

**CITY OF BERKLEY PUBLIC NOTICE
REGULAR CITY COUNCIL MEETING
Monday, December 6, 2021
7:00 P.M. – City Hall
248-658-3300**

**CALL 39th COUNCIL TO ORDER APPROVAL OF AGENDA
INVOCATION – PASTOR TAL SULLIVAN
PLEDGE OF ALLEGIANCE
PUBLIC COMMENT
ORDER OF BUSINESS**

Consent Agenda

1. **APPROVAL OF THE MINUTES:** Matter of [approving the minutes](#) of the 38th Regular City Council Meeting on Monday, November 15, 2021 and the 39th Regular City Council meeting on Monday, November 15, 2021.

Regular Agenda

1. **RECOGNITIONS/PRESENTATIONS:** Matter of any recognitions or presentations from the Consent Agenda.
2. **PRESENTATION:** Matter of [receiving a report from Plante & Moran](#) regarding the Audit Results for the Fiscal Year Ended June 30, 2021.
3. **MOTION NO. M-75-21:** Matter of [amending the City of Berkley's Fee Schedule](#) for the Public Library effective December 13, 2021.
4. **RESOLUTION NO. R-40-21:** A [Resolution of the Council of the City](#) of Berkley, Michigan authorizing and supporting the Parks & Recreation Department to apply for a Ralph C. Wilson Jr. Legacy Design and Access Grant for \$50,000 for inclusive play at Jaycee Park from the Community Foundation for Southeast Michigan.
5. **MOTION NO. M-76-21:** Matter of [authorizing the City Manager](#) to sign the Application for Additional Service Credit Purchase for Richard Chalmers approving two years of additional service credit. This purchase is allowed by the City of Berkley MAPE Agreement and meets all of the requirements of the MERS Plan Document.

COMMUNICATIONS

ADJOURN

**HYBRID MEETING OPTION AVAILABLE: TO JOIN THE ELECTRONIC MEETING, VISIT
[HTTPS://berkleymich.ZOOM.US/J/94929846645](https://berkleymich.zoom.us/j/94929846645) OR CALL 1-312-626-6799. THE MEETING ID IS 949
2984 6645.**

Note: The City of Berkley will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting upon four working days notice to the City. Individuals with disabilities requiring auxiliary aids or services should contact the City by writing or calling: Victoria Mitchell, ADA Contact, Berkley City Hall, 3338 Coolidge Highway, Berkley, MI 48072 (1-248-658-3310).

Note: Official minutes of City Council Meetings and supporting documents for Council packets are available for public review in the City Clerk's Office during normal working hours. Anyone wishing to submit correspondence for the meeting may send an email to clerk@berkleymich.net or call 248-658-3310 by 5 p.m. on the day of the meeting.

THE REGULAR MEETING OF THE THIRTY-EIGHTH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN WAS CALLED TO ORDER AT 7:00 PM ON MONDAY, NOVEMBER 15, 2021 BY MAYOR TERBRACK

PRESENT: Steve Baker Jack Blanchard
 Bridget Dean Ross Gavin
 Dennis Hennen Natalie Price
 Daniel Terbrack

APPROVAL OF AGENDA

Councilmember Blanchard moved to approve the Agenda
Seconded by Councilmember Baker
Ayes: Blanchard, Dean, Gavin, Hennen, Price, Baker, and Terbrack
Nays: None
Motion Approved.

INVOCATION: Pastor Adam Groh

PUBLIC COMMENT

There was no one present that wished to speak.

Consent Agenda

Councilmember Gavin moved to approve the following Consent Agenda, seconded by Councilmember Blanchard:

APPROVAL OF THE MINUTES: Matter of approving the minutes of the 38th City Council meeting on Monday, October 18, 2021.

Ayes: Dean, Gavin, Hennen, Price, Baker, Blanchard and Terbrack
Nays: None
Motion Approved.

Regular Agenda

RECOGNITIONS/PRESENTATIONS: None

SWEARING-IN CEREMONY: Newly elected members of Council to be given Oaths of Office by the City Clerk:

Mayor Daniel J. Terbrack
Councilmember Steve Baker
Councilmember Dennis Hennen
Councilmember Jessica Vilani

City Clerk Victoria Mitchell administered the Oath of Office to Mayor Daniel J. Terbrack.

City Clerk Victoria Mitchell administered the Oath of Office to Councilmember Steve Baker.

City Clerk Victoria Mitchell administered the Oath of Office to Councilmember Dennis Hennen.

City Clerk Victoria Mitchell administered the Oath of Office to Councilmember Jessica Vilani.

ADJOURNMENT:

Councilmember Blanchard moved to adjourn the Regular Meeting at 7:09 p.m.

Seconded by Mayor Pro Tem Dean

Ayes: Price, Baker, Blanchard, Dean, Gavin, Hennen and Terbrack

Nays: None

Motion Approved.

**THE REGULAR MEETING OF THE THIRTY-NINTH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN
WAS CALLED TO ORDER AT 7:20 PM ON MONDAY, NOVEMBER 15, 2021 BY MAYOR TERBRACK**

PRESENT: Steve Baker Bridget Dean
 Ross Gavin Dennis Hennen
 Natalie Price Jessica Vilani
 Daniel Terbrack

APPROVAL OF AGENDA

Councilmember Price moved to approve the Agenda

Seconded by Mayor Pro Tem Dean

Ayes: Dean, Gavin, Hennen, Price, Vilani, Baker, and Terbrack

Nays: None

Motion Approved.

PUBLIC COMMENT

Liz Petry, Berkley Cares Food Pantry, is taking names of residents in need of a Thanksgiving box. She stated those interested should send an email to Berkleycaresfoodpantry@gmail.com by November 18th. She said that the pick-up for the Thanksgiving boxes will be on November 20th. She thanked everyone for their care and support and expressed extreme gratitude. Lastly, she mentioned the food pantry needs additional supplies as well.

City Clerk Victoria Mitchell read into the record the following synopsis of an email that was received:

Joel Ulferts, Berkley, stated the City has paid more than \$140,000 to Hubell, Roth, & Clark (HRC) in the past 2 years for engineering services related to the sidewalk replacement program. He stated when reviewing prior contracts, a significant portion of the cost was related to contract administration and pay applications; construction observation; and material testing. He wants to know if we expect these same costs in future sidewalks contracts. He stated he didn't see those costs in Section 3 of M-69-21.

Consent Agenda

Councilmember Baker moved to approve the following Consent Agenda, seconded by Councilmember Hennen:

WARRANT: Matter of approving Warrant No. 1368.

RESOLUTION NO. R-35-21: Matter of recognizing Tim Renaud for his years of dedication to the City's seniors as he drove them to numerous appointments, meetings and more and continued this service throughout the pandemic until his recent retirement.

RESOLUTION NO. R-36-21: Matter of recognizing Jack Blanchard for his service as Councilmember for the City of Berkley.

MOTION NO. M-67-21: Matter of approving the 2021-2022 Winter Maintenance Agreement between the Road Commission for Oakland County and the City of Berkley. The City will be reimbursed a total of \$11,393.46 which will be paid in two installments, \$5,696.73 due in December 2021 and \$5,696.73 due in March 2022.

Ayes: Gavin, Hennen, Price, Vilani, Baker, Dean and Terbrack

Nays: None

Motion Approved.

Regular Agenda

RECOGNITIONS/PRESENTATIONS: Matter of any recognitions or presentations from the Consent Agenda.

Mayor Pro Tem Dean read Resolution No. R-35-21 into record.

Mr. Renaud came up to the podium to receive his resolution and was congratulated by members of council.

Mr. Renaud addressed council. He stated he wasn't sure what this was about when he was asked to come to the council meeting. He stated he was thanked every two weeks. He said it was fun and he helped the seniors and the disabled. He thanked Theresa McArleton and Dan McMinn – two of the best bosses he has ever had.

Theresa McArleton said as everyone can see, this recognition is so important.

Dan McMinn said they will miss him so much and that Tim is so helpful and amazing and he thanked him for all of his work and said they will greatly miss him.

Mayor Terbrack thanked Mr. Renaud for being who he is, his selflessness, and for his service to the community. He thanked him for everything he has done for the community.

Mayor Terbrack read Resolution No. R-36-21 into record.

Jack Blanchard was present at the podium while the resolution was read.

Mayor Terbrack reviewed Mr. Blanchard's history including all he has done in and outside of the community. Mayor Terbrack recognized the many contributions of Jack Blanchard. He said Mr. Blanchard will be missed on City Council. Mayor Terbrack presented Mr. Blanchard with the resolution.

Others speaking during the meeting included:

Former Mayor Phil O'Dwyer, Berkley, congratulated all those that were sworn in that evening. He congratulated Jack Blanchard. He said a great service happened 10 years ago when Mr. Blanchard put

his name in to serve. He said Mr. Blanchard was always prepared and knew all of the details and all of the specs and footnotes to every item. He said Council relied on that. He said Mr. Blanchard is a visionary. He recounted a story of when he and Mr. Blanchard went fishing. He said Mr. Blanchard is a good and decent man.

Darlene Rothman, executive director of the Berkley Area Chamber of Commerce, said it is hard to know where Mr. Blanchard is officially acting for the city and when he is serving as a resident because he is at everything. She said losing Mr. Blanchard on Council would be a big loss, but she anticipates he will be around everyday anyway. She said she will still go to him for questions and for his security expertise. She said she will still rely on him for the new residents' welcome packets. She congratulated Mr. Blanchard on his semi-retirement.

Former Councilmember Colleen Graveline said she has had the pleasure of knowing Mr. Blanchard and if there is a job to be done, he is the man. She said she won the "jackpot" as his neighbor. She said he is also the best husband, father, and grandfather. She said she thinks he is literally Santa Claus and is probably making toys in his basement. She said that there isn't anything that Jack Blanchard can't do.

Mayor Pro Tem Dean said what she learned from Jack Blanchard is that details matter, be prepared for every meeting, be collegial and pleasant, and at the end of the day, it's always about what is best for Berkley. She said it was her honor and privilege to serve with him.

Councilmember Gavin said it has been a distinct pleasure to serve with Mr. Blanchard. He said the City is incredibly fortunate. He said Mr. Blanchard's style isn't flashy, but he is a man of integrity. He said Mr. Blanchard has been a mentor to him and a friend. He said he will always call him regarding specs and he has a deep amount of respect from him.

Councilmember Baker quoted Colin Powell, "There are no secrets to success, it is that result of preparation, hard work, and learning from failure." He said Mr. Blanchard brings a subtle joyous sense of humor to things and his calm steady voice is reassuring to Council. He said Mr. Blanchard also represents in the regional and State level as well.

Councilmember Price said she will be working hard to catch the typos in the packet to his level. She said he showed them through example how to be a public servant, prepared, and conduct himself. She thanked him for his service.

Councilmember Hennen said he has always admired Mr. Blanchard's level of detail and expertise in emergency management. He said it's bittersweet to see him go, but truly appreciated he will still be a part of the community.

Councilmember Vilani said she is the new person on the block, however she has appreciated him as a Councilmember while she was a resident. She said she appreciated his guidance through the process when she ran for office and for sharing his wisdom as it really meant a lot to her.

Mayor Terbrack said he served all 10 years with him. He said Mr. Blanchard gave him a front row seat on how a public servant should conduct themselves. He said Mr. Blanchard's decisions, regardless of what side, were always pragmatic. He said councilmembers are nonpartisan, but they do sit on different sides of the isle and no one would ever know. Mayor Terbrack said they always governed responsibly. He said he knows Mr. Blanchard will continue to serve. He said Berkley is losing a champion on Mondays, but they will have him every other day. He thanked Mr. Blanchard for what he has done and will continue to do for the community.

Jack Blanchard thanked everyone for their kind words. He said what I say is "I did the job." He said he had a good Council to work with and thanked the City Manager and his staff. He said he is humbled by what was said and confirmed he will still be around. He said it has been a wonderful 10-year experience. He thanked everyone again and said he looks forward to continuing to work with them.

Chief Koehn thanked Mr. Blanchard on behalf of the Department of Public Safety. He said Mr. Blanchard is amazing and he looks forward to working with him in other capacities. He said he will most likely see him tomorrow.

MOTION NO. M-68-21: Matter of appointing Mayor Pro Tem from November 2021 until November 2023.

Councilmember Gavin moved to approve Motion No. M-68-21
Seconded by Mayor Pro Tem Dean
Ayes: Hennen, Price, Vilani, Baker, Dean, Gavin, and Terbrack
Nays: None
Motion Approved.

PUBLIC HEARING: Matter of holding a Public Hearing regarding the Community Development Block Grant Program Year 2022 application in the approximate amount of \$37,117 to fund eligible projects.

Public Hearing opened at 8:01 pm.

There was no one present that wished to speak.

Public Hearing closed at 8:02 pm.

RESOLUTION NO. R-37-21: Matter of adopting the Community Development Block Grant Program Application for the 2022-23 Program Year.

Councilmember Baker moved to approve Resolution No. R-37-21
Seconded by Councilmember Hennen
Ayes: Price, Vilani, Baker, Dean, Gavin, Hennen and Terbrack
Nays: None
Motion Approved.

RESOLUTION NO. R-38-21: Matter of adopting the Berkley Master Plan.

Councilmember Gavin moved to approve Resolution No. R-38-21
Seconded by Councilmember Vilani
Ayes: Vilani, Baker, Dean, Gavin, Hennen, Price and Terbrack
Nays: None
Motion Approved.

MOTION NO. M-69-21: Matter of authorizing Hubbell, Roth & Clark (HRC) for engineering design services related to the 2022 Sidewalk Replacement Program at a cost not to exceed \$17,814.70 from the Sidewalk Fund, account number 470-938-821-000.

Councilmember Price moved to approve Motion No. M-69-21
Seconded by Mayor Pro Tem Dean
Ayes: Baker, Dean, Gavin, Hennen, Price, Vilani, and Terbrack
Nays: None
Motion Approved.

MOTION NO. M-70-21: Matter of approving the purchase of a 2021 JCB Telescopic Handler with attachments at a total cost of \$183,239.73 utilizing the MiDEAL Cooperative Bid Purchasing Program.

Councilmember Hennen moved to approve Motion No. M-70-21
Seconded by Mayor Pro Tem Dean
Ayes: Dean, Gavin, Hennen, Price, Vilani, Baker, and Terbrack

Nays: None
Motion Approved.

MOTION NO. M-71-21: Matter of authorizing the purchase of an Explorer 4x4 XLT Price K8D/200A with some added options, at a cost not to exceed \$33,970 from Signature Ford of Owosso, Michigan as part of their pricing under the Macomb County Cooperative Bid Program. This replacement is part of the city's Capital Equipment Replacement Program (CERP). Funds for this expenditure will come from account number 614-950-982-000.

Mayor Pro Tem Dean moved to approve Motion No. M-71-21
Seconded by Councilmember Gavin
Ayes: Gavin, Hennen, Price, Vilani, Baker, Dean and Terbrack
Nays: None
Motion Approved.

MOTION NO. M-72-21: Matter of authorizing the City Manager to approve the proposal from Hubbell, Roth & Clark, Inc (HRC) to provide professional engineering services at a cost not to exceed \$8,450 for Kiwanis Tot Lot CDBG Sidewalk Replacement. Funds for this expenditure will come from account number 614-950-821-000.

Councilmember Baker moved to approve Motion No. M-72-21
Seconded by Mayor Pro Tem Dean
Ayes: Hennen, Price, Vilani, Baker, Dean, Gavin, and Terbrack
Nays: None
Motion Approved.

MOTION NO. M-73-21: Matter of authorizing the City Manager to execute a contract for Senior Home Chore Snow Removal Service with Tinsley Landscape and Hardscape LLC, 30728 Osmun Street, Madison Heights, MI 48071. \$4,135 will be paid from account number 275-940-818-044 and remaining expenses will be paid from 614-105-818-000.

Mayor Pro Tem Dean moved to approve Motion No. M-73-21
Seconded by Councilmember Price
Ayes: Price, Vilani, Baker, Dean, Gavin, Hennen and Terbrack
Nays: None
Motion Approved.

RESOLUTION NO. R-39-21: Matter of designating the time and place of City Council Meetings and its Rules and Order of Procedure.

Councilmember Gavin moved to approve Resolution No. R-39-21
Seconded by Councilmember Vilani
Ayes: Vilani, Baker, Dean, Gavin, Hennen, Price and Terbrack
Nays: None
Motion Approved.

MOTION NO. M-74-21: Matter of authorizing the City Manager to sign the Application for Additional Service Credit Purchase for Ron Gabriel approving five years of additional service credit. This service credit purchase is allowed by the MERS Plan Document for deferred vested members which would allow for this service credit purchase at 100% of the cost to the employee.

Councilmember Vilani moved to approve Motion No. M-74-21
Seconded by Mayor Pro Tem Dean
Ayes: Baker, Dean, Gavin, Hennen, Price, Vilani and Terbrack
Nays: None
Motion Approved.

COMMUNICATIONS

COUNCILMEMBER HENNEN: stated the next Zoning Board of Appeals meeting will be on Monday, December 13th at 7 p.m. He said the case involves a duplex that was originally grandfathered in and allowed their status to lapse and now they are requesting a use variance to allow for them to resume the use of the property as a duplex. He stated the Tree Board has confirmed there will be 214 new trees planted in November or December. He said that 100 additional trees will be planted in the spring and the funding for those trees came from recently received grants. He recognized Tree Board member Sandy Sekora and said she would be stepping down from the Tree Board after almost 14 years of service. He stated the next Tree Board meeting will be January 24th. He gave vaccination updates from the health department as of October 18th. He said 75 percent of Berkley adults are fully vaccinated which is a 2 percent increase from the previous month. He said that 61 percent of children 12 and older are fully vaccinated and that is a 5 percent increase from the previous month. He stated children 5 and older are now eligible to be vaccinated and adults are now eligible to receive vaccination boosters. Councilmember Hennen said the number of cases is on the rise once again to what the previous peaks were. He encouraged everyone to do their part and to be careful and safe.

COUNCILMEMBER PRICE: thanked Jack Blanchard for his 10 years of service on city council and the service he provides as the City's volunteer emergency manager. She congratulated councilmembers Baker and Hennen for their reelection as well as newly elected Councilmember Vilani. She said the library is currently accepting \$450 donations for tribute and memorial benches to be placed around the library. She said the library can be contacted by phone or email if anyone is interested in the program. She stated that the Beautification Advisory Committee will be doing its Holiday Spirit Awards a little differently. She said instead of recognizing individual homes, they will be recognizing city blocks. She thanked the Downtown Development Authority and all of its volunteers for amazing Boo!kley events in the city and said she is looking forward to seeing what is in store for the holiday months to come.

COUNCILMEMBER BAKER: stated the Downtown Development Authority (DDA) had its last meeting on Wednesday, November 10th. He congratulated everyone involved in the Boo!kley events during the month of October. He mentioned the DDA will be doing Merri Month for December and the schedule of events will be coming out soon. He stated the DDA is going over the designs for the Berkley Plaza Park so they can move forward with proposals. He said to visit downtownberkley.com for more information about the DDA. He stated that the Historical Committee met last week on Tuesday, November 9th. He thanked everyone who attended the 30th Anniversary event for the Historical Museum. He anticipates the museum's holiday ornament will be available soon. He stated the Technology Advisory Committee (TAC) will be meeting on Wednesday, November 17th. He said there is conversation going on to try to bring electric charging stations for electric vehicles into the City. He quoted philosopher, Plato, "The beginning is the most important part of the work." He congratulated the former council and former councilmember Jack Blanchard for all their service and also congratulated the new Berkley City Council. He said he is looking forward to the next two years.

MAYOR PRO TEM DEAN: stated the Parks and Recreation Department's Ho! Ho! Ho! Bingo Spectacular is Tuesday, December 14th from noon- 2 p.m. at the Community Center. She said registration is required for the event and to receive a ride from Oxford Park Towers. She talked about how seniors can register to receive a boxed lunch from Santa Claus on Tuesday, December 9th and the cost is \$5. She stated Parks and Recreation is offering camp during the winter break at the Community Center and to register by calling (248) 658-3470 or by going online to recreation.berkleymich.org. She said the new sessions of adult and youth programs begin soon. For more information, visit recreation.berkleymich.org. She congratulated councilmembers Baker and Hennen for their reelection as well as newly elected Councilmember Vilani. She wished her husband, Mike a Happy Birthday.

COUNCILMEMBER GAVIN: thanked Erin Schlutow for the work she has done for the City the past few years and wished her success in her future endeavors. He stated the next meeting for the Environmental Advisory Committee (EAC) will be on Thursday, November 18th at 6:30 p.m. in the Public Safety building's second floor conference room. He stated the next Planning Commission meeting will be on Tuesday, November 23rd at 7 p.m. in the council chambers. He congratulated Mayor Terbrack and councilmembers

Baker, Hennen, and Vilani for being elected. He thanked the American Legion and Public Safety for a great Veterans Day event and wished Mayor Pro Tem Dean's husband a Happy Birthday.

COUNCILMEMBER VILANI: thanked her colleagues and fellow councilmembers for the warm welcome as well as congratulated councilmembers Baker and Hennen for their reelection. She echoed what Liz Petry, from the Berkley Cares Food Pantry, shared at the beginning of the meeting. She said the food pantry has enough turkeys, but needs other items to go with the turkey dinners. She said if items could be delivered to them before the boxes go out, they would be very appreciative.

CITY MANAGER BAUMGARTEN: congratulated the 39th Council and those members that were reelected and newly elected. He continued to say the election was ran very well and the Oakland County Board of Canvassers had no additional notes either. He praised Clerk Mitchell and her staff for all their hard work and expertise they brought to the election. He thanked Clerk Mitchell, her staff, and all the volunteers who contributed to a very successful election.

CITY CLERK MITCHELL: thanked everyone and the residents that came to cast their ballots on election day. She stated voter turnout was 26 percent and out of that, 78 percent voted absentee ballot. She thanked Deputy City Clerk Gina Harold and Elections Specialist Ashley Merz. She also thanked Community Engagement Officer Torri Mathis, City Manager Matthew Baumgarten, and Former Councilmember Jack Blanchard for their help throughout the day. She thanked DPW for going above and beyond and all of the election workers who stepped up this year. She said she is honored to serve in the City of Berkley.

ATTORNEY CHRIST: stated that a little over two weeks ago, the Michigan House passed House Bill 4722 that impacts all communities across the state in regards to short term rentals. He said the Michigan Senate still has to vote on this bill and he will keep Council posted on any further developments.

MAYOR TERBRACK: congratulated reelected councilmembers Baker and Hennen and newly elected Councilmember Vilani. He once again congratulated and thanked Tim Renaud and Jack Blanchard for everything they have done for the community. He provided a Berkley Area Chamber of Commerce update and said the group hosted the State of the Cities on Thursday, October 28th. He said it is available to watch on the chamber's website. He congratulated Robyn Coden, the owner of Sum Girls Boutique, who was recognized as the 2021 Business Person of the Year and Susan Rogal, the owner of Vitrine, who was recognized as the 2021 Business of the Year. He talked about the Annual Holiday Lights Parade and Tree Lighting Ceremony taking place on Saturday, December 4th. He said the Santa drive by starts at 11 a.m., the parade starts at 5:30 pm, and the tree lighting ceremony will be after the parade. He encourages anyone participating or attending these events to wear a mask. He stated journalist and Huntington Woods native, Danny Fenster, has been released from detainment in Myanmar. He said this is something to be truly thankful for as we head into Thanksgiving next week.

ADJOURNMENT

Mayor Pro Tem Dean moved to adjourn the Regular Meeting at 9:47 p.m.

Seconded by Councilmember Vilani

Ayes: Dean, Gavin, Hennen, Price, Vilani, Baker, and Terbrack

Nays: None

Motion Approved.



City of Berkley



**Annual Comprehensive Financial Report
For the Fiscal Year Ending June 30, 2021**

ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Berkley, Michigan
For the Fiscal Year Ended June 30, 2021
as prepared by the Finance Department

City Council

Daniel Terbrack – Mayor	
Bridget Dean, Mayor Pro-Tempore	Ross Gavin
John (Jack) Blanchard	Dennis S. Hennen
Steven W. Baker	Natalie Price

City Manager

Matthew Baumgarten

Finance Director

Mark Pollock

City of Berkley, Michigan

**Annual Comprehensive Financial Report
with Supplemental Information
June 30, 2021**

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City of Berkley, Michigan
List of City Officials
June 30, 2021



City Manager

Matthew Baumgarten, City Manager
Stan Lisica, Information Technology Coordinator
Torri Mathes, Communications Coordinator
Daniel Hill, Public Policy Assistant

City Clerk

Victoria Mitchell, City Clerk
Gina Harold, Deputy City Clerk

Department of Public Works

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

Finance/Treasury Department

Matt Pollock, Finance Director
Bryan Bemis, Deputy Treasurer
Laurie Fielder, Accountant
Susan Reddin, Accountant

Library

Matthew Church, Library Director
Karen Endres, Executive Assistant

Parks and Recreation

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

Planning

Erin Schlutow, Community Development Director
Kimberly Anderson, Department Clerk

Public Safety

Matthew Koehn, Chief
Mary Staron, Executive Assistant

City of Berkley

3338 Coolidge Highway, Berkley, MI 48072



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

LETTER OF TRANSMITTAL

November 15, 2021

The Honorable Mayor Dan Terbrack
Members of the City Council
And Citizens of the City of Berkley

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Berkley for the fiscal year ending June 30, 2021.

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

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

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

Profile of the Local Government

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

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

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

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

Factors Affecting Financial Condition

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

According to Fitch's rating service, the city has seen a post-recession increase in taxable value reflecting a solid economic recovery. They expect revenues to grow at the rate of inflation based on the city's growth in residential development. The City maintained very stable operations throughout the most recent economic recession and its recovery with ample safety margins. Management has been proactive in maintaining strong financial resilience given the City's small budget and limited ability to independently increase revenues.

Local Economy - Wealth levels within the City of Berkley remain above state and national averages. The median household income in Berkley is just over \$86,904 per incomebyzipcode.com. The per capita income is \$43,976. The median home value in October 2021 according to zillow.com is \$279,274; the median gross rents are \$1,575/month. The average taxable value in the City as determined by the City Finance Department is \$82,470. Per the 2010 census, there are just over 6,400 single family homes and another 624 multi-unit residences. Within this amount 5,363 were owner occupied and another 1,231 are rented.

The Southeast Michigan Council of Governments is also forecasting that the City of Berkley will maintain a level population of approximately 15,000 people through 2045. As of 2020, the population of the City of Berkley is estimated at 15,513. As of 9/30/2021, due to COVID-19, the unemployment level within the City according to the Bureau of Labor Statistics is 3.5% which is well under the State unemployment rate of 4.6%.

The City and surrounding area have a very diverse business community that employs residents in the region. Specifically, the City of Berkley, Westborn Market, Green Lantern restaurant, Crispelli's restaurant, the Berkley School District, and satellite medical services from Beaumont Hospital are large local employers. Regionally, the main campus of Beaumont Hospital is just outside the City limit.

Each year, the Headlee rollback combined with the Proposal "A" individual property owner restriction of rate increases, keeps the tax revenue increase at or below the rate of inflation. That rate has hovered near 2% every year.

In August 2012, the City was able to pass through a vote of the people a Headlee tax override of \$3.00 per thousand taxable value on all real and personal property in the City to offset the tax base loss and to achieve revenue flexibility. The tax override went into effect on the 7/1/2013 property tax billing. This additional tax levy added \$1.65 million for City operation net of tax increment capture for FY 2020/21. It is anticipated that State Shared Revenues will increase slightly in 2021/2022. Future revenues should remain steady or increase at a very slow rate.

The City has paid all outstanding bond debt other than the business type activities debt. The only outstanding debt amounts are all obligations with Oakland County related to improvements with the George W Kuhn Drain.

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

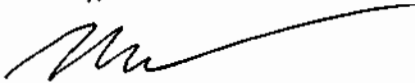
requires contributions to a third-party administrator and matches contributions as defined by contract or policy.

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

Awards - The Government Finance Officers Association (GFOA) has awarded to the City of Berkley a certificate of excellence in financial reporting from GFOA for its first Annual Comprehensive Financial Report that was provided to the leadership and citizens of the City for the last eight fiscal years.

This Annual Comprehensive 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 dedicated staff accountants, Laurie Fielder and Susan Reddin. Thanks also to Deputy Treasurer, Bryan Bemis and cashier Phyllis Brown. Thank you to our independent auditors Plante and Moran, PLLC 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 for their guidance and leadership in the financial matters of the City.

Sincerely,



Matthew Baumgarten, MPA
City Manager



Mark W Pollock, BBA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Berkley
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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)

Recreation Revolving

Seniors Program

Debt Funds

2006 Eleven Mile Road Debt

Capital Projects

Court Building Fund

Road Millage Fund

Sidewalk Fund

PROPRIETARY FUNDS

Water and Sewer

Fringe Benefits/Compensated Absences

FIDUCIARY - PENSION AND OPEB TRUST FUNDS

Public Safety Pension System

Other Postemployment Benefits

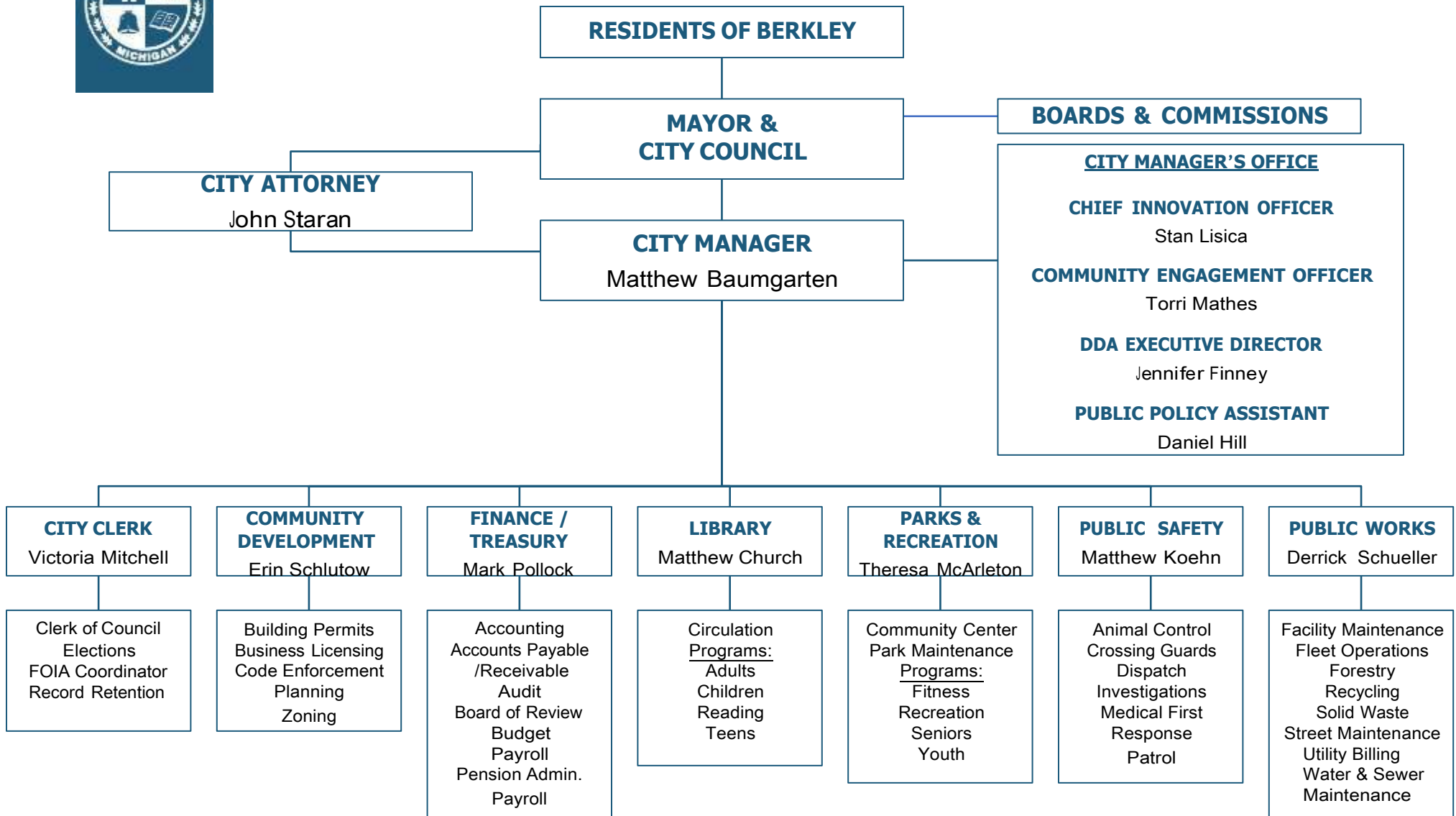
FIDUCIARY - CUSTODIAL FUND

Tax Collection Fund

COMPONENT UNIT

Downtown Development Authority

CITY OF BERKLEY ORGANIZATIONAL CHART



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, 2021 and the related notes to the financial statements, which collectively comprise the City of Berkley, Michigan's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berkley, Michigan as of June 30, 2021 and the respective changes in its net position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the current year, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the City Council
City of Berkley, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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; the introductory section; and the statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021 on our consideration of the City of Berkley, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Berkley, Michigan's internal control over financial reporting and compliance.



November 18, 2021

As management of the City of Berkley, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2021.

Financial Highlights

- COVID-19 is still impacting revenue; however, since we have been able to reopen City Hall, parks and recreation, and the library, revenue made a bit of a recovery in the second half of the fiscal year. The closure of buildings and activities late in 2020 caused reduced revenue in all areas of operation.
- Taxable property tax values increased (5.16 percent or \$31.2 million) for the July 1, 2020 tax collection season that funds fiscal year 2020-2021; however, this is offset by a Headlee reduction factor to many of the City's millage rates. This is the seventh straight year that the City has experienced an overall increase in its taxable value. Last fiscal year, taxable values increased 5.9 percent, or approximately \$33.9 million.
- Constitutional and city, village, and township (CVT) revenue-sharing payments, the City's second largest revenue source, increased by \$203,000, or 13.9 percent, in fiscal year 2020-2021, as compared to fiscal year 2019-2020.
- To offset lost revenue and increase infrastructure investments, the City sought 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 in August 2012. This levy went into effect on July 1, 2013. The levy was rolled back to \$2.6563 per thousand tax value for the July 2020 tax levy in accordance with the State's Headlee amendment. This tax levy generated approximately \$1.658 million (net of tax increment finance capture) for fiscal year 2020-2021.
- The City continued to maintain the structural integrity of its water mains and sewer system by investing approximately \$705,800 in water and sewer improvements in fiscal year 2020-2021. Improvements included sewer lining, meters, and cement work to complete repair projects of water and sewer related work.
- The City also continued to invest in its general infrastructure with over \$2.41 million worth of capital improvements performed in fiscal year 2020-2021. Improvements included major and local street improvements, department of public works equipment and police vehicles, and park improvements and major upgrades to Oxford Park.
- For the 21st consecutive year, the City invested in the library collection. The library purchased \$60,966 in new reading and rental materials.
- The City's estimated total other postemployment benefit (OPEB) liability as of June 30, 2021 is \$17,953,275. The City currently has \$7,272,274 of investments held in trust with the Municipal Employees' Retirement System (MERS), which leaves a net unfunded OPEB liability of \$10,681,001, meaning the plan is 40.51 percent funded. The City paid \$1,074,498 on a pay-as-you-go basis, including an implicit rate subsidy contribution toward the calculated OPEB liability. The City has continued to make a conscious effort to set aside some level of funding for its 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 as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

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

Government-wide Overall Financial Analysis

The following table shows, in a condensed format, the net position as of June 30, 2021 and 2020:

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 12,888,650	\$ 13,346,951	\$ 5,038,767	\$ 4,748,000	\$ 17,927,417	\$ 18,094,951
Capital assets	17,716,646	14,670,876	18,853,640	18,431,652	36,570,286	33,102,528
Total assets	30,605,296	28,017,827	23,892,407	23,179,652	54,497,703	51,197,479
Deferred Outflows	1,436,342	2,493,904	202,694	202,189	1,639,036	2,696,093
Liabilities						
Current liabilities	1,827,468	856,013	709,460	812,930	2,536,928	1,668,943
Long-term liabilities	23,173,145	28,485,527	4,066,980	4,797,059	27,240,125	33,282,586
Total liabilities	25,000,613	29,341,540	4,776,440	5,609,989	29,777,053	34,951,529
Deferred Inflows	4,393,862	1,755,748	184,226	89,239	4,578,088	1,844,987
Net Position (Deficit)						
Net investment in capital assets	17,716,646	14,370,876	17,373,929	16,470,852	35,090,575	30,841,728
Restricted	6,417,046	5,298,444	-	-	6,417,046	5,298,444
Unrestricted	(21,486,529)	(20,254,877)	1,760,506	1,211,761	(19,726,023)	(19,043,116)
Total net position (deficit)	\$ 2,647,163	\$ (585,557)	\$ 19,134,435	\$ 17,682,613	\$ 21,781,598	\$ 17,097,056

The City's combined total net position increased 27.4 percent from a year ago - increasing from \$17.1 million to \$21.8 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 3.6 percent at June 30, 2021, from \$(19.04) million to \$(19.73) million. This increase is due to the increased investment in capital assets using unrestricted resources.

The governmental activities unrestricted net position decreased by approximately \$1,232,000. Analyzing this further, this decrease is due to the increases in both net position restricted for public safety and capital assets. On the other hand, the majority of the governmental funds experienced revenue exceeding expenses, which also attributed to an increase in restricted fund balance and net position.

The unrestricted net position for business-type activities saw an increase of approximately \$549,000, and the investment in capital assets increased by approximately \$903,000.

In reviewing the City's net position of governmental activities, the net investment in capital assets increased approximately \$3.3 million due to the recognition of approximately \$1.3 million in depreciation expense in 2021 that was partially offset by asset additions of approximately \$4.4 million net of sales and write-offs.

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, 2021 and 2020:

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue:						
Charges for services	\$ 2,498,465	\$ 2,660,224	\$ 7,146,772	\$ 6,915,755	\$ 9,645,237	\$ 9,575,979
Operating grants and contributions	2,613,999	1,702,719	-	-	2,613,999	1,702,719
General revenue:						
Property taxes	10,654,406	10,351,643	-	-	10,654,406	10,351,643
State-shared revenue	1,659,482	1,456,465	-	-	1,659,482	1,456,465
Unrestricted investment earnings	43,432	147,103	7,606	23,681	51,038	170,784
Other revenue:						
Franchise fees	283,030	300,837	-	-	283,030	300,837
Sale of capital assets	64,729	108,506	-	-	64,729	108,506
Other revenue	220,558	227,464	-	-	220,558	227,464
Total revenue	18,038,101	16,954,961	7,154,378	6,939,436	25,192,479	23,894,397
Expenses						
General government	3,581,763	2,796,098	-	-	3,581,763	2,796,098
Public safety	4,712,094	5,883,336	-	-	4,712,094	5,883,336
Public works	4,556,860	4,327,550	-	-	4,556,860	4,327,550
Health and welfare	36,488	102,322	-	-	36,488	102,322
Recreation and culture	1,918,176	1,992,930	-	-	1,918,176	1,992,930
Interest on long-term debt	-	18,500	-	-	-	18,500
Water and sewer	-	-	5,702,556	5,944,829	5,702,556	5,944,829
Arena	-	-	-	195,981	-	195,981
Total expenses	14,805,381	15,120,736	5,702,556	6,140,810	20,507,937	21,261,546
Transfers	-	(197,686)	-	197,686	-	-
Change in Net Position	3,232,720	1,636,539	1,451,822	996,312	4,684,542	2,632,851
Net Position (Deficit) - Beginning of year	(585,557)	(2,222,096)	17,682,613	16,686,301	17,097,056	14,464,205
Net Position (Deficit) - End of year	\$ 2,647,163	\$ (585,557)	\$ 19,134,435	\$ 17,682,613	\$ 21,781,598	\$ 17,097,056

Governmental Activities

Overall, the net position for governmental activities increased by approximately \$3.2 million in fiscal year 2020-2021 as compared to an increase of approximately \$1.6 million in fiscal year 2019-2020. This is due to the revenue that significantly exceeded total expenses. In the current fiscal year, operating grants increased due to more than \$800,000 in Coronavirus Relief Fund awards received. The net OPEB liability decreased by \$1,546,346, which contributed to the decrease in public safety expenses. General government expenses increased as a result of increased pension and health care costs.

Business-type Activities

The City's business-type activities include water and sewer enterprise operations. The City provides water and sewer services to residents through contracts or consortiums with the Great Lakes Water Authority and the Southeastern Oakland County Water Authority. Total net position for all business-type activities increased approximately \$1.45 million in fiscal year 2020-2021. During COVID-19, the Berkley City Council agreed to waive penalties for delinquent water bills to help families struggling with unemployment and other financial issues. Charges for services increased slightly. On the expenditure side of the ledger there was a drop in projects due to COVID-19 shutdowns late in 2020.

The City of Berkley, Michigan's Funds

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

The City's major funds for the year ended June 30, 2021 include the General Fund, Major Streets Fund, and Local Streets Fund.

The General Fund pays for most of the City's governmental services. The General Fund recorded \$13.6 million in expenses to provide city service and purchase capital equipment in fiscal year 2020-2021. When adding in operating transfers to other funds, the total General Fund expenditures for the fiscal year were approximately \$14.3 million. The most significant of these costs is public safety (police and fire), which incurred expenses of approximately \$5.6 million within the General Fund. Public safety expenses were 41 percent of the total operating General Fund expenses. The City ended the fiscal year with a use of fund balance of approximately \$1.4 million, which includes a fire truck delivered and booked for \$998,000 and \$2.8 million of additional capital expenditures spent during the fiscal year. The budgeted deficit for 2021-2022 is estimated to be \$(996,194). The City expects to receive ARPA Federal Grant money via the State of Michigan for over \$1.6 million to be divided into two installments over the next two fiscal years of \$800,000. Those funds can be used to offset some of the lost revenue incurred during COVID-19 shutdowns and other infrastructure projects approved by the federal government. All expected grant funds received are included in the deficit.

Public safety services are partially supported by two special public safety millages, which are recorded in the General Fund. The first millage is for operations, and the second millage is for retirement contribution and legacy costs (PA 345 levy). Revenue generated by these two millage rates was approximately \$2.6 million. During the 2020-2021 fiscal year, expenditures recorded in the General Fund directly related to public safety amounted to approximately \$5.6 million. The remaining cost of the police and fire protection is funded by other general revenue sources of the General Fund.

The City presents the Solid Waste Service Fund among the nonmajor fund category of the financial statements. The City spent \$1.54 million to collect and dispose of the City's solid waste, recyclables, and leaves in fiscal year 2020-2021. In addition to property taxes collected of approximately \$1,045,000, the fund also recorded approximately \$448,000 in charges for service. This means that the City had to utilize approximately \$35,400 of the \$191,824 fund balance to balance the expenses during the fiscal year. As of July 1, 2021, only about \$156,000 remains in the Solid Waste Service Fund fund balance.

The Recreation Revolving Fund recorded approximately \$1.62 million in operating and capital expenses. Recreational program revenue received amounted to approximately \$168,000, and the fund received support of \$733,500 and \$25,000 from the General Fund and Seniors' Program Fund, respectively. This resulted in a net use of fund balance of approximately \$690,000, leaving approximately \$15,000 in the fund balance for the Recreation Revolving Fund.

General Fund Budgetary Highlights

As mentioned earlier in this analysis, the COVID-19 pandemic continued to wreak havoc on everyone over the first several months of the fiscal year. Our required building closures had a large negative impact on program revenue since those programs had to be canceled. Under normal circumstances, the City amends budgeted line items due to unexpected events during the course of the fiscal year. Due to the cancellation of many programs due to COVID-19, the City amended various operating budgets to address these unexpected operating revenue losses and some corresponding expenditure decreases at the end of the fiscal year in June 2021. The total amount of revenue appropriation in the General Fund was amended upward due to some programs reopening and CARES Act grant money being received to offset some of our expenses related to COVID-19. The original budget of General Fund revenue was approximately \$11.9 million, and the actual amount received was approximately \$13.0 million, which was lower than the final amended budget amount of approximately \$13.2 million. When comparing the City's original General Fund revenue appropriation to the final actual revenue received, the actual revenue received was 108.6 percent of the original appropriation.

The General Fund expenditure appropriation adjustment was an increase of approximately \$2.33 million 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 96.1 percent of the total appropriation, or \$14,381,422. This resulted in an operating deficit of \$(1,357,287). Many capital items (including a fire truck that was prepaid and then delivered during the year for \$998,000) were carried forward to the 2020-2021 fiscal year and those funds were expended during the fiscal year. The City Council has committed to reducing OPEB liabilities whenever feasible with supplemental payments, so there were two large payments applied to the 2020-2021 fiscal year for retiree pension and retiree health care that were made in June 2021 totaling \$250,000. The only department that exceeded its budgeted appropriation was the other financing uses - transfers out, which had to account for the added Oxford Park construction transfer from the General Fund to the Recreation Revolving Fund. All other General Fund expenditures were under final budget appropriation.

Capital Assets and Debt Administration

At the end of fiscal year 2021, the City had a net book value of approximately \$36.6 million invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the City invested significantly in its major and local road system.

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

The governmental activities long-term bond obligation is now paid in full. The business-type debt all resides with the Water and Sewer Fund. Total bond obligations for the Water and Sewer Fund are down approximately \$481,000 from fiscal year 2019-2020 to approximately \$1,479,700 in the fiscal year ended June 30, 2021.

In January 2017, Fitch Ratings services affirmed the City's bond rating as AA stable for the general obligation road bonds, Series 2006. Fitch Ratings stated, "The city has maintained very stable financial operations throughout the most recent economic recession. Management has been proactive in maintaining strong financial resilience given the city's small budget and limited ability to independently increase revenue. Fitch believes that the City will maintain strong financial resilience based on management's history of conservative budgeting practices and solid expenditure flexibility."

Economic Factors and Next Year's Budgets and Rates

The Oakland County Assessor's Office anticipates a 5.6 percent increase in property taxable value within the City of Berkley, Michigan for the July 2022 tax year (fiscal year 2021-2022). The effects of the Headlee reduction factor reduce the anticipated operating and public safety tax revenue from the taxable value increase of 4.88 percent down to an anticipated increase in property tax revenue of only 2.72 percent.

It is anticipated that the State of Michigan will have a slight increase in state-shared revenue payments to local governments as the State regains its footing after the business reopenings due to last year's COVID-19 closures. This should create increases in state income and sales tax, which make up the components of state-shared revenue. Finance department financial forecasts in this area project a relatively small increase in state-shared revenue payment distribution in fiscal year 2021-2022 from 2020-2021 funding levels.

As stated earlier in this discussion, the City sought and was able to pass, through a vote of the people, a Headlee tax override of \$3.00 per 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 2021-2022 and into the future to allow the City to balance all operating budgets and to invest in various infrastructure projects around the City. The levy has been reduced from \$2.6563 per thousand of taxable value to \$2.6002 per thousand of taxable value in fiscal year 2021-2022.

The voters approved a capital improvement millage for road repair and replacement of up to 2 mills in November 2018. The millage was rolled back by Headlee again to 1.8833 for the third levy in 2021. After a delay due to COVID-19 work restrictions, work began in the fall of 2020 on this capital project and continued into 2021. The City continued repair and replacement of the worst condition roads over a 10-year program utilizing this millage and supplementing with Major Streets and Local Streets funds.

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

Salaries and fringes continue to be the largest expenditures, making up approximately 70 percent of the General Fund budget. The City will also continue to make investments in its capital structure, such as police vehicles, department of public works equipment, upgrades to parks and park structures, various street repair projects, a sidewalk program, and water and sewer improvements and lining. After carryforward budget amendments, capital is budgeted to be over 14 percent of the General Fund budget.

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.

Requests for Further Information

This financial report is intended to provide a general overview of the City's finances and demonstrate the City'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.

June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 11,527,841	\$ 1,775,907	\$ 13,303,748	\$ 380,068
Receivables:				
Taxes	63,459	-	63,459	7,809
Customers	219,869	3,219,460	3,439,329	27
Other governmental units	702,204	-	702,204	-
Inventories	110,243	-	110,243	-
Prepaid costs	265,034	43,400	308,434	-
Capital assets: (Note 4)				
Assets not subject to depreciation	738,619	13,795	752,414	-
Assets subject to depreciation - Net	16,978,027	18,839,845	35,817,872	-
Total assets	30,605,296	23,892,407	54,497,703	387,904
Deferred Outflows of Resources				
Deferred pension cost increases (Note 8)	1,383,857	199,932	1,583,789	-
Deferred OPEB cost increases (Note 9)	52,485	2,762	55,247	-
Total deferred outflows of resources	1,436,342	202,694	1,639,036	-
Liabilities				
Accounts payable	1,011,649	671,749	1,683,398	1,315
Cash bonds and deposits	369,279	8,337	377,616	-
Accrued liabilities and other	396,117	29,374	425,491	89
Unearned revenue	50,423	-	50,423	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	178,383	72,975	251,358	-
Current portion of long-term debt (Note 6)	-	492,759	492,759	-
Due in more than one year:				
Compensated absences (Note 6)	690,262	-	690,262	-
Net pension liability (Note 8)	12,157,549	1,980,244	14,137,793	-
Net OPEB liability (Note 9)	10,146,951	534,050	10,681,001	-
Long-term debt - Net of current portion (Note 6)	-	986,952	986,952	-
Total liabilities	25,000,613	4,776,440	29,777,053	1,404
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 8)	2,654,680	92,690	2,747,370	-
Deferred OPEB cost reductions (Note 9)	1,739,182	91,536	1,830,718	-
Total deferred inflows of resources	4,393,862	184,226	4,578,088	-
Net Position				
Net investment in capital assets	17,716,646	17,373,929	35,090,575	-
Restricted:				
Streets	4,944,150	-	4,944,150	-
Public safety	1,052,000	-	1,052,000	-
Community development and promotion	106,458	-	106,458	-
Sanitation	245,609	-	245,609	-
Library	56,163	-	56,163	-
Debt service	12,666	-	12,666	-
Unrestricted	(21,486,529)	1,760,506	(19,726,023)	386,500
Total net position	\$ 2,647,163	\$ 19,134,435	\$ 21,781,598	\$ 386,500

City of Berkley, Michigan

Functions/Programs	Program Revenue			Capital Grants and Contributions
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 3,581,763	\$ 1,613,915	\$ 79,003	\$ -
Public safety	4,712,094	152,692	856,853	-
Public works	4,556,860	490,615	1,663,485	-
Health and welfare	36,488	-	3,910	-
Recreation and culture	1,918,176	241,243	10,748	-
Total governmental activities	14,805,381	2,498,465	2,613,999	-
Business-type activities - Water and Sewer	5,702,556	7,146,772	-	-
Total primary government	<u>\$ 20,507,937</u>	<u>\$ 9,645,237</u>	<u>\$ 2,613,999</u>	<u>\$ -</u>
Component units - Downtown Development Authority	<u>\$ 305,614</u>	<u>\$ -</u>	<u>\$ 5,776</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Franchise fees				
Gain on sale of capital assets				
Miscellaneous				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,888,845)	\$ -	\$ (1,888,845)	\$ -
(3,702,549)	-	(3,702,549)	-
(2,402,760)	-	(2,402,760)	-
(32,578)	-	(32,578)	-
(1,666,185)	-	(1,666,185)	-
(9,692,917)	-	(9,692,917)	-
-	1,444,216	1,444,216	-
(9,692,917)	1,444,216	(8,248,701)	-
-	-	-	(299,838)
10,654,406	-	10,654,406	345,366
1,659,482	-	1,659,482	14,569
43,432	7,606	51,038	1,012
283,030	-	283,030	-
64,729	-	64,729	-
220,558	-	220,558	-
12,925,637	7,606	12,933,243	360,947
3,232,720	1,451,822	4,684,542	61,109
(585,557)	17,682,613	17,097,056	325,391
\$ 2,647,163	\$ 19,134,435	\$ 21,781,598	\$ 386,500

Governmental Funds
Balance Sheet

June 30, 2021

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 3)	\$ 5,686,237	\$ 2,258,947	\$ 908,265	\$ 2,250,619	\$ 11,104,068
Receivables:					
Taxes	8,172	-	-	55,287	63,459
Customers	28,475	-	-	191,394	219,869
Other governmental units	423,035	188,664	90,505	-	702,204
Due from other funds (Note 5)	120,000	-	-	-	120,000
Inventories	99,584	-	-	10,659	110,243
Prepaid costs	234,696	5,830	5,830	18,678	265,034
Total assets	\$ 6,600,199	\$ 2,453,441	\$ 1,004,600	\$ 2,526,637	\$ 12,584,877
Liabilities					
Accounts payable	\$ 703,775	\$ 17,666	\$ 29,228	\$ 260,980	\$ 1,011,649
Due to other funds (Note 5)	-	-	-	120,000	120,000
Cash bonds and deposits	369,279	-	-	-	369,279
Accrued liabilities and other	363,965	3,736	705	27,711	396,117
Unearned revenue	49,183	-	-	1,240	50,423
Total liabilities	1,486,202	21,402	29,933	409,931	1,947,468
Deferred Inflows of Resources -					
Unavailable revenue	10,313	-	-	89,173	99,486
Fund Balances					
Nonspendable - Inventory and prepaid items	334,280	5,830	5,830	29,337	375,277
Restricted:					
Debt service	-	-	-	12,666	12,666
Streets	-	2,426,209	968,837	1,537,444	4,932,490
Community service	-	-	-	17,237	17,237
Solid waste service	-	-	-	143,277	143,277
Public safety	1,052,000	-	-	-	1,052,000
Library	56,163	-	-	-	56,163
Community promotion and development	89,221	-	-	-	89,221
Committed - Recreation	-	-	-	8,988	8,988
Assigned:					
Subsequent year's budget	996,194	-	-	-	996,194
Capital improvement	-	-	-	395,976	395,976
Unassigned	2,575,826	-	-	(117,392)	2,458,434
Total fund balances	5,103,684	2,432,039	974,667	2,027,533	10,537,923
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,600,199	\$ 2,453,441	\$ 1,004,600	\$ 2,526,637	\$ 12,584,877

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 10,537,923
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	17,716,646
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	99,486
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(444,872)
Net pension liability and related deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and are not reported in the funds	(13,428,372)
Net OPEB liability and related deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and are not reported in the funds	(11,833,648)
Net Position of Governmental Activities	<u><u>\$ 2,647,163</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 8,126,461	\$ -	\$ -	\$ 2,527,945	\$ 10,654,406
Special assessments	-	-	-	73,514	73,514
Intergovernmental:					
Federal grants	857,406	-	-	3,910	861,316
State-shared revenue and grants	1,737,932	1,205,349	436,186	12,991	3,392,458
Charges for services	665,032	12,850	-	669,459	1,347,341
Fines and forfeitures	179,266	-	-	-	179,266
Licenses and permits	650,538	-	-	-	650,538
Investment earnings	27,081	5,018	2,225	8,109	42,433
Other revenue:					
Franchise fees	297,391	-	-	-	297,391
Other miscellaneous income	418,299	36,091	53,745	5,544	513,679
Total revenue	12,959,406	1,259,308	492,156	3,301,472	18,012,342
Expenditures					
Current services:					
General government	4,241,258	-	-	77	4,241,335
Public safety	5,637,089	-	-	-	5,637,089
Public works	663,814	603,426	709,690	1,631,586	3,608,516
Health and welfare	-	-	-	52,609	52,609
Recreation and culture	837,495	-	-	651,513	1,489,008
Capital outlay	2,268,266	-	-	1,865,241	4,133,507
Debt service	-	-	-	306,000	306,000
Total expenditures	13,647,922	603,426	709,690	4,507,026	19,468,064
Excess of Revenue (Under) Over Expenditures	(688,516)	655,882	(217,534)	(1,205,554)	(1,455,722)
Other Financing Sources (Uses)					
Transfers in (Note 5)	-	-	180,000	758,500	938,500
Transfers out (Note 5)	(733,500)	(180,000)	-	(25,000)	(938,500)
Sale of capital assets	64,729	-	-	-	64,729
Total other financing (uses) sources	(668,771)	(180,000)	180,000	733,500	64,729
Net Change in Fund Balances	(1,357,287)	475,882	(37,534)	(472,054)	(1,390,993)
Fund Balances - Beginning of year	6,460,971	1,956,157	1,012,201	2,499,587	11,928,916
Fund Balances - End of year	<u>\$ 5,103,684</u>	<u>\$ 2,432,039</u>	<u>\$ 974,667</u>	<u>\$ 2,027,533</u>	<u>\$ 10,537,923</u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ (1,390,993)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	4,372,284
Depreciation expense	(1,326,514)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(39,970)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	300,000
Interest expense is recognized in the government-wide statements as it accrues	6,000
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>1,311,913</u>
Change in Net Position of Governmental Activities	<u><u>\$ 3,232,720</u></u>

Proprietary Funds
Statement of Net Position

June 30, 2021

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Fringe Benefits Fund
Assets		
Current assets:		
Cash and investments (Note 3)	\$ 1,775,907	\$ 423,773
Receivables - Customer	3,219,460	-
Prepaid costs	43,400	-
Total current assets	5,038,767	423,773
Noncurrent assets -		
Capital assets: (Note 4)		
Assets not subject to depreciation	13,795	-
Assets subject to depreciation - Net	18,839,845	-
Total assets	23,892,407	423,773
Deferred Outflows of Resources		
Deferred pension cost increases (Note 8)	199,932	-
Deferred OPEB cost increases (Note 9)	2,762	-
Total deferred outflows of resources	202,694	-
Liabilities		
Current liabilities:		
Accounts payable	671,749	-
Cash bonds and deposits	8,337	-
Accrued liabilities and other	29,374	-
Compensated absences (Note 6)	72,975	178,383
Current portion of long-term debt (Note 6)	492,759	-
Total current liabilities	1,275,194	178,383
Noncurrent liabilities:		
Compensated absences (Note 6)	-	245,390
Net pension liability (Note 8)	1,980,244	-
Net OPEB liability (Note 9)	534,050	-
Long-term debt - Net of current portion (Note 6)	986,952	-
Total noncurrent liabilities	3,501,246	245,390
Total liabilities	4,776,440	423,773
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 8)	92,690	-
Deferred OPEB cost reductions (Note 9)	91,536	-
Total deferred inflows of resources	184,226	-
Net Position		
Net investment in capital assets	17,373,929	-
Unrestricted	1,760,506	-
Total net position	\$ 19,134,435	\$ -

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

Year Ended June 30, 2021

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Fund - Fringe Benefits Fund</u>
Operating Revenue		
Water and sewer charges	\$ 6,998,240	\$ -
Property and equipment rental	24,785	-
Miscellaneous	123,747	-
Charges to other funds	-	31,619
Total operating revenue	<u>7,146,772</u>	<u>31,619</u>
Operating Expenses		
Water and sewer operations	5,133,083	-
Compensated absences	-	32,618
Depreciation	525,003	-
Total operating expenses	<u>5,658,086</u>	<u>32,618</u>
Operating Income (Loss)	1,488,686	(999)
Nonoperating Revenue (Expense)		
Investment income	7,606	999
Interest expense	(44,470)	-
Total nonoperating (expense) revenue	<u>(36,864)</u>	<u>999</u>
Change in Net Position	1,451,822	-
Net Position - Beginning of year	<u>17,682,613</u>	<u>-</u>
Net Position - End of year	<u>\$ 19,134,435</u>	<u>\$ -</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2021

	Enterprise Fund	Governmental Activities
	Water and Sewer Fund	Internal Service Fund - Fringe Benefits Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 6,855,619	\$ -
Receipts from interfund services	-	31,619
Payments to suppliers	(4,562,444)	-
Payments to employees	(869,184)	(37,411)
Net cash provided by (used in) operating activities	1,423,991	(5,792)
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(946,991)	-
Principal and interest paid on capital debt	(528,392)	-
Net cash used in capital and related financing activities	(1,475,383)	-
Cash Flows Provided by Investing Activities - Interest received on investments	7,606	999
Net Decrease in Cash and Cash Equivalents	(43,786)	(4,793)
Cash and Cash Equivalents - Beginning of year	1,502,116	428,566
Cash and Cash Equivalents - End of year	<u>\$ 1,458,330</u>	<u>\$ 423,773</u>
Classification of Cash and Cash Equivalents		
Cash and investments	\$ 1,775,907	\$ 423,773
Investments	(317,577)	-
Total cash and cash equivalents	<u>\$ 1,458,330</u>	<u>\$ 423,773</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ 1,488,686	\$ (999)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	525,003	-
Changes in assets and liabilities:		
Receivables	(291,153)	-
Prepaid and other assets	(43,400)	-
Net pension and OPEB liabilities	2,227	-
Accounts payable	(85,847)	-
Accrued and other liabilities	(171,525)	(4,793)
Total adjustments	(64,695)	(4,793)
Net cash provided by (used in) operating activities	<u>\$ 1,423,991</u>	<u>\$ (5,792)</u>

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2021

	<u>Pension and Other Postemployment Benefits Funds</u>	<u>Property Tax Collections Fund</u>
Assets		
Cash and cash equivalents (Note 3)	\$ 831,945	\$ -
Investments: (Note 3)		
Municipal bonds	32,001	-
U.S. Treasury bonds	1,693,893	-
U.S. government agency securities	787,320	-
Common and preferred stock	14,825,895	-
Corporate bonds	2,822,955	-
Mortgage-backed securities	239,916	-
Mutual funds - Fixed-income securities	1,711,871	-
Interest in pooled investments	7,272,274	-
Accrued interest receivable	155,128	-
Total assets	30,373,198	-
Liabilities - Accounts payable	21,184	-
Net Position - Restricted		
Pension	23,079,740	-
Postemployment benefits other than pension	7,272,274	-
Total net position	\$ 30,352,014	\$ -

**Fiduciary Funds
Statement of Changes in Fiduciary Net Position**

Year Ended June 30, 2021

	<u>Pension and Other Postemployment Benefits Funds</u>	<u>Property Tax Collections Fund</u>
Additions		
Investment income (loss):		
Interest and dividends	\$ 2,162,971	\$ -
Net increase in fair value of investments	4,282,558	-
Investment costs	(118,774)	-
Net investment income	6,326,755	-
Contributions:		
Employer	2,458,404	-
Employee	204,534	-
Total contributions	2,662,938	-
Property tax collections	-	16,348,651
Total additions	8,989,693	16,348,651
Deductions		
Benefit payments	2,846,652	-
Administrative expenses	91,798	-
Tax distributions to other governments	-	16,348,651
Total deductions	2,938,450	16,348,651
Net Increase in Fiduciary Net Position	6,051,243	-
Net Position - Beginning of year, as restated (Note 1)	24,300,771	-
Net Position - End of year	\$ 30,352,014	\$ -

Note 1 - Significant Accounting Policies

Reporting Entity

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

Blended Component Unit

The City's building authority is governed by a three-member board appointed by the City Council. Although it is legally separate from the City, the building authority is reported as if it were part of the primary government because its primary purpose is to acquire, furnish, equip, own, improve, enlarge, operate, and maintain the ice arena and horseshoe pit for the use or benefit of the City. The building authority was inactive during the year ended June 30, 2021.

Discretely Presented Component Units

Downtown Development Authority

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

Pension and Other Postemployment Benefits Funds

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

Accounting and Reporting Principles

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

Report Presentation

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

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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

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

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

Basis of Accounting

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

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than 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 health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

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

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

Fund Accounting

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

Governmental Funds

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

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

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

- The Public Safety Pension Fund accumulates resources for pension benefit payments to qualified public safety employees.
- The Other Postemployment Benefits Fund accumulates resources for future retiree health care payments to qualified retirees.
- The Property Tax Collections Fund collects taxes on behalf of all the taxing authorities (county, school district, and the various other taxing authorities)

Interfund Activity

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

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported 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.

Note 1 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

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

Long-term Obligations

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

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

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

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Property Tax Revenue

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

The City's 2020 property tax revenue was levied and collectible on July 1, 2020 and is recognized as revenue in the year ended June 30, 2021 when the proceeds of the levy are budgeted and available for the financing of operations. Uncollected (delinquent) personal property tax is recognized as a deferred inflow and is considered unavailable until collected. Delinquent personal property tax is recognized as revenue in the fiscal year of collection.

The 2020 taxable valuation of the City totaled \$636.5 million (a portion of which is captured by the DDA), on which taxes levied consisted of 9.9194 mills for operating and public safety purposes, 1.6758 mills for sanitation services, 0.0785 mills for community promotion, 2.5 mills for public safety retirement benefits, 0.45 mills for debt service, and 1.9239 mills for capital improvements. This resulted in \$6.2 million for operating, \$1.0 million for sanitation services, \$50,000 for community promotion, \$1.6 million for public safety retirement benefits, \$280,000 for debt service, and \$1.2 million for capital improvements. These amounts are recognized in the respective General, special revenue, and debt service fund financial statements as tax revenue.

The DDA levied 1.8676 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 approximately \$300,000, which is net of delinquent personal property taxes. These amounts are recorded as part of the DDA component unit.

Pension

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

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

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

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Most annual leave and sick pay related to governmental activities and the ice arena is accrued when incurred in the internal service fund. Annual leave and sick pay related to the Water and Sewer Fund is accrued when incurred in the Water and Sewer Fund.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to customers for sales or services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Note 1 - Significant Accounting Policies (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the Other Postemployment Benefits Fund not previously reported in the financial statements now meets the definition of a fiduciary activity and is reported as such. The activities of the agency fund were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within the General Fund.

The effect of this new standard was to restate fiduciary funds net position as of June 30, 2020 from \$18,772,193 to \$24,300,771.

June 30, 2021

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2021 has not been calculated.

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

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

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the City incurred expenditures that were in excess of the amounts budgeted as follows:

	Budget	Actual
General Fund - Transfers out	\$ 538,000	\$ 733,500
Seniors' Program - Transfers out	-	25,000
Sidewalk - Public works	50,000	93,095

Construction Code Fees

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

Cumulative shortfall at July 1, 2020		\$ (1,732,861)
Current year permit revenue		286,147
Related expenses:		
Direct costs	\$ 492,322	
Estimated indirect costs	49,320	541,642
Current year shortfall		(255,495)
Cumulative shortfall at June 30, 2021		\$ (1,988,356)

Noncompliance with Legal or Contractual Provisions

The City's final Sidewalk Fund budget included a budgeted deficit, which is a violation of Michigan law.

June 30, 2021

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 that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City and Downtown Development Authority had \$12,411,179 and \$380,068, respectively, of bank deposits that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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	\$ 2,822,955	8.29
Mutual funds - Fixed-income securities	1,711,871	5.35
Mortgage-backed securities	239,916	18.86
U.S. Treasury bonds	1,693,893	9.73
Municipal bonds	32,001	19.50
U.S. government agency securities	787,320	17.99
Oakland County Local Government Investment Pool	1,069,207	1.20
Total	<u>\$ 8,357,163</u>	

June 30, 2021

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 June 30, 2021, the credit quality ratings of debt securities are as follows:

	Fair Value	Rating	Rating Organization
U.S. government agency securities	\$ 787,320	Not rated	N/A
Corporate bonds	113,974	A1	Moody's
Corporate bonds	838,090	A2	Moody's
Corporate bonds	710,741	A3	Moody's
Corporate bonds	16,469	AA1	Moody's
Corporate bonds	95,818	AA2	Moody's
Corporate bonds	111,611	AA3	Moody's
Corporate bonds	46,014	AAA	Moody's
Corporate bonds	492,758	BAA1	Moody's
Corporate bonds	274,743	BAA2	Moody's
Corporate bonds	67,373	BAA3	Moody's
Corporate bonds	55,364	Not rated	N/A
Mortgage-backed securities	177,320	AAA	Moody's
Mortgage-backed securities	62,596	Not rated	N/A
Municipal bonds	32,001	A2	Moody's
U.S. Treasury bonds	1,477,631	AAA	Moody's
U.S. Treasury bonds	216,262	Not rated	N/A
Total	<u>\$ 5,576,085</u>		

Fair Value Measurements

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

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

June 30, 2021

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2021:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
U.S. government agency securities	\$ -	\$ 787,320	\$ -	\$ 787,320
Corporate bonds	-	2,822,955	-	2,822,955
ETF - Equity	2,255,790	-	-	2,255,790
Mortgage-backed securities	-	239,916	-	239,916
Municipal bonds	-	32,001	-	32,001
Mutual funds - Equity	4,527,945	-	-	4,527,945
Mutual funds - Fixed income	1,711,871	-	-	1,711,871
Mutual funds - Money market	573,543	-	-	573,543
Other equity	-	3,615	-	3,615
Stocks	8,040,915	-	-	8,040,915
U.S. Treasury bonds	1,693,893	-	-	1,693,893
Total investments by fair value level	\$ 18,803,957	\$ 3,885,807	\$ -	\$ 22,689,764

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of certain assets at June 30, 2021 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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

Investments in Entities that Calculate Net Asset Value per Share

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

At June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 1,069,207	\$ -	None	None
MERS Total Market Portfolio	7,272,274	-	None	None

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

June 30, 2021

Note 3 - Deposits and Investments (Continued)

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

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 738,619	\$ -	\$ -	\$ -	\$ 738,619
Construction in progress	298,945	(298,945)	-	-	-
Subtotal	1,037,564	(298,945)	-	-	738,619
Capital assets being depreciated:					
Roads and bridges	56,871,805	298,945	2,112,760	-	59,283,510
Buildings	7,235,574	-	244,117	-	7,479,691
Equipment and books	3,418,544	-	442,221	-	3,860,765
Vehicles	3,721,636	-	1,573,186	(552,284)	4,742,538
Subtotal	71,247,559	298,945	4,372,284	(552,284)	75,366,504
Accumulated depreciation:					
Roads and bridges	47,452,858	-	717,479	-	48,170,337
Buildings	5,540,096	-	109,444	-	5,649,540
Equipment and books	2,703,064	-	226,166	-	2,929,230
Vehicles	1,918,229	-	273,425	(552,284)	1,639,370
Subtotal	57,614,247	-	1,326,514	(552,284)	58,388,477
Net capital assets being depreciated	13,633,312	298,945	3,045,770	-	16,978,027
Net governmental activities capital assets	\$ 14,670,876	\$ -	\$ 3,045,770	\$ -	\$ 17,716,646

June 30, 2021

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated - Land	\$ 13,795	\$ -	\$ -	\$ -	\$ 13,795
Capital assets being depreciated:					
Water and sewer transmission lines	21,053,221	-	705,817	-	21,759,038
Buildings	123,858	-	34,810	-	158,668
Equipment	3,612,364	-	206,364	-	3,818,728
Subtotal	24,789,443	-	946,991	-	25,736,434
Accumulated depreciation:					
Water and sewer transmission lines	3,965,859	-	303,235	-	4,269,094
Buildings	90,143	-	3,266	-	93,409
Equipment	2,315,584	-	218,502	-	2,534,086
Subtotal	6,371,586	-	525,003	-	6,896,589
Net capital assets being depreciated	18,417,857	-	421,988	-	18,839,845
Net business-type activities capital assets	\$ 18,431,652	\$ -	\$ 421,988	\$ -	\$ 18,853,640

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

Governmental activities:	
General government	\$ 93,013
Public safety	214,524
Public works	899,294
Recreation and culture	119,683
Total governmental activities	\$ 1,326,514
Business-type activities - Water and sewer	\$ 525,003

Note 5 - Interfund Receivables, Payables, and Transfers

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 733,500
Major Streets Fund	Local Streets Fund	180,000
Nonmajor governmental funds	Nonmajor governmental funds	25,000
	Total	\$ 938,500

June 30, 2021

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

The transfer from the General Fund to the Recreation Revolving Fund (nonmajor governmental fund) was to fund operating expenses during the year. The transfer from the Major Streets Fund to the Local Streets Fund represents the sharing of gas and weight tax revenue in accordance with Act 51. The transfer from the Seniors' Program Fund (nonmajor governmental fund) to the Recreation Revolving Fund (nonmajor governmental fund) was to support the activities of the receiving fund.

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds - Other debt - 2006 General Obligation 11 Mile Road Bonds:							
Amount of issue - \$2,500,000		\$275,000-					
Maturing through 2021	4%	\$300,000	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ -
Compensated absences			816,674	447,879	(395,908)	868,645	178,383
Total governmental activities long-term debt			<u>\$ 1,116,674</u>	<u>\$ 447,879</u>	<u>\$ (695,908)</u>	<u>\$ 868,645</u>	<u>\$ 178,383</u>

June 30, 2021

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds - Direct borrowings and direct placements - Contractual obligations with Oakland County, Michigan - George W. Kuhn Bonds:							
2000-A:							
Amount of issue - \$1,126,053		\$47,549-					
Maturing through 2022	2.50%	\$70,354	\$ 139,179	\$ -	\$ (68,646)	\$ 70,533	\$ 70,534
2001-C:							
Amount of issue - \$5,176,822		\$207,829-					
Maturing through 2024	2.50%	\$324,025	1,249,176	-	(300,722)	948,454	308,279
2001-D:							
Amount of issue - \$199,641		\$7,872-					
Maturing through 2024	2.50%	\$13,225	32,916	-	(7,872)	25,044	8,187
2000-B and 2001-E: Refinanced 2016							
Amount of issue - \$486,508	2.00%-	\$33,693-					
Maturing through 2024	2.50%	\$67,702	205,941	-	(67,702)	138,239	68,332
2005-F:							
Amount of issue - \$103,573		\$4,478-					
Maturing through 2026	1.625%	\$5,703	32,577	-	(5,118)	27,459	5,438
2006-G:							
Amount of issue - \$112,919		\$4,798-					
Maturing through 2028	1.625%	\$6,398	49,583	-	(5,758)	43,825	6,078
2008-H:							
Amount of issue - \$491,662		\$19,193-					
Maturing through 2029	2.50%	\$30,709	251,428	-	(25,271)	226,157	25,911
Total bond obligations			1,960,800	-	(481,089)	1,479,711	492,759
Compensated absences			69,340	57,140	(53,505)	72,975	72,975
Total business-type activities long-term debt			<u>\$ 2,030,140</u>	<u>\$ 57,140</u>	<u>\$ (534,594)</u>	<u>\$ 1,552,686</u>	<u>\$ 565,734</u>

General Obligation Bonds and Contracts

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

By statute, the City's general obligation debt is restricted to 10 percent of the equalized value of all property in the City. At June 30, 2021, the City's general obligation debt margin amounted to approximately \$82.3 million.

Note 6 - Long-term Debt (Continued)

County Contractual Obligations

The above contractual obligations to Oakland County, Michigan (the "County") are the result of the issuance of bonds by the County on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the bonds provided financing for the construction of the George G. Kuhn Drain. The remaining principal and interest to be paid on the bonds total \$1,565,784. During the current year, net revenue of the system was \$2,013,689 compared to the annual debt requirements of \$525,558.

Other Long-term Liabilities

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

Debt Service Requirements to Maturity

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

Years Ending June 30	Business-type Activities - Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2022	\$ 492,759	\$ 35,677	\$ 528,436
2023	398,933	23,800	422,733
2024	404,780	14,110	418,890
2025	39,666	4,260	43,926
2026	40,571	3,372	43,943
2027-2029	103,002	4,854	107,856
Total	<u>\$ 1,479,711</u>	<u>\$ 86,073</u>	<u>\$ 1,565,784</u>

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 - Pension Plans

Plan Description

General Employees' Defined Benefit Pension Plan

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

Public Safety Pension Plan

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

The system is governed by a five-member board. The composition of this board is made up of one public safety command officer and one public safety officer. Each is voted onto the board by the members of their respective bargaining units. The law also requires that the city treasurer have a seat on the board. The mayor appoints the final two members of the board with City Council approval.

Benefit terms have been established by contractual agreements and PA 345 of 1937, as amended. The financial statements of the plan are included in these financial statements as a pension fiduciary trust fund. A separate stand-alone financial report is not issued.

Benefits Provided

General Employees' Defined Benefit Pension Plan

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

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

Retirement benefits for members are calculated as 2.50 percent of the member's best 3 consecutive years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80 percent of final average compensation. The member must be age 55 with 15 years of service, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This closed group does not contribute toward its pension benefit. There is a 10-year vesting requirement for this group. Compensation is defined as all wages, except overtime, uniform allowance, education pay, and license pay. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

Note 8 - Pension Plans (Continued)

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

Retirement benefits for members are calculated as 2.50 percent of the member's best 3 consecutive years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80 percent of final average compensation. The member must be age 55 with 15 years of service, be age 60 with 10 years of service, or have a total of 25 years of service to obtain a pension benefit. This open group pays 4 percent toward its pension benefit. There is a 10-year vesting requirement for this group. Compensation is defined as all wages, except overtime, uniform allowance, education pay, and license pay. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

Service or Deferred Retirement - Nonunion Members Hired Prior to July 1, 2008

Retirement benefits for members are calculated as 2.50 percent of the member's best 3 consecutive years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80 percent of final average compensation. The member must be age 55 with 15 years of service, be age 60 with 6 years of service, or have a total of 25 years of service to obtain a pension benefit. This closed group pays 4 percent towards its pension benefit. There is a 6-year vesting requirement for this group. Compensation is defined as all wages, including earned overtime. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

Service or Deferred Retirement - Nonunion Members Hired on or after July 1, 2008

Retirement benefits for members are calculated as 2.25 percent of the member's best 3 years of compensation while employed with the City. This sum is then multiplied by the number of years of service to obtain a pension benefit. The maximum benefit allowed is 80 percent of compensation. The member must be age 55 with 25 years of service or age 60 with 10 years of service to obtain a pension benefit. This closed group pays 4 percent toward its pension benefit. There is a 10-year vesting requirement for this group. Compensation is defined as all wages, including overtime. Severance at retirement may or may not be included in compensation. If severance is included, sick leave payment will not be part of compensation.

Public Safety Pension Plan

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

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

Retirement benefits for members are calculated as 2.8 percent of the member's best 3 consecutive years of the last 10 years of a member's average final compensation for the first 25 years of service, plus 1 percent of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85 percent of base wages. Base wages are defined as the final rate of pay at retirement, multiplied by 2,080 hours, multiplied by 85 percent.

Note 8 - Pension Plans (Continued)

Service or Deferred Retirement - Members Hired on or after July 1, 2013

Retirement benefits for members are calculated as 2.5 percent of the member’s best 3 consecutive years of the last 10 years of a member’s average final compensation for the first 25 years of service, plus 1 percent of average final compensation times years of service in excess of 25 years. The maximum benefit allowed is 85 percent of base wages. Base wages are defined as the final rate of pay at retirement, multiplied by 2,080 hours, multiplied by 85 percent. 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 that was effective July 1, 1975 or later. The spouse’s pension equals 60 percent of the straight-life pension the deceased retiree was receiving. Deferred retirees are ineligible for this benefit.

Nonduty Death-in-service Survivor’s Pension

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

Duty Death-in-service Survivor’s Pension

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

Nonduty Disability

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

Duty Disability

The benefit is payable upon the total and permanent disability of a member in the line of duty. To age 55, the benefit is payable at 50 percent of average final compensation. At age 55, it is payable at the same benefit as a service retirement pension.

Annuity Withdrawals

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
Date of member count	December 31, 2020	June 30, 2020
Inactive plan members or beneficiaries currently receiving benefits	76	50
Inactive plan members entitled to but not yet receiving benefits	11	2
Active plan members	45	29
Total employees covered by the plan	132	81

Note 8 - Pension Plans (Continued)

Contributions

General Employees' Defined Benefit Pension Plan

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

For the year ended June 30, 2021, the average active employee contribution rate was 0.0 percent of annual pay for a union public works member hired prior to July 1, 2004; 4.0 percent of annual pay for a union public works member hired on or after July 1, 2004; and 4.0 percent for all nonunion eligible employees. The City's average contribution rate for a union public works employee was 37.08 percent of annual payroll and, for a nonunion eligible employee, it was 57.94 percent of annual payroll. Total contributions during the City's fiscal year were \$1,294,653.

Public Safety Pension Plan

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board in accordance with the city charter, union contracts, and plan provisions. For the year ended June 30, 2021, the average active member contribution rate was 0.0 percent of annual pay, and the City's average contribution rate was 53.69 percent of annual payroll.

Net Pension Liability

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

	<u>General Employees' Defined Benefit Pension Plan</u>	<u>Public Safety Pension Plan</u>
Measurement date used for the City's net pension liability	December 31, 2020	June 30, 2021
Based on a comprehensive actuarial valuation as of	December 31, 2020	June 30, 2020

June 30, 2021

Note 8 - Pension Plans (Continued)

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

General Employees' Defined Benefit Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 21,651,733	\$ 11,378,958	\$ 10,272,775
Changes for the year:			
Service cost	279,973	-	279,973
Interest	1,589,513	-	1,589,513
Differences between expected and actual experience	(2,393)	-	(2,393)
Changes in assumptions	723,288	-	723,288
Contributions - Employer	-	1,090,006	(1,090,006)
Contributions - Employee	-	86,385	(86,385)
Net investment income	-	1,533,090	(1,533,090)
Benefit payments, including refunds	(1,754,148)	(1,754,148)	-
Administrative expenses	-	(22,351)	22,351
Net changes	836,233	932,982	(96,749)
Balance at December 31, 2020	\$ 22,487,966	\$ 12,311,940	\$ 10,176,026

The plan's fiduciary net position represents 54.7 percent of the total pension liability.

Public Safety Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2020	\$ 26,407,843	\$ 18,772,193	\$ 7,635,650
Changes for the year:			
Service cost	539,011	-	539,011
Interest	1,805,389	-	1,805,389
Differences between expected and actual experience	61,418	-	61,418
Contributions - Employer	-	1,204,528	(1,204,528)
Contributions - Employee	-	204,534	(204,534)
Net investment income	-	4,750,831	(4,750,831)
Benefit payments, including refunds	(1,772,154)	(1,772,154)	-
Administrative expenses	-	(80,192)	80,192
Net changes	633,664	4,307,547	(3,673,883)
Balance at June 30, 2021	\$ 27,041,507	\$ 23,079,740	\$ 3,961,767

The plan's fiduciary net position represents 85.3 percent of the total pension liability.

June 30, 2021

Note 8 - Pension Plans (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense of \$1,545,314 related to the General Employees' Defined Benefit Pension Plan and \$708,558 related to the Public Safety Pension Plan for a total of \$2,253,872.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees' Defined Benefit Pension Plan		Public Safety Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,197	\$ 289,041	\$ 3,042
Changes in assumptions	361,643	-	267,344	-
Net difference between projected and actual earnings on pension plan investments	-	475,117	-	2,268,014
Employer contributions to the plan subsequent to the measurement date	665,761	-	-	-
Total	\$ 1,027,404	\$ 476,314	\$ 556,385	\$ 2,271,056

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, which will impact the net pension liability in fiscal year 2022, rather than pension expense.

Years Ending June 30	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
2022	\$ 259,720	\$ (17,353)
2023	16,850	(435,324)
2024	(253,022)	(571,536)
2025	(138,219)	(690,458)

Actuarial Assumptions

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

	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
Inflation	2.50%	1.75%
Salary increases	3.00%-9.70%	3.50%-7.50%
Investment rate of return	7.60%	7.00%
Mortality rates	Pub-2010	RP-2014

Note 8 - Pension Plans (Continued)

General Employees' Defined Benefit Pension Plan

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

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

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

The actuarial assumptions used in the December 31, 2020 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from January 1, 2014 through December 31, 2018.

Public Safety Pension Plan

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

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

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

Discount Rate

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

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

	General Employees' Defined Benefit Pension Plan	Public Safety Pension Plan
Assumed investment rate of return	7.60%	7.00%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total pension liability	7.60%	7.00%

June 30, 2021

Note 8 - Pension Plans (Continued)

Investment Rate of Return

General Employees' Defined Benefit Pension Plan

Best estimates of arithmetic real rates of return as of the December 31, 2020 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	5.25 %
Global fixed income	20.00	1.25
Private investments	20.00	7.25

Public Safety Pension Plan

Best estimates of arithmetic real rates of return as of the June 30, 2021 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large-cap equity	29.40 %	7.00 %
Small-/Mid-cap equity	12.60	7.25
International equity	20.50	7.00
Domestic fixed income	29.50	2.75
Treasury inflation-protected securities	5.00	2.40
High-yield bonds	2.50	4.65
Cash or cash equivalents	0.50	2.25

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

General Employees' Defined Benefit Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 7.60 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.6%)	Current Discount Rate (7.6%)	1 Percentage Point Increase (8.6%)
Net pension liability of the General Employees' Defined Benefit Pension Plan	\$ 12,425,613	\$ 10,176,026	\$ 8,262,564

Public Safety Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net pension liability of the Public Safety Pension Plan	\$ 7,106,042	\$ 3,961,767	\$ 1,331,304

Note 8 - Pension Plans (Continued)

Pension Plan Fiduciary Net Position

General Employees' Defined Benefit Pension Plan

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

Public Safety Pension Plan

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

Since the previous measurement date, the General Employees' Defined Benefit Pension Plan switched to using the Pub-2010 mortality tables from the RP-2014 mortality tables, as well as reduced the upper range of assumed salary increases from 14.0 to 9.7 percent.

Investment Policy

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

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on the Public Safety Pension Plan's investments, net of pension plan investment expense, was 25.41 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

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

June 30, 2021

Note 8 - Pension Plans (Continued)

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

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

The balances of the reserve accounts at June 30, 2021 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 18,302,699	\$ 18,302,699
Employee reserve	322,144	322,144
Employer reserve	-	4,454,897
Total	<u>\$ 18,624,843</u>	<u>\$ 23,079,740</u>

Note 9 - Other Postemployment Benefit Plan

Plan Description

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

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

Benefits Provided

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	June 30, 2019
Date of member count	
Inactive plan members or beneficiaries currently receiving benefits	97
Active plan members	<u>71</u>
Total plan members	<u><u>168</u></u>

Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment; however, the City does make discretionary contributions to the trust. For the fiscal year ended June 30, 2021, the City made payments for postemployment health benefit premiums of \$1,074,498.

June 30, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2021 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2021 measurement date. The June 30, 2021 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, which used update procedures to roll forward the estimated liability to June 30, 2021.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2020	\$ 17,755,925	\$ 5,528,578	\$ 12,227,347
Changes for the year:			
Service cost	147,830	-	147,830
Interest	1,124,018	-	1,124,018
Contributions - Employer	-	1,253,876	(1,253,876)
Net investment income	-	1,575,924	(1,575,924)
Benefit payments, including refunds	(1,074,498)	(1,074,498)	-
Administrative expenses	-	(11,606)	11,606
Net changes	197,350	1,743,696	(1,546,346)
Balance at June 30, 2021	<u>\$ 17,953,275</u>	<u>\$ 7,272,274</u>	<u>\$ 10,681,001</u>

The plan's fiduciary net position represents 40.5 percent of the total OPEB liability.

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

For the year ended June 30, 2021, the City recognized an OPEB cost recovery of \$28,659.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,014,837
Changes in assumptions	55,247	-
Net difference between projected and actual earnings on OPEB plan investments	-	815,881
Total	<u>\$ 55,247</u>	<u>\$ 1,830,718</u>

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

Years Ending June 30	Amount
2022	\$ (705,725)
2023	(610,784)
2024	(219,738)
2025	(242,224)

June 30, 2021

Note 9 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using an inflation assumption of 3.00 percent; assumed salary increases (including inflation) of between 3.50 percent and 10.20 percent depending on seniority and merit; an investment rate of return (net of investment expenses) of 6.50 percent; a health care cost trend rate of 8.25 percent, decreasing 0.50 percent or 0.75 percent per year to an ultimate rate of 3.50 percent; and the RP-2014 Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables adjusted for mortality improvements to 2025 using scale MP-2018 from 2006. These assumptions were applied to all periods included in the measurement.

Discount Rate

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

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

Investment Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of plan investment expense, was 28.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2021 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	5.25 %
Global fixed income	20.00	1.25
Private investments	20.00	7.25

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

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

	1 Percentage Point Decrease (5.50%)	Current Discount Rate (6.50%)	1 Percentage Point Increase (7.50%)
Net OPEB liability of the Merit System of Personnel Management	\$ 12,669,640	\$ 10,681,001	\$ 9,008,077

Note 9 - Other Postemployment Benefit Plan (Continued)

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

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

	1 Percentage Point Decrease (7.25%)	Current Health Care Cost Trend Rate (8.25%)	1 Percentage Point Increase (9.25%)
Net OPEB liability of the Merit System of Personnel Management	\$ 8,699,680	\$ 10,681,001	\$ 13,007,068

OPEB Plan Fiduciary Net Position

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

Note 10 - Joint Ventures

Southeastern Oakland County Water Authority

The City is a member of the Southeastern Oakland County Water Authority (the "Water Authority"), which provides a water supply system serving 11 member and 2 nonmember municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2021, the City expensed \$835,150 of payments made to the Water Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements of the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Southeastern Oakland County Resource Recovery Authority

The City is a member of the Southeastern Oakland County Resource Recovery Authority (the "Resource Recovery Authority"), which collects, processes, and disposes of the municipal solid waste, yard waste, and recyclables accumulated within the City. The Resource Recovery Authority provides services to 12 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2021, the City expensed \$1,137,198 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, MI 48073.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,145,085	\$ 8,155,085	\$ 8,126,461	\$ (28,624)
Intergovernmental:				
Federal grants	1,200	858,200	857,406	(794)
State-shared revenue and grants	1,282,136	1,654,970	1,737,932	82,962
Charges for services	717,241	717,241	665,032	(52,209)
Fines and forfeitures	262,500	209,000	179,266	(29,734)
Licenses and permits	625,300	694,700	650,538	(44,162)
Investment earnings	112,700	112,700	27,081	(85,619)
Other revenue:				
Franchise fees	340,000	340,000	297,391	(42,609)
Other miscellaneous income	442,415	468,015	418,299	(49,716)
Total revenue	11,928,577	13,209,911	12,959,406	(250,505)
Expenditures				
Current services:				
General government:				
City Council	31,176	31,176	6,953	24,223
Manager	196,428	201,905	196,039	5,866
Elections	201,647	212,407	195,572	16,835
Finance	434,329	437,114	423,549	13,565
Legal	107,000	125,000	118,465	6,535
Clerk/Treasurer	85,283	93,625	91,911	1,714
City hall	280,319	203,239	172,535	30,704
Planning	172,729	175,079	142,656	32,423
Inspection	548,504	511,189	493,205	17,984
Community promotion	59,457	59,457	29,227	30,230
Insurance	1,197,900	1,294,900	1,292,466	2,434
Active employee benefits	730,200	1,095,400	1,036,722	58,678
Coronavirus expenditures	-	42,000	41,958	42
Public safety:				
Administration	213,347	214,097	193,117	20,980
Operations	3,431,662	3,523,547	3,370,659	152,888
Service aides	465,548	419,558	404,259	15,299
Pension administration	1,641,700	1,649,700	1,614,085	35,615
Animal control	87,450	70,679	54,969	15,710
Public works:				
Operations	321,743	364,243	254,924	109,319
Street programs	198,100	198,100	192,972	5,128
Garage	253,477	235,184	215,918	19,266
Recreation and culture:				
Recreation	1,500	1,500	445	1,055
Library	606,624	621,124	533,857	87,267
WBRK	190,733	215,733	169,211	46,522
Communications coordinator	132,667	141,137	133,982	7,155
Capital outlay	498,298	2,284,400	2,268,266	16,134
Total expenditures	12,087,821	14,421,493	13,647,922	773,571
Excess of Expenditures Over Revenue	(159,244)	(1,211,582)	(688,516)	523,066

Required Supplemental Information
Budgetary Comparison Schedule
General Fund (Continued)

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Other Financing (Uses) Sources				
Transfers out	\$ (300,000)	\$ (538,000)	\$ (733,500)	\$ (195,500)
Sale of capital assets	12,000	29,440	64,729	35,289
Total other financing uses	<u>(288,000)</u>	<u>(508,560)</u>	<u>(668,771)</u>	<u>(160,211)</u>
Net Change in Fund Balance	(447,244)	(1,720,142)	(1,357,287)	362,855
Fund Balance - Beginning of year	6,460,971	6,460,971	6,460,971	-
Fund Balance - End of year	<u><u>\$ 6,013,727</u></u>	<u><u>\$ 4,740,829</u></u>	<u><u>\$ 5,103,684</u></u>	<u><u>\$ 362,855</u></u>

Required Supplemental Information
 Budgetary Comparison Schedules - Major Special Revenue Funds
 Major Streets Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 1,088,488	\$ 1,088,488	\$ 1,205,349	\$ 116,861
Charges for services	10,897	13,000	12,850	(150)
Investment income	18,360	5,800	5,018	(782)
Other revenue	19,200	26,300	36,091	9,791
Total revenue	1,136,945	1,133,588	1,259,308	125,720
Expenditures - Public works	791,757	783,282	603,426	179,856
Excess of Revenue Over Expenditures	345,188	350,306	655,882	305,576
Other Financing Uses - Transfers out	(180,000)	(180,000)	(180,000)	-
Net Change in Fund Balance	165,188	170,306	475,882	305,576
Fund Balance - Beginning of year	1,956,157	1,956,157	1,956,157	-
Fund Balance - End of year	<u><u>\$ 2,121,345</u></u>	<u><u>\$ 2,126,463</u></u>	<u><u>\$ 2,432,039</u></u>	<u><u>\$ 305,576</u></u>

Required Supplemental Information
 Budgetary Comparison Schedules - Major Special Revenue Funds
 (Continued)
 Local Streets Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 390,500	\$ 390,500	\$ 436,186	\$ 45,686
Investment income	11,300	2,500	2,225	(275)
Other revenue	15,000	56,000	53,745	(2,255)
Total revenue	416,800	449,000	492,156	43,156
Expenditures - Public works	913,993	946,533	709,690	236,843
Excess of Expenditures Over Revenue	(497,193)	(497,533)	(217,534)	279,999
Other Financing Sources - Transfers in	180,000	180,000	180,000	-
Net Change in Fund Balance	(317,193)	(317,533)	(37,534)	279,999
Fund Balance - Beginning of year	1,012,201	1,012,201	1,012,201	-
Fund Balance - End of year	\$ 695,008	\$ 694,668	\$ 974,667	\$ 279,999

Required Supplemental Information
Schedule of Pension Investment Returns
Public Safety Pension Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Annual money-weighted rate of return - Net of investment expense	25.41 %	4.36 %	5.34 %	7.33 %	11.80 %	(0.40)%	1.80 %	16.20 %	10.80 %	(0.30)%

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Public Safety Pension Plan

	Last Eight Fiscal Years							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 539,011	\$ 502,638	\$ 476,281	\$ 427,320	\$ 387,896	\$ 369,308	\$ 348,830	\$ 376,217
Interest	1,805,389	1,752,414	1,724,836	1,711,781	1,683,319	1,646,655	1,623,409	1,600,549
Differences between expected and actual experience	61,418	251,209	517,899	(231,761)	38,612	189,536	15,829	-
Changes in assumptions	-	-	1,070,500	-	-	-	-	-
Benefit payments, including refunds	(1,772,154)	(1,763,153)	(1,768,878)	(1,752,501)	(1,742,208)	(1,703,842)	(1,678,258)	(1,638,281)
Net Change in Total Pension Liability	633,664	743,108	2,020,638	154,839	367,619	501,657	309,810	338,485
Total Pension Liability - Beginning of year	26,407,843	25,664,735	23,644,097	23,489,258	23,121,639	22,619,982	22,310,172	21,971,687
Total Pension Liability - End of year	\$ 27,041,507	\$ 26,407,843	\$ 25,664,735	\$ 23,644,097	\$ 23,489,258	\$ 23,121,639	\$ 22,619,982	\$ 22,310,172
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,204,528	\$ 1,013,557	\$ 774,630	\$ 743,241	\$ 713,669	\$ 660,531	\$ 726,568	\$ 780,105
Contributions - Member	204,534	6,718	41,690	118,413	-	-	-	90,169
Net investment income (loss)	4,750,831	758,066	946,900	1,341,200	1,984,577	(55,465)	357,995	2,752,802
Administrative expenses	(80,192)	(68,702)	(65,541)	(62,621)	(51,027)	(44,152)	(46,951)	(51,306)
Benefit payments, including refunds	(1,772,154)	(1,763,153)	(1,768,878)	(1,752,501)	(1,742,208)	(1,703,842)	(1,678,258)	(1,638,281)
Other	-	-	3,293	-	-	-	183	-
Net Change in Plan Fiduciary Net Position	4,307,547	(53,514)	(67,906)	387,732	905,011	(1,142,928)	(640,463)	1,933,489
Plan Fiduciary Net Position - Beginning of year	18,772,193	18,825,707	18,893,613	18,505,881	17,600,870	18,743,798	19,384,261	17,450,772
Plan Fiduciary Net Position - End of year	\$ 23,079,740	\$ 18,772,193	\$ 18,825,707	\$ 18,893,613	\$ 18,505,881	\$ 17,600,870	\$ 18,743,798	\$ 19,384,261
City's Net Pension Liability - Ending	\$ 3,961,767	\$ 7,635,650	\$ 6,839,028	\$ 4,750,484	\$ 4,983,377	\$ 5,520,769	\$ 3,876,184	\$ 2,925,911
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.35 %	71.09 %	73.35 %	79.91 %	78.78 %	76.12 %	82.86 %	86.89 %
Covered Payroll	\$ 2,241,392	\$ 2,218,820	\$ 2,085,703	\$ 1,960,564	\$ 1,915,375	\$ 1,770,387	\$ 1,923,665	\$ 1,965,494
City's Net Pension Liability as a Percentage of Covered Payroll	176.75 %	344.13 %	327.90 %	242.30 %	260.18 %	311.84 %	201.50 %	148.86 %

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

Required Supplemental Information
 Schedule of Pension Contributions
 Public Safety Pension Plan

Last Ten Fiscal Years
 Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,090,661	\$ 1,013,557	\$ 774,630	\$ 743,054	\$ 713,669	\$ 660,531	\$ 726,568	\$ 780,105	\$ 770,451	\$ 780,942
Contributions in relation to the actuarially determined contribution	1,203,500	1,013,557	774,630	743,241	713,669	660,531	726,568	780,105	770,451	780,942
Contribution Excess	\$ 112,839	\$ -	\$ -	\$ 187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,241,392	\$ 2,218,820	\$ 2,085,703	\$ 1,960,564	\$ 1,915,375	\$ 1,770,387	\$ 1,923,665	\$ 1,965,494	\$ 1,965,938	\$ 2,020,026
Contributions as a Percentage of Covered Payroll	53.69 %	45.68 %	37.14 %	37.91 %	37.26 %	37.31 %	37.77 %	39.69 %	39.19 %	38.66 %

Notes to Schedule of Pension Contributions - Public Safety Pension Plan

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	15 years closed
Asset valuation method	4-year smoothed market
Inflation	1.75 percent
Salary increase	3.5 to 7.5 percent, including wage inflation
Investment rate of return	7.0 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-2014 Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables, adjusted for mortality improvements to 2025 using projection scale MP-2018 from 2006

Required Supplemental Information
 Schedule of Changes in the Net Pension Liability and Related Ratios
 Municipal Employees' Retirement System of Michigan

Last Seven Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 279,973	\$ 253,811	\$ 232,498	\$ 224,700	\$ 250,936	\$ 231,896	\$ 313,028
Interest	1,589,513	1,600,556	1,623,192	1,612,480	1,599,114	1,602,510	1,588,656
Differences between expected and actual experience	(2,393)	171,132	(388,478)	50,262	63,274	(432,248)	-
Changes in assumptions	723,288	621,435	-	-	-	868,163	-
Benefit payments, including refunds	(1,754,148)	(1,750,488)	(1,771,161)	(1,743,690)	(1,722,576)	(1,707,986)	(1,678,420)
Net Change in Total Pension Liability	836,233	896,446	(303,949)	143,752	190,748	562,335	223,264
Total Pension Liability - Beginning of year	21,651,733	20,755,287	21,059,236	20,915,484	20,724,736	20,162,401	19,939,137
Total Pension Liability - End of year	\$ 22,487,966	\$ 21,651,733	\$ 20,755,287	\$ 21,059,236	\$ 20,915,484	\$ 20,724,736	\$ 20,162,401
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,090,006	\$ 1,232,770	\$ 437,618	\$ 907,736	\$ 528,385	\$ 546,145	\$ 574,412
Contributions - Member	86,385	96,041	74,880	116,858	72,550	80,039	90,641
Net investment income (loss)	1,533,090	1,390,885	(429,097)	1,471,376	1,231,253	(176,950)	792,022
Administrative expenses	(22,351)	(23,897)	(22,404)	(23,315)	(24,362)	(26,595)	(28,852)
Benefit payments, including refunds	(1,754,148)	(1,750,488)	(1,771,161)	(1,743,690)	(1,722,576)	(1,707,986)	(1,678,420)
Net Change in Plan Fiduciary Net Position	932,982	945,311	(1,710,164)	728,965	85,250	(1,285,347)	(250,197)
Plan Fiduciary Net Position - Beginning of year	11,378,958	10,433,647	12,143,811	11,414,846	11,329,596	12,614,943	12,865,140
Plan Fiduciary Net Position - End of year	\$ 12,311,940	\$ 11,378,958	\$ 10,433,647	\$ 12,143,811	\$ 11,414,846	\$ 11,329,596	\$ 12,614,943
City's Net Pension Liability - Ending	\$ 10,176,026	\$ 10,272,775	\$ 10,321,640	\$ 8,915,425	\$ 9,500,638	\$ 9,395,140	\$ 7,547,458
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	54.75 %	52.55 %	50.27 %	57.67 %	54.58 %	54.67 %	62.57 %
Covered Payroll	\$ 2,376,127	\$ 2,101,331	\$ 1,918,830	\$ 2,001,189	\$ 2,014,906	\$ 1,679,482	\$ 1,679,482
City's Net Pension Liability as a Percentage of Covered Payroll	428.26 %	488.87 %	537.91 %	445.51 %	471.52 %	559.41 %	449.39 %

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

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Four Fiscal Years			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 147,830	\$ 156,989	\$ 190,339	\$ 364,827
Interest	1,124,018	1,130,768	1,122,116	923,469
Differences between expected and actual experience	-	(1,894,582)	(198,240)	(1,014,834)
Changes in assumptions	-	109,385	-	-
Benefit payments, including refunds	<u>(1,074,498)</u>	<u>(1,028,555)</u>	<u>(878,125)</u>	<u>(1,036,188)</u>
Net Change in Total OPEB Liability	197,350	(1,525,995)	236,090	(762,726)
Total OPEB Liability - Beginning of year	<u>17,755,925</u>	<u>19,281,920</u>	<u>19,045,830</u>	<u>19,808,556</u>
Total OPEB Liability - End of year	<u>\$ 17,953,275</u>	<u>\$ 17,755,925</u>	<u>\$ 19,281,920</u>	<u>\$ 19,045,830</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,253,876	\$ 1,032,759	\$ 1,135,210	\$ 1,041,123
Net investment income	1,575,924	121,322	137,994	350,035
Administrative expenses	(11,606)	-	-	-
Benefit payments, including refunds	<u>(1,074,498)</u>	<u>(1,028,555)</u>	<u>(878,125)</u>	<u>(1,036,188)</u>
Net Change in Plan Fiduciary Net Position	1,743,696	125,526	395,079	354,970
Plan Fiduciary Net Position - Beginning of year	<u>5,528,578</u>	<u>5,403,052</u>	<u>5,007,973</u>	<u>4,653,003</u>
Plan Fiduciary Net Position - End of year	<u>\$ 7,272,274</u>	<u>\$ 5,528,578</u>	<u>\$ 5,403,052</u>	<u>\$ 5,007,973</u>
Net OPEB Liability - Ending	<u>\$ 10,681,001</u>	<u>\$ 12,227,347</u>	<u>\$ 13,878,868</u>	<u>\$ 14,037,857</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	40.51 %	31.14 %	28.02 %	26.29 %
Covered-employee Payroll	\$ 5,129,064	\$ 4,913,491	\$ 3,652,907	\$ 3,722,725
Net OPEB Liability as a Percentage of Covered-employee Payroll	208.24 %	248.85 %	379.94 %	377.09 %

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

Required Supplemental Information
Schedule of OPEB Contributions

	Last Ten Fiscal Years									
	Years Ended June 30									
	2021	2020	2019*	2018*	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,068,849	\$ 1,074,788	\$ -	\$ -	\$ 2,512,485	\$ 2,531,410	\$ 2,603,419	\$ 1,802,766	\$ 1,822,159	\$ 1,867,490
Contributions in relation to the actuarially determined contribution	1,253,876	1,032,759	-	-	1,541,815	1,571,446	1,604,630	1,442,200	1,224,176	1,116,740
Contribution Excess (Deficiency)	\$ 185,027	\$ (42,029)	\$ -	\$ -	\$ (970,670)	\$ (959,964)	\$ (998,789)	\$ (360,566)	\$ (597,983)	\$ (750,750)
Covered-employee Payroll	\$ 5,129,064	\$ 4,913,491	\$ 3,652,907	\$ 3,722,725	\$ 2,635,197	\$ 2,635,197	\$ 2,635,197	\$ 3,344,839	\$ 3,344,839	\$ 3,344,839
Contributions as a Percentage of Covered-employee Payroll	24.45 %	21.02 %	- %	- %	58.51 %	59.63 %	60.89 %	43.12 %	36.60 %	33.39 %

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

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value
Inflation	3.00 percent
Health care cost trend rates	8.25 percent decreasing 0.50 or 0.75 percent per year to an ultimate rate of 3.50 percent after 10 years
Salary increase	3.50 to 10.20 percent, including inflation
Investment rate of return	6.50 percent
Retirement age	Experience-based tables of rates that are specific to the type of eligibility conditions
Mortality	RP-2014 Employee, Healthy Annuitant, and Disabled Annuitant Mortality Tables adjusted for mortality improvements to 2025 using scale MP-2018 from 2006

**Required Supplemental Information
Schedule of OPEB Investment Returns**

**Last Four Fiscal Years
Year Ended June 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	28.19 %	2.36 %	2.97 %	7.78 %

Pension Information

Changes in Assumptions

For fiscal year 2019, the Public Safety Pension Plan investment rate of return decreased from 7.50 to 7.00 percent, and the mortality assumptions were updated from the RP-2000 mortality tables to the RP-2014 mortality tables.

For the Municipal Employees' Retirement System (MERS) of Michigan, amounts reported in 2015 reflect a change in inflation rates from 3.0 to 4.0 percent to 3.25 percent. Assumed salary increases decreased from 4.5 to 3.75 percent. The assumed investment rate of return decreased from 8.25 to 8.0 percent. Lastly, the mortality assumption was updated to be based on the RP-2014 tables.

In 2019, the MERS plan reduced the assumed investment rate of return from 8.0 to 7.6 percent and reduced assumed salary increases from 3.75 to 3.0 percent.

In 2020, the MERS plan switched to using the Pub-2010 mortality tables from the RP-2014 mortality tables, as well as reduced the upper range of assumed salary increases from 14.0 to 9.7 percent.

OPEB Information

Changes in Assumptions

During fiscal year 2020, the OPEB plan increased the investment rate of return from 6.0 to 6.5 percent. The health care cost trend rate changed from an initial rate of 9.0 percent decreasing to 3.0 percent to an initial rate of 8.25 percent decreasing to an ultimate rate of 3.5 percent. Mortality assumptions were updated from the RP-2000 tables to the RP-2014 tables. Assumed salary increases were changed from a range of 3.3 to 16.0 percent to a range of 3.5 to 10.2 percent.

Other Supplemental Information

Special Revenue Funds

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

Community Development Block Grant

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

Seniors' Program

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

Recreation Revolving

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

Solid Waste Service

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

Debt Service Funds

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

Eleven Mile Road Project Debt Service

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

Capital Project Funds

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

Court Projects

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

Sidewalk

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

Road Millage

In November 2018, the Berkley voters approved a ballot proposal for capital improvement projects for road improvements. The ballot proposal approved up to 2 mills to be levied for capital improvement projects beginning with summer tax collection in July 2019. In addition to road improvements, the City will also be getting an updated PASER rating of road conditions that will help decide which roads are in the worst condition and will need to be repaired and/or replaced first.

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Eleven Mile Road Project Debt Service	Court Projects	Road Millage	Sidewalk	
Assets									
Cash and investments	\$ 17,237	\$ 713	\$ 103,445	\$ 173,676	\$ 9,796	\$ 395,976	\$ 1,537,930	\$ 11,846	\$ 2,250,619
Receivables - Other governmental units:									
Taxes	-	-	-	51,663	2,870	-	754	-	55,287
Customers	-	-	-	153,496	-	-	-	37,898	191,394
Inventories	-	-	-	10,659	-	-	-	-	10,659
Prepaid costs	-	10,011	6,167	2,500	-	-	-	-	18,678
Total assets	\$ 17,237	\$ 10,724	\$ 109,612	\$ 391,994	\$ 12,666	\$ 395,976	\$ 1,538,684	\$ 49,744	\$ 2,526,637

Other Supplemental Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Eleven Mile Road Project Debt Service	Court Projects	Road Millage	Sidewalk	
Liabilities									
Accounts payable	\$ -	\$ 250	\$ 71,042	\$ 142,699	\$ -	\$ -	\$ -	\$ 46,989	\$ 260,980
Due to other funds	-	-	-	-	-	-	-	120,000	120,000
Accrued liabilities and other	-	610	23,415	3,686	-	-	-	-	27,711
Unearned revenue	-	-	-	-	-	-	1,240	-	1,240
Total liabilities	-	860	94,457	146,385	-	-	1,240	166,989	409,931
Deferred Inflows of Resources -									
Unavailable revenue	-	-	-	89,173	-	-	-	-	89,173

Other Supplemental Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Eleven Mile Road Project Debt Service	Court Projects	Road Millage	Sidewalk	
Fund Balances (Deficit)									
Nonspendable - Inventories	\$ -	\$ 10,011	\$ 6,167	\$ 13,159	\$ -	\$ -	\$ -	\$ -	\$ 29,337
Restricted:									
Debt service	-	-	-	-	12,666	-	-	-	12,666
Streets	-	-	-	-	-	-	1,537,444	-	1,537,444
Community service	17,237	-	-	-	-	-	-	-	17,237
Solid waste service	-	-	-	143,277	-	-	-	-	143,277
Committed - Recreation	-	-	8,988	-	-	-	-	-	8,988
Assigned - Capital improvement	-	-	-	-	-	395,976	-	-	395,976
Unassigned	-	(147)	-	-	-	-	-	(117,245)	(117,392)
Total fund balances (deficit)	17,237	9,864	15,155	156,436	12,666	395,976	1,537,444	(117,245)	2,027,533
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 17,237</u>	<u>\$ 10,724</u>	<u>\$ 109,612</u>	<u>\$ 391,994</u>	<u>\$ 12,666</u>	<u>\$ 395,976</u>	<u>\$ 1,538,684</u>	<u>\$ 49,744</u>	<u>\$ 2,526,637</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2021

	Special Revenue Funds				Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Community Development Block Grant	Seniors' Program	Recreation Revolving	Solid Waste Service	Eleven Mile Road Project Debt Service	Court Projects	Road Millage	Sidewalk	
Revenue									
Property taxes	\$ -	\$ -	\$ -	\$ 1,044,781	\$ 283,700	\$ -	\$ 1,199,464	\$ -	\$ 2,527,945
Special assessments	-	-	-	-	-	-	-	73,514	73,514
Intergovernmental:									
Federal grants	3,910	-	-	-	-	-	-	-	3,910
State-shared revenue and grants	-	8,921	-	4,070	-	-	-	-	12,991
Charges for services	-	54,391	167,230	447,838	-	-	-	-	669,459
Investment earnings	-	43	878	1,080	26	2,655	3,427	-	8,109
Other revenue	-	-	210	5,334	-	-	-	-	5,544
Total revenue	3,910	63,355	168,318	1,503,103	283,726	2,655	1,202,891	73,514	3,301,472
Expenditures									
Current services:									
General government	-	-	-	-	-	77	-	-	77
Public works	-	-	-	1,538,491	-	-	-	93,095	1,631,586
Health and welfare	6,766	45,843	-	-	-	-	-	-	52,609
Recreation and culture	-	-	651,513	-	-	-	-	-	651,513
Capital outlay	-	-	965,662	-	-	-	795,075	104,504	1,865,241
Debt service	-	-	-	-	306,000	-	-	-	306,000
Total expenditures	6,766	45,843	1,617,175	1,538,491	306,000	77	795,075	197,599	4,507,026
Excess of Revenue (Under) Over Expenditures	(2,856)	17,512	(1,448,857)	(35,388)	(22,274)	2,578	407,816	(124,085)	(1,205,554)
Other Financing Sources (Uses)									
Transfers in	-	-	758,500	-	-	-	-	-	758,500
Transfers out	-	(25,000)	-	-	-	-	-	-	(25,000)
Total other financing (uses) sources	-	(25,000)	758,500	-	-	-	-	-	733,500
Net Change in Fund Balances	(2,856)	(7,488)	(690,357)	(35,388)	(22,274)	2,578	407,816	(124,085)	(472,054)
Fund Balances - Beginning of year	20,093	17,352	705,512	191,824	34,940	393,398	1,129,628	6,840	2,499,587
Fund Balances (Deficit) - End of year	\$ 17,237	\$ 9,864	\$ 15,155	\$ 156,436	\$ 12,666	\$ 395,976	\$ 1,537,444	\$ (117,245)	\$ 2,027,533

City of Berkley, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
Community Development Block Grant

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Federal grants	\$ 35,000	\$ 35,000	\$ 3,910	\$ (31,090)
Expenditures - Health and welfare	35,000	35,000	6,766	28,234
Net Change in Fund Balance	-	-	(2,856)	(2,856)
Fund Balance - Beginning of year	20,093	20,093	20,093	-
Fund Balance (Deficit) - End of year	<u>\$ 20,093</u>	<u>\$ 20,093</u>	<u>\$ 17,237</u>	<u>\$ (2,856)</u>

City of Berkley, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Seniors' Program

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
State-shared revenue and grants	\$ 22,880	\$ 22,880	\$ 8,921	\$ (13,959)
Charges for services	60,406	60,406	54,391	(6,015)
Investment earnings	1,632	1,632	43	(1,589)
Total revenue	84,918	84,918	63,355	(21,563)
Expenditures - Health and welfare	75,551	75,551	45,843	29,708
Excess of Revenue Over Expenditures	9,367	9,367	17,512	8,145
Other Financing Uses - Transfers out	-	-	(25,000)	(25,000)
Net Change in Fund Balance	9,367	9,367	(7,488)	(16,855)
Fund Balance - Beginning of year	17,352	17,352	17,352	-
Fund Balance (Deficit) - End of year	<u>\$ 26,719</u>	<u>\$ 26,719</u>	<u>\$ 9,864</u>	<u>\$ (16,855)</u>

City of Berkley, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Recreation Revolving

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 401,600	\$ 169,570	\$ 167,230	\$ (2,340)
Investment earnings	7,446	1,000	878	(122)
Other revenue	180,000	-	210	210
Total revenue	589,046	170,570	168,318	(2,252)
Expenditures				
Current services - Recreation and culture	841,555	747,467	651,513	95,954
Capital outlay	116,000	965,750	965,662	88
Total expenditures	957,555	1,713,217	1,617,175	96,042
Excess of Expenditures Over Revenue	(368,509)	(1,542,647)	(1,448,857)	93,790
Other Financing Sources - Transfers out	300,000	538,000	758,500	220,500
Net Change in Fund Balance	(68,509)	(1,004,647)	(690,357)	314,290
Fund Balance - Beginning of year	705,512	705,512	705,512	-
Fund Balance - End of year	<u>\$ 637,003</u>	<u>\$ (299,135)</u>	<u>\$ 15,155</u>	<u>\$ 314,290</u>

City of Berkley, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Eleven Mile Road Project Debt Service

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 280,800	\$ 280,800	\$ 283,700	\$ 2,900
Investment earnings	520	520	26	(494)
Total revenue	281,320	281,320	283,726	2,406
Expenditures - Debt service	306,750	306,750	306,000	750
Net Change in Fund Balance	(25,430)	(25,430)	(22,274)	3,156
Fund Balance - Beginning of year	34,940	34,940	34,940	-
Fund Balance - End of year	<u>\$ 9,510</u>	<u>\$ 9,510</u>	<u>\$ 12,666</u>	<u>\$ 3,156</u>

City of Berkley, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Court Projects

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Investment earnings	\$ 7,500	\$ 7,500	\$ 2,655	\$ (4,845)
Expenditures - General government	<u>77</u>	<u>77</u>	<u>77</u>	<u>-</u>
Net Change in Fund Balance	7,423	7,423	2,578	(4,845)
Fund Balance - Beginning of year	<u>393,398</u>	<u>393,398</u>	<u>393,398</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 400,821</u>	<u>\$ 400,821</u>	<u>\$ 395,976</u>	<u>\$ (4,845)</u>

City of Berkley, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Road Millage

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,188,700	\$ 1,188,700	\$ 1,199,464	\$ 10,764
Investment earnings	8,300	8,300	3,427	(4,873)
Total revenue	1,197,000	1,197,000	1,202,891	5,891
Expenditures - Capital outlay	1,140,000	1,140,000	795,075	344,925
Net Change in Fund Balance	57,000	57,000	407,816	350,816
Fund Balance - Beginning of year	1,129,628	1,129,628	1,129,628	-
Fund Balance - End of year	\$ 1,186,628	\$ 1,186,628	\$ 1,537,444	\$ 350,816

City of Berkley, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Solid Waste Service

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,035,430	\$ 1,035,430	\$ 1,044,781	\$ 9,351
Intergovernmental	3,500	3,500	4,070	570
Charges for services	437,864	458,364	447,838	(10,526)
Investment earnings	6,525	6,525	1,080	(5,445)
Other revenue	10,000	10,000	5,334	(4,666)
Total revenue	1,493,319	1,513,819	1,503,103	(10,716)
Expenditures - Public works	1,522,442	1,540,282	1,538,491	1,791
Net Change in Fund Balance	(29,123)	(26,463)	(35,388)	(8,925)
Fund Balance - Beginning of year	191,824	191,824	191,824	-
Fund Balance - End of year	\$ 162,701	\$ 165,361	\$ 156,436	\$ (8,925)

City of Berkley, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Sidewalk

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Property taxes	\$ 290,000	\$ 290,000	\$ 73,514	\$ (216,486)
Expenditures				
Current services - Public works	50,000	50,000	93,095	(43,095)
Capital outlay	500,000	500,000	104,504	395,496
Total expenditures	550,000	550,000	197,599	352,401
Net Change in Fund Balance	(260,000)	(260,000)	(124,085)	135,915
Fund Balance - Beginning of year	6,840	6,840	6,840	-
Fund Balance - End of year	<u>\$ (253,160)</u>	<u>\$ (253,160)</u>	<u>\$ (117,245)</u>	<u>\$ 135,915</u>

Pension and Other Postemployment Benefits Funds

Public Safety Pension

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

Other Postemployment Benefits

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

Other Supplemental Information
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2021

	Pension and Other Postemployment Benefits Funds		
	Public Safety Pension	Other	
		Postemployment Benefits Fund	Total
Assets			
Cash and cash equivalents	\$ 831,945	\$ -	\$ 831,945
Investments:			
Municipal bonds	32,001	-	32,001
U.S. Treasury bonds	1,693,893	-	1,693,893
U.S. government agency securities	787,320	-	787,320
Common and preferred stock	14,825,895	-	14,825,895
Corporate bonds	2,822,955	-	2,822,955
Mortgage-backed securities	239,916	-	239,916
Mutual funds - Fixed-income securities	1,711,871	-	1,711,871
Interest in pooled investments	-	7,272,274	7,272,274
Accrued interest receivable	155,128	-	155,128
Total assets	23,100,924	7,272,274	30,373,198
Liabilities - Accounts payable	21,184	-	21,184
Net Position			
Restricted:			
Pension	23,079,740	-	23,079,740
Postemployment benefits other than pension	-	7,272,274	7,272,274
Total net position	\$ 23,079,740	\$ 7,272,274	\$ 30,352,014

**Other Supplemental Information
Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

Year Ended June 30, 2021

	Pension and Other Postemployment Benefits Funds		
	Public Safety Pension	Other Postemployment Benefits Fund	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 587,047	\$ 1,575,924	\$ 2,162,971
Net increase in fair value of investments	4,282,558	-	4,282,558
Investment costs	(118,774)	-	(118,774)
Net investment income	4,750,831	1,575,924	6,326,755
Contributions:			
Employer	1,204,528	1,253,876	2,458,404
Employee	204,534	-	204,534
Total contributions	1,409,062	1,253,876	2,662,938
Total additions	6,159,893	2,829,800	8,989,693
Deductions			
Benefit payments	1,772,154	1,074,498	2,846,652
Administrative expenses	80,192	11,606	91,798
Total deductions	1,852,346	1,086,104	2,938,450
Net Increase in Fiduciary Net Position	4,307,547	1,743,696	6,051,243
Net Position - Beginning of year, as restated	18,772,193	5,528,578	24,300,771
Net Position - End of year	\$ 23,079,740	\$ 7,272,274	\$ 30,352,014

Statistical Section

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

The statistical section is organized into the following main categories:

Financial trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt capacity

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

Demographic and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Berkley, Michigan

	As of June 30,			
	2012	2013	2014	2015
Governmental Activities:				
Net investment in capital assets	\$ 8,913,634	\$ 9,546,904	\$ 10,490,391	\$ 11,765,355
Restricted	2,498,530	2,297,100	2,489,255	2,575,308
Unrestricted	<u>1,864,274</u>	<u>1,605,022</u>	<u>1,571,278</u>	<u>(7,387,648)</u>
Total net position	<u>\$ 13,276,438</u>	<u>\$ 13,449,026</u>	<u>\$ 14,550,924</u>	<u>\$ 6,953,015</u>
Business-type Activities:				
Net investment in capital assets	\$ 9,349,182	\$ 10,048,279	\$ 10,469,046	\$ 11,078,068
Restricted	-	-	-	-
Unrestricted	<u>2,373,103</u>	<u>2,792,194</u>	<u>3,431,190</u>	<u>2,314,089</u>
Total net position	<u>\$ 11,722,285</u>	<u>\$ 12,840,473</u>	<u>\$ 13,900,236</u>	<u>\$ 13,392,157</u>
Primary government in total:				
Net investment in capital assets	\$ 18,262,816	\$ 19,595,183	\$ 20,959,437	\$ 22,843,423
Restricted	2,498,530	2,297,100	2,489,255	2,575,308
Unrestricted	<u>4,237,377</u>	<u>4,397,216</u>	<u>5,002,468</u>	<u>(5,073,559)</u>
Total net position	<u>\$ 24,998,723</u>	<u>\$ 26,289,499</u>	<u>\$ 28,451,160</u>	<u>\$ 20,345,172</u>

Net Position by Component

Last Ten Fiscal Years

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 12,605,508	\$ 12,566,628	\$ 12,991,485	\$ 13,045,304	\$ 14,370,876	\$ 17,716,646
3,481,448	3,299,179	3,022,602	3,618,304	5,298,444	6,417,046
<u>(8,329,077)</u>	<u>(10,002,030)</u>	<u>(18,442,146)</u>	<u>(18,885,704)</u>	<u>(20,254,877)</u>	<u>(21,486,529)</u>
<u>\$ 7,757,879</u>	<u>\$ 5,863,777</u>	<u>\$ (2,428,059)</u>	<u>\$ (2,222,096)</u>	<u>\$ (585,557)</u>	<u>\$ 2,647,163</u>
\$ 11,829,788	\$ 12,902,134	\$ 14,339,122	\$ 15,633,718	\$ 16,470,852	\$ 17,373,929
-	-	-	-	-	-
<u>2,524,710</u>	<u>2,292,463</u>	<u>1,585,079</u>	<u>1,052,583</u>	<u>1,211,761</u>	<u>1,760,506</u>
<u>\$ 14,354,498</u>	<u>\$ 15,194,597</u>	<u>\$ 15,924,201</u>	<u>\$ 16,686,301</u>	<u>\$ 17,682,613</u>	<u>\$ 19,134,435</u>
\$ 24,435,296	\$ 25,468,762	\$ 27,330,607	\$ 28,679,022	\$ 30,841,728	\$ 35,090,575
3,481,448	3,299,179	3,022,602	3,618,304	5,298,444	6,417,046
<u>(5,804,367)</u>	<u>(7,709,567)</u>	<u>(16,857,067)</u>	<u>(17,833,121)</u>	<u>(19,043,116)</u>	<u>(19,726,023)</u>
<u>\$ 22,112,377</u>	<u>\$ 21,058,374</u>	<u>\$ 13,496,142</u>	<u>\$ 14,464,205</u>	<u>\$ 17,097,056</u>	<u>\$ 21,781,598</u>

City of Berkley, Michigan

	As of June 30,			
	2012	2013	2014	2015
Expenses:				
General government	\$ 3,481,679	\$ 3,014,392	\$ 3,259,836	\$ 3,713,410
Public safety	4,621,263	4,693,881	4,824,914	5,108,392
Public works	3,003,907	3,033,044	3,303,767	3,710,743
Health and welfare	101,435	163,566	159,649	166,478
Recreation and culture	1,539,712	1,585,170	1,709,925	1,828,480
Interest on long-term debt	203,665	172,787	139,890	104,750
Total governmental activities expenses	12,951,661	12,662,840	13,397,981	14,632,253
Program revenues:				
Charges for services	3,033,244	2,837,661	3,062,151	3,057,180
Operating grants and contributions	1,132,650	1,171,642	1,264,242	1,612,680
Capital grants and contributions	147,306	420,556	199,272	249,360
Total governmental program revenue	4,313,200	4,429,859	4,525,665	4,919,220
Net governmental activities expense	(8,638,461)	(8,232,981)	(8,872,316)	(9,713,033)
General revenue:				
Property taxes	6,769,419	6,707,929	8,253,315	8,477,367
State-shared revenue	1,226,594	1,259,681	1,293,237	1,316,074
Unrestricted investment earnings	54,520	50,954	37,413	55,102
Other	635,772	387,005	390,249	459,510
Total governmental activities general revenues	8,686,305	8,405,569	9,974,214	10,308,053
Change in governmental activates net position	\$ 47,844	\$ 172,588	\$ 1,101,898	\$ 595,020

Changes in Governmental Activities Net Position

Last Ten Fiscal Years

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 2,960,882	\$ 3,253,442	\$ 2,457,584	\$ 2,717,055	\$ 2,796,098	\$ 3,581,763
5,827,300	6,537,971	5,502,213	6,153,144	5,883,336	4,712,094
3,263,194	3,961,969	4,169,167	4,307,344	4,327,550	4,556,860
119,477	212,793	132,247	110,335	102,322	36,488
1,887,724	2,070,940	2,071,555	2,097,708	1,992,930	1,918,176
68,928	46,083	36,100	26,250	18,500	-
14,127,505	16,083,198	14,368,866	15,411,836	15,120,736	14,805,381
2,367,271	2,599,640	2,845,944	3,079,982	2,660,224	2,498,465
1,850,630	1,385,111	1,621,962	1,726,321	1,702,719	2,613,999
240,677	30,933	73,692	1,343	-	-
4,458,578	4,015,684	4,541,598	4,807,646	4,362,943	5,112,464
(9,668,927)	(12,067,514)	(9,827,268)	(10,604,190)	(10,757,793)	(9,692,917)
8,544,699	8,236,436	8,295,631	8,685,875	10,351,643	10,654,406
1,314,979	1,429,058	1,449,940	1,485,102	1,456,465	1,659,482
60,242	77,244	129,208	173,030	147,103	43,432
553,871	430,674	781,620	466,146	439,121	568,317
10,473,791	10,173,412	10,656,399	10,810,153	12,394,332	12,925,637
\$ 804,864	\$ (1,894,102)	\$ 829,131	\$ 205,963	\$ 1,636,539	\$ 3,232,720

City of Berkley, Michigan

	As of June 30,			
	2012	2013	2014	2015
Operating Revenue:				
Charges for services - Water/Sewer	\$ 5,390,864	\$ 5,562,758	\$ 5,592,326	\$ 5,729,719
Charges for services - Arena	321,367	379,651	368,805	340,729
Total business-type operating revenue	<u>5,712,231</u>	<u>5,942,409</u>	<u>5,961,131</u>	<u>6,070,448</u>
Operating Expenses:				
Water/Sewer	4,586,983	4,503,819	4,568,046	4,874,414
Arena	382,335	398,498	388,811	392,804
Total business-type operating expenses	<u>4,969,318</u>	<u>4,902,317</u>	<u>4,956,857</u>	<u>5,267,218</u>
Net business-type operating income	<u>742,913</u>	<u>1,040,092</u>	<u>1,004,274</u>	<u>803,230</u>
Nonoperating Revenue:				
Unrestricted investment earnings	2,661	4,781	4,489	10,097
Other	-	-	-	275
Total business-type nonoperating revenue	<u>2,661</u>	<u>4,781</u>	<u>4,489</u>	<u>10,372</u>
Change in business-type net position	<u>745,574</u>	<u>1,044,873</u>	<u>1,008,763</u>	<u>813,602</u>
Change in net position, total primary government	<u>\$ 793,418</u>	<u>\$ 1,217,461</u>	<u>\$ 2,110,661</u>	<u>\$ 1,408,622</u>

Changes in Business-type Net Position

Last Ten Fiscal Years

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 6,285,422	\$ 6,296,971	\$ 6,683,811	\$ 6,717,244	\$ 6,915,755	\$ 7,146,772
237,581	275,454	14,369	-	-	-
<u>6,523,003</u>	<u>6,572,425</u>	<u>6,698,180</u>	<u>6,717,244</u>	<u>6,915,755</u>	<u>7,146,772</u>
5,214,208	5,762,885	5,721,616	5,991,515	5,944,829	5,702,556
387,124	138,126	52,870	73,980	157,113	-
<u>5,601,332</u>	<u>5,901,011</u>	<u>5,774,486</u>	<u>6,065,495</u>	<u>6,101,942</u>	<u>5,702,556</u>
<u>921,671</u>	<u>671,414</u>	<u>923,694</u>	<u>651,749</u>	<u>813,813</u>	<u>1,444,216</u>
13,670	18,685	22,587	30,351	23,681	7,606
-	150,000	30,000	80,000	158,818	-
<u>13,670</u>	<u>168,685</u>	<u>52,587</u>	<u>110,351</u>	<u>182,499</u>	<u>7,606</u>
<u>935,341</u>	<u>840,099</u>	<u>976,281</u>	<u>762,100</u>	<u>996,312</u>	<u>1,451,822</u>
<u>\$ 1,740,205</u>	<u>\$ (1,054,003)</u>	<u>\$ 1,805,412</u>	<u>\$ 968,063</u>	<u>\$ 2,632,851</u>	<u>\$ 4,684,542</u>

City of Berkley, Michigan

	As of June 30,			
	2012	2013	2014	2015
General Fund:				
Nonspendable	\$ 315,502	\$ 284,329	\$ 317,474	\$ 291,749
Restricted	96,903	107,930	120,355	129,814
Assigned	220,000	325,000	5,000	-
Unassigned	2,452,971	2,438,647	2,741,075	3,103,391
Total general fund	<u>3,085,376</u>	<u>3,155,906</u>	<u>3,183,904</u>	<u>3,524,954</u>
All other governmental funds:				
Nonspendable	203,321	138,276	80,536	24,361
Restricted	2,421,348	2,188,290	2,415,571	2,320,355
Committed	422,592	526,423	692,100	835,919
Assigned	497,862	606,723	700,423	774,901
Unassigned	-	-	-	-
Total all other governmental funds	<u>3,545,123</u>	<u>3,459,712</u>	<u>3,888,630</u>	<u>3,955,536</u>
Total of all governmental funds	<u>\$ 6,630,499</u>	<u>\$ 6,615,618</u>	<u>\$ 7,072,534</u>	<u>\$ 7,480,490</u>

Fund Balances, Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 327,691	\$ 305,101	\$ 203,072	\$ 1,302,781	\$ 1,246,313	\$ 334,280
142,012	166,408	257,678	393,516	826,899	1,197,384
-	-	1,791,139	351,237	447,244	996,194
<u>3,909,081</u>	<u>4,646,335</u>	<u>3,979,977</u>	<u>4,601,416</u>	<u>3,940,515</u>	<u>2,575,826</u>
<u>4,378,784</u>	<u>5,117,844</u>	<u>6,231,866</u>	<u>6,648,950</u>	<u>6,460,971</u>	<u>5,103,684</u>
19,707	15,485	16,607	8,258	236	40,997
3,305,159	3,009,016	2,685,461	3,138,502	4,344,607	5,105,670
976,873	989,553	901,471	909,394	722,864	8,988
800,592	709,313	721,710	671,893	400,238	395,976
-	(29,971)	-	-	-	(117,392)
<u>5,102,331</u>	<u>4,693,396</u>	<u>4,325,249</u>	<u>4,728,047</u>	<u>5,467,945</u>	<u>5,434,239</u>
<u>\$ 9,481,115</u>	<u>\$ 9,811,240</u>	<u>\$ 10,557,115</u>	<u>\$ 11,376,997</u>	<u>\$ 11,928,916</u>	<u>\$ 10,537,923</u>

City of Berkley, Michigan

	As of June 30,			
	2012	2013	2014	2015
Revenue				
Local revenue	\$ 10,485,022	\$ 10,422,534	\$ 11,959,223	\$ 12,468,368
State revenue	2,155,369	93,077	2,322,250	2,372,622
Federal revenue	74,851	2,191,716	43,643	383,305
Total revenue	12,590,858	12,707,327	14,325,116	15,224,295
Expenditures				
Current:				
General government	2,392,049	2,560,152	2,802,372	2,724,425
Public safety	4,461,190	4,525,013	4,700,580	4,866,822
Public works	2,834,954	2,869,767	3,058,533	4,101,935
Health and welfare	141,613	207,514	179,489	196,602
Recreation and culture	1,306,839	1,377,854	1,414,086	1,533,968
Debt service:				
Principal	741,454	725,000	735,000	860,000
Interest	212,025	180,847	148,610	114,276
Capital outlay	262,418	202,906	778,370	277,496
Total expenditures	12,352,542	12,649,053	13,817,040	14,675,524
Excess of Revenue Over Expenditures	362,700	58,274	508,076	548,771
Other Financing Sources (Uses)				
Transfers in	158,332	155,963	756,953	916,693
Transfers out	(254,588)	(229,278)	(807,953)	(1,057,508)
Other	-	-	-	-
Total other financing sources (uses)	(96,256)	(73,315)	(51,000)	(140,815)
Net change in fund balances	266,444	(15,041)	457,076	407,956
Fund Balances - Beginning of year	6,364,055	6,630,499	6,615,458	7,072,534
Fund Balances - End of year	\$ 6,630,499	\$ 6,615,458	\$ 7,072,534	\$ 7,480,490
Debt service as a percentage of noncapital expenditures	8.15%	7.54%	6.70%	6.77%

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 12,002,658	\$ 11,581,688	\$ 12,090,257	\$ 12,543,928	\$ 13,681,126	\$ 13,758,568
2,918,786	2,599,706	2,957,014	3,154,981	3,069,271	3,392,458
120,601	22,240	68,914	11,092	53,347	861,316
15,042,045	14,203,634	15,116,185	15,710,001	16,803,744	18,012,342
2,254,700	2,546,261	2,564,713	3,014,867	3,518,325	4,241,335
4,668,617	5,170,198	4,928,196	5,156,993	5,313,236	5,637,089
3,123,736	3,470,559	4,154,574	3,685,816	3,815,701	3,608,516
153,445	218,459	148,967	134,388	102,556	52,609
1,485,044	1,594,881	1,773,307	1,814,049	1,591,818	1,489,008
925,000	225,000	225,000	250,000	275,000	300,000
76,174	47,194	38,349	28,750	18,250	6,000
327,704	450,957	507,204	725,256	1,527,759	4,133,507
13,014,420	13,723,509	14,340,310	14,810,119	16,162,645	19,468,064
2,027,625	480,125	775,875	899,882	641,099	(1,455,722)
555,034	189,916	570,000	630,000	749,921	938,500
(582,034)	(339,916)	(600,000)	(710,000)	(947,607)	(938,500)
-	-	-	-	108,506	64,729
(27,000)	(150,000)	(30,000)	(80,000)	(89,180)	64,729
2,000,625	330,125	745,875	819,882	551,919	(1,390,993)
7,480,490	9,481,115	9,811,240	10,557,115	11,376,997	11,928,916
\$ 9,481,115	\$ 9,811,240	\$ 10,557,115	\$ 11,376,997	\$ 11,928,916	\$ 10,537,923
7.89%	2.09%	2.07%	2.06%	2.15%	2.00%

City of Berkley, Michigan

Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Tax Years

Tax Year	Fiscal year	Taxable Value by Property Type				Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
		Residential	Commercial	Industrial	Personal property				
2011	2012	397,284,790	52,547,550	1,128,660	14,140,570	465,101,570	14.2990	480,072,565	96.88%
2012	2013	388,105,590	51,050,170	889,120	13,992,940	454,037,820	14.4917	460,925,460	98.51%
2013	2014	397,730,420	50,439,440	849,760	14,900,060	463,919,680	17.5074	473,399,655	98.00%
2014	2015	410,885,648	50,207,950	816,550	11,907,130	473,817,278	17.5454	521,957,503	90.78%
2015	2016	429,367,950	51,202,520	831,010	12,626,360	494,027,840	16.9791	591,165,960	83.57%
2016	2017	444,824,760	51,074,430	795,420	12,251,880	508,946,490	15.8215	634,050,220	80.27%
2017	2018	470,165,800	51,766,210	817,790	12,972,020	535,721,820	15.1746	683,000,240	78.44%
2018	2019	503,477,610	53,456,860	707,960	13,749,000	571,391,430	14.9025	722,186,870	79.12%
2019	2020	534,781,150	55,499,230	828,050	14,150,420	605,258,850	16.8238	787,137,440	76.89%
2020	2021	562,563,170	58,179,770	843,750	14,896,210	636,482,900	16.5476	838,198,290	75.93%

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

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

City of Berkley, Michigan

Millage Rates - City of Berkley								Overlapping Taxes		
								Berkley Schools		
Tax Year	City Operating	Public Safety	Sanitation	Community Promotions	Public Safety Pension	City Debt	Capital Projects (Roads)	Total direct taxes	Homestead	Non-Homestead
2012	6.3101	1.8927	1.8927	0.1075	2.5479	1.5481	-	14.2990	4.6967	22.6967
2013	6.3101	1.8927	1.8927	0.1101	2.6430	1.6431	-	14.4917	4.7167	22.7167
2014	9.3101	1.8927	1.8927	0.1078	2.7435	1.5606	-	17.5074	4.7367	22.7367
2015	9.2831	1.8872	1.8872	0.1055	2.7120	1.6704	-	17.5454	4.7353	22.7353
2016	9.1456	1.8592	1.8592	0.1012	2.4290	1.5849	-	16.9791	7.7269	25.7269
2017	8.9818	1.8259	1.8259	0.0982	2.5445	0.5452	-	15.8215	7.7148	25.7148
2018	8.7590	1.7806	1.7806	0.0933	2.2684	0.4927	-	15.1746	7.6993	25.6993
2019	8.5697	1.7421	1.7421	0.0875	2.2684	0.4927	-	14.9025	7.6843	25.3465
2020	8.4034	1.7083	1.7083	0.0826	2.4975	0.4625	1.9612	16.8238	6.6517	24.0366
2021	8.2436	1.6758	1.6758	0.0785	2.5000	0.4500	1.9239	16.5476	6.1038	24.0000

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

General operating	8.2436
Public safety	1.6758
Sanitation	1.6758
Community promotions	0.0785

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

Direct and Overlapping Property Tax Rates

Last Ten Tax Years

Overlapping Taxes

Royal Oak Schools		Oakland County							
Homestead	Non-Homestead	Oakland County	Oakland Intermediate Schools	Oakland Community College	Oakland County Public Transportation Authority	State Education	HCMA	Zoo Authority	Downtown Development Authority
7.7300	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.7300	22.7100	4.1900	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.7300	25.7300	4.1900	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.1928	25.1928	4.1900	3.3690	1.5844	1.0000	6.0000	0.2146	0.1000	1.9217
7.3842	22.7466	4.3310	3.3633	1.5819	0.9998	6.0000	0.2146	0.0998	1.9217
7.2911	22.5797	4.0900	3.3633	1.5819	0.9998	6.0000	0.2146	0.0998	1.9217
6.6965	22.2263	4.0400	3.1113	1.5555	0.9863	6.0000	0.2140	0.0998	1.9217
6.6245	22.2160	4.0400	3.0863	1.5431	1.0000	6.0000	0.2129	0.0982	1.9084
6.0511	24.0511	4.0400	3.0605	1.5303	0.9927	6.0000	0.2117	0.0973	1.8776
6.2372	28.5804	4.0200	3.0362	1.5184	0.9851	6.0000	0.2104	0.0965	1.8676

Principal Property Tax Payers

Current and Ten Years Ago

	Taxpayer	2021 Taxable Value	% of total	2012 Taxable Value	% of total	2012 Rank
1	Consumers Energy	\$ 5,876,680	0.92%	\$ 2,261,760	0.49%	3
2	DTE Electric	3,616,530	0.57%	2,422,950	0.52%	2
3	DHS Management	3,056,270	0.48%	2,786,880	0.60%	1
4	814 Berkley LLC	2,009,070	0.32%	-	0.00%	N/A
5	Northwood Medical Limited Ptnrs.	1,784,860	0.28%	1,968,770	0.42%	4
6	Essco of Berkley LLC	1,428,780	0.22%	-	0.00%	N/A
7	Anusbigian LLC	1,448,560	0.23%	1,160,250	0.25%	7
8	BP Real Estate Inc	397,570	0.06%	-	0.00%	N/A
9	Capital Development Corp	1,076,730	0.17%	1,104,980	0.24%	8
10	2200 Berkley LLC	1,060,510	0.17%	-	0.00%	N/A
	Monarch Acquisition LLC	-	0.00%	-	0.00%	N/A
	SD Investments	-	0.00%	-	0.00%	N/A
	Berkley Twelve Associates II	-	0.00%	1,213,160	0.26%	6
	Hartfield Realty & Leasing	-	0.00%	-	0.00%	N/A
	Berkley Holding, Inc.	-	0.00%	-	0.00%	N/A
	Dynex Commercial Services	-	0.00%	1,468,560		5
	Comcast of the South	-	0.00%	827,410		9
	Winward Berkley Properties	-	0.00%	813,440		10
	Total taxable value	<u>\$ 21,755,560</u>	<u>3.42%</u>	<u>\$ 16,028,160</u>	<u>2.78%</u>	

Source: Oakland County Equalization
City of Berkley Treasury Department

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2011	2012	7,522,328	7,508,678	99.82%	8,385	7,517,063	99.93%
2012	2013	7,470,715	7,457,808	99.83%	11,657	7,469,465	99.98%
2013	2014	9,042,351	9,023,584	99.79%	18,768	9,042,352	100.00%
2014	2015	9,231,605	9,225,574	99.93%	6,032	9,231,606	100.00%
2015	2016	9,279,449	9,265,679	99.85%	13,770	9,279,449	100.00%
2016	2017	8,962,059	8,950,100	99.87%	11,959	8,962,059	100.00%
2017	2018	9,042,743	9,033,469	99.90%	9,274	9,042,743	100.00%
2018	2019	9,138,215	9,122,750	99.83%	15,465	9,138,215	100.00%
2019	2020	10,340,646	10,318,128	99.78%	22,518	10,340,646	100.00%
2020	2021	11,010,588	10,773,161	97.84%	237,427	11,010,588	100.00%

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

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

City of Berkley, Michigan

	As of June 30, 2020			
	2012	2013	2014	2015
Governmental Activities:				
General obligation bonds	\$ 3,825,000	\$ 3,250,000	\$ 2,675,000	\$ 2,000,000
Installment purchase agreements	695,000	545,000	385,000	200,000
Total governmental activities debt	4,520,000	3,795,000	3,060,000	2,200,000
Business Type Activities:				
General obligation bonds	5,423,665	5,030,519	4,627,609	4,214,602
Total debt of the government	\$ 9,943,665	\$ 8,825,519	\$ 7,687,609	\$ 6,414,602
Total taxable value (1)	\$ 465,101,570	\$ 454,037,820	\$ 463,919,680	\$ 473,817,278
Ratio of total debt to personal income	2.14%	1.94%	1.66%	1.35%
Total Population	15,067	15,253	15,253	15,089
Total debt per capita	\$ 660	\$ 579	\$ 504	\$ 425

(1) Personal income is not available

Population and personal income data obtained from:
 Population is from the United States Census
 Population estimation obtained from www.semco.org
 Taxable value obtained from Oakland County Equalization

Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30, 2020					
2016	2017	2018	2019	2020	2021
\$ 1,275,000	\$ 1,050,000	\$ 825,000	\$ 575,000	\$ 300,000	\$ -
-	-	-	-	-	-
1,275,000	1,050,000	825,000	575,000	300,000	-
3,798,436	3,341,323	2,890,818	2,431,167	1,960,800	1,479,711
<u>\$ 5,073,436</u>	<u>\$ 4,391,323</u>	<u>\$ 3,715,818</u>	<u>\$ 3,006,167</u>	<u>\$ 2,260,800</u>	<u>\$ 1,479,711</u>
\$ 494,027,840	\$ 508,946,490	\$ 535,721,820	\$ 571,391,430	\$ 605,258,850	\$ 636,482,900
1.03%	0.86%	0.69%	0.53%	0.05%	0.23%
15,135	15,272	15,239	15,269	15,513	15,194
\$ 335	\$ 288	\$ 244	\$ 197	\$ 19	\$ 97

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	UTGO City General Obligation Bonds	General Obligation Bonds Issued by County on Behalf of the City	Total General Obligation Debt	Taxable value	Total General Bonded Debt as a Percentage of Taxable Value	Debt as a percentage of taxable value	Population	Debt per capita
2012	3,825,000	5,423,665	9,248,665	465,101,570	0.82%	1.99%	15,067	614
2013	3,250,000	5,030,519	8,280,519	454,037,820	0.72%	1.82%	15,253	543
2014	2,675,000	4,627,609	7,302,609	463,919,680	0.58%	1.57%	15,253	479
2015	2,000,000	4,214,602	6,214,602	473,817,278	0.42%	1.31%	15,089	412
2016	1,275,000	3,798,436	5,073,436	494,027,840	0.26%	1.03%	15,135	335
2017	1,050,000	3,341,323	4,391,323	508,946,490	0.21%	0.86%	15,272	288
2018	825,000	2,890,818	3,715,818	535,721,820	0.15%	0.69%	15,239	244
2019	575,000	2,431,167	3,006,167	571,391,430	0.10%	0.53%	15,269	197
2020	300,000	1,960,800	2,260,800	605,258,850	0.05%	0.37%	15,513	146
2021	-	1,479,711	1,479,711	636,482,900	0.00%	0.23%	15,194	97

Source: SEMCOG
Tax value - Oakland County Equalization

City of Berkley, Michigan

Direct and Overlapping Governmental Activities Debt

June 30, 2021

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt
Berkley School District	\$ 49,030,000	54.04%	\$ 26,495,812
Royal Oak School District	48,175,000	0.45%	216,788
Oakland County	253,404,549	1.01%	2,559,386
Oakland County Intermediate School District	42,045,000	1.01%	424,655
Oakland County Community College	-	1.02%	-
Total overlapping debt			29,696,640
Direct City debt			-
Total direct and overlapping debt			\$ 29,696,640

Source: Percentages obtained from Municipal Advisory Council of Michigan

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

	As of June 30, 2020									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Calculation of debt limit:										
State equalized valuation	\$ 480,072,565	\$ 460,925,460	\$ 473,399,655	\$ 521,957,503	\$ 591,165,960	\$ 634,050,220	\$ 683,000,240	\$ 772,186,870	\$ 787,137,440	\$ 838,198,290
10% of taxable value	48,007,257	46,092,546	47,339,966	52,195,750	59,116,596	63,405,022	68,300,024	72,218,687	78,713,744	83,819,829
Calculation of debt subject to limit:										
Total debt (1)	9,943,665	8,825,519	7,687,609	6,414,602	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711
Less: debt not subject to limit:										
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	9,943,665	8,825,519	7,687,609	6,414,602	5,073,436	4,391,323	3,715,818	3,006,167	2,260,800	1,479,711
Legal debt margin	\$ 38,063,592	\$ 37,267,027	\$ 39,652,357	\$ 45,781,148	\$ 54,043,160	\$ 59,013,699	\$ 64,584,206	\$ 69,212,520	\$ 76,452,945	\$ 82,340,118
Net debt subject to limit as % of debt limit	20.71%	19.15%	16.24%	12.29%	8.58%	6.93%	5.44%	4.16%	2.96%	1.80%

Sources: Oakland County Equalization
City annual financial statements

(1) All debt including PA 99 installment debt

	As of June 30, 2021									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Calculation of debt limit:										
Taxable value	\$ 465,101,570	\$ 454,037,820	\$ 463,919,680	\$ 473,817,278	\$ 494,027,840	\$ 508,946,490	\$ 535,721,820	\$ 571,391,430	\$ 605,258,850	\$ 636,482,900
1.25% of taxable value	5,813,770	5,675,473	5,798,996	5,922,716	6,175,348	6,361,831	6,696,523	7,142,393	7,565,736	7,956,036
Calculation of debt subject to limit:										
Total debt	695,000	545,000	385,000	200,000		-	-	-	-	-
Less: debt not subject to limit:										
State qualified debt issuance	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	695,000	545,000	385,000	200,000	200,000	-	-	-	-	-
Legal debt margin	\$ 5,118,770	\$ 5,130,473	\$ 5,413,996	\$ 5,722,716	\$ 6,175,348	\$ 6,361,831	\$ 6,696,523	\$ 7,142,393	\$ 7,565,736	\$ 7,956,036
Net debt subject to limit as % of debt limit	11.95%	9.60%	6.64%	3.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Sources: City annual financial statements

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year (1)	Water and Sewer			Water and Sewer Debt Service			Coverage
	Fund Operating Revenue (2)	Less Operating Expenses	Net Revenue	Principal	Interest	Total	
2012	5,390,864	4,432,259	958,605	381,798	154,724	536,522	1.79
2013	5,562,758	4,375,930	1,186,828	393,145	146,762	539,907	2.20
2014	5,592,326	4,436,732	1,155,594	402,911	136,074	538,985	2.14
2015	5,816,011	4,752,286	1,063,725	413,008	125,137	538,145	1.98
2016	6,197,517	5,099,352	1,098,165	424,983	90,968	515,951	2.13
2017	6,429,612	5,493,331	936,281	439,794	92,664	532,458	1.76
2018	6,196,595	6,337,214	(140,619)	450,505	79,271	529,776	(0.27)
2019	6,170,042	5,485,593	(315,551)	459,651	69,706	529,357	(0.60)
2020	6,915,755	5,888,960	1,026,795	470,368	55,869	526,237	1.95
2021	7,146,772	5,658,086	1,488,686	481,089	47,303	528,392	2.82

Source: City of Berkley finance department

(1) Debt starts in fiscal year 2004

(2) Interest income is not included in operating revenue

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate
2012	15,123	65,644	34,886	9.60%
2013	15,253	71,740	36,042	9.00%
2014	15,253	70,625	36,539	8.40%
2015	15,089	75,856	38,872	5.40%
2016	15,135	*	*	4.70%
2017	15,272	*	*	4.40%
2018	15,239	74,172	38,667	2.90%
2019	15,269	77,772	40,009	3.70%
2020	15,513	82,095	38,667	14.90%
2021	15,194	74,172	38,667	3.60%

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
 Areavibes.com

* Information not available

Principal Employers
Current and Nine Years Ago

Employer	2021 Employees	Percentage of total (1)	2012 Employees	Percentage of total	2012 rank
1 Berkley School District	718		615	18.20%	1
2 Westborn Market	154		77	2.28%	3
3 City of Berkley	76		70	2.07%	4
4 Crispelli's	72		-	0.00%	-
5 Green Lantern	60		-	0.00%	-
6 Stantec	48		-	0.00%	-
7 Vinsetta Garage	45		-	0.00%	-
8 Durst Lumber	38		27	0.80%	8
9 Bagger Daves	13		-	0.00%	-
10 Alex's Restaurant	12		-	0.00%	-
The Doll Hospital & Toy Soldier Shop	-		40	1.18%	7
Sila's Pizzeria	-		25	0.74%	9
Farina's Banquet Center	-		25	0.74%	10
NorthPointe Heart Center	-		62	1.83%	5
SHW Group	-		95	2.81%	2
Cornelius Systems, Inc.	-		43	1.27%	6
Total	<u>1,236</u>		<u>1,079</u>	<u>31.92%</u>	

(1) Total number of all employees not available

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

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

Department	As of June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Manager	1.60	1.60	1.60	1.60	2.60	3.00	2.00	2.00	2.00	2.00
Communications	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Information Technology	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
City Clerk/Elections	1.60	1.60	1.60	1.60	1.60	2.00	2.00	2.00	2.00	2.00
Treasury	1.05	1.05	1.05	1.05	1.05	1.00	1.00	1.00	1.00	1.00
Finance	1.30	1.15	1.15	1.15	1.15	3.00	3.00	3.00	3.00	3.00
Public Safety	33.00	34.00	33.15	33.15	34.00	34.00	35.00	40.00	40.00	40.00
Building	0.95	0.95	0.95	0.95	0.95	2.00	3.00	3.00	3.00	3.00
Public Works (1)	6.15	5.98	6.15	5.83	5.73	12.00	12.00	8.00	8.00	8.00
Public Works Garage	0.15	0.52	0.15	0.56	0.60	1.00	2.00	1.00	1.00	1.00
Solid Waste	2.28	2.21	2.28	2.21	2.21	-	-	1.00	1.00	1.00
Water and Sewer	7.23	7.23	7.23	7.17	9.76	1.00	1.00	5.00	5.00	5.00
Parks and Recreation	3.45	3.70	3.45	4.70	4.05	-	-	-	-	5.00
Recreation Youth/Senior	-	-	-	-	-	5.00	5.00	5.00	5.00	-
Arena	1.55	1.30	1.55	1.30	0.95	-	-	-	-	-
Library	2.95	2.95	2.95	2.95	2.95	4.00	3.00	2.00	2.00	3.00
Court	6.00	6.00	6.00	-	-	-	-	-	-	-
Total	71.01	71.99	71.01	65.97	69.35	70.00	71.00	75.00	75.00	76.00

Source: Finance department budget record

(1) Public works includes Major and Local Streets

City of Berkley, Michigan

Function/ Program	As of June 30, 2021			
	2012	2013	2014	2015
General Government:				
Registered Voters	12,016	12,191	12,349	12,295
Voters at Polls	1,077	6,846	1,578	3,214
Absentee Ballots	729	2,373	797	940
Percent Voting	15.03%	76.00%	19.28%	33.79%
Public Safety:				
Responses to Calls for Service	16,489	15017	15,513	16,910
Motor Vehicle Accidents	412	367	410	404
Assaults	73	42	70	80
Burglary	30	26	21	22
Property Damage	49	43	30	45
Number of Arrests	857	849	829	1,113
Fire:				
Fire Incidents (1)	68	99	87	183
Fire Inspections Conducted	172	182	48	48
Medical Emergencies	823	766	890	894
Parks and Recreation:				
Youth Classes	112	90	94	90
Adult Classes	82	78	81	80
Youth Leagues	-	-	-	-
Adult Leagues	7	6	7	5
Summer Day Camp Participants	144	152	185	250
Senior Citizens Programs	20	23	25	25
Ice Arena:				
Number of Skaters enrolled	65	56	60	106
Hours of Ice Time Sold	2,130	1,880	1,624	1,470
Public Works:				
Water Purchased from SOCWA	58,265,600	50,361,900	48,465,200	45,348,400
Water Sold to Customers	50,911,300	51,600,700	49,783,200	46,240,200
Number of Meters	6,865	6,818	6,819	6,833
Library:				
Items Circulated	166,522	156,691	149,803	145,770
Circulation per Capita	11	10	10	10
Reference and Patron Assistance	14,159	12,779	13,687	14,440
Electronic Access	4,238	5,660	8,762	11,239
Registered Borrowers	8,109	8,063	7,960	7,991
Materials Borrowed - Non-Residents	54,827	48,653	44,714	41,900
Materials Borrowed - Berkley Resident	25,848	25,053	24,031	19,816
Number of Participants in Activities	3,988	4,017	4,189	6,536
Public Internet Sessions	30,719	31,231	30,530	32,111
Books Borrowed	136,452	128,686	106,455	99,365
Audio/Video/CD Borrowed	3,070	28,005	34,586	45
Library Visits*	-	-	-	-
Treasury:				
Summer Tax Bills Processed	3,888	3,858	3,592	3,564

*Category initiated FYE 2017

(1) Fire incident includes open burns and downed wires

Operating Indicators

Last Ten Fiscal Years

As of June 30, 2021						
2016	2017	2018	2019	2020	2021	
12,527	12,719	12,353	12,774	13,182	13,268	
1,664	7,383	2,318	6,598	3,555	2,441	
833	2,292	748	2,254	4,576	5,626	
19.93.%	76.07%	18.76%	69.30%	62.00%	60.80%	
16,308	15,654	17,029	16,992	15,982	11,275	
360	394	377	370	385	233	
45	43	45	36	29	36	
37	12	14	10	4	3	
25	27	45	17	43	17	
1,295	1,199	1,120	978	498	450	
120	186	154	180	157	167	
157	406	233	423	484	576	
849	838	842	879	912	850	
94	88	85	95	24	52	
79	78	82	120	24	53	
-	-	-	-	-	-	
5	4	4	4	1	3	
305	347	389	427	-	146	
27	24	28	45	10	10	
130	-	-	-	-	-	
1,500	-	-	-	-	-	
51,593,000	54,613,400	51,661,800	54,203,700	47,761,000	47,488,300	
46,216,000	47,797,400	47,124,100	44,495,600	42,367,500	44,670,200	
6,832	6,835	6,871	6,873	6,871	6,887	
146,573	147,623	150,004	157,256	136,610	132,093	
10	10	10	11	9	9	
14,351	13,769	12,839	12,710	8,174	10,500	
13,290	13,537	15,885	19,625	27,191	35,043	
7,826	7,454	7,396	6,368	6,475	6,541	
41,478	42,206	41,565	46,029	37,804	21,250	
19,038	17,687	19,745	19,471	11,115	11,340	
4,260	5,507	5,942	5,959	4,425	2,546	
31,264	19,763	16,906	16,108	11,573	47	
99,178	99,499	96,383	89,209	70,692	53,907	
40,902	39,428	36,219	29,439	21,576	9,645	
-	118,263	116,217	111,901	75,323	2,947	
3,495	3,423	3,360	3,360	3,355	3,378	

City of Berkley, Michigan

Function/ program	As of June 30, 2020			
	2012	2013	2014	2015
General Government:				
Square footage of buildings:				
City Hall	17,481	17,481	17,481	17,481
Library	15,000	15,000	15,000	15,000
Parks and Recreation	8,200	8,200	8,200	8,200
Ice Arena	34,200	34,200	34,200	34,200
Public Safety	12,000	12,000	12,000	12,000
Public Works	2,475	2,475	2,475	2,475
Public Safety:				
Fire Vehicles	2	2	2	2
Police Vehicles	16	15	15	15
Stations	1	1	1	1
Public Works:				
Major Streets (miles)	16	16	16	16
Local Streets (miles)	36	36	36	36
Street Lights	750	750	720	720
Vehicles in City Fleet	41	41	41	40
Parks and Recreation:				
Parks	9	9	9	9
Park Land (Acres)	39	39	39	42
Baseball Fields	8	8	8	8
Ice Arena	1	1	1	1
Historical Museum	1	1	1	1
Tennis Courts	-	-	-	-
Water and Sewer:				
Water Mains (Miles)	53	53	53	53
Sanitary Sewers (Miles)	56	56	56	56
Fire Hydrants	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

Capital Asset Statistics

Last Ten Fiscal Years

As of June 30, 2020					
2016	2017	2018	2019	2020	2021
17,481	17,481	17,481	17,481	17,481	17,481
15,000	15,000	15,000	15,000	15,000	15,000
8,200	8,200	8,200	8,200	8,200	8,200
34,200	34,200	34,200	34,200	-	-
12,000	12,000	12,000	12,000	12,600	12,600
2,475	2,475	2,475	2,475	2,475	2,475
2	2	2	2	2	3
15	15	16	16	17	17
1	1	1	1	1	1
16	16	16	16	16	16
36	36	36	36	36	36
720	720	720	720	720	720
40	40	40	40	40	40
9	9	9	9	9	9
42	42	42	42	42	42
8	8	8	8	8	8
1	1	1	1	-	-
1	1	1	1	1	1
-	-	-	-	10	10
53	53	53	53	53	53
56	69	69	69	69	69
500	500	500	500	500	500

November 18, 2021

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

We have audited the financial statements of the City of Berkley, Michigan (the "City") as of and for the year ended June 30, 2021 and have issued our report thereon dated November 18, 2021. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Legislative and Informational Items

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the mayor and members of the City Council.

Section II contains updated legislative and informational items that we believe will be of interest to you.

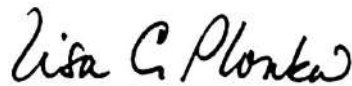
We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the mayor, members of the City Council, and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Lisa Plonka



Keith Szymanski

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 26, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the City's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the City, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated November 18, 2021 regarding our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 6, 2021.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements.

As described in Note 1, during the year ended June 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of state and local governments.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Section I - Required Communications with Those Charged with Governance (Continued)

The most sensitive estimates affecting the financial statements are the net pension and other postemployment benefit liabilities. The net pension and other postemployment benefit liabilities recorded in the financial statements are based on actuarial calculations. The actuaries' calculations are based on numerous significant estimates, including future rate of return on investments, future health care costs, employee eligibility rates, life expectancies, and projected salary increases. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the City's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the introductory and statistical sections of the ACFR, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section II - Legislative and Informational Items

COVID-19 Resource Center and ARPA

Throughout the COVID-19 pandemic, Plante & Moran, PLLC's COVID-19 task force of leaders across the firm has monitored, addressed, and provided insight related to the virus and the unique challenges our local governments have faced while continuing to provide essential services to their communities through our COVID-19 resource center at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center>. This will continue as our nation emerges from this crisis.

In March 2021, the president signed the American Rescue Plan Act (ARPA) into law, which included federal stimulus funding for state and local governments of all sizes. The largest of all funding streams, the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), represents a \$350 billion top-line allocation for state and local governments. Funding began to be distributed nationwide in May 2021, although smaller municipalities will need to wait for the funding to pass through their state governments. The U.S. Department of the Treasury recently published the interim final rule (IFR), which establishes a framework for determining the types of programs and services that are eligible uses of the CSLFRF funding.

The ARPA award terms provide that payments from the Fiscal Recovery Funds as a general matter will be subject to the provision of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), including the cost principles and restrictions on general provisions for selected items of cost. The City will need to understand these reforms and may be required to evaluate, document, and monitor internal procedures around compliance, including maintaining certain required policies.

The COVID-19 resource center is being continuously updated for the latest guidance and strategy related to CSLFRF and will help keep the City running smoothly through our nation's recovery.

Want to receive relevant content directly to your email? Subscribe at <https://www.plantemoran.com/subscribe> where you can customize your subscription preferences based on your specific interests and industry selection.

AICPA State and Local Government Client Affiliates

The AICPA has adopted a revised auditor independence interpretation that impacts entities reporting under the GASB framework. The new rules define four types of affiliates (entities affiliated with your financial statements) that may expand the scope of our required auditor independence related to your audit. The four types of affiliates defined by the AICPA include entities included in your financial statements and certain entities excluded from your financial statements and may also include certain of your investment holdings. Because auditor independence is a shared responsibility between your organization and Plante & Moran, PLLC, you should be aware of and understand these changes. In addition, we will need your help to perform an initial evaluation under these revised standards and will also likely need your continuing assistance to comply with these rules in the future. The changes are effective for years beginning after December 15, 2021, which means we must be independent of your affiliates as of the first day of the year of required adoption, or July 1, 2022. For more information on these changes, please view our on-demand webinar [here](#).

Auditor Reporting Standards

The AICPA Auditing Standards Board (ASB) issued several new standards that will be effective shortly, which will significantly change the independent auditor's report and make some changes to certain required audit procedures. The standards discussed below are both first effective for your fiscal year ending June 30, 2022.

Statement on Auditing Standards No. 137 addresses auditors' responsibilities relating to other information included in annual reports. This new standard may increase the scope of audit procedures and may result in some audit work being performed outside of the normal timing. To the extent that the City issues a document meeting the AICPA's definition of an annual report under the standard, additional audit procedures will need to be performed on that separate document before it is issued.

Section II - Legislative and Informational Items (Continued)

Statement on Auditing Standards No. 134 requires changes in the form and content of the auditor's report issued as a result of an audit of financial statements in order to provide financial statement users with more meaningful information about the audit process and meaning of auditor opinions. This is the first significant change to auditors' reports in years.

Significant elements of the new standard include:

- Revision of order for elements of the opinion letter, including moving the auditor's opinion to the top of the letter
- Expansion of information to be included within a basis of opinion section and notification to the user that the auditor is required to be independent of the entity and meet other ethical responsibilities
- Explanation of how misstatements to financial statements are determined to be material
- Addition of definition of "reasonable assurance" and identifying that the risk of material misstatement due to fraud is greater than the risk due to error
- Enhanced reporting related to going concern, including a description of management's responsibilities when required by the applicable reporting framework
- Description of the auditor's responsibilities, including responsibilities relating to professional judgment and professional skepticism, internal controls, identification of risks of material misstatement to the financial statements, evaluation of accounting policies used, conclusion on the entity's ability to continue as a going concern, and the auditor's communications with those charged with governance

We are happy to discuss these changes with you so that you are well prepared.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Updated Uniform Chart of Accounts

In April 2017, the State released an updated Uniform Chart of Accounts. Originally, local units of government were expected to comply with the changes beginning with June 30, 2018 year ends. However, the State has extended the deadline for compliance. On April 20, 2020, the State issued a memo that sets an implementation date for fiscal years ending on October 31, 2022 and thereafter. The State has committed to releasing various tools to help local units with implementation, including FAQs and clarification on which accounts should be used when implementing GASB 84. A final release of the chart of accounts was issued in November 2020 and is available at this link: https://www.michigan.gov/documents/uniformchart_24524_7.pdf. This final version follows various exposure drafts and revisions in order to comply with changing GASB standards and statutory changes and reformats the document to make it more user-friendly. The Treasury will provide alerts for any guidance and resources, and local units can sign up for alerts at this link: https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp=MITREAS_1.

**Section II - Legislative and Informational Items
(Continued)**

Rules Governing Management of Federal Programs

The Office of Management and Budget (OMB) issued significant reforms to the compliance requirements that must be followed by nonfederal entities receiving federal funding related to awards on or after December 26, 2014. While these revisions were not too recent, the revisions were the most significant change to occur to federal grants management in recent history. While many communities have historically been below the \$750,000 single audit threshold, recent legislation provides for an increase in federal spending and, therefore, may be subject to an audit requirement; the City will need to understand these reforms and may be required to make changes to internal procedures, processes, and controls.

- **Cost Principles** - There were certain changes made to allowable costs and significant changes in the area of time and effort reporting and indirect costs.
- **Administrative Requirements** - Nonfederal entities receiving federal funding must adhere to revised rules related to administering federal awards. Most notably, the requirements may impact the City's procurement systems, including maintaining written conflict of interest policies and disclosures.

The City will need to ensure that consideration of the implementation of these regulations has occurred; if it has not, the City needs to work quickly to put the requirements into practice. Plante & Moran, PLLC has many experts in this area and welcomes any questions or needs you may have.

Legacy Costs

Legacy costs and the challenge of funding them continue to be topics of discussion. GASB pronouncements of late have placed even more focus on the net long-term liability arising from these benefit promises by requiring governmental financial statements to now reflect the net pension and OPEB liabilities. For many governments, these net liabilities are significant. In addition, Public Act 202 of 2017 has brought further focus on the funding level of these plans.

The following are the funding levels per the funding valuations for the last three years for the City's two pension plans:

Valuation Year	MERS Pension	Public Safety Pension
2020	51%	74%
2019	52%	74%
2018	54%	76%

The City was not required to obtain a recent funding valuation for the OPEB plan. The funding level as of the June 30, 2021 measurement date was 41 percent.

Maintaining or even improving the funded status of the plans is dependent upon a number of factors, including the City's contribution policies, its amortization policy for funding the unfunded actuarial accrued liability, its benefit levels, and the ability to make future changes to the plan.

That said, the challenge here is significant. We are happy to assist you in thinking through alternative ways to manage this liability.

Section II - Legislative and Informational Items (Continued)

Upcoming Accounting Standards

GASB Statement No. 87 - Leases

This new accounting pronouncement will be effective for reporting periods beginning after December 15, 2019 (June 15, 2021 after extension within GASB Statement No. 95). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

We recommend beginning to accumulate information now related to all significant lease agreements in order to more efficiently implement this new standard once it becomes effective.

Plante & Moran, PLLC has been providing trainings and other resources to our clients to help prepare for the implementation of all these new standards. In the interim, please reach out to your engagement team for assistance in getting started.

Significant GASB Proposals Worth Watching

The GASB is working on three interrelated projects that result in a comprehensive look at financial reporting for state and local governments. Of these three efforts, two are likely to result in significant changes to governmental financial statements in the future.

The Financial Reporting Model is currently in exposure draft stage and is expected to be issued as a final statement next year. While this standard proposes changes to many aspects of the City's financial statements, this proposed standard will most significantly impact the City's governmental fund financial statements.

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. Currently, the GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions.

Plante & Moran, PLLC has spent significant time digesting these new proposed standards and recently testified to the GASB about our feedback. We strongly encourage the City to monitor developments with these standards, as the potential impacts are quite broad.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the City Council
City of Berkley, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate 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, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the City Council
City of Berkley, Michigan

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

November 18, 2021

December 6, 2021 City Council Meeting

Moved by Councilmember _____ and seconded by Councilmember _____ to amend the City of Berkley's Fee Schedule for the Public Library effective December 13, 2021 to include the following:

Increase Credit card payment (Administrative Fee) to 2.85%;
Eliminate New Movie Rental Charge;
and Eliminate Lost Library Card Replacement.

Ayes:

Nays:

Motion:



CITY OF BERKLEY

Public Library

3155 Coolidge Highway

Berkley, MI 48072

248-658-3440

MEMORANDUM

TO: Matt Baumgarten, City Manager
CC: Mark Pollock, Finance Director
FROM: Matt Church, Library Director
DATE: November 30, 2021
RE: Modification of library fee schedule

I've been discussing some proposed changes with the library board regarding the library's fee schedule. They support changing the below.

Fine / Fee Category	Current	Proposed
Credit card payment (Administrative Fee)	2.75%	2.85%
Movie rental charges (new)	\$1 per loan	Eliminate
Lost library card replacement	\$1	Eliminate

The library discontinued its arrangement with our previous credit card vendor during COVID. We cannot currently accept credit cards as a form of payment. We are working on getting setup with a vendor currently used by the City. The 2.85% proposed fee should cover what we'll be charged to accept credit cards as a form of payment.

We've eliminated most fees to borrow items from the library's collection. The new movie rental charge is the only such fee that remains. Eliminating this fee will provide better access to the library's collection and remove a barrier for usage.

Library users sometimes need to replace their library card due to the card being lost or stolen. Eliminating the lost library card replacement will encourage people who need a new card to get one without a cost to do so. This should help people to continue to use the library in the event a card is lost or stolen.

If you need anything further or have any questions, please let me know.

A RESOLUTION

of the Council of the City of Berkley, Michigan
authorizing and supporting the Parks & Recreation Department to apply for a Ralph C. Wilson Jr.
Legacy Design and Access Grant for \$50,00 for inclusive play at Jaycee Park from the Community
Foundation for Southeast Michigan

WHEREAS, the City of Berkley City Council supports the submission of a grant to further enhance the development of a fully inclusive playground at Jaycee Park; and

WHEREAS, the proposed application is supported by the City's efforts to expand access to play for all abilities and ages; and

WHEREAS, the City of Berkley has made a financial commitment to the project with capital funding of \$380,000 allocated in the 2022/23 budget; and

NOW, THEREFORE, THE CITY OF BERKLEY RESOLVES:

SECTION 1: the City of Berkley City Council hereby support submission of this grant application for \$50,000 from the Community Foundation for Southeast Michigan.

Introduced and passed at a Regular City Council Meeting on Monday, December 6, 2021.

Daniel J. Terbrack
Mayor

Attest:

Victoria Mitchell
City Clerk

December 6, 2021 City Council Meeting

Moved by Councilmember _____ and seconded by Councilmember _____ to authorize the City Manager to sign the Application for Additional Service Credit Purchase for Richard Chalmers approving two years of additional service credit. This purchase is allowed by the City of Berkeley MAPE Agreement and meets all of the requirements of the MERS Plan Document.

Ayes:

Nays:

Motion:

City of Berkley-Finance Department

Memorandum

To: Matt Baumgarten, City Manager
From: Mark Pollock, Finance Director
Date: November 30, 2021
Subject: Application for Additional Service Purchase Credit

Attached is the MERS estimate for additional purchase of service time for Robert Chalmers. The current estimate from MERS is \$44,562, of which the employee will pay \$6,315 and the City would pay the balance of \$38,247. Since Robert is relatively close to his retirement eligibility, the cost to him is significantly lower than the current cost to the City. The approximated present value cost still anticipates that the City would pay more to MERS over two years of him continuing to work than this lump sum plus the anticipated interest earnings on this amount would at the time of his retirement. This is because the calculation utilizes a formula that approximates the net present value of the service cost which is lower than the future cost over time.

This purchase is allowed under the MAPE Agreement. Feel free to call or e-mail me if you have any questions.