



CITY OF Berkley



Comprehensive Annual Financial Report June 30, 2012

City of Berkley, Michigan

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City of Berkley, Michigan

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City of Berkley, Michigan
List of City Officials
June 30, 2012



<u>TITLE</u>	<u>NAME</u>
City Manager	Jane Bais-Disessa
Assistant to the City Manager	Darchelle Strickland Love
Judge	Jamie Wittenberg
Court Administrator	Tami Bonet
City Clerk	Cheryl Printz
Deputy City Clerk	Annette Boucher
Finance Director/Treasurer	David Sabuda
Accountant	Rebecca Baaki
Accountant	Susan Reddin
Deputy Treasurer	Bryan Bemis
City Planner	Amy Vansen
Building Department Clerk	Renee Halloran
Director of Public Safety	Richard Eshman
Public Safety Deputy Chief	Bob North
Public Safety Executive Assistant	Selena Frost
Director of Public Works	Derrick Schueller
Deputy Director of Public Works	Shawn Young
Public Works Executive Assistant	Janis Laity
Parks and Recreation Director	Tom Colwell
Parks and Recreation Manager	Theresa McArleton
Parks and Recreation Leader	Scott Jennex
Library Director	Celia Morse
Library Executive Assistant	Karen Endres
Librarian	Carol Stadther
IT Coordinator	Casey O'Neil
Communications Coordinator	Nancy Line

Prepared by: City Finance Department

City of Berkley

3338 Coolidge Highway, Berkley, MI 48072



"We Care"

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

LETTER OF TRANSMITTAL

November 9, 2012

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Berkley for the fiscal year ending June 30, 2012. This is the first time in the history of the City that the Mayor and City Council will receive an annual comprehensive financial report. This is a more comprehensive financial report of the City than what the Mayors and City Councils of the past have received.

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

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

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

Reporting Changes

There were no required reporting changes to be instituted in the financial statements of local units of government as established by the Governmental Accounting Standards Board (GASB). Therefore, the audited financial reporting section of this report will be the same as fiscal year 2010/11.

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 discrete component unit of the City.

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

Factors Affecting Financial Condition

City Operation – Fitch's rating service, which provides credit rating and other financial analysis, confirms the City of Berkley's high quality rating on general obligation bonds as AA with a stable outlook in 2011. This rating places Berkley in a solid position as compared to other municipalities in Southeastern Michigan and the State.

According to Fitch's rating service, the City has strong financial management with better than budget year end outcomes. Prudent fiscal policies and multi-year financial forecasting are the tools utilized to achieve these budgetary results. The City has moderate debt levels with very rapid amortization with the pension plans and compensated absence requirements being well-funded. However, funding costs for combined debt service, pension and other post-employment benefits (OPEB) account for an above average percentage of the budget.

Overall, Fitch also states that the City has preserved adequate unrestricted fund balance in order to insure fiscal soundness into the future despite an above average charge for debt and pension costs.

Local Economy - Wealth levels within the City of Berkley remain above state and national averages. The median household income in Berkley is just over \$65,000. The per capita income is just under \$34,000. The median housing value calculated by the Southeast Michigan Council of Governments is \$165,600; the median gross rents are \$1,005/month. The average taxable value in the City as determined by the City Finance Department is \$58,160. In 2010, there are just over 6,400 single family homes and another 624 multi-unit residences. Within this amount 5,360 are owner occupied and another 1,231 are rented. Approximately 329 units are vacant and the rest of the housing is seasonally occupied.

The Southeast Michigan Council of Governments is also forecasting that the City of Berkley will maintain a level population of 15,000 people through 2035. As of 6/30/2012, the population of the City of Berkley is 15,067. The unemployment level within the City is between 4.1% and 4.6% which is significantly under the State and National averages of 8.6% and 8.2% respectfully.

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

The city's tax base has declined 13.51% from July 1, 2009 through June 30, 2012 with the largest decline incurring in July 2010 at 6.8%. Tax-base constriction has continued at a lesser extent, with a 2.38% decline in July 2012. It is anticipated that the tax base will constrict further in July 2013 at a 1% decline with a forecasted zero percent decline in July 2014.

Long-term, the City sees tax value decreases leveling off. However, it will take a minimum of six years before the City gets back to tax value limits at the height of value in 2007/08. To offset this tax base loss the City was able to pass through a vote of the people a headlee tax override of \$3.00/thousand taxable value on all real and personal property in the City. This vote occurred in August 2012. The tax override goes into effect on the 7/1/2013 property tax billing. It is estimated that this generates \$1.362 million for City operation. It is anticipated that State Shared Revenues now and into the future will remain steady but not increase at a fast pace due to the state economy. The City has seen its OPEB long-term liability although rather large decrease by 23%; and labor contracts expire June 30, 2013.

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

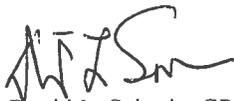
Awards – The Government Finance Officers Association (GFOA) has awarded to the City of Berkley a certificate of excellence in budgetary reporting for fiscal years 2008/09 through 2011/12. Again, this is the first year the City is providing a Comprehensive Annual Financial Report to the leadership and citizens of the City.

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

Sincerely,



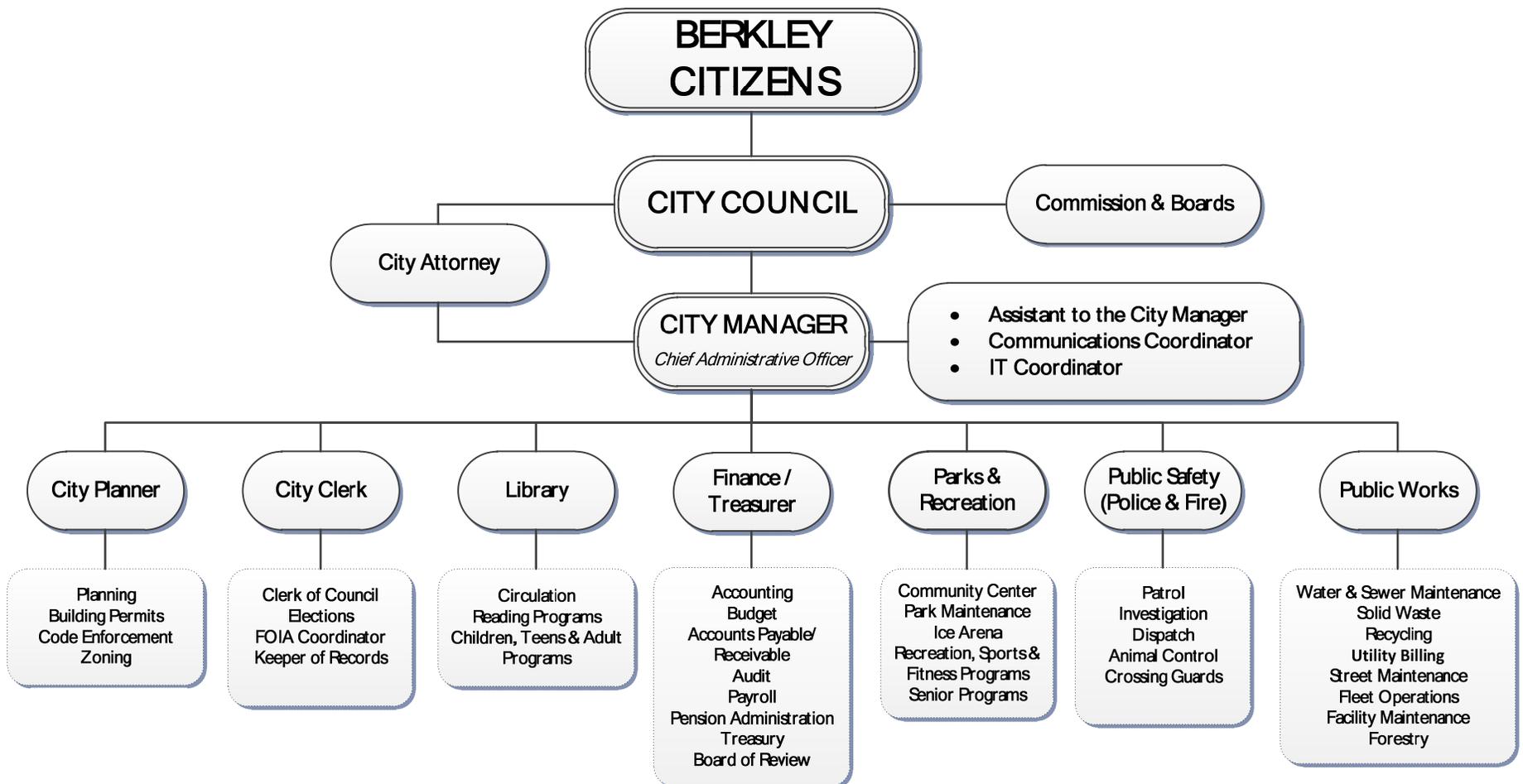
Rebecca Baaki
Accountant



David L. Sabuda, CPA
Finance Director/Treasurer



2012 Organization Chart



City of Berkley, Michigan Fund Organization Chart



GOVERNMENTAL FUNDS

General Fund

Special Revenue Funds

Major Street
Local Street
Solid Waste
Community Development Block Grant
Drug Forfeiture
Recreation Revolving
Seniors Program

Debt Funds

George Kuhn Drainage Debt
2002 Installment Purchase
2006 Major and Local Street Debt
2006 Eleven Mile Road Debt
2006 Twelve Mile Road Debt

Capital Projects

12 Mile Road and Coolidge
District Court Building

PROPRIETARY FUNDS

Ice Arena
Water and Sewer
Fringe Benefits/Compensated Absences

FIDUCIARY FUND

Public Safety Pension

COMPONENT UNIT

Downtown Development Authority
Downtown Development Authority TIF Capture

Independent Auditor's Report

To the City Council
City of Berkley, Michigan

We have audited the accompanying 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Berkley, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Berkley, Michigan as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Berkley, Michigan's basic financial statements. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedule of funding progress, and the budgetary comparison schedules for the General Fund and each major special revenue fund on pages 50-55 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 management's discussion and analysis and the retirement system schedule of funding progress 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.

To the City Council
City of Berkley, Michigan

The other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplemental information, are presented for the purpose of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These schedules along with the budgetary comparison schedules for the General Fund and each major special revenue fund on pages 50-55 have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. Such information has 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 it.

Plante & Morse, PLLC

November 9, 2012

City of Berkley, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Berkley, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2012:

- Property tax values decreased 4.8 percent (\$23,548,740) City-wide for the July 1, 2011 tax collection season that funds the 2011/2012 fiscal year. This is the third consecutive year the City has experienced an overall decrease in its taxable value. Last fiscal year, taxable values declined 6.8 percent or approximately \$35.5 million. The 4.8 percent taxable value decline is very close to what was anticipated by the City.

Sluggish state and national economies are the major contributing factors toward the continued decline in tax values. Specifically contributing to the taxable value decline are the weak home sales prices in the area and the amount of vacant properties that are still for sale or about to be for sale in the City and region. Also contributing to the tax value decline is unemployment in Berkley and the surrounding region. According to the U.S. Department of Labor and Statistics, the area's unemployment rate at June 30, 2012 was 9.4 percent. The five-year U.S. Census Bureau unemployment average for the City of Berkley is 6.2 percent. However, the City has seen unemployment as low as 4.1 percent to 4.6 percent over the past five years.

- Constitutional and statutory state-shared revenue, the second largest revenue source for the City, increased slightly (\$16,500 or 1 percent) in fiscal year 2011/2012 as compared to fiscal year 2010/2011. This is due to the City participating in the State of Michigan Economic Vitality and Incentive Program (EVIP) and completing all phases of the program. Participation in this program insured that the City would receive all revenue-sharing dollars available to the City for the fiscal year.
- To offset the loss of tax revenue and to increase unrestricted fund balance for future fiscal years in anticipation of losing more tax base, the City reduced actual General Fund spending by approximately \$342,000 in fiscal year 2011/2012 as compared to fiscal year 2010/2011 actual expenses. Further, the City was able to nearly maintain revenue levels in the General Fund due to increases in revenue in the areas of licenses and permits, charges for services, fines and forfeits, and franchise fee payments.

City of Berkley, Michigan

Management's Discussion and Analysis (Continued)

- As stated in last year's discussion, the City was able to continue to achieve healthcare premium savings for active and retired employees in all bargaining units and nonunion staff. It is estimated that the City saved approximately \$237,000 in fiscal year 2011/2012 in the area of healthcare costs. It is still anticipated that another \$237,000 will be saved in fiscal year 2012/2013 on healthcare premiums. The City also saw expenditure savings in public safety due to the City making contractual arrangements with staff and not filling positions immediately upon retirements. The City also saw a slight decrease in General Fund expenditures in the recreation department due to staff reorganization. Debt service costs paid by the General Fund also declined slightly in fiscal year 2011/2012.
- Across all operating funds, total net assets related to the City's governmental activities remained constant in fiscal year 2011/2012. Overall, governmental activity revenue kept pace with associated spending. This is due to the City managing expenditures very carefully.
- The City continued to maintain the structural integrity of the City water mains and sewer system. The City invested and capitalized just over \$295,500 in water and sewer improvements over the 2011/2012 fiscal year. The majority of these dollars were spent on the sewer system. The City relined sewer lines during the fiscal year with these funds. The balance of improvement dollars was spent on equipment for the water/sewer department.
- The City continued to invest in the City ice arena. The City made just over \$13,000 in various capital improvements in fiscal year 2011/2012.
- The City continued to invest in the general infrastructure of the City. Over \$1.4 million worth of capital improvements were performed in fiscal year 2011/2012, with \$1.2 million spent on general city infrastructure (roads and buildings) and \$200,000 spent on replacing existing general city equipment within various departments.
- For the thirteenth consecutive year, the City invested in the library collection. The library purchased \$57,550 in new reading and rental materials. This is an 8 percent decrease over last fiscal year. The Friends of the Library contributed over \$7,450 in funding for the library in fiscal year 2011/2012.
- The Planning Commission and the City Council approved an updated capital improvements program for the time period of fiscal year 2011/2012 through 2017/2018. The total amount of the program is approximately \$12,821,000. This is an increase from the previous plan of 2.1 percent. This is due to an increase in anticipated project costs.
- The City Council approved an updated capital equipment program for the time period of fiscal year 2011/2012 through 2017/2018. The total amount of the program is approximately \$2,754,000. This is less than a 1 percent decrease in our funding plan.

City of Berkley, Michigan

Management's Discussion and Analysis (Continued)

- The City determined in May 2011 that, as of June 30, 2009, its GASB No. 45 other postemployment benefit (OPEB) net unfunded liability is estimated to be \$16,620,188 over the next 27 years. This is a 23 percent reduction in liability from our June 30, 2006 valuation. The reduction is due to partially funding the liability and also negotiating with labor unions a change in healthcare benefits including higher deductibles for active and retired employees starting in April 2011.

The annual calculated OPEB liability contribution for fiscal year 2011/2012 was \$1,867,490 plus interest. The City paid \$983,170 on a pay-as-you-go basis including an implicit rate subsidy contribution. The City then invested an additional \$133,600 toward the OPEB liability in fiscal year 2011/2012. These additional funds (\$133,600) were again transferred to a third-party trust fund for investing and safekeeping. The third-party trust is with the Municipal Employees' Retirement System (MERS). The total payment made by the City in fiscal year 2011/2012 toward the yearly OPEB liability totaled \$1,116,770.

After these payments, the City recorded a \$750,720 OPEB liability plus \$107,820 of interest expense for a total OPEB liability increase of \$858,540. The City recorded \$840,686 of the OPEB liability in the government-wide financial statements and \$17,854 of the OPEB liability in the Water/Sewer Fund for fiscal year 2011/2012.

The total four-year accumulated unfunded accrued OPEB liability recorded by the City as of June 30, 2012 is \$2,398,829. The Water/Sewer Fund has recorded \$120,849 of the cumulative OPEB liability and the government-wide financial statement has \$2,277,980 of the OPEB cumulative liability.

As of June 30, 2012, the City has \$2,223,325 set aside with MERS for future other postemployment employee benefits for certain retirees. These funds are accounted for on the MERS financial statements. At June 30, 2012, the City has funded 13 percent of its OPEB liability.

- The City, along with the Downtown Development Authority (DDA), completed the construction process of refurbishing the City-owned parking lot south of 12 Mile Rd. between Gardner and Robina. Total costs incurred by the City and the Authority in fiscal year 2011/2012 amounted to \$274,693, including engineering costs.

Using this Annual Report

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

City of Berkley, Michigan

Management's Discussion and Analysis (Continued)

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

The City of Berkley as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2011 and 2012 (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current assets	\$ 8.0	\$ 8.5	\$ 2.7	\$ 2.5	\$ 10.7	\$ 11.0
Capital assets	13.4	13.6	15.0	14.9	28.4	28.5
Total assets	21.4	22.1	17.7	17.4	39.1	39.5
Liabilities						
Current liabilities	1.6	2.5	0.8	1.0	2.4	3.5
Long-term liabilities	6.5	6.3	5.2	5.5	11.7	11.8
Total liabilities	8.1	8.8	6.0	6.5	14.1	15.3
Net Assets						
Invested in capital assets -						
Net of related debt	8.9	8.4	9.3	8.9	18.2	17.3
Restricted	2.5	2.7	-	-	2.5	2.7
Unrestricted	1.9	2.2	2.4	2.0	4.3	4.2
Total net assets	<u>\$ 13.3</u>	<u>\$ 13.3</u>	<u>\$ 11.7</u>	<u>\$ 10.9</u>	<u>\$ 25.0</u>	<u>\$ 24.2</u>

The City's combined total net assets increased just over 3.3 percent from a year ago - increasing from \$24.2 million to \$25.0 million. Unrestricted net assets of the governmental activities and the business-type activities, the part of net assets used to finance day-to-day operations, increased approximately 2.4 percent from June 30, 2011 due to the City's reducing day-to-day expenses and monthly employee benefit costs.

In reviewing the City's net assets of business-type activities, the net assets invested in capital assets, net of related debt, increased 4.5 percent due to the addition of new business assets in the current year net of disposals. Specifically, the new assets acquired were placed into the City-wide water system including sewer lining, meter replacements, and equipment. The City invested in the ice arena as well.

City of Berkley, Michigan

Management's Discussion and Analysis (Continued)

In reviewing the City's net assets of government-type activities, the net assets invested in capital assets, net of related debt, increased approximately 6.0 percent due to the addition of new governmental assets net of disposals in the current year. A majority of the increase was spent in major and local roads as well as replacing operating equipment such as police cars and recreation facilities other than the ice arena.

The following table shows the changes in net assets during the years ended June 30, 2012 and 2011 (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue						
Program revenue:						
Charges for services	\$ 3.0	\$ 2.7	\$ 5.7	\$ 5.4	\$ 8.7	\$ 8.1
Operating grants and contributions	1.1	1.1	-	-	1.1	1.1
Capital grants and contributions	0.1	0.3	-	-	0.1	0.3
General revenue:						
Property taxes	6.8	7.0	-	-	6.8	7.0
State-shared revenue	1.2	1.2	-	-	1.2	1.2
Unrestricted investment earnings	0.1	0.1	-	-	0.1	0.1
Franchise fees	0.3	0.3	-	-	0.3	0.3
Transfers and other revenue	0.3	0.2	0.1	0.2	0.4	0.4
Total revenue	12.9	12.9	5.8	5.6	18.7	18.5
Program Expenses						
General government	3.4	3.3	-	-	3.4	3.3
Public safety	4.6	4.8	-	-	4.6	4.8
Public works	3.0	3.0	-	-	3.0	3.0
Health and welfare	0.1	0.2	-	-	0.1	0.2
Recreation and culture	1.5	1.5	-	-	1.5	1.5
Interest on long-term debt	0.2	0.3	-	-	0.2	0.3
Transfers and other expenses	0.1	0.2	-	-	0.1	0.2
Water and sewer	-	-	4.6	4.4	4.6	4.4
Arena	-	-	0.4	0.4	0.4	0.4
Total program expenses	12.9	13.3	5.0	4.8	17.9	18.1
Change in Net Assets	\$ -	\$ (0.4)	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.4

City of Berkley, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

Overall, the net assets for governmental activities remained constant in fiscal year 2011/2012 due to the local economic effects as described below:

- The City's total governmental revenue remained constant between fiscal years.
- Government activities program expenses decreased by approximately \$400,000 from the prior fiscal year, decreasing from \$13.3 million to \$12.9 million in expenses.

As explained earlier, revenue increased in the charges for services and license and permit areas of the revenue budget. Expenses were reduced in public safety, health and welfare, recreation, and debt costs paid by the General Fund.

Business-type Activities

The City's business-type activities include water and sewer and ice arena operations. The City provides water and sewer services to residents through contacts or consortiums with the Detroit water and sewerage department and the Southeast Oakland County Water Authority. Total net assets of the business-type activities did increase by approximately \$800,000 or 7.3 percent in the fiscal year. This is primarily a result of asset improvements in the sewer lines, various equipment purchases, and asset improvement activity at the ice arena in fiscal year 2011/2012.

The ice arena continues to be a concern for the City. A combined General Fund and Recreation Revolving Fund contribution of \$95,000, along with available net assets, balanced the ice arena fund in fiscal year 2011/2012.

Management is still accelerating payments due from ice arena customers and shortening the skating season at the ice arena to keep expenditures down and cash flows current. Staffing has also been kept to a minimum with the recreation manager also acting as the arena manager and the continued elimination of the skating instructor as a part-time city employee.

The City of Berkley, Michigan's Funds

The City of Berkley, Michigan's major funds begin on pages 14 and 15, following the statement of net assets and statement of activities financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole.

The City's major funds for the year ended June 30, 2012 include the General Fund, the Major and Local Streets Funds, the Solid Waste Service Fund, and the Recreation Revolving Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety (police and fire) which incurred expenses of approximately \$4,600,000 or 36 percent of the general government operation.

City of Berkley, Michigan

Management's Discussion and Analysis (Continued)

These services are partially supported by two special public safety millages, which are recorded in the General Fund. The first millage is for operations and the second millage is for retirement contribution and legacy costs (PA 345 levy). During the 2011/2012 fiscal year, expenditures recorded in the General Fund directly related to the public safety millages amounted to approximately \$2,000,000. The remaining cost of the police and fire protection is funded by other general revenue sources of the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the City amended the General Fund budget to take into account events during the year. The total amount of revenue appropriation adjustments was a net increase of \$401,000. The material appropriation increases in revenue were in the areas of licenses and permits, state-shared revenue, specifically the EVIP program, and traffic fines. The total amount of expenditure appropriation adjustments was an increase of \$221,000. The material appropriation increases were located in public safety operations, the building department, public works garage operations, and the information and technology section.

Capital Asset and Debt Administration

At the end of 2012, the City had a net book value of \$28,416,000 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the City has invested significantly in roads within the City.

Additions to capital assets include the construction in progress on various major and local streets throughout the city, a sewer line relining program, as well as new water meters, sidewalks, patrol cars, various public works equipment, and reinvestment in various city facilities. Additional information regarding the City's capital assets and debt can be found within the notes to the basic financial statements.

As of August 2011, Fitch rating services has given the City an AA stable bond rating on the general obligation bonds, Series 2006. This is a positive upgrade from an AA negative outlook the City received in June 2009.

Economic Factors and Next Year's Budgets and Rates

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

The Oakland County Assessor's Office anticipates another 2.38 percent reduction in taxable value within the City of Berkley for the July 2012 tax year (2012/2013 fiscal year). The county is also anticipating a county-wide 1.00 percent reduction in tax value in July 2013. For July 2014, the City and county are forecasting a 0 percent taxable value change.

Further, the State of Michigan, in an effort to balance its budget and due to the poor Michigan economy, has only slightly increased statutory state-shared revenue to the City of Berkley by \$16,500, or 1 percent, for fiscal year 2012/2013.

City of Berkley, Michigan

Management's Discussion and Analysis (Continued)

This was done through a replacement revenue program for statutory state-shared revenue commonly known as the Economic Vitality and Incentive Program (EVIP) for those eligible municipalities that participated in statutory state-shared revenue.

Due to these continuing revenue limitations on the City's major operating funds, the City sought and was able to pass, through a vote of the people, a Headlee tax override of \$3.00/thousand taxable value on all real and personal property in the City. This vote occurred in August 2012. The tax override goes into effect on the July 1, 2013 property tax billing. It is estimated that this levy will generate \$1.362 million for City operation. It is anticipated that the Headlee tax override will allow the City to continue to provide basic city services and minimally maintain infrastructure throughout the City.

On the expenditure side of operations, the City continues to utilize wage freezes from all union and nonunion employees except for those employees moving within classification for the 2012/2013 fiscal years. Labor contracts expire on June 30, 2013. The City also continues to obtain health care and prescription drug premium savings for active employees as well as retirees that are estimated to save the City significant dollars in premium payments and GASB No. 45 liability over fiscal year 2012/2013. Through the use of long-term planning, the City will continue to evaluate and monitor its budget. Other adjustments will be made to address changes in economic conditions and other events as these events present themselves.

Contacting the City of Berkley's Management

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

City of Berkley, Michigan

Statement of Net Assets June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 4,518,976	\$ 362,319	\$ 4,881,295	\$ 364,947
Investments (Note 3)	2,202,776	116,541	2,319,317	180,682
Receivables:				
Taxes	40,597	-	40,597	17,118
Customers	109,588	2,527,569	2,637,157	-
Other governmental units	543,884	-	543,884	-
Federal government	1,216	-	1,216	-
Internal balances (Note 5)	280,076	(280,076)	-	-
Inventories	37,073	-	37,073	-
Prepaid costs	201,674	8,780	210,454	1,625
Capital assets (Note 4):				
Assets not subject to depreciation	556,713	13,795	570,508	-
Assets subject to depreciation	12,876,921	14,968,128	27,845,049	-
Total assets	21,369,494	17,717,056	39,086,550	564,372
Liabilities				
Accounts payable	220,750	329,089	549,839	16,671
Due to other governmental units	3,771	-	3,771	-
Accrued liabilities and other	347,036	61,653	408,689	-
Noncurrent liabilities:				
Due within one year (Note 6):				
Compensated absences	318,239	59,515	377,754	-
Current portion of long-term debt	725,000	393,144	1,118,144	-
Due in more than one year:				
Compensated absences (Note 6)	405,280	-	405,280	-
Other postemployment benefit obligations (Note 9)	2,277,980	120,849	2,398,829	-
Long-term debt (Note 6)	3,795,000	5,030,521	8,825,521	-
Total liabilities	8,093,056	5,994,771	14,087,827	16,671
Net Assets				
Invested in capital assets - Net of related debt	8,913,634	9,349,182	18,262,816	-
Restricted for:				
Streets	1,679,113	-	1,679,113	-
Public safety	50,895	-	50,895	-
Community development and promotion	58,856	-	58,856	-
Sanitation	675,421	-	675,421	-
Library	34,245	-	34,245	-
Unrestricted	1,864,274	2,373,103	4,237,377	547,701
Total net assets	<u>\$ 13,276,438</u>	<u>\$ 11,722,285</u>	<u>\$ 24,998,723</u>	<u>\$ 547,701</u>

City of Berkley, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,481,679	\$ 1,956,111	\$ 109,879	\$ -
Public safety	4,621,263	321,086	-	-
Public works	3,003,907	284,262	930,876	141,924
Health and welfare	101,435	-	29,943	-
Recreation and culture	1,539,712	471,785	61,952	5,382
Interest on long-term debt	203,665	-	-	-
Total governmental activities	12,951,661	3,033,244	1,132,650	147,306
Business-type activities:				
Water and sewer	4,586,983	5,390,864	-	-
Arena	382,335	321,367	-	-
Total business-type activities	4,969,318	5,712,231	-	-
Total primary government	<u>\$ 17,920,979</u>	<u>\$ 8,745,475</u>	<u>\$ 1,132,650</u>	<u>\$ 147,306</u>
Component unit - Downtown Development Authority	<u>\$ 379,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Unrestricted investment earnings				
Franchise fees				
Miscellaneous				
Total general revenue				
Transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

**Statement of Activities
Year Ended June 30, 2012**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,415,689)	\$ -	\$ (1,415,689)	\$ -
(4,300,177)	-	(4,300,177)	-
(1,646,845)	-	(1,646,845)	-
(71,492)	-	(71,492)	-
(1,000,593)	-	(1,000,593)	-
(203,665)	-	(203,665)	-
(8,638,461)	-	(8,638,461)	-
-	803,881	803,881	-
-	(60,968)	(60,968)	-
-	742,913	742,913	-
(8,638,461)	742,913	(7,895,548)	-
-	-	-	(379,835)
6,769,419	-	6,769,419	276,058
1,226,594	-	1,226,594	-
54,520	2,661	57,181	3,979
301,569	-	301,569	-
334,203	-	334,203	-
8,686,305	2,661	8,688,966	280,037
(96,256)	96,256	-	-
(48,412)	841,830	793,418	(99,798)
13,324,850	10,880,455	24,205,305	647,499
\$ 13,276,438	\$ 11,722,285	\$ 24,998,723	\$ 547,701

City of Berkley, Michigan

	General Fund	Major Streets Fund	Local Streets Fund
Assets			
Cash and cash equivalents (Note 3)	\$ 1,816,452	\$ 597,216	\$ 446,566
Investments (Note 3)	891,463	297,536	222,481
Receivables:			
Taxes	13,161	-	-
Customers	50,784	-	-
Other governmental units	402,863	102,956	38,065
Federal government	-	-	-
Interfund advances receivable (Note 5)	100,539	-	-
Inventories	37,073	-	-
Prepaid costs	177,890	2,960	2,960
	<u>\$ 3,490,225</u>	<u>\$ 1,000,668</u>	<u>\$ 710,072</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 116,739	\$ 16,860	\$ 7,098
Due to other governmental units	3,771	-	-
Accrued and other liabilities	277,476	7,669	-
Deferred revenue	6,863	-	-
	<u>404,849</u>	<u>24,529</u>	<u>7,098</u>
Fund Balances			
Nonspendable:			
Inventory and prepaid items	214,963	2,960	2,960
Long-term advances receivable	100,539	-	-
Restricted:			
Debt service	-	-	-
Streets	-	973,179	700,014
Solid waste service	-	-	-
Public safety	40,415	-	-
Library	34,245	-	-
Community promotion	22,243	-	-
Committed:			
Recreation	-	-	-
Seniors' program	-	-	-
Assigned:			
School land purchase	220,000	-	-
Capital improvement	-	-	-
Unassigned	2,452,971	-	-
	<u>3,085,376</u>	<u>976,139</u>	<u>702,974</u>
Total fund balances	<u>3,085,376</u>	<u>976,139</u>	<u>702,974</u>
Total liabilities and fund balances	<u>\$ 3,490,225</u>	<u>\$ 1,000,668</u>	<u>\$ 710,072</u>

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

**Governmental Funds
Balance Sheet
June 30, 2012**

Solid Waste Service Fund	Recreation Revolving Fund	Nonmajor Funds	Total
\$ 438,639	\$ 217,753	\$ 519,425	\$ 4,036,051
218,532	108,485	223,685	1,962,182
22,990	-	4,446	40,597
58,804	-	-	109,588
-	-	-	543,884
-	-	1,216	1,216
-	179,537	-	280,076
-	-	-	37,073
4,415	2,556	10,893	201,674
\$ 743,380	\$ 508,331	\$ 759,665	\$ 7,212,341
\$ 39,296	\$ 37,896	\$ 2,861	\$ 220,750
-	-	-	3,771
5,525	9,278	1,926	301,874
23,138	21,000	4,446	55,447
67,959	68,174	9,233	581,842
4,415	2,556	10,893	238,747
-	179,537	-	280,076
-	-	30,056	30,056
-	-	-	1,673,193
671,006	-	-	671,006
-	-	10,480	50,895
-	-	-	34,245
-	-	36,613	58,856
-	258,064	-	258,064
-	-	164,528	164,528
-	-	-	220,000
-	-	497,862	497,862
-	-	-	2,452,971
675,421	440,157	750,432	6,630,499
\$ 743,380	\$ 508,331	\$ 759,665	\$ 7,212,341

City of Berkley, Michigan

Governmental Funds **Reconciliation of the Balance Sheet to the Statement of Net Assets** **June 30, 2012**

Fund Balance Reported in Governmental Funds	\$ 6,630,499
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	13,433,634
Revenue related to receivables is recorded in the statement of net assets at the time it is earned without regard to timeliness of collection	55,447
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(4,520,000)
Accrued interest payable is not recorded in the funds	(45,162)
The current cost of other postemployment benefits is not due and payable in the current period and is not reported in the funds	<u>(2,277,980)</u>
Net Assets of Governmental Activities	<u>\$ 13,276,438</u>

City of Berkley, Michigan

	General Fund	Major Streets Fund	Local Streets Fund
Revenue			
Property taxes	\$ 5,203,598	\$ -	\$ -
Licenses and permits	358,614	-	-
Federal grants	44,908	-	-
State-shared revenue and grants	1,253,426	649,729	230,429
Charges for services	470,386	18,216	-
Fines and forfeitures	1,175,072	-	-
Investment earnings	28,747	5,977	4,462
Franchise fees	301,569	-	-
Other miscellaneous income	334,145	19,610	5,307
Total revenue	<u>9,170,465</u>	<u>693,532</u>	<u>240,198</u>
Expenditures			
Current:			
General government	2,354,546	21,444	16,059
Public safety	4,461,190	-	-
Public works	513,833	649,579	490,946
Health and welfare	42,996	-	-
Recreation and culture	1,033,361	-	-
Capital outlay	214,014	-	-
Debt service	87,497	-	-
Total expenditures	<u>8,707,437</u>	<u>671,023</u>	<u>507,005</u>
Excess of Revenue Over (Under) Expenditures	463,028	22,509	(266,807)
Other Financing Sources (Uses)			
Transfers in (Note 5)	13,642	-	142,258
Transfers out (Note 5)	(45,070)	(142,258)	-
Total other financing (uses) sources	<u>(31,428)</u>	<u>(142,258)</u>	<u>142,258</u>
Net Change in Fund Balances	431,600	(119,749)	(124,549)
Fund Balances - Beginning of year	<u>2,653,776</u>	<u>1,095,888</u>	<u>827,523</u>
Fund Balances - End of year	<u><u>\$ 3,085,376</u></u>	<u><u>\$ 976,139</u></u>	<u><u>\$ 702,974</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012

Solid Waste Service Fund	Recreation Revolving Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 860,819	\$ -	\$ 705,002	\$ 6,769,419
-	-	-	358,614
-	-	29,943	74,851
-	-	21,785	2,155,369
280,258	377,322	238,030	1,384,212
-	-	80,276	1,255,348
5,363	1,712	4,500	50,761
-	-	-	301,569
5,429	138	470	365,099
<u>1,151,869</u>	<u>379,172</u>	<u>1,080,006</u>	<u>12,715,242</u>
-	-	-	2,392,049
-	-	-	4,461,190
1,180,596	-	-	2,834,954
-	-	98,617	141,613
-	273,478	-	1,306,839
-	43,456	4,948	262,418
-	-	865,982	953,479
<u>1,180,596</u>	<u>316,934</u>	<u>969,547</u>	<u>12,352,542</u>
(28,727)	62,238	110,459	362,700
-	-	2,432	158,332
-	(63,571)	(3,689)	(254,588)
<u>-</u>	<u>(63,571)</u>	<u>(1,257)</u>	<u>(96,256)</u>
(28,727)	(1,333)	109,202	266,444
704,148	441,490	641,230	6,364,055
<u>\$ 675,421</u>	<u>\$ 440,157</u>	<u>\$ 750,432</u>	<u>\$ 6,630,499</u>

City of Berkley, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ 266,444
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	658,201
Depreciation expense	(952,180)
Loss on disposal of assets	(61,775)
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds	(2,973)
Capital contributions are not reported as revenue in the governmental funds	141,924
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	741,454
Accrued interest is recorded on debt when incurred in the statement of activities	8,360
The annual required contribution of other postemployment benefits is recorded when incurred in the statement of activities	(840,686)
Internal service funds are included as part of governmental activities	<u>(7,181)</u>
Change in Net Assets of Governmental Activities	<u>\$ (48,412)</u>

City of Berkley, Michigan

Proprietary Funds Statement of Net Assets June 30, 2012

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 233,922	\$ 128,397	\$ 362,319	\$ 482,925
Investments (Note 3)	116,541	-	116,541	240,594
Receivables - Customers	2,527,569	-	2,527,569	-
Prepaid costs	7,864	916	8,780	-
Total current assets	2,885,896	129,313	3,015,209	723,519
Noncurrent assets - Capital assets (Note 4):				
Assets not subject to depreciation	13,795	-	13,795	-
Assets subject to depreciation	14,766,203	201,925	14,968,128	-
Total assets	17,665,894	331,238	17,997,132	723,519
Liabilities				
Current liabilities:				
Accounts payable	324,335	4,754	329,089	-
Accrued and other liabilities	58,279	3,374	61,653	-
Current portion of compensated absences (Note 6)	59,515	-	59,515	318,239
Current portion of long-term debt (Note 6)	393,144	-	393,144	-
Total current liabilities	835,273	8,128	843,401	318,239
Noncurrent liabilities:				
Advances payable to other funds (Note 5)	-	280,076	280,076	-
Compensated absences	-	-	-	405,280
Other postemployment benefit obligations (Note 9)	120,849	-	120,849	-
Long-term debt - Net of current portion (Note 6)	5,030,521	-	5,030,521	-
Total noncurrent liabilities	5,151,370	280,076	5,431,446	405,280
Total liabilities	5,986,643	288,204	6,274,847	723,519
Net Assets				
Invested in capital assets - Net of related debt	9,356,333	(7,151)	9,349,182	-
Unrestricted	2,322,918	50,185	2,373,103	-
Total net assets	<u>\$ 11,679,251</u>	<u>\$ 43,034</u>	<u>\$ 11,722,285</u>	<u>\$ -</u>

City of Berkley, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2012

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
Operating Revenue				
Sale of water and sewer charges	\$ 5,226,070	\$ -	\$ 5,226,070	\$ -
Other sales to customers	-	319,414	319,414	141,553
Property and equipment rental	31,836	-	31,836	-
Miscellaneous	132,958	1,953	134,911	-
Total operating revenue	5,390,864	321,367	5,712,231	141,553
Operating Expenses				
Water and sewer operations	4,153,720	-	4,153,720	-
Arena operations	-	315,504	315,504	-
Compensated absences	-	-	-	152,493
Depreciation	278,539	66,831	345,370	-
Total operating expenses	4,432,259	382,335	4,814,594	152,493
Operating Income (Loss)	958,605	(60,968)	897,637	(10,940)
Nonoperating Revenue (Expenses)				
Investment income	2,279	382	2,661	3,759
Interest expense	(154,724)	-	(154,724)	-
Income (Loss) - Before transfers	806,160	(60,586)	745,574	(7,181)
Transfers In	1,256	95,000	96,256	-
Change in Net Assets	807,416	34,414	841,830	(7,181)
Net Assets - Beginning of year	10,871,835	8,620	10,880,455	7,181
Net Assets - End of year	\$ 11,679,251	\$ 43,034	\$ 11,722,285	\$ -

City of Berkley, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2012

	Enterprise Funds			Governmental Activities
	Major Fund - Water and Sewer Fund	Nonmajor Enterprise - Arena Fund	Total Enterprise Funds	Internal Service Fund - Fringe Benefits Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 5,182,932	\$ 321,367	\$ 5,504,299	\$ 141,553
Payments to suppliers	(3,953,038)	(199,387)	(4,152,425)	-
Payments to employees	(389,626)	(118,160)	(507,786)	(106,024)
Net cash provided by operating activities	840,268	3,820	844,088	35,529
Cash Flows from Noncapital Financing Activities -				
Cash received from other funds	1,256	95,000	96,256	-
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(321,906)	(13,484)	(335,390)	-
Principal and interest paid on capital debt	(536,522)	-	(536,522)	-
Repayment of advances from other funds	-	(65,001)	(65,001)	-
Net cash used in capital and related financing activities	(858,428)	(78,485)	(936,913)	-
Cash Flows from Investing Activities				
Interest received on investments	2,279	382	2,661	3,759
Purchase of investments	(116,541)	-	(116,541)	(240,594)
Net cash (used in) provided by investing activities	(114,262)	382	(113,880)	(236,835)
Net (Decrease) Increase in Cash and Cash Equivalents	(131,166)	20,717	(110,449)	(201,306)
Cash and Cash Equivalents - Beginning of year	365,088	107,680	472,768	684,231
Cash and Cash Equivalents - End of year	<u>\$ 233,922</u>	<u>\$ 128,397</u>	<u>\$ 362,319</u>	<u>\$ 482,925</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 958,605	\$ (60,968)	\$ 897,637	\$ (10,940)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	278,539	66,831	345,370	-
Changes in assets and liabilities:				
Receivables	(207,932)	-	(207,932)	-
Prepaid costs	(7,864)	(916)	(8,780)	-
Accounts payable	(196,700)	(1,658)	(198,358)	-
Accrued and other liabilities	15,620	531	16,151	46,469
Net cash provided by operating activities	<u>\$ 840,268</u>	<u>\$ 3,820</u>	<u>\$ 844,088</u>	<u>\$ 35,529</u>

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

City of Berkley, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2012

	Public Safety Pension	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 596,857	\$ 296,091
Investments (Note 3):		
U.S. Treasury bonds	226,735	-
U.S. government agency securities	1,281,333	-
Common and preferred stock	9,540,582	-
Corporate bonds	2,662,126	-
Mortgage-backed securities	444,921	-
Mutual funds - Fixed-income securities	1,234,071	-
Mutual funds - Alternative investments	314,536	-
Receivables	-	1,910
Accrued interest	64,861	-
	16,366,022	\$ 298,001
Liabilities		
Accounts payable	29,002	\$ 26,290
Due to other governmental units	-	11,021
Cash bonds and deposits	-	260,690
	29,002	\$ 298,001
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 16,337,020	

City of Berkley, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets Public Safety Pension Year Ended June 30, 2012

Additions

Investment income (loss):	
Interest and dividends	\$ 457,140
Net decrease in fair value of investments	(403,187)
Investment-related expenses	<u>(122,021)</u>
Net investment loss	(68,068)
Contributions:	
Employer	781,547
Employee	<u>4,332</u>
Total contributions	<u>785,879</u>
Total additions - Net	717,811

Deductions

Benefit payments	1,375,119
Administrative expenses	<u>39,409</u>
Total deductions	<u>1,414,528</u>

Net Decrease in Net Assets Held in Trust (696,717)

Net Assets Held in Trust for Pension and Other Employee Benefits -
Beginning of year 17,033,737

Net Assets Held in Trust for Pension and Other Employee Benefits -
End of year \$ 16,337,020

Note I - Summary of Significant Accounting Policies

The accounting policies of the City of Berkley, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Berkley, Michigan:

Reporting Entity

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

Blended Component Unit - The City of Berkley, Michigan's Building Authority is governed by a three-member board that is appointed by the City's council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to acquire, furnish, equip, own, improve, enlarge, operate, and maintain the ice arena and horseshoe pit for the use or benefit of the City. The Building Authority was inactive during the year ended June 30, 2012.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Note I - Summary of 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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. 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, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Note I - Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

Solid Waste Service Fund - The Solid Waste Service Fund accounts for the activities of the City sanitation system. Revenue in this fund is generated from a dedicated millage as well as charges to customers for trash pick-up.

Recreation Revolving Fund - The Recreation Revolving Fund accounts for recreational services provided by the City. Revenue in this fund is generated from charges from customers for recreational activities.

The City reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund accounts for the activities of the water distribution and sewage collection systems.

Additionally, the City reports the following fund types:

Internal Service Fund - The internal service fund accounts for the financing of the City's liability for employee compensated absences.

Pension and Other Employee Benefits Trust Fund - The Pension and Other Employee Benefits Trust Fund accounts for the activities of the public safety employees' retirement system, which accumulates resources for pension benefit payments to qualified public safety employees.

Agency Fund - The Agency Fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

Note I - Summary of Significant Accounting Policies (Continued)

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City of Berkley's 2011 tax is levied and collectible on July 1, 2011 and is recognized as revenue in the year ended June 30, 2012, when the proceeds of the levy are budgeted and available for the financing of operations.

Note I - Summary of Significant Accounting Policies (Continued)

The 2011 taxable valuation of the City of Berkley, Michigan totaled \$465,101,570 (a portion of which is captured by the DDA), on which taxes levied consisted of 8.2028 mills for operating and public safety purposes, 1.8927 mills for sanitation services, 0.1075 mills for community promotion, 2.5479 mills for public safety retirement benefits, and 1.5481 mills for debt service. This resulted in approximately \$3,729,000 for operating and public safety, \$861,000 for sanitation, \$49,000 for community promotion, \$1,157,000 for public safety retirement benefits, and \$705,000 for debt service. These amounts are recognized in the respective General Fund and special revenue and debt service funds financial statements as tax revenue. The taxes levied by the DDA were 1.9217 mills, which resulted in approximately \$40,000 in tax revenue. This amount was recorded as part of the DDA component unit.

Assets, Liabilities, and Net Assets or Equity

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

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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

Roads and bridges	15 to 20 years
Water and sewer lines	60 to 85 years
Land improvements	20 years
Buildings	15 to 50 years
Building improvements	7 to 20 years
Equipment and books	3 to 15 years
Vehicles	5 to 10 years

Deferred Revenue - Deferred revenue is recorded in the governmental funds in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period.

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

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Note I - Summary of Significant Accounting Policies (Continued)

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

Fund Equity - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Honorable Mayor and City Council.
- **Assigned:** Intent to spend resources on specific purposes expressed by the governing body
- **Unassigned:** All other amounts not classified elsewhere. 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.

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

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

Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2012 has not been calculated.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. 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; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results as adopted by the City Council is included in the required supplemental information.

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

Shortfall at July 1, 2011		\$	(759,314)
Current year permit revenue			131,910
Related expenses:			
Direct costs	\$	(205,712)	
Estimated indirect costs		<u>(20,571)</u>	<u>(226,283)</u>
Current year shortfall			<u>(94,373)</u>
Cumulative shortfall - June 30, 2012		\$	<u>(853,687)</u>

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

	<u>Budget</u>	<u>Actual</u>
General Fund - Transfers to other funds	\$ 21,387	\$ 45,070

Note 3 - Deposits and Investments

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

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

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

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City and the Downtown Development Authority had \$5,273,455 and \$364,947, respectively, of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution 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.

City of Berkley, Michigan

Notes to Financial Statements June 30, 2012

Note 3 - Deposits and Investments (Continued)

At year end, the City had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
Corporate bonds	\$ 2,662,126	6.55
Mutual fund fixed income	1,548,607	7.16
Mortgage-backed securities	444,921	26.37
U.S. Treasury bonds	226,735	25.12
Government agency securities	1,281,333	27.03
Certificates of deposit	2,499,999	0.97

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

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	\$ 231,633	A1	Moody's
Corporate bonds	798,818	A2	Moody's
Corporate bonds	591,088	A3	Moody's
Corporate bonds	178,407	AA2	Moody's
Corporate bonds	182,026	AA3	Moody's
Corporate bonds	383,451	BAA1	Moody's
Corporate bonds	266,760	BAA2	Moody's
Corporate bonds	29,943	BAA3	Moody's
Mutual funds	1,548,607	Aaa	Moody's
Mortgage-backed securities	444,921	AAA	Moody's

Note 4 - Capital Assets

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

	Balance July 1, 2011	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2012
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 311,706	\$ -	\$ -	\$ -	\$ 311,706
Construction in progress	617,458	(617,458)	245,007	-	245,007
Subtotal	929,164	(617,458)	245,007	-	556,713
Capital assets being depreciated:					
Roads and bridges	51,133,648	617,458	274,693	-	52,025,799
Buildings	6,454,434	-	43,976	-	6,498,410
Equipment and books	2,966,527	-	185,458	804,804	2,347,181
Vehicles	1,900,598	-	50,990	41,520	1,910,068
Subtotal	62,455,207	617,458	555,117	846,324	62,781,458
Accumulated depreciation:					
Roads and bridges	42,424,323	-	447,409	-	42,871,732
Buildings	4,250,668	-	139,306	-	4,389,974
Equipment and books	2,018,639	-	247,505	776,245	1,489,899
Vehicles	1,043,276	-	117,960	8,304	1,152,932
Subtotal	49,736,906	-	952,180	784,549	49,904,537
Net capital assets being depreciated	12,718,301	617,458	(397,063)	61,775	12,876,921
Net capital assets	\$ 13,647,465	\$ -	\$ (152,056)	\$ 61,775	\$ 13,433,634
Business-type Activities					
Capital assets not being depreciated -					
Land	\$ 13,795	\$ -	\$ -	\$ -	\$ 13,795
Capital assets being depreciated:					
Water and sewer transmission lines	16,655,530	-	295,554	-	16,951,084
Buildings	991,199	-	8,006	-	999,205
Building improvements	228,288	-	6,509	-	234,797
Equipment	1,225,998	-	25,321	-	1,251,319
Land improvements	36,474	-	-	-	36,474
Subtotal	19,137,489	-	335,390	-	19,472,879
Accumulated depreciation:					
Water and sewer transmission lines	2,283,995	-	209,245	-	2,493,240
Buildings	821,188	-	40,754	-	861,942
Building improvements	174,534	-	14,226	-	188,760
Equipment	843,190	-	81,145	-	924,335
Land improvements	36,474	-	-	-	36,474
Subtotal	4,159,381	-	345,370	-	4,504,751
Net capital assets being depreciated	14,978,108	-	(9,980)	-	14,968,128
Net capital assets	\$ 14,991,903	\$ -	\$ (9,980)	\$ -	\$ 14,981,923

City of Berkley, Michigan

Notes to Financial Statements June 30, 2012

Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$	191,136
Public safety		172,067
Public works		506,955
Recreation and culture		82,022
Total governmental activities	\$	<u>952,180</u>

Business-type activities:

Water and sewer	\$	278,539
Ice arena		66,831
Total business-type activities	\$	<u>345,370</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Ice Arena Fund	\$ 100,539
Recreation Revolving Fund	Ice Arena Fund	179,537
	Total	<u>\$ 280,076</u>

Interfund balances payable from the General and Recreation Revolving Funds to the Ice Arena Fund as of June 30, 2012 represent advances made to the fund to pay off outstanding bonded debt and to cover various operating expenses of the fund which are not expected to be repaid in the next year and are classified as long-term advances.

City of Berkley, Michigan

Notes to Financial Statements June 30, 2012

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

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Nonmajor enterprise funds	\$ 45,071
Major Streets Fund	Local Streets Fund	142,258
Recreation Revolving Fund	General Fund	13,642
Recreation Revolving Fund	Nonmajor enterprise funds	49,929
Nonmajor governmental funds	Water and Sewer Fund	1,256
Nonmajor governmental funds	Nonmajor governmental funds	2,432
	Total	<u>\$ 254,588</u>

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 transfers from the nonmajor governmental funds to the Water and Sewer Fund represents the transfer of unspent bond proceeds to the Water and Sewer Fund for costs related to construction projects completed during the year. These transfers were made due to costs in the Water and Sewer Fund being incurred as part of the project that were not originally planned when the project began. The transfer from the Recreation Revolving Fund to the General Fund represents the transfer of discretionary funds to be used for the benefit of the community. The transfers from the Recreation Revolving Fund and the General Fund to the nonmajor enterprise funds represent the transfer of funds to assist with operating expenses. Transfers between nonmajor governmental funds represent the transfer of funds for payment of debt.

Note 6 - Long-term Debt

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

Note 6 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
2006 General Obligation 12 Mile Road							
Bonds:							
Amount of issue: \$850,000	3.90% -	\$50,000-					
Maturing through 2016	4.25%	\$150,000	\$ 575,000	\$ -	\$ 100,000	\$ 475,000	\$ 100,000
2006 General Obligation 11 Mile Road							
Bonds:							
Amount of issue: \$2,500,000	3.90% -	\$100,000 -					
Maturing through 2021	4.25%	\$300,000	2,075,000	-	125,000	1,950,000	150,000
2006 General Obligation Other Road							
Bonds:							
Amount of issue: \$2,625,000	3.90% -	\$200,000 -					
Maturing through 2016	4.25%	\$375,000	1,700,000	-	300,000	1,400,000	325,000
Fire Truck Installment Purchase							
Agreement:							
Amount of issue: \$352,867	4.00%	\$66,858 -					
Maturing through 2011		\$75,204	75,204	-	75,204	-	-
Telephone Installment Purchase							
Agreement:							
Amount of issue: \$51,100	4.93%	\$9,240-					
Maturing through 2012		\$11,250	11,250	-	11,250	-	-
Contractual obligations with Oakland							
County - 2002 Installment Purchase							
Agreement:							
Amount of issue: \$1,260,000	5.20%	\$50,000 -					
Maturing through 2016		\$200,000	825,000	-	130,000	695,000	150,000
Total bond obligations			5,261,454	-	741,454	4,520,000	725,000
Other long-term obligations -							
Compensated absences			677,050	46,469	-	723,519	318,239
Other long-term obligations - Other							
postemployment benefits			1,437,294	840,686	-	2,277,980	-
Total governmental activities			\$ 7,375,798	\$ 887,155	\$ 741,454	\$ 7,521,499	\$ 1,043,239

City of Berkley, Michigan

Notes to Financial Statements June 30, 2012

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General Obligation Bond - Contractual obligations with Oakland County - George W. Kuhn Bonds:							
2000-A:							
Amount of issue: \$1,126,053	2.50%	\$47,549 -					
Maturing through 2022		\$70,354	\$ 687,408	\$ -	\$ 55,106	\$ 632,302	\$ 56,366
2001-C:							
Amount of issue: \$5,176,822	2.50%	\$207,829 -					
Maturing through 2024		\$324,025	3,647,393	-	240,892	3,406,501	246,875
2001-D:							
Amount of issue: \$199,641	2.50%	\$7,872 -					
Maturing through 2024		\$13,225	96,840	-	6,298	90,542	6,613
2001-E:							
Amount of issue: \$621,597	4.10% -	\$22,042 -					
Maturing through 2024	5.25%	\$45,346	748,182	-	49,753	698,429	52,902
2005-F:							
Amount of issue: \$103,572	1.625%	\$4,478 -					
Maturing through 2026		\$6,078	74,799	-	4,478	70,321	4,478
2006-G:							
Amount of issue: \$112,919	1.625%	\$4,798 -					
Maturing through 2026		\$6,398	98,205	-	5,118	93,087	5,118
2006-H:							
Amount of issue: \$491,662	2.50%	\$19,193 -					
Maturing through 2029		\$30,709	452,636	-	20,153	432,483	20,792
Total bond obligations			5,805,463	-	381,798	5,423,665	393,144
Other long-term obligations:							
Compensated absences			59,232	283	-	59,515	59,515
Other postemployment benefits			102,995	17,854	-	120,849	-
Total business-type activities			\$ 5,967,690	\$ 18,137	\$ 381,798	\$ 5,604,029	\$ 452,659

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 725,000	\$ 180,647	\$ 905,647	\$ 393,144	\$ 146,746	\$ 539,890
2014	735,000	148,409	883,409	402,912	136,075	538,987
2015	860,000	113,527	973,527	413,008	125,137	538,145
2016	925,000	75,426	1,000,426	424,984	113,932	538,916
2017	225,000	46,444	271,444	436,644	102,378	539,022
2018-2022	1,050,000	89,000	1,139,000	2,355,001	326,952	2,681,953
2023-2027	-	-	-	930,796	51,210	982,006
2028-2029	-	-	-	67,176	2,391	69,567
Total	\$ 4,520,000	\$ 653,453	\$ 5,173,453	\$ 5,423,665	\$ 1,004,821	\$ 6,428,486

County Contractual Obligations - The above contractual obligations to the County are the result of the County issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the County bonds provided financing for the construction of the George W. Kuhn Drain. The remaining principal and interest to be paid on the bonds total \$6,428,486. During the current year, net revenue of the system was \$958,605 compared to annual debt requirements of \$536,522.

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 - Defined Benefit Pension Plan

General Employees' Pension

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

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

Annual Pension Cost - For the year ended June 30, 2012, the City's annual pension cost of \$552,043 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2009, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 2.0 percent per year, compounded annually and attributable to inflation, and (c) additional projected salary increases of up to 8.40 percent per year, depending on service and attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on open divisions and on a 30-year level dollar for closed divisions. The remaining amortization period is 28 years.

City of Berkley, Michigan

Notes to Financial Statements June 30, 2012

Note 8 - Defined Benefit Pension Plan (Continued)

	Fiscal Year Ended June 30		
	2012	2011	2010
Annual pension cost (APC)	\$ 552,043	\$ 537,833	\$ 438,510
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -

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

	2010	2009	2008
Actuarial value of assets	\$ 14,601,510	\$ 14,794,854	\$ 15,211,513
Actuarial accrued liability (AAL) (entry age)	\$ 19,040,900	\$ 19,113,973	\$ 18,963,204
Unfunded AAL (UAAL)	\$ 4,439,390	\$ 4,319,119	\$ 3,751,691
Funded ratio	77 %	77 %	80 %
Covered payroll	\$ 2,194,904	\$ 2,540,930	\$ 2,360,645
UAAL as a percentage of covered payroll	202 %	170 %	159 %

Public Safety Pension Trust

Plan Description - The City of Berkley, Michigan's public safety pension is the administrator of a single-employer defined benefit plan that covers all public safety employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At June 30, 2011, the date of the most recent actuarial valuation, membership consisted of 41 retirees and beneficiaries currently receiving benefits and 25 current active employees. The plan does not issue a separate financial report.

Funding Policy - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies. The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units. The funding policy provides for periodic employer contributions at actuarially determined rates and does not require employee contributions. Administrative costs of the plan are financed through investment earnings.

Note 8 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost - For the year ended June 30, 2012, the City's annual pension cost of \$781,547 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at June 30, 2010 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 5 percent to 9 percent per year including an inflation component of 5 percent, and (c) no cost of living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis for police and fire employees. The remaining amortization period is 20 years.

	Fiscal Year Ended June 30		
	2012	2011	2010
Annual pension cost (APC)	\$ 781,547	\$ 719,836	\$ 452,531
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -

Funding Status and Funding Progress - As of June 30, 2011, the most recent actuarial valuation date, the plan was 76.4 percent funded. The actuarial accrued liability for benefits was approximately \$21.2 million, and the actuarial value of assets was approximately \$16.2 million, resulting in an unfunded actuarial accrued liability of approximately \$5.0 million. The covered payroll (annual payroll for active employees covered by the plan) was \$1.7 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 294.1 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Reserves - As of June 30, 2012, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 572,972
Reserve for retired benefit payments	12,335,942

Note 9 - Other Postemployment Benefits

Plan Description - The City has elected to provide postemployment health benefits to certain retirees and their beneficiaries in accordance with labor contracts. The government pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the City's group rates. Currently, 90 retirees are eligible for postemployment health benefits. The City includes pre-Medicare retirees in its insured healthcare plan, with no contribution required by the participants except for reimbursement of expenses incurred for dependents. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

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

Funding Policy - The current collective bargaining agreements do not require contributions from employees except for reimbursement of expenses incurred for dependents. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, at June 30, 2012, the City has assets totaling \$2,223,325 invested with the Municipal Employees' Retirement System of Michigan to be used toward the liability for retiree health benefits.

For the year ended June 30, 2012, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,867,490
Interest on the prior year's net OPEB obligation	107,820
	<hr/>
Annual OPEB cost	1,975,310
Amounts contributed:	
Payments of current premiums	(983,170)
Employer contributions	(133,600)
	<hr/>
Increase in net OPEB obligation	858,540
OPEB obligation - Beginning of year	<hr/> 1,540,289
OPEB obligation - End of year	<hr/> <hr/> \$ 2,398,829

City of Berkley, Michigan

Notes to Financial Statements June 30, 2012

Note 9 - Other Postemployment Benefits (Continued)

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/09	6/30/06	\$ 2,084,252	95.0 %	\$ 102,719
6/30/10	6/30/06	2,121,925	70.0	739,028
6/30/11	6/30/06	2,204,171	63.6	1,540,289
6/30/12	6/30/09	1,975,310	82.3	2,398,829

The funding progress of the plan is as follows:

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

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

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

Note 9 - Other Postemployment Benefits (Continued)

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

Note 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 two non-member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2012, the City expensed \$742,886 of payments made to the Water Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. The Southeastern Oakland County Water Authority has a debt issue with a total balance outstanding as of June 30, 2012 of \$2,025,000, of which the City has guaranteed \$89,303. 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.

Note 10 - Joint Ventures (Continued)

Southeastern Oakland County Resource Recovery Authority

The City is a member of the Southeastern Oakland County Resource Recovery Authority (the "Resource Recovery Authority"), which collects, processes, and disposes of the municipal solid waste, yard waste, and recyclables accumulated within the City. The Resource Recovery Authority provides services to 12 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2012, the City expensed \$856,900 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.

Note 11 - Contingent Liabilities

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

Note 12 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernment) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

Note 12 - Upcoming Accounting Pronouncements (Continued)

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City as of fiscal year 2013-2014.

Note 12 - Upcoming Accounting Pronouncements (Continued)

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, establishes standards for financial reporting that outline the basic framework for separately issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain nonemployer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For the City of Berkley, Michigan, this standard will be adopted for the 2013-2014 fiscal year.

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

Required Supplemental Information

City of Berkley, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,229,378	\$ 5,229,378	\$ 5,203,598	\$ (25,780)
Licenses and permits	240,900	328,000	358,614	30,614
Federal grants	42,000	45,190	44,908	(282)
State-shared revenue and grants	1,053,899	1,211,531	1,253,426	41,895
Charges for services	479,759	458,314	470,386	12,072
Fines and forfeitures	1,071,625	1,141,825	1,175,072	33,247
Investment earnings	15,760	23,000	28,747	5,747
Franchise fees	275,379	301,570	301,569	(1)
Other revenue:				
Transfers in	27,756	27,756	13,642	(14,114)
Other	270,909	342,086	334,145	(7,941)
Total revenue	8,707,365	9,108,650	9,184,107	75,457
Expenditures				
Current:				
General government:				
City Council	14,600	13,452	9,742	3,710
District Court	500,999	550,820	550,820	-
Manager	177,935	176,961	174,125	2,836
Elections	172,492	171,918	145,180	26,738
Finance	266,745	259,874	251,168	8,706
Legal	78,155	78,155	73,150	5,005
Clerk/Treasurer	94,751	94,177	93,393	784
City hall	199,180	191,741	165,108	26,633
Planning	54,344	54,344	43,539	10,805
Inspection	156,625	211,305	205,712	5,593
Insurance	515,285	517,270	489,316	27,954
Community promotion	57,700	57,700	35,081	22,619
Employee benefits	118,212	118,212	118,212	-
Total general government	2,407,023	2,495,929	2,354,546	141,383
Public safety:				
Administration	199,864	199,864	198,691	1,173
Service aides	283,540	283,540	265,977	17,563
Operations	3,473,349	3,503,244	3,456,524	46,720
Insurance	50,000	48,015	48,015	-
Pension administration	428,888	433,888	425,198	8,690
Building inspections and related	-	-	357	(357)
Animal control	74,657	74,657	66,428	8,229
Total public safety	4,510,298	4,543,208	4,461,190	82,018

City of Berkley, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Current (Continued):				
Public works:				
Operations	\$ 202,415	\$ 208,540	\$ 215,219	\$ (6,679)
Garage	79,899	92,134	92,557	(423)
Street programs	191,500	196,230	206,057	(9,827)
Total public works	473,814	496,904	513,833	(16,929)
Health and welfare - Community development	42,109	43,294	42,996	298
Recreation and culture:				
Recreation	376,025	379,930	318,396	61,534
Library	605,215	604,873	585,025	19,848
WBRK	61,878	68,335	62,292	6,043
Communications coordinator	71,637	72,022	67,648	4,374
Total recreation and culture	1,114,755	1,125,160	1,033,361	91,799
Transfers to other funds	21,387	21,387	45,070	(23,683)
Capital outlay	186,429	250,935	214,014	36,921
Debt service - Principal retirement	89,305	89,305	87,497	1,808
Total expenditures	8,845,120	9,066,122	8,752,507	313,615
Excess of Revenue (Under) Over Expenditures	(137,755)	42,528	431,600	389,072
Fund Balance - Beginning of year	2,653,776	2,653,776	2,653,776	-
Fund Balance - End of year	\$ 2,516,021	\$ 2,696,304	\$ 3,085,376	\$ 389,072

City of Berkley, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 591,135	\$ 650,735	\$ 649,729	\$ (1,006)
Charges for services	5,920	18,215	18,216	1
Investment income	4,418	4,418	5,977	1,559
Other	21,400	21,400	19,610	(1,790)
Total revenue	622,873	694,768	693,532	(1,236)
Expenditures				
Finance	21,460	21,460	21,444	16
Operations	736,110	889,174	649,579	239,595
Transfers out	142,941	142,941	142,258	683
Total expenditures	900,511	1,053,575	813,281	240,294
Net Change in Fund Balance	(277,638)	(358,807)	(119,749)	239,058
Fund Balance - Beginning of year	1,095,888	1,095,888	1,095,888	-
Fund Balance - End of year	<u>\$ 818,250</u>	<u>\$ 737,081</u>	<u>\$ 976,139</u>	<u>\$ 239,058</u>

City of Berkley, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 217,198	\$ 227,198	\$ 230,429	\$ 3,231
Investment earnings	3,053	3,053	4,462	1,409
Transfers in	142,258	142,258	142,258	-
Other	4,500	5,270	5,307	37
Total revenue	<u>367,009</u>	<u>377,779</u>	<u>382,456</u>	<u>4,677</u>
Expenditures				
Finance	15,890	15,890	16,059	(169)
Operations	565,849	553,614	490,946	62,668
Transfers out	425	425	-	425
Total expenditures	<u>582,164</u>	<u>569,929</u>	<u>507,005</u>	<u>62,924</u>
Net Change in Fund Balance	(215,155)	(192,150)	(124,549)	67,601
Fund Balance - Beginning of year	<u>827,523</u>	<u>827,523</u>	<u>827,523</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 612,368</u></u>	<u><u>\$ 635,373</u></u>	<u><u>\$ 702,974</u></u>	<u><u>\$ 67,601</u></u>

City of Berkley, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Solid Waste Service Fund Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 858,968	\$ 858,968	\$ 860,819	\$ 1,851
Charges for services	283,085	283,085	280,258	(2,827)
Investment income	3,602	3,602	5,363	1,761
Other	2,500	2,500	5,429	2,929
Total revenue	1,148,155	1,148,155	1,151,869	3,714
Expenditures - Operations	1,238,736	1,238,736	1,180,596	58,140
Net Change in Fund Balance	(90,581)	(90,581)	(28,727)	61,854
Fund Balance - Beginning of year	704,148	704,148	704,148	-
Fund Balance - End of year	<u>\$ 613,567</u>	<u>\$ 613,567</u>	<u>\$ 675,421</u>	<u>\$ 61,854</u>

City of Berkley, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Recreation Revolving Fund Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 320,030	\$ 373,580	\$ 377,322	\$ 3,742
Investment income	805	805	1,712	907
Other revenue	-	-	138	138
Total revenue	<u>320,835</u>	<u>374,385</u>	<u>379,172</u>	<u>4,787</u>
Expenditures				
Recreation and culture	271,749	298,743	273,478	25,265
Capital outlay	25,000	43,460	43,456	4
Transfers out	16,223	66,152	63,571	2,581
Total expenditures	<u>312,972</u>	<u>408,355</u>	<u>380,505</u>	<u>27,850</u>
Net Change in Fund Balance	7,863	(33,970)	(1,333)	32,637
Fund Balance - Beginning of year	<u>441,490</u>	<u>441,490</u>	<u>441,490</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 449,353</u></u>	<u><u>\$ 407,520</u></u>	<u><u>\$ 440,157</u></u>	<u><u>\$ 32,637</u></u>

City of Berkley, Michigan

Required Supplemental Information Pension System Schedule Year Ended June 30, 2012

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

Public Safety Pension Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/06	\$ 17.8	\$ 18.5	\$ 0.7	96.2	\$ 1.8	38.9
6/30/07	18.8	19.4	0.6	96.9	1.8	33.3
6/30/08	19.0	19.5	0.5	97.4	1.6	31.3
6/30/09	16.3	20.4	4.1	79.9	1.7	241.2
6/30/10	16.0	20.9	4.9	76.6	1.8	272.2
6/30/11	16.2	21.2	5.0	76.4	1.7	294.1

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/07	6/30/05	\$ 419,560	100.0
6/30/08	6/30/06	506,423	100.0
6/30/09	6/30/07	499,877	100.0
6/30/10	6/30/08	452,531	100.0
6/30/11	6/30/09	719,836	100.0
6/30/12	6/30/10	781,547	100.0

Additional information as of June 30, 2011, the latest actuarial valuation date, is as follows:

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

Other Supplemental Information

City of Berkley, Michigan

	Special Revenue Funds			Debt Service Funds		
	Community Development Block Grant	Drug Forfeiture Fund	Seniors' Program Fund	1996 General Obligation Library Bonds	2002 Installment Purchase	Major and Local Streets Projects Debt Service
Assets						
Cash and cash equivalents	\$ 37,005	\$ 6,995	\$ 112,334	\$ 8	\$ 3,382	\$ 4,760
Investments	-	3,485	55,965	-	-	-
Receivables:						
Taxes	-	-	-	1,011	-	2,910
Federal government	624	-	-	-	-	-
Prepaid costs	-	-	10,893	-	-	-
Total assets	\$ 37,629	\$ 10,480	\$ 179,192	\$ 1,019	\$ 3,382	\$ 7,670
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 1,016	\$ -	\$ 1,845	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	1,926	-	-	-
Deferred revenue	-	-	-	1,011	-	2,910
Total liabilities	1,016	-	3,771	1,011	-	2,910
Fund Balances						
Nonspendable - Inventory and prepaid items	-	-	10,893	-	-	-
Restricted:						
Debt service	-	-	-	8	-	4,760
Public safety	-	10,480	-	-	-	-
Community promotion	36,613	-	-	-	-	-
Committed - Seniors' program	-	-	164,528	-	-	-
Assigned - Capital improvement	-	-	-	-	3,382	-
Total fund balances	36,613	10,480	175,421	8	3,382	4,760
Total liabilities and fund balances	\$ 37,629	\$ 10,480	\$ 179,192	\$ 1,019	\$ 3,382	\$ 7,670

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

Debt Service Funds		Capital Projects Fund		
Eleven Mile Road Project Debt Service	Twelve Mile Road Project Debt Service	District Court Building Fund	Total Nonmajor Governmental Funds	
\$ 14,986	\$ 10,302	\$ 329,653	\$ 519,425	
-	-	164,235	223,685	
267	258	-	4,446	
-	-	592	1,216	
-	-	-	10,893	
\$ 15,253	\$ 10,560	\$ 494,480	\$ 759,665	

\$ -	\$ -	\$ -	\$ 2,861	
-	-	-	1,926	
267	258	-	4,446	
267	258	-	9,233	
-	-	-	10,893	
14,986	10,302	-	30,056	
-	-	-	10,480	
-	-	-	36,613	
-	-	-	164,528	
-	-	494,480	497,862	
14,986	10,302	494,480	750,432	
\$ 15,253	\$ 10,560	\$ 494,480	\$ 759,665	

City of Berkley, Michigan

	Special Revenue Funds			Debt Service Funds	
	Community Development Block Grant	Drug Forfeiture Fund	Seniors' Program Fund	1996 General Obligation Library Bonds	George Kuhn Drainage Bonds
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	29,943	-	-	-	-
State-shared revenue and grants	-	-	21,785	-	-
Charges for services	-	-	65,130	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	-	66	1,023	-	-
Other	-	-	470	-	-
Total revenue	29,943	66	88,408	-	-
Expenditures - Current					
Health and welfare	18,589	-	80,028	-	-
Capital outlay	4,948	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	23,537	-	80,028	-	-
Excess of Revenue Over Expenditures	6,406	66	8,380	-	-
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(13)
Total other financing (uses) sources	-	-	-	-	(13)
Net Change in Fund Balances	6,406	66	8,380	-	(13)
Fund Balances - Beginning of year	30,207	10,414	167,041	8	13
Fund Balances - End of year	\$ 36,613	\$ 10,480	\$ 175,421	\$ 8	\$ -

**Other Supplemental Information
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012**

2002 Installment Purchase	Debt Service Funds					Capital Projects Fund			Total Nonmajor Governmental Funds
	Major and Local Streets Projects Debt Service	Eleven Mile Road Project Debt Service	Twelve Mile Road Project Debt Service	12 Mile Road and Coolidge	Major and Local Streets Projects	Twelve Mile Road Project	Eleven Mile Road Project Fund	District Court Building Fund	
\$ -	\$ 368,202	\$ 211,525	\$ 125,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 705,002
-	-	-	-	-	-	-	-	-	29,943
-	-	-	-	-	-	-	-	-	21,785
172,900	-	-	-	-	-	-	-	-	238,030
-	-	-	-	-	-	-	-	80,276	80,276
-	175	213	109	14	1	-	40	2,859	4,500
-	-	-	-	-	-	-	-	-	470
172,900	368,377	211,738	125,384	14	1	-	40	83,135	1,080,006
-	-	-	-	-	-	-	-	-	98,617
-	-	-	-	-	-	-	-	-	4,948
172,900	364,763	206,531	121,788	-	-	-	-	-	865,982
172,900	364,763	206,531	121,788	-	-	-	-	-	969,547
-	3,614	5,207	3,596	14	1	-	40	83,135	110,459
2,432	-	-	-	-	-	-	-	-	2,432
-	-	-	-	(2,432)	(930)	(27)	(287)	-	(3,689)
2,432	-	-	-	(2,432)	(930)	(27)	(287)	-	(1,257)
2,432	3,614	5,207	3,596	(2,418)	(929)	(27)	(247)	83,135	109,202
950	1,146	9,779	6,706	2,418	929	27	247	411,345	641,230
\$ 3,382	\$ 4,760	\$ 14,986	\$ 10,302	\$ -	\$ -	\$ -	\$ -	\$ 494,480	\$ 750,432

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund Community Development Block Grant Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 167,821	\$ 104,744	\$ 29,943	\$ (74,801)
Expenditures				
Health and welfare	159,565	91,539	18,589	72,950
Capital outlay	-	4,950	4,948	2
Transfers out	8,256	8,256	-	8,256
Total expenditures	<u>167,821</u>	<u>104,745</u>	<u>23,537</u>	<u>81,208</u>
Net Change in Fund Balance	-	(1)	6,406	6,407
Fund Balance - Beginning of year	<u>30,207</u>	<u>30,207</u>	<u>30,207</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 30,207</u></u>	<u><u>\$ 30,206</u></u>	<u><u>\$ 36,613</u></u>	<u><u>\$ 6,407</u></u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Fund Budgetary Comparison Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue - Investment earnings	\$ 51	\$ 51	\$ 66	\$ 15
Expenditures - Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net Change in Fund Balance	(949)	(949)	66	1,015
Fund Balance - Beginning of year	<u>10,414</u>	<u>10,414</u>	<u>10,414</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 9,465</u>	<u>\$ 9,465</u>	<u>\$ 10,480</u>	<u>\$ 1,015</u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Seniors' Program Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 21,785	\$ 21,785	\$ 21,785	\$ -
Charges for services	81,396	81,396	65,130	(16,266)
Investment earnings	446	446	1,023	577
Other	-	-	470	470
Total revenue	103,627	103,627	88,408	(15,219)
Expenditures - Health and welfare	94,621	94,621	80,028	14,593
Net Change in Fund Balance	9,006	9,006	8,380	(626)
Fund Balance - Beginning of year	167,041	167,041	167,041	-
Fund Balance - End of year	<u>\$ 176,047</u>	<u>\$ 176,047</u>	<u>\$ 175,421</u>	<u>\$ (626)</u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - George Kuhn Drainage Bonds Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Transfers in	\$ 542,901	\$ -	\$ -	\$ -
Expenditures - Current				
Transfers out	-	-	13	(13)
Debt service	542,900	-	-	-
Total expenditures	542,900	-	13	(13)
Net Change in Fund Balance	1	-	(13)	(13)
Fund Balance - Beginning of year	13	13	13	-
Fund Balance - End of year	<u>\$ 14</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ (13)</u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - 2002 Installment Purchase Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 172,900	\$ 172,900	\$ 172,900	\$ -
Transfers in	-	-	2,432	2,432
Expenditures - Debt service	<u>172,900</u>	<u>172,900</u>	<u>172,900</u>	<u>-</u>
Net Change in Fund Balance	-	-	2,432	2,432
Fund Balance - Beginning of year	<u>950</u>	<u>950</u>	<u>950</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 950</u></u>	<u><u>\$ 950</u></u>	<u><u>\$ 3,382</u></u>	<u><u>\$ 2,432</u></u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Major and Local Streets Projects Debt Service Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 366,901	\$ 366,901	\$ 368,202	\$ 1,301
Investment earnings	134	134	175	41
Total revenue	367,035	367,035	368,377	1,342
Expenditures - Debt service	364,563	364,563	364,763	(200)
Net Change in Fund Balance	2,472	2,472	3,614	1,142
Fund Balance - Beginning of year	1,146	1,146	1,146	-
Fund Balance - End of year	\$ 3,618	\$ 3,618	\$ 4,760	\$ 1,142

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Eleven Mile Road Project Debt Service Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 210,773	\$ 210,773	\$ 211,525	\$ 752
Investment earnings	162	162	213	51
Total revenue	210,935	210,935	211,738	803
Expenditures - Debt service	206,531	206,531	206,531	-
Net Change in Fund Balance	4,404	4,404	5,207	803
Fund Balance - Beginning of year	9,779	9,779	9,779	-
Fund Balance - End of year	\$ 14,183	\$ 14,183	\$ 14,986	\$ 803

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Twelve Mile Road Project Debt Service Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 124,903	\$ 124,903	\$ 125,275	\$ 372
Investment earnings	68	68	109	41
Total revenue	124,971	124,971	125,384	413
Expenditures - Debt service	121,787	121,787	121,788	(1)
Net Change in Fund Balance	3,184	3,184	3,596	412
Fund Balance - Beginning of year	6,706	6,706	6,706	-
Fund Balance - End of year	<u>\$ 9,890</u>	<u>\$ 9,890</u>	<u>\$ 10,302</u>	<u>\$ 412</u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Twelve Mile Road and Coolidge Budgetary Comparison Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue - Investment earnings	\$ 528	\$ 528	\$ 14	\$ (514)
Expenditures - Transfers out	<u>-</u>	<u>-</u>	<u>2,432</u>	<u>(2,432)</u>
Net Change in Fund Balance	528	528	(2,418)	(2,946)
Fund Balance - Beginning of year	<u>2,418</u>	<u>2,418</u>	<u>2,418</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,946</u></u>	<u><u>\$ 2,946</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,946)</u></u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Major and Local Streets Projects Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment earnings	\$ 44	\$ 44	\$ 1	\$ (43)
Expenditures - Transfers out	-	-	930	(930)
Net Change in Fund Balance	44	44	(929)	(973)
Fund Balance - Beginning of year	929	929	929	-
Fund Balance - End of year	<u>\$ 973</u>	<u>\$ 973</u>	<u>\$ -</u>	<u>\$ (973)</u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Twelve Mile Road Project Budgetary Comparison Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue - Investment earnings	\$ 170	\$ 170	\$ -	\$ (170)
Expenditures - Transfers out	<u>-</u>	<u>-</u>	<u>27</u>	<u>(27)</u>
Net Change in Fund Balance	170	170	(27)	(197)
Fund Balance - Beginning of year	<u>27</u>	<u>27</u>	<u>27</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 197</u></u>	<u><u>\$ 197</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (197)</u></u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - District Court Building Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 68,000	\$ 68,000	\$ 80,276	\$ 12,276
Investment earnings	1,148	1,148	2,859	1,711
Total revenue	69,148	69,148	83,135	13,987
Expenditures - General government	11,500	11,500	-	11,500
Net Change in Fund Balance	57,648	57,648	83,135	25,487
Fund Balance - Beginning of year	411,345	411,345	411,345	-
Fund Balance - End of year	<u>\$ 468,993</u>	<u>\$ 468,993</u>	<u>\$ 494,480</u>	<u>\$ 25,487</u>

City of Berkley, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Eleven Mile Road Project Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment earnings	\$ 3,496	\$ 3,496	\$ 40	\$ (3,456)
Expenditures - Transfers out	-	-	287	(287)
Net Change in Fund Balance	3,496	3,496	(247)	(3,743)
Fund Balance - Beginning of year	247	247	247	-
Fund Balance - End of year	<u>\$ 3,743</u>	<u>\$ 3,743</u>	<u>\$ -</u>	<u>\$ (3,743)</u>

City of Berkley, Michigan

Other Supplemental Information Downtown Development Authority Division Balance Sheet June 30, 2012

	<u>DDA</u>	<u>DDA-tif</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 166,209	\$ 198,738	\$ 364,947
Investments	81,670	99,012	180,682
Property taxes receivable	-	17,118	17,118
Prepaid expenses and other assets	1,625	-	1,625
Total assets	<u>\$ 249,504</u>	<u>\$ 314,868</u>	<u>\$ 564,372</u>
Liabilities - Accounts payable	\$ 3,862	\$ 12,809	\$ 16,671
Net Assets - Unrestricted	<u>245,642</u>	<u>302,059</u>	<u>547,701</u>
Total liabilities and net assets	<u>\$ 249,504</u>	<u>\$ 314,868</u>	<u>\$ 564,372</u>

City of Berkley, Michigan

Other Supplemental Information Downtown Development Authority Division Schedule of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2012

	<u>DDA</u>	<u>DDA-tif</u>	<u>Total</u>
Revenue			
Property taxes	\$ 39,671	\$ 236,387	\$ 276,058
Investment income	1,624	2,355	3,979
Total revenue	<u>41,295</u>	<u>238,742</u>	<u>280,037</u>
Expenditures - Current			
Operations	17,759	196,591	214,350
Capital outlay	-	165,485	165,485
Total expenditures	<u>17,759</u>	<u>362,076</u>	<u>379,835</u>
Excess of Revenue Over (Under) Expenditures	23,536	(123,334)	(99,798)
Transfers	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>
Change in Fund Balance	(1,464)	(98,334)	(99,798)
Fund Balance - Beginning of year	<u>247,106</u>	<u>400,393</u>	<u>647,499</u>
Fund Balance - End of year	<u>\$ 245,642</u>	<u>\$ 302,059</u>	<u>\$ 547,701</u>

Statistical Section

Statistical Information

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

1. Financial Trend Information

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

Net Assets by Component	80-81
Changes in Governmental Activities Net Assets	82-83
Changes in Business-type Activities Net Assets	84-85
Fund Balances of Governmental Funds	86-87
Changes in Fund Balances of Governmental Funds	88-89

2. Revenue Capacity Information

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

Property Tax Levies and Collections	90
Assessed Value and Actual Value of Taxable Property	91
Direct and Overlapping Property Tax Rates	92-93
Principal Property Taxpayers (Major Taxpayers)	94

3. Debt Capacity Information

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

Ratios of Outstanding Debt by Type	95-96
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Legal Debt Margin - P.A. 99 Debt	102-103

City of Berkley, Michigan

Statistical Contents (Continued)

4. Demographic and Economic Information

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

Demographic and Economic Statistics	104
Principal Employers	105

5. Operating Information

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

Full-time Equivalent Government Employees by Function	106
Operating Indicators by Function	107-108
Capital Asset Statistics by Function	109

City of Berkley, Michigan

	As of June 30				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in capital assets, net of related debt	\$ (6,445,653)	\$ 1,926,576	\$ 3,326,167	\$ 3,966,796	\$ 5,511,233
Restricted	508,565	649,991	2,904,749	3,583,265	5,323,191
Unrestricted	<u>3,447,418</u>	<u>4,103,974</u>	<u>2,391,302</u>	<u>2,812,709</u>	<u>1,564,927</u>
Total net assets	(2,489,670)	6,680,541	8,622,218	10,362,770	12,399,351
Business-type Activities					
Invested in capital assets, net of related debt	2,771,800	3,094,840	2,520,653	2,921,114	5,239,890
Restricted	-	-	-	-	-
Unrestricted	<u>2,184,860</u>	<u>2,579,614</u>	<u>3,224,157</u>	<u>3,677,691</u>	<u>2,544,495</u>
Total net assets	4,956,660	5,674,454	5,744,810	6,598,805	7,784,385
Primary Government in Total					
Invested in capital assets, net of related debt	(3,673,853)	5,021,416	5,846,820	6,887,910	10,751,123
Restricted	508,565	649,991	2,904,749	3,583,265	5,323,191
Unrestricted	<u>5,632,278</u>	<u>6,683,588</u>	<u>5,615,459</u>	<u>6,490,400</u>	<u>4,109,422</u>
Total net assets	<u>\$ 2,466,990</u>	<u>\$ 12,354,995</u>	<u>\$ 14,367,028</u>	<u>\$ 16,961,575</u>	<u>\$ 20,183,736</u>

Source: City annual financial statements

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

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

City of Berkley, Michigan

	As of June 30				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities					
General government	\$ 2,139,369	\$ 2,841,784	\$ 2,110,637	\$ 2,465,003	\$ 2,434,482
Public safety	3,301,044	3,352,287	3,547,941	3,984,638	4,238,500
Public works	2,105,479	2,208,936	2,299,307	2,380,517	2,759,903
Health and welfare	206,257	98,064	138,973	121,006	154,857
Recreation and culture	1,384,952	1,188,113	1,420,768	1,681,961	1,637,638
Interest on long-term debt	325,926	358,608	332,153	266,936	312,159
Unallocated depreciation	404,630	431,973	386,475	-	-
Total governmental activities	9,867,657	10,479,765	10,236,254	10,900,061	11,537,539
Program Revenue					
Charges for services	1,993,003	1,885,257	2,409,033	2,316,403	2,541,112
Operating grants and contributions	1,073,173	1,082,052	1,153,065	1,137,380	1,136,724
Capital grants and contributions	357,105	-	4,006	74,459	885,505
Total program revenue	3,423,281	2,967,309	3,566,104	3,528,242	4,563,341
Net expense	(6,444,376)	(7,512,456)	(6,670,150)	(7,371,819)	(6,974,198)
General Revenue					
Property taxes	5,737,493	5,974,109	5,882,246	6,199,398	6,740,174
State-shared revenue	1,631,580	1,535,451	1,482,010	1,465,184	1,425,872
Unrestricted investment earnings	115,514	74,689	131,945	405,303	684,030
Other	546,907	1,339,159	582,000	539,499	864,490
Total general revenue	8,031,494	8,923,408	8,078,201	8,609,384	9,714,566
Transfers	182,165	221,378	503,864	502,987	(703,787)
Change in Net Assets	\$ 1,769,283	\$ 1,632,330	\$ 1,911,915	\$ 1,740,552	\$ 2,036,581

Source: City annual financial statements

Financial Trend Information
Changes Governmental Activities in Net Assets
Last Ten Fiscal Years

As of June 30				
2008	2009	2010	2011	2012
\$ 2,485,624	\$ 3,364,289	\$ 3,136,223	\$ 3,278,204	\$ 3,481,679
4,319,548	4,880,904	4,648,256	4,771,634	4,621,263
2,805,318	2,652,054	2,956,123	2,995,491	3,003,907
233,320	290,150	131,969	184,224	101,435
1,720,748	1,732,343	1,676,755	1,538,314	1,539,712
304,824	283,330	215,764	237,219	203,665
-	-	-	-	-
11,869,382	13,203,070	12,765,090	13,005,086	12,951,661
2,727,253	2,819,447	2,666,889	2,688,763	3,033,244
1,168,098	1,226,338	1,035,713	1,132,307	1,132,650
70,840	20,419	5,388	309,306	147,306
3,966,191	4,066,204	3,707,990	4,130,376	4,313,200
(7,903,191)	(9,136,866)	(9,057,100)	(8,874,710)	(8,638,461)
7,081,734	7,091,901	6,985,695	7,010,324	6,769,419
1,418,217	1,360,499	1,210,027	1,210,027	1,226,594
584,484	220,526	54,021	54,268	54,520
560,491	432,374	624,376	458,965	635,772
9,644,926	9,105,300	8,874,119	8,733,584	8,686,305
-	(89,885)	(116,622)	(243,379)	(96,256)
\$ 1,741,735	\$ (121,451)	\$ (299,603)	\$ (384,505)	\$ (48,412)

City of Berkley, Michigan

	As of June 30				
	2003	2004	2005	2006	2007
Operating Revenue - Charges for services	\$ 4,421,017	\$ 4,213,873	\$ 4,196,300	\$ 4,463,551	\$ 4,644,926
Operating Expenses					
Water and sewer	2,921,021	2,902,972	3,166,605	2,942,099	3,483,903
Ice arena	459,622	462,367	468,127	528,272	524,566
Total operating expenses	3,380,643	3,365,339	3,634,732	3,470,371	4,008,469
Operating Income	1,040,374	848,534	561,568	993,180	636,457
Nonoperating Revenue					
Unrestricted investment earnings	24,594	17,014	30,907	84,484	102,912
Other	255	70,324	-	-	-
Total nonoperating revenue	24,849	87,338	30,907	84,484	102,912
Transfers	(182,165)	(218,078)	(503,864)	(502,987)	703,787
Change in Net Assets	\$ 883,058	\$ 717,794	\$ 88,611	\$ 574,677	\$ 1,443,156

Source: City annual financial statements

Financial Trend Information
Changes in Business-type Activities Net Assets
Last Ten Fiscal Years

As of June 30				
2008	2009	2010	2011	2012
\$ 4,664,382	\$ 4,786,385	\$ 4,968,056	\$ 5,338,132	\$ 5,712,231
3,404,673	3,673,284	3,883,589	4,425,206	4,586,983
<u>457,502</u>	<u>459,062</u>	<u>485,033</u>	<u>391,151</u>	<u>382,335</u>
<u>3,862,175</u>	<u>4,132,346</u>	<u>4,368,622</u>	<u>4,816,357</u>	<u>4,969,318</u>
802,207	654,039	599,434	521,775	742,913
43,708	10,562	1,785	1,997	2,661
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
43,708	10,562	1,785	1,997	2,661
<u>-</u>	<u>89,885</u>	<u>116,622</u>	<u>243,379</u>	<u>96,256</u>
<u>\$ 845,915</u>	<u>\$ 754,486</u>	<u>\$ 717,841</u>	<u>\$ 767,151</u>	<u>\$ 841,830</u>

City of Berkley, Michigan

	As of June 30				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 153,465	\$ 588,509	\$ 621,978	\$ 634,603	\$ 1,529,212
Unreserved	528,651	679,320	1,554,484	1,786,515	1,427,161
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
 Total General Fund	 <u>\$ 682,116</u>	 <u>\$ 1,267,829</u>	 <u>\$ 2,176,462</u>	 <u>\$ 2,421,118</u>	 <u>\$ 2,956,373</u>
 All Other Governmental Funds					
Reserved	\$ 3,159	\$ 3,947	\$ 1,003	\$ -	\$ 202,050
Unreserved, reported in:					
Special revenue funds	1,882,526	2,094,379	3,069,677	3,617,071	2,876,105
Capital project funds	242,487	88,485	27,411	4,517,324	2,675,389
Debt service funds	508,565	561,506	23,710	26,745	29,085
Nonmajor funds	555,209	740,926	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
 Total all other governmental funds	 <u>\$ 3,191,946</u>	 <u>\$ 3,489,243</u>	 <u>\$ 3,121,801</u>	 <u>\$ 8,161,140</u>	 <u>\$ 5,782,629</u>

Source: City annual financial statements

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

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

As of June 30				
2008	2009	2010	2011*	2012*
\$ 348,637	\$ 418,208	\$ 512,336	\$ -	\$ -
3,419,573	2,425,253	1,934,516	-	-
-	-	-	368,673	315,502
-	-	-	72,800	96,903
-	-	-	220,000	220,000
-	-	-	1,992,303	2,452,971
<u>\$ 3,768,210</u>	<u>\$ 2,843,461</u>	<u>\$ 2,446,852</u>	<u>\$ 2,653,776</u>	<u>\$ 3,085,376</u>
\$ 211,738	\$ 247,238	\$ 247,238	\$ -	\$ -
3,426,490	3,633,578	3,599,107	-	-
1,038,880	401,995	407,774	-	-
40,886	20,649	13,818	-	-
-	-	24,644	-	-
-	-	-	260,316	203,321
-	-	-	2,686,079	2,421,348
-	-	-	348,215	422,592
-	-	-	415,669	497,862
<u>\$ 4,717,994</u>	<u>\$ 4,303,460</u>	<u>\$ 4,292,581</u>	<u>\$ 3,710,279</u>	<u>\$ 3,545,123</u>

City of Berkley, Michigan

	As of June 30				
	2003	2004	2005	2006	2007
Revenue					
Local revenue	\$ 8,079,832	\$ 9,245,985	\$ 9,080,677	\$ 9,612,213	\$ 12,274,950
State revenue	3,055,448	2,595,713	2,447,638	2,413,963	2,367,806
Federal revenue	-	-	82,348	19,686	57,634
Total revenue	11,135,280	11,841,698	11,610,663	12,045,862	14,700,390
Expenditures					
Current:					
General government	2,139,369	2,336,484	2,300,259	2,555,528	2,774,250
Public safety	3,301,044	3,352,287	3,617,011	4,105,804	4,137,720
Public works	2,105,479	2,208,936	2,341,417	2,266,613	2,532,356
Health and welfare	206,257	98,064	176,855	201,658	221,794
Recreation and culture	1,384,952	1,188,113	1,419,476	1,472,163	1,344,085
Debt service	1,118,244	1,089,424	1,300,084	1,030,889	780,617
Capital outlay	1,651,458	556,365	62,994	1,607,199	4,825,905
Total expenditures	11,906,803	10,829,673	11,218,096	13,239,854	16,616,727
Excess of Revenue Over (Under) Expenditures	(771,523)	1,012,025	392,567	(1,193,992)	(1,916,337)
Other Financing Sources (Uses)					
Proceeds from long-term debt	1,260,000	-	-	5,975,000	152,273
Transfers in	882,316	724,460	721,454	778,125	1,308,752
Transfers out	(394,722)	(853,475)	(217,590)	(275,138)	(1,387,944)
Debt defeasance	-	-	-	-	-
Total other financing sources (uses)	1,747,594	(129,015)	503,864	6,477,987	73,081
Net Change in Fund Balances	976,071	883,010	896,431	5,283,995	(1,843,256)
Fund Balances - Beginning of year	2,897,991	3,874,062	4,401,832	5,298,263	10,582,258
Fund Balances - End of year	\$ 3,874,062	\$ 4,757,072	\$ 5,298,263	\$ 10,582,258	\$ 8,739,002
Debt service as a percentage of noncapital expenditures	0.12238	0.11862	0.13192	0.09724	0.07090

Source: City annual financial statements

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

As of June 30				
2008	2009	2010	2011	2012
\$ 11,470,866	\$ 11,079,457	\$ 10,638,306	\$ 10,377,264	\$ 10,485,022
2,387,701	2,299,879	2,111,858	2,116,821	2,155,369
<u>51,321</u>	<u>97,057</u>	<u>30,088</u>	<u>96,773</u>	<u>74,851</u>
13,909,888	13,476,393	12,780,252	12,590,858	12,715,242
2,682,839	3,329,203	2,935,158	2,525,147	2,392,049
4,223,792	4,733,586	4,468,058	4,711,535	4,461,190
2,341,172	2,526,019	2,759,016	2,733,588	2,834,954
310,444	372,347	155,901	222,609	141,613
1,388,873	1,470,635	1,430,559	1,334,890	1,306,839
818,491	850,475	958,884	902,713	953,479
<u>2,648,769</u>	<u>1,443,524</u>	<u>363,542</u>	<u>281,698</u>	<u>262,418</u>
<u>14,414,380</u>	<u>14,725,789</u>	<u>13,071,118</u>	<u>12,712,180</u>	<u>12,352,542</u>
(504,492)	(1,249,396)	(290,866)	(121,322)	362,700
251,694	-	-	-	-
251,199	258,615	203,021	378,266	158,332
(251,199)	(348,500)	(319,643)	(621,645)	(254,588)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>251,694</u>	<u>(89,885)</u>	<u>(116,622)</u>	<u>(243,379)</u>	<u>(96,256)</u>
(252,798)	(1,339,281)	(407,488)	(364,701)	266,444
<u>8,739,002</u>	<u>8,486,202</u>	<u>7,146,921</u>	<u>6,728,756</u>	<u>6,364,055</u>
<u>\$ 8,486,204</u>	<u>\$ 7,146,921</u>	<u>\$ 6,739,433</u>	<u>\$ 6,364,055</u>	<u>\$ 6,630,499</u>
0.07477	0.06841	0.08162	0.07831	0.08562

City of Berkley, Michigan

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

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2002	2003	\$ 6,156,818	\$ 6,111,551	99.26%	\$ 2,539	\$ 6,114,090	99.31%
2003	2004	6,311,761	6,306,432	99.92%	14,061	6,320,493	100.14% *
2004	2005	6,566,930	6,537,228	99.55%	30,029	6,567,257	100.00%
2005	2006	6,673,949	6,657,022	99.75%	959	6,657,981	99.76%
2006	2007	7,299,030	7,272,214	99.63%	10,632	7,282,846	99.78%
2007	2008	7,665,402	7,647,248	99.76%	7,133	7,654,381	99.86%
2008	2009	7,788,425	7,767,792	99.74%	8,448	7,776,240	99.84%
2009	2010	7,692,971	7,677,824	99.80%	13,814	7,691,638	99.98%
2010	2011	7,765,387	7,739,802	99.67%	9,920	7,749,722	99.80%
2011	2012	7,522,328	7,508,678	99.82%	19,339	7,528,017	100.08% *

* Includes collection of previous years' delinquent personal property taxes

Source: Oakland County Settlement Document
City of Berkley Accounting Records

City of Berkley, Michigan

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

Taxable Value by Property Type (1)								
Real Property						City Tax Rate (Mills)	State Equalized Value (SEV) (2)	Taxable Value as a Percent of SEV
Tax Year (3)	Residential	Commercial	Industrial	Personal	Total Value			
2003	\$ 371,952,384	\$ 42,582,710	\$ 3,079,270	\$ 14,534,080	\$ 432,148,444	13.4100	\$ 590,505,650	73.18%
2004	392,999,421	44,296,820	3,289,180	14,965,834	455,551,255	13.1602	623,613,490	73.05%
2005	416,101,940	46,177,300	3,469,270	13,083,440	478,831,950	12.6250	655,917,750	73.00%
2006	440,032,740	49,592,780	3,767,130	13,435,660	506,828,310	12.8132	682,636,910	74.25%
2007	462,885,080	52,258,100	3,709,970	13,561,450	532,414,600	12.9732	694,893,290	76.62%
2008	463,377,838	53,865,200	3,731,790	13,433,110	534,407,938	12.9957	658,680,808	81.13%
2009	450,038,090	57,090,940	3,409,420	13,641,370	524,179,820	13.0779	595,450,680	88.03%
2010	417,703,030	53,212,790	3,708,310	14,026,180	488,650,310	14.0656	524,003,230	93.25%
2011	397,284,790	52,547,550	1,128,660	14,140,570	465,101,570	14.2990	480,072,565	96.88%
2012	388,105,590	51,050,170	889,120	13,992,940	454,037,820	14.4917	460,925,460	98.51%

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

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

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

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

City of Berkley, Michigan

Millage Rates - City of Berkley									Overlapping Taxes Berkley Schools	
Tax Year	Fiscal Year Ended June 30	City Operating	Public Safety	Sanitation	Community Promotions	Public Safety Pension	City Debt	Total City Tax Rates	Homestead	Non- Homestead
2003	2004	6.6700	2.0000	2.0000	0.1150	1.0500	1.5750	13.4100	4.3700	22.3700
2004	2005	6.5287	1.9585	1.9585	0.1095	1.2150	1.3900	13.1602	5.1200	23.1200
2005	2006	6.4164	1.9246	1.9246	0.1044	1.4150	0.8400	12.6250	4.5067	22.5067
2006	2007	6.3329	1.8996	1.8996	0.0986	1.5017	1.2845	13.0169	4.4967	22.4967
2007	2008	6.3101	1.8927	1.8927	0.0939	1.6359	1.1479	12.9732	4.3467	22.3467
2008	2009	6.3101	1.8927	1.8927	0.0940	1.6471	1.1591	12.9957	4.2167	22.2167
2009	2010	6.3101	1.8927	1.8927	0.0950	1.6922	1.1952	13.0779	4.2167	22.2167
2010	2011	6.3101	1.8927	1.8927	0.1023	2.4762	1.3916	14.0656	4.2167	22.2167
2011	2012	6.3101	1.8927	1.8927	0.1075	2.5479	1.5481	14.2990	4.6967	22.6967
2012	2013	6.3101	1.8927	1.8927	0.1101	2.6430	1.6431	14.4917	4.7167	22.7167

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

General operating	6.3101 mills
Public safety	1.8927 mills
Sanitation	1.8927 mills
Community promotions	2.5237 mills

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

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

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

Overlapping Taxes

Royal Oak Schools									
Homestead	Non-Homestead	Oakland County	Oakland Intermediate Schools	Oakland Community College	Oakland County Public Transportation Authority	State Education	HCMA	Zoo Authority	Downtown Development Authority
7.8000	21.2061	4.4336	3.3991	1.5983	0.5974	5.0000	0.2161	-	1.9430
7.5000	21.2061	4.4322	3.3789	1.5889	0.5962	6.0000	0.2154	-	1.9247
6.0130	20.3161	4.4315	3.3690	1.5844	0.5950	6.0000	0.2146	-	1.9262
7.7030	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	-	1.9262
7.6057	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	-	1.9262
7.4095	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9262
7.3521	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	2.1460	0.1000	1.9218
7.7312	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2415	0.1000	1.9216
7.7300	22.7100	4.4315	3.3690	1.5844	0.5900	6.0000	0.2146	0.1000	1.9217
7.7300	22.7100	4.1900	3.3690	1.5844	-	6.0000	-	-	1.9217

City of Berkley, Michigan

Revenue Capacity Information Principal Property Taxpayers (Major Taxpayers) Current Year and Seven Years Ago

Taxpayers	2012 Taxable Value	Percentage of Total City Value	2012 Rank	2005 Taxable Value	Percentage of Total City Value	2005 Rank
DHS Management	\$ 2,786,880	0.61%	1	\$ 3,346,010	0.70%	1
Detroit Edison	2,422,950	0.53%	2	2,855,880	0.60%	2
Consumers Energy	2,261,760	0.50%	3	1,164,170	0.24%	6
Northwood Medical Limited Pttrs.	1,968,770	0.43%	4	1,678,750	0.35%	3
Dynex Commercial Services	1,468,560	0.32%	5	1,278,240	0.27%	5
Berkley Twelve Associates II	1,213,160	0.27%	6	1,585,260	0.33%	4
Anusbigjan LLC	1,160,250	0.26%	7	-	-	N/A
Capital Development Corp.	1,104,980	0.24%	8	1,106,020	0.23%	7
Comcast of the South	827,410	0.18%	9	-	-	N/A
Winward Berkley Properties	813,440	0.18%	10	-	-	N/A
Hartfield Realty & Leasing	-	-	N/A	1,060,460	0.22%	8
Gabriel and Associates	-	-	N/A	895,720	0.19%	9
Berkley Holding Inc.	-	-	N/A	746,950	0.16%	10
Total taxable value	\$ 16,028,160			\$ 15,717,460		

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

Source: Oakland County Equalization
City of Berkley Treasury Department

City of Berkley, Michigan

	2003**	2004**	2005	2006*	2007*
Governmental Activities					
General obligation bonds	\$ 11,506,369	\$ 10,781,240	\$ 8,187,324	\$ 13,446,365	\$ 6,334,065
Installment purchase agreements	-	-	1,225,000	1,190,000	1,140,000
Total	11,506,369	10,781,240	9,412,324	14,636,365	7,474,065
Business-type Activities					
General obligation bonds	-	-	355,000	325,000	6,672,214
Total debt of the government	11,506,369	10,781,240	9,767,324	14,961,365	14,146,279
Total taxable value (1)	432,148,444	455,551,255	478,831,950	506,828,310	532,414,600
Ratio of total debt to taxable value	2.66%	2.37%	2.04%	2.95%	2.66%
Total population	15,531	15,531	15,531	15,531	15,531
Total debt per capita	\$ 741	\$ 694	\$ 629	\$ 963	\$ 911

(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

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

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

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

2008	2009	2010	2011	2012
\$ 6,123,933	\$ 5,638,744	\$ 4,994,475	\$ 4,436,454	\$ 3,825,000
<u>1,090,000</u>	<u>1,015,000</u>	<u>925,000</u>	<u>825,000</u>	<u>695,000</u>
7,213,933	6,653,744	5,919,475	5,261,454	4,520,000
<u>6,449,843</u>	<u>6,604,112</u>	<u>6,178,439</u>	<u>5,805,463</u>	<u>5,423,665</u>
13,663,776	13,257,856	12,097,914	11,066,917	9,943,665
534,407,938	524,179,820	488,650,310	465,101,570	454,037,820
2.56%	2.53%	2.48%	2.38%	2.19%
15,531	15,531	14,970	15,067	15,067
\$ 880	\$ 854	\$ 808	\$ 735	\$ 660

City of Berkley, Michigan

Debt Capacity Information Pledged-revenue Coverage Last Ten Fiscal Years

Fiscal Year (1)	Water Fund	Less	Net Revenue	Water and Sewer Debt Service			Coverage
	Operating Revenue (2)	Operating Expenses		Principal	Interest	Total	
2003	\$ 3,839,485	\$2,902,972	\$ 936,513	\$ -	\$ -	\$ -	\$ -
2004	3,965,070	2,921,021	1,044,049	57,626	153,972	211,598	4.93
2005	3,781,680	3,166,605	615,075	285,291	218,573	503,864	1.22
2006	3,990,896	2,942,099	1,048,797	307,334	206,476	513,810	2.04
2007	4,172,699	3,248,185	924,514	312,373	235,718	548,091	1.69
2008	4,219,273	3,235,563	983,710	335,290	169,110	504,400	1.95
2009	4,460,704	3,499,968	960,736	337,393	173,316	510,709	1.88
2010	4,604,767	3,709,776	894,991	425,673	173,813	599,486	1.49
2011	4,996,086	4,265,636	730,450	372,976	159,570	532,546	1.37
2012	5,390,864	4,432,259	958,605	381,798	154,724	536,522	1.79

Source: City of Berkley finance department

(1) Debt starts in fiscal year 2004

(2) Interest income is not included in operating revenue

City of Berkley, Michigan

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

Fiscal Year	UTGO City General Obligation Bonds	General Obligation Bonds Issued by County on Behalf of the City	Total General Obligation Debt	Taxable Value	Total Debt as a Percentage of Taxable Value	Population	Total Debt per Capita
2003	\$ 2,015,000	\$ 7,481,200	\$ 9,496,200	\$ 432,148,444	2.197%	15,531	\$ 611.44
2004	1,415,000	7,423,574	8,838,574	455,551,255	1.940%	15,531	569.09
2005	775,000	7,138,283	7,913,283	478,831,950	1.653%	15,531	509.52
2006	6,375,000	6,830,949	13,205,949	506,828,310	2.606%	15,531	850.30
2007	5,975,000	6,672,214	12,647,214	532,414,600	2.375%	15,531	814.32
2008	5,625,000	6,449,843	12,074,843	534,407,938	2.259%	15,531	777.47
2009	5,250,000	6,604,112	11,854,112	524,179,820	2.261%	15,531	763.25
2010	4,825,000	6,178,439	11,003,439	488,650,310	2.252%	14,970	735.03
2011	4,350,000	5,805,463	10,155,463	465,101,570	2.183%	15,067	674.02
2012	3,825,000	5,423,665	9,248,665	454,037,820	2.037%	15,067	613.84

Source: SEMCOG
Tax value - Oakland County Equalization

City of Berkley, Michigan

Debt Capacity Information Direct and Overlapping Governmental Activities Debt June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Berkley School District	\$ 23,165,000	51.44%	\$ 11,916,076
Royal Oak School District	72,845,000	0.47%	342,372
Oakland County	75,764,835	0.92%	697,036
Oakland County Intermediate School District	63,250,000	0.92%	581,900
Oakland County Community College	5,075,000	0.93%	47,198
Total overlapping debt			13,584,582
Direct city debt			<u>3,825,000</u>
Total direct and overlapping debt			<u>\$ 17,409,582</u>

Source: Percentages obtained from Municipal Advisory Council of Michigan

City of Berkley, Michigan

	2003	2004	2005	2006	2007
Calculation of Debt Limit					
State equalized valuation (SEV)	\$ 590,505,650	\$ 623,613,490	\$ 655,917,750	\$ 682,636,910	\$ 694,893,290
Debt limit (10% of SEV)	59,050,565	62,361,349	65,591,775	68,263,691	69,489,329
Calculation of Debt Subject to Limit					
Total debt (1)	11,506,369	10,781,240	9,767,324	14,961,365	14,146,279
Less Debt Not Subject to Limit:					
State qualified debt issuance	-	-	-	-	-
Net debt subject to limit	<u>11,506,369</u>	<u>10,781,240</u>	<u>9,767,324</u>	<u>14,961,365</u>	<u>14,146,279</u>
Legal debt margin	<u>\$ 47,544,196</u>	<u>\$ 51,580,109</u>	<u>\$ 55,824,451</u>	<u>\$ 53,302,326</u>	<u>\$ 55,343,050</u>
Net debt subject to limit as percentage of debt limit	19.49%	17.29%	14.89%	21.92%	20.36%

Sources: Oakland County Equalization
City annual financial statements

(1) All debt including PA 99 installment debt

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

2008	2009	2010	2011	2012
\$ 658,680,808	\$ 595,450,680	\$ 524,003,230	\$ 480,072,565	\$ 460,925,460
65,868,081	59,545,068	52,400,323	48,007,257	46,092,546
13,663,776	13,257,856	12,097,914	11,066,917	9,943,665
-	-	-	-	-
<u>13,663,776</u>	<u>13,257,856</u>	<u>12,097,914</u>	<u>11,066,917</u>	<u>9,943,665</u>
<u>\$ 52,204,305</u>	<u>\$ 46,287,212</u>	<u>\$ 40,302,409</u>	<u>\$ 36,940,340</u>	<u>\$ 36,148,881</u>
20.74%	22.27%	23.09%	23.05%	21.57%

City of Berkley, Michigan

	2003	2004	2005	2006	2007
Calculation of Debt Limit					
Taxable value (TV)	\$ 432,148,444	\$ 455,551,255	\$ 478,831,950	\$ 506,828,310	\$ 532,414,600
Debt limit (1.25% of TV)	5,401,856	5,694,391	5,985,399	6,335,354	6,655,183
Calculation of Debt Subject to Limit					
Total debt	1,595,169	1,557,666	1,499,041	1,430,416	1,499,065
Less Debt Not Subject to Limit:					
State qualified debt issuance	-	-	-	-	-
Net debt subject to limit	<u>1,595,169</u>	<u>1,557,666</u>	<u>1,499,041</u>	<u>1,430,416</u>	<u>1,499,065</u>
Legal debt margin	<u>\$ 3,806,687</u>	<u>\$ 4,136,725</u>	<u>\$ 4,486,358</u>	<u>\$ 4,904,938</u>	<u>\$ 5,156,118</u>
Net debt subject to limit as % of debt limit	29.53%	27.35%	25.04%	22.58%	22.52%

Sources: City annual financial statements

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

2008	2009	2010	2011	2012
\$ 534,407,938	\$ 524,179,820	\$ 488,650,310	\$ 465,101,570	\$ 454,037,820
6,680,099	6,552,248	6,108,129	5,813,770	5,675,473
1,588,933	1,403,744	1,094,475	911,454	695,000
-	-	-	-	-
<u>1,588,933</u>	<u>1,403,744</u>	<u>1,094,475</u>	<u>911,454</u>	<u>695,000</u>
<u>\$ 5,091,166</u>	<u>\$ 5,148,504</u>	<u>\$ 5,013,654</u>	<u>\$ 4,902,316</u>	<u>\$ 4,980,473</u>
23.79%	21.42%	17.92%	15.68%	12.25%

City of Berkley, Michigan

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

Fiscal Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate
2003	15,531	\$ 63,228	*	*
2004	15,531	63,115	*	*
2005	15,531	64,093	*	*
2006	15,531	64,984	*	*
2007	15,531	64,758	*	*
2008	15,531	66,094	*	*
2009	15,531	67,475	*	4.1%
2010	14,970	65,548	*	4.5%
2011	15,067	*	*	*
2012	15,067	*	*	*

Sources: State of Michigan - Michigan Labor Market Information - DMB
Oakland County Community Profile for Median Household Income
Oakland County Economic Development & Community Affairs Department

* Information not available

City of Berkley, Michigan

Demographic and Economic Information Principal Employers

Employer	Number of Employees	Percentage of		Number of Employees	Percentage of	
		2012 Rank	Total City Employment		2006 Rank	Total City Employment
Berkley School District	615	1	18.20%	652	1	15.34%
SHW Group	95	2	2.81%	-	-	-
Westborn Market	77	3	2.28%	93	2	2.19%
City of Berkley	70	4	2.07%	90	3	2.12%
NorthPointe Heart Center	62	5	1.83%	80	4	-
Cornelius Systems, Inc	43	6	1.27%	-	-	-
The Doll Hospital & Toy Soldier Shop	40	7	1.18%	-	-	-
Durst Lumber & Ace Hardware	27	8	0.80%	-	-	-
Sila's Pizzeria	25	9	0.74%	36	8	-
Farina's Banquet Center	25	10	0.74%	-	-	-
Harfield Lanes	-	-	-	55	5	1.29%
Our Lady of LaSalette Parish	-	-	-	43	6	1.01%
Associates in Medicine	-	-	-	38	7	0.89%
O'Mara Restaurant	-	-	-	32	9	0.75%
Guaranteed Furniture	-	-	-	30	10	0.71%
Total	<u>1,079</u>			<u>1,149</u>		
Total of all employees	3,380			4,251		

Source: 2011 Economic Community Profile from Oakland County Planning & Economic Development Department

City of Berkley, Michigan

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

Department	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Manager	2.00	2.00	2.00	2.00	1.60	1.60	1.60	1.60	1.60	1.60
Communications	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Information Technology	-	-	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.75
Elections	1.00	1.00	1.00	1.00	1.24	1.24	-	-	-	-
City Clerk/Elections (2)	-	-	-	-	-	-	1.90	1.60	1.60	1.60
City Clerk/Treasury	2.00	2.00	2.00	2.00	1.29	1.29	-	-	-	-
Treasury	-	-	-	-	-	-	1.00	1.25	1.05	1.05
Finance	3.00	3.00	3.00	3.00	2.07	2.07	1.65	1.30	1.30	1.30
Public Safety	36.00	36.00	36.00	34.00	34.00	34.00	34.00	34.00	34.00	33.00
Building	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.95	0.95
Public Works (3)	11.00	11.00	11.00	11.00	6.85	6.94	6.77	6.68	6.22	6.15
Public Works Garage	1.00	1.00	1.00	1.00	0.56	0.57	0.57	0.46	0.15	0.15
Solid Waste	-	-	-	-	1.68	1.37	1.62	2.15	2.29	2.28
Water and Sewer	-	-	-	-	6.71	6.22	5.82	7.11	7.12	7.23
Parks and Recreation	4.00	4.00	4.00	4.00	4.95	4.95	4.95	4.45	3.45	3.45
Arena	-	-	-	-	2.05	1.05	1.05	1.55	1.55	1.55
Library	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.95	2.95
Court	-	-	-	-	9.00	9.00	8.00	7.00	8.00	6.00
Total	66.00	66.00	67.00	65.00	79.00	77.05	75.68	75.90	73.98	71.01

Source: Finance department budget record

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

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

(3) Public works includes Major and Local Streets

City of Berkley, Michigan

Function/Program	2003	2004	2005	2006	2007
General Government					
Registered Voters	11,871	11,884	11,884	11,955	11,916
Voters at Polls	5,804	1,779	7,469	2,978	5,726
Absentee Ballots	1,105	774	2,025	1,103	1,560
Percent Voting	58.20%	21.48%	79.89%	34.14%	61.14%
Public Safety					
Responses to Calls for Service	*	*	*	*	10,185
Motor Vehicle Accidents	*	*	*	*	455
Assaults	*	*	*	*	69
Burglary	*	*	*	*	41
Property Damage	*	*	*	*	60
Number of Arrests	*	*	*	*	699
Fire:					
Fire Incidents (1)	*	*	*	*	238
Fire Inspections Conducted	*	*	*	*	143
Medical Emergencies	*	*	*	*	783
Parks and Recreation					
Youth Classes	*	*	*	*	60
Adult Classes	*	*	*	*	28
Youth Leagues	*	*	*	*	1
Adult Leagues	*	*	*	*	9
Summer Day Camp Participants	128	109	124	124	139
Senior Citizens Programs	*	*	*	*	8
Ice Arena:					
Number of Skaters enrolled	*	*	*	*	*
Hours of Ice Time Sold	*	*	*	*	*
Public Works					
Water Purchased from Detroit	75,893,900	65,694,200	62,090,700	58,705,700	56,860,400
Water Sold to Customers	70,763,900	63,003,500	57,326,120	60,792,300	55,998,600
Number of Meters	6,731	6,731	6,731	6,795	6,805
Library					
Items Circulated	177,340	152,316	166,772	195,852	163,622
Circulation per Capita	11	10	11	13	11
Reference and Patron Assistance	12,260	12,371	13,292	14,558	13,446
Electronic Access	-	-	-	-	-
Registered Borrowers	8,567	8,542	9,559	8,331	8,292
Materials Borrowed - Non-Residents	81,387	64,933	74,720	99,652	62,338
Materials Borrowed - Berkley Residents at Other Libraries	24,870	19,800	24,025	28,016	26,699
Number of Participants in Activities	2,308	2,109	2,762	3,776	3,680
Public Internet Sessions	22,564	20,687	17,826	18,899	22,437
Books Borrowed	133,760	118,290	130,050	152,006	126,012
Audio/Video/CD Borrowed	43,580	34,026	36,722	43,846	37,610
Treasury					
Summer Tax Bills Processed	*	*	4,469	4,383	4,180

Source:

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

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

* Information not available

(1) Fire incident includes open burns and downed wires

Operating Information
Operating Indicators by Function
Last Ten Fiscal Years

2008	2009	2010	2011	2012
11,682	12,108	11,815	11,942	12,016
3,019	6,852	3,509	4,979	1,077
1,144	2,633	908	1,395	729
35.64%	78.34%	37.38%	53.37%	15.03%
11,524	15,193	14,790	15,924	16,489
487	500	405	454	412
64	65	68	60	73
26	34	23	39	30
57	61	45	54	49
527	790	784	824	857
228	179	124	178	68
142	148	156	134	172
777	857	799	842	823
70	77	72	77	112
55	55	92	87	82
-	-	-	-	-
7	6	7	6	7
139	120	120	132	144
10	12	16	19	20
*	85	75	75	65
*	2,250	2,370	2,190	2,130
55,389,600	57,035,900	55,648,500	56,527,800	58,265,600
57,048,000	53,083,500	51,444,500	50,930,400	50,854,900
6,800	6,800	6,809	6,809	6,865
168,065	170,632	170,303	161,203	166,522
11	11	11	11	11
13,211	12,970	14,258	14,058	14,159
-	789	699	2,138	4,238
8,220	7,909	8,033	8,081	8,109
63,058	60,569	56,766	54,496	54,827
33,907	42,828	31,810	28,590	25,848
4,380	4,253	4,319	3,198	3,988
33,690	35,145	34,318	32,250	30,719
132,783	135,250	136,329	130,113	136,452
35,282	35,382	33,974	31,090	30,070
4,074	3,961	3,974	3,881	3,888

City of Berkley, Michigan

Operating Information Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Square footage of buildings:										
City Hall	17,481	17,481	17,481	17,481	17,481	17,481	17,481	17,481	17,481	17,481
Library	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Parks and Recreation	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Ice Arena	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200	34,200
Public Safety	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Public Works	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475
Public Safety:										
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Police Vehicles	17	17	17	14	16	14	14	16	16	16
Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Major Streets (miles)	15.63	15.63	15.63	15.63	15.63	15.63	15.63	15.63	15.63	15.63
Local Streets (miles)	35.95	35.95	35.95	35.95	35.95	35.95	35.95	35.95	35.95	35.95
Street Lights	716	716	716	716	716	716	716	718	718	750
Vehicles in City Fleet	49	49	49	41	42	45	42	45	39	41
Parks and Recreation:										
Parks	9	9	9	9	9	9	9	9	9	9
Park Land (Acres)	39	39	39	39	39	39	39	39	39	39
Baseball Fields	8	8	8	8	8	8	8	8	8	8
Ice Arena	1	1	1	1	1	1	1	1	1	1
Historical Museum	1	1	1	1	1	1	1	1	1	1
Water and Sewer:										
Water Mains (Miles)	53	53	53	53	53	53	53	53	53	53
Sanitary Sewers (Miles)	56	56	56	56	56	56	56	56	56	56
Fire Hydrants	500	500	500	500	500	500	500	500	500	500

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