



# *City of Berkley*

Annual Comprehensive Financial Report  
for the Fiscal Year Ending June 30, 2023

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8/20 630P



CITY OF BERKLEY  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023  
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City of Berkley, Michigan  
List of City Officials June 30, 2023



**City Manager**

Matthew BaumGarten, City Manager  
Stan Lisica, Information Technology Coordinator  
Charlaine Stevenson, Assistant to City Manager

**City Clerk**

Victoria Mitchell, City Clerk  
Rachel Patterson, Deputy City Clerk

**Department of Public Works**

Shawn Young, Director  
Robert Chalmers, Deputy Director  
Janis Laity, Executive Assistant

**Finance/Treasury Department**

Laurie Fielder, Interim Finance Director  
Bryan Bemis, Treasurer  
Cynthia Daugherty, Accounting Clerk

**Library**

Matthew Church, Library Director  
Karen Endres, Executive Assistant

**Parks and Recreation**

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

**Planning**

Kristen Kapelanski, Community Development  
Kimberly Anderson, Department Clerk

**Public Safety**

Matthew Koehn, Chief  
Mary Staron, Executive Assistant



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

**LETTER OF TRANSMITTAL**

December 7, 2023

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

As City Manager and Interim Finance Director, we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Berkley for the fiscal year ending June 30, 2023.

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

All local units of governments within the State of Michigan must comply with the Uniform Budgeting and Accounting Act, Public Act 2 of 1968 as amended, which requires an annual audit of the financial records and transactions of the City by independent certified public accountants. Chapter 9.8 of the Berkley City Charter also references Public Act 2 of 1968 and requires an independent audit of the City's financial records and transactions. The primary purpose of the auditing requirements of this act is to maintain the confidence of all interested parties as to the integrity of the record-keeping and financial reporting of the local unit of government such as the City of Berkley. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the detailed MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

**Profile of the Local Government**

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

The City of Berkley operates under a Council-Manager form of government. The Mayor is elected to a two-year

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

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

### **Factors Affecting Financial Condition**

**City Operation** – Future revenues should remain steady or increase at a very slow rate. Each year, the Headlee rollback combined with the Proposal “A” individual property owner restriction of rate increases, keeps the tax revenue increase at or below the rate of inflation. That rate had previously hovered near 2% between 2012 and 2022. However, high inflation drove that rate up to 7.9% in 2023, the highest measured since the implementation of the voter-approved Proposal A of 1994. That rate is expected to fall to approximately 5% but the State has yet to publish the rate for 2024 as of authoring this letter.

The City's total tax levy for 2023 was 15.7698 which represented a slight decrease from the 2022 rate of 15.7752. The City has seen a decrease in its Headlee subject millage rates. Michigan municipal funding statutes allow for municipalities to request that voters reset millage rates back to the amount set by the local City Charter.

In August 2012, voters passed a Headlee tax override of \$3.00 per thousand taxable value on all real and personal property in the City to offset the tax base loss and to achieve revenue flexibility. The tax override went into effect on the 7/1/2013 property tax billing. A similar ballot measure to override years of rate decreases in general operating and police/fire millages was denied by voters in May of 2023 leaving these rates at 9.5419 or 3.4581 mills below the rate set by Berkley's 1932 Charter for the 2023/24 fiscal year. It is anticipated that State Shared Revenues will increase slightly in future fiscal years.

Fitch's rating service, which provides credit rating and other financial analysis, confirms the City of Berkley's high-quality rating on general obligation bonds as AA with a stable outlook in its most recent report dated February 6, 2017. The report states, “The City has solid flexibility to reduce main expenditure items, and carrying costs for debt service, pension and other post-employment benefits (OPEB) are moderate. The long-term liability burden for the debt and pension is low relative to the city's resource base. The City maintains healthy reserve balances driven by positive operating results.”

Management has been proactive in maintaining strong financial resilience given the City's small budget and limited ability to independently increase revenues. The City itself completed payment of all outstanding bond debt in 2021. The City currently has only a share of obligations with Oakland County related to improvements with the George W Kuhn Drain as its outstanding debt.

**Housing and Local Economy** - Wealth levels within the City of Berkley remain above state and national averages. The median household income in Berkley is just over \$96,993 per the Census Bureau's 2021 American Community Survey (ACS). The same survey also listed the per capita income at \$51,070. The City's real estate market has consistently outperformed the region. The 2021 ACS listed the median market rate for housing values as \$238,200 and, as of December 2023, Zillow.com lists that same figure at \$284,949. However, signs of a slowing real estate market exist, and Zillow.com anticipates a 1.7% decrease in market values over the next 12 months.

Under Michigan state law, market values do not correlate to taxable values and are calculated separately. The City of Berkley's total real property taxable value is \$743,998,460 as of 2023. Per Oakland County Equalization division, there are 7,034 taxable parcels in the City of Berkley, meaning the average taxable value in Berkley is \$105,771.75 across all property types.

The Southeast Michigan Council of Governments is also forecasting that the City of Berkley will maintain a level population of approximately 15,000 people through 2045. As of 2020, the population of the City of Berkley is estimated at 15,513. Per the American Community Survey 2021, there are just over 6,629 single-family homes and another 623 multi-unit residences. Within these 7,252 housing units, 5,934 were owner-occupied and another 1,133 were rented. The City has added owner-occupied and for-rent housing units through private development over the past few years.

Berkley's local economy employs about 13.9% of our residents and the remainder of working-age residents travel to surrounding areas to work in a diverse range of businesses and industries, but with nearly half working within the information & financial activities, leisure & hospitality services, and healthcare services sectors. Within the City of Berkley, Westborn Market, Green Lantern restaurant, Crispelli's restaurant, the Berkley School District, and satellite medical services from Beaumont Hospital are large local employers. Regionally, the main campus of Beaumont Hospital is just outside the City limit.

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

The Public Safety Officer pension system is funded through a millage levied locally. The annual rate and level of benefits are overseen by a board appointed by the Mayor and approved by City Council along with union membership representation and the City Treasurer. Internally, the City Finance Department administers the pension benefits of the public safety officers with Board oversight. The pension system has a 70.7% funding ratio with a millage rate set at 2.700 for 2024. All other employees participate in the MERS, a statewide entity that administers the pension benefits of public employees on behalf of municipalities across Michigan. The system covers all eligible non-Public Safety employees for the City of Berkley with the City's Finance Department coordinating all pension issues with MERS locally.

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



union and non-union employees to make long-term changes to the structure of Berkley's benefits system.

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

In 2023, \$1,180,840 in funding was secured through the statewide Protecting MI Pension Act for the Berkley MERS pension system. The City's local system funding ratio was 54.7% as of its December 31, 2021, financial statement audit report. The new funding rate as of December 31, 2023, should be available from MERS in the summer of 2024 with an improved rate.

In addition to the pension system, the City has been working toward fully funding its other post-employment benefit (OPEB) obligations. In Berkley, this term applies to the costs of providing retiree healthcare to those who were provided this benefit. All Public Safety, non-union, and Public Works employees hired on or after 7/1/2005 or 7/1/2008 no longer receive a defined benefit health care plan at retirement. The City requires contributions to a third-party administrator and matches contributions as defined by contract or policy. As of 2017, the City's net OPEB liability was \$21,622,805, but through aggressive funding and benefit changes, this liability has decreased to \$7,167,502, leaving the plan just over 50% funded in 2023.

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

**Gratitude & Appreciation**

The Annual Comprehensive Financial Report was assembled by an independent auditor, PSLZ, PLLC, who provided guidance and assistance in putting this document together. This was made possible by the efficient and dedicated service of many individuals. I wish to express my sincere appreciation to interim Finance Director Laurie Fielder who led the department as it was reorganized over the course of 2023. Thanks also to City Treasurer Bryan Bemis, Deputy Treasure Gina Harold, and Cashier Phyllis Brown. Finally, we would like to also express our appreciation to the Mayor and City Council for their guidance and leadership in the financial matters of the City.

Sincerely,



Matthew Baumgarten, MPA  
City Manager

**Laurie Fielder**

Laurie Fielder  
Interim Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Berkley, Michigan**

For its Annual Comprehensive Financial  
Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO

# City of Berkley, Michigan Fund Organization Chart



## **GOVERNMENTAL FUNDS**

General Fund

## **Special Revenue Funds**

Major Street

Local Street

Road Millage Fund

Solid Waste

Community Development Block Grant (CDGB)

Recreation Revolving

Seniors Program

## **Capital Projects**

Court Building Fund

Sidewalk Fund

## **PROPRIETARY FUNDS**

Water & Sewer

Fringe Benefits/Compensated Absences

## **FIDUCIARY - PENSION TRUST FUND**

Public Safety Pension System

Other Postemployment Benefits

## **FIDUCIARY - AGENCY FUNDS**

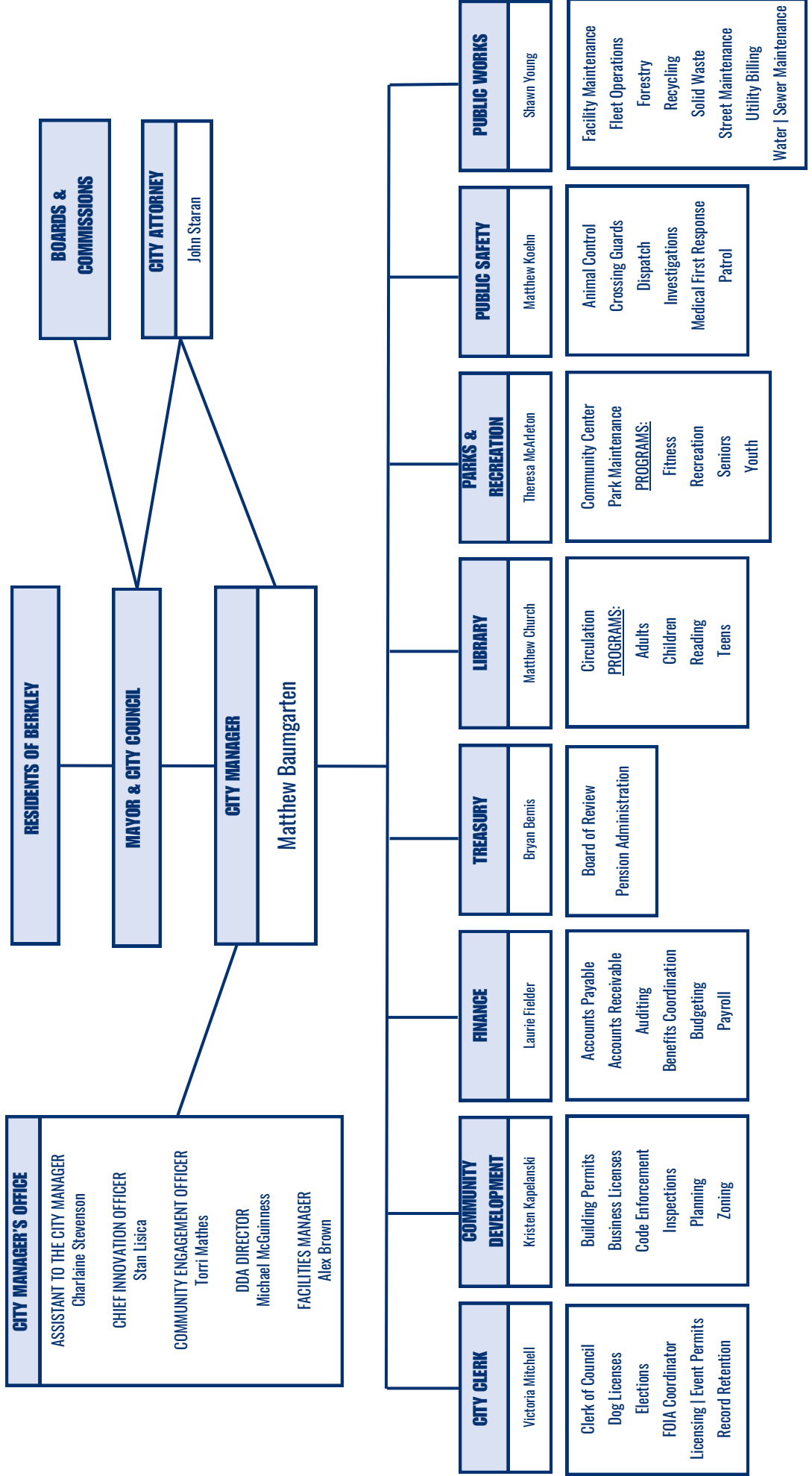
Tax Collection Fund

## **COMPONENT UNIT**

Downtown Development Authority



# CITY OF BERKLEY ORGANIZATIONAL CHART 2022-2023



FINANCIAL SECTION

# PSLZ PLLC

## *Certified Public Accountants*

19500 Victor Parkway  
Suite 460  
Livonia, MI 48152

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Dennis M. Siegner, C.V.A.  
Kaitlin McDuff, C.P.A.  
Kevin F. Kurkie, C.P.A.

### Independent Auditor's Report

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berkley, Michigan, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate of all remaining fund information of the City of Berkley, Michigan, as of June 30, 2023, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

Honorable Mayor and  
Members of the City Council  
City of Berkley, Michigan

In performing an audit in accordance with GAAS, we:

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

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

#### **Required Supplementary Information**

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

#### **Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berkley's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or 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.

#### **Other Information**

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

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

Respectfully,



PSLZ PLLC  
Certified Public Accountants

## Management's Discussion and Analysis

As management of the City of Berkley, Michigan, we offer readers this narrative overview and analysis of the financial activities of the City of Berkley for the fiscal year ended June 30, 2023.

### **Financial Highlights**

- The City Council adopted a Fund Balance Policy that sets minimum and target range for the unassigned fund balance for the General Fund when compared against the average of the previous three years of General Fund expenditures. As of the end of this fiscal year, the General Fund's unassigned fund balance was \$3,600,920 which is compared to three-year average of \$13,286,422 for a funding ratio of 27.10%. This ratio falls within the target range 25% to 35%. Unassigned fund balance is the portion of the total that is retained for the purpose of responding for unforeseen challenges after nonspendable, restricted, committed, and assigned classifications have been identified.
- The City's overall taxable value increased 5.96% from \$667,528,4120 in 2022 to \$707,328,110 for the July 1, 2022 tax collection season that funds the 2022-2023 fiscal year. Per state law, this growth lags behind the growth in assessed values which increased from \$875,290,290 to \$937,291,860, or 6.61%. Thankfully, this fiscal year marks ten straight years of positive growth in both taxable and assessed values as the City's residents continue to gain values in their property investments.
- Revenue gains from taxable value were stunted by a .2291 or 1.73% decrease in the general operating, police/fire, sanitation, and infrastructure millages due to the Michigan's Headlee provision of the state constitution. Our Community Promotions millage decreased by 5.74% from .0749 to .0706 and the Public Safety Pension millage increased by .75% from 2.6800 mills to 2.700.
- In the past, the City has approached Berkley voters with ballot measures to offset the millage rate losses and to maintain tax revenue flexibility. In August 2012, voters passed a Headlee tax override of \$3.00 per thousand taxable value on all real and personal property. The tax override went into effect with the 7/1/2013 tax bill. The levy was rolled back to \$2.5552 for this fiscal in accordance with the State's Headlee amendment and generated approximately \$1.765 million (net of tax increment finance capture) for fiscal year 2022-2023. This year, similar ballot measure to offset years of millage rate decreases in general operating and police/fire millages was denied by voters in May of 2023 leaving these rates at 9.5419 or 3.4581 mills below the rate set by Berkley's 1932 Charter for the 2023/24 fiscal year.
- It is anticipated that State Shared Revenues will increase slightly in future fiscal years. Constitutional and city, village, and township revenue-sharing payments (CVTRS), the City's second largest revenue source, increased by \$21,968 or 1.4 percent, in fiscal year 2022-2023, as compared to fiscal year 2021-2022.
- The City continued to maintain the structural integrity of its water mains and sewer system by investing approximately \$1,635,000 in water and sewer improvements in fiscal year 2022-2023.
- The City also continued to invest in its general infrastructure with over \$2 million worth of capital improvements in fiscal year 2022-2023. Improvements included major and local street



improvements, department of public works building improvements and police vehicles, and park improvements and major upgrades to the Bacon (formally Jaycee) Park.

- For the 23<sup>rd</sup> consecutive year, the City invested in the library collection. The library purchased \$56,100 in new reading and rental materials.
- Since 2017, the City has made a conscious effort to prefund its other postemployment benefit (OPEB) liability. Since that time, the City's net unfunded OPEB liability has decreased from \$21,622,805 in 2017 to \$7,167,502 as of June 30, 2023. The chart below shows how plan has grown from 17.71% funded to 50.09% funded in seven years. The main factors in this are the closure of this benefit to new hires since 2008 which has allowed the total OPEB liability to fall from \$26,275,808 in 2017 to \$14,359,955 this year. The City also has \$7,192,453 of investments held in trust with the Municipal Employees' Retirement System (MERS) to fund OPEB liabilities. The City continues to cover all annual costs OPEB costs and paid \$816,786 in this fiscal year, including an implicit rate study contribution toward the calculated OPEB liability.

<u>FY Ending June 30,</u>	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>	<u>Plan Net Position as a % of Total OPEB Liability</u>	<u>Covered Payroll</u>	<u>Net OPEB Liability as a % of Covered Payroll</u>
2017	\$ 26,275,808	\$ 4,653,003	\$ 21,622,805	17.71%	\$ 3,760,501	575.00%
2018	19,045,830	5,007,973	14,037,857	26.29%	3,722,725	377.09%
2019	19,281,920	5,403,052	13,878,868	28.02%	3,652,907	379.94%
2020	17,755,924	5,528,578	12,227,346	31.14%	4,913,491	248.85%
2021	17,953,275	7,272,274	10,681,001	40.51%	5,129,064	208.24%
2022	14,258,100	6,680,695	7,577,405	46.86%	5,753,643	131.70%
2023	14,359,955	7,192,453	7,167,502	50.09%	5,632,492	127.25%

### **Using This Annual Report**

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

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

## Government-wide Overall Financial Analysis

The following table shows, in a condensed format, the net position as of June 30, 2023 and 2022:

### The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 14,752,237	\$ 15,545,217	\$ 2,721,399	\$ 4,651,707	\$ 17,473,636	\$ 20,196,924
Capital Assets	20,885,995	18,244,394	23,320,324	20,157,591	44,206,319	38,401,985
Total Assets	35,638,232	33,789,611	26,041,723	24,809,298	61,679,955	58,598,909
Deferred Outflows	1,247,885	2,518,964	380,097	500,368	1,627,982	3,019,332
Liabilities						
Current liabilities	3,932,099	3,272,586	2,670,878	1,258,336	6,602,977	4,530,922
Long-term liabilities	25,613,359	20,594,113	3,843,499	3,475,973	29,456,858	24,070,086
Total Liabilities	29,545,458	23,866,699	6,514,377	4,734,309	36,059,835	28,601,008
Deferred Inflows	3,616,885	10,316,669	714,253	369,944	4,331,138	10,686,613
Net Position (Deficit):						
Net investment in capital assets	20,885,995	18,244,394	22,732,304	19,170,640	43,618,299	37,415,034
Restricted	6,311,248	8,319,600	-	-	6,311,248	8,319,600
Unrestricted	(23,473,469)	(24,629,012)	(3,539,114)	1,034,773	(27,012,583)	(23,594,239)
Total Net Position	\$ 3,723,774	\$ 1,934,982	\$ 19,193,190	\$ 20,205,413	\$ 22,916,964	\$ 22,140,395

The City's combined total net position increased 4 percent from a year ago – increasing from \$22.1 million to \$22.9 million. Unrestricted net position of the governmental activities and the business-type activities (the part of net position used to finance day-to-day operations) decreased 14 percent at June 30, 2023, from \$(23.6) million to \$(27.0) million. This decrease is due to the increased investment in capital assets using unrestricted resources.

The governmental activities unrestricted net position increased by approximately \$1,155,000. Analyzing this further, this increase is due to the decreases in net position restricted for public safety.

The unrestricted net position for business-type activities saw a decrease of approximately \$4,573,000 and the investment in capital assets increased by approximately \$3,560,000.

In reviewing the City's net position of governmental activities, the net investment in capital assets increased approximately \$2,640,000 due to capital improvement within the City.

The following table shows the changes in net position during the years ended June 30, 2023 and 2022:

## **The City's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenue:						
Charges for Services	\$ 3,918,823	\$ 3,173,417	\$ 6,722,000	\$ 7,333,257	\$ 10,640,823	\$ 10,506,674
Operating Grants & Contrib.	1,916,057	1,920,792	-	-	1,916,057	1,920,792
Capital Grants & Contrib.	750,870	521,806	-	-	750,870	521,806
General Revenue:						
Property Taxes	11,260,203	10,805,968	-	-	11,260,203	10,805,968
State-shared revenue	1,887,088	1,854,884	-	-	1,887,088	1,854,884
Investment Earnings	167,701	16,505	6,012	6,581	173,713	23,086
Other revenue:						
Franchise fees	243,759	261,666	-	-	243,759	261,666
Sale of capital assets	53,398	59,013	-	-	53,398	59,013
Total Revenue	20,197,899	18,614,051	6,728,012	7,339,838	26,925,911	25,953,889
Expenses:						
General government	4,402,918	4,325,018	-	-	4,402,918	4,325,018
Public safety	7,241,289	8,721,090	-	-	7,241,289	8,721,090
Public works	4,351,707	4,316,306	-	-	4,351,707	4,316,306
Health and welfare	78,070	64,126	-	-	78,070	64,126
Recreation and culture	2,335,123	1,899,692	-	-	2,335,123	1,899,692
Water and sewer	-	-	7,740,235	6,268,860	7,740,235	6,268,860
Total Expenses	18,409,107	19,326,232	7,740,235	6,268,860	26,149,342	25,595,092
Change in Net Position						
before transfers	1,788,792	(712,181)	(1,012,223)	1,070,978	776,569	358,797
Net Position, Beg. of year	1,934,982	2,647,163	20,205,413	19,134,435	22,140,395	21,781,598
Net Position, End of year	\$ 3,723,774	\$ 1,934,982	\$ 19,193,190	\$ 20,205,413	\$ 22,916,964	\$ 22,140,395

### **Governmental Activities**

Overall, the net position for governmental activities decreased by approximately \$1.79 million in fiscal year 2022-2023 as compared to an increase of approximately \$0.7 million in fiscal year 2021-2022. This is due to a decrease in expenses coupled with a small increase in revenues. The City received more than \$450,000 in property tax revenue compared to prior year. The OPEB and pension deferred inflows decreased by approximately \$1.13 million resulting in the overall net decrease in Public Safety expenditures by approximately \$1.48 million.

### **Business-type Activities**

The City's business-type activities include water and sewer enterprise operations. The City provides water and sewer services to residents through contracts or consortiums with the Great Lakes Water Authority and the Southeastern Oakland County Water Authority. Total net position for all business-type activities decreased approximately \$1.01 million in fiscal year 2022-2023. Charges for services decreased significantly by more than \$622,000 or 9.1 percent. On the expenditure side of the ledger there was an overall increase in costs of \$1.471 million, primarily a result of the increase in OPEB and pension liabilities of approximately \$1.231 million.

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

The City of Berkley, Michigan's major fund financial statements are on pages 13 through 19, following the statement of net position and statement of activities. The fund financial statements provide detailed information about the most significant funds, not the City as a whole.

The City's major funds for the year ended June 30, 2023 include the General Fund, the Major Streets Fund, and the Road Millage Fund.

The General Fund pays for most of the City's governmental services. The General Fund recorded \$13.8 million in expenses to provide city service and purchase capital equipment in fiscal year 2022-2023. When adding in operating transfers to other funds, the total General Fund expenditures for the fiscal year were approximately \$15.3 million. The most significant of these costs is public safety (police and fire), which incurred expenses of approximately \$6.1 million within the General Fund. Public safety expenses were 44 percent of the total operating General Fund expenses. The City ended the fiscal year with a use of fund balance of approximately \$639,000 which included \$824,000 of capital expenditures spent during the fiscal year. The City recognized approximately \$615,000 of ARPA Federal Grant revenue during fiscal year 2022-2023 and has a remaining balance of \$1.037 million which is recorded as unearned revenue at June 30, 2023 as the funds have not been spent as of year-end. Those funds can be used to offset some of the lost revenue incurred during COVID-19 shutdowns and other infrastructure projects approved by the federal government.

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). Revenue generated by these two millage rates was approximately \$2.981 million. During the 2022-2023 fiscal year, expenditures recorded in the General Fund directly related to public safety amounted to approximately \$6.1 million. The remaining cost of the police and fire protection is funded by other general revenue sources of the General Fund.

The City presents the Solid Waste Service Fund activity in the nonmajor fund category of the financial statements. The City spent \$1.49 million to collect and dispose of the City's solid waste, recyclables, and leaves in fiscal year 2022-2023. In addition to property taxes collected of approximately \$1.114 million, the fund also recorded approximately \$421,000 in charges for service. As of June 30, 2023, only about \$303,000 remains in the Solid Waste Service Fund fund balance.

The Recreation Revolving Fund recorded approximately \$1.76 million in operating and capital expenses. Recreation program revenue amounted to approximately \$556,000 and the fund received support of \$1.370 million from the General Fund. This resulted in an ending fund balance of \$185,759 as of June 30, 2023 for the Recreation Revolving Fund.

### **General Fund Budgetary Highlights**

The General Fund had an original budgeted use of fund balance of approximately \$873,000 and had a final amended use of fund balance of approximately \$1.609 million. Actual revenues came in approximately \$401,000 higher than anticipated and expenditures were less than anticipated by approximately \$569,000 resulting in a final net decrease in General Fund fund balance of \$638,668. Some of the favorable expenditure variances were a result of projects budgeted in fiscal year 2022-2023 that were not completed and will need to be rolled over or rebudgeted in fiscal year 2023-2024.

Although the City received over \$1.6 million in ARPA grant funds during fiscal year 2021-2022 and all of those funds were moved to deferred revenue and will not be recorded as revenue until allowable expenditures are incurred. Some of those funds will be used to offset lost revenues which will help offset some of the future annual budget shortfalls. The remaining \$1.037 million will be recognized as revenue over the next two fiscal years.

Inflation has had a negative impact on the City's cost in providing services and funding capital projects as well as our revenues as discretionary income has decreased for Berkley families. During the fiscal year the City amended the capital equipment budget due to supply chain issues and uncertainty of reserves in the long term.

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

At the end of fiscal year 2023, the City had a net book value of approximately \$44.2 million invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the City invested significantly in its major and local road system.

Additions to capital assets include the construction in progress on area repairs in 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.

All bond obligations of the City are business-type debt in the Water and Sewer Fund. Total bond obligations for the Water and Sewer Fund are down approximately \$399,000 from fiscal year 2021-2022 to approximately \$588,000 in the fiscal year ended June 30, 2023.

In January 2017, Fitch Ratings 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 revenue. 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 projected a 5.18% increase in property taxable value within the City of Berkley, Michigan for the July 2023 tax year (fiscal year 2023-2024). Due to an inflation above 5%, the negative effects of the Headlee amendment will be stunted slightly and the City will not be required to reduce its millage rate for fiscal year 2023-2024 for its operating, public safety, sanitation, and infrastructure millages.

It is anticipated that the State of Michigan will have a 6% increase in state-shared revenue payments to local governments as the State is on solid footing thanks to a one-time influx of Federal funds. This should create increases in state income and sales tax, which make up the components of state-shared revenue payment distribution in fiscal year 2023-2024

As stated earlier in this discussion, the City sought but was not able to pass a restoration of 3.4581 mills lost to the State's Headlee Amendment. The restoration of these mills would have added approximately \$2.5 million to the City's General Fund and Public Safety budget. The City has adopted a 2023-2024 budget that includes service reductions in order to fall within its reduced revenues and will formulate a plan for making an additional request of Berkley voters to restore these lost mills in 2024.

The voters approved a capital improvement millage for road repair and replacement of up to 2 mills in November 2018. This millage was rolled back to Headlee again to 1.8507 for the fourth consecutive year in 2022. The City continued repair and replacement of the worst condition roads

over a 10-year program utilizing this millage and supplementing with Major Streets and Local Streets funds. This fiscal year the millage funded a large portion of a full reconstruction on Kenmore and Cornwall Avenues and the start of a full reconstruction of Wiltshire Ave between Woodward and Mortenson which will be complete in the following fiscal year.

In order to fund needed capital projects, the City was able to secure \$1.7 million in state and federal grant awards for the replacement of HVAC units throughout city owned facilities. These will improve energy efficiency and reduce consumption. These new units will improve reliability in heating and cooling which has not been a guarantee for city staff or residents who work in or visit city buildings.

The City also anticipates the receipt of \$380,000 in state funding for maintenance projects at the City's outdated community center. The Community Center will turn 50 years old in 2024 and has remained standing for 25 years longer than anticipated when it was constructed in 1974. The City asked the voters to fund the replacement of the building in 2009 and in 2018 without success. As such, the funds will be used to replace the leaking roof, shore up the failing foundation, repair ADA entrances, and mitigate trip hazards in the parking lots in and around the building.

During fiscal year 2022-2023, \$1,180,840 in funding was secured through the statewide Protecting MI Pension Act for the Berkley MERS pension system. The City's local system funding ratio was 54.7% as of its December 31, 2021 financial statements and audit report. The new required contribution rate as of December 31, 2023, should be available from MERS in the summer of 2024 and the City anticipates a reduction in annual contribution expenditures. These funds will move from the State of Michigan directly to MERS on the City's behalf in July of 2024.

On the expenditure side of operations, the City continues to carefully manage resources that are available for operations and improvements. The City evaluates all current operating programs in order to determine if the program provides a quality level of service at a fair cost. The City continues to evaluate revenue to ensure that revenue charged ratepayers meet program expenses.

Salaries and fringes continue to be the largest expenditures, making up approximately 70 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, upgrades to parks and park structures, various street repair projects, a sidewalk program, and water and sewer improvements and lining. After carryforward budget amendments, capital is budgeted to be over 12 percent of the General Fund budget.

### ***Requests for Further Information***

This financial report is designed to provide a general overview of the City of Berkley's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Municipal Offices at 400 Sixth Street, Berkley, Michigan 48307.

## BASIC FINANCIAL STATEMENTS

**CITY OF BERKLEY**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and Investments	\$ 11,789,687	\$ 576,837	\$ 12,366,524	\$ 329,734
Receivables:				
Taxes	19,211	-	19,211	-
Customers	313,377	2,099,575	2,412,952	-
Other governmental units	692,213	-	692,213	-
Due from Other Funds	1,600,000	-	1,600,000	-
Inventories	84,205	-	84,205	-
Prepaid costs	253,544	44,987	298,531	-
Capital Assets:				
Assets not subject to depreciation	738,619	1,864,528	2,603,147	-
Assets subject to depreciation - Net	20,147,376	21,455,796	41,603,172	-
Total Assets	<u>35,638,232</u>	<u>26,041,723</u>	<u>61,679,955</u>	<u>329,734</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension cost increases	895,881	356,502	1,252,383	-
Deferred OPEB cost increases	352,004	23,595	375,599	-
Total deferred outflows of resources	<u>1,247,885</u>	<u>380,097</u>	<u>1,627,982</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts Payable	1,769,658	990,548	2,760,206	32,743
Cash bonds and deposits	659,377	5,720	665,097	-
Accrued liabilities and other	433,933	74,610	508,543	7,133
Due to Other Funds	-	1,600,000	1,600,000	-
Unearned revenue	1,069,131	-	1,069,131	-
Noncurrent Liabilities:				
Due within one year:				
Compensated absences	-	92,424	92,424	-
Current portion of long-term debt	-	404,780	404,780	-
Due in more than one year:				
Compensated absences	751,133	-	751,133	-
Net pension liability	17,997,819	2,859,960	20,857,779	-
Net OPEB liability	6,864,407	303,095	7,167,502	-
Long-term debt - Net of current portion	-	183,240	183,240	-
Total Liabilities	<u>29,545,458</u>	<u>6,514,377</u>	<u>36,059,835</u>	<u>39,876</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension cost decreases	1,429,735	558,561	1,988,296	-
Deferred OPEB cost decreases	2,187,150	155,692	2,342,842	-
Total deferred inflows of resources	<u>3,616,885</u>	<u>714,253</u>	<u>4,331,138</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	20,885,995	22,732,304	43,618,299	-
Restricted:				
Streets	5,809,026	-	5,809,026	-
Community Development and Promotion	107,630	-	107,630	-
Sanitation	300,923	-	300,923	-
Library	81,003	-	81,003	-
Debt Service	12,666	-	12,666	-
Unrestricted	<u>(23,473,469)</u>	<u>(3,539,114)</u>	<u>(27,012,583)</u>	<u>289,858</u>
Total Net Position	<u>\$ 3,723,774</u>	<u>\$ 19,193,190</u>	<u>\$ 22,916,964</u>	<u>\$ 289,858</u>



**CITY OF BERKLEY**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Primary Government:				
Governmental Activities:				
General Government	\$ 4,402,918	\$ 1,458,317	\$ 6,654	\$ 624,793
Public Safety	7,241,289	485,312	29,592	2,735
Public Works	4,351,707	1,325,582	1,838,371	108,173
Health and welfare	78,070	-	-	-
Recreation and Cultural	2,335,123	649,612	41,440	15,169
Total Governmental Activities	<u>18,409,107</u>	<u>3,918,823</u>	<u>1,916,057</u>	<u>750,870</u>
Business-type Activities:				
Water and Sewer	<u>7,740,235</u>	<u>6,722,000</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 26,149,342</u>	<u>\$ 10,640,823</u>	<u>\$ 1,916,057</u>	<u>\$ 750,870</u>
Component Unit:				
Downtown Development Authority	<u>\$ 449,882</u>	<u>\$ 19,544</u>	<u>\$ 573</u>	<u>\$ -</u>

General Revenue:  
Property Taxes  
Unrestricted state-shared revenue  
Unrestricted investment income  
Franchise Fees  
Gain on sale of capital assets  
Total General Revenue

Change in Net Position  
Net Position - Beginning of year

Net Position - End of year

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (2,313,154)	\$ -	\$ (2,313,154)	\$ -
(6,723,650)	-	(6,723,650)	-
(1,079,581)	-	(1,079,581)	-
(78,070)	-	(78,070)	-
(1,628,902)	-	(1,628,902)	-
<u>(11,823,357)</u>	<u>-</u>	<u>(11,823,357)</u>	<u>-</u>
<u>-</u>	<u>(1,018,235)</u>	<u>(1,018,235)</u>	<u>-</u>
<u>(11,823,357)</u>	<u>(1,018,235)</u>	<u>(12,841,592)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(429,765)</u>
11,260,203	-	11,260,203	394,365
1,887,088	-	1,887,088	-
167,701	6,012	173,713	10,397
243,759	-	243,759	-
53,398	-	53,398	-
<u>13,612,149</u>	<u>6,012</u>	<u>13,618,161</u>	<u>404,762</u>
1,788,792	(1,012,223)	776,569	(25,003)
<u>1,934,982</u>	<u>20,205,413</u>	<u>22,140,395</u>	<u>314,861</u>
<u>\$ 3,723,774</u>	<u>\$ 19,193,190</u>	<u>\$ 22,916,964</u>	<u>\$ 289,858</u>

**CITY OF BERKLEY**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Road Millage Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 4,135,866	\$ 3,461,525	\$ 1,894,707	\$ 2,297,589	\$ 11,789,687
Receivables:					
Taxes	7,476	-	612	11,123	19,211
Customers	73,356	-	-	240,021	313,377
Other Governmental Units	371,005	221,201	-	100,007	692,213
Due from Other Funds	1,720,000	-	-	-	1,720,000
Inventories	84,205	-	-	-	84,205
Prepaid costs	233,653	5,933	-	13,958	253,544
Total Assets	<u>\$ 6,625,561</u>	<u>\$ 3,688,659</u>	<u>\$ 1,895,319</u>	<u>\$ 2,662,698</u>	<u>\$ 14,872,237</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 521,377	\$ 108,293	\$ 691,357	\$ 448,631	\$ 1,769,658
Due to other funds	-	-	-	120,000	120,000
Cash bonds and deposits	659,377	-	-	-	659,377
Accrued liabilities and other	324,715	14,942	-	94,276	433,933
Unearned revenue	1,037,375	-	2,921	28,835	1,069,131
Total Liabilities	<u>2,542,844</u>	<u>123,235</u>	<u>694,278</u>	<u>691,742</u>	<u>4,052,099</u>
Deferred Inflows of Resources					
Unearned revenue	14,687	-	-	78,626	93,313
Fund Balances:					
Nonspendable-Inventory and Prepaid Items	317,858	5,933	-	13,958	337,749
Restricted for:					
Debt service	-	-	-	12,666	12,666
Streets	-	3,559,491	1,201,041	1,048,494	5,809,026
Community service	-	-	-	39,384	39,384
Solid waste service	-	-	-	300,923	300,923
Library	81,003	-	-	-	81,003
Community promotion and development	68,246	-	-	-	68,246
Committed - Recreation	-	-	-	183,278	183,278
Assigned:					
Capital improvement	-	-	-	293,627	293,627
Unassigned	3,600,923	-	-	-	3,600,923
Total Fund Balances	<u>4,068,030</u>	<u>3,565,424</u>	<u>1,201,041</u>	<u>1,892,330</u>	<u>10,726,825</u>
Total Liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,625,561</u>	<u>\$ 3,688,659</u>	<u>\$ 1,895,319</u>	<u>\$ 2,662,698</u>	<u>\$ 14,872,237</u>

**CITY OF BERKLEY**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**June 30, 2023**

<b>Fund Balance Reported in Governmental Funds</b>	\$ 10,726,825
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.	20,885,995
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	93,313
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities.	(751,133)
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.	(18,531,673)
Net OPEB 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>(8,699,553)</u>
<b>Net Position of Governmental Activities</b>	<b>\$ <u><u>3,723,774</u></u></b>

**CITY OF BERKLEY**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Road Millage Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental</u>
<b>Revenue</b>					
Property Taxes	\$ 8,868,129	\$ -	\$ 1,278,487	\$ 1,113,587	\$ 11,260,203
Special Assessments	-	-	-	108,173	108,173
Intergovernmental:					
Federal grants	617,528	-	-	-	617,528
State-shared revenue and grants	1,983,685	1,355,743	-	501,364	3,840,792
Charges for services	870,788	12,539	-	1,045,514	1,928,841
Fines and forfeitures	169,488	-	-	-	169,488
Licenses and permits	792,932	-	-	-	792,932
Investment Earnings	212,463	76,089	51,464	40,148	380,164
Other revenue:					
Franchise fees	243,759	-	-	-	243,759
Other miscellaneous income	780,803	25,185	-	41,513	847,501
Total Revenue	<u>14,539,575</u>	<u>1,469,556</u>	<u>1,329,951</u>	<u>2,850,299</u>	<u>20,189,381</u>
<b>Expenditures</b>					
Current:					
General government	4,846,934	-	-	-	4,846,934
Public safety	6,142,535	-	-	-	6,142,535
Public works	849,542	706,183	-	2,204,624	3,760,349
Health and welfare	-	-	-	78,070	78,070
Recreation and culture	1,183,627	-	-	1,178,012	2,361,639
Capital Outlay	824,003	-	2,542,030	781,470	4,147,503
Total Expenditures	<u>13,846,641</u>	<u>706,183</u>	<u>2,542,030</u>	<u>4,242,176</u>	<u>21,337,030</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>692,934</u>	<u>763,373</u>	<u>(1,212,079)</u>	<u>(1,391,877)</u>	<u>(1,147,649)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	85,000	-	-	1,670,000	1,755,000
Transfers Out	(1,470,000)	(200,000)	-	(85,000)	(1,755,000)
Sale of Capital Assets	53,398	-	-	-	53,398
Total Other Financing Sources (Uses)	<u>(1,331,602)</u>	<u>(200,000)</u>	<u>-</u>	<u>1,585,000</u>	<u>53,398</u>
Net Change in Fund Balances	(638,668)	563,373	(1,212,079)	193,123	(1,094,251)
Fund Balances - Beginning of year	<u>4,706,698</u>	<u>3,002,051</u>	<u>2,413,120</u>	<u>1,699,207</u>	<u>11,821,076</u>
Fund Balances - End of year	<u>\$ 4,068,030</u>	<u>\$ 3,565,424</u>	<u>\$ 1,201,041</u>	<u>\$ 1,892,330</u>	<u>\$ 10,726,825</u>

**CITY OF BERKLEY**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2023**

**Net change in fund balances - total governmental funds** \$ (1,094,251)

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	4,473,037
Depreciation Expense	(1,831,436)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available.	(7,194)
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Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>248,636</u>
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Change in net position in governmental activities	\$ <u><u>1,788,792</u></u>
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**CITY OF BERKLEY**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Water and Sewer System</b>	<b>Internal Service Fund - Fringe Benefits Fund</b>
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 576,837	\$ -
Receivables - Customer	2,099,575	-
Prepaid costs	44,987	-
Total Current Assets	2,721,399	-
Noncurrent Assets:		
Capital assets:		
Assets not subject to depreciation	1,864,528	-
Assets subject to depreciation - Net	21,455,796	-
Total Assets	26,041,723	-
<b>Deferred Outflows of Resources</b>		
Deferred pension cost increases	356,502	-
Deferred OPEB cost increases	23,595	-
Total deferred outflows of resources	380,097	-
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	990,548	-
Cash bonds and deposits	5,720	-
Accrued liabilities and other	74,610	-
Due to Other Funds	1,600,000	-
Compensated absences	92,424	-
Current portion of long-term debt	404,780	-
Total Current Liabilities	3,168,082	-
Noncurrent Liabilities:		
Net pension liability	2,859,960	-
Net OPEB liability	303,095	-
Long-term debt - Net of current portion	183,240	-
Total Noncurrent Liabilities	3,346,295	-
Total Liabilities	6,514,377	-
<b>Deferred Inflows of Resources</b>		
Deferred pension cost reductions	558,561	-
Deferred OPEB cost reductions	155,692	-
Total deferred inflows of resources	714,253	-
<b>Net Position</b>		
Net Investment in Capital Assets	22,732,304	-
Unrestricted	(3,539,114)	-
Total Net Position	\$ 19,193,190	\$ -

**CITY OF BERKLEY**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water and Sewer System</u>	<u>Internal Service Fund - Fringe Benefits Fund</u>
<b>Operating Revenue</b>		
Water and sewer charges	\$ 6,595,343	\$ -
Property and equipment rental	18,704	-
Miscellaneous	107,953	-
Charges to other funds	-	39,987
Total Operating Revenue	<u>6,722,000</u>	<u>39,987</u>
<b>Operating Expenses</b>		
Water and sewer operations	6,968,663	-
Compensated absences	-	41,022
Depreciation	747,739	-
Total Operating Expenses	<u>7,716,402</u>	<u>41,022</u>
Operating Income (Loss)	<u>(994,402)</u>	<u>(1,035)</u>
<b>Nonoperating Revenue (Expenses):</b>		
Investment income	6,012	1,035
Interest Expense	(23,833)	-
Total Nonoperating Revenue (Expenses)	<u>(17,821)</u>	<u>1,035</u>
Change in Net Position	(1,012,223)	-
Net Position - Beginning of year	<u>20,205,413</u>	<u>-</u>
Net Position - End of year	<u>\$ 19,193,190</u>	<u>\$ -</u>



**CITY OF BERKLEY**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

	<b>Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Water and Sewer System</b>	<b>Internal Service Fund - Fringe Benefits Fund</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 7,525,794	\$ -
Receipts from interfund services	-	39,987
Payments to suppliers	(4,632,075)	-
Payments to employees	301,148	(392,070)
Net cash provided (used) by operating activities	3,194,867	(352,083)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(3,910,472)	-
Principal and interest paid on capital debt	(422,764)	-
Net cash used in capital and related financing activities	(4,333,236)	-
<b>Cash Flows Provided by Investing Activities</b>		
Interest received on investments	6,012	1,035
Net Increase (Decrease) in Cash and Cash Equivalents	(1,132,357)	(351,048)
Cash and Cash Equivalents, Beginning of year	1,709,194	351,048
Cash and Cash Equivalents, End of year	\$ 576,837	\$ -
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (994,402)	\$ (1,035)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	747,739	-
Changes in assets and liabilities:		
Receivables	803,794	-
Prepaid and other assets	(5,843)	-
Due to other funds	1,600,000	-
Net pension and OPEB liabilities	1,231,748	-
Accounts payable	(206,621)	-
Accrued and other liabilities	18,452	(351,048)
Total adjustments	4,189,269	(351,048)
Net cash provided (used) by operating activities	\$ 3,194,867	\$ (352,083)

**CITY OF BERKLEY**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

	<b>Pension &amp; Other Postemployment Benefits Fund</b>	<b>Custodial Fund Property Tax Collection Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 722,465	\$ -
Investments:		
Common and preferred stock	12,784,398	-
Mutual funds - Fixed income securities	6,810,126	-
Interest in pooled investments	7,192,453	-
Accrued interest receivable	19,890	-
Total Assets	27,529,332	-
<b>LIABILITIES</b>		
Accounts Payable	22,307	-
<b>NET POSITION</b>		
Restricted:		
Pensions	20,314,572	-
Postemployment benefits other than pension	7,192,453	-
Total net position	\$ 27,507,025	\$ -

**CITY OF BERKLEY**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2023**

	<b>Pension &amp; Other Postemployment Benefits Fund</b>	<b>Custodial Fund Property Tax Collection Fund</b>
ADDITIONS:		
Investment income (loss):		
Net increase in fair value of investments	\$ 2,599,212	\$ -
Net investment income	2,599,212	-
Contributions:		
Employer	2,131,786	-
Employee	16,393	-
Total contributions	2,148,179	-
Property tax collections	-	17,701,932
Total additions	4,747,391	17,701,932
DEDUCTIONS:		
Benefit payments	2,824,348	-
Administrative expenses	169,268	-
Tax distributions to other governments	-	17,701,932
Total deductions	2,993,616	17,701,932
Net Increase in Fiduciary Net Position	1,753,775	-
Net Position, Beginning of Year	25,753,250	-
Net Positions, End of Year	\$ 27,507,025	\$ -

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies**

***Reporting Entity***

The City of Berkley, Michigan (the “City”) is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially 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 is legally separate from the City (see discussion below for description).

***Blended Component Unit***

The City’s building authority is governed by a three-member board appointed by the City Council. Although it is legally separate from the City, the building authority is reported as if it were part of the primary government because its primary purpose is to acquire, furnish, equip, own, improve, enlarge, operate, and maintain the ice arena and horseshoe pit for the use or benefit of the City. The building authority was inactive during the year ended June 30, 2023.

***Discretely Presented Component Units***

*Downtown Development Authority*

The Downtown Development Authority (the “Authority” or the “DDA”) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority’s governing body, which consists of 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, MI 48072.

*Pension and Other Postemployment Benefits Funds*

The Public Safety Pension Trust Fund is governed by a five-member board that includes the City’s treasurer and two members appointed by the mayor. The Other Postemployment Benefits Fund is governed by City Council. Although they are legally separate from the City, they are reported as fiduciary component units because the City governs the plans or appoints a voting majority to the board and the plans impose a financial burden on the City.

***Accounting and Reporting Principles***

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

***Report Presentation***

Governmental accounting principles require that financial reports include two difference perspectives – the government-wide perspective and the fund-based perspective. The

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

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

***Basis of Accounting***

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

Expenditures are reported when the goods are received, or the services are rendered. Capital outlays are reported as expenditures (rather than capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs 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 the end of the year that it is available to pay for obligations outstanding at the end of the year. For

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

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 for these along with a deferred inflow.

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

**Fund Accounting**

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

**Governmental Funds**

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

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

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

The Road Millage Fund accounts for resources of the specific voter approved road millage tax revenue that is restricted for use on City road improvements.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a major enterprise fund:

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

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 costs are recognized and allocated to the various funds in the year during which the costs are incurred. This fund was closed in fiscal year 2023.

**Fiduciary Funds**

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

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

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

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

**Interfund Activity**

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

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

***Specific Balances and Transactions***

**Cash and Investments**

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

**Inventories and Prepaid Items**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Roads and bridges	15-20
Water and Sewer lines	60-85
Buildings	15-50
Building improvements	7-20
Equipment and books	3-15
Vehicles	5-10
Land improvements	20



CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to receivables collected beyond the City's period of availability, which are reported only in the governmental funds. The City also reports deferred inflows related to pensions and OPEB, as detailed in Notes 8 and 9, respectively.

**Net Position**

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

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

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

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

**Property Tax Revenue**

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

**Pension**

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

**Other Postemployment Benefit Costs**

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

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

It is the City's policy to permit employees to accumulated earned but unused sick and vacation pay benefits. Most 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 that 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 proprietary funds is charges to customers for sales or services. The Water and Sewer Fund also recognizes as operating revenue the

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 1 – Significant Accounting Policies (Continued)**

portion of tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 -Stewardship, Compliance, and Accountability**

***Budgetary Information***

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2022 has not been calculated.

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

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

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

The City did not incur expenditures in excess of appropriations in the current fiscal year.

***Construction Code Fees***

The City oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

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**Note 2 -Stewardship, Compliance, and Accountability (Continued)**

Cumulative shortfall at July 1, 2022	\$ (2,262,516)
Current year permit revenue	584,041
Related expenditures	<u>619,431</u>
Current year shortfall	<u>(35,390)</u>
Cumulative shortfall at June 30, 2023	\$ <u><u>(2,297,906)</u></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 loans associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that mature no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

The City has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in accordance 20 of 1943, as amended. The City's deposits and investments are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City and Downtown Development Authority had \$11,806,838 and \$329,734, respectively, of bank deposits that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**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:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Years)</u>
Mutual funds - Fixed income securities	\$ 6,810,126	n/a
Mutual funds - Equities	5,967,802	n/a
Corporate Stocks	6,818,487	n/a
Oakland County Local Govt. Investment Pool	1,590,191	1.18
Total	<u>\$ #####</u>	

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2023, the credit quality ratings of debt securities are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Oakland County Local Govt. Investment Pool	\$ <u>1,590,191</u>		

**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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

CITY OF BERKLEY  
Notes to Financial Statements  
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**Note 3 -Deposits and Investments (Continued)**

The City has the following recurring fair value measurements as of June 30, 2023:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2023			Balance at June 30, 2023
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual Funds-Equity	\$ 5,967,802	\$ -	\$ -	\$ 5,967,802
Mutual Funds-Fixed income	6,810,126	-	-	6,810,126
Stocks	6,818,487	-	-	6,818,487
Total Investments by Fair Value Level	<u>\$ 19,596,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,596,415</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, 2023 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

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

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

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

At June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Identical Assets Carrying Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Oakland County Local				
Government Investment Pool	\$ 1,590,191	\$ -	None	None
MERS Total Market Portfolio	7,192,453	-	None	None

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

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



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Notes to Financial Statements  
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**Note 4 -Capital Assets**

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

**Governmental Activities**

<u>Governmental Activities:</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Capital Assets, not being depreciated:				
Land	\$ 738,619	\$ -	\$ -	\$ 738,619
Capital Assets, being depreciated:				
Roads and bridges	60,500,368	2,901,751	-	63,402,119
Buildings	7,707,111	247,112	-	7,954,223
Equipment and books	4,199,045	930,029	(4,600)	5,124,474
Vehicles	4,903,430	394,145	-	5,297,575
	<u>77,309,954</u>	<u>4,473,037</u>	<u>(4,600)</u>	<u>81,778,391</u>
Accumulated Depreciation:				
Roads and bridges	48,954,640	869,246	-	49,823,886
Buildings	5,765,521	180,012	-	5,945,533
Equipment and books	3,177,853	385,508	(4,600)	3,558,761
Vehicles	1,906,165	396,670	-	2,302,835
	<u>59,804,179</u>	<u>1,831,436</u>	<u>(4,600)</u>	<u>61,631,015</u>
Net capital assets being depreciated	<u>17,505,775</u>	<u>2,641,601</u>	<u>-</u>	<u>20,147,376</u>
Governmental Activities				
Capital Assets, net	<u>\$ 18,244,394</u>	<u>\$ 2,641,601</u>	<u>\$ -</u>	<u>\$ 20,885,995</u>

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Notes to Financial Statements  
June 30, 2023

**Note 4 -Capital Assets (Continued)**

**Business-type Activities**

<u>Business-type Activities:</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Capital Assets, not being depreciated:				
Land	\$ 13,795	\$ -	\$ -	\$ 13,795
Construction in Progress	242,883	1,607,850	-	1,850,733
	<u>256,678</u>	<u>1,607,850</u>	<u>-</u>	<u>1,864,528</u>
Capital Assets, being depreciated:				
Water and Sewer transmission lines	22,301,655	1,472,171	-	23,773,826
Buildings	760,562	486,280	-	1,246,842
Equipment	4,310,002	344,171	(900,400)	3,753,773
	<u>27,372,219</u>	<u>2,302,622</u>	<u>(900,400)</u>	<u>28,774,441</u>
Accumulated Depreciation:				
Water and Sewer transmission lines	4,589,830	369,204	-	4,959,034
Buildings	98,416	77,285	-	175,701
Equipment	2,783,060	301,250	(900,400)	2,183,910
	<u>7,471,306</u>	<u>747,739</u>	<u>(900,400)</u>	<u>7,318,645</u>
Net capital assets being depreciated	<u>19,900,913</u>	<u>1,554,883</u>	<u>-</u>	<u>21,455,796</u>
Business-type Activities				
Capital Assets, net	<u>\$ 20,157,591</u>	<u>\$ 3,162,733</u>	<u>\$ -</u>	<u>\$ 23,320,324</u>

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

Governmental activities:	
General Government	\$ 225,666
Public Safety	412,561
Public Works	1,019,725
Recreation and culture	173,484
Total governmental activities	<u>\$ 1,831,436</u>
Business-type activities:	
Water and Sewer	<u>\$ 747,739</u>

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

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

The General Fund has loaned \$120,000 to the Sidewalk Fund, a nonmajor governmental fund, for cash flow purposes.

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

<u>Paying Fund (Transfer Out)</u>	<u>Receiving Fund (Transfer In)</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 1,470,000
Major Streets Fund	Local Streets Fund	200,000
Nonmajor governmental funds	General Fund	85,000
		<u>\$ 1,755,000</u>

The transfer from the General Fund to the Recreation Revolving Fund (nonmajor governmental fund) was to fund operating expenses during the year. The transfer from the Major Streets Fund to the Local Streets Fund represents the sharing of gas and weight tax revenue in accordance with Act 51. The transfer from the General Fund to the Sidewalk Fund was to cover initial costs of the sidewalk projects.

**Note 6-Long-term Debt**

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

**Governmental Activities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 915,367	\$ 865,255	\$ (1,029,489)	\$ 751,133	\$ 125,189

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

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

**Business-type Activities**

Business-type Activities:	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General Obligation bonds - Direct borrowings and direct placements - Contractual obligations with Oaklnad County, Michigan-George W. Kuhn Bonds:						
2001-C:						
Amount of issue - \$5,176,822						
Maturing through 2024	2.50%	\$ 640,173	-	\$ (316,150)	\$ 324,023	\$ 324,025
2001-D:						
Amount of issue - \$199,641						
Maturing through 2024	2.50%	16,857	-	(8,502)	8,355	8,355
2000-B and 2001-E::						
Refinanced 2016						
Amount of issue - \$486,508						
Maturing through 2024	2.00-2.50%	69,907	-	(36,213)	33,694	33,694
2005-F:						
Amount of issue - \$103,573						
Maturing through 2026	1.625%	22,021	-	(5,438)	16,583	5,438
2006-G:						
Amount of issue - \$112,919						
Maturing through 2028	1.625%	37,747	-	(6,078)	31,669	6,078
2008-H:						
Amount of issue - \$491,662						
Maturing through 2029	2.50%	200,246	-	(26,550)	173,696	27,190
Total bond obligations		986,951	-	(398,931)	588,020	404,780
Compensated Absences		93,135	132,476	(133,187)	92,424	-
		\$ 2,067,037	\$ 132,476	\$ (931,049)	\$ 1,268,464	\$ 809,560

**General Obligations Bonds and Contracts**

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

**County Contractual Obligations**

The above contractual obligations to Oakland County, Michigan, are the result of the issuance of bonds by the County on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay obligations. Proceeds from the bonds provided financing for the construction of the George G. Kuhn Drain. The remaining principal on the bonds total \$ 588,020.

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

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

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the Fringe Benefits internal service fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund and the Water and Sewer Fund.

**Debt Service Requirements to Maturity**

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

Years Ending June 30,	Business-type Activities Direct Borrowings and Direct Placements		
	Principal	Interest	Total
	2024	\$ 404,780	\$ 14,110
2025	39,666	4,260	43,926
2026	40,571	3,372	43,943
2027	36,467	2,360	38,827
2028	35,827	1,623	37,450
2029	30,709	768	31,477
	\$ 588,020	\$ 26,493	\$ 614,513

**Note7-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-Pension Plans**

### ***Plan Description***

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

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

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

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

The system is governed by a five-member board. The composition of this board is made up of one public safety command officer and one public safety officer. Each is voted onto the board by 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.

### ***Benefits Provided***

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

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

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**Note 8-Pension Plans (continued)**

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

Retirement benefits for members are calculated as 2.50 percent of the member's best 3 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, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This closed group does not contribute toward its pension benefit. There is a 10 year vesting requirement for this group. Compensation is defined as all wages, except overtime, uniform allowance, education pay, and license pay. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

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

Retirement benefits for members are calculated as 2.50 percent of the member's best 3 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, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This open group pays 4 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 2.50 percent of the member's best 3 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, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This closed group pays 4 percent toward its pension benefit. There is a 6-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 3 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

CITY OF BERKLEY  
Notes to Financial Statements  
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**Note 8-Pension Plans (continued)**

benefit allowed is 80 percent of final average compensation. The member must be age 55 with 25 years of service, be age 60 with 10 years of service to obtain a pension benefit. This closed group pays 4 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.

**Public Safety Pension Plan**

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

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

Retirement benefits for members are calculated as 2.8 percent of the member's best 3 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 3 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.

*Death after Retirement – Survivor Pension*

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

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

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



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Notes to Financial Statements  
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**Note 8-Pension Plans (continued)**

*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.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	General Employees' Defined Benefit Pension Plan <u>Dec. 31, 2022</u>	Public Safety Pension Plan <u>June 30, 2023</u>
Date of member count		
Inactive plan members or beneficiaries currently receiving benefits	77	54
Inactive plan members entitled to but not receiving benefits	44	2
Active plan members	<u>42</u>	<u>27</u>
Total employees covered by plan	<u><u>163</u></u>	<u><u>83</u></u>

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Notes to Financial Statements  
June 30, 2023

**Note 8-Pension Plans (Continued)**

**Contributions**

**General Employees' Defined Benefit Pension Plan**

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

For the year ended June 30, 2023, 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 37.08 percent of annual payroll and, for a nonunion eligible employee, it was 57.94 percent of annual payroll. Total contributions during the City's fiscal year were \$1,150,332.

**Public Safety Pension Plan**

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board in accordance with the city charter, union contracts, and plan provisions. For the year ended June 30, 2023, the average active member contribution rate was 0.0 percent of annual pay, and the City's average contribution rate was 53.69 percent of annual payroll.

**Net Pension Liability**

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

	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
Measurement date used	December 31, 2022	;June 30, 2023
Actuarial valuation date as of	December 31, 2022	June 30, 2023

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**Note 8-Pension Plans (Continued)**

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

**General Employees' Defined Benefit Pension Plan**

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at January 1, 2022	\$ 23,731,336	\$ 13,646,250	\$ 10,085,086
Service Cost	311,674	-	311,674
Interest	1,669,502	-	1,669,502
Contributions-Employer	-	1,333,495	(1,333,495)
Contributions-Employee	-	169,179	(169,179)
Net Investment Income	-	(1,422,503)	1,422,503
Differences between expected and actual experience	423,373	-	423,373
Change in assumptions	-	-	-
Benefit Payments, including refunds	(1,719,118)	(1,719,118)	-
Administrative Expenses	-	(25,137)	25,137
Net Changes	<u>685,431</u>	<u>(1,664,084)</u>	<u>2,349,515</u>
Balance at December 31, 2022	<u>\$ 24,416,767</u>	<u>\$ 11,982,166</u>	<u>\$ 12,434,601</u>

**Public Safety Pension Plan**

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at July 1, 2022	\$ 27,799,518	\$ 19,072,555	\$ 8,726,963
Service Cost	522,246	-	522,246
Interest	1,892,986	-	1,892,986
Benefit Changes	45,707	-	45,707
Contributions-Employer	-	1,315,000	(1,315,000)
Contributions-Employee	-	16,393	(16,393)
Net Investment Income	-	2,057,990	(2,057,990)
Differences between expected and actual experience	535,705	-	535,705
Change in assumptions	-	-	-
Benefit Payments, including refunds	(2,035,977)	(2,035,977)	-
Administrative Expenses	-	(88,954)	88,954
Net Changes	<u>960,667</u>	<u>1,264,452</u>	<u>(303,785)</u>
Balance at June 30, 2023	<u>\$ 28,760,185</u>	<u>\$ 20,337,007</u>	<u>\$ 8,423,178</u>

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 8 – Pension Plans (Continued)**

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

For the year ended June 30, 2023, The City recognized pension expense of \$1,277,308 related to the General Employees' Defined Benefit Pension Plan and \$3,365,220 related to the Public Safety Pension Plan for a total of \$(1,974,116).

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>General Employees'</u>		<u>Public Safety Pension Plan</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,694,591	\$ -	\$ 293,705
Difference between expected and actual experience	211,687	-	436,308	-
Change in assumptions	-	-	-	-
Employer contributions to the plan subsequent to the measurement date	604,388	-	-	-
Total	<u>\$ 816,075</u>	<u>\$ 1,694,591</u>	<u>\$ 436,308</u>	<u>\$ 293,705</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, which will impact the net pension liability in fiscal year 2024, rather than pension expense.

<u>Years Ending</u>	<u>General</u>	
	<u>Employees'</u>	<u>Public Safety</u>
<u>June 30</u>	<u>Defined Benefit</u>	<u>Pension Plan</u>
	<u>Pension Plan</u>	<u>Pension Plan</u>
2024	\$ (97,396)	\$ (434,228)
2025	(578,955)	243,573
2026	(325,933)	192,459
2027	(480,620)	140,799

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 8 – Pension Plans (Continued)**

***Actuarial Assumptions***

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

	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
Inflation	2.50%	2.50%
Salary increases	3.00%	3.50%
Investment rate of return	7.25%	7.00%
Mortality rates	Pub-2010	RP-2014

General Employees' Defined Benefit Pension Plan

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

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

Mortality rates were based on a blend of the Pub-2010 Juvenile Mortality Tables, the PubG-2010 Employee Mortality Tables, and the PubG-2010 Healthy Retiree Tables.

The actuarial assumptions used in the December 31, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from January 1, 2014 through December 31, 2018.

**Public Safety Pension Plan**

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

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

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

***Discount Rate***

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 8 – Pension Plans (Continued)**

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.

	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
Assumed investment rate of return	7.00%	7.00%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits	Yes	Yes
Discount rate used to measure total pension liability	7.25%	7.00%

**Investment Rate of Return**

**General Employees' Defined Benefit Pension Plan**

Best estimates of arithmetic real rates of return as of the December 31, 2022 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60%	4.50%
Global Fixed Income	20%	2.00%
Private Investments	20%	7.00%

**Public Safety Pension Plan**

Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large-cap equity	27.50%	7.25%
Small-Mid-cap equity	14.50%	7.50%
International equity	20.50%	6.25%
Domestic fixed income	30.00%	3.70%
Treasury inflation-protected securities	4.50%	3.50%
High-yield bonds	2.50%	5.70%
T-Bills	0.50%	2.30%

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 8 – Pension Plans (Continued)**

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

**General Employees' Defined Benefit Pension Plan**

The following presents the net pension liability of the City, calculated using the discount rate of 7.25 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 or 1 percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 14,941,564	\$ 12,434,601	\$ 10,307,254

**Public Safety Pension Plan**

The following presents the net pension liability of the City, calculated using the discount rate of 7.00 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 or 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 11,769,704	\$ 8,423,178	\$ 5,624,387

***Pension Plan Fiduciary Net Position***

**General Employees' Defined Benefit Pension Plan**

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 8-Pension Plans (Continued)**

**Public Safety Pension Plan**

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus on the full accrual basis of accounting. 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.

***Investment Policy***

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

***Pension Plan Reserves***

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

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

The employee reserve is credited as employee contributions are received through the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 2.0 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.

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



CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 8 – Pension Plans (Continued)**

The balances of the reserve accounts at June 30, 2023 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 19,935,558	\$ 19,935,558
Employee reserve	284,376	284,376
Employer reserve	-	117,073
 Total	 \$ 20,219,934	 \$ 20,337,007

**Note 9 – Other Postemployment Benefit Plan**

Plan Description

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

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

Benefits Provided

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	94
Active plan members	77
Total plan members	171

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 9 – Other Postemployment Benefit Plan – (Continued)**

Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment; however, the City does make discretionary contributions to the trust. For the fiscal year ended June 30, 2023, the City made payments for postemployment health benefit premiums of \$791,293.

Net OPEB Liability

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

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

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2022	\$ <u>14,258,100</u>	\$ <u>6,680,695</u>	\$ <u>7,577,405</u>
Changes for the year:			
Service Cost	138,622	-	138,622
Interest	900,810	-	900,810
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Contributions-Employer	-	816,786	(816,786)
Net Investment Income(loss)	-	486,265	(486,265)
Benefit Payments, including refunds	<u>(937,577)</u>	<u>(791,293)</u>	<u>(146,284)</u>
Net Changes	<u>101,855</u>	<u>511,758</u>	<u>(409,903)</u>
Balance at June 30, 2023	\$ <u><u>14,359,955</u></u>	\$ <u><u>7,192,453</u></u>	\$ <u><u>7,167,502</u></u>

The plan's fiduciary net position represents 50.09 percent of the total OPEB liability.

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note – 9 Other Postemployment Benefit Plan (Continued)**

***OPEB Expense and Deferred Outflows of Resources and deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2023, the City recognized an OPEB cost recover of \$(1,636,329).

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 171,827	\$ -
Difference between expected and actual experience	-	2,342,842
Changes in assumptions	<u>203,772</u>	<u>-</u>
Total	<u>\$ 375,599</u>	<u>\$ 2,342,842</u>

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

Years Ending	Amount
<u>June 30</u>	<u>Amount</u>
2024	\$ (995,371)
2025	(1,017,858)
2026	56,225
2027	(10,239)

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using and inflation assumption of 3.00 percent; assumed salary increases (including inflation) of between 3.5 percent and 10.20 percent depending on seniority and merit; an investment rate of return (net investment expenses) of 6.5 percent; a health care cost trend rate of 8.25 percent, decreasing 0.50 percent of 0.75 percent per year to an ultimate rate of 3.50 percent; and the RP-2014 Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables adjusted for mortality improvements to 2025 using scale MP-2018 from 2006. These assumptions were applied to all periods included in the measurement.

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note – 9 Other Postemployment Benefit Plan (Continued)**

***Discount Rate***

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

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

***Investment Rate of Return***

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of plan investment expense, was 6.32 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global Equity	60.0%	4.95%
Global Fixed Income	20.0%	2.40%
Private Investments	20.0%	7.00%

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note – 9 Other Postemployment Benefit Plan (Continued)**

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

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

	<u>1% Decrease</u> <u>(5.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.50%)</u>	<u>1% Increase</u> <u>(7.50%)</u>
Net OPEB Liability	\$ <u>8,681,791</u>	\$ <u>7,167,502</u>	\$ <u>5,884,615</u>

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

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>5,628,965</u>	\$ <u>7,167,502</u>	\$ <u>8,958,408</u>

**OPEB Plan Fiduciary Net Position**

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

CITY OF BERKLEY  
Notes to Financial Statements  
June 30, 2023

**Note 10 – 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 members and 2 nonmembers municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2023, the City expensed \$889,641 of payments made to the Water Authority. The City has no explicit and measurable equity in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements of the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

***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, 2023, the City expensed \$1,207,829 of payments made to the Resource Recovery Authority. The City has no explicit and measurable equity interests in the joint venture. The Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 W. Webster Road, Royal Oak, MI 48073.

**Note 11 – Upcoming Accounting Pronouncements**

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BERKLEY  
Required Supplemental Information  
Schedule of Pension Investment Returns  
Public Safety Pension Plan  
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	3.82%	-12.90%	25.41%	4.36%	5.34%	7.33%	11.80%	-0.40%	1.80%	16.20%



**CITY OF BERKLEY**  
**Required Supplemental Information**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Public Safety Pension Plan**  
**Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 522,246	\$ 558,625	\$ 539,011	\$ 502,638	\$ 476,281	\$ 427,320	\$ 387,896	\$ 369,308	\$ 348,830	\$ 376,217
Interest	1,892,986	1,847,947	1,805,389	1,752,414	1,724,836	1,711,781	1,683,319	1,646,655	1,623,409	1,600,549
Benefit changes	45,707	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	535,705	194,594	61,418	251,209	517,899	(231,761)	38,612	189,536	15,829	-
Change in assumptions	-	-	-	-	1,070,500	-	-	-	-	-
Benefit payments, including refunds	(2,035,977)	(1,843,155)	(1,772,154)	(1,763,153)	(1,768,878)	(1,752,501)	(1,742,208)	(1,703,842)	(1,678,258)	(1,638,281)
Net Change in Total Pension Liability	960,667	758,011	633,664	743,108	2,020,638	154,839	367,619	501,657	309,810	338,485
Total Pension Liability - Beginning of year	27,799,518	27,041,507	26,407,843	25,664,735	23,644,097	23,489,258	23,121,639	22,619,982	22,310,172	21,971,687
Total Pension Liability - End of year	\$ 28,760,185	\$ 27,799,518	\$ 27,041,507	\$ 26,407,843	\$ 25,664,735	\$ 23,644,097	\$ 23,489,258	\$ 23,121,639	\$ 22,619,982	\$ 22,310,172
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 1,315,000	\$ 1,303,500	\$ 1,204,528	\$ 1,013,557	\$ 774,630	\$ 743,241	\$ 713,669	\$ 660,531	\$ 726,568	\$ 780,105
Contributions - Member	16,393	58,982	204,534	6,718	41,690	118,413	-	-	-	90,169
Net Investment Income (Loss)	2,057,990	(3,448,733)	4,750,831	758,066	946,900	1,341,200	1,984,577	(55,465)	357,995	2,752,802
Administrative Expenses	(89,594)	(78,809)	(80,192)	(68,702)	(65,541)	(62,621)	(51,027)	(44,152)	(46,951)	(51,306)
Benefit payments, including refunds	(2,035,977)	(1,843,155)	(1,772,154)	(1,763,153)	(1,768,878)	(1,752,501)	(1,742,208)	(1,703,842)	(1,678,258)	(1,638,281)
Other	640	1,030	-	-	3,293	-	-	-	183	-
Net Change in Plan Fiduciary Net Position	1,264,452	(4,007,185)	4,307,547	(53,514)	(67,906)	387,732	905,011	(1,142,928)	(640,463)	1,933,489
Plan Fiduciary Net Position - Beg. of year	19,072,555	23,079,740	18,772,193	18,825,707	18,893,613	18,505,881	17,600,870	18,743,798	19,384,261	17,450,772
Plan Fiduciary Net Position - End of year	\$ 20,337,007	\$ 19,072,555	\$ 23,079,740	\$ 18,772,193	\$ 18,825,707	\$ 18,893,613	\$ 18,505,881	\$ 17,600,870	\$ 18,743,798	\$ 19,384,261
City's Net Pension Liability - Ending	\$ 8,423,178	\$ 8,726,963	\$ 3,961,767	\$ 7,635,650	\$ 6,839,028	\$ 4,750,484	\$ 4,983,377	\$ 5,520,769	\$ 3,876,184	\$ 2,925,911
Plan Fiduciary Net Position as a Percent of Total Pension Liability	70.71%	68.61%	85.35%	71.09%	73.35%	79.91%	78.78%	76.12%	82.86%	86.89%
Covered Payroll	\$ 2,538,091	\$ 2,422,387	\$ 2,241,392	\$ 2,218,820	\$ 2,085,703	\$ 1,960,564	\$ 1,915,375	\$ 1,770,387	\$ 1,923,665	\$ 1,965,494
City's Net Pension Liability as a Percent of Covered Payroll	331.87%	360.26%	176.75%	344.13%	327.90%	242.30%	260.18%	311.84%	201.50%	148.86%

**CITY OF BERKLEY**  
**Required Supplemental Information**  
**Schedule of Pension Contributions**  
**Public Safety Pension Plan**  
**Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,143,410	\$ 1,167,348	\$ 1,090,661	\$ 1,013,557	\$ 774,630	\$ 743,054	\$ 713,669	\$ 660,531	\$ 726,568	\$ 780,105
Contributions in relation to the actuarially determined contribution	1,315,000	1,303,500	1,203,500	1,013,557	774,630	743,241	713,669	660,531	726,568	780,105
Contribution Excess	\$ 171,590	\$ 136,152	\$ 112,839	\$ -	\$ -	\$ 187	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,538,091	\$ 2,422,387	\$ 2,241,392	\$ 2,218,820	\$ 2,085,703	\$ 1,960,564	\$ 1,915,375	\$ 1,770,387	\$ 1,923,665	\$ 1,965,494
Contributions as a Percentage of Covered Payroll	51.81%	53.81%	53.69%	45.68%	37.14%	37.91%	37.26%	37.31%	37.77%	39.69%

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

- Actuarial Cost Method: Entry-age normal
- Amortization Method: Level percentage of pay
- Remaining Amortization Period: 13 years, closed
- Asset Valuation Method: 4 year smoothed market
- Salary Increase: 3.5 to 7.5% including wage inflation
- Investment Rate of Return: 7.0% net of investment and administrative expenses
- Retirement Age: Experience-based tables of rates that are specific to the type of eligibility condition
- Mortality: RP-2014 Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables, adjusted for mortality improvements to 2025 using projection scale MP-2018 from 2006

**CITY OF BERKLEY**  
**Required Supplemental Information**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Municipal Employees' Retirement System of Michigan**  
**Last Nine Fiscal Years Ended December 31**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 311,674	\$ 300,191	\$ 279,973	\$ 253,811	\$ 232,498	\$ 224,700	\$ 250,936	\$ 231,896	\$ 313,028
Interest	1,669,502	1,655,367	1,589,513	1,600,556	1,623,192	1,612,480	1,599,114	1,602,510	1,588,656
Differences between expected and actual experience	423,373	238,479	(2,393)	171,132	(388,478)	50,262	63,274	(432,248)	-
Change in assumptions	-	763,167	723,288	621,435	-	-	-	868,163	-
Benefit payments, including refunds	(1,719,118)	(1,713,834)	(1,754,148)	(1,750,488)	(1,771,161)	(1,743,690)	(1,722,576)	(1,707,986)	(1,678,420)
Net Change in Total Pension Liability	685,431	1,243,370	836,233	896,446	(303,949)	143,752	190,748	562,335	223,264
Total Pension Liability - Beginning of year	23,731,336	22,487,966	21,651,733	20,755,287	21,059,236	20,915,484	20,724,736	20,162,401	19,939,137
Total Pension Liability - End of year	\$ 24,416,767	\$ 23,731,336	\$ 22,487,966	\$ 21,651,733	\$ 20,755,287	\$ 21,059,236	\$ 20,915,484	\$ 20,724,736	\$ 20,162,401
Plan Fiduciary Net Position:									
Contributions - Employer	\$ 1,333,495	\$ 1,390,129	\$ 1,090,006	\$ 1,232,770	\$ 437,618	\$ 907,736	\$ 528,385	\$ 546,145	\$ 574,412
Contributions - Member	169,179	127,518	86,385	96,041	74,880	116,858	72,550	80,039	90,641
Net Investment Income (Loss)	(1,422,503)	1,550,018	1,533,090	1,390,885	(429,097)	1,471,376	1,231,253	(176,950)	792,022
Administrative Expenses	(25,137)	(19,521)	(22,351)	(23,897)	(22,404)	(23,315)	(24,362)	(26,595)	(28,852)
Benefit payments, including refunds	(1,719,118)	(1,713,834)	(1,754,148)	(1,750,488)	(1,771,161)	(1,743,690)	(1,722,576)	(1,707,986)	(1,678,420)
Net Change in Plan Fiduciary Net Position	(1,664,084)	1,334,310	932,982	945,311	(1,710,164)	728,965	85,250	(1,285,347)	(250,197)
Plan Fiduciary Net Position - Beg. of year	13,646,250	12,311,940	11,378,958	10,433,647	12,143,811	11,414,846	11,329,596	12,614,943	12,865,140
Plan Fiduciary Net Position - End of year	\$ 11,982,166	\$ 13,646,250	\$ 12,311,940	\$ 11,378,958	\$ 10,433,647	\$ 12,143,811	\$ 11,414,846	\$ 11,329,596	\$ 12,614,943
City's Net Pension Liability - Ending	\$ 12,434,601	\$ 10,085,086	\$ 10,176,026	\$ 10,272,775	\$ 10,321,640	\$ 8,915,425	\$ 9,500,638	\$ 9,395,140	\$ 7,547,458
Plan Fiduciary Net Position as a Percent of Total Pension Liability	49.07%	57.50%	54.75%	52.55%	50.27%	57.67%	54.58%	54.67%	62.57%
Covered Payroll	\$ 2,408,210	\$ 2,502,987	\$ 2,376,127	\$ 2,101,331	\$ 1,918,830	\$ 2,001,189	\$ 2,014,906	\$ 1,679,482	\$ 1,679,482
City's Net Pension Liability as a Percent of Covered Payroll	51.634%	402.92%	428.26%	488.87%	537.91%	445.51%	471.52%	559.41%	449.39%

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

**CITY OF BERKLEY**

**Required Supplemental Information  
Schedule of Pension Contributions**

**Municipal Employees' Retirement System of Michigan**

**Last Ten Fiscal Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,150,332	\$ 1,390,129	\$ 1,119,653	\$ 960,613	\$ 424,931	\$ 640,280	\$ 528,385	\$ 546,145	\$ 574,412	\$ 600,607
Contributions in relation to the actuarially determined contribution	1,150,332	1,390,129	1,294,653	1,360,613	675,590	907,736	528,385	546,145	574,412	600,607
Contribution Excess (Deficiency)	\$ -	\$ -	\$ 175,000	\$ 400,000	\$ 250,659	\$ 267,456	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	2,408,210	2,502,987	2,622,540	2,319,247	2,404,170	2,001,189	2,001,644	2,222,306	2,253,166	2,225,644
Contributions as a Percentage of Covered Employee Payroll	47.77%	55.54%	49.37%	58.67%	28.10%	45.36%	26.40%	24.58%	25.49%	26.99%

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Amortization method	Level percentage of pay - Closed
Remaining amortization period	20 years
Asset valuation method	10-year smoothed market
Inflation	2.50%
Salary increase	3.00%
Investment Rate of Return	7.60%
Retirement Age	Experience based tables of rates that are specific to the type of eligibility condition
Mortality	Blend of the Pub-2010 Juvenile Mortality Tables, the PubG-2010 Employee Mortality Tables, and the PubG-2010 Healthy Retiree Tables

**CITY OF BERKLEY**  
**Required Supplemental Information**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Last Six Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:						
Service Cost	\$ 138,622	\$ 141,915	\$ 147,830	\$ 156,989	\$ 190,339	\$ 364,827
Interest	900,810	1,142,693	1,124,018	1,130,768	1,122,116	923,469
Differences between expected and actual experience	-	(4,482,016)	-	(1,894,582)	(198,240)	(1,014,834)
Change in assumptions	-	390,917	-	109,385	-	-
Benefit payments, including refunds	(937,577)	(888,684)	(1,074,498)	(1,028,555)	(878,125)	(1,036,188)
Net Change in Total OPEB Liability	<u>101,855</u>	<u>(3,695,175)</u>	<u>197,350</u>	<u>(1,525,995)</u>	<u>236,090</u>	<u>(762,726)</u>
Total OPEB Liability - Beginning of year	<u>14,258,100</u>	<u>17,953,275</u>	<u>17,755,925</u>	<u>19,281,920</u>	<u>19,045,830</u>	<u>19,808,556</u>
Total OPEB Liability - End of year	<u>\$ 14,359,955</u>	<u>\$ 14,258,100</u>	<u>\$ 17,953,275</u>	<u>\$ 17,755,925</u>	<u>\$ 19,281,920</u>	<u>\$ 19,045,830</u>
Plan Fiduciary Net Position:						
Contributions - Employer	\$ 816,786	\$ 738,812	\$ 1,253,876	\$ 1,032,759	\$ 1,135,210	\$ 1,041,123
Net Investment Income	486,265	(599,936)	1,575,924	121,322	137,994	350,035
Administrative expenses	-	(13,060)	(11,606)	-	-	-
Benefit payments, including refunds	(791,293)	(717,395)	(1,074,498)	(1,028,555)	(878,125)	(1,036,188)
Net Change in Plan Fiduciary Net Position	<u>511,758</u>	<u>(591,579)</u>	<u>1,743,696</u>	<u>125,526</u>	<u>395,079</u>	<u>354,970</u>
Plan Fiduciary Net Position - Beg. of year	<u>6,680,695</u>	<u>7,272,274</u>	<u>5,528,578</u>	<u>5,403,052</u>	<u>5,007,973</u>	<u>4,653,003</u>
Plan Fiduciary Net Position - End of year	<u>\$ 7,192,453</u>	<u>\$ 6,680,695</u>	<u>\$ 7,272,274</u>	<u>\$ 5,528,578</u>	<u>\$ 5,403,052</u>	<u>\$ 5,007,973</u>
Net OPEB Liability - Ending	<u>\$ 7,167,502</u>	<u>\$ 7,577,405</u>	<u>\$ 10,681,001</u>	<u>\$ 12,227,347</u>	<u>\$ 13,878,868</u>	<u>\$ 14,037,857</u>
Plan Fiduciary Net Position as a Percent of Total OPEB Liability	50.09%	46.86%	40.51%	31.14%	28.02%	26.29%
Covered Employee Payroll	\$ 5,632,492	\$ 5,753,643	\$ 5,129,064	\$ 4,913,491	\$ 3,652,907	\$ 3,722,725
Net OPEB Liability as a Percent of Covered Employee Payroll	127.25%	131.70%	208.24%	248.85%	379.94%	377.09%

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

**CITY OF BERKLEY**  
**Required Supplemental Information**  
**Schedule of OPEB Contributions**  
**Last Ten Fiscal Years Ended June 30**

	2023	2022	2021	2020	2019*	2018*	2017	2016	2015	2014
Actuarially determined contribution	\$ 675,568	\$ 685,635	\$ 1,068,849	\$ 1,074,788	\$ -	\$ -	\$ 2,512,485	\$ 2,531,410	\$ 2,603,419	\$ 1,802,766
Contributions in relation to the actuarially determined contribution	816,786	738,812	1,253,876	1,032,759	-	-	1,541,815	1,571,446	1,604,630	1,442,200
Contribution Excess (Deficiency)	\$ 141,218	\$ 53,177	\$ 185,027	\$ (42,029)	\$ -	\$ -	\$ (970,670)	\$ (959,964)	\$ (998,789)	\$ (360,566)
Covered Employee Payroll	5,632,492	5,753,643	5,129,064	4,913,491	3,652,907	3,722,725	2,635,197	2,635,197	2,635,197	3,344,839
Contributions as a Percentage of Covered Employee Payroll	14.50%	12.84%	24.45%	21.02%	0.00%	0.00%	58.51%	59.63%	60.89%	43.12%

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

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Individual entry age normal
Asset valuation method	Market value
Inflation	3.00%
Health care cost trend rates	8.25 percent decreasing .50 or .75 percent per year to an ultimate rate of 3.50 percent after 10 years
Salary increase	3.50 to 10.20 percent, including inflation
Investment Rate of Return	6.50%
Retirement Age	Experience based tables of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables adjusted for mortality improvements to 2025 using scale MP-2018 from 2006

**CITY OF BERKLEY**  
**Required Supplemental Information**  
**Schedule of OPEB Investment Returns**  
**Last Six Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	6.32%	-3.35%	28.19%	2.36%	2.97%	7.78%

**CITY OF BERKLEY**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenue</b>				
Property Taxes	\$ 8,894,460	\$ 8,744,460	\$ 8,868,129	\$ 123,669
Intergovernmental:				
Federal grants	806,200	616,200	617,528	1,328
State-shared revenue and grants	1,686,500	1,985,500	1,983,685	(1,815)
Charges for services	879,748	871,748	870,788	(960)
Fines and forfeitures	177,000	154,000	169,488	15,488
Licenses and permits	646,481	774,981	792,932	17,951
Investment earnings	24,500	164,500	212,463	47,963
Franchise fees	270,000	270,000	243,759	(26,241)
Other miscellaneous income	396,695	498,895	780,803	281,908
Total Revenue	<u>13,781,584</u>	<u>14,080,284</u>	<u>14,539,575</u>	<u>459,291</u>
<b>Expenditures</b>				
Current services:				
General Government:				
City Council	19,000	39,000	35,229	3,771
Manager	333,603	333,603	320,994	12,609
Clerk/Elections	261,014	261,014	241,095	19,919
Finance	443,662	550,662	573,382	(22,720)
Legal	156,500	156,500	115,219	41,281
Treasurer	95,966	135,966	134,049	1,917
City hall	207,403	241,805	215,123	26,682
Planning	219,175	226,675	156,969	69,706
Inspection	512,187	564,187	619,431	(55,244)
Community promotion	71,060	71,060	66,028	5,032
Insurance	1,218,400	1,218,400	1,167,968	50,432
Active employee benefits	1,127,300	1,155,300	1,190,363	(35,063)
Coronavirus expenditures	-	13,000	11,084	1,916
Total General Government	<u>4,665,270</u>	<u>4,967,172</u>	<u>4,846,934</u>	<u>120,238</u>
Public Safety:				
Administration	186,443	186,443	183,312	3,131
Operations	3,712,493	3,824,493	3,746,319	78,174
Service aides	507,318	507,318	473,949	33,369
Pension administration	1,695,200	1,695,200	1,666,400	28,800
Animal control	81,457	81,457	72,555	8,902
Total Public Safety	<u>6,182,911</u>	<u>6,294,911</u>	<u>6,142,535</u>	<u>152,376</u>
Public Works:				
Operations	428,145	422,145	397,948	24,197
Street programs	211,000	211,000	208,791	2,209
Garage	256,699	265,699	242,803	22,896
Total Public Works	<u>895,844</u>	<u>898,844</u>	<u>849,542</u>	<u>49,302</u>
Recreation and Culture:				
Library	718,952	718,952	725,794	(6,842)
WBRK	276,087	305,587	260,822	44,765
Communications	220,927	227,927	197,011	30,916
Total Recreation and Culture	<u>1,215,966</u>	<u>1,252,466</u>	<u>1,183,627</u>	<u>68,839</u>
Capital Outlay				
Total Expenditures	<u>13,595,491</u>	<u>14,470,893</u>	<u>13,846,641</u>	<u>624,252</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>186,093</u>	<u>(390,609)</u>	<u>692,934</u>	<u>1,083,543</u>
Other Financing Sources (Uses):				
Transfers In	290,000	150,000	85,000	(65,000)
Transfers Out	(1,370,000)	(1,415,000)	(1,470,000)	(55,000)
Sale of Capital Assets	20,000	47,000	53,398	6,398
Total Other Financing Sources (Uses)	<u>(1,060,000)</u>	<u>(1,218,000)</u>	<u>(1,331,602)</u>	<u>(113,602)</u>
Change in Fund Balance	(873,907)	(1,608,609)	(638,668)	969,941
Fund Balance - July 1	4,706,698	4,706,698	4,706,698	-
Fund Balance - June 30	<u>\$ 3,832,791</u>	<u>\$ 3,098,089</u>	<u>\$ 4,068,030</u>	<u>\$ 969,941</u>



**CITY OF BERKLEY**  
**Major Streets Fund**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**For the Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
State shared revenue and grants	\$ 1,286,200	\$ 1,286,200	\$ 1,355,743	\$ 69,543
Charges for Services	13,073	13,073	12,539	(534)
Investment income	5,500	5,500	76,089	70,589
Oter revenue	16,525	16,525	25,185	8,660
Total Revenue	<u>1,321,298</u>	<u>1,321,298</u>	<u>1,469,556</u>	<u>148,258</u>
Expenditures:				
Public Works	<u>1,367,636</u>	<u>1,392,636</u>	<u>706,183</u>	<u>686,453</u>
Excess (Deficiency) of Revenues Over Expenditures	(46,338)	(71,338)	763,373	834,711
Other Financing Sources (Uses): Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balance	(246,338)	(271,338)	563,373	834,711
Fund Balance - Beginning of year	<u>3,002,051</u>	<u>3,002,051</u>	<u>3,002,051</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,755,713</u>	<u>\$ 2,730,713</u>	<u>\$ 3,565,424</u>	<u>\$ 834,711</u>

**CITY OF BERKLEY**  
**Road Millage Fund**  
**Budgetary Comparison Schedule - Major Capital Project Fund**  
**For the Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenue:				
Property Taxes	\$ 1,282,000	\$ 1,282,000	\$ 1,278,487	\$ (3,513)
Investment earnings	4,000	37,000	51,464	14,464
Total Revenue	<u>1,286,000</u>	<u>1,319,000</u>	<u>1,329,951</u>	<u>10,951</u>
Expenditures:				
Capital Outlay	<u>1,150,000</u>	<u>1,735,000</u>	<u>2,542,030</u>	<u>(807,030)</u>
Net Change in Fund Balance	136,000	(416,000)	(1,212,079)	(796,079)
Fund Balance - July 1	<u>2,413,120</u>	<u>2,413,120</u>	<u>2,413,120</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 2,549,120</u>	<u>\$ 1,997,120</u>	<u>\$ 1,201,041</u>	<u>\$ (796,079)</u>

CITY OF BERKLEY  
Notes to Required Supplementary Information  
June 30, 2023

**Budgetary Information** – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except that fund balance appropriations and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end. During the fiscal year, the budget was amended in a legally permissible manner.

OTHER SUPPLEMENTARY INFORMATION

## **Special Revenue Funds**

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

### **Local Streets Fund**

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

### **Community Development Block Grant**

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

### **Seniors' Program**

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

### **Recreation Revolving**

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

### **Solid Waste Service**

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

## **Debt Service Funds**

Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

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

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

### **Capital Project Funds**

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

### **Court Projects**

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

### **Sidewalk**

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

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds							Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Local Streets	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Eleven Mile Road Project Debt Service	Court Projects		Sidewalk	Total		
<b>Assets:</b>												
Cash and investments	\$ 988,831	\$ 8,651	\$ 31,685	\$ 588,098	\$ 350,296	\$ 10,048	\$ 43,270	\$ 276,710	\$ 43,270	\$ 2,297,589		
Receivables:												
Taxes	-	-	-	-	8,505	2,618	-	-	-	11,123		
Customers	-	-	-	-	130,791	-	109,230	-	-	240,021		
Other Governmental Units	97,708	2,299	-	-	-	-	-	-	-	100,007		
Prepaid Costs	5,933	-	-	5,481	2,544	-	-	-	-	13,958		
<b>Total Assets</b>	<b>\$ 1,092,472</b>	<b>\$ 10,950</b>	<b>\$ 31,685</b>	<b>\$ 593,579</b>	<b>\$ 492,136</b>	<b>\$ 12,666</b>	<b>\$ 152,500</b>	<b>\$ 276,710</b>	<b>\$ 152,500</b>	<b>\$ 2,662,698</b>		
<b>Liabilities, Deferred Inflows and Fund Balance</b>												
<b>Liabilities:</b>												
Accounts payable	\$ 28,502	\$ 508	\$ 581	\$ 302,279	\$ 101,178	\$ -	\$ 15,583	\$ -	\$ 15,583	\$ 448,631		
Due to other funds	-	-	-	-	-	-	120,000	-	120,000	120,000		
Accrued liabilities and other	9,543	-	2,162	73,706	8,865	-	-	-	-	94,276		
Unearned revenue	-	-	-	28,835	-	-	-	-	-	28,835		
<b>Total Liabilities</b>	<b>38,045</b>	<b>508</b>	<b>2,743</b>	<b>404,820</b>	<b>110,043</b>	<b>-</b>	<b>135,583</b>	<b>-</b>	<b>135,583</b>	<b>691,742</b>		
<b>Deferred Inflows of Resources:</b>												
Unavailable revenue	-	-	-	-	78,626	-	-	-	-	78,626		
<b>Fund Balance:</b>												
Nonspendable - Prepaid costs	5,933	-	-	5,481	2,544	-	-	-	-	13,958		
Restricted for:												
Debt service	-	-	-	-	-	12,666	-	-	-	12,666		
Streets	1,048,494	-	-	-	-	-	-	-	-	1,048,494		
Community service	-	10,442	28,942	-	-	-	-	-	-	39,384		
Solid waste service	-	-	-	-	300,923	-	-	-	-	300,923		
Committed - Recreation	-	-	-	183,278	-	-	-	-	-	183,278		
Assigned - Capital Improvement	-	-	-	-	-	-	-	276,710	-	293,627		
<b>Total Fund Balance</b>	<b>1,054,427</b>	<b>10,442</b>	<b>28,942</b>	<b>188,759</b>	<b>303,467</b>	<b>12,666</b>	<b>16,917</b>	<b>276,710</b>	<b>16,917</b>	<b>1,892,330</b>		
<b>Total Liabilities, Deferred Inflows of resources and fund balance</b>	<b>\$ 1,092,472</b>	<b>\$ 10,950</b>	<b>\$ 31,685</b>	<b>\$ 593,579</b>	<b>\$ 492,136</b>	<b>\$ 12,666</b>	<b>\$ 152,500</b>	<b>\$ 276,710</b>	<b>\$ 152,500</b>	<b>\$ 2,662,698</b>		

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds						Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Local Streets	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Eleven Mile Road Project Debt Service		Court Projects	Sidewalk		
Revenue:											
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,113,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,113,587
Special Assessments	-	-	-	-	-	-	-	108,173	-	-	108,173
Intergovernmental:											
State-shared revenue and grants	482,628	-	18,736	-	-	-	-	-	-	-	501,364
Charges for services	-	-	67,393	556,444	421,677	-	-	-	-	-	1,045,514
Investment earnings	21,438	26	760	179	13,551	-	-	3,520	674	-	40,148
Other revenue	35,346	-	-	-	6,167	-	-	-	-	-	41,513
<b>Total Revenue</b>	<b>539,412</b>	<b>26</b>	<b>86,889</b>	<b>556,623</b>	<b>1,554,982</b>	<b>-</b>	<b>3,520</b>	<b>108,847</b>	<b>-</b>	<b>-</b>	<b>2,850,299</b>
Expenditures:											
Current services:											
Public works	715,772	-	-	-	1,488,852	-	-	-	-	-	2,204,624
Health and welfare	-	6,821	71,249	-	-	-	-	-	-	-	78,070
Recreation and culture	-	-	-	1,178,012	-	-	-	-	-	-	1,178,012
Capital Outlay	-	-	-	577,429	-	-	-	204,041	-	-	781,470
<b>Total Expenditures</b>	<b>715,772</b>	<b>6,821</b>	<b>71,249</b>	<b>1,755,441</b>	<b>1,488,852</b>	<b>-</b>	<b>-</b>	<b>204,041</b>	<b>-</b>	<b>-</b>	<b>4,242,176</b>
Excess (Deficiency) of Revenues Over Expenditures	(176,360)	(6,795)	15,640	(1,198,818)	66,130	-	3,520	(95,194)	-	-	(1,391,877)
Other Financing Sources (Uses):											
Transfers In	200,000	-	-	1,370,000	-	-	-	100,000	-	-	1,670,000
Transfers Out	-	-	-	-	-	-	(85,000)	-	-	-	(85,000)
<b>Total Other Financing Sources (Uses)</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>1,370,000</b>	<b>-</b>	<b>-</b>	<b>(85,000)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>1,585,000</b>
Net Change in Fund Balance	23,640	(6,795)	15,640	171,182	66,130	-	(81,480)	4,806	-	-	193,123
Fund Balance - Beginning of year	1,030,787	17,237	13,302	17,577	237,337	12,666	358,190	12,111	-	-	1,699,207
<b>Fund Balance - End of Year</b>	<b>\$ 1,054,427</b>	<b>\$ 10,442</b>	<b>\$ 28,942</b>	<b>\$ 188,759</b>	<b>\$ 303,467</b>	<b>\$ 12,666</b>	<b>\$ 276,710</b>	<b>\$ 16,917</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,892,330</b>



**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Local Streets Fund**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
State shared revenue and grants	\$ 470,655	\$ 470,655	\$ 482,628	\$ 11,973
Investment income	2,500	2,500	21,438	18,938
Other revenue	60,000	60,000	35,346	(24,654)
Total Revenue	<u>533,155</u>	<u>533,155</u>	<u>539,412</u>	<u>6,257</u>
Expenditures:				
Public Works	<u>797,168</u>	<u>824,168</u>	<u>715,772</u>	<u>108,396</u>
Excess (Deficiency) of Revenues Over Expenditures	(264,013)	(291,013)	(176,360)	114,653
Other Financing Sources:				
Transfers In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balance	(64,013)	(91,013)	23,640	114,653
Fund Balance - July 1	<u>1,030,787</u>	<u>1,030,787</u>	<u>1,030,787</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 966,774</u>	<u>\$ 939,774</u>	<u>\$ 1,054,427</u>	<u>\$ 114,653</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Community Development Block Grant**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Federal Grants	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Investment earnings	-	-	26	26
Total Revenue	<u>35,000</u>	<u>35,000</u>	<u>26</u>	<u>(34,974)</u>
Expenditures:				
Health and welfare	<u>35,000</u>	<u>35,000</u>	<u>6,821</u>	<u>28,179</u>
Net Change in Fund Balance	-	-	(6,795)	(63,153)
Fund Balance - July 1	<u>17,237</u>	<u>17,237</u>	<u>17,237</u>	-
Fund Balance - June 30	<u>\$ 17,237</u>	<u>\$ 17,237</u>	<u>\$ 10,442</u>	<u>\$ (63,153)</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Seniors' Program**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
State-shared revenue and grants	\$ 22,880	\$ 22,880	\$ 18,736	\$ (4,144)
Charges for services	55,706	63,706	67,393	3,687
Investment earnings	25	25	760	735
Total Revenue	<u>78,611</u>	<u>86,611</u>	<u>86,889</u>	<u>278</u>
Expenditures:				
Health and welfare	<u>78,467</u>	<u>84,467</u>	<u>71,249</u>	<u>13,218</u>
Net Change in Fund Balance	144	2,144	15,640	13,496
Fund Balance - July 1	<u>13,302</u>	<u>13,302</u>	<u>13,302</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 13,446</u>	<u>\$ 15,446</u>	<u>\$ 28,942</u>	<u>\$ 13,496</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Recreation Revolving**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Charges for services	\$ 485,500	\$ 485,500	\$ 556,444	\$ 70,944
Investment earnings	500	500	179	(321)
Other revenue	5,000	5,000	-	(5,000)
Total Revenue	<u>491,000</u>	<u>491,000</u>	<u>556,623</u>	<u>65,623</u>
Expenditures:				
Current services:				
Recreation and culture	1,156,016	1,154,077	1,178,012	(23,935)
Capital Outlay	693,000	724,500	577,429	147,071
Total Expenditures	<u>1,849,016</u>	<u>1,878,577</u>	<u>1,755,441</u>	<u>123,136</u>
Excess of Expenditures over Revenue	(1,358,016)	(1,387,577)	(1,198,818)	188,759
Other Financing Sources:				
Transfers In	<u>1,370,000</u>	<u>1,370,000</u>	<u>1,370,000</u>	<u>-</u>
Net Change in Fund Balance	11,984	(17,577)	171,182	188,759
Fund Balance - July 1	<u>17,577</u>	<u>17,577</u>	<u>17,577</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 29,561</u>	<u>\$ -</u>	<u>\$ 188,759</u>	<u>\$ 188,759</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Eleven Mile Road Project Debt Service**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	<u>12,666</u>	<u>12,666</u>	<u>12,666</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 12,666</u>	<u>\$ 12,666</u>	<u>\$ 12,666</u>	<u>\$ -</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Court Projects**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Investment earnings	\$ -	\$ 4,000	\$ 3,520	\$ (480)
Expenditures:				
General government	-	-	-	-
Excess of Expenditures over Revenue	-	4,000	3,520	(480)
Other Financing Uses:				
Transfer Out	(290,000)	(293,000)	(85,000)	208,000
Net Change in Fund Balance	(290,000)	(289,000)	(81,480)	207,520
Fund Balance - July 1	358,190	358,190	358,190	-
Fund Balance - June 30	\$ <u>68,190</u>	\$ <u>69,190</u>	\$ <u>276,710</u>	\$ <u>207,520</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Solid Waste Service**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Property Taxes	\$ 1,117,000	\$ 1,117,000	\$ 1,113,587	\$ (3,413)
Charges for services	480,505	500,505	421,677	(78,828)
Investment earnings	1,000	11,000	13,551	2,551
Other revenue	10,000	10,000	6,167	(3,833)
Total Revenue	<u>1,608,505</u>	<u>1,638,505</u>	<u>1,554,982</u>	<u>(83,523)</u>
Expenditures:				
Public Works	<u>1,526,209</u>	<u>1,526,209</u>	<u>1,488,852</u>	<u>37,357</u>
Net Change in Fund Balance	82,296	112,296	66,130	(46,166)
Fund Balance - July 1	<u>237,337</u>	<u>237,337</u>	<u>237,337</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 319,633</u>	<u>\$ 349,633</u>	<u>\$ 303,467</u>	<u>\$ (46,166)</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Sidewalk**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Special Assessments	\$ 240,000	\$ 240,000	\$ 108,173	\$ (131,827)
Investment earnings	-	-	674	674
Total Revenue	<u>240,000</u>	<u>240,000</u>	<u>108,847</u>	<u>(131,153)</u>
Expenditures:				
Capital Outlay	<u>240,000</u>	<u>240,000</u>	<u>204,041</u>	<u>35,959</u>
Excess of Expenditures over Revenue	-	-	(95,194)	(95,194)
Other Financing Sources:				
Transfer In	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	-	-	4,806	4,806
Fund Balance - July 1	<u>12,111</u>	<u>12,111</u>	<u>12,111</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 12,111</u>	<u>\$ 12,111</u>	<u>\$ 16,917</u>	<u>\$ 4,806</u>



CITY OF BERKLEY  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023

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

**Public Safety Pension**

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

**Other Post Employment Benefits**

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

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

	<b>Pension and Other Postemployment Benefits Funds</b>		
	<b>Public Safety Pension</b>	<b>Other Postemployment Benefits Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 722,465	\$ -	\$ 722,465
Investments:			
Common and preferred stock	12,784,398	-	12,784,398
Mutual funds - Fixed income securities	6,810,126	-	6,810,126
Interest in pooled investments	-	7,192,453	7,192,453
Accrued interest receivable	19,890	-	19,890
Total Assets	<u>20,336,879</u>	<u>7,192,453</u>	<u>27,529,332</u>
<b>LIABILITIES</b>			
Accounts Payable	<u>22,307</u>	<u>-</u>	<u>22,307</u>
<b>NET POSITION</b>			
Restricted:			
Pension	20,314,572	-	20,314,572
Postemployment benefits other than pension	-	7,192,453	7,192,453
Total Net Position	<u>\$ 20,314,572</u>	<u>\$ 7,192,453</u>	<u>\$ 27,507,025</u>

**CITY OF BERKLEY**  
**Other Supplemental Information**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

	<u>Pension and Other Postemployment Benefits Funds</u>		
	<u>Public Safety Pension</u>	<u>Other Postemployment Benefits Fund</u>	<u>Total</u>
Additions			
Investment income(loss):			
Net increase in fair value of investments	\$ 2,112,947	\$ 486,265	\$ 2,599,212
Net investment income	<u>2,112,947</u>	<u>486,265</u>	<u>2,599,212</u>
Contributions:			
Employer	1,315,000	816,786	2,131,786
Employee	16,393	-	16,393
Total contributions	<u>1,331,393</u>	<u>816,786</u>	<u>2,148,179</u>
Total Additions	<u>3,444,340</u>	<u>1,303,051</u>	<u>4,747,391</u>
Deductions			
Benefit payments	2,033,055	791,293	2,824,348
Administrative expenses	169,268	-	169,268
Total Deductions	<u>2,202,323</u>	<u>791,293</u>	<u>2,993,616</u>
Net Increase in Fiduciary Net Position	1,242,017	511,758	1,753,775
Net Position - Beginning of year	19,072,555	6,680,695	25,753,250
Net Position - End of year	<u>\$ 20,314,572</u>	<u>\$ 7,192,453</u>	<u>\$ 27,507,025</u>

STATISTICAL SECTION

City of Berkeley  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

As of June 30,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net Investment in capital assets	\$ 10,490,391	\$ 11,765,355	\$ 12,605,508	\$ 12,566,628	\$ 12,991,485	\$ 13,045,304	\$ 14,370,876	\$ 17,716,646	\$ 18,244,394	\$ 20,885,995
Restricted	2,489,255	2,575,308	3,481,448	3,299,179	3,022,602	3,618,304	5,298,444	6,417,046	8,319,600	6,311,248
Unrestricted	1,571,278	(7,387,648)	(8,329,077)	(10,002,030)	(18,442,146)	(18,885,704)	(20,254,877)	(21,486,529)	(24,629,012)	(23,473,469)
Total Governmental Activities Net Position	\$ 14,550,924	\$ 6,953,015	\$ 7,757,879	\$ 5,863,777	\$ (2,428,059)	\$ (2,222,096)	\$ (585,557)	\$ 2,647,163	\$ 1,934,982	\$ 3,723,774
<b>Business-type Activities:</b>										
Net Investment in capital assets	\$ 10,469,046	\$ 11,078,068	\$ 11,829,788	\$ 12,902,134	\$ 14,339,122	\$ 15,633,718	\$ 16,470,852	\$ 17,373,929	\$ 19,170,640	\$ 22,732,304
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,431,190	2,314,089	2,524,710	2,292,463	1,585,079	1,052,583	1,211,761	1,760,506	1,034,773	(3,539,114)
Total Business-type Activities Net Position	\$ 13,900,236	\$ 13,392,157	\$ 14,354,498	\$ 15,194,597	\$ 15,924,201	\$ 16,686,301	\$ 17,682,613	\$ 19,134,435	\$ 20,205,413	\$ 19,193,190
<b>Primary Government:</b>										
Net Investment in capital assets	\$ 20,959,437	\$ 22,843,423	\$ 24,435,296	\$ 25,468,762	\$ 27,330,607	\$ 28,679,022	\$ 30,841,728	\$ 35,090,575	\$ 37,415,034	\$ 43,618,299
Restricted	2,489,255	2,575,308	3,481,448	3,299,179	3,022,602	3,618,304	5,298,444	6,417,046	8,319,600	6,311,248
Unrestricted	5,002,468	(5,073,559)	(5,804,367)	(7,709,567)	(16,857,067)	(17,833,121)	(19,043,116)	(19,726,023)	(23,594,239)	(27,012,583)
Total Primary Government Net Position	\$ 28,451,160	\$ 20,345,172	\$ 22,112,377	\$ 21,058,374	\$ 13,496,142	\$ 14,464,205	\$ 17,097,056	\$ 21,781,598	\$ 22,140,395	\$ 22,916,964

City of Berkeley  
Changes in Governmental Activities Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
General government	\$ 3,259,836	\$ 3,713,410	\$ 2,960,882	\$ 3,253,442	\$ 2,457,584	\$ 2,717,055	\$ 2,796,098	\$ 3,581,763	\$ 4,325,018	\$ 4,402,918
Public safety	4,824,914	5,108,392	5,827,300	6,537,971	5,502,213	6,153,144	5,883,336	4,712,094	8,721,090	7,241,289
Public works	3,303,767	3,710,743	3,263,194	3,961,969	4,169,167	4,307,344	4,327,550	4,556,860	4,316,306	4,351,707
Health and welfare	159,649	166,478	119,477	212,793	132,247	110,335	102,322	36,488	64,126	78,070
Recreation and culture	1,709,925	1,828,480	1,887,724	2,070,940	2,071,555	2,097,708	1,992,930	1,918,176	1,899,692	2,335,123
Interest on long-term debt	139,890	104,750	68,928	46,083	36,100	26,250	18,500	-	-	-
<b>Total Governmental Activities expenses</b>	<b>13,397,981</b>	<b>14,632,253</b>	<b>14,127,505</b>	<b>16,083,198</b>	<b>14,368,866</b>	<b>15,411,836</b>	<b>15,120,736</b>	<b>14,805,381</b>	<b>19,326,232</b>	<b>18,409,107</b>
<b>Program Revenue:</b>										
Charges for Services	3,062,151	3,057,180	2,367,271	2,599,640	2,845,944	3,079,982	2,660,224	2,498,465	3,173,417	3,918,823
Operating Grants and Contributions	1,264,242	1,612,680	1,850,630	1,385,111	1,621,962	1,726,321	1,702,719	2,613,999	1,920,792	1,916,057
Capital Grants and Contributions	199,272	249,360	240,677	30,933	73,692	1,343	-	-	521,806	750,870
Total Governmental program revenue	4,525,665	4,919,220	4,458,578	4,015,684	4,541,598	4,807,646	4,362,943	5,112,464	5,616,015	6,585,750
Net Governmental activities expense	(8,872,316)	(9,713,033)	(9,668,927)	(12,067,514)	(9,827,268)	(10,604,190)	(10,757,793)	(9,692,917)	(13,710,217)	(11,823,357)
<b>General Revenue:</b>										
Property Taxes	8,253,315	8,477,367	8,544,699	8,236,436	8,295,631	8,685,875	10,351,643	10,654,406	10,805,968	11,260,203
State-shared revenue	1,293,237	1,316,074	1,314,979	1,429,058	1,449,940	1,485,102	1,456,465	1,659,482	1,854,884	1,887,088
Unrestricted investment earnings	37,413	55,102	60,242	77,244	129,208	173,030	147,103	43,432	16,505	167,701
Other	390,249	459,510	553,871	430,674	781,620	466,146	439,121	568,317	320,679	297,157
Total governmental activities general revenues	9,974,214	10,308,053	10,473,791	10,173,412	10,656,399	10,810,153	12,394,332	12,925,637	12,998,036	13,612,149
Change in governmental activities net position	\$ 1,101,898	\$ 595,020	\$ 804,864	\$ (1,894,102)	\$ 829,131	\$ 205,963	\$ 1,636,539	\$ 3,232,720	\$ (712,181)	\$ 1,788,792

City of Berkeley  
Changes in Business-type Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating Revenue:</b>										
Charges for Services - Water/Sewer	\$ 5,592,326	\$ 5,729,719	\$ 6,285,422	\$ 6,296,971	\$ 6,683,811	\$ 6,717,244	\$ 6,915,755	\$ 7,146,772	\$ 7,333,257	\$ 6,722,000
Charges for Services - Arena	368,805	340,729	237,581	275,454	14,369	-	-	-	-	-
Total business-type operating revenue	5,961,131	6,070,448	6,523,003	6,572,425	6,698,180	6,717,244	6,915,755	7,146,772	7,333,257	6,722,000
<b>Operation Expenses:</b>										
Water/Sewer	4,568,046	4,874,414	5,214,208	5,762,885	5,721,616	5,991,515	5,944,829	5,702,556	6,268,860	7,740,235
Arena	388,811	392,804	387,124	138,126	52,870	73,980	157,113	-	-	-
Total business-type operating expenses	4,956,857	5,267,218	5,601,332	5,901,011	5,774,486	6,065,495	6,101,942	5,702,556	6,268,860	7,740,235
Net business-type operating income	1,004,274	803,230	921,671	671,414	923,694	651,749	813,813	1,444,216	1,064,397	(1,018,235)
<b>Nonoperating Revenue:</b>										
Unrestricted investment earnings	4,489	10,097	13,670	18,685	22,587	30,351	23,681	7,606	6,581	6,012
Other	-	275	-	150,000	30,000	80,000	158,818	-	-	-
Total business-type nonoperating revenue	4,489	10,372	13,670	168,685	52,587	110,351	182,499	7,606	6,581	6,012
Change in business-type net position	1,008,763	813,602	935,341	840,099	976,281	762,100	996,312	1,451,822	1,070,978	(1,012,223)
Change in net position, total primary government	\$ 2,110,661	\$ 1,408,622	\$ 1,740,205	\$ (1,054,003)	\$ 1,805,412	\$ 968,063	\$ 2,632,851	\$ 4,684,542	\$ 358,797	\$ 776,569

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

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund:</b>										
Nonspendable	\$ 317,474	\$ 291,749	\$ 327,691	\$ 305,101	\$ 203,072	\$ 1,302,781	\$ 1,246,313	\$ 334,280	\$ 336,586	\$ 317,858
Restricted	120,355	129,814	142,012	166,408	257,678	393,516	826,899	1,197,384	1,605,949	149,249
Assigned	5,000	-	-	-	1,791,139	351,237	447,244	996,194	878,557	-
Unassigned	2,741,075	3,103,391	3,909,081	4,646,335	3,979,977	4,601,416	3,940,515	2,575,826	1,885,606	3,600,923
<b>Total General Fund</b>	<b>3,183,904</b>	<b>3,524,954</b>	<b>4,378,784</b>	<b>5,117,844</b>	<b>6,231,866</b>	<b>6,648,950</b>	<b>6,460,971</b>	<b>5,103,684</b>	<b>4,706,698</b>	<b>4,068,030</b>
<b>All Other Governmental Funds</b>										
Nonspendable	80,536	24,361	19,707	15,485	16,607	8,258	236	40,997	17,708	19,891
Restricted	2,415,571	2,320,355	3,305,159	3,009,016	2,685,461	3,138,502	4,344,607	5,105,670	6,713,651	6,161,999
Committed	692,100	835,919	976,873	989,553	901,471	909,394	722,864	8,988	12,718	183,278
Assigned	700,423	774,901	800,592	709,313	721,710	671,893	400,238	395,976	370,301	293,627
Unassigned	-	-	-	(29,971)	-	-	-	(117,392)	-	-
<b>Total All Other Governmental Funds</b>	<b>3,888,630</b>	<b>3,955,536</b>	<b>5,102,331</b>	<b>4,693,396</b>	<b>4,325,249</b>	<b>4,728,047</b>	<b>5,467,945</b>	<b>5,434,239</b>	<b>7,114,378</b>	<b>6,658,795</b>
<b>Total All Governmental Funds</b>	<b>\$ 7,072,534</b>	<b>\$ 7,480,490</b>	<b>\$ 9,481,115</b>	<b>\$ 9,811,240</b>	<b>\$ 10,557,115</b>	<b>\$ 11,376,997</b>	<b>\$ 11,928,916</b>	<b>\$ 10,537,923</b>	<b>\$ 11,821,076</b>	<b>\$ 10,726,825</b>



City of Berkeley  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenue</b>										
Local revenue	\$ 11,959,223	\$ 12,468,368	\$ 12,002,658	\$ 11,581,688	\$ 12,090,257	\$ 12,543,928	\$ 13,681,126	\$ 13,758,568	\$ 14,574,460	\$ 15,731,061
State revenue	2,322,250	2,372,622	2,918,786	2,599,706	2,957,014	3,154,981	3,069,271	3,392,458	3,967,182	3,840,792
Federal revenue	43,643	383,305	120,601	22,240	68,914	11,092	53,347	861,316	12,375	617,528
Total revenue	14,325,116	15,224,295	15,042,045	14,203,634	15,116,185	15,710,001	16,803,744	18,012,342	18,554,017	20,189,381
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,802,372	2,724,425	2,254,700	2,546,261	2,564,713	3,014,867	3,518,325	4,241,335	4,397,004	4,846,934
Public safety	4,700,580	4,866,822	4,668,617	5,170,198	4,928,196	5,156,993	5,313,236	5,637,089	5,829,779	6,142,535
Public works	3,058,533	4,101,935	3,123,736	3,470,559	4,154,574	3,685,816	3,815,701	3,608,516	3,488,114	3,760,349
Health and welfare	179,489	196,602	153,445	218,459	148,967	134,388	102,556	52,609	64,126	78,070
Recreation and culture	1,414,086	1,533,968	1,485,044	1,594,881	1,773,307	1,814,049	1,591,818	1,489,008	1,848,742	2,361,639
Debt Service:										
Principal	735,000	860,000	925,000	225,000	225,000	250,000	275,000	300,000	-	-
Interest	148,610	114,276	76,174	47,194	38,349	28,750	18,250	6,000	-	-
Capital Outlay	778,370	277,496	327,704	450,957	507,204	725,256	1,527,759	4,133,507	1,702,112	4,147,503
Total expenditures	13,817,040	14,675,524	13,014,420	13,723,509	14,340,310	14,810,119	16,162,645	19,468,064	17,329,877	21,337,030
Excess of Revenue over Expenditures	508,076	548,771	2,027,625	480,125	775,875	899,882	641,099	(1,455,722)	1,224,140	(1,147,649)
<b>Other Financing Sources (Uses):</b>										
Transfers In	756,953	916,693	555,034	189,916	570,000	630,000	749,921	938,500	973,000	1,755,000
Transfers Out	(807,953)	(1,057,508)	(582,034)	(339,916)	(600,000)	(710,000)	(947,607)	(938,500)	(973,000)	(1,755,000)
Other	-	-	-	-	-	-	108,506	64,729	59,013	53,398
Total other financing sources (uses)	(51,000)	(140,815)	(27,000)	(150,000)	(30,000)	(80,000)	(89,180)	64,729	59,013	53,398
Net Change in Fund Balances	457,076	407,956	2,000,625	330,125	745,875	819,882	551,919	(1,390,993)	1,283,153	(1,094,251)
Fund Balances - Beginning of year	6,615,458	7,072,534	7,480,490	9,481,115	9,811,240	10,557,115	11,376,997	11,928,916	10,537,923	11,821,076
Fund Balances - End of year	\$ 7,072,534	\$ 7,480,490	\$ 9,481,115	\$ 9,811,240	\$ 10,557,115	\$ 11,376,997	\$ 11,928,916	\$ 10,537,923	\$ 11,821,076	\$ 10,726,825
Debt Service as a percentage of noncapital expenditures	6.70%	6.77%	7.89%	2.09%	2.07%	2.06%	2.15%	2.00%	-	-

City of Berkley  
Taxable Value and Estimated Actual Value of Taxable Property  
Last Ten Tax Years

Tax Year	Fiscal Year	Taxable Value by Property Type				Total Value	Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
		Residential	Commercial	Industrial	Personal Property				
2013	2014	397,730,420	50,439,440	849,760	14,900,060	463,919,680	17.5074	473,399,655	98.00%
2014	2015	410,885,648	50,207,950	816,550	11,907,130	473,817,278	17.5454	521,957,503	90.78%
2015	2016	429,367,950	51,202,520	831,010	12,626,360	494,027,840	16.9791	591,165,960	83.57%
2016	2017	444,824,760	51,074,430	795,420	12,251,880	508,946,490	15.8215	634,050,220	80.27%
2017	2018	470,165,800	51,766,210	817,790	12,972,020	535,721,820	15.1746	683,000,240	78.44%
2018	2019	503,477,610	53,456,860	707,960	13,749,000	571,391,430	14.9025	722,186,870	79.12%
2019	2020	534,781,150	55,499,230	828,050	14,150,420	605,258,850	16.8238	787,137,440	76.89%
2020	2021	562,563,170	58,179,770	843,750	14,896,210	636,482,900	16.5476	838,198,290	75.93%
2021	2022	589,237,040	60,710,000	852,840	16,728,530	667,528,410	15.9886	875,290,290	76.26%
2022	2023	627,499,920	62,256,160	880,950	16,691,080	707,328,110	15.7752	922,269,888	76.69%

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% Of true cash value), limited for each property by the lower of 5% or inflation.

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

Source: Oakland County Equalization

City of Berkley  
Direct and Overlapping Property Tax Rates  
Last Ten Tax Years

Fiscal Year	Millage Rates - City of Berkley							Overlapping Taxes Berkley Schools		
	City Operating	Public Safety	Sanitation	Community Promotions	Public Safety Pension	City Debt	Capital Projects (Roads)	Total direct taxes	Homestead	Non-Homestead
2014	9.3101	1.8927	1.8927	0.1078	2.7435	1.5606	-	17.5074	4.7367	22.7367
2015	9.2831	1.8872	1.8872	0.1055	2.7120	1.6704	-	17.5454	4.7353	22.7353
2016	9.1456	1.8592	1.8592	0.1012	2.4290	1.5849	-	16.9791	7.7269	25.7269
2017	8.9818	1.8259	1.8259	0.0982	2.5445	0.5452	-	15.8215	7.7148	25.7148
2018	8.7590	1.7806	1.7806	0.0933	2.2684	0.4927	-	15.1746	7.6993	25.6993
2019	8.5697	1.7421	1.7421	0.0875	2.2684	0.4927	-	14.9025	7.6843	25.3465
2020	8.4034	1.7083	1.7083	0.0826	2.4975	0.4625	1.9612	16.8238	6.6517	24.0366
2021	8.2436	1.6758	1.6758	0.0785	2.5000	0.4500	1.9239	16.5476	6.1038	24.1038
2022	8.0696	1.6404	1.6404	0.0749	2.6800	-	1.8833	15.9886	6.0524	24.0524
2023	7.9299	1.6120	1.6120	0.0706	2.7000	-	1.8507	15.7752	6.0090	24.0090

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

General operating	7.9299
Public safety	1.6120
Sanitation	1.6120
Community promotions	0.0706

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

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

<u>Royal Oak Schools</u>		<u>Oakland County</u>							<u>Downtown</u>
<u>Homestead</u>	<u>Non-Homestead</u>	<u>Oakland County</u>	<u>Oakland Intermediate Schools</u>	<u>Oakland Community College</u>	<u>Public Transportation Authority</u>	<u>State Education</u>	<u>HCMA</u>	<u>Zoo Authority</u>	<u>Development Authority</u>
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
6.6965	22.2263	4.0400	3.1113	1.5555	0.9863	6.0000	0.2140	0.0998	1.9217
6.6245	22.2160	4.0400	3.0863	1.5431	1.0000	6.0000	0.2129	0.0982	1.9084
6.0511	24.0511	4.0400	3.0605	1.5303	0.9927	6.0000	0.2117	0.0973	1.8776
6.2372	28.5804	4.0200	3.0362	1.5184	0.9851	6.0000	0.2104	0.0965	1.8676
5.3966	21.5366	4.0132	3.0110	1.5057	0.9765	6.0000	0.2089	0.0965	1.8225
3.9331	21.9331	0.3431	2.9777	1.4891	0.9500	6.0000	0.2070	0.0945	1.8184

City of Berkley  
Principal Property Tax Payers  
Current Year and Ten Years Ago

Taxpayer	2023 Taxable Value	% of total	2014 Taxable Value	% of total	2014 Rank
1 Consumers Energy	\$ 10,942,320	1.55%	\$ 2,373,540	0.50%	3
2 DTE Electric	5,450,000	0.77%	2,517,250	0.53%	2
3 DHS Management	3,314,970	0.47%	2,751,530	0.58%	1
4 Woodward Berkle LLC	2,306,990	0.33%	-	-	N/A
5 814 Berkley LLC	2,179,120	0.31%	-	-	N/A
6 Essco of Berkley LLC	1,549,700	0.22%	-	-	N/A
7 Anusbigian LLC	1,571,130	0.22%	1,168,880	0.25%	8
8 Capital Development Corp	1,167,860	0.17%	1,234,120	0.26%	6
9 2200 Berkley LLC	1,150,270	0.16%	-	-	N/A
10 Monarch Acquisition LLC	1,120,830	0.16%	-	-	N/A
Northwood Medical Limited Ptnrs	-	-	1,777,140	0.38%	4
SD Investments	-	-	835,130	0.18%	9
Berkley Twelve Associates II	-	-	1,202,540	0.25%	7
Dynex Commercial Services	-	-	1,485,360	0.31%	5
Winward Berkley Properties	-	-	803,940	0.17%	10
 Total Taxable Value	 <u>\$ 30,753,190</u>	 <u>4.36%</u>	 <u>\$ 16,149,430</u>	 <u>3.41%</u>	

Source: Oakland County Equalization Department  
City of Berkley Treasury Department

City of Berkeley  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections(1)	Percent Collected	Delinquent Collections (2)	Total Tax Collections	Percent of Levy Collected
2013	2014	9,042,351	9,023,584	99.79%	16,973	9,040,557	99.98%
2014	2015	9,231,605	9,225,574	99.93%	5,111	9,230,685	99.99%
2015	2016	9,279,449	9,265,679	99.85%	9,786	9,275,465	99.96%
2016	2017	8,962,059	8,950,100	99.87%	11,959	8,962,059	100.00%
2017	2018	9,042,743	9,033,469	99.90%	9,274	9,042,743	100.00%
2018	2019	9,138,215	9,122,750	99.83%	15,465	9,138,215	100.00%
2019	2020	10,340,646	10,318,128	99.78%	22,518	10,340,646	100.00%
2020	2021	11,010,588	10,773,161	97.84%	237,427	11,010,588	100.00%
2021	2022	12,133,120	11,828,625	97.49%	296,941	12,125,566	99.94%
2022	2023	12,308,913	12,025,045	97.69%	283,868	12,308,913	100.00%

Source: Oakland County Settlement Document  
City of Berkeley Accounting Records

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

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

City of Berkeley  
Ratios of Outstanding Debt  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
General Obligation bonds	\$ 2,675,000	\$ 2,000,000	\$ 1,275,000	\$ 1,050,000	\$ 825,000	\$ 575,000	\$ 300,000	\$ -	\$ -	\$ -
Installment purchase agreements	385,000	200,000	-	-	-	-	-	-	-	-
Total governmental activities debt	3,060,000	2,200,000	1,275,000	1,050,000	825,000	575,000	300,000	-	-	-
<b>Business-type Activities:</b>										
General Obligation bonds	4,627,609	4,214,602	3,798,436	3,341,323	2,890,818	2,431,167	1,960,800	1,479,711	986,951	588,020
Total debt of the government	\$ 7,687,609	\$ 6,414,602	\$ 5,073,436	\$ 4,391,323	\$ 3,715,818	\$ 3,006,167	\$ 2,260,800	\$ 1,479,711	\$ 986,951	\$ 588,020
Total taxable value (1)	\$ 463,919,680	\$ 473,817,278	\$ 494,027,840	\$ 508,946,490	\$ 535,721,820	\$ 571,391,430	\$ 605,258,850	\$ 636,482,900	\$ 667,528,410	\$ 707,328,110
Ratio of total debt to personal income	1.66%	1.35%	1.03%	0.86%	0.69%	0.53%	0.37%	0.23%	0.15%	0.08%
Total Population	15,253	15,089	15,135	15,272	15,239	15,269	15,513	15,194	15,238	14,928
Total debt per capita	\$ 504	\$ 425	\$ 335	\$ 288	\$ 244	\$ 197	\$ 146	\$ 97	\$ 65	\$ 39

(1) Personal income is not available

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

City of Berkeley  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	UTGO City General Obligation Bonds	General Obligation Bonds Issued by County on Behalf of the City	Total General Obligation Debt	Taxable Values	Total General Bonded Debt as a Percentage of Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt Per Capita
2014	2,675,000	4,627,609	7,302,609	463,919,680	0.58%	1.57%	15,253	479
2015	2,000,000	4,214,602	6,214,602	473,817,278	0.42%	1.31%	15,089	412
2016	1,275,000	3,798,436	5,073,436	494,027,840	0.26%	1.03%	15,135	335
2017	1,050,000	3,341,323	4,391,323	508,946,490	0.21%	0.86%	15,272	288
2018	825,000	2,890,818	3,715,818	535,721,820	0.15%	0.69%	15,239	244
2019	575,000	2,431,167	3,006,167	571,391,430	0.10%	0.53%	15,269	197
2020	300,000	1,960,800	2,260,800	605,258,850	0.05%	0.37%	15,513	146
2021	-	1,479,711	1,479,711	636,482,900	0.00%	0.23%	15,194	97
2022	-	986,951	986,951	667,528,410	0.00%	0.15%	15,238	65
2023	-	587,381	587,381	707,328,110	0.00%	0.08%	14,928	39

Source: SEMCOG  
Tax Value - Oakland County Equalization



City of Berkley  
Direct and Overlapping Governmental Activities Debt  
June 30, 2023

Governmental unit	Debt Outstanding	Estimated % applicable	Estimated share of overlapping debt
Overlapping Debt:			
Berkley School District	\$ 45,575,000	54.61%	\$ 24,888,508
Royal Oak School District	35,730,000	0.44%	157,212
Oakland County	181,894,707	1.03%	1,873,515
Oakland County Intermediate School District	39,675,000	1.03%	408,653
Oakland County Community College	-	-	-
Total Overlapping Debt			27,327,888
Direct City debt			-
Total Direct and Overlapping Debt			\$ 27,327,888

Source: Percentages obtained from Municipal Advisory Council of Michigan

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

City of Berkeley  
 Legal Debt Margin  
 Last Ten Fiscal Years

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Calculation of debt limit:										
State equalized valuation (SEV)	\$ 473,399,655	\$ 521,957,503	\$ 591,165,960	\$ 634,050,220	\$ 683,000,240	\$ 772,186,870	\$ 787,137,440	\$ 838,198,290	\$ 875,290,290	\$ 922,269,888
Debt limit (10% of SEV)	47,339,966	52,195,750	59,116,596	63,405,022	68,300,024	77,218,687	78,713,744	83,819,829	87,529,029	92,226,989
Calculation of debt subject to limit:										
Total debt (1)	7,687,609	6,414,602	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711	986,953	587,381
Less: debt not subject to limit	-	-	-	-	-	-	-	-	-	-
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	7,687,609	6,414,602	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711	986,953	587,381
Legal Debt Margin	\$ 39,652,357	\$ 45,781,148	\$ 54,043,160	\$ 59,013,699	\$ 64,584,206	\$ 69,212,520	\$ 76,452,944	\$ 82,340,118	\$ 86,542,076	\$ 91,639,608
Net debt subject to limit as % of debt limit	16.24%	12.29%	8.58%	6.93%	5.44%	4.16%	2.87%	1.77%	1.13%	0.64%

Source: Oakland County Equalization  
 City annual financial statements

(1) All debt including PA 99 installment debt

City of Berkeley  
 Legal Debt Margin  
 PA 99 Debt Only  
 Last Ten Fiscal Years

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Calculation of debt limit:										
Taxable Value (TV)	\$ 463,919,680	\$ 473,817,278	\$ 494,027,840	\$ 508,946,490	\$ 535,721,820	\$ 571,391,430	\$ 605,258,850	\$ 636,482,900	\$ 667,528,410	\$ 707,328,110
Debt Limit (1.25% of TV)	5,798,996	5,922,716	6,175,348	6,361,831	6,696,523	7,142,393	7,565,736	7,956,036	8,344,105	8,841,601
Calculation of debt subject to limit:										
Total debt	385,000	200,000	-	-	-	-	-	-	-	-
Less: debt not subject to limit	-	-	-	-	-	-	-	-	-	-
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	385,000	200,000	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 5,413,996	\$ 5,722,716	\$ 6,175,348	\$ 6,361,831	\$ 6,696,523	\$ 7,142,393	\$ 7,565,736	\$ 7,956,036	\$ 8,344,105	\$ 8,841,601
Net debt subject to limit as % of debt limit	6.64%	3.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City annual financial statements

City of Berkley  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year (1)	Water and Sewer Fund Operating Revenue (2)	Less: Operating Expenses	Net Revenue	Water and Sewer Debt Service			Coverage
				Principal	Interest	Total	
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%
2018	6,196,595	6,337,214	(140,619)	450,505	79,271	529,776	-0.27%
2019	6,170,042	5,485,593	(315,551)	459,651	69,706	529,357	-0.60%
2020	6,915,755	5,888,960	1,026,795	470,368	55,869	526,237	1.95%
2021	7,146,772	5,658,086	1,488,686	481,089	47,303	528,392	2.82%
2022	7,333,257	6,233,151	1,100,106	492,760	35,709	528,469	2.08%
2023	6,722,000	6,493,293	228,707	398,933	23,833	422,766	0.54%

Source: City of Berkley finance department.

(1) Debt starts in fiscal year 2004.

(2) Interest income is not included in operating revenue

City of Berkeley  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year Ending Fiscal Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate
2014	15,253	70,625	36,539	8.40%
2015	15,089	75,856	38,872	5.40%
2016	15,135	*	*	4.70%
2017	15,272	*	*	4.40%
2018	15,239	74,172	38,667	2.90%
2019	15,269	77,772	40,009	3.70%
2020	15,513	82,095	38,667	14.90%
2021	15,194	74,172	38,667	3.60%
2022	15,238	93,038	47,840	2.10%
2023	14,928	96,993	51,070	2.80%

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

\* Information not available

City of Berkley  
Principal Employers  
Current Year and Ten years Ago

Employer	Year Ended June 30, 2023			Year Ended June 30, 2013		
	Employees	Rank	Percentage of total (1)	Employees	Rank	Percentage of total
Berkley School District	720	1		567	1	15.03%
Westborn Market	164	2		100	4	2.65%
Crispelli's	82	3		57	6	1.51%
City of Berkley	80	4		69	5	1.83%
Green Lantern	78	5		-	-	-
Vinsetta Garage	70	6		132	2	3.50%
Stantec	45	7		-	-	-
24 Seconds	20	8		-	-	-
Berkley Common	17	9		-	-	-
Durst Lumber	15	10		27	9.00	0.72%
O'Mara's Restaurant	-	-		33	8	0.87%
The Doll Hospital & Toy Soldier Shop*	-	-		50	7	1.33%
Sila's Pizzeria	-	-		25	10	0.66%
Farina's Banquet Center	-	-		25	10	0.66%
NorthPointe Heart Center	-	-		25	10	0.66%
SHW Group	-	-		102	3	2.70%
Total	1,291			1,212		

(1) Total number of all employees not available

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

City of Berkeley  
Full-time Equivalent City Government Employees  
Last Ten Fiscal Years

Department	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Manager	1.60	1.60	2.60	3.00	2.00	2.00	2.00	2.00	4.00	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	1.00	1.00	1.00	1.00	1.00	1.00	2.00
City Clerk/Elections	1.60	1.60	1.60	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Treasury	1.05	1.05	1.05	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Finance	1.15	1.15	1.15	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Public Safety	33.15	33.15	34.00	34.00	35.00	40.00	40.00	40.00	40.00	39.00
Building	0.95	0.95	0.95	2.00	3.00	3.00	3.00	3.00	3.00	4.00
Public Works (1)	6.15	5.83	5.73	12.00	12.00	8.00	8.00	8.00	8.00	8.00
Public Works Garage	0.15	0.56	0.60	1.00	2.00	1.00	1.00	1.00	1.00	1.00
Solid Waste	2.28	2.21	2.21	-	-	1.00	1.00	1.00	1.00	1.00
Water and Sewer	7.23	7.17	9.76	1.00	1.00	5.00	5.00	5.00	5.00	7.00
Parks and Recreation	3.45	4.70	4.05	5.00	5.00	5.00	5.00	5.00	5.00	6.00
Arena	1.55	1.30	0.95	-	-	-	-	-	-	-
Library	2.95	2.95	2.95	4.00	3.00	2.00	2.00	3.00	3.00	2.00
Court	6.00	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>71.01</b>	<b>65.97</b>	<b>69.35</b>	<b>70.00</b>	<b>71.00</b>	<b>75.00</b>	<b>75.00</b>	<b>76.00</b>	<b>78.00</b>	<b>80.00</b>

Source: City of Berkeley Finance department budget record

(1) Public works includes Major and Local Streets

City of Berkeley  
Operating Indicators  
Last Ten Fiscal Years

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government:</b>										
Registered Voters	12,349	12,295	12,527	12,719	12,353	12,774	13,182	13,268	13,259	12,918
Voters at Polls	1,578	3,214	1,664	7,383	2,318	6,598	3,555	2,441	1,850	3,018
Absentee Ballots	797	940	833	2,292	748	2,254	4,576	5,626	1,844	2,887
Percent Voting	19.28%	33.79%	19.93%	76.07%	18.76%	69.30%	62.00%	60.80%	27.86%	45.71%
<b>Public Safety:</b>										
Responses to Calls for Service	15,513	16,910	16,308	15,654	17,029	16,992	15,982	11,275	12,757	12,836
Motor Vehicle Accidents	410	404	360	394	377	370	385	233	292	28
Assaults	70	80	45	43	45	36	29	36	49	47
Burglary	21	22	37	12	14	10	4	3	9	6
Property Damage	30	45	25	27	45	17	43	17	10	14
Number of Arrests	829	1,113	1,295	1,199	1,120	978	498	450	655	753
Fire:										
Fire Incidents (1)	87	183	120	186	154	180	157	167	260	38
Fire Inspections Conducted	48	48	157	406	233	423	484	576	784	646
Medical Emergencies	890	894	849	838	842	879	912	850	929	875
<b>Parks and Recreation:</b>										
Youth Classes	94	90	94	88	85	95	24	52	68	70
Adult Classes	81	80	79	78	82	120	24	53	56	57
Youth Leagues	-	-	-	-	-	-	-	-	-	-
Adult Leagues	7	5	5	4	4	4	1	3	3	3
Summer Day Camp Participants	185	250	305	347	389	427	-	146	300	329
Senior Citizens Programs	25	25	27	24	28	45	10	10	42	45
Ice Arena:										
Number of Skaters enrolled	60	106	130	-	-	-	-	-	-	-
Hours of Ice Time Sold	1,624	1,470	1,500	-	-	-	-	-	-	-
<b>Public Works:</b>										
Water Purchased from SOCWA	48,465,200	45,348,400	51,593,000	54,613,400	51,661,800	54,203,700	47,761,000	47,488,300	48,486,404	48,458,331
Water Sold to Customers	49,783,200	46,240,200	46,216,000	47,797,400	47,124,100	44,495,600	42,367,500	44,670,200	41,913,600	42,310,850
Number of Meters	6,819	6,833	6,832	6,835	6,871	6,873	6,871	6,887	6,896	6,904
<b>Library:</b>										
Items Circulated	149,803	145,770	146,573	147,623	150,004	157,256	136,610	132,093	185,403	201,373
Circulation per Capita	10	10	10	10	10	11	9	9	12	13
Reference and Patron Assistance	13,687	14,440	14,351	13,769	12,839	12,710	8,174	10,500	5,106	8,638
Electronic Access	8,762	11,239	13,290	13,537	15,885	19,625	27,191	35,043	30,540	35,242
Registered Borrowers	7,960	7,991	7,826	7,454	7,396	6,368	6,475	6,541	6,178	5,820



City of Berkeley  
Operating Indicators  
Last Ten Fiscal Years

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Materials Borrowed-Non-Residents	44,714	41,900	41,478	42,206	41,565	46,029	37,804	21,250	54,606	58,756
Materials Borrowed-Berkeley Resident	24,031	19,816	19,038	17,687	19,745	19,471	11,115	11,340	9,351	14,534
Number of Participants in Activities	4,189	6,536	4,260	5,507	5,942	5,959	4,425	2,546	2,836	3,677
Public Internet Sessions	30,530	32,111	31,264	19,763	16,906	16,108	11,573	47	6,018	8,357
Books Borrowed	106,455	99,365	99,178	99,499	96,383	89,209	70,692	53,907	124,317	136,741
Audio/Video/CD Borrowed	34,586	45	40,902	39,428	36,219	29,439	21,576	9,645	39,842	28,576
Library Visits*	-	-	-	118,263	116,217	111,901	75,323	2,947	65,247	83,522
<b>Treasury:</b>										
Summer Tax Bills Processed	3,592	3,564	3,495	3,423	3,360	3,360	3,355	3,378	3,378	3,374

\*Category initiated FYE 2017

(1) Fire incident includes open burns and downed wires

City of Berkeley  
Capital Asset Statistics  
Last Ten Fiscal Years

Function/program	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	-	-	-	-
Public Safety	12,000	12,000	12,000	12,000	12,000	12,000	12,600	12,600	12,600	12,600
Public Works	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	26,146
<b>Public Safety:</b>										
Fire Vehicles	2	2	2	2	2	2	2	3	3	3
Police Vehicles	15	15	15	15	16	16	17	17	22	22
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works:</b>										
Major Streets (miles)	16	16	16	16	16	16	16	16	18	18
Local Streets (miles)	36	36	36	36	36	36	36	36	36	36
Street Lights	750	720	720	720	720	720	720	720	723	723
Vehicles in City Fleet	41	41	40	40	40	40	40	40	40	48
<b>Parks and Recreation:</b>										
Parks	9	9	9	9	9	9	9	9	9	9
Park Land (Acres)	39	42	42	42	42	42	42	42	42	42
Baseball Fields	8	8	8	8	8	8	8	8	8	8
Ice Arena	1	1	1	1	1	1	-	-	-	-
Historical Museum	1	1	1	1	1	1	1	1	1	1
Tennis Courts	-	-	-	-	-	-	10	10	10	10
<b>Water &amp; Sewer</b>										
Water Mains (Miles)	53	53	53	53	53	53	53	53	57	57
Sanitary Sewers (Miles)	56	56	56	69	69	69	69	69	71	71
Fire Hydrants	500	500	500	500	500	500	500	500	522	522

Sources: Berkeley Building Department - Square Footage  
 Berkeley Public Safety - Capital Asset Information  
 Berkeley Public Works - Capital Asset Information including Water/Sewer  
 Berkeley Parks and Recreation - Program Information  
 Berkeley Finance Department Fleet Information