



# City of Berkley



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2014**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Berkley, Michigan  
For the Fiscal Year Ended June 30, 2014  
as prepared by the Finance Department

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## **City Council**

Phil O'Dwyer – Mayor

Dan Terbrack, Mayor Pro-Tempore  
John (Jack) Blanchard  
Alan H. Kideckel

Steven W. Baker  
Tina Edgar  
Eileen Steadman

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## **City Manager**

Jane Bais-DiSessa

## **Finance Director/Treasurer**

David L. Sabuda, CPA

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City of Berkley, Michigan  
List of City Officials  
June 30, 2014



**City Manager**

Jane Bais-DiSessa, City Manager  
Darchelle Strickland-Love, Assistant to the City Manager  
Nancy Line, Communications Coordinator  
Stan Lisica, Information Technology Coordinator

**City Clerk**

Annette Boucher, City Clerk  
Vacant, Deputy City Clerk

**District Court**

The Honorable James Wittenberg  
Tami Bone, Court Administrator

**Department of Public Works**

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

**Finance/Treasury Department**

David L. Sabuda, CPA, Finance Director/Treasurer  
Bryan Bemis, Deputy Treasurer  
Laurie Fielder, Accountant  
Susan Reddin, Accountant

**Library**

Matthew Church, Library Director  
Karen Endres, Executive Assistant  
Carol Stather, Librarian

**Parks and Recreation**

D. Tom Colwell, Director  
Theresa McArleton, Deputy Director  
Scott Jennex, Programming

**Planning**

Amy Vansen, AICP, City Planner  
Stephanie Ramsay, Department Clerk

**Public Safety**

Richard M. Eshman, Chief  
Robert North, Deputy Chief  
Selena Frost, Executive Assistant

# City of Berkley

3338 Coolidge Highway, Berkley, MI 48072



"We Care"

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

## LETTER OF TRANSMITTAL

November 13, 2014

The Honorable Mayor Phil O'Dwyer  
Members of the City Council  
Jane Bais-DiSessa, City Manager  
and Citizens of the City of Berkley

We are pleased to submit the Comprehensive Annual Financial Report of the City of Berkley for the fiscal year ending June 30, 2014. This is the third Comprehensive Annual Financial Report to the Mayor and City Council. This is a more comprehensive financial report of the City than what previous Mayors and City Councils have received.

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

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the detailed MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

### Reporting Changes

During the year-ended June 30, 2014, the City implemented the reporting changes required to be instituted in the financial statements of local units of government as established by Governmental Accounting Standards Board (GASB) Statement Number 65 *Items previously reported as Assets and Liabilities*. GASB 65 reclassifies certain balance sheet items previously reported as assets and liabilities and now classifies them as deferred inflows and outflows of resources. The City also implemented GASB Statement Number 67 *Financial Reporting for Pension Plans*. GASB 67 applies to the Berkley Public Safety Pension System. GASB 67 required actuarial valuations that changed the measurement of the employer liability. These valuations and changes in measurement changed footnotes and required supplementary information reporting within the financial statements.

### Profile of the Local Government

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

The City operates under a Council-Manager form of government. The Mayor is elected to a two-year term and six council members are elected for four-year overlapping terms. The City Council appoints the City Manager, and the City Attorney. Both serve at the pleasure of the City Council. All other department heads are appointed by the City Manager. The City Manager directs all city operations, projects and programs.

The City provides a full range of municipal services including police and fire through a public safety department; public services, parks, recreational programming for adults, children and seniors, and cultural services at the City library. Building inspection, code enforcement and planning and development are also provided by the City. In addition to general government services, the activities of the Downtown Development Authority are reported as a discretely presented component unit of the City.

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

#### **Factors Affecting Financial Condition**

**City Operation** – Fitch's rating service, which provides credit rating and other financial analysis, confirms the City of Berkley's high quality rating on general obligation bonds as AA with a stable outlook in May 2013. This rating places Berkley in a solid position as compared to other municipalities in Southeastern Michigan and the State.

According to Fitch's rating service, the City has sound financial management evidenced by its conservative budgeting and aggressive cost cutting actions enabling the preservation of healthy reserve levels, despite pressure from declining property tax revenues and state aid revenues. Prudent fiscal policies and multi-year financial forecasting are the tools utilized to achieve these budgetary results. The City has moderate debt levels with very rapid amortization with the pension plans and compensated absence requirements being well-funded. Revenue flexibility has been achieved as a result of the voter-approved Headlee override which began to generate \$1.36 million in additional revenue in fiscal year 2013/14.

Fitch also states that the City has preserved adequate unrestricted fund balance in order to insure fiscal soundness into the future to offset certain budgetary limitations.

**Local Economy** - Wealth levels within the City of Berkley remain above state and national averages. The median household income in Berkley is just over \$65,600. The per capita income is just over \$34,500. The median housing value calculated by the Southeast Michigan Council of Governments is \$165,600; the median gross rents are \$1,005/month. The average taxable value in the City as determined by the City Finance Department is \$60,390. In 2010, there are just over 6,400 single family homes and another 624 multi-unit residences. Within this amount 5,363 are owner occupied and another 1,231 are rented. Approximately 339 units are vacant and the rest of the housing is seasonally occupied.

The Southeast Michigan Council of Governments is also forecasting that the City of Berkley will maintain a level population of 15,000 people through 2035. As of 6/30/2014, the population of the City of Berkley is 15,253. As of 7/1/2014, the unemployment level within the City according to Home-Facts as of the same date is 8.40% which is under the State unemployment rate of 8.6% but higher than the National average of 6.2%.

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

The city's tax base has halted its downward moving trend. The city's tax base declined 13.51% from July 1, 2009 through June 30, 2012 with the largest decline incurring in July 2010 at 6.8%. Tax-base constriction continued at a lesser extent, with a 2.38% decline in July 2012. In July 2013 the City saw its tax base rebound with a 2.23% overall tax value increase. In July 2014, the City saw its overall tax base increase another 2.13%. According to Oakland County Equalization, it is anticipated that the city's tax base will increase by another 2.0% for the July 2015 tax collection (Fiscal year 2015/16) and another 2.5% for the July 2016 tax collection (Fiscal Year 2016/17)



As stated earlier, to offset the tax base loss and to achieve revenue flexibility, the City was able to pass through a vote of the people a Headlee tax override of \$3.00/thousand taxable value on all real and personal property in the City. This vote occurred in August 2012. The tax override went into effect on the 7/1/2013 property tax billing. This additional tax levy added \$1.362 million for City operation net of tax increment capture. It is anticipated that State Shared Revenues now and into the future will remain steady but not increase at a fast pace due to the state economy. The City has seen its OPEB long-term liability funding ratio increase to 18.5%. City labor contracts are in full force and effect. They expire on June 30, 2015.

**Pension and Other Postemployment Benefits** - The City has two pension systems. The Public Safety Officers have their pension benefits overseen by a board appointed by the Mayor and approved by City Council along with union membership representation and the City Treasurer. All other employees participate in the Michigan Municipal Employee Retirement System (MERS). Internally, the City Finance Department administers the pension benefits of the public safety officers with Board oversight. MERS administers the pension benefits of all other eligible employees. The Finance Department coordinates all pension issues with MERS locally. The City's annual required contribution is determined by an independent actuary engaged by the Board for the public safety officers and MERS for all other eligible employees. The City of Berkley fully funds the annual required contribution for pensions. To reduce future liabilities, the City has closed certain non-union and public works employee divisions from new hires. New hires receive lower pension multiplier benefits in these new groups. All non-union and 7/1/2005 new hires at public works must contribute towards their pension benefit. All public safety, non-union and public works employees hired on or after 7/1/2005 or 7/1/2008 no longer receive a defined benefit health care plan at retirement. The City requires contributions to a third party administrator and matches contributions as defined by contract or policy.

**Awards** - The Government Finance Officers Association (GFOA) has awarded to the City of Berkley a certificate of excellence in budgetary reporting for fiscal years 2008/09 through 2013/14. The City also received a certificate of achievement for excellence in financial reporting from GFOA for its first Comprehensive Annual Financial Report that was provided to the leadership and citizens of the City for fiscal year 2011/12 and 2012/13.

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

Sincerely,

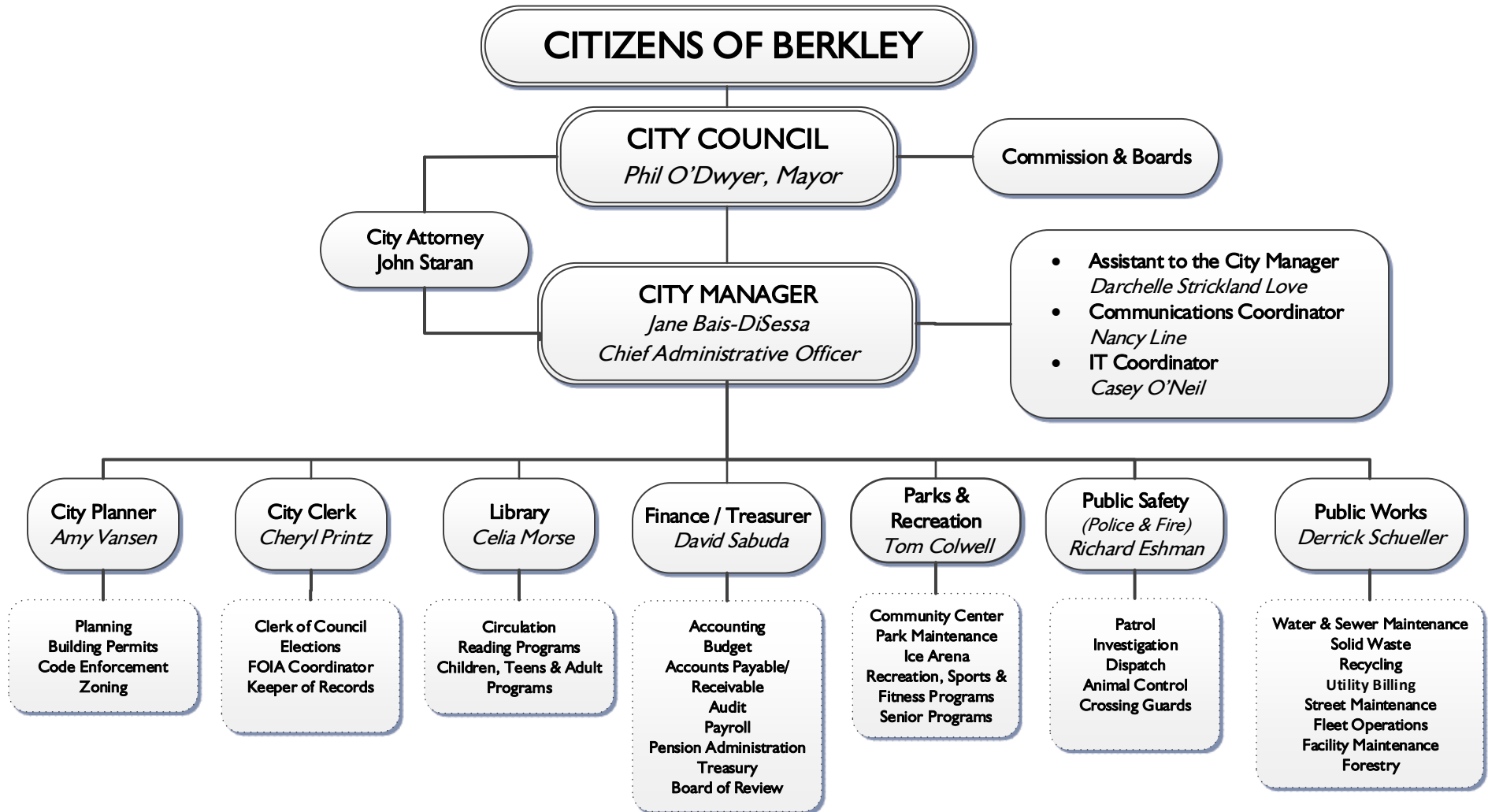


Laurie Fielder  
Accountant



David L. Sabuda, CPA  
Finance Director/Treasurer

# City of Berkley



\*\* The City Manager is responsible for Human Resources, Purchasing, Budget, Risk Management and administrative oversight for all City Departments.

# City of Berkley, Michigan Fund Organization Chart



## **GOVERNMENTAL FUNDS**

General Fund

### **Special Revenue Funds**

Major Street

Local Street

Solid Waste

Community Development Block Grant (CDGB)

Drug Forfeiture

Recreation Revolving

Seniors Program

### **Debt Funds**

2002 Installment Purchase

2006 Major and Local Street Debt

2006 Eleven Mile Road Debt

2006 Twelve Mile Road Debt

### **Capital Projects**

District Court Building

Public Improvements

## **PROPRIETARY FUNDS**

Ice Arena

Water and Sewer

Fringe Benefits/Compensated Absences

## **FIDUCIARY - PENSION TRUST FUND**

Public Safety Pension System

## **FIDUCIARY - AGENCY FUNDS**

General Agency - Trust Fund

General Agency – Tax Collection Fund

## **COMPONENT UNIT**

Downtown Development Authority

Downtown Development Authority TIF Capture



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Berkeley  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

## Independent Auditor's Report

To the City Council  
City of Berkley, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berkley, Michigan (the "City") as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berkley, Michigan as of June 30, 2014 and the respective changes in its financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Berkley, Michigan

### ***Emphasis of Matter***

As discussed in Note 17 to the financial statements, during the year ended June 30, 2014, the City adopted new accounting guidance under the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of implementing this new guidance, the City now reports deferred inflows for governmental fund revenue that is not available. The City also adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. Adoption of this statement resulted in significant changes to the defined benefit pension plan related note disclosures as well as the required supplemental information schedules. Our opinion is not modified with respect to this matter.

### ***Required Supplemental Information***

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

### ***Other Information***

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

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

To the City Council  
City of Berkley, Michigan

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

*Plante & Moran, PLLC*

November 17, 2014

# City of Berkley, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Berkley, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2014:

- Property tax values increased slightly (2.23 percent - \$9,881,860) for the July 1, 2013 tax collection season that funds the 2013-2014 fiscal year. This is the first year since 2008-2009 that the City has experienced an overall increase in its taxable value. Last fiscal year, taxable values declined 2.38 percent or approximately \$11.1 million. The 2.23 percent taxable value increase was a better increase than anticipated by the City.

State and national economies are starting to rebound. Specifically contributing to the taxable value increase is better-than-expected home sales prices in the area. The City is anticipating that the increase trend in tax values will continue into the future. Also contributing to the tax value increase is unemployment in Berkley and the surrounding region. According to the U.S. Department of Labor and Statistics, the area's unemployment rate at June 30, 2014 was 8.5 percent. This is a 0.5 percent decline in unemployment for the area as compared to last fiscal year.

- Constitutional and economic vitality incentive program (EVIP) state-shared revenue, the second largest revenue source for the City, increased slightly (\$33,556 or 2.7 percent) in fiscal year 2013-2014 as compared to fiscal year 2012-2013. This is the third year the City has seen a slight increase in this revenue source. This is due to the City participating in the State of Michigan Economic Vitality and Incentive Program (EVIP) and completing all phases of the program and the State of Michigan increasing constitutional payments to local governments by 2.3 percent.
- The City did see an increase in construction licenses and permit revenue in fiscal year 2013-2014. This revenue stream increased by 5.8 percent or \$16,294. This economic indicator highlights that the housing market is continuing to turn around and the City will continue to see better tax value increases in fiscal year 2014-2015.
- To offset the loss of tax revenue and to slightly increase infrastructure investments, the City sought in August 2012 a \$3.00 per thousand Headlee tax override. This levy was overwhelmingly passed with almost 70 percent of the voters approving the Headlee property tax override. This levy went into effect on July 1, 2013. The levy generated \$1.362 million net of tax increment finance capture for the City. The funds were utilized in the General Fund, Major and Local Street Funds, Capital Improvements, and the Solid Waste Fund.



# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

- Across all operating funds, total net position related to the City's governmental activities increased by \$1.1 million in fiscal year 2013-2014. Overall, governmental activity revenue outpaced associated spending. This is due to the City managing expenditures very carefully and ensuring that program revenues met program costs.
- The City continued to maintain the structural integrity of the City water mains and sewer system. The City invested and capitalized just over \$418,841 in water and sewer improvements over the 2013-2014 fiscal year. The majority of these dollars were spent on the sewer system. The City relined sewer lines during the fiscal year with these funds. The balance of improvement dollars were spent on building improvements and equipment for the water/sewer department.
- The City continued to invest in the general infrastructure of the City. Over \$1.249 million worth of capital improvements were performed in fiscal year 2013-2014, with \$898,000 spent on general city infrastructure (roads and buildings) and \$351,000 spent on replacing existing general city equipment within various departments.
- For the 15<sup>th</sup> consecutive year, the City invested in the library collection. The library purchased \$60,400 in new reading and rental materials. The Friends of the Library contributed over \$8,000 in funding for the library in fiscal year 2013-2014.
- The Planning Commission and the City Council approved an updated capital improvements program for the time period of fiscal year 2013-2014 through 2019-2020. The total amount of the program is approximately \$22.5 million dollars. This is a 138 percent increase from the previous plan. This increase is due to the increase in tax value and the passage of the Headlee amendment in August 2012.
- The City Council approved an updated capital equipment program for the time period of fiscal year 2013-2014 through 2019-2020. The total amount of the program is approximately \$4,088,000. This is a 34 percent increase in our funding plan. This is due to the increase in property tax values and the passage of the Headlee amendment in August 2012.
- The City determined in May 2011 that, as of June 30, 2009, its GASB Statement No. 45 other postemployment benefit (OPEB) net unfunded liability is estimated to be \$16,620,188 over the next 27 years. This is a 23 percent reduction in liability from our June 30, 2006 valuation. The reduction is due to partially funding the liability and also negotiating with labor unions a change in healthcare benefits including higher deductibles for active and retired employees starting in April 2011.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

The annual calculated OPEB liability contribution for fiscal year 2013-2014 was \$1,761,510 including interest and adjustments. The City paid \$1,211,000 on a pay-as-you-go basis including an implicit rate subsidy contribution. The City then invested an additional \$231,200 toward the OPEB liability in fiscal year 2013-2014. These additional funds (\$231,200) were again transferred to a third-party trust for investing and safekeeping. The third-party trust is with the Municipal Employees' Retirement System (MERS). The total payment made by the City in fiscal year 2013-2014 toward the yearly OPEB liability totaled \$1,442,200.

After these payments and adjustments, the City recorded an additional \$319,309 OPEB liability on its statement of net position as of June 30, 2014. The City recorded \$316,648 of the OPEB liability in the government-wide financial statements and \$2,661 of the OPEB liability in the Water and Sewer Fund.

The total four-year accumulated unfunded accrued OPEB liability recorded by the City as of June 30, 2014 is \$3,152,644. The Water and Sewer Fund has recorded \$128,385 of the cumulative OPEB liability and the government-wide financial statement has \$3,024,259 of the OPEB cumulative liability.

As of June 30, 2014, the City has \$3,274,621 set aside with MERS for future other postemployment employee benefits for certain retirees. These funds are accounted for on the MERS financial statements. At June 30, 2014, the City has funded 18.5 percent of its current OPEB liability.

### **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 of Berkley, Michigan 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 determine if taxpayers have funded the full cost of providing government services.

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

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

### The City of Berkley as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2013 and 2014 (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current assets	\$ 8.6	\$ 8.0	\$ 4.1	\$ 3.3	\$ 12.7	\$ 11.3
Capital assets	<u>13.6</u>	<u>13.4</u>	<u>15.1</u>	<u>15.1</u>	<u>28.7</u>	<u>28.5</u>
Total assets	22.2	21.4	19.2	18.4	41.4	39.8
<b>Liabilities</b>						
Current liabilities	1.9	1.7	1.0	0.8	2.9	2.5
Long-term liabilities	<u>5.7</u>	<u>6.2</u>	<u>4.3</u>	<u>4.8</u>	<u>10.0</u>	<u>11.0</u>
Total liabilities	<u>7.6</u>	<u>7.9</u>	<u>5.3</u>	<u>5.6</u>	<u>12.9</u>	<u>13.5</u>
<b>Net Position</b>						
Net investment in capital assets	10.5	9.5	10.5	10.0	21.0	19.5
Restricted	2.5	2.4	-	-	2.5	2.4
Unrestricted	<u>1.6</u>	<u>1.6</u>	<u>3.4</u>	<u>2.8</u>	<u>5.0</u>	<u>4.4</u>
Total net position	<u>\$ 14.6</u>	<u>\$ 13.5</u>	<u>\$ 13.9</u>	<u>\$ 12.8</u>	<u>\$ 28.5</u>	<u>\$ 26.3</u>

The City's combined total net position increased just over 8.3 percent from a year ago - increasing from \$26.3 million to \$28.5 million. Unrestricted net position of the governmental activities and the business-type activities, the part of net position used to finance day-to-day operations, increased approximately 13.6 percent from June 30, 2013 due to the City's increase in property tax revenues due to the Headlee override vote, along with a slight decrease in long-term liabilities.

In reviewing the City's net position of business-type activities, the net position investment in capital assets increased 5.0 percent due to the addition of new business assets in the current year net of disposals. Specifically, the new assets acquired were placed into the City-wide water system including sewer lining, meter replacements, and equipment.

In reviewing the City's net position of government-type activities, the net position investment in capital assets increased approximately 10.5 percent due to the addition of new governmental assets net of disposals in the current year. A majority of the increase was spent in major and local roads as well as replacing operating equipment such as police cars, public works equipment, and purchasing land in the City for future recreational use.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net position during the years ended June 30, 2013 and 2014 (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 3.1	\$ 2.9	\$ 6.0	\$ 5.9	\$ 9.1	\$ 8.8
Operating grants and contributions	1.3	1.1	-	-	1.3	1.1
Capital grants and contributions	0.2	0.4	-	-	0.2	0.4
General revenue:						
Property taxes	8.3	6.7	-	-	8.3	6.7
State-shared revenue	1.3	1.3	-	-	1.3	1.3
Unrestricted investment earnings	-	-	-	-	-	-
Franchise fees	0.3	0.4	-	-	0.3	0.4
Other revenue	0.1	0.1	-	-	0.1	0.1
<b>Total revenue</b>	<b>14.6</b>	<b>12.9</b>	<b>6.0</b>	<b>5.9</b>	<b>20.6</b>	<b>18.8</b>
<b>Program Expenses</b>						
General government	3.3	3.0	-	-	3.3	3.0
Public safety	4.8	4.7	-	-	4.8	4.7
Public works	3.3	3.0	-	-	3.3	3.0
Health and welfare	0.2	0.1	-	-	0.2	0.1
Recreation and culture	1.7	1.6	-	-	1.7	1.6
Interest on long-term debt	0.1	0.2	-	-	0.1	0.2
Water and sewer	-	-	4.6	4.5	4.6	4.5
Arena	-	-	0.4	0.4	0.4	0.4
<b>Total expenses</b>	<b>13.4</b>	<b>12.6</b>	<b>5.0</b>	<b>4.9</b>	<b>18.4</b>	<b>17.5</b>
<b>Income Before Transfers</b>	<b>1.2</b>	<b>0.3</b>	<b>1.0</b>	<b>1.0</b>	<b>2.2</b>	<b>1.3</b>
<b>Transfers</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Position</b>	<b>\$ 1.1</b>	<b>\$ 0.2</b>	<b>\$ 1.1</b>	<b>\$ 1.1</b>	<b>\$ 2.2</b>	<b>\$ 1.3</b>

### Governmental Activities

Overall, the net position for governmental activities increased by \$900,000 in fiscal year 2013-2014 due to the local economic effects as described below:

- The City's total governmental revenues increased due to the Headlee override vote passed by the voters in August 2012 for the 2013-2014 fiscal operating year and future fiscal years.
- Government activities program expenses increased approximately \$800,000 from the prior fiscal year, or 6.3 percent.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

### Business-type Activities

The City's business-type activities include water and sewer and ice arena operations. The City provides water and sewer services to residents through contracts or consortiums with the Detroit water and sewerage department and the Southeast Oakland County Water Authority. The City also operates an ice arena for approximately eight months. Total net position of the business-type activities remained unchanged in the fiscal year. This is primarily a result of the City obtaining the necessary charges for services from rate payers and facility renters and insuring that expenditures did not exceed appropriated amounts in fiscal year 2013-2014 in both enterprise operations.

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

The City of Berkley, Michigan's major funds are on pages 15 through 25, following the statement of net position and statement of activities financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole.

The City's major funds for the year ended June 30, 2014 include the General Fund, the Major and Local Streets Funds, the Solid Waste Service Fund, and the Recreation Revolving Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety (police and fire) which incurred expenses of approximately \$4,825,000 or 36 percent of the total general government operation.

These services are partially supported by two special public safety millages, which are recorded in the General Fund. The first millage is for operations and the second millage is for retirement contribution and legacy costs (PA 345 levy). During the 2013-2014 fiscal year, expenditures recorded in the General Fund directly related to the public safety millages amounted to approximately \$2,043,000. The remaining cost of the police and fire protection is funded by other general revenue sources of the General Fund.

Major and Local Streets Funds saw a slight increase in fund balance due to a General Fund operating transfer of a portion of the voter-approved Headlee override taxes received in fiscal year 2013-2014. Approximately \$122,000 was transferred to the Major Streets Fund and \$243,000 was transferred to the Local Streets Fund to support expenditures in each of those operating funds. The Major Streets Fund spent approximately the same amount for road maintenance in 2013-2014 as in 2012-2013. Expenditures in the Local Streets Fund were up by \$133,000 when comparing fiscal year 2013-2014 spending with fiscal year 2012-2013 spending. This is the first time in five years where fund balance from the major and local roads did not fund a portion of the road maintenance work for the City.

The Solid Waste Service Fund also saw a slight increase to fund balance due to a General Fund operating transfer of \$80,000 into the Solid Waste Service Fund. These dollars that came directly from the General Fund to the Solid Waste Service Fund are, again, voter-approved Headlee override property taxes received in fiscal year 2013-2014. Overall, revenues and expenses were approximately the same in fiscal year 2013-2014 as compared to fiscal year 2012-2013 in the Solid Waste Service Fund.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

The fund balance in the Recreation Revolving Fund increased slightly in fiscal year 2013-2014 as compared to 2012-2013 due to greater participation in all recreation activities throughout the year and insuring that individual program expense did not exceed individual program revenues.

### **Budgetary Highlights - All Operating Funds**

Over the course of the year, the City amended various operating budgets to address unexpected operating events throughout the year. The total amount of revenue appropriation adjustments reflected a net increase of \$228,253 across all City operating funds. The General Fund accounted for \$124,475 of the overall revenue increase when comparing original appropriation and the final amended appropriation. When comparing the City's General Fund amended revenue appropriation to actual revenues received, the actual revenues received is 99.6 percent of the amended revenue appropriation, or \$10.5 million dollars. The General Fund revenue appropriation and collection increases were reflected within the following revenue classifications: property tax, license and permits, and miscellaneous revenues. The General Fund revenue appropriation decreases came from the fines and forfeit revenue classification.

The total amount of expenditure appropriation adjustments amounted to a \$1,146,000 increase across all operating funds. The General Fund accounted for \$625,000 of the overall expenditure increase when comparing the City's General Fund original expenditure appropriation and the final amended expenditure appropriation. When comparing the City's General Fund amended expenditure appropriation to actual expenditures, the City spent 96 percent of the total appropriation or \$10.5 million dollars. General Fund expenditure increases were due to land acquisition, transfers-out for fringe benefit funding of retirement severance costs, and overtime in the Public Works Garage and Public Safety Operations Department. Public safety vehicle maintenance costs also increased due to significant fire truck maintenance expenses. All other General Fund expenditure operating budgets came within or under appropriation.

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

At the end of fiscal year 2014, the City had a net book value of approximately \$28,647,000 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 various major and local streets throughout the City, a sewer line relining program, as well as new water meters, sidewalks, patrol cars, various public works equipment, and reinvestment in various city facilities such as carpeting and painting of City Hall. Additional information regarding the City's capital assets and long-term debt can be found in Note 4 and Note 6, respectively within the basic financial statements.

In May 2013, Fitch rating services affirmed the City's bond rating as AA stable for the general obligation road bonds, Series 2006.

# City of Berkley, Michigan

## Management's Discussion and Analysis (Continued)

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

Two major sources of unrestricted revenue for the City are property taxes from operating millages and state-shared revenue.

The Oakland County Assessor's Office anticipates a 2.13 percent increase in real property taxable value within the City of Berkley for the July 2014 tax year (2014-2015 fiscal year). The City and County are also anticipating a county-wide 2.0 percent increase in tax value for the July 2015 tax levy. For July 2016, the City and County are also forecasting an additional 2.5 percent taxable value increase on real property. These tax value increases are net of all personal property tax value losses that are incurred due to various state laws.

It is anticipated that the State of Michigan will not significantly increase state-shared revenue payments to local governments. Finance Department financial forecasts in this area project a 3.4 percent state-shared revenue increase in fiscal year 2014-2015, an additional 2.0 percent state-shared revenue increase in fiscal year 2015-2016, and a 2.0 percent state-shared revenue increase in fiscal year 2016-2017.

As stated earlier in this discussion, the City sought and was able to pass, through a vote of the people, a Headlee tax override of \$3.00/thousand taxable value on all real and personal property in the City. It is anticipated that the City will continue to levy this voter-approved tax increase in fiscal year 2014-2015, fiscal year 2015-2016, and into the future to allow the City to balance all operating budgets and to invest in various infrastructure projects around the City.

On the expenditure side of operations, the City continues to carefully manage resources that are available for operations and improvements. Labor contracts expire on June 30, 2015. The City also continues to evaluate 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 revenues to ensure that revenues charged rate payers meet program expenses.

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

### Contacting the City of Berkley's Management

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

# City of Berkley, Michigan

## Statement of Net Position June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 6,350,538	\$ 948,265	\$ 7,298,803	\$ 265,263
Investments (Note 3)	1,000,000	750,000	1,750,000	-
Receivables:				
Taxes	38,987	-	38,987	15,343
Customers	190,818	2,466,103	2,656,921	-
Other governmental units	593,608	-	593,608	-
Internal balances (Note 5)	90,076	(90,076)	-	-
Inventories	59,147	-	59,147	-
Prepaid costs	248,787	7,573	256,360	1,625
Capital assets (Note 4):				
Assets not subject to depreciation	1,046,435	13,795	1,060,230	-
Assets subject to depreciation	12,503,956	15,082,860	27,586,816	-
Total assets	22,122,352	19,178,520	41,300,872	282,231
<b>Liabilities</b>				
Accounts payable	376,027	382,430	758,457	892
Due to other governmental units	3,771	-	3,771	-
Accrued liabilities and other	391,116	66,877	457,993	-
Unearned revenue	56,985	-	56,985	-
Noncurrent liabilities:				
Due within one year (Note 6):				
Compensated absences	232,727	72,983	305,710	-
Current portion of long-term debt	860,000	413,008	1,273,008	-
Due in more than one year:				
Compensated absences (Note 6)	426,543	-	426,543	-
Other postemployment benefit obligations (Note 14)	3,024,259	128,385	3,152,644	-
Long-term debt (Note 6)	2,200,000	4,214,601	6,414,601	-
Total liabilities	7,571,428	5,278,284	12,849,712	892
<b>Net Position</b>				
Net investment in capital assets	10,490,391	10,469,046	20,959,437	-
Restricted for:				
Streets	1,674,184	-	1,674,184	-
Public safety	55,728	-	55,728	-
Community development and promotion	54,441	-	54,441	-
Sanitation	691,210	-	691,210	-
Library	34,176	-	34,176	-
Debt service	26,538	-	26,538	-
Unrestricted	1,524,256	3,431,190	4,955,446	281,339
Total net position	<u>\$ 14,550,924</u>	<u>\$ 13,900,236</u>	<u>\$ 28,451,160</u>	<u>\$ 281,339</u>

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



# City of Berkley, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,259,836	\$ 1,943,782	\$ 84,035	\$ 160,000
Public safety	4,824,914	258,362	27,753	-
Public works	3,303,767	286,313	1,052,156	8,595
Health and welfare	159,649	-	29,400	-
Recreation and culture	1,709,925	545,354	70,898	30,677
Interest on long-term debt	139,890	28,340	-	-
Total governmental activities	13,397,981	3,062,151	1,264,242	199,272
Business-type activities:				
Water and sewer	4,568,046	5,592,326	-	-
Arena	388,811	368,805	-	-
Total business-type activities	4,956,857	5,961,131	-	-
Total primary government	<u>\$ 18,354,838</u>	<u>\$ 9,023,282</u>	<u>\$ 1,264,242</u>	<u>\$ 199,272</u>
Component unit - Downtown Development Authority	<u>\$ 329,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Unrestricted investment earnings				
Franchise fees				
Miscellaneous				
Total general revenue				
<b>Transfers</b>				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2014**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,072,019)	\$ -	\$ (1,072,019)	\$ -
(4,538,799)	-	(4,538,799)	-
(1,956,703)	-	(1,956,703)	-
(130,249)	-	(130,249)	-
(1,062,996)	-	(1,062,996)	-
(111,550)	-	(111,550)	-
(8,872,316)	-	(8,872,316)	-
-	1,024,280	1,024,280	-
-	(20,006)	(20,006)	-
-	1,004,274	1,004,274	-
(8,872,316)	1,004,274	(7,868,042)	-
-	-	-	(329,938)
8,253,315	-	8,253,315	247,513
1,293,237	-	1,293,237	-
37,413	4,489	41,902	1,649
334,562	-	334,562	-
106,687	-	106,687	-
10,025,214	4,489	10,029,703	249,162
(51,000)	51,000	-	-
1,101,898	1,059,763	2,161,661	(80,776)
13,449,026	12,840,473	26,289,499	362,115
<b>\$ 14,550,924</b>	<b>\$ 13,900,236</b>	<b>\$ 28,451,160</b>	<b>\$ 281,339</b>

# City of Berkley, Michigan

	General Fund	Major Streets Fund	Local Streets Fund
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 1,847,858	\$ 882,026	\$ 693,968
Investments (Note 3)	1,000,000	-	-
Receivables:			
Taxes	13,538	-	-
Customers	111,165	-	-
Other governmental units	435,623	113,817	41,786
Interfund advances receivable (Note 5)	30,867	-	-
Inventories	57,715	-	-
Prepaid costs	228,892	2,735	2,735
	<u>3,725,658</u>	<u>998,578</u>	<u>738,489</u>
Total assets	<u>\$ 3,725,658</u>	<u>\$ 998,578</u>	<u>\$ 738,489</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 196,230	\$ 10,715	\$ 43,764
Due to other governmental units	3,771	-	-
Accrued and other liabilities	332,008	8,404	-
Unearned revenue	-	-	-
	<u>532,009</u>	<u>19,119</u>	<u>43,764</u>
Total liabilities	532,009	19,119	43,764
<b>Deferred Inflows of Resources</b> - Unavailable revenue	9,745	-	-
<b>Fund Balances</b>			
Nonspendable:			
Inventory and prepaid items	286,607	2,735	2,735
Long-term advances receivable	30,867	-	-
Restricted:			
Debt service	-	-	-
Streets	-	976,724	691,990
Solid waste service	-	-	-
Public safety	46,216	-	-
Library	34,176	-	-
Community promotion	39,963	-	-
Committed:			
Recreation	-	-	-
Seniors' program	-	-	-
Assigned:			
School land purchase	5,000	-	-
Capital improvement	-	-	-
Unassigned	2,741,075	-	-
	<u>3,183,904</u>	<u>979,459</u>	<u>694,725</u>
Total fund balances	<u>3,183,904</u>	<u>979,459</u>	<u>694,725</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,725,658</u>	<u>\$ 998,578</u>	<u>\$ 738,489</u>

**Governmental Funds  
Balance Sheet  
June 30, 2014**

Solid Waste Service Fund	Recreation Revolving Fund	Nonmajor Funds	Total
\$ 677,585	\$ 577,004	\$ 1,012,827	\$ 5,691,268
-	-	-	1,000,000
21,819	-	3,630	38,987
78,728	925	-	190,818
-	-	2,382	593,608
-	59,209	-	90,076
1,432	-	-	59,147
249	459	13,717	248,787
<b>\$ 779,813</b>	<b>\$ 637,597</b>	<b>\$ 1,032,556</b>	<b>\$ 7,912,691</b>
\$ 82,224	\$ 27,770	\$ 15,324	\$ 376,027
-	-	-	3,771
6,379	14,053	1,890	362,734
-	56,985	-	56,985
88,603	98,808	17,214	799,517
21,819	-	9,076	40,640
1,681	459	13,717	307,934
-	-	-	30,867
-	-	58,550	58,550
-	-	-	1,668,714
667,710	-	-	667,710
-	-	9,512	55,728
-	-	-	34,176
-	-	14,478	54,441
-	538,330	-	538,330
-	-	212,979	212,979
-	-	-	5,000
-	-	697,030	697,030
-	-	-	2,741,075
669,391	538,789	1,006,266	7,072,534
<b>\$ 779,813</b>	<b>\$ 637,597</b>	<b>\$ 1,032,556</b>	<b>\$ 7,912,691</b>

# City of Berkley, Michigan

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## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2014

<b>Fund Balance Reported in Governmental Funds</b>	\$	7,072,534
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		13,550,391
Revenue related to receivables is recorded in the statement of net position at the time it is earned without regard to timeliness of collection		40,640
Long-term liabilities are not due and payable in the current period and are not reported in the funds		(3,060,000)
Accrued interest payable is not recorded in the funds		(28,382)
The cost of other postemployment benefits is not due and payable in the current period and is not reported in the funds		(3,024,259)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>14,550,924</u></b>

# City of Berkley, Michigan

	General Fund	Major Streets Fund	Local Streets Fund
<b>Revenue</b>			
Property taxes	\$ 6,682,272	\$ -	\$ -
Licenses and permits	433,166	-	-
Federal grants	14,243	-	-
State-shared revenue and grants	1,320,975	713,305	254,783
Charges for services	481,445	17,676	-
Fines and forfeitures	965,468	-	-
Investment earnings	19,180	3,450	2,758
Franchise fees	334,562	-	-
Other miscellaneous income	284,244	43,875	12,152
Total revenue	<u>10,535,555</u>	<u>778,306</u>	<u>269,693</u>
<b>Expenditures</b>			
Current:			
General government	2,763,965	22,453	15,954
Public safety	4,700,580	-	-
Public works	682,045	608,332	580,900
Health and welfare	61,485	-	-
Recreation and culture	1,118,018	-	-
Capital outlay	571,186	-	-
Debt service	-	-	-
Total expenditures	<u>9,897,279</u>	<u>630,785</u>	<u>596,854</u>
<b>Excess of Revenue Over (Under)</b>			
<b>Expenditures</b>	638,276	147,521	(327,161)
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 5)	8	122,100	389,845
Transfers out (Note 5)	(610,126)	(146,819)	-
Total other financing (uses) sources	<u>(610,118)</u>	<u>(24,719)</u>	<u>389,845</u>
<b>Net Change in Fund Balances</b>	28,158	122,802	62,684
<b>Fund Balances - Beginning of year</b>	<u>3,155,746</u>	<u>856,657</u>	<u>632,041</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 3,183,904</b></u>	<u><b>\$ 979,459</b></u>	<u><b>\$ 694,725</b></u>

**Governmental Funds**

**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2014**

Solid Waste Service Fund	Recreation Revolving Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 861,660	\$ -	\$ 709,383	\$ 8,253,315
-	-	-	433,166
-	-	29,400	43,643
-	-	33,187	2,322,250
281,646	421,322	82,907	1,284,996
-	-	92,682	1,058,150
3,532	1,939	4,190	35,049
-	-	-	334,562
4,667	26,295	188,752	559,985
<u>1,151,505</u>	<u>449,556</u>	<u>1,140,501</u>	<u>14,325,116</u>
-	-	-	2,802,372
-	-	-	4,700,580
1,187,256	-	-	3,058,533
-	-	118,004	179,489
-	296,341	-	1,414,359
-	28,161	178,750	778,097
-	-	883,610	883,610
<u>1,187,256</u>	<u>324,502</u>	<u>1,180,364</u>	<u>13,817,040</u>
(35,751)	125,054	(39,863)	508,076
80,000	-	165,000	756,953
-	(51,000)	(8)	(807,953)
<u>80,000</u>	<u>(51,000)</u>	<u>164,992</u>	<u>(51,000)</u>
44,249	74,054	125,129	457,076
625,142	464,735	881,137	6,615,458
<u>\$ 669,391</u>	<u>\$ 538,789</u>	<u>\$ 1,006,266</u>	<u>\$ 7,072,534</u>

# City of Berkley, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2014

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	457,076
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		1,241,838
Depreciation expense		(973,896)
Loss on disposal of assets		(67,550)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds		9,264
Capital contributions are not reported as revenue in the governmental funds		8,095
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		735,000
Accrued interest is recorded on debt when incurred in the statement of activities		8,720
The annual required contribution for other postemployment benefits is recorded when incurred in the statement of activities		(316,649)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>1,101,898</u></b>



# City of Berkley, Michigan

## Proprietary Funds Statement of Net Position June 30, 2014

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 854,008	\$ 94,257	\$ 948,265	\$ 659,270
Investments (Note 3)	750,000	-	750,000	-
Receivables - Customer	2,445,802	20,301	2,466,103	-
Prepaid costs	6,777	796	7,573	-
Total current assets	4,056,587	115,354	4,171,941	659,270
Noncurrent assets - Capital assets (Note 4):				
Assets not subject to depreciation	13,795	-	13,795	-
Assets subject to depreciation	14,966,068	116,792	15,082,860	-
Total assets	19,036,450	232,146	19,268,596	659,270
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	374,040	8,390	382,430	-
Accrued and other liabilities	62,581	4,296	66,877	-
Current portion of compensated absences (Note 6)	72,983	-	72,983	232,727
Current portion of long-term debt (Note 6)	413,008	-	413,008	-
Total current liabilities	922,612	12,686	935,298	232,727
Noncurrent liabilities:				
Advances payable to other funds (Note 5)	-	90,076	90,076	-
Compensated absences (Note 6)	-	-	-	426,543
Other postemployment benefit obligations (Note 14)	128,385	-	128,385	-
Long-term debt - Net of current portion (Note 6)	4,214,601	-	4,214,601	-
Total noncurrent liabilities	4,342,986	90,076	4,433,062	426,543
Total liabilities	5,265,598	102,762	5,368,360	659,270
<b>Net Position</b>				
Net investment in capital assets	10,352,254	116,792	10,469,046	-
Unrestricted	3,418,598	12,592	3,431,190	-
Total net position	<u>\$ 13,770,852</u>	<u>\$ 129,384</u>	<u>\$ 13,900,236</u>	<u>\$ -</u>

# City of Berkley, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2014

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
<b>Operating Revenue</b>				
Water and sewer charges	\$ 5,416,000	\$ -	\$ 5,416,000	\$ -
Ice rental and related charges	-	367,185	367,185	-
Property and equipment rental	36,193	-	36,193	-
Miscellaneous	140,133	1,620	141,753	-
Charges to other funds	-	-	-	206,040
Total operating revenue	5,592,326	368,805	5,961,131	206,040
<b>Operating Expenses</b>				
Water and sewer operations	4,100,456	-	4,100,456	-
Arena operations	-	324,102	324,102	-
Compensated absences	-	-	-	208,404
Depreciation	336,276	64,709	400,985	-
Total operating expenses	4,436,732	388,811	4,825,543	208,404
<b>Operating Income (Loss)</b>	1,155,594	(20,006)	1,135,588	(2,364)
<b>Nonoperating Revenue (Expenses)</b>				
Investment income	4,094	395	4,489	2,364
Interest expense	(131,314)	-	(131,314)	-
Total nonoperating (expenses) revenue	(127,220)	395	(126,825)	2,364
<b>Income (Loss) - Before transfers</b>	1,028,374	(19,611)	1,008,763	-
<b>Transfers In (Note 5)</b>	-	51,000	51,000	-
<b>Change in Net Position</b>	1,028,374	31,389	1,059,763	-
<b>Net Position - Beginning of year</b>	12,742,478	97,995	12,840,473	-
<b>Net Position - End of year</b>	<b>\$ 13,770,852</b>	<b>\$ 129,384</b>	<b>\$ 13,900,236</b>	<b>\$ -</b>

# City of Berkley, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2014

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 5,615,425	\$ 390,185	\$ 6,005,610	\$ 206,040
Payments to suppliers	(3,227,341)	(216,922)	(3,444,263)	-
Payments to employees	(759,658)	(103,565)	(863,223)	(205,656)
Net cash provided by operating activities	1,628,426	69,698	1,698,124	384
<b>Cash Flows from Noncapital Financing Activities -</b>				
Cash received from other funds	-	51,000	51,000	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(378,164)	(40,677)	(418,841)	-
Principal and interest paid on capital debt	(534,225)	-	(534,225)	-
Repayment of advances from other funds	-	(95,000)	(95,000)	-
Net cash used in capital and related financing activities	(912,389)	(135,677)	(1,048,066)	-
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	4,094	395	4,489	2,364
Purchase of investments	(750,000)	-	(750,000)	-
Net cash (used in) provided by investing activities	(745,906)	395	(745,511)	2,364
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(29,869)	(14,584)	(44,453)	2,748
<b>Cash and Cash Equivalents - Beginning of year</b>	883,877	108,841	992,718	656,522
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 854,008</u>	<u>\$ 94,257</u>	<u>\$ 948,265</u>	<u>\$ 659,270</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 1,155,594	\$ (20,006)	\$ 1,135,588	\$ (2,364)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	336,276	64,709	400,985	-
Changes in assets and liabilities:				
Receivables	23,099	21,380	44,479	-
Prepaid costs	38	53	91	-
Accounts payable	96,471	2,224	98,695	-
Accrued and other liabilities	16,948	1,338	18,286	2,748
Net cash provided by operating activities	<u>\$ 1,628,426</u>	<u>\$ 69,698</u>	<u>\$ 1,698,124</u>	<u>\$ 384</u>

# City of Berkley, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2014

	<u>Public Safety</u>	<u>Agency Fund</u>
	<u>Pension</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 534,192	\$ 311,649
Investments (Note 3):		
U.S. Treasury bonds	834,687	-
U.S. government agency securities	1,252,110	-
Common and preferred stock	12,556,718	-
Corporate bonds	2,495,648	-
Mortgage-backed securities	360,154	-
Mutual funds - Fixed-income securities	1,390,293	-
Accrued interest	61,123	-
	<u>19,484,925</u>	<u>\$ 311,649</u>
<b>Liabilities</b>		
Accounts payable and other	100,664	\$ 24,658
Due to other governmental units	-	23,230
Cash bonds and deposits	-	263,761
	<u>100,664</u>	<u>\$ 311,649</u>
<b>Net Position Held in Trust for Pension</b>	<u><b>\$ 19,384,261</b></u>	

# City of Berkley, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Public Safety Pension Year Ended June 30, 2014

### Additions

Investment income (loss):	
Interest and dividends	\$ 492,109
Net increase in fair value of investments	2,389,794
Investment-related expenses	<u>(129,101)</u>
Net investment income	2,752,802
Contributions:	
Employer	780,105
Employee	<u>90,169</u>
Total contributions	<u>870,274</u>
Total additions	3,623,076

### Deductions

Benefit payments	1,638,281
Administrative expenses	<u>51,306</u>
Total deductions	<u>1,689,587</u>

**Net Increase in Net Position Held in Trust**

1,933,489

**Net Position Held in Trust for Pension - Beginning of year**

17,450,772

**Net Position Held in Trust for Pension - End of year**

\$ 19,384,261

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

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

#### **Reporting Entity**

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

**Blended Component Units** - The City of Berkley, Michigan's Building Authority is governed by a three-member board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to acquire, furnish, equip, own, improve, enlarge, operate, and maintain the ice arena and horseshoe pit for the use or benefit of the City. The building authority was inactive during the year ended June 30, 2014.

**Discretely Presented Component Units** - The Downtown Development Authority (DDA or the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 10 individuals, is selected by the City Council. In addition, the Authority's budget is subject to approval by the City Council. Financial information can be obtained from the City of Berkley at 3338 Coolidge, Berkley, Michigan 48072.

#### **Accounting and Reporting Principles**

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

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

#### **Report Presentation**

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

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

#### **Basis of Accounting**

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

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

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

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

Proprietary funds and 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 we have spent certain resources - separate funds allow us to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

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

- The General Fund, which is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Major Streets Fund, which accounts for the resources of state gas and weight tax revenue that are restricted for use on the City's major streets.
- The Local Streets Fund, which accounts for resources of state gas and weight tax revenue that are restricted for use on the City's local streets.



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

- The Solid Waste Service Fund, which accounts for the activities of the City's sanitation system. Revenue in this fund is generated from a dedicated millage as well as from charges to customers within the City for trash pickup.
- The Recreation Revolving Fund, which accounts for recreational services provided by the City. Revenue in this fund is generated from charges from customers for recreational activities.

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

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

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

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

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

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

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

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

#### Specific Balances and Transactions

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds is generally allocated to each fund using a weighted average.

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

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

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

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

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

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

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

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

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

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

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

#### **Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can commit fund balance. Commitments are made and can be rescinded only via resolution of the Honorable Mayor and City Council.

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

#### **Property Tax Revenue**

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

The City's 2013 tax is levied and collectible on July 1, 2013. All real property and collected personal property is recognized as revenue in the year ended June 30, 2014, when the proceeds of the levy are budgeted and available for the financing of operations. Uncollected (delinquent) personal property tax is recognized as a deferred inflow and is considered unavailable until collected. Delinquent personal property tax is recognized as revenue in the fiscal year of collection.

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

The 2013 taxable valuation of the City totaled \$463.9 million (a portion of which is abated and a portion of which is captured by the DDA TIF), on which taxes levied consisted of 11.2028 mills for operation and public safety purposes, 1.8927 mills for sanitation services, 0.1078 mills for community promotion, 2.7435 mills for public safety retirement benefits, and 1.5606 mills for debt service. This resulted in approximately \$5.1 million for operations and public safety, \$859,000 for sanitation services, \$49,000 for community promotion, \$1.2 million for public safety retirement benefits, and \$709,000 for debt service. These amounts are recognized in the respective General, Special Revenue and Debt Service Fund financial statements as tax revenue.

The DDA levied 1.9217 mills (a portion of which is captured by the DDA TIF), which resulted in approximately \$39,000 of tax revenue. The total tax increment finance capture, from all eligible taxing units for the DDA amounted to \$208,000 which is net of delinquent personal property taxes. These amounts are recorded as part of the DDA component unit.

**Pension and Other Postemployment Benefit Costs** - The City offers both pension and retiree healthcare benefits to eligible retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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

**Proprietary Funds Operating Classification** - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the Water and Sewer Fund, Ice Arena Fund, and the Internal Service Fund are charged to customers or funds for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). The annual budget is prepared by the City Manager and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2014 has not been calculated.

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

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

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City incurred expenditures that were in excess of the amount budgeted as follows:

	<u>Budget</u>	<u>Actual</u>
<b>General Fund</b>		
Insurance	\$ 652,879	\$ 670,108
Administration	165,432	168,003
<b>Local Streets Fund - Administrative</b>	15,949	15,954

The unfavorable variance within the General Fund MERS Retiree Department (Insurance) is due to three unanticipated non-union retirements during the year. The unfavorable variance within the General Fund Public Safety Administration Department (Administration) is due to a misclassification of actual vision and dental expenditures to the Public Safety Administration Department. The unfavorable variance within the Local Street Fund Administrative Department (Administrative) is due to an increase in healthcare costs during January 2014 related to healthcare reform.

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

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

Shortfall at July 1, 2013		\$ (914,870)
Current year permit revenue		171,666
Related expenses:		
Direct costs	\$ (253,686)	
Estimated indirect costs	<u>(25,369)</u>	<u>(279,055)</u>
Current year shortfall		<u>(107,389)</u>
Cumulative shortfall - June 30, 2014		<u>\$ (1,022,259)</u>

### Note 3 - Deposits and Investments

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

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

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

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

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City and the Downtown Development Authority had \$9,388,910 and \$265,263, respectively, of bank deposits (checking and savings accounts and certificates of deposit) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

At year end, the City had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
Corporate bonds	\$ 2,495,648	9.28
Mutual fund fixed-income	1,080,186	6.44
Mortgage-backed securities	360,154	24.07
U.S. Treasury bonds	806,707	12.28
Municipal bonds	27,980	.92
Government agency securities	1,252,110	25.93



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

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government and certificates of deposit) are as follows:

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	\$ 241,233	A1	Moody's
Corporate bonds	632,029	A2	Moody's
Corporate bonds	393,190	A3	Moody's
Corporate bonds	33,064	AA1	Moody's
Corporate bonds	190,013	AA2	Moody's
Corporate bonds	120,063	AA3	Moody's
Corporate bonds	561,745	BAA1	Moody's
Corporate bonds	236,157	BAA2	Moody's
Corporate bonds	88,154	BAA3	Moody's
Mortgage-backed securities	360,154	AAA	Moody's
Mutual fund	643,540	AAA	Moody's
Mutual fund	436,646	BBB- to A-	Moody's

### Note 4 - Capital Assets

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

	Balance July 1, 2013	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2014
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 311,706	\$ -	\$ 256,602	\$ -	\$ 568,308
Construction in progress	193,863	(193,863)	478,127	-	478,127
Subtotal	505,569	(193,863)	734,729	-	1,046,435
Capital assets being depreciated:					
Roads and bridges	52,604,766	193,863	-	-	52,798,629
Buildings	6,511,785	-	163,728	(53,331)	6,622,182
Equipment and books	2,518,104	-	166,916	(155,014)	2,530,006
Vehicles	2,023,401	-	184,560	(75,306)	2,132,655
Subtotal	63,658,056	193,863	515,204	(283,651)	64,083,472
Accumulated depreciation:					
Roads and bridges	43,344,407	-	489,385	-	43,833,792
Buildings	4,519,814	-	130,536	(6,495)	4,643,855
Equipment and books	1,694,020	-	219,430	(152,834)	1,760,616
Vehicles	1,263,480	-	134,545	(56,772)	1,341,253
Subtotal	50,821,721	-	973,896	(216,101)	51,579,516
Net capital assets being depreciated	12,836,335	193,863	(458,692)	(67,550)	12,503,956
Net capital assets	\$ 13,341,904	\$ -	\$ 276,037	\$ (67,550)	\$ 13,550,391
<b>Business-type Activities</b>					
Capital assets not being depreciated -					
Land	\$ 13,795	\$ -	\$ -	\$ -	\$ 13,795
Capital assets being depreciated:					
Water and sewer transmission lines	17,238,120	-	260,163	-	17,498,283
Buildings	1,009,640	-	2,540	-	1,012,180
Land and building improvements	271,271	-	18,019	-	289,290
Equipment	1,338,311	-	138,119	-	1,476,430
Subtotal	19,857,342	-	418,841	-	20,276,183
Accumulated depreciation:					
Water and sewer transmission lines	2,813,983	-	220,008	-	3,033,991
Buildings	903,001	-	41,666	-	944,667
Land and building improvements	239,613	-	12,131	-	251,744
Equipment	835,741	-	127,180	-	962,921
Subtotal	4,792,338	-	400,985	-	5,193,323
Net capital assets being depreciated	15,065,004	-	17,856	-	15,082,860
Net capital assets	\$ 15,078,799	\$ -	\$ 17,856	\$ -	\$ 15,096,655

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2014

### Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 175,561
Public safety	157,277
Public works	559,687
Recreation and culture	81,371
Total governmental activities	<u>\$ 973,896</u>

Business-type activities:

Water and sewer	\$ 336,276
Ice arena	64,709
Total business-type activities	<u>\$ 400,985</u>

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

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Ice Arena Fund	\$ 30,867
Recreation Revolving Fund	Ice Arena Fund	59,209
	Total	<u>\$ 90,076</u>

Interfund balances payable from the Ice Arena Fund to the General Fund and Recreation Revolving Fund as of June 30, 2014 represent advances made to the fund to pay off outstanding bonded debt and to cover various operating expenses of the fund which are not expected to be repaid in the next year and are classified as long-term advances.

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2014

### Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Major Streets	\$ 243,026
	Local Streets	122,100
	Nonmajor governmental funds	165,000
	Solid Waste	80,000
	Total General Fund	610,126
Recreation Revolving Fund	Nonmajor Enterprise Fund	51,000
Major Streets Fund	Local Streets Fund	146,819
Nonmajor governmental funds	General Fund	8
	Total	<u>\$ 807,953</u>

The transfer from the General Fund to the Major, Local Streets, and Solid Waste Fund was to disburse operating tax revenues. The transfer from the General Fund to the Capital Improvements Fund was for a new parking lot. The transfer from the Major Streets Fund to the Local Streets Fund was ACT 51 money first recorded in the Major Streets Fund and transferred to the Local Streets Fund. The transfer from the 1996 Bond Fund to the General Fund was to clear the balance in the account. The transfer from the Recreation Revolving Fund to the Arena Fund was to cover operation expenses at the arena.

### Note 6 - Long-term Debt

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

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

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
2006 General Obligation 12 Mile Road							
Bonds:							
Amount of issue: \$850,000	3.90% -	\$50,000-					
Maturing through 2016	4.25%	\$150,000	\$ 375,000	\$ -	\$ 100,000	\$ 275,000	\$ 125,000
2006 General Obligation 11 Mile Road							
Bonds:							
Amount of issue: \$2,500,000	3.90% -	\$100,000 -					
Maturing through 2021	4.25%	\$300,000	1,800,000	-	150,000	1,650,000	175,000
2006 General Obligation Other Road							
Bonds:							
Amount of issue: \$2,625,000	3.90% -	\$200,000 -					
Maturing through 2016	4.25%	\$375,000	1,075,000	-	325,000	750,000	375,000
Contractual obligations with Oakland County - 2002 Installment Purchase Agreement:							
Amount of issue: \$1,260,000	5.20%	\$50,000 -					
Maturing through 2016		\$200,000	545,000	-	160,000	385,000	185,000
Total bond obligations			3,795,000	-	735,000	3,060,000	860,000
Other long-term obligations:							
Compensated absences			656,522	158,773	156,025	659,270	232,727
Other postemployment benefits			2,707,610	1,662,147	1,345,498	3,024,259	-
Total governmental activities			\$ 7,159,132	\$ 1,820,920	\$ 2,236,523	\$ 6,743,529	\$ 1,092,727
<b>Business-type Activities</b>							
General Obligation Bond - Contractual obligations with Oakland County - George W. Kuhn Bonds:							
2000-A:							
Amount of issue: \$1,126,053	2.50%	\$47,549 -					
Maturing through 2022		\$70,354	\$ 575,936	\$ -	\$ 57,940	\$ 517,996	\$ 59,200
2001-C:							
Amount of issue: \$5,176,822	2.50%	\$207,829 -					
Maturing through 2024		\$324,025	3,159,626	-	253,173	2,906,453	259,471
2001-D:							
Amount of issue: \$199,641	2.50%	\$6,928 -					
Maturing through 2024		\$13,225	83,929	-	6,928	77,001	6,928
2001-E:							
Amount of issue: \$621,597	4.10% -	\$22,987 -					
Maturing through 2024	5.25%	\$71,480	645,526	-	54,161	591,365	55,421
2005-F:							
Amount of issue: \$103,572	1.625%	\$4,478 -					
Maturing through 2026		\$5,703	65,843	-	4,478	61,365	4,798
2006-G:							
Amount of issue: \$112,919	1.625%	\$4,798 -					
Maturing through 2028		\$6,398	87,969	-	5,118	82,851	5,438
2008-H:							
Amount of issue: \$491,662	2.50%	\$19,193 -					
Maturing through 2029		\$30,709	411,691	-	21,113	390,578	21,752
Total bond obligations			5,030,520	-	402,911	4,627,609	413,008
Other long-term obligations:							
Compensated absences			62,169	52,289	41,475	72,983	72,983
Other postemployment benefits			125,724	99,362	96,701	128,385	-
Total business-type activities			\$ 5,218,413	\$ 151,651	\$ 541,087	\$ 4,828,977	\$ 485,991

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2014

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

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 860,000	\$ 113,527	\$ 973,527	\$ 413,008	\$ 125,137	\$ 538,145
2016	925,000	75,426	1,000,426	424,984	113,932	538,916
2017	225,000	46,444	271,444	436,644	102,378	539,022
2018	225,000	37,500	262,500	447,670	90,482	538,152
2019	250,000	28,000	278,000	458,393	78,267	536,660
2020-2024	575,000	23,500	598,500	2,263,671	199,318	2,462,989
2025-2029	-	-	-	183,239	12,485	195,724
Total	<u>\$ 3,060,000</u>	<u>\$ 324,397</u>	<u>\$ 3,384,397</u>	<u>\$ 4,627,609</u>	<u>\$ 721,999</u>	<u>\$ 5,349,608</u>

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

**County Contractual Obligations** - The above contractual obligations to the County are the result of the County issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the County bonds provided financing for the construction of the George W. Kuhn Drain. The remaining principal and interest to be paid on the bonds total \$5,349,608. During the current year, net revenue of the system was \$1,115,594 compared to annual debt requirements of \$534,225.

### Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for health and workers' compensation claims and participates in the Michigan Municipal Liability and Property Pool for claims related to property liability and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

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

**Plan Description** - The City participates in the Municipal Employees' Retirement System of Michigan, an agent multiple-employer defined benefit pension plan that covers substantially all employees in the City's merit system and all employees of the Department of Public Works. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from all merit system employees and Department of Public Works employees hired after July 1, 2004 of 4 percent and no contribution from Department of Public Works employees hired before July 1, 2004.

**Annual Pension Cost** - For the year ended June 30, 2014, the City's annual pension cost of \$600,607 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2011, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 1.0 percent per year, compounded annually and attributable to inflation, and (c) additional projected salary increases of up to 8.40 percent per year, depending on service and attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on open divisions and on a 30-year level dollar for closed divisions. The remaining amortization period is 28 years.

	Fiscal Year Ended June 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 600,607	\$ 637,576	\$ 552,043
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -

# City of Berkley, Michigan

## Notes to Financial Statements June 30, 2014

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

Actuarial valuation for the three most recent years as of December 31 is as follows:

	2013	2012	2011
Actuarial value of assets	\$ 13,660,720	\$ 13,876,409	\$ 14,285,165
Actuarial accrued liability (AAL) (entry age)	\$ 20,019,135	\$ 19,621,345	\$ 19,680,073
Unfunded AAL (UAAL)	\$ 6,358,415	\$ 5,744,936	\$ 5,394,908
Funded ratio	68 %	71 %	73 %
Covered payroll	\$ 2,222,306	\$ 2,253,166	\$ 2,225,644
UAAL as a percentage of covered payroll	286 %	255 %	242 %

### Note 9 - Public Safety Pension Plan Description

**Plan Administration** - The City of Berkley administers the City of Berkley Public Safety Retirement System (the "System") - a single-employer defined benefit pension plan that provides pensions for all permanent full-time public safety employees of the City. This pension system is provided by State of Michigan, PA 345 of 1937 as amended. The voters of Berkley 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.

**Plan Membership** - As of June 30, 2013, plan membership consisted of a total of 72 members within the pension system. There are 44 retirees and beneficiaries, three inactive members, and 25 active members.

Inactive plan members or beneficiaries currently receiving benefits	44
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	25
Total	72

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



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

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

Retirement benefits for members are calculated as 2.8 percent of the member's best three consecutive years of the last 10 years of a member's average final compensation for the first 25 years of service plus 1 percent of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85 percent of "base" wages. Base wages are defined as the final rate of pay at retirement multiplied by 2,080 hours multiplied by 85 percent.

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

Retirement benefits for members are calculated as 2.5 percent of the member's best three consecutive years of the last 10 years of a member's average final compensation for the first 25 years of service plus 1 percent of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85 percent of "base" wages. Base wages are defined as the final rate of pay at retirement multiplied by 2,080 hours multiplied by 85 percent.

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

#### **Death After Retirement - Survivor Pension:**

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

#### **Non-duty 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 actuarially reduced in accordance with the Option I election.

#### **Duty Death-in-Service Survivor's Pension:**

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

#### **Non-duty Disability:**

The benefit is payable upon the total and permanent disability of a member with five or more years of service. To age 55, 1.5 percent of average final compensation times years of service. At age 55, same benefit as a service retirement pension.

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

#### 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, same benefit as a service retirement pension.

#### Annuity Withdrawals:

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

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. The City of Berkley makes an annual employer contribution as determined by the system's independent actuary. The Director of Public Safety also makes a bi-weekly contribution to the System in the amount of 5 percent of gross wages per pay. All benefits and change in benefits are negotiated with the active members of the System through the bargaining process that is held periodically between the City and the two public safety unions. For the year ended June 30, 2014, the average active member contribution was zero percent of annual pay, and the City of Berkley's average contribution rate was 39.69 percent.

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

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the 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 cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	42.0%
International equity	18.0%
Broad fixed income	34.5%
Alternative investments	5.0%
Cash or cash equivalents	0.5%

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

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

**Rate of Return** - For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.02 percent gross of fees and 16.18 percent net of fees.

### Note 11 - Public Safety Pension Plan Reserves

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

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

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

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

The balances of the reserve accounts at June 30, 2014 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 16,911,785	\$ 16,911,785
Employee reserve	258,548	258,548
Employer reserve	-	2,213,928

### Note 12 - Public Safety Net Pension Liability of the City

The City reports pension expense based on funding requirements, as directed by GASB Statement No. 27. Beginning next year, the City will adopt GASB Statement No. 68, which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the City has been measured as of June 30, 2014 and is composed of the following:

Total pension liability	\$	22,310,172
Plan fiduciary net position		<u>19,384,261</u>
City's net position liability		2,925,911
Plan fiduciary net position as a percentage of the total pension liability		86.9 %

**Actuarial Assumptions** - The June 30, 2014 total pension liability was determined by an actuarial valuation as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4 %
Salary increases	4 to 8 % Average, including inflation
Investment rate of return	7.5 % Net of pension plan investment expense, including inflation

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

**Discount Rate** - A single discount rate of 7.5 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.50 percent and a municipal bond rate of 4.29 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates.

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

Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2108. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2108, and the municipal bond rate of 4.29 percent was applied to all benefit payments after that date. The source of the municipal bond rate is based on an index of 20-year general obligation bonds with an average AA credit rating which is published by the Federal Reserve as of the measurement date of June 30, 2014.

#### Projected Cash Flows

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.35% - 5.60%
International equity	5.25% - 5.65%
U.S. government or agency fixed income	0.50% - 0.75%
Corporate bonds	0.75% - 2.80%
Non U.S./Emerging market fixed income	0.50% - 2.65%
Private equity	6.25%
Real estate	3.90%
Hedge funds and commodities	0.80% - 2.85%
Cash or cash equivalents	(0.25)%

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City of Berkley, calculated using the discount rate of 7.5 percent, as well as what the City of Berkley's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability of the City	\$ 5,439,776	\$ 2,925,911	\$ 814,297

### Note 13 - Public Safety Pension Cost and Related Asset/Obligation

The Public Safety Pension Plan does not issue a separate financial report.

**Annual Pension Cost** - For the year ended June 30, 2014, the City's annual pension cost of \$780,105 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended June 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 780,105	\$ 770,451	\$ 781,547
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	\$ -	\$ -	\$ -

**Funding Status and Funding Progress** - As of June 30, 2013, the most recent actuarial valuation date, the plan was 80.0 percent funded. The actuarial accrued liability for benefits was \$21.5 million, and the actuarial value of assets was \$17.2 million, resulting in an unfunded actuarial accrued liability of \$4.3 million. The covered payroll (annual payroll to active employees covered by the plan) was \$1.6 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 268.8 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at June 30, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 5.0 percent to 9.0 percent per year including inflation at 5.0 percent, and (c) no cost of living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 20 years.

### Note 14 - Other Postemployment Benefits

**Plan Description** - The City has elected to provide postemployment health benefits and life insurance benefits to certain retirees and their beneficiaries in accordance with current employment labor contracts for union members and the City Council adopted Merit System of Personnel Management for non-union and court retirees. As of June 30, 2014, a total of 96 retirees and 69 beneficiaries are eligible for postemployment health and life benefits. This includes pre-Medicare retirees as well as Medicare eligible retirees.

### Note 14 - Other Postemployment Benefits (Continued)

This is a single-employer defined benefit plan administered by the City. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

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

The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, at June 30, 2014, the City has assets totaling \$3,274,621 invested with the Municipal Employees' Retirement System of Michigan. These funds are intended to be used in the future toward the other postemployment liability costs for these eligible retiree health and life benefits.

For the year ended June 30, 2014, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,802,766
Interest on the prior year's net OPEB obligation	198,334
Less adjustment to the annual required contribution	<u>(239,590)</u>
Annual OPEB cost	1,761,510
Amounts contributed:	
Payments of current premiums	(1,211,000)
Employer contributions	<u>(231,200)</u>
Increase in net OPEB obligation	319,310
OPEB obligation - Beginning of year	<u>2,833,334</u>
OPEB obligation - End of year	<u>\$ 3,152,644</u>

### Note 14 - Other Postemployment Benefits (Continued)

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/12	6/30/09	\$ 1,975,310	56.5	\$ 2,398,829
6/30/13	6/30/09	1,658,683	73.8	2,833,334
6/30/14	6/30/09	1,761,510	81.9	3,152,644

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/06	\$ 100,000	\$ 21,807,213	\$ 21,707,213	0.5	\$ 3,643,038	595.9
6/30/09	1,035,664	17,655,852	16,620,188	5.9	4,424,609	375.6

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

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



### **Note 14 - Other Postemployment Benefits (Continued)**

In the June 30, 2009 actuarial valuation, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 5.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 29 years.

### **Note 15 - Joint Ventures**

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

The City is a member of the Southeastern Oakland County Water Authority (the "Water Authority"), which provides a water supply system serving 11 member and two non-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, 2014, the City expensed \$673,666 of payments made to the Water Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. The Southeastern Oakland County Water Authority has a debt issue with a total balance outstanding as of June 30, 2014 of \$700,000, of which the City has guaranteed \$32,930. Complete financial statements of the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, Michigan 48073.

### Note 15 - Joint Ventures (Continued)

#### 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, 2014, the City expensed \$878,935 of payments made to the Resource Recovery Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Resource Recovery Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements of the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 W. Webster Road, Royal Oak, Michigan 48073.

### Note 16 - Contingent Liabilities

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

### Note 17 - Change in Accounting

During the current year, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources.

As a result of implementing this statement, the following liability has been reclassified, as indicated:

Item	Amount	Prior Reporting Classification/Treatment	New Classification after Adoption of GASB Statement No. 65
Revenue in governmental funds not collected within 60 days of year end	\$ 40,640	Liability	Deferred inflow of resources

### **Note 17 - Change in Accounting (Continued)**

During the current year, the City adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the Public Safety Pension plan. As a result, the disclosures within the Public Safety Pension note have changed considerably along with the related schedules in the required supplemental information.

### **Note 18 - Upcoming Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the 2014-2015 fiscal year.

In April 2013, the Governmental Accounting Standards Board issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. GASB Statement No. 70 is required to be adopted for years beginning after June 15, 2013. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2014-2015 fiscal year.

## **Required Supplemental Information**

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# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,685,690	\$ 6,766,952	\$ 6,682,272	\$ (84,680)
Licenses and permits	385,270	449,880	433,166	(16,714)
Federal grants	11,400	13,250	14,243	993
State-shared revenue and grants	1,316,481	1,317,900	1,320,975	3,075
Charges for services	416,803	513,892	481,445	(32,447)
Fines and forfeitures	1,112,724	969,218	965,468	(3,750)
Investment earnings	19,006	19,006	19,180	174
Franchise fees	310,000	310,000	334,562	24,562
Other revenue:				
Local donations	-	6,925	6,986	61
Other	222,678	290,678	277,258	(13,420)
Total revenue	10,480,052	10,657,701	10,535,555	(122,146)
<b>Expenditures</b>				
Current:				
General government:				
City Council	14,653	14,653	10,843	3,810
District Court	607,898	615,955	615,955	-
Manager	188,801	188,996	187,280	1,716
Elections	171,551	156,711	140,526	16,185
Finance	255,067	261,067	251,020	10,047
Legal	100,000	100,000	72,172	27,828
Clerk/Treasurer	97,009	97,009	93,792	3,217
City hall	216,548	216,998	179,345	37,653
Planning	55,100	55,100	48,603	6,497
Inspection	231,166	263,391	254,301	9,090
Insurance	652,879	652,879	670,108	(17,229)
Community promotion	50,675	53,475	51,190	2,285
Total general government	2,641,347	2,676,234	2,575,135	101,099
Public safety:				
Administration	165,432	165,432	168,003	(2,571)
Service aides	292,035	296,984	282,706	14,278
Operations	3,610,009	3,654,383	3,565,844	88,539
Insurance	93,362	93,362	93,362	-
Pension administration	532,614	532,614	528,805	3,809
Building inspections and related	393	393	386	7
Animal control	76,171	76,171	61,474	14,697
Total public safety	4,770,016	4,819,339	4,700,580	118,759

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
Current (Continued):				
Public works:				
Operations	\$ 356,711	\$ 363,009	\$ 311,259	\$ 51,750
Garage	117,503	168,702	167,554	1,148
Street programs	218,000	218,000	203,232	14,768
Total public works	692,214	749,711	682,045	67,666
Health and welfare - Community development	48,436	72,470	61,485	10,985
Recreation and culture:				
Recreation	403,419	405,060	384,239	20,821
Library	600,412	622,068	610,987	11,081
WBRK	79,622	66,425	57,857	8,568
Communications coordinator	69,797	69,797	64,935	4,862
Total recreation and culture	1,153,250	1,163,350	1,118,018	45,332
Capital outlay	337,776	630,923	571,186	59,737
Total expenditures	9,643,039	10,112,027	9,708,449	403,578
<b>Excess of Revenue Over Expenditures</b>	837,013	545,674	827,106	281,432
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	8	8
Transfers out	(671,260)	(839,211)	(798,956)	40,255
Total other financing uses	(671,260)	(839,211)	(798,948)	40,263
<b>Net Change in Fund Balance</b>	165,753	(293,537)	28,158	321,695
<b>Fund Balance - Beginning of year</b>	3,155,746	3,155,746	3,155,746	-
<b>Fund Balance - End of year</b>	<u>\$ 3,321,499</u>	<u>\$ 2,862,209</u>	<u>\$ 3,183,904</u>	<u>\$ 321,695</u>

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 631,383	\$ 631,383	\$ 713,305	\$ 81,922
Charges for services	9,108	9,108	17,676	8,568
Investment income	4,302	4,302	3,450	(852)
Other	32,100	32,100	43,875	11,775
Total revenue	676,893	676,893	778,306	101,413
<b>Expenditures</b>				
Administrative	22,560	22,560	22,453	107
Field operations	624,818	718,797	602,638	116,159
Total expenditures	647,378	741,357	625,091	116,266
<b>Excess of Revenue Over (Under) Expenditures</b>	29,515	(64,464)	153,215	217,679
<b>Other Financing Sources (Uses)</b>				
Transfers in	122,100	122,100	122,100	-
Transfers out	(147,441)	(152,513)	(152,513)	-
Total other financing uses	(25,341)	(30,413)	(30,413)	-
<b>Net Change in Fund Balance</b>	4,174	(94,877)	122,802	217,679
<b>Fund Balance - Beginning of year</b>	856,657	856,657	856,657	-
<b>Fund Balance - End of year</b>	<b>\$ 860,831</b>	<b>\$ 761,780</b>	<b>\$ 979,459</b>	<b>\$ 217,679</b>

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 230,663	\$ 230,663	\$ 254,783	\$ 24,120
Investment earnings	3,401	3,401	2,758	(643)
Other	5,450	5,450	12,152	6,702
Total revenue	239,514	239,514	269,693	30,179
<b>Expenditures</b>				
Administrative	15,949	15,949	15,954	(5)
Field operations	610,370	686,507	577,196	109,311
Total expenditures	626,319	702,456	593,150	109,306
<b>Excess of Expenditures Under Revenue</b>	(386,805)	(462,942)	(323,457)	139,485
<b>Other Financing Sources (Uses)</b>				
Transfers in	390,000	390,000	389,845	(155)
Transfers out	(512)	(4,065)	(3,704)	361
Total other financing sources	389,488	385,935	386,141	206
<b>Net Change in Fund Balance</b>	2,683	(77,007)	62,684	139,691
<b>Fund Balance - Beginning of year</b>	632,041	632,041	632,041	-
<b>Fund Balance - End of year</b>	<u>\$ 634,724</u>	<u>\$ 555,034</u>	<u>\$ 694,725</u>	<u>\$ 139,691</u>



# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Solid Waste Service Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 858,806	\$ 858,806	\$ 861,660	\$ 2,854
Charges for services	281,251	281,251	281,646	395
Investment income	4,160	4,160	3,532	(628)
Other	4,700	4,700	4,667	(33)
Total revenue	1,148,917	1,148,917	1,151,505	2,588
<b>Expenditures - Operations</b>	1,223,073	1,223,073	1,182,191	40,882
<b>Excess of Expenditures Over Revenue</b>	(74,156)	(74,156)	(30,686)	43,470
<b>Other Financing Sources (Uses)</b>				
Transfers in	80,000	80,000	80,000	-
Transfers out	(562)	(5,065)	(5,065)	-
Total other financing sources	79,438	74,935	74,935	-
<b>Net Change in Fund Balance</b>	5,282	779	44,249	43,470
<b>Fund Balance - Beginning of year</b>	625,142	625,142	625,142	-
<b>Fund Balance - End of year</b>	<b>\$ 630,424</b>	<b>\$ 625,921</b>	<b>\$ 669,391</b>	<b>\$ 43,470</b>

# City of Berkley, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Recreation Revolving Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ 376,950	\$ 436,269	\$ 421,322	\$ (14,947)
Investment income	1,477	1,477	1,939	462
Other revenue	25,100	26,330	26,295	(35)
Total revenue	403,527	464,076	449,556	(14,520)
<b>Expenditures</b>				
Recreation and culture	284,082	297,381	274,657	22,724
Capital outlay	32,400	32,400	28,161	4,239
Total expenditures	316,482	329,781	302,818	26,963
<b>Other Financing Uses - Transfers out</b>	(67,098)	(74,600)	(72,684)	1,916
<b>Net Change in Fund Balance</b>	19,947	59,695	74,054	14,359
<b>Fund Balance - Beginning of year</b>	464,735	464,735	464,735	-
<b>Fund Balance - End of year</b>	<u>\$ 484,682</u>	<u>\$ 524,430</u>	<u>\$ 538,789</u>	<u>\$ 14,359</u>

# City of Berkley, Michigan

## Required Supplemental Information General Employees' Pension System Schedule Year Ended June 30, 2014

The schedule of funding progress is as follows (in millions):

### General Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 14.3	\$ 19.7	\$ 5.4	72.6	\$ 2.2	245.5
12/31/12	13.9	19.6	5.7	70.9	2.3	247.8
12/31/13	13.7	20.0	6.3	68.5	2.2	286.4

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2013, the latest actuarial valuation, is as follows:

Amortization method	Level percent
Amortization period	28 years
Asset valuation method	10-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	1.0% - 8.4%
*Includes inflation at	1.0%
Cost of living adjustments	None

# City of Berkley, Michigan

## Required Supplemental Information Public Safety Pension Trust Pension System Schedule Year Ended June 30, 2014

The schedule of funding progress is as follows (in millions):

### Public Safety Pension Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/11	\$ 16.2	\$ 21.2	\$ 5.0	76.4	\$ 1.7	294.1
6/30/12	16.2	21.4	5.2	75.7	1.6	325.0
6/30/13	17.2	21.5	4.3	80.0	1.6	268.8

Additional information as of June 30, 2013, the latest actuarial valuation date, is as follows:

Actuarial cost method	Entry age
Amortization method	Level percent of pay
Amortization period	20 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5 percent
Projected salary increases*	5.0 percent to 9.0 percent
*Includes inflation at	5.0 percent
Cost of living adjustments	None

# City of Berkley, Michigan

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

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

# City of Berkley, Michigan

## Required Supplemental Information Public Safety Pension Trust Schedule of Changes in the City Net Pension Liability and Related Ratios Year Ended June 30, 2014

<b>Total Pension Liability</b>	
Service cost	\$ 376,217
Interest	1,600,549
Benefit payments, including refunds	<u>(1,638,281)</u>
<b>Net Change in Total Pension Liability</b>	338,485
<b>Total Pension Liability - Beginning of year</b>	<u>21,971,687</u>
<b>Total Pension Liability - End of year</b>	<u><b>\$ 22,310,172</b></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 780,105
Contributions - Member	90,169
Net investment income	2,752,802
Administrative expenses	(51,306)
Benefit payments, including refunds	<u>(1,638,281)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,933,489
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>17,450,772</u>
<b>Plan Fiduciary Net Position - End of year</b>	<u><b>\$ 19,384,261</b></u>
<b>City's Net Pension Liability - Ending</b>	<u><b>\$ 2,925,911</b></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	86.89 %
<b>Covered Employee Payroll</b>	\$ 1,965,494
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	148.86 %

# City of Berkley, Michigan

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 780,105	\$ 770,451	\$ 780,942	\$ 719,836	\$ 452,531	\$ 499,877	\$ 506,423	\$ 419,560	\$ 377,256	\$ 292,625
Contributions in relation to the actuarially determined contribution	780,105	770,451	780,942	719,836	452,531	499,877	506,423	419,560	377,256	292,625
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 1,965,494</b>	<b>\$ 1,965,938</b>	<b>\$ 2,020,026</b>	<b>\$ 1,893,309</b>	<b>\$ 1,816,664</b>	<b>\$ 2,004,318</b>	<b>\$ 1,969,751</b>	<b>\$ 1,911,435</b>	<b>\$ 1,868,529</b>	<b>\$ 1,749,103</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>39.7 %</b>	<b>39.2 %</b>	<b>38.7 %</b>	<b>38.0 %</b>	<b>24.9 %</b>	<b>24.9 %</b>	<b>25.7 %</b>	<b>22.0 %</b>	<b>20.2 %</b>	<b>16.7 %</b>

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution amounts are calculated as of 6/30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level percent of pay
Remaining amortization period	20 years closed
Asset valuation method	4-year smoothed market 80 percent/120 percent corridor
Inflation	4.0 percent
Salary increases	4.0 percent to 8.0 percent including inflation
Investment rate of return	7.5 percent net of investment and administrative expenses
Retirement age	Experience based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 combined healthy life mortality improvements to 2020 using projection scale BB for both males and females

# City of Berkley, Michigan

## Required Supplemental Information OPEB System Schedule Year Ended June 30, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/06	\$ 100,000	\$ 21,807,213	\$ 21,707,213	0.5	\$ 3,643,038	595.9
6/30/09	1,035,664	17,655,852	16,620,188	5.9	4,424,609	375.6

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/12	6/30/09	\$ 1,975,310	56.5
6/30/13	6/30/09	1,658,683	73.8
6/30/14	6/30/09	1,761,510	81.9

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



## **Other Supplemental Information**

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# City of Berkley, Michigan

	Special Revenue Funds			Debt Service Funds		
	Community Development Block Grant	Drug Forfeiture Fund	Seniors' Program Fund	1996 General Obligation Library Bond	2002 Installment Loan	Major and Local Street Projects Debt Service
	<b>Assets</b>					
Cash and cash equivalents	\$ 13,085	\$ 9,512	\$ 220,936	\$ -	\$ 3,393	\$ 11,983
Receivables:						
Taxes	-	-	-	-	-	3,009
Federal government	2,382	-	-	-	-	-
Prepaid costs	-	-	13,717	-	-	-
<b>Total assets</b>	<b>\$ 15,467</b>	<b>\$ 9,512</b>	<b>\$ 234,653</b>	<b>\$ -</b>	<b>\$ 3,393</b>	<b>\$ 14,992</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 989	\$ -	\$ 621	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	1,890	-	-	-
<b>Total liabilities</b>	<b>989</b>	<b>-</b>	<b>2,511</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>5,446</b>	<b>-</b>	<b>-</b>	<b>3,009</b>
<b>Fund Balances</b>						
Nonspendable - Inventory and prepaid items	-	-	13,717	-	-	-
Restricted:						
Debt service	-	-	-	-	3,393	11,983
Public safety	-	9,512	-	-	-	-
Community promotion	14,478	-	-	-	-	-
Committed - Seniors' program	-	-	212,979	-	-	-
Assigned - Capital improvement	-	-	-	-	-	-
<b>Total fund balances</b>	<b>14,478</b>	<b>9,512</b>	<b>226,696</b>	<b>-</b>	<b>3,393</b>	<b>11,983</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,467</b>	<b>\$ 9,512</b>	<b>\$ 234,653</b>	<b>\$ -</b>	<b>\$ 3,393</b>	<b>\$ 14,992</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014**

Debt Service Funds		Capital Projects Funds		Total
Eleven Mile Road Project Debt Service	Twelve Mile Road Project Debt Service	District Court Building Fund	Public Improvements	Nonmajor Governmental Funds
\$ 23,658	\$ 19,516	\$ 686,930	\$ 23,814	\$ 1,012,827
336	285	-	-	3,630
-	-	-	-	2,382
-	-	-	-	13,717
<b>\$ 23,994</b>	<b>\$ 19,801</b>	<b>\$ 686,930</b>	<b>\$ 23,814</b>	<b>\$ 1,032,556</b>
\$ -	\$ -	\$ -	\$ 13,714	\$ 15,324
-	-	-	-	1,890
-	-	-	13,714	17,214
336	285	-	-	9,076
-	-	-	-	13,717
23,658	19,516	-	-	58,550
-	-	-	-	9,512
-	-	-	-	14,478
-	-	-	-	212,979
-	-	686,930	10,100	697,030
<b>23,658</b>	<b>19,516</b>	<b>686,930</b>	<b>10,100</b>	<b>1,006,266</b>
<b>\$ 23,994</b>	<b>\$ 19,801</b>	<b>\$ 686,930</b>	<b>\$ 23,814</b>	<b>\$ 1,032,556</b>

# City of Berkley, Michigan

	Special Revenue Funds			Debt Service Funds		
	Community Development Block Grant	Drug Forfeiture Fund	Seniors' Program Fund	1996 General Obligation Library Bonds	2002 Installment Purchase	Major and Local Streets Projects Debt Service
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,440
Federal grants	29,400	-	-	-	-	-
State-shared revenue and grants	-	-	33,187	-	-	-
Charges for services	-	-	82,907	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	-	41	906	-	11	36
Other	-	-	412	-	188,340	-
<b>Total revenue</b>	<b>29,400</b>	<b>41</b>	<b>117,412</b>	<b>-</b>	<b>188,351</b>	<b>367,476</b>
<b>Expenditures - Current</b>						
Health and welfare	34,923	-	83,081	-	-	-
Capital outlay	11,750	-	-	-	-	-
Debt service	-	-	-	-	188,340	362,669
<b>Total expenditures</b>	<b>46,673</b>	<b>-</b>	<b>83,081</b>	<b>-</b>	<b>188,340</b>	<b>362,669</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(17,273)</b>	<b>41</b>	<b>34,331</b>	<b>-</b>	<b>11</b>	<b>4,807</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(8)	-	-
<b>Total other financing (uses) sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(17,273)</b>	<b>41</b>	<b>34,331</b>	<b>(8)</b>	<b>11</b>	<b>4,807</b>
<b>Fund Balances - Beginning of year</b>	<b>31,751</b>	<b>9,471</b>	<b>192,365</b>	<b>8</b>	<b>3,382</b>	<b>7,176</b>
<b>Fund Balances - End of year</b>	<b>\$ 14,478</b>	<b>\$ 9,512</b>	<b>\$ 226,696</b>	<b>\$ -</b>	<b>\$ 3,393</b>	<b>\$ 11,983</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014**

Debt Service Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
Eleven Mile Road Project Debt Service	Twelve Mile Road Project Debt Service	District Court Building Fund	Public Improvements	
\$ 225,363	\$ 116,580	\$ -	\$ -	\$ 709,383
-	-	-	-	29,400
-	-	-	-	33,187
-	-	-	-	82,907
-	-	92,682	-	92,682
115	74	2,821	186	4,190
-	-	-	-	188,752
<u>225,478</u>	<u>116,654</u>	<u>95,503</u>	<u>186</u>	<u>1,140,501</u>
-	-	-	-	118,004
-	-	11,585	155,415	178,750
<u>219,313</u>	<u>113,288</u>	<u>-</u>	<u>-</u>	<u>883,610</u>
<u>219,313</u>	<u>113,288</u>	<u>11,585</u>	<u>155,415</u>	<u>1,180,364</u>
6,165	3,366	83,918	(155,229)	(39,863)
-	-	-	165,000	165,000
-	-	-	-	(8)
<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>164,992</u>
6,165	3,366	83,918	9,771	125,129
<u>17,493</u>	<u>16,150</u>	<u>603,012</u>	<u>329</u>	<u>881,137</u>
<u>\$ 23,658</u>	<u>\$ 19,516</u>	<u>\$ 686,930</u>	<u>\$ 10,100</u>	<u>\$ 1,006,266</u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund Community Development Block Grant Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 68,815	\$ 78,615	\$ 29,400	\$ (49,215)
<b>Expenditures</b>				
Health and welfare	64,015	64,015	34,923	29,092
Capital outlay	-	12,150	11,750	400
Total expenditures	64,015	76,165	46,673	29,492
<b>Other Financing Uses - Transfers out</b>	(4,800)	(4,800)	-	4,800
<b>Net Change in Fund Balance</b>	-	(2,350)	(17,273)	(14,923)
<b>Fund Balance - Beginning of year</b>	31,751	31,751	31,751	-
<b>Fund Balance - End of year</b>	<u>\$ 31,751</u>	<u>\$ 29,401</u>	<u>\$ 14,478</u>	<u>\$ (14,923)</u>

# City of Berkley, Michigan

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## Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Fund Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment earnings	\$ 52	\$ 52	\$ 41	\$ (11)
<b>Net Change in Fund Balance</b>	52	52	41	(11)
<b>Fund Balance</b> - Beginning of year	9,471	9,471	9,471	-
<b>Fund Balance</b> - End of year	<u>\$ 9,523</u>	<u>\$ 9,523</u>	<u>\$ 9,512</u>	<u>\$ (11)</u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Seniors' Program Fund Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 21,785	\$ 21,785	\$ 33,187	\$ 11,402
Charges for services	71,859	78,509	82,907	4,398
Investment earnings	853	853	906	53
Other	400	400	412	12
Total revenue	94,897	101,547	117,412	15,865
<b>Expenditures - Health and welfare</b>	94,033	105,888	83,081	22,807
<b>Net Change in Fund Balance</b>	864	(4,341)	34,331	38,672
<b>Fund Balance - Beginning of year</b>	192,365	192,365	192,365	-
<b>Fund Balance - End of year</b>	<b>\$ 193,229</b>	<b>\$ 188,024</b>	<b>\$ 226,696</b>	<b>\$ 38,672</b>



# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - 2002 Installment Purchase Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Other revenue</b>	\$ 188,340	\$ 188,340	\$ 188,351	\$ 11
<b>Expenditures - Debt service</b>	188,340	188,340	188,340	-
<b>Net Change in Fund Balance</b>	-	-	11	11
<b>Fund Balance - Beginning of year</b>	3,382	3,382	3,382	-
<b>Fund Balance - End of year</b>	<u>\$ 3,382</u>	<u>\$ 3,382</u>	<u>\$ 3,393</u>	<u>\$ 11</u>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Major and Local Streets Projects Debt Service Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 366,989	\$ 366,989	\$ 367,440	\$ 451
Investment earnings	31	31	36	5
Total revenue	367,020	367,020	367,476	456
<b>Expenditures - Debt service</b>	362,668	362,669	362,669	-
<b>Net Change in Fund Balance</b>	4,352	4,351	4,807	456
<b>Fund Balance - Beginning of year</b>	7,176	7,176	7,176	-
<b>Fund Balance - End of year</b>	<b>\$ 11,528</b>	<b>\$ 11,527</b>	<b>\$ 11,983</b>	<b>\$ 456</b>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Eleven Mile Road Project Debt Service Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 225,086	\$ 225,086	\$ 225,363	\$ 277
Investment earnings	110	110	115	5
Total revenue	225,196	225,196	225,478	282
<b>Expenditures - Debt service</b>	219,313	219,313	219,313	-
<b>Net Change in Fund Balance</b>	5,883	5,883	6,165	282
<b>Fund Balance - Beginning of year</b>	17,493	17,493	17,493	-
<b>Fund Balance - End of year</b>	<b>\$ 23,376</b>	<b>\$ 23,376</b>	<b>\$ 23,658</b>	<b>\$ 282</b>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Twelve Mile Road Project Debt Service Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 116,460	\$ 116,460	\$ 116,580	\$ 120
Investment earnings	60	60	74	14
Total revenue	116,520	116,520	116,654	134
<b>Expenditures - Debt service</b>	113,288	113,288	113,288	-
<b>Net Change in Fund Balance</b>	3,232	3,232	3,366	134
<b>Fund Balance - Beginning of year</b>	16,150	16,150	16,150	-
<b>Fund Balance - End of year</b>	<b>\$ 19,382</b>	<b>\$ 19,382</b>	<b>\$ 19,516</b>	<b>\$ 134</b>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - District Court Building Fund Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Fines and forfeitures	\$ 80,000	\$ 80,000	\$ 92,682	\$ 12,682
Investment earnings	2,550	2,550	2,821	271
Total revenue	82,550	82,550	95,503	12,953
<b>Expenditures - Capital outlay</b>	67,500	79,000	11,585	67,415
<b>Net Change in Fund Balance</b>	15,050	3,550	83,918	80,368
<b>Fund Balance - Beginning of year</b>	603,012	603,012	603,012	-
<b>Fund Balance - End of year</b>	<b>\$ 618,062</b>	<b>\$ 606,562</b>	<b>\$ 686,930</b>	<b>\$ 80,368</b>

# City of Berkley, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Public Improvements Budgetary Comparison Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment earnings	\$ -	\$ -	\$ 186	\$ 186
<b>Expenditures</b> - Capital outlay	165,000	165,000	155,415	9,585
<b>Excess of Expenditures Under Revenue</b>	(165,000)	(165,000)	(155,229)	9,771
<b>Other Financing Sources</b> - Transfers in	165,000	165,000	165,000	-
<b>Net Change in Fund Balance</b>	-	-	9,771	9,771
<b>Fund Balance</b> - Beginning of year	329	329	329	-
<b>Fund Balance</b> - End of year	<u>\$ 329</u>	<u>\$ 329</u>	<u>\$ 10,100</u>	<u>\$ 9,771</u>

# City of Berkley, Michigan

## Other Supplemental Information Downtown Development Authority Division Balance Sheet June 30, 2014

	DDA	DDA-TIF	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 172,828	\$ 92,435	\$ 265,263
Property taxes receivable	-	15,343	15,343
Prepaid expenses and other assets	1,625	-	1,625
	<b>\$ 174,453</b>	<b>\$ 107,778</b>	<b>\$ 282,231</b>
<b>Liabilities and Net Position</b>			
<b>Liabilities and Net Position</b> - Accounts payable	\$ 892	\$ -	\$ 892
<b>Net Position</b> - Unrestricted	173,561	107,778	281,339
Total liabilities and net position	<b>\$ 174,453</b>	<b>\$ 107,778</b>	<b>\$ 282,231</b>

# City of Berkley, Michigan

## Other Supplemental Information Downtown Development Authority Division Schedule of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2014

	<u>DDA</u>	<u>DDA-TIF</u>	<u>Total</u>
<b>Revenue</b>			
Property taxes	\$ 39,386	\$ 208,127	\$ 247,513
Investment income	890	759	1,649
Total revenue	<u>40,276</u>	<u>208,886</u>	<u>249,162</u>
<b>Expenditures - Current</b>			
Operations	46,543	204,729	251,272
Capital outlay	-	78,666	78,666
Total expenditures	<u>46,543</u>	<u>283,395</u>	<u>329,938</u>
<b>Excess of Expenditures Over Revenue</b>	(6,267)	(74,509)	(80,776)
<b>Transfers</b>	<u>(77,267)</u>	<u>77,267</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(83,534)	2,758	(80,776)
<b>Fund Balance - Beginning of year</b>	<u>257,095</u>	<u>105,020</u>	<u>362,115</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 173,561</u></u>	<u><u>\$ 107,778</u></u>	<u><u>\$ 281,339</u></u>



# City of Berkley, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2014

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<b>Assets - Cash</b>	<b>\$ 321,335</b>	<b>\$ 499,296</b>	<b>\$ (508,982)</b>	<b>\$ 311,649</b>
<b>Liabilities</b>				
Accounts payable	\$ 35,808	\$ 491,163	\$ (502,313)	\$ 24,658
Due to other governmental units	18,511	301,350	(296,631)	23,230
Cash bonds and deposits	267,016	198,739	(201,994)	263,761
Total liabilities	<b>\$ 321,335</b>	<b>\$ 991,252</b>	<b>\$ (1,000,938)</b>	<b>\$ 311,649</b>

## **Statistical Section**

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### Statistical Information

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

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

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

Net Position by Component	89-90
Changes in Net Position	91-92
Fund Balances of Governmental Funds	93-94
Changes in Fund Balances of Governmental Funds	95-96

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

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

Property Tax Levies and Collections	97
Assessed Value and Actual Value of Taxable Property	98
Direct and Overlapping Property Tax Rates	99-100
Principal Property Taxpayers (Major Taxpayers)	101

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

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

Ratios of Outstanding Debt by Type	102-103
Pledged-revenue Coverage	104
Ratios of General Bonded Debt Outstanding	105
Direct and Overlapping Governmental Activities Debt	106
Legal Debt Margin	107-108
Legal Debt Margin - P.A. 99 Debt	109-110

### 4. Demographic and Economic Information

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

Demographic and Economic Statistics	111
Principal Employers	112

### 5. Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Full-time Equivalent Government Employees by Function	113
Operating Indicators by Function	114-115
Capital Asset Statistics by Function	116

# City of Berkley, Michigan

Source: City annual financial statements

	As of June 30				
	2005	2006	2007	2008	2009
<b>Governmental Activities</b>					
Invested in capital assets - Net of related debt	\$ 3,326,167	\$ 3,966,796	\$ 5,511,233	\$ 6,248,911	\$ 7,060,516
Restricted	2,904,749	3,583,265	5,323,191	4,094,643	3,544,810
Unrestricted	<u>2,391,302</u>	<u>2,812,709</u>	<u>1,564,927</u>	<u>3,797,532</u>	<u>3,414,309</u>
Total net assets	8,622,218	10,362,770	12,399,351	14,141,086	14,019,635
<b>Business-type Activities</b>					
Invested in capital assets - Net of related debt	2,520,653	2,921,114	5,239,890	6,617,232	8,142,849
Restricted	-	-	-	-	-
Unrestricted	<u>3,224,157</u>	<u>3,677,691</u>	<u>2,544,495</u>	<u>2,013,068</u>	<u>1,241,937</u>
Total net assets	5,744,810	6,598,805	7,784,385	8,630,300	9,384,786
<b>Primary Government in Total</b>					
Invested in capital assets - Net of related debt	5,846,820	6,887,910	10,751,123	12,866,143	15,203,365
Restricted	2,904,749	3,583,265	5,323,191	4,094,643	3,544,810
Unrestricted	<u>5,615,459</u>	<u>6,490,400</u>	<u>4,109,422</u>	<u>5,810,600</u>	<u>4,656,246</u>
Total net assets	<u>\$ 14,367,028</u>	<u>\$ 16,961,575</u>	<u>\$ 20,183,736</u>	<u>\$ 22,771,386</u>	<u>\$ 23,404,421</u>

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

As of June 30				
2010	2011	2012	2013	2014
\$ 7,803,010	\$ 8,386,258	\$ 8,913,634	\$ 9,546,904	\$ 10,490,391
3,483,147	2,740,980	2,498,530	2,297,100	2,536,277
<u>2,433,875</u>	<u>2,197,612</u>	<u>1,864,274</u>	<u>1,605,022</u>	<u>1,524,256</u>
13,720,032	13,324,850	13,276,438	13,449,026	14,550,924
8,794,109	8,912,363	9,349,182	10,048,279	10,469,046
-	-	-	-	-
<u>1,308,518</u>	<u>1,968,092</u>	<u>2,373,103</u>	<u>2,792,194</u>	<u>3,431,190</u>
10,102,627	10,880,455	11,722,285	12,840,473	13,900,236
16,597,119	17,298,621	18,262,816	19,595,183	20,959,437
3,483,147	2,740,980	2,498,530	2,297,100	2,536,277
<u>3,742,393</u>	<u>4,165,704</u>	<u>4,237,377</u>	<u>4,397,216</u>	<u>4,955,446</u>
<b><u>\$ 23,822,659</u></b>	<b><u>\$ 24,205,305</u></b>	<b><u>\$ 24,998,723</u></b>	<b><u>\$ 26,289,499</u></b>	<b><u>\$ 28,451,160</u></b>

# City of Berkley, Michigan

	As of June 30					
	2005	2006	2007	2008	2009	2010
<b>Expenses</b>						
<b>Governmental Activities</b>						
General government	\$ 2,110,637	\$ 2,465,003	\$ 2,434,482	\$ 2,485,624	\$ 3,364,289	\$ 3,136,223
Public safety	3,547,941	3,984,638	4,238,500	4,319,548	4,880,904	4,648,256
Public works	2,299,307	2,380,517	2,759,903	2,805,318	2,652,054	2,956,123
Health and welfare	138,973	121,006	154,857	233,320	290,150	131,969
Recreation and culture	1,420,768	1,681,961	1,637,638	1,720,748	1,732,343	1,676,755
Interest on long-term debt	332,153	266,936	312,159	304,824	283,330	215,764
Unallocated depreciation	386,475	-	-	-	-	-
Total primary governmental activities	10,236,254	10,900,061	11,537,539	11,869,382	13,203,070	12,765,090
<b>Business-type Activities</b>						
Water and sewer	3,166,605	2,942,099	3,483,903	3,404,673	3,673,284	3,883,589
Arena	468,127	528,272	524,566	457,502	459,062	485,033
Total Business-type Activities	3,634,732	3,470,371	4,008,469	3,862,175	4,132,346	4,368,622
<b>Total Primary Government Expenses</b>	<b>13,870,986</b>	<b>14,370,432</b>	<b>15,546,008</b>	<b>15,731,557</b>	<b>17,335,416</b>	<b>17,133,712</b>
<b>Program Revenue</b>						
<b>Government Activities</b>						
Charges for services	2,409,033	2,316,403	2,541,112	2,727,253	2,819,447	2,666,889
Operating grants and contributions	1,153,065	1,137,380	1,136,724	1,168,098	1,226,338	1,035,713
Capital grants and contributions	4,006	74,459	885,505	70,840	20,419	5,388
Total government activities program revenue	3,566,104	3,528,242	4,563,341	3,966,191	4,066,204	3,707,990
<b>Business-type Activities</b>						
Charges for services - Water and sewer	3,781,680	3,990,896	4,172,699	4,219,273	4,460,704	4,604,767
Charges for services - Arena	414,620	472,655	472,227	445,109	325,681	363,289
<b>Total Business-type Activities Program Revenues</b>	<b>4,196,300</b>	<b>4,463,551</b>	<b>4,644,926</b>	<b>4,664,382</b>	<b>4,786,385</b>	<b>4,968,056</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 7,762,404</b>	<b>\$ 7,991,793</b>	<b>\$ 9,208,267</b>	<b>\$ 8,630,573</b>	<b>\$ 8,852,589</b>	<b>\$ 8,676,046</b>
<b>Net (Expense) Revenue</b>						
Governmental activities	\$ (6,670,150)	\$ (7,371,819)	\$ (6,974,198)	\$ (7,903,191)	\$ (9,136,866)	\$ (9,057,100)
Business-type activities	561,568	993,180	636,457	802,207	654,039	599,434
<b>Total Primary Government Net Expenses</b>	<b>(6,108,582)</b>	<b>(6,378,639)</b>	<b>(6,337,741)</b>	<b>(7,100,984)</b>	<b>(8,482,827)</b>	<b>(8,457,666)</b>
<b>General Revenue and Other Changes in Net Assets</b>						
<b>Governmental Activities</b>						
Property taxes	5,882,246	6,199,398	6,740,174	7,081,734	7,091,901	6,985,695
State-shared revenue	1,482,010	1,465,184	1,425,872	1,418,217	1,360,499	1,210,027
Unrestricted investment earnings	131,945	405,303	684,030	584,484	220,526	54,021
Other	582,000	539,499	864,490	560,491	432,374	624,376
Transfers	503,864	502,987	(703,787)	-	(89,885)	(116,622)
Total general government revenue	8,582,065	9,112,371	9,010,779	9,644,926	9,015,415	8,757,497
<b>Business-type Activities</b>						
Unrestricted investment earnings	30,907	84,484	102,912	43,708	10,562	1,785
Other	-	-	-	-	-	-
Transfers	(503,864)	(502,987)	703,787	-	89,885	116,622
Total general business-type activities	(472,957)	(418,503)	806,699	43,708	100,447	118,407
Total primary government program revenues	8,109,108	8,693,868	9,817,478	9,688,634	9,115,862	8,875,904
<b>Change in Net Assets</b>						
Governmental activities	1,911,915	1,740,552	2,036,581	1,741,735	(121,451)	(299,603)
Business-type activities	88,611	574,677	1,443,156	845,915	754,486	717,841
Total primary government	<b>\$ 2,000,526</b>	<b>\$ 2,315,229</b>	<b>\$ 3,479,737</b>	<b>\$ 2,587,650</b>	<b>\$ 633,035</b>	<b>\$ 418,238</b>

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

As of June 30			
2011	2012	2013	2014
\$ 3,278,204	\$ 3,481,679	\$ 3,014,392	\$ 3,259,836
4,771,634	4,621,263	4,693,881	4,824,914
2,995,491	3,003,907	3,033,044	3,303,767
184,224	101,435	163,566	159,649
1,538,314	1,539,712	1,585,170	1,709,925
237,219	203,665	172,787	139,890
-	-	-	-
13,005,086	12,951,661	12,662,840	13,397,981
4,425,206	4,586,983	4,503,819	4,568,046
391,151	382,335	398,498	388,811
4,816,357	4,969,318	4,902,317	4,956,857
17,821,443	17,920,979	17,565,157	18,354,838
2,688,763	3,033,244	2,837,661	3,062,151
1,132,307	1,132,650	1,171,642	1,264,242
309,306	147,306	420,556	199,272
4,130,376	4,313,200	4,429,859	4,525,665
4,996,086	5,390,864	5,562,758	5,592,326
342,046	321,367	379,651	368,805
5,338,132	5,712,231	5,942,409	5,961,131
<b>\$ 9,468,508</b>	<b>\$ 10,025,431</b>	<b>\$ 10,372,268</b>	<b>\$ 10,486,796</b>
\$ (8,874,710)	\$ (8,638,461)	\$ (8,232,981)	\$ (8,872,316)
521,775	742,913	1,040,092	1,004,274
(8,352,935)	(7,895,548)	(7,192,889)	(7,868,042)
7,010,324	6,769,419	6,707,929	8,253,315
1,210,027	1,226,594	1,259,681	1,293,237
54,268	54,520	50,954	37,413
458,965	635,772	460,320	441,249
(243,379)	(96,256)	(73,315)	(51,000)
8,490,205	8,590,049	8,405,569	9,974,214
1,997	2,661	4,781	4,489
-	-	-	-
243,379	96,256	73,315	51,000
245,376	98,917	78,096	55,489
8,735,581	8,688,966	8,483,665	10,029,703
(384,505)	(48,412)	172,588	1,101,898
767,151	841,830	1,118,188	1,059,763
<b>\$ 382,646</b>	<b>\$ 793,418</b>	<b>\$ 1,290,776</b>	<b>\$ 2,161,661</b>



# City of Berkley, Michigan

	As of June 30				
	2005	2006	2007	2008	2009
<b>General Fund</b>					
Reserved	\$ 621,978	\$ 634,603	\$ 1,529,212	\$ 348,637	\$ 418,208
Unreserved	1,554,484	1,786,515	1,427,161	3,419,573	2,425,253
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
 Total General Fund	 <b><u>\$ 2,176,462</u></b>	 <b><u>\$ 2,421,118</u></b>	 <b><u>\$ 2,956,373</u></b>	 <b><u>\$ 3,768,210</u></b>	 <b><u>\$ 2,843,461</u></b>
<b>All Other Governmental Funds</b>					
Reserved	\$ 1,003	\$ -	\$ 202,050	\$ 211,738	\$ 247,238
Unreserved, reported in:					
Special revenue funds	3,069,677	3,617,071	2,876,105	3,426,490	3,633,578
Capital project funds	27,411	4,517,324	2,675,389	1,038,880	401,995
Debt service funds	23,710	26,745	29,085	40,886	20,649
Nonmajor funds	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
 Total all other governmental funds	 <b><u>\$ 3,121,801</u></b>	 <b><u>\$ 8,161,140</u></b>	 <b><u>\$ 5,782,629</u></b>	 <b><u>\$ 4,717,994</u></b>	 <b><u>\$ 4,303,460</u></b>

Source: City annual financial statements

\* Fund balance classifications were changed as a result of implementation of GASB Statement No. 54.

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

As of June 30				
2010	2011*	2012	2013	2014
\$ 512,336	\$ -	\$ -	\$ -	\$ -
1,934,516	-	-	-	-
-	368,673	315,502	284,329	317,474
-	72,800	96,903	107,930	120,355
-	220,000	220,000	325,000	5,000
-	1,992,303	2,452,971	2,438,647	2,741,075
<b><u>\$ 2,446,852</u></b>	<b><u>\$ 2,653,776</u></b>	<b><u>\$ 3,085,376</u></b>	<b><u>\$ 3,155,906</u></b>	<b><u>\$ 3,183,904</u></b>
\$ 247,238	\$ -	\$ -	\$ -	\$ -
3,599,107	-	-	-	-
407,774	-	-	-	-
13,818	-	-	-	-
24,644	-	-	-	-
-	260,316	203,321	138,276	21,327
-	2,686,079	2,421,348	2,188,290	2,418,964
-	348,215	422,592	526,423	751,309
-	415,669	497,862	606,723	697,030
<b><u>\$ 4,292,581</u></b>	<b><u>\$ 3,710,279</u></b>	<b><u>\$ 3,545,123</u></b>	<b><u>\$ 3,459,712</u></b>	<b><u>\$ 3,888,630</u></b>

# City of Berkley, Michigan

	As of June 30				
	2005	2006	2007	2008	2009
<b>Revenue</b>					
Local revenue	\$ 9,080,677	\$ 9,612,213	\$ 12,274,950	\$ 11,470,866	\$ 11,079,457
State revenue	2,447,638	2,413,963	2,367,806	2,387,701	2,299,879
Federal revenue	82,348	19,686	57,634	51,321	97,057
Total revenue	11,610,663	12,045,862	14,700,390	13,909,888	13,476,393
<b>Expenditures</b>					
Current:					
General government	2,300,259	2,555,528	2,774,250	2,682,839	3,329,203
Public safety	3,617,011	4,105,804	4,137,720	4,223,792	4,733,586
Public works	2,341,417	2,266,613	2,532,356	2,341,172	2,526,019
Health and welfare	176,855	201,658	221,794	310,444	372,347
Recreation and culture	1,419,476	1,472,163	1,344,085	1,388,873	1,470,635
Debt service:					
Principal	983,916	740,971	483,624	511,826	560,189
Interest	316,168	289,918	296,993	306,665	290,286
Capital outlay	62,994	1,607,199	4,825,905	2,648,769	1,443,524
Total expenditures	11,218,096	13,239,854	16,616,727	14,414,380	14,725,789
<b>Excess of Revenue Over (Under) Expenditures</b>	392,567	(1,193,992)	(1,916,337)	(504,492)	(1,249,396)
<b>Other Financing Sources (Uses)</b>					
Proceeds from long-term debt	-	5,975,000	152,273	251,694	-
Transfers in	721,454	778,125	1,308,752	251,199	258,615
Transfers out	(217,590)	(275,138)	(1,387,944)	(251,199)	(348,500)
Debt defeasance	-	-	-	-	-
Total other financing sources (uses)	503,864	6,477,987	73,081	251,694	(89,885)
<b>Net Change in Fund Balances</b>	896,431	5,283,995	(1,843,256)	(252,798)	(1,339,281)
<b>Fund Balances - Beginning of year</b>	4,401,832	5,298,263	10,582,258	8,739,002	8,486,202
<b>Fund Balances - End of year</b>	<b>\$ 5,298,263</b>	<b>\$ 10,582,258</b>	<b>\$ 8,739,002</b>	<b>\$ 8,486,204</b>	<b>\$ 7,146,921</b>
Debt service as a percentage of noncapital expenditures	0.1204	0.0942	0.0658	0.0691	0.0655

Source: City annual financial statements.

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

As of June 30				
2010	2011	2012	2013	2014
\$ 10,638,306	\$ 10,377,264	\$10,485,022	\$10,422,534	\$11,959,223
2,111,858	2,116,821	2,155,369	2,191,716	2,322,250
<u>30,088</u>	<u>96,773</u>	<u>74,851</u>	<u>93,077</u>	<u>43,643</u>
12,780,252	12,590,858	12,715,242	12,707,327	14,325,116
2,935,158	2,525,147	2,392,049	2,560,152	2,802,372
4,468,058	4,711,535	4,461,190	4,525,013	4,700,580
2,759,016	2,733,588	2,834,954	2,869,767	3,058,533
155,901	222,609	141,613	207,514	179,489
1,430,559	1,334,890	1,306,839	1,377,854	1,414,086
734,269	658,021	741,454	725,000	735,000
224,615	244,692	212,025	180,847	148,610
<u>363,542</u>	<u>281,698</u>	<u>262,418</u>	<u>202,906</u>	<u>778,370</u>
<u>13,071,118</u>	<u>12,712,180</u>	<u>12,352,542</u>	<u>12,649,053</u>	<u>13,817,040</u>
(290,866)	(121,322)	362,700	58,274	508,076
-	-	-	-	-
203,021	378,266	158,332	155,963	756,953
(319,643)	(621,645)	(254,588)	(229,278)	(807,953)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(116,622)	(243,379)	(96,256)	(73,315)	(51,000)
(407,488)	(364,701)	266,444	(15,041)	457,076
<u>7,146,921</u>	<u>6,728,756</u>	<u>6,364,055</u>	<u>6,630,499</u>	<u>6,615,458</u>
<u><b>\$ 6,739,433</b></u>	<u><b>\$ 6,364,055</b></u>	<u><b>\$ 6,630,499</b></u>	<u><b>\$ 6,615,458</b></u>	<u><b>\$ 7,072,534</b></u>
0.0788	0.0754	0.0815	0.0754	0.0670

# City of Berkley, Michigan

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

Tax Year	Fiscal Year Ended June 30	Total Levy	Levy Year Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2004	2005	\$ 6,566,930	\$ 6,537,228	99.55%	\$ 27,392	\$ 6,564,620	99.96%
2005	2006	6,673,949	6,657,022	99.75%	15,038	6,672,060	99.97%
2006	2007	7,299,030	7,272,214	99.63%	22,431	7,294,645	99.94%
2007	2008	7,665,402	7,647,248	99.76%	17,164	7,664,412	99.99%
2008	2009	7,788,425	7,767,792	99.74%	17,376	7,785,168	99.96%
2009	2010	7,692,971	7,677,824	99.80%	12,616	7,690,440	99.97%
2010	2011	7,765,387	7,739,802	99.67%	21,747	7,761,549	99.95%
2011	2012	7,522,328	7,508,678	99.82%	9,319	7,517,997	99.94%
2012	2013	7,470,715	7,457,808	99.83%	10,192	7,468,000	99.96%
2013	2014	9,042,351	9,023,584	99.79%	5,906	9,029,490	99.86%

Source: Oakland County Settlement Document  
City of Berkley Accounting Records

# City of Berkley, Michigan

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

Tax Year (3)	Taxable Value by Property Type (1)					City Tax Rate (Mills)	State Equalized Value (SEV) (2)	Taxable Value as a Percent of SEV
	Real Property							
	Residential	Commercial	Industrial	Personal	Total Value			
2005	\$ 416,101,940	\$ 46,177,300	\$ 3,469,270	\$ 13,083,440	\$ 478,831,950	12.6250	\$ 655,917,750	73.00%
2006	440,032,740	49,592,780	3,767,130	13,435,660	506,828,310	12.8132	682,636,910	74.25%
2007	462,885,080	52,258,100	3,709,970	13,561,450	532,414,600	12.9732	694,893,290	76.62%
2008	463,377,838	53,865,200	3,731,790	13,433,110	534,407,938	12.9957	658,680,808	81.13%
2009	450,038,090	57,090,940	3,409,420	13,641,370	524,179,820	13.0779	595,450,680	88.03%
2010	417,703,030	53,212,790	3,708,310	14,026,180	488,650,310	14.0656	524,003,230	93.25%
2011	397,284,790	52,547,550	1,128,660	14,140,570	465,101,570	14.2990	480,072,565	96.88%
2012	388,105,590	51,050,170	889,120	13,992,940	454,037,820	14.4917	460,925,460	98.51%
2013	397,730,420	50,439,440	849,760	14,900,060	463,919,680	17.5074	473,399,655	98.00%
2014	410,885,648	50,207,950	816,550	11,907,130	473,817,278	17.5454	521,957,503	90.78%

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

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

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

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

# City of Berkley, Michigan

## Millage Rates - City of Berkley

## Overlapping Taxes Berkley Schools

Tax Year	Fiscal Year Ended June 30	City Operating	Public Safety	Sanitation	Community Promotions	Public Safety Pension	City Debt	Total City Tax Rates	Homestead	Non-homestead
2005	2006	6.4164	1.9246	1.9246	0.1044	1.4150	0.8400	12.6250	4.5067	22.5067
2006	2007	6.3329	1.8996	1.8996	0.0986	1.5017	1.2845	13.0169	4.4967	22.4967
2007	2008	6.3101	1.8927	1.8927	0.0939	1.6359	1.1479	12.9732	4.3467	22.3467
2008	2009	6.3101	1.8927	1.8927	0.0940	1.6471	1.1591	12.9957	4.2167	22.2167
2009	2010	6.3101	1.8927	1.8927	0.0950	1.6922	1.1952	13.0779	4.2167	22.2167
2010	2011	6.3101	1.8927	1.8927	0.1023	2.4762	1.3916	14.0656	4.2167	22.2167
2011	2012	6.3101	1.8927	1.8927	0.1075	2.5479	1.5481	14.2990	4.6967	22.6967
2012	2013	6.3101	1.8927	1.8927	0.1101	2.6430	1.6431	14.4917	4.7167	22.7167
2013	2014	9.3101	1.8927	1.8927	0.1078	2.7435	1.5606	17.5074	4.7367	22.7367
2014	2015	9.2831	1.8872	1.8872	0.1055	2.7120	1.6704	17.5454	4.7353	22.7353

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

General operating	9.2831 mills (additional 3 mills voter approved 8/2012)
Public safety	1.8827 mills
Sanitation	1.8827 mills
Community promotions	2.7120 mills

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

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

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

Overlapping Taxes

Royal Oak Schools									
Homestead	Non-homestead	Oakland County	Oakland Intermediate Schools	Oakland Community College	Oakland County Public Transportation Authority	State Education	HCMA	Zoo Authority	Downtown Development Authority
6.0130	20.3161	4.4315	3.3690	1.5844	0.5950	6.0000	0.2146	-	1.9262
7.7030	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	-	1.9262
7.6057	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	-	1.9262
7.4095	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9262
7.3521	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9218
7.7312	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2415	0.1000	1.9216
7.7300	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.7300	22.7100	4.1900	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.7300	25.7300	4.1900	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.1928	25.1928	4.1900	3.3690	1.5844	1.0000	6.0000	0.2146	0.1000	1.9217



# City of Berkley, Michigan

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

Taxpayers	2014 Taxable Value	Percentage of Total City Value	2014 Rank	2005 Taxable Value	Percentage of Total City Value	2005 Rank
DHS Management	\$ 2,751,530	0.59%	1	\$ 3,346,010	0.70%	1
Detroit Edison	2,517,250	0.54%	2	2,855,880	0.60%	2
Consumers Energy	2,373,540	0.51%	3	1,164,170	0.24%	6
Northwood Medical Limited Pttrs.	1,777,140	0.38%	4	1,678,750	0.35%	3
Dynex Commercial Services	1,485,360	0.32%	5	1,278,240	0.27%	5
Capital Development Corp	1,234,120	0.27%	6	1,106,020	0.23%	7
Berkley Twelve Associates II	1,202,540	0.26%	7	1,585,260	0.33%	4
Anusbigian LLC	1,168,880	0.25%	8	-	- %	N/A
SD Investments	835,130	0.18%	9	-	- %	N/A
Windward Berkley Properties LLC	803,940	0.17%	10	-	- %	N/A
Hartfield Realty & Leasing	-	- %	N/A	1,060,460	0.22%	8
Gabriel and Associates	-	- %	N/A	895,720	0.19%	9
Berkley Holding, Inc.	-	- %	N/A	746,950	0.16%	10
<b>Total taxable value</b>	<b><u>\$ 16,149,430</u></b>			<b><u>\$ 15,717,460</u></b>		

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

Source: Oakland County Equalization  
City of Berkley Treasury Department

# City of Berkley, Michigan

	2005	2006*	2007*	2008	2009
<b>Governmental Activities</b>					
General obligation bonds	\$ 8,187,324	\$ 13,446,365	\$ 6,334,065	\$ 6,123,933	\$ 5,638,744
Installment purchase agreements	1,225,000	1,190,000	1,140,000	1,090,000	1,015,000
Total	9,412,324	14,636,365	7,474,065	7,213,933	6,653,744
<b>Business-type Activities</b>					
General obligation bonds	355,000	325,000	6,672,214	6,449,843	6,604,112
Total debt of the government	<b>\$ 9,767,324</b>	<b>\$ 14,961,365</b>	<b>\$ 14,146,279</b>	<b>\$ 13,663,776</b>	<b>\$ 13,257,856</b>
Total taxable value (1)	\$ 478,831,950	\$ 506,828,310	\$ 532,414,600	\$ 534,407,938	\$ 524,179,820
Ratio of total debt to taxable value	2.04%	2.95%	2.66%	2.56%	2.53%
Total population	15,531	15,531	15,531	15,531	15,531
Total debt per capita	\$ 629	\$ 963	\$ 911	\$ 880	\$ 854

(1) Personal income is not available

Population and personal income data obtained from:

Population is from the United States Census

Population estimation obtained from [www.semcog.org](http://www.semcog.org)

Taxable value obtained from Oakland County Equalization

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

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

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

	2010	2011	2012	2013	2014
\$	4,994,475	\$ 4,436,454	\$ 3,825,000	3,250,000	2,675,000
	925,000	825,000	695,000	545,000	385,000
	5,919,475	5,261,454	4,520,000	3,795,000	3,060,000
	6,178,439	5,805,463	5,423,665	5,030,520	4,627,609
	<b>\$ 12,097,914</b>	<b>\$ 11,066,917</b>	<b>\$ 9,943,665</b>	<b>\$ 8,825,520</b>	<b>\$ 7,687,609</b>
\$	488,650,310	\$ 465,101,570	\$ 454,037,820	\$ 463,919,680	\$ 473,817,278
	2.48%	2.38%	2.19%	1.90%	1.62%
	14,970	15,067	15,067	15,187	15,253
\$	808	\$ 735	\$ 660	\$ 581	\$ 504

# City of Berkley, Michigan

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

Fiscal Year (1)	Water Fund Operating Revenue (2)	Less Operating Expenses	Net Revenue	Water and Sewer Debt Service			Coverage
				Principal	Interest	Total	
2005	\$ 3,781,680	\$3,166,605	\$ 615,075	\$ 285,291	\$ 218,573	\$ 503,864	1.22
2006	3,990,896	2,942,099	1,048,797	307,334	206,476	513,810	2.04
2007	4,172,699	3,248,185	924,514	312,373	235,718	548,091	1.69
2008	4,219,273	3,235,563	983,710	335,290	169,110	504,400	1.95
2009	4,460,704	3,499,968	960,736	337,393	173,316	510,709	1.88
2010	4,604,767	3,709,776	894,991	425,673	173,813	599,486	1.49
2011	4,996,086	4,265,636	730,450	372,976	159,570	532,546	1.37
2012	5,390,864	4,432,259	958,605	381,798	154,724	536,522	1.79
2013	5,562,758	4,357,057	1,205,701	393,145	146,762	539,907	2.23
2014	5,592,326	4,436,732	1,155,594	402,911	131,314	534,225	2.16

Source: City of Berkley finance department

(1) Debt starts in fiscal year 2004

(2) Interest income is not included in operating revenue

# City of Berkley, Michigan

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

Fiscal Year	UTGO City General Obligation Bonds	General		Resources Restricted for Debt Service	Total General		Total Debt as a Percentage of Taxable Value	Fiscal Year	UTGO City General Obligation Bonds
		Obligation Bonds Issued by County on Behalf of the City	Total General Obligation Debt		Obligation Debt Net of Restricted Resources	Taxable Value			
2005	\$ 775,000	\$ 7,138,283	\$ 7,913,283	\$ -	\$ 7,913,283	\$ 478,831,950	1.653%	2005	\$ 775,000
2006	6,375,000	6,830,949	13,205,949	-	13,205,949	506,828,310	2.606%	2006	6,375,000
2007	5,975,000	6,672,214	12,647,214	-	12,647,214	532,414,600	2.375%	2007	5,975,000
2008	5,625,000	6,449,843	12,074,843	-	12,074,843	534,407,938	2.259%	2008	5,625,000
2009	5,250,000	6,604,112	11,854,112	-	11,854,112	524,179,820	2.261%	2009	5,250,000
2010	4,825,000	6,178,439	11,003,439	13,818	10,989,621	488,650,310	2.249%	2010	4,825,000
2011	4,350,000	5,805,463	10,155,463	17,652	10,137,811	465,101,570	2.180%	2011	4,350,000
2012	3,825,000	5,423,665	9,248,665	30,056	9,218,609	454,037,820	2.030%	2012	3,825,000
2013	3,250,000	5,030,520	8,280,520	40,827	8,239,693	463,919,680	1.776%	2013	6,811,040
2014	2,675,000	4,627,609	7,302,609	55,157	7,247,452	473,817,278	1.530%	2015	6,580,218

Source: SEMCOG  
Tax value - Oakland County Equalization

# City of Berkley, Michigan

## Debt Capacity Information Direct and Overlapping Governmental Activities Debt June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Berkley School District	\$ 15,265,000	52.04%	\$ 7,943,906
Royal Oak School District	51,805,000	0.47%	243,484
Oakland County	446,858,171	0.94%	4,200,467
Oakland County Intermediate School District	55,625,000	0.95%	528,438
Oakland County Community College	3,075,000	0.95%	29,213
Total overlapping debt			12,945,508
Direct city debt			3,060,000
Total direct and overlapping debt			<b>\$ 16,005,508</b>

Source: Percentages obtained from Municipal Advisory Council of Michigan

# City of Berkley, Michigan

	2005	2006	2007	2008	2009
<b>Calculation of Debt Limit</b>					
State equalized valuation (SEV)	\$ 655,917,750	\$ 682,636,910	\$ 694,893,290	\$ 658,680,808	\$ 595,450,680
Debt limit (10% of SEV)	65,591,775	68,263,691	69,489,329	65,868,081	59,545,068
<b>Calculation of Debt Subject to Limit -</b>					
Total debt (1)	9,767,324	14,961,365	14,146,279	13,663,776	13,257,856
<b>Less Debt Not Subject to Limit -</b>					
State qualified debt issuance	-	-	-	-	-
Net debt subject to limit	<u>9,767,324</u>	<u>14,961,365</u>	<u>14,146,279</u>	<u>13,663,776</u>	<u>13,257,856</u>
Legal debt margin	<u>\$ 55,824,451</u>	<u>\$ 53,302,326</u>	<u>\$ 55,343,050</u>	<u>\$ 52,204,305</u>	<u>\$ 46,287,212</u>
Net debt subject to limit as percentage of debt limit	14.89%	21.92%	20.36%	20.74%	22.27%

Sources: Oakland County Equalization  
City annual financial statements

(1) All debt including P.A. 99 installment debt

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

2010	2011	2012	2013	2014
\$ 524,003,230 52,400,323	\$ 480,072,565 48,007,257	\$ 460,925,460 46,092,546	\$ 473,399,655 47,339,966	\$ 521,957,503 52,195,750
12,097,914	11,066,917	9,943,665	8,825,519	7,687,609
-	-	-	-	-
<u>12,097,914</u>	<u>11,066,917</u>	<u>9,943,665</u>	<u>8,825,519</u>	<u>7,687,609</u>
<b><u>\$ 40,302,409</u></b>	<b><u>\$ 36,940,340</u></b>	<b><u>\$ 36,148,881</u></b>	<b><u>\$ 38,514,447</u></b>	<b><u>\$ 44,508,141</u></b>
23.09%	23.05%	21.57%	18.64%	14.73%



# City of Berkley, Michigan

	2005	2006	2007	2008	2009
<b>Calculation of Debt Limit</b>					
Taxable value (TV)	\$ 478,831,950	\$ 506,828,310	\$ 532,414,600	\$ 534,407,938	\$ 524,179,820
Debt limit (1.25% of TV)	5,985,399	6,335,354	6,655,183	6,680,099	6,552,248
<b>Calculation of Debt Subject to Limit -</b>					
Total debt	1,499,041	1,430,416	1,499,065	1,588,933	1,403,744
<b>Less Debt Not Subject to Limit -</b>					
State qualified debt issuance	-	-	-	-	-
Net debt subject to limit	1,499,041	1,430,416	1,499,065	1,588,933	1,403,744
Legal debt margin	<u>\$ 4,486,358</u>	<u>\$ 4,904,938</u>	<u>\$ 5,156,118</u>	<u>\$ 5,091,166</u>	<u>\$ 5,148,504</u>
Net debt subject to limit as percentage of debt limit	25.04%	22.58%	22.52%	23.79%	21.42%

Sources: City annual financial statements

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

	2010	2011	2012	2013	2014
\$	488,650,310	\$ 465,101,570	\$ 454,037,820	\$ 463,919,680	\$ 473,817,278
	6,108,129	5,813,770	5,675,473	5,798,996	5,922,716
	1,094,475	911,454	695,000	545,000	385,000
	-	-	-	-	-
	<u>1,094,475</u>	<u>911,454</u>	<u>695,000</u>	<u>545,000</u>	<u>385,000</u>
<b>\$</b>	<b><u>5,013,654</u></b>	<b><u>4,902,316</u></b>	<b><u>4,980,473</u></b>	<b><u>5,253,996</u></b>	<b><u>5,537,716</u></b>
	17.92%	15.68%	12.25%	9.40%	6.50%

# City of Berkley, Michigan

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

Fiscal Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate
2005	15,531	\$ 64,093	*	6.1%
2006	15,531	64,984	*	6.1%
2007	15,531	64,758	*	6.6%
2008	15,531	66,094	*	7.2%
2009	15,531	67,475	*	13.8%
2010	14,970	65,548	\$ 33,865	12.7%
2011	15,067	62,597	33,067	11.0%
2012	15,123	65,644	34,572	9.6%
2013	15,187	*	*	9.0%
2014	15,253	*	*	8.4%

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

\* Information not available

# City of Berkley, Michigan

## Demographic and Economic Information Principal Employers

Employer	Number of Employees	2014	Percentage of Total City Employment	Number of Employees	2006 Rank	Percentage of Total City Employment
Berkley School District	605	1	17.51%	652	1	15.34%
SHW Group	109	2	3.15%	-	-	- %
Vinsetta Garage	108	3	3.13%	-	-	- %
Westborn Market	94	4	2.72%	93	2	2.19%
City of Berkley	71	5	2.05%	90	3	2.12%
Crispelli's	58	6	1.68%	-	-	- %
O'Mara Restaurant	30	7	0.87%	32	9	0.75%
Durst Lumber & Ace Hardware	29	8	0.84%	-	-	- %
The Doll Hospital & Toy Soldier Shop*	25	9	0.72%	-	-	- %
Sila's Pizzeria	25	10	0.72%	36	8	0.85%
Farina's Banquet Center	25	10	0.72%	-	-	- %
NorthPointe Heart Center	-	-	- %	80	4	1.88%
Hartfield Lanes	-	-	- %	55	5	1.29%
Our Lady of LaSalette Parish	-	-	- %	43	6	1.01%
Associates in Medicine	-	-	- %	38	7	0.89%
Guaranteed Furniture	-	-	-	30	10	0.71%
<b>Total</b>	<b>1,179</b>			<b>1,149</b>		
Total of all employees	3,455			4,251		

\*During holidays they employ up to 50 people

Source: Berkley Finance Department  
Southeast Michigan Council of Governments

# City of Berkley, Michigan

## Operating Information Full-time Equivalent Government Employees by Function Last Ten Fiscal Years (1)

Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Manager	2.00	2.00	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Communications	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Information Technology	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Elections	1.00	1.00	1.24	1.24	-	-	-	-	-	-
City Clerk/Elections (2)	-	-	-	-	1.90	1.60	1.60	1.60	1.60	1.60
City Clerk/Treasury	2.00	2.00	1.29	1.29	-	-	-	-	-	-
Treasury	-	-	-	-	1.00	1.25	1.05	1.05	1.05	1.05
Finance	3.00	3.00	2.07	2.07	1.65	1.30	1.30	1.30	1.15	1.15
Public Safety	36.00	34.00	34.00	34.00	34.00	34.00	34.00	33.00	34.00	33.15
Building	2.00	2.00	2.00	2.00	2.00	2.00	0.95	0.95	0.95	0.95
Public Works (3)	11.00	11.00	6.85	6.94	6.77	6.68	6.22	6.15	5.98	6.15
Public Works Garage	1.00	1.00	0.56	0.57	0.57	0.46	0.15	0.15	0.52	0.15
Solid Waste	-	-	1.68	1.37	1.62	2.15	2.29	2.28	2.21	2.28
Water and Sewer	-	-	6.71	6.22	5.82	7.11	7.12	7.23	7.23	7.23
Parks and Recreation	4.00	4.00	4.95	4.95	4.95	4.45	3.45	3.45	3.70	3.45
Arena	-	-	2.05	1.05	1.05	1.55	1.55	1.55	1.30	1.55
Library	3.00	3.00	3.00	3.00	3.00	3.00	2.95	2.95	2.95	2.95
Court	-	-	9.00	9.00	8.00	7.00	8.00	6.00	6.00	6.00
<b>Total</b>	<b><u>67.00</u></b>	<b><u>65.00</u></b>	<b><u>79.00</u></b>	<b><u>77.05</u></b>	<b><u>75.68</u></b>	<b><u>75.90</u></b>	<b><u>73.98</u></b>	<b><u>71.01</u></b>	<b><u>71.99</u></b>	<b><u>71.01</u></b>

Source: Finance department budget record

(1) Prior to 2007 - Full-time employees were only tracked for the General Fund

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

(3) Public works includes Major and Local Streets

# City of Berkley, Michigan

Program Function	2005	2006	2007	2008	2009
<b>General Government</b>					
Registered Voters	11,884	11,955	11,916	11,682	12,108
Voters at Polls	7,469	2,978	5,726	3,019	6,852
Absentee Ballots	2,025	1,103	1,560	1,144	2,633
Percent Voting	79.89%	34.14%	61.14%	35.64%	78.34%
<b>Public Safety</b>					
Responses to Calls for Service	*	*	10,185	11,524	15,193
Motor Vehicle Accidents	*	*	455	487	500
Assaults	*	*	69	64	65
Burglary	*	*	41	26	34
Property Damage	*	*	60	57	61
Number of Arrests	*	*	699	527	790
Fire:					
Fire Incidents (1)	*	*	238	228	179
Fire Inspections Conducted	*	*	143	142	148
Medical Emergencies	*	*	783	777	857
<b>Parks and Recreation</b>					
Youth Classes	*	*	60	70	77
Adult Classes	*	*	28	55	55
Youth Leagues	*	*	1	-	-
Adult Leagues	*	*	9	7	6
Summer Day Camp Participants	124	124	139	139	120
Senior Citizens Programs	*	*	8	10	12
Ice Arena:					
Number of Skaters enrolled	*	*	*	*	85
Hours of Ice Time Sold	*	*	*	*	2,250
<b>Public Works</b>					
Water Purchased from Detroit	\$ 62,090,700	\$ 58,705,700	\$ 56,860,400	\$ 55,389,600	\$ 57,035,900
Water Sold to Customers	\$ 57,326,120	\$ 60,792,300	\$ 55,998,600	\$ 57,048,000	\$ 53,083,500
Number of Meters	6,731	6,795	6,805	6,800	6,800
<b>Library</b>					
Items Circulated	166,772	195,852	163,622	168,065	170,632
Circulation Per Capita	11	13	11	11	11
Reference and Patron Assistance	13,292	14,558	13,446	13,211	12,970
Electronic Access	-	-	-	-	789
Registered Borrowers	9,559	8,331	8,292	8,220	7,909
Materials Borrowed - Nonresidents	74,720	99,652	62,338	63,058	60,569
Materials Borrowed - Berkley Residents at Other Libraries	24,025	28,016	26,699	33,907	42,828
Number of Participants in Activities	2,762	3,776	3,680	4,380	4,253
Public Internet Sessions	17,826	18,899	22,437	33,690	35,145
Books Borrowed	130,050	152,006	126,012	132,783	135,250
Audio/Video/CD Borrowed	36,722	43,846	37,610	35,282	35,382
<b>Treasury - Summer Tax Bills Processed</b>	4,469	4,383	4,180	4,074	3,961

Source: The police department changed systems in 2007. Information before that year is not available.  
Parks and recreation implemented a new system in 2007. Information before that year is not available.

\* Information not available

(1) Fire incident includes open burns and downed wires

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

	2010	2011	2012	2013	2014
	11,815	11,942	12,016	12,191	12,349
	3,509	4,979	1,077	6,846	1,578
	908	1,395	729	2,373	797
	37.38%	53.37%	15.03%	76.00%	19.28%
	14,790	15,924	16,489	15,017	15,513
	405	454	412	367	410
	68	60	73	42	70
	23	39	30	26	21
	45	54	49	43	30
	784	824	857	849	829
	124	178	68	99	87
	156	134	172	182	48
	799	842	823	766	890
	72	77	112	90	94
	92	87	82	78	81
	-	-	-	-	-
	7	6	7	6	7
	120	132	144	152	185
	16	19	20	23	25
	75	75	65	56	60
	2,370	2,190	2,130	1,880	1,624
\$	55,648,500	\$ 56,527,800	\$ 58,265,600	\$ 50,361,900	\$ 48,465,200
\$	51,444,500	\$ 50,941,500	\$ 50,911,300	\$ 51,600,700	\$ 49,783,200
	6,809	6,809	6,865	6,818	6,819
	170,303	161,203	166,522	156,691	149,803
	11	11	11	10	10
	14,258	14,058	14,159	12,779	13,687
	699	2,138	4,238	5,660	8,762
	8,033	8,081	8,109	8,063	7,960
	56,766	54,496	54,827	48,653	44,714
	31,810	28,590	25,848	25,053	24,031
	4,319	3,198	3,988	4,017	4,189
	34,318	32,250	30,719	31,231	30,530
	136,329	130,113	136,452	128,686	106,455
	33,974	31,090	3,070	28,005	34,586
	3,974	3,881	3,888	3,858	3,592

# City of Berkley, Michigan

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<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	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Ice Arena	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200
Public Safety	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Public Works	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475
<b>Public Safety</b>										
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Police Vehicles	17	14	16	14	14	16	16	16	15	15
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Major Streets (miles)	15.63	15.63	15.63	15.63	15.63	15.63	15.63	15.63	16.00	15.63
Local Streets (miles)	35.95	35.95	35.95	35.95	35.95	35.95	35.95	35.95	36.00	35.95
Street Lights	716	716	716	716	716	718	718	750	750	720
Vehicles in City Fleet	49	41	42	45	42	45	39	41	41	41
<b>Parks and Recreation</b>										
Parks	9	9	9	9	9	9	9	9	9	9
Park Land (Acres)	39	39	39	39	39	39	39	39	39	39
Baseball Fields	8	8	8	8	8	8	8	8	8	8
Ice Arena	1	1	1	1	1	1	1	1	1	1
Historical Museum	1	1	1	1	1	1	1	1	1	1
<b>Water and Sewer</b>										
Water Mains (Miles)	53	53	53	53	53	53	53	53	53	53
Sanitary Sewers (Miles)	56	56	56	56	56	56	56	56	56	56
Fire Hydrants	500	500	500	500	500	500	500	500	500	500

Source: Berkley Building Department - Square Footage  
 Berkley Public Safety - Capital Asset Information  
 Berkley Public Works - Capital Asset Information Including Water/Sewer  
 Berkley Parks and Recreation - Program Information  
 Berkley Finance Department Fleet Information