,632,253	14,127,505	16,083,198
4,503,819	4,568,046	4,874,414	5,214,208	5,762,885
398,498	388,811	392,804	387,124	138,126
4,902,317	4,956,857	5,267,218	5,601,332	5,901,011
17,565,157	18,354,838	19,899,471	19,728,837	21,984,208
2,837,661	3,062,151	3,057,180	2,367,271	2,599,640
1,171,642	1,264,242	1,612,680	1,850,630	1,385,111
420,556	199,272	249,360	240,677	30,933
4,429,859	4,525,665	4,919,220	4,458,578	4,015,684
5,562,758	5,592,326	5,729,719	6,285,422	6,296,971
379,651	368,805	340,729	237,581	275,454
5,942,409	5,961,131	6,070,448	6,523,003	6,572,425
10,372,268	10,486,796	10,989,668	10,981,581	10,588,109
(8,232,981)	(8,872,316)	(9,713,033)	(9,668,927)	(12,067,514)
1,040,092	1,004,274	803,230	921,671	671,414
(7,192,889)	(7,868,042)	(8,909,803)	(8,747,256)	(11,396,100)
6,707,929	8,253,315	8,477,367	8,544,699	8,236,436
1,259,681	1,293,237	1,316,074	1,314,979	1,429,058
50,954	37,413	55,102	60,242	77,244
460,320	441,249	600,322	549,330	430,674
8,478,884	10,025,214	10,448,865	10,469,250	10,173,412
4,781	4,489	10,097	13,670	18,685
-	-	275	-	150,000
4,781	4,489	10,372	13,670	168,685
8,483,665	10,029,703	10,459,237	10,482,920	10,342,097
172,588	1,101,898	595,020	804,864	(1,894,102)
1,118,188	1,059,763	1,040,709	962,341	840,099
<b>\$ 1,290,776</b>	<b>\$ 2,161,661</b>	<b>\$ 1,635,729</b>	<b>\$ 1,767,205</b>	<b>\$ (1,054,003)</b>

# City of Berkley, Michigan

	As of June 30				
	2008	2009	2010	2011	2012
<b>General Fund</b>					
Reserved	\$ 348,637	\$ 418,208	\$ 512,336	\$ -	\$ -
Unreserved	3,419,573	2,425,253	1,934,516	-	-
Nonspendable	-	-	-	368,673	315,502
Restricted	-	-	-	72,800	96,903
Assigned	-	-	-	220,000	220,000
Unassigned	-	-	-	1,992,303	2,452,971
<b>Total General Fund</b>	<b>\$ 3,768,210</b>	<b>\$ 2,843,461</b>	<b>\$ 2,446,852</b>	<b>\$ 2,653,776</b>	<b>\$ 3,085,376</b>
<b>All Other Governmental Funds</b>					
Reserved	\$ 211,738	\$ 247,238	\$ 247,238	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	3,426,490	3,633,578	3,599,107	-	-
Capital project funds	1,038,880	401,995	407,774	-	-
Debt service funds	40,886	20,649	13,818	-	-
Nonmajor funds	-	-	24,644	-	-
Nonspendable	-	-	-	260,316	203,321
Restricted	-	-	-	2,686,079	2,421,348
Committed	-	-	-	348,215	422,592
Assigned	-	-	-	415,669	497,862
Unassigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 4,717,994</b>	<b>\$ 4,303,460</b>	<b>\$ 4,292,581</b>	<b>\$ 3,710,279</b>	<b>\$ 3,545,123</b>

Source: City annual financial statements

**Financial Trend Information**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

As of June 30				
2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
284,329	317,474	291,749	327,691	305,101
107,930	120,355	129,814	142,012	166,408
325,000	5,000	-	-	-
<u>2,438,647</u>	<u>2,741,075</u>	<u>3,103,391</u>	<u>3,909,081</u>	<u>4,646,335</u>
<b><u>\$ 3,155,906</u></b>	<b><u>\$ 3,183,904</u></b>	<b><u>\$ 3,524,954</u></b>	<b><u>\$ 4,378,784</u></b>	<b><u>\$ 5,117,844</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
138,276	80,536	24,361	19,707	15,485
2,188,290	2,415,571	2,320,355	3,305,159	3,009,016
526,423	692,100	835,919	976,873	989,553
606,723	700,423	774,901	800,592	709,313
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,971)</u>
<b><u>\$ 3,459,712</u></b>	<b><u>\$ 3,888,630</u></b>	<b><u>\$ 3,955,536</u></b>	<b><u>\$ 5,102,331</u></b>	<b><u>\$ 4,693,396</u></b>

# City of Berkley, Michigan

	As of June 30				
	2008	2009	2010	2011	2012
<b>Revenue</b>					
Local revenue	\$ 11,470,866	\$ 11,079,457	\$ 10,638,306	\$ 10,377,264	\$ 10,485,022
State revenue	2,387,701	2,299,879	2,111,858	2,116,821	2,155,369
Federal revenue	51,321	97,057	30,088	96,773	74,851
<b>Total revenue</b>	<b>13,909,888</b>	<b>13,476,393</b>	<b>12,780,252</b>	<b>12,590,858</b>	<b>12,715,242</b>
<b>Expenditures</b>					
Current:					
General government	2,682,839	3,329,203	2,935,158	2,525,147	2,392,049
Public safety	4,223,792	4,733,586	4,468,058	4,711,535	4,461,190
Public works	2,341,172	2,526,019	2,759,016	2,733,588	2,834,954
Health and welfare	310,444	372,347	155,901	222,609	141,613
Recreation and culture	1,388,873	1,470,635	1,430,559	1,334,890	1,306,839
Debt service					
Principal	511,826	560,189	734,269	658,021	741,454
Interest	306,665	290,286	224,615	244,692	212,025
Capital outlay	2,648,769	1,443,524	363,542	281,698	262,418
<b>Total expenditures</b>	<b>14,414,380</b>	<b>14,725,789</b>	<b>13,071,118</b>	<b>12,712,180</b>	<b>12,352,542</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(504,492)</b>	<b>(1,249,396)</b>	<b>(290,866)</b>	<b>(121,322)</b>	<b>362,700</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from long-term debt	251,694	-	-	-	-
Transfers in	251,199	258,615	203,021	378,266	158,332
Transfers out	(251,199)	(348,500)	(319,643)	(621,645)	(254,588)
Debt defeasance	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>251,694</b>	<b>(89,885)</b>	<b>(116,622)</b>	<b>(243,379)</b>	<b>(96,256)</b>
<b>Net Change in Fund Balances</b>	<b>(252,798)</b>	<b>(1,339,281)</b>	<b>(407,488)</b>	<b>(364,701)</b>	<b>266,444</b>
<b>Fund Balances - Beginning of year</b>	<b>8,739,002</b>	<b>8,486,202</b>	<b>7,146,921</b>	<b>6,728,756</b>	<b>6,364,055</b>
<b>Fund Balances - End of year</b>	<b>\$ 8,486,204</b>	<b>\$ 7,146,921</b>	<b>\$ 6,739,433</b>	<b>\$ 6,364,055</b>	<b>\$ 6,630,499</b>
Debt service as a percentage of noncapital expenditures	0.0691	0.0655	0.0788	0.0754	0.0815

Source: City annual financial statements.

**Financial Trend Information**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

As of June 30				
2013	2014	2015	2016	2017
\$ 10,422,534	\$ 11,959,223	\$ 12,468,368	\$ 12,002,658	\$ 11,581,688
93,077	2,322,250	2,372,622	2,918,786	2,599,706
<u>2,191,716</u>	<u>43,643</u>	<u>383,305</u>	<u>120,601</u>	<u>22,240</u>
12,707,327	14,325,116	15,224,295	15,042,045	14,203,634
2,560,152	2,802,372	2,724,425	2,254,700	2,546,261
4,525,013	4,700,580	4,866,822	4,668,617	5,170,198
2,869,767	3,058,533	4,101,935	3,123,736	3,470,559
207,514	179,489	196,602	153,445	218,459
1,377,854	1,414,086	1,533,968	1,485,044	1,594,881
725,000	735,000	860,000	925,000	225,000
180,847	148,610	114,276	76,174	47,194
<u>202,906</u>	<u>778,370</u>	<u>277,496</u>	<u>327,704</u>	<u>450,957</u>
<u>12,649,053</u>	<u>13,817,040</u>	<u>14,675,524</u>	<u>13,014,420</u>	<u>13,723,509</u>
58,274	508,076	548,771	2,027,625	480,125
-	-	-	-	-
155,963	756,953	916,693	555,034	189,916
(229,278)	(807,953)	(1,057,508)	(582,034)	(339,916)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(73,315)</u>	<u>(51,000)</u>	<u>(140,815)</u>	<u>(27,000)</u>	<u>(150,000)</u>
(15,041)	457,076	407,956	2,000,625	330,125
<u>6,630,499</u>	<u>6,615,458</u>	<u>7,072,534</u>	<u>7,480,490</u>	<u>9,481,115</u>
<b><u>\$ 6,615,458</u></b>	<b><u>\$ 7,072,534</u></b>	<b><u>\$ 7,480,490</u></b>	<b><u>\$ 9,481,115</u></b>	<b><u>\$ 9,811,240</u></b>
0.0754	0.0670	0.0677	0.0789	0.0209

# City of Berkley, Michigan

## Revenue Capacity Information Property Tax Levies and Collections Ten-year Comparison

Tax Year	Fiscal Year Ended June 30	Total Levy	Levy Year Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2007	2008	\$ 7,665,402	\$ 7,647,248	99.76%	\$ 17,164	\$ 7,664,412	99.99%
2008	2009	7,788,425	7,767,792	99.74%	17,376	7,785,168	99.96%
2009	2010	7,692,971	7,677,824	99.80%	12,616	7,690,440	99.97%
2010	2011	7,765,387	7,739,802	99.67%	21,747	7,761,549	99.95%
2011	2012	7,522,328	7,508,678	99.82%	10,185	7,518,863	99.95%
2012	2013	7,470,715	7,457,808	99.83%	12,907	7,470,715	100.00%
2013	2014	9,042,351	9,023,584	99.79%	18,768	9,042,352	100.00%
2014	2015	9,231,605	9,225,574	99.93%	6,032	9,231,606	100.00%
2015	2016	9,279,449	9,265,679	99.85%	13,770	9,279,449	100.00%
2016	2017	8,962,059	8,950,100	99.87%	11,959	8,962,059	100.00%

Source: Oakland County Settlement Document  
City of Berkley Accounting Records

# City of Berkley, Michigan

## Revenue Capacity Information Assessed Value and Actual Value of Taxable Property Last Ten Years

Taxable Value by Property Type (1)						City Tax Rate (Mills)	State Equalized Value (SEV) (2)	Taxable Value as a Percent of SEV
Real Property								
Tax Year (3)	Residential	Commercial	Industrial	Personal	Total Value			
2007	\$ 462,885,080	\$ 52,258,100	\$ 3,709,970	\$ 13,561,450	\$ 532,414,600	12.9732	\$ 694,893,290	76.62%
2008	463,377,838	53,865,200	3,731,790	13,433,110	534,407,938	12.9957	658,680,808	81.13%
2009	450,038,090	57,090,940	3,409,420	13,641,370	524,179,820	13.0779	595,450,680	88.03%
2010	417,703,030	53,212,790	3,708,310	14,026,180	488,650,310	14.0656	524,003,230	93.25%
2011	397,284,790	52,547,550	1,128,660	14,140,570	465,101,570	14.2990	480,072,565	96.88%
2012	388,105,590	51,050,170	889,120	13,992,940	454,037,820	14.4917	460,925,460	98.51%
2013	397,730,420	50,439,440	849,760	14,900,060	463,919,680	17.5074	473,399,655	98.00%
2014	410,885,648	50,207,950	816,550	11,907,130	473,817,278	17.5454	521,957,503	90.78%
2015	429,367,950	51,202,520	831,010	12,626,360	494,027,840	16.9791	591,165,960	83.57%
2016	444,824,760	51,074,430	795,420	12,251,880	508,946,490	15.8215	634,050,220	80.27%

(1) Under Michigan law, the revenue base is taxable value.

(2) In the State of Michigan, state equalized value is meant to reflect 50 percent of the true value of the property.

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

Source: Oakland County Equalization  
City of Berkley - State Form L-4029



# City of Berkley, Michigan

## Millage Rates - City of Berkley

## Overlapping Taxes Berkley Schools

Tax Year	Fiscal Year Ended June 30	City			Community	Public Safety	City Debt	Total City Tax Rates	Overlapping Taxes	
		Operating	Public Safety	Sanitation	Promotions	Pension			Homestead	Non-Homestead
2007	2008	6.3101	1.8927	1.8927	0.0939	1.6359	1.1479	12.9732	4.3467	22.3467
2008	2009	6.3101	1.8927	1.8927	0.0940	1.6471	1.1591	12.9957	4.2167	22.2167
2009	2010	6.3101	1.8927	1.8927	0.0950	1.6922	1.1952	13.0779	4.2167	22.2167
2010	2011	6.3101	1.8927	1.8927	0.1023	2.4762	1.3916	14.0656	4.2167	22.2167
2011	2012	6.3101	1.8927	1.8927	0.1075	2.5479	1.5481	14.2990	4.6967	22.6967
2012	2013	6.3101	1.8927	1.8927	0.1101	2.6430	1.6431	14.4917	4.7167	22.7167
2013	2014	9.3101	1.8927	1.8927	0.1078	2.7435	1.5606	17.5074	4.7367	22.7367
2014	2015	9.2831	1.8872	1.8872	0.1055	2.7120	1.6704	17.5454	4.7353	22.7353
2015	2016	9.1456	1.8592	1.8592	0.1012	2.4290	1.5849	16.9791	7.7269	25.7269
2016	2017	8.9818	1.8259	1.8259	0.0982	2.5445	0.5452	15.8215	7.7148	25.7148

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

General operating	8.9818
Public safety	1.8259
Sanitation	1.8259
Community promotions	2.4347

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

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

## Revenue Capacity Information Direct and Overlapping Property Tax Rates Last Ten Years

### Overlapping Taxes

Royal Oak Schools									
		Oakland County							
			Oakland	Oakland	Oakland County	State		Zoo	Downtown
Homestead	Non-Homestead	County	Intermediate Schools	Community College	Transportation Authority	Education	HCMA	Authority	Development Authority
7.6057	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	-	1.9262
7.4095	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9262
7.3521	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	2.1460	0.1000	1.9218
7.7312	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2415	0.1000	1.9216
7.7300	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.7300	22.7100	4.1900	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.7300	25.7300	4.1900	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.1928	25.1928	4.1900	3.3690	1.5844	1.0000	6.0000	0.2146	0.1000	1.9217
7.3842	22.7466	4.3310	3.3633	1.5819	0.9998	6.0000	0.2146	0.0998	1.9217
7.2911	22.5797	4.0900	3.3633	1.5819	0.9998	6.0000	0.2146	0.0998	1.9217

# City of Berkley, Michigan

## Revenue Capacity Information Principal Property Taxpayers (Major Taxpayers) Last Ten Years

Taxpayers	2017 Taxable Value	Percentage of Total City Value	2017 Rank	2007 Taxable Value	Percentage of Total City Value	2007 Rank
Consumers Energy	\$ 3,748,300	0.74%	1	1,203,560	0.23%	7
DHS Management	2,829,160	0.56%	2	3,551,240	0.67%	1
DTE Electric	2,553,210	0.50%	3	3,210,620	0.60%	2
Northwood Medical Limited Ptnrs.	1,652,230	0.32%	4	1,798,300	0.34%	3
Dynex Commercial Services	1,527,260	0.30%	5	1,369,270	0.26%	5
Essco of Berkley LLC	1,322,630	0.26%	6	-	-	N/A
Anusbigian LLC	1,253,990	0.25%	7	1,383,370.00	0.26%	6
Berkley Twelve Associates II	1,179,360	0.23%	8	1,698,150	0.32%	4
Capital Development Corp	992,210	0.19%	9	1,184,780	0.22%	8
SD Investments	886,380	0.17%	10	-	-	N/A
Hartfield Realty & Leasing	-	-	N/A	1,107,820	0.21%	9
Berkley Holding, Inc.	-	-	N/A	767,250	0.14%	10
<b>Total taxable value</b>	<b><u>\$ 17,944,730</u></b>	<b><u>3.52%</u></b>		<b><u>\$ 17,274,360</u></b>		

Note: Detailed tax records prior to 2005 are not available.

Source: Oakland County Equalization  
City of Berkley Treasury Department

# City of Berkley, Michigan

	2008*	2009	2010	2011	2012
<b>Governmental Activities</b>					
General obligation bonds	\$ 6,123,933	\$ 5,638,744	\$ 4,994,475	\$ 4,436,454	\$ 3,825,000
Installment purchase agreements	<u>1,090,000</u>	<u>1,015,000</u>	<u>925,000</u>	<u>825,000</u>	<u>695,000</u>
Total	7,213,933	6,653,744	5,919,475	5,261,454	4,520,000
<b>Business-type Activities</b>					
General obligation bonds	<u>6,449,843</u>	<u>6,604,112</u>	<u>6,178,439</u>	<u>5,805,463</u>	<u>5,423,665</u>
Total debt of the government	13,663,776	13,257,856	12,097,914	11,066,917	9,943,665
Total taxable value (1)	532,414,600	534,407,938	524,179,820	488,650,310	465,101,570
Ratio of total debt to taxable value	2.57%	2.48%	2.31%	2.26%	2.14%
Total population	15,531	15,531	14,970	15,067	15,067
Total debt per capita	\$ 880	\$ 854	\$ 808	\$ 735	\$ 660

(1) Personal income is not available

Population and personal income data obtained from:  
 Population is from the United States Census  
 Population estimation obtained from [www.semco.org](http://www.semco.org)  
 Taxable value obtained from Oakland County Equalization

\* Subsequent to 2006, certain debt was reclassified from governmental activities to business-type activities.

\*\* Building Authority Debt was combined in the governmental activities for 2003 and 2004.

**Debt Capacity Information  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

2013	2014	2015	2016	2017
\$ 3,250,000	\$ 2,675,000	\$ 2,000,000	\$ 1,275,000	\$ 1,050,000
<u>545,000</u>	<u>385,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
3,795,000	3,060,000	2,200,000	1,275,000	1,050,000
<u>5,030,519</u>	<u>4,627,609</u>	<u>4,214,602</u>	<u>3,798,436</u>	<u>3,341,323</u>
8,825,519	7,687,609	6,414,602	5,073,436	4,391,323
454,037,820	463,919,680	473,817,278	494,027,840	508,946,490
1.94%	1.66%	1.35%	1.03%	0.86%
15,253	15,253	15,089	15,135	15,272
\$ 579	\$ 504	\$ 425	\$ 335	\$ 288

# City of Berkley, Michigan

## Debt Capacity Information Pledged-revenue Coverage Last Ten Fiscal Years

Fiscal Year (1)	Water Fund			Water and Sewer Debt Service			
	Operating Revenue (2)	Less Operating Expenses	Net Revenue	Principal	Interest	Total	Coverage
2008	\$ 4,219,273	\$ 3,235,563	\$ 983,710	\$ 335,290	\$ 169,110	\$ 504,400	1.95
2009	4,460,704	3,499,968	960,736	337,393	173,316	510,709	1.88
2010	4,604,767	3,709,776	894,991	425,673	173,813	599,486	1.49
2011	4,996,086	4,265,636	730,450	372,976	159,570	532,546	1.37
2012	5,390,864	4,432,259	958,605	381,798	154,724	536,522	1.79
2013	5,562,758	4,375,930	1,186,828	393,145	146,762	539,907	2.20
2014	5,592,326	4,436,732	1,155,594	402,911	136,074	538,985	2.14
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

Source: City of Berkley finance department

(1) Debt starts in fiscal year 2004

(2) Interest income is not included in operating revenue

# City of Berkley, Michigan

## Debt Capacity Information Ratios of General Bonded Debt Outstanding Last Ten Years

Fiscal Year	UTGO City General Obligation Bonds	General Obligation Bonds Issued by County on Behalf of the City	Total General Obligation Debt	Taxable Value	Total Debt as a Percentage of Taxable Value	Population	Total Debt per Capita
2008	\$ 5,625,000	\$ 6,449,843	\$ 12,074,843	\$ 532,414,600	2.268%	15,531	\$ 777.47
2009	5,250,000	6,604,112	11,854,112	534,407,938	2.218%	15,531	763.25
2010	4,825,000	6,178,439	11,003,439	524,179,820	2.099%	14,970	735.03
2011	4,350,000	5,805,463	10,155,463	488,650,310	2.078%	15,067	674.02
2012	3,825,000	5,423,665	9,248,665	465,101,570	1.989%	15,067	613.84
2013	3,250,000	5,030,519	8,280,519	454,037,820	1.824%	15,253	542.88
2014	2,675,000	4,627,609	7,302,609	463,919,680	1.574%	15,253	478.77
2015	2,000,000	4,214,602	6,214,602	473,817,278	1.312%	15,089	411.86
2016	1,275,000	3,798,436	5,073,436	494,027,840	1.027%	15,135	335.21
2017	1,050,000	3,341,323	4,391,323	508,946,490	0.863%	15,272	287.54

Source: SEMCOG  
Tax value - Oakland County Equalization

# City of Berkley, Michigan

## Debt Capacity Information Direct and Overlapping Governmental Activities Debt June 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Berkley School District	\$ 60,685,000	52.66%	\$ 31,956,721
Royal Oak School District	26,260,000	0.46%	120,796
Oakland County	372,198,081	0.96%	3,573,102
Oakland County Intermediate School District	45,495,000	0.97%	441,302
Oakland County Community College	820,000	0.97%	7,954
Total overlapping debt			36,099,875
Direct city debt			1,050,000
Total direct and overlapping debt			<b>\$ 37,149,875</b>

Source: Percentages obtained from Municipal Advisory Council of Michigan

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



# City of Berkley, Michigan

	2008	2009	2010	2011	2012
<b>Calculation of Debt Limit</b>					
State equalized valuation (SEV)	\$ 595,450,680	\$ 524,003,230	\$ 480,072,565	\$ 460,925,460	\$ 473,399,655
Debt limit (10% of SEV)	59,545,068	52,400,323	48,007,257	46,092,546	47,339,966
<b>Calculation of Debt Subject to Limit</b>					
Total debt (1)	13,663,776	13,257,856	12,097,914	11,066,917	9,943,665
<b>Less Debt Not Subject to Limit:</b>					
State qualified debt issuance	-	-	-	-	-
Net debt subject to limit	<u>13,663,776</u>	<u>13,257,856</u>	<u>12,097,914</u>	<u>11,066,917</u>	<u>9,943,665</u>
Legal debt margin	<u>\$ 45,881,292</u>	<u>\$ 39,142,467</u>	<u>\$ 35,909,343</u>	<u>\$ 35,025,629</u>	<u>\$ 37,396,301</u>
Net debt subject to limit as percentage of debt limit	22.95%	25.30%	25.20%	24.01%	21.00%

Sources: Oakland County Equalization  
City annual financial statements

(1) All debt including PA 99 installment debt

**Debt Capacity Information  
Legal Debt Margin  
Last Ten Fiscal Years**

2013	2014	2015	2016	2017
\$ 521,957,503	\$ 591,165,960	\$ 591,165,960	\$ 634,050,220	\$ 683,000,240
52,195,750	59,116,596	59,116,596	63,405,022	68,300,024
8,825,519	7,687,609	6,414,602	5,073,436	4,391,323
-	-	-	-	-
<u>8,825,519</u>	<u>7,687,609</u>	<u>6,414,602</u>	<u>5,073,436</u>	<u>4,391,323</u>
<b><u>\$ 43,370,231</u></b>	<b><u>\$ 51,428,987</u></b>	<b><u>\$ 52,701,994</u></b>	<b><u>\$ 58,331,586</u></b>	<b><u>\$ 63,908,701</u></b>
16.91%	13.00%	10.85%	8.00%	6.43%

# City of Berkley, Michigan

---

	2008	2009	2010	2011	2012
<b>Calculation of Debt Limit</b>					
Taxable value (TV)	\$ 532,414,600	\$ 534,407,938	\$ 524,179,820	\$ 488,650,310	\$ 465,101,570
Debt limit (1.25% of TV)	6,655,183	6,680,099	6,552,248	6,108,129	5,813,770
<b>Calculation of Debt Subject to Limit</b>					
Total debt	1,588,933	1,403,744	1,094,475	911,454	695,000
<b>Less Debt Not Subject to Limit:</b>					
State qualified debt issuance	-	-	-	-	-
Net debt subject to limit	<u>1,588,933</u>	<u>1,403,744</u>	<u>1,094,475</u>	<u>911,454</u>	<u>695,000</u>
Legal debt margin	<u>\$ 5,066,250</u>	<u>\$ 5,276,355</u>	<u>\$ 5,457,773</u>	<u>\$ 5,196,675</u>	<u>\$ 5,118,770</u>
Net debt subject to limit as % of debt limit	23.88%	21.01%	16.70%	14.92%	11.95%

Sources: City annual financial statements

**Debt Capacity Information  
Legal Debt Margin - P.A. 99 Debt  
Last Ten Fiscal Years**

2013	2014	2015	2016	2017
\$ 454,037,820	\$ 463,919,680	\$ 473,817,278	\$ 494,027,840	\$ 508,946,490
5,675,473	5,798,996	5,922,716	6,175,348	6,361,831
545,000	385,000	200,000	-	-
-	-	-	-	-
545,000	385,000	200,000	-	-
<b><u>\$ 5,130,473</u></b>	<b><u>\$ 5,413,996</u></b>	<b><u>\$ 5,722,716</u></b>	<b><u>\$ 6,175,348</u></b>	<b><u>\$ 6,361,831</u></b>
9.60%	6.64%	3.38%	0.00%	0.00%

# City of Berkley, Michigan

## Demographic and Economic Information Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate
2008	15,531	\$ 66,094	\$ *	7.2%
2009	15,531	67,475	33,805	13.8%
2010	14,970	65,548	33,865	12.7%
2011	15,067	62,597	34,475	11.0%
2012	15,123	65,644	34,886	9.6%
2013	15,253	71,740	36,042	9.0%
2014	15,253	70,625	36,539	8.4%
2015	15,089	75,856	38,872	5.4%
2016	15,135	*	*	4.7%
2017	15,272	*	*	2.9%

Sources: State of Michigan - Michigan Labor Market Information - DMB  
 Oakland County Community Profile for Median Household Income  
 Oakland County Economic Development & Community Affairs Department  
 Southeast Michigan Council of Governments  
 Homefacts.com  
 City-data.com

\* Information not available

# City of Berkley, Michigan

## Demographic and Economic Information Principal Employers

Employer	Number of Employees	2017	Percentage of Total City Employment	Number of Employees	2008 Rank	Percentage of Total City Employment
Berkley School District - (emailed)	605	1	14.70%	652	1	15.34%
Vinsetta Garage	117	2	2.84%	-	-	- %
Westborn Market	100	3	2.43%	93	2	2.19%
Crispelli's	90	4	2.19%	-	-	- %
City of Berkley	70	5	1.70%	90	3	2.12%
Stantec	60	6	1.46%	-	-	- %
O'Mara's Restaurant	32	7	0.78%	32	9	0.75%
The Doll Hospital & Toy Soldier Shop*	32	8	0.78%	-	-	- %
Sila's Pizzeria	30	9	0.73%	36	8	0.85%
Durst Lumber	27	10	0.66%	-	-	- %
Farina's Banquet Center	-	-	- %	-	-	- %
NorthPointe Heart Center	-	-	-	80	4	1.88%
Hartfield Lanes	-	-	-	55	5	1.29%
Our Lady of LaSalette Parish	-	-	-	43	6	1.01%
Associates in Medicine	-	-	-	38	7	0.89%
Guaranteed Furniture	-	-	-	30	10	0.71%
<b>Total</b>	<b>1,163</b>			<b>1,149</b>		
Total of all employees	4,117			4,251		

\* During holidays The Doll Hospital employs up to 50 people

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

# City of Berkley, Michigan

## Operating Information Full-time Equivalent Government Employees by Function Last Ten Fiscal Years

Department	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Manager	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	2.60	3.00
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	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00
Elections	1.24	-	-	-	-	-	-	-	-	-
City Clerk/Elections (1)	-	1.90	1.60	1.60	1.60	1.60	1.60	1.60	1.60	2.00
City Clerk/Treasury	1.29	-	-	-	-	-	-	-	-	-
Treasury	-	1.00	1.25	1.05	1.05	1.05	1.05	1.05	1.05	1.00
Finance	2.07	1.65	1.30	1.30	1.30	1.15	1.15	1.15	1.15	3.00
Public Safety	34.00	34.00	34.00	34.00	33.00	34.00	33.15	33.15	34.00	34.00
Building	2.00	2.00	2.00	0.95	0.95	0.95	0.95	0.95	0.95	2.00
Public Works (2)	6.94	6.77	6.68	6.22	6.15	5.98	6.15	5.83	5.73	12.00
Public Works Garage	0.57	0.57	0.46	0.15	0.15	0.52	0.15	0.56	0.60	1.00
Solid Waste	1.37	1.62	2.15	2.29	2.28	2.21	2.28	2.21	2.21	-
Water and Sewer	6.22	5.82	7.11	7.12	7.23	7.23	7.23	7.17	9.76	1.00
Parks and Recreation	4.95	4.95	4.45	3.45	3.45	3.70	3.45	4.70	4.05	-
Recreation Youth/Senior	-	-	-	-	-	-	-	-	-	5.00
Arena	1.05	1.05	1.55	1.55	1.55	1.30	1.55	1.30	0.95	-
Library	3.00	3.00	3.00	2.95	2.95	2.95	2.95	2.95	2.95	4.00
Court	9.00	8.00	7.00	8.00	6.00	6.00	6.00	-	-	-
<b>Total</b>	<b>77.05</b>	<b>75.68</b>	<b>75.90</b>	<b>73.98</b>	<b>71.01</b>	<b>71.99</b>	<b>71.01</b>	<b>65.97</b>	<b>69.35</b>	<b>70.00</b>

Source: Finance department budget record

(1) In fiscal year 2008, the Treasury and City Clerk position split into two separate positions. During that year, the City Clerk and elections departments combined.

(2) Public works includes Major and Local Streets

# City of Berkley, Michigan

Program Function	2008	2009	2010	2011	2012
<b>General Government</b>					
Registered Voters	11,682	12,108	11,815	11,942	12,016
Voters at Polls	3,019	6,852	3,509	4,979	1,077
Absentee Ballots	1,144	2,633	908	1,395	729
Percent Voting	35.64%	78.34%	37.38%	53.37%	15.03%
<b>Public Safety</b>					
Responses to Calls for Service	11,524	15,193	14,790	15,924	16,489
Motor Vehicle Accidents	487	500	405	454	412
Assaults	64	65	68	60	73
Burglary	26	34	23	39	30
Property Damage	57	61	45	54	49
Number of Arrests	527	790	784	824	857
Fire:					
Fire Incidents (1)	228	179	124	178	68
Fire Inspections Conducted	142	148	156	134	172
Medical Emergencies	777	857	799	842	823
<b>Parks and Recreation</b>					
Youth Classes	70	77	72	77	112
Adult Classes	55	55	92	87	82
Youth Leagues	0	0	0	0	0
Adult Leagues	7	6	7	6	7
Summer Day Camp Participants	139	120	120	132	144
Senior Citizens Programs	10	12	16	19	20
Ice Arena:					
Number of Skaters enrolled	*	85	75	75	65
Hours of Ice Time Sold	*	2,250	2,370	2,190	2,180
<b>Public Works</b>					
Water Purchased from SOCWA	55,389,600	57,035,900	55,648,500	56,527,800	58,265,600
Water Sold to Customers	57,048,000	53,083,500	51,444,500	50,941,500	50,911,300
Number of Meters	6,800	6,800	6,809	6,809	6,865
<b>Library</b>					
Items Circulated	168,065	170,632	170,303	161,203	166,522
Circulation per Capita	11	11	11	11	11
Reference and Patron Assistance	13,211	12,970	14,258	14,058	14,159
Electronic Access	-	789	699	2,138	4,238
Registered Borrowers	8,220	7,909	8,033	8,081	8,109
Materials Borrowed - Non-Residents	63,058	60,569	56,766	54,496	54,827
Materials Borrowed - Berkley Residents at Other Libraries	33,907	42,828	31,810	28,590	25,848
Number of Participants in Activities	4,380	4,253	4,319	3,198	3,988
Public Internet Sessions	33,690	35,145	34,318	32,250	30,719
Books Borrowed	132,783	135,250	136,329	130,113	136,452
Audio/Video/CD Borrowed	35,282	35,382	33,974	31,090	3,070
Library Visits*	0	0	0	0	0
<b>Treasury</b>					
Summer Tax Bills Processed	4,074	3,961	3,974	3,881	3,888

Source: The police department changed systems in 2007. Information before that year is not available.

Parks and recreation implemented a new system in 2007. Information before that year is not available.

\* Information not available

(1) Fire incident includes open burns and downed wires



## Operating Information Operating Indicators by Function Last Ten Fiscal Years

2013	2014	2015	2016	2017
12,191	12,349	12,295	12,527	12,719
6,846	1,578	3,214	1,664	7,383
2,373	797	940	833	2,292
76%	19.28%	33.79%	19.93%	76.07%
15,017	15,513	16,910	16,308	15,654
367	410	404	360	394
42	70	80	45	43
26	21	22	37	12
43	30	45	25	27
849	829	1,113	1,295	1,199
99	87	183	120	186
182	48	48	157	406
766	890	894	849	838
90	94	90	94	88
78	81	80	79	78
0	0	0	0	0
6	7	5	5	4
152	185	250	305	347
23	25	25	27	24
56	60	106	130	0
1,880	1,624	1,470	1,500	0
50,361,900	48,465,200	45,348,400	51,593,000	54,613,400
5,160,070	49,783,200	46,240,200	46,216,000	47,797,400
6,818	6,819	6,833	6,832	6,835
156,691	149,803	145,770	146,573	147,623
10	10	10	10	10
12,779	13,687	14,440	14,351	13,769
5,660	8,762	11,239	13,290	13,537
8,063	7,960	7,991	7,826	7,454
48,653	44,714	41,900	41,478	42,206
25,053	24,031	19,816	19,038	17,687
4,017	4,189	6,536	4,260	5,507
31,231	30,530	32,111	31,264	19,763
128,686	106,455	99,365	99,178	99,499
28,005	34,586	44,689	40,902	39,428
0	0	0	0	118,263
3,858	3,592	3,564	3,495	3,423

# City of Berkley, Michigan

## Operating Information Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	34,200	34,200	34,200	34,200	34,200
Public Safety	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Public Works	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475
<b>Public Safety:</b>										
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Police Vehicles	14	14	16	16	16	15	15	15	15	15
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works:</b>										
Major Streets (miles)	15.63	15.63	15.63	15.63	15.63	15.63	15.63	15.63	15.63	15.63
Local Streets (miles)	35.95	35.95	35.95	35.95	35.95	35.95	35.95	35.95	35.95	35.95
Street Lights	716	716	718	718	750	750	720	720	720	720
Vehicles in City Fleet	45	42	45	39	41	41	41	40	40	40
<b>Parks and Recreation:</b>										
Parks	9	9	9	9	9	9	9	9	9	9
Park Land (Acres)	39	39	39	39	39	39	39	42	42	42
Baseball Fields	8	8	8	8	8	8	8	8	8	8
Ice Arena	1	1	1	1	1	1	1	1	1	1
Historical Museum	1	1	1	1	1	1	1	1	1	1
<b>Water and Sewer:</b>										
Water Mains (Miles)	53	53	53	53	53	53	53	53	53	53
Sanitary Sewers (Miles)	56	56	56	56	56	56	56	56	56	69
Fire Hydrants	500	500	500	500	500	500	500	500	500	500

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