

# **CITY OF BRIGHTON, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2017**



[www.brightoncity.org](http://www.brightoncity.org)

**Introductory Section**

<b>Letter of Transmittal</b>	i-v
<b>GFOA Certificate of Achievement</b>	vi
<b>Organization Chart</b>	vii
<b>List of Principal Officials</b>	viii

**Financial Section**

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-11

**Basic Financial Statements**

Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13-14

Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Position	16
Statement of Revenue, Expenditures, and Changes in Fund Balance	17
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance to the Statement of Activities	18

Proprietary Funds:	
Statement of Net Position	19
Statement of Revenue, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21

Fiduciary Funds:	
Statement of Assets and Liabilities	22

Component Units:	
Statement of Net Position (Deficit)	23
Statement of Activities	24-25

Notes to Financial Statements	26-45
-------------------------------	-------

**Required Supplemental Information** 46

Budgetary Comparison Schedule - General Fund	47
Budgetary Comparison Schedule - Major Special Revenue Fund	48
Schedule of Changes in the Net Pension Liability and Related Ratios	49
Pension System Schedule of City Contributions	50
Retiree Healthcare System Schedule of Funding Progress	51
Notes to Required Supplemental Information	52

<b>Other Supplemental Information</b>	<b>53</b>
Nonmajor Governmental Funds:	
Combining Balance Sheet	54-55
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	56-57
Budgetary Comparison Schedule - Nonmajor Governmental Funds	58-63
Agency Funds:	
Statement of Changes in Assets and Liabilities	64
Component Units:	
Balance Sheet/Statement of Net Position - Downtown Development Authority	65
Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities - Downtown Development Authority	66
Balance Sheet/Statement of Net Position - Local Development Finance Authority	67
Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities - Local Development Finance Authority	68
<b><u>Statistical Section</u></b>	<b>69</b>
<b>Description of the Statistical Section</b>	<b>70</b>
<b>Financial Trend Information</b>	
Net Position by Component	71-72
Changes in Net Position	73-74
Fund Balances - Governmental Funds	75-76
Changes in Fund Balances - Governmental Funds	77-78
<b>Revenue Capacity Information</b>	
Taxable Value and Actual Value of Taxable Property	79-80
Direct and Overlapping Property Tax Rates	81-82
Principal Property Taxpayers	83
Property Tax Levies and Collections	84
<b>Debt Capacity Information</b>	
Ratios of Outstanding Debt	85-86
Ratios of General Bonded Debt Outstanding	87
Direct and Overlapping Governmental Activities Debt	88
Legal Debt Margin	89-90
Pledged-revenue Coverage	91-92
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics	93
Principal Employers	94
<b>Operating Information</b>	
Full-time Equivalent Government Employees	95-96
Operating Indicators	97-98
Capital Asset Statistics	99-100



# City of Brighton

October 11, 2017

Honorable Mayor and City Council  
City of Brighton

The Comprehensive Annual Financial Report of the City of Brighton, Michigan for the fiscal year ended June 30, 2017 is submitted herewith. It was prepared by staff in the Finance Department with the assistance of the audit staff from Plante & Moran. This report was prepared in accordance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, the Treasurer of the State of Michigan and the Government Finance Officers Association. Responsibility for the accuracy, completeness, and fairness of the financial data herein, including all disclosures, rests with the City's management. Management has established a complete framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free from any material misstatements.

As required by City Charter and state laws, the basic financial statements as defined in the table of contents were audited by Plante Moran, PLLC, certified public accountants. Their unmodified opinion follows this letter of transmittal. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material aspects. With this audit, the City of Brighton has received 30 consecutive unmodified opinions.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Brighton's MD&A can be found immediately following the report of the independent auditor.

The accompanying report includes full accrual government-wide financial statements. The purpose of these statements is to demonstrate the operational accountability of the City. Operational accountability is the City's responsibility to report the extent to which we have met our operating objectives efficiently and effectively, using all resources available for that purpose, and whether we can continue to meet our objectives for the foreseeable future. Both the providers and users of City services want to know (1) what public services are provided today and will the City be able to maintain that same (or increased) level of services in future years without an increase in the tax rate and/or user fees?, (2) how much debt is outstanding and will the City be able to repay it without cutting back on the public services provided or increasing the tax rate?, and (3) what types of trends is the City experiencing and how do they compare to other cities with similar characteristics? I will attempt to provide some insight to begin to address answers or how we can address answers to these questions below in "The Future" section of this letter.

The information presented is accurate in all material aspects. The financial statements presented are designed to provide the reader with information to assist in determining both the long-term fiscal health of the City and the City's ability to meet obligations on a short-term basis. The financial statements contained in this report are designed to fairly set forth the financial position and results of operations of the City and include all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

## **The Reporting Entity and Services Provided**

As required by generally accepted accounting principles (GAAP), these financial statements present the City of Brighton and related component units. The individual component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The Downtown Development Authority (DDA) and Local Development Finance Authority (LDFA) are included in the component units.

The report includes all funds of the City and encompasses a full range of municipal services including police protection; refuse services; construction and maintenance of streets and infrastructure; and planning and zoning. Additionally, water and sewer services are provided under an Enterprise Fund, with user charges set by the City Council to ensure adequate coverage of operating expenses.

## **Governmental Structure and Local Economy**

The City of Brighton is located approximately forty-five miles northwest of Downtown Detroit. It was incorporated as a village in 1867 and became a Home Rule City in 1928. Brighton encompasses an area of approximately 3.65 square miles, has an estimated household population of approximately 7,650, and is the central business hub for all of Livingston County. The City's estimated 3,850 households reflect an approximate average of 2 persons per household, which is the lowest in Livingston County. Although the unemployment rate for the City of Brighton is not specifically tracked, the unemployment rate for Livingston County has decreased from 4.6% to 2.7% over the last year. In addition, the Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) increased by 1.1% from the last year.

Brighton has the quality of life of a small city, but also has the advantage of being ideally located with easy access to the metropolitan areas of Ann Arbor, Detroit, Flint, and Lansing. The City operates under the Council-Manager form of government. The Mayor is chosen by the seven-member elected City Council from among its members. The City Council appoints the City Manager who is responsible for the administration of the City's activities. The City Council also appoints the City Attorney.

There are indications that the local economic downturn is continuing to improve. Housing sale prices are continuing to increase and there are fewer homes on the market. Interest rates have been gradually increasing and are expected to continue to do so over the next year. The number of foreclosures in the City of Brighton has continued to be relatively low, with fewer than 10 in the past year. Over the last 5 to 10 years, the City has realized reduced residential, industrial and commercial values. The residential and industrial decreased far greater than the commercial values. Beginning in FY16/17 and continuing in the recent budget process for FY17/18 we have seen values for residential and commercial improving. The property tax values for residential and commercial increased 5.3%, and 2.1%, respectively. The industrial values have seen a decrease due to the new exemptions of eligibly manufacturing personal property of 16.2%. It is management's belief that the commercial values will slowly increase over the next several years, however the impacts of the personal property exemptions will likely drive down the industrial over the next several years.

## **Long-term Financial Planning**

The City has successfully followed its long-term financial goals of reducing expenditures and maintaining a fund balance above the policy limit established by City Council. As the City approaches the practical build-out of its existing undeveloped lands; reduced personal property taxing ability; the cumulative effects of the Headlee Amendment and Proposal A; reduced utility connection fees; and the ever growing OPEB and Pension Liabilities, the City will be continually looking at ways to maintain services within the existing revenues

The City's Master Plan includes the goals to provide for capital improvements that are needed to sustain a quality life for its residents; and to explore methods of generating additional revenue to fund operational and capital projects, including alternative funding options such as grant funding. Annually City staff prepares a 6-year Capital Improvement Plan (CIP), which is reviewed by the City Planning Commission and Adopted

by the City Council. The first year of the adopted CIP is incorporated into the City Manager's Proposed Budget, if funding is available. There has been limited funding of any capital projects over the last several years. The FY17/18 Adopted budget included very minimal investment in Capital. The City's DDA has its own Development Plan, which was previously adopted by the City Council and is also reviewed annually for budgetary considerations.

City residents approved a Law Enforcement/Public Safety Millage during the November, 2013 election. This millage will be 0.38 mills for 10 years. The millage will provide approximately \$159,000 annually to be used to pay for the purchasing and maintaining of public safety equipment, which may include patrol vehicles, body armor, weapons and law enforcement-related technology. The approval of this millage will enable the City to replace police equipment that had been put on hold.

### **Relevant Financial Policies**

In order to better understand the financial condition of the City it will become increasingly important to continue the development of an ongoing Financial Forecasting model. The end result of this forecasting model should be intended to communicate what is likely to happen in the future based on where the City is today and where it appears to be heading. The preparation of a reasonably complete forecast will allow the City to look at its options and prudently plan and act accordingly. As the forecasts are developed over time, they should incorporate benchmark trend analysis to measure how our actual results compare to our projections and to the actual results of other similar benchmark communities. A key benchmark for the General Fund will be its unassigned fund balance, which was \$1,021,687 or 15% of operating expenditures on June 30, 2017. The City of Brighton has adopted a policy to maintain a minimum unassigned fund balance of 15% of operating expenditures. The Utilities Fund Current Ratio was 3.22 on June 30, 2017, which is above the target of 2:1. Working capital, a key benchmark of the Utilities Fund, increased by \$1,805,488 to \$3,584,969 at June 30, 2017. The working capital less the capital reserve fund, covered 34% of the Utilities Fund Expenses, including depreciation. Exclusive of depreciation, the coverage was 54% of expenses.

The City makes a serious effort to maximize investment earnings, diversification and insurability of its investable funds. Idle cash during the year was invested in cash management funds and certificate of deposits. Interest earned for the current fiscal year amounted to \$57,560, an increase of \$13,507 or 30.7% from the preceding year, which was primarily caused by higher yields on all money market accounts and certificate of deposits. The City continues its efforts to diversify its investment portfolio to increase its insured deposits. The City's investment policy was last updated during FY11/12.

The City's Debt Management Policy has established debt capacity limits or guidelines for the City to use in conjunction with its capital planning and budgeting processes. The Debt Management policy was last updated during FY2011/12. Due to the City's relatively high debt burden, this includes a temporary moratorium on any new debt issuance for the financing of any new and/or replacement and/or expansion of existing City facilities and infrastructure, unless there is new dedicated revenue to pay the debt service. This is because we are at our current City Council adopted Debt Management Policy limits on total outstanding debt of all governmental activities.

## **Major Initiatives and Financial Accomplishments in 2016-17**

- The City added approximately \$2,396,000 of New Fixed Capital Assets; including road resurfacing of Grand River, a new DPW truck and plow, two John Deere utility vehicles, LED street lights, two police vehicles, improvements to parking lots, rebuilds/repairs to the Orndorf lift station and Pine Creek booster station, relocation of the Challis Road water main, continued work on the Wastewater Treatment Plant HVAC system overhaul for the Utilities Fund, and water main and sewer line improvements.
- The City received its eighth consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting Award for its FY 2015-16 Comprehensive Annual Financial Report (CAFR).
- The City prepared a six-year Capital Improvement Program

## **Accounting System and Budgetary Control**

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, the City's accounting system is organized and operated on a "fund basis". Each fund is a distinct, self-balancing accounting entity.

In view of the importance of the budget as a planning and control instrument in the City, the accounting system provides the basis for appropriate budgetary control. Budget-to-actual comparisons are included in the Required Supplemental Information of this report. Unlike accounting, budgeting is not essentially a financial procedure; it is primarily a policy-planning process. Therefore, it is much less amenable to standardization, however, the importance of GAAP, audit standards, the credit markets' need for more complete disclosure of the City's underlying condition, and the heightened sophistication of the public and press about the importance of outcomes as well as projections, have combined to professionalize and conform budgeting terms and definitions to GAAP. As a result, common terminology, measurement, and classification are used consistently throughout the City's budget, accounting records and financial reports.

An annual budget is adopted in accordance with the legal requirements set forth in the Uniform Budgeting Act, State of Michigan P.A. 621 of 1978. The City's budget is prepared on the modified accrual basis for governmental-type funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenue is recorded when it is both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on a long-term debt and accrued leave time. The City's governmental fund types, such as the General Fund, special revenue funds, debt service funds, and capital project funds, are reported on the modified accrual basis. The City's enterprise funds are reported on the full accrual basis, under which revenue is recorded when earned and expenses are recorded when incurred.

Also required under the Uniform Budgeting Act are budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Expenditures are authorized via an annual budget passed by resolution in which the Council authorizes the level of funding for City operations. The Council adopts an activity level budget, which is considered the maximum authorization to incur liabilities and not a mandate to spend.

## **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brighton, Michigan for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

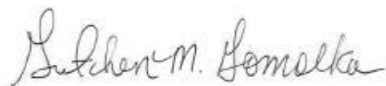
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of Brighton, Michigan has received a Certificate of Achievement for the last eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine eligibility for another certificate.

## **ACKNOWLEDGMENTS**

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department, as well as the advice from Plante Moran. I wish to express my sincere appreciation to all members of the Department who assisted and contributed to its preparation. I would also like to express my thanks to the City Manager, the Department Directors and each of you for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "D. M. Homolka".

Finance Director





Government Finance Officers Association

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

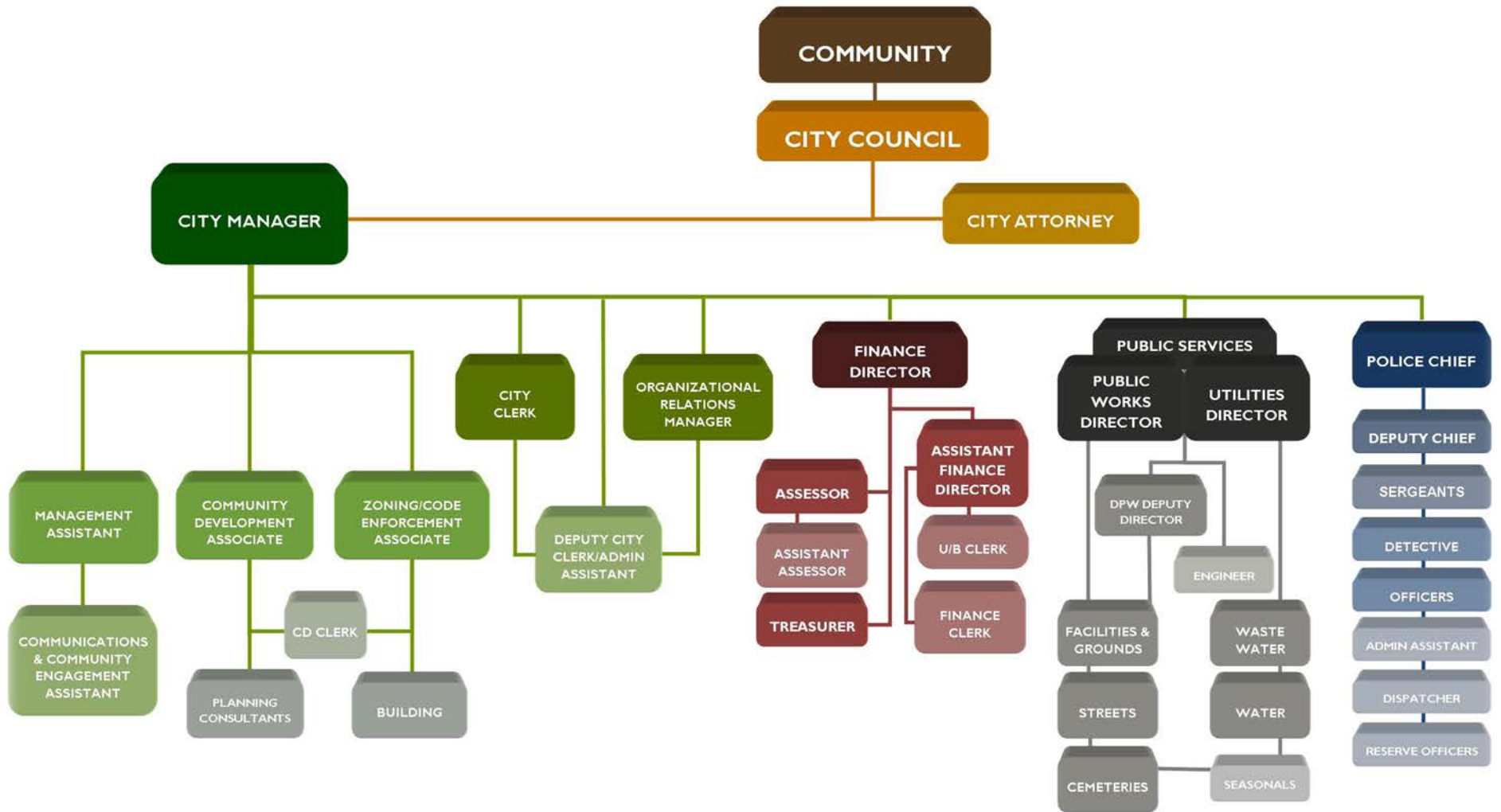
Presented to

**City of Brighton  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



CITY OF BRIGHTON, MICHIGAN  
List of Elected and Appointed Officials  
For the Fiscal Year Ended June 30, 2017

**ELECTED OFFICIALS**

Jim Muzzin	Mayor
Shawn Pipoly	Mayor Pro Tem
Susan Gardner	Council Member
Jim Bohn	Council Member
Kristoffer Tobbe	Council Member
Renee Pettengill	Council Member
Jon Emaus	Council Member

**APPOINTED OFFICIALS**

Nate Geinzer	City Manager
Paul Burns	City Attorney
Gretchen Gomolka	Finance Director
Pamela Stewart	City Clerk
Brandon Skopek	Community Development Associate
Michelle Miller	Organizational Relations Manager
Robert Bradford	Police Chief
Marcel Goch	Public Works Director
Tim Krugh	Utilities Director

## **Independent Auditor's Report**

To the City Council  
City of Brighton, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Brighton, Michigan as of and for the ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Brighton, Michigan's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

#### ***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 units, each major fund, and the aggregate remaining fund information of the City of Brighton, Michigan as of June 30, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Brighton, Michigan

**Other Matters**

*Required Supplemental Information*

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

**Other Information**

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

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

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

*Plante & Moran, PLLC*

October 11, 2017

June 30, 2017

The City's Comprehensive Annual Financial Report (CAFR) is presented in the format required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The June 30, 2017 annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplementary information, (4) other supplementary information that presents combining statements for nonmajor governmental funds and fiduciary funds, and (5) a statistical section. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

**Financial Highlights**

- The assets of the primary government and component units of the City exceeded its liabilities at the close of the most recent fiscal year by \$44.5 million (net position). Included in this amount is a negative \$5.6 million of unrestricted net position.
- The City's total net position increased by \$1.4 million. This increase is the net result of a decrease of \$115.6 thousand in component unit (DDA and LDFA) net position and an increase of \$1.5 million in the net position of the primary government.
- The \$1.5 million increase in the net position of the primary government is primarily the result of long-term debt that has been paid down over the fiscal year plus increased current assets in the form of cash and cash equivalents which will be used to pay for the increased accrued liabilities. These are partially offset by decreased deferred outflows of resources related to the City's pension plan, and a decrease in capital assets - net of depreciation.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2.5 million, an increase of \$500 thousand in comparison with the prior year. A total of \$1.8 million or approximately 75 percent of the fund balance is available for spending at the City Council's discretion. Of that amount, \$119.3 thousand is available for spending on roads in the Major and Local Street Funds, \$136.0 thousand is available for police expenditures related to forfeiture, \$111.5 thousand is available for law enforcement/public safety expenditures related to the new millage, \$10.7 thousand is assigned to the Arts and Culture Commission, \$23.9 thousand is assigned to Imagination Station Maintenance, \$417.6 thousand of the available fund balance is assigned for carryover budget items, capital projects, future retiree healthcare costs, website redesign, and open purchase orders for general operating expenditures that were not completed in FY 2016/2017 in the General Fund. Therefore, the remaining \$1.0 million of fund balance is unassigned in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1.0 million, or 15 percent of total current General Fund budgeted operating expenditures for the year ended June 30, 2017.
- The City's total debt (primary government and component units) decreased by \$1.5 million (10 percent) during the current fiscal year. The decrease was caused by the annual maturity of pre-existing debt, offset by the issuance of new debt in the Downton Development Authority of \$230,000.

June 30, 2017

**Government-wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the City of Brighton, Michigan's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the City of Brighton, Michigan's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and performance of the City of Brighton, Michigan is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brighton, Michigan that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Brighton include general government, public safety, public works, and community development. The business-type activities of the City of Brighton, Michigan include the water and sewer utility operations.

The government-wide financial statements include not only the City of Brighton, Michigan itself (known as the primary government), but also a legally separate Downtown Development Authority and a legally separate Local Development Finance Authority, for which the City of Brighton, Michigan is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 of this report.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brighton, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Brighton, Michigan can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

June 30, 2017

The City of Brighton, Michigan currently maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund and Major Streets Fund, which are considered to be major funds; and a Local Streets Fund, a State Drug Law Enforcement Fund, a Federal Drug Law Enforcement, a Street Debt Fund, a Law Enforcement/Public Safety Fund, and a Capital Improvement Fund, which are considered to be nonmajor funds. In accordance with Governmental Accounting Standards Board Statement No. 54, the Imagination Station Reserve Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are presented within the General Fund for financial reporting purposes but are not budgeted in that manner.

The City of Brighton, Michigan adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund in the required supplemental information to demonstrate compliance with this budget. The Imagination Station Reserve Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are included in the General Fund financial statements. The basic governmental fund financial statements can be found on pages 15-18 of this report.

**Proprietary Funds** - The City of Brighton, Michigan maintains one type of propriety fund, which is an Enterprise Fund, used to report and account for its utilities (Utilities Fund) operations. The Utilities Fund (which is considered a major fund) is used to report the same functions presented as business-type activities in the government-wide financial statements, but only in more detail. The proprietary fund financial statements can be found on pages 19-21 of this report.

**Fiduciary Funds** - Fiduciary funds are intended to be used to account for resources held for the benefit of parties outside the City government organization. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Brighton, Michigan's own programs. The accounting used for fiduciary funds is much like that of propriety funds. The City of Brighton, Michigan maintains two fiduciary funds, which are Agency Funds, one for current tax collections and the other for delinquent personal property tax collections. The basic fiduciary fund financial statement can be found on page 22 of this report.

**Notes to the Financial Statements** - The notes provide additional information which is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-48 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City of Brighton, Michigan's budgetary comparisons with actual for its General Fund and the major Special Revenue Fund-Major Streets Fund . Required supplemental information can be found on pages 49-55 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position and performance. As shown below, for the year ended June 30, 2017, assets exceeded liabilities by \$44.5 million.

By far the largest portion of the City of Brighton, Michigan's net position is the net investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Brighton, Michigan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Brighton, Michigan's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



Summary Condensed Statement of Net Position (presented in thousands of dollars)

	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Current assets	\$ 4,311.3	\$ 4,108.0	\$ 5,203.5	\$ 2,933.5	\$ 586.9	\$ 183.2	\$ 10,101.7	\$ 7,224.7
Capital assets	<u>26,035.3</u>	<u>25,952.7</u>	<u>29,676.8</u>	<u>30,378.6</u>	<u>4,879.8</u>	<u>5,194.6</u>	<u>60,591.9</u>	<u>61,525.9</u>
Total assets	30,346.6	30,060.7	34,880.3	33,312.1	5,466.7	5,377.8	70,693.6	68,750.6
Deferred outflows of resources	1,415.5	2,067.2	307.7	460.6	-	-	1,723.2	2,527.8
Current liabilities	2,034.5	1,923.7	1,618.5	1,151.9	149.3	57.2	3,802.3	3,132.8
Long-term liabilities	<u>16,466.3</u>	<u>16,590.1</u>	<u>6,621.2</u>	<u>7,568.3</u>	<u>1,028.3</u>	<u>915.9</u>	<u>24,115.8</u>	<u>25,074.3</u>
Total liabilities	<u>18,500.8</u>	<u>18,513.8</u>	<u>8,239.7</u>	<u>8,720.2</u>	<u>1,177.6</u>	<u>973.1</u>	<u>27,918.1</u>	<u>28,207.1</u>
Net position:								
Net investment in capital assets	20,092.7	19,363.3	24,310.7	24,109.0	4,313.8	4,553.0	48,717.2	48,025.3
Restricted	1,354.8	1,460.9	-	-	-	-	1,354.8	1,460.9
Unrestricted (deficit)	<u>(8,186.1)</u>	<u>(7,210.1)</u>	<u>2,637.6</u>	<u>943.5</u>	<u>(24.7)</u>	<u>(148.3)</u>	<u>(5,573.2)</u>	<u>(6,414.9)</u>
Total net position	<u>\$ 13,261.4</u>	<u>\$ 13,614.1</u>	<u>\$ 26,948.3</u>	<u>\$ 25,052.5</u>	<u>\$ 4,289.1</u>	<u>\$ 4,404.7</u>	<u>\$ 44,498.8</u>	<u>\$ 43,071.3</u>

An additional portion of the City of Brighton’s net position (3 percent) represents resources that are subject to external restrictions on how they may be used.

**Governmental Activities** - As shown below, governmental activities decreased the City of Brighton’s net position by \$352.7 thousand. Last fiscal year, the net position of the governmental activities decreased by \$154.7 thousand. The year-over-year change is primarily the result of an increase in revenues of \$229.6 thousand, and an increase in program expenses of \$427.6 thousand. The increase in revenue is primarily due to additional property tax revenue from an increase in taxable value and new construction, increased grant funding related to MDOT road projects, partially offset by smaller decreases in state shared revenue (prior year had a one-time road supplement of approximately \$75,000), investment earnings and other revenue. The increase in expenditures is primarily due to increases in both the pension and OPEB expenditures recorded at the government-wide level as a result of GASB 68 and 45.

**Business-type Activities** - Business-type activities increased the City of Brighton’s net position by \$1.9 million. Last fiscal year, the net position of the business-type activities increased by \$164.4 thousand. The year-over-year change is primarily due to a \$1.8 million dollar payment from the University of Michigan to tap into the water and sewer system for the new healthcare facility being built. This money will be used over the next several years to increase and improve the access and capacity of the water and wastewater systems that will be impacted by the new development.

**Component Units** - Component units decreased the City of Brighton’s net position by \$115.5 thousand, compared to an increase of \$121.4 thousand in the prior year. The year-over-year change is the net result of a \$19.2 thousand decrease in revenue and a \$217.7 thousand increase in program expenses when compared to last fiscal year. The decrease in revenue is the net combination of a one-time transfer of \$30 thousand from the general fund to the DDA in the prior year and increases in tax revenue primarily resulting from a favorable adjustment to the MTT liability. The increase in expenses is the result of increases in overall DDA and LDFA expenses primarily related to transfers to other funds to assist in the cost of local roadwork.

Summary Condensed Income Statement (presented in thousands of dollars):

	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
<b>Net Position - Beginning of year</b>	\$ 13,614.1	\$ 13,768.8	\$ 25,052.5	\$ 24,892.1	\$ 4,404.7	\$ 4,283.3	\$ 43,071.3	\$ 42,944.2
<b>Revenue</b>								
Program revenue:								
Charges for services	1,460.1	1,442.3	3,662.2	3,443.7	-	-	5,122.3	4,886.0
Operating grants	474.0	518.8	108.2	160.5	-	-	582.2	679.3
Capital grants contributions	961.9	660.6	2,340.5	889.9	-	-	3,302.4	1,550.5
General revenue:								
Property taxes	5,901.3	5,735.3	-	-	922.8	918.9	6,824.1	6,654.2
State-shared revenue	666.4	761.2	-	-	33.2	24.2	699.6	785.4
Investment earnings	88.3	111.0	19.7	12.4	3.0	1.9	111.0	125.3
Other revenue	148.4	241.6	-	-	1.0	34.3	149.4	275.9
<b>Total revenue</b>	<b>9,700.4</b>	<b>9,470.8</b>	<b>6,130.6</b>	<b>4,506.5</b>	<b>960.0</b>	<b>979.3</b>	<b>16,791.0</b>	<b>14,956.6</b>
<b>Program Expenses</b>								
General government	1,544.8	1,861.6	-	-	-	-	1,544.8	1,861.6
Public safety	3,584.1	3,160.6	-	-	-	-	3,584.1	3,160.6
Public works	3,908.9	3,606.9	-	-	1,075.6	857.9	4,984.5	4,464.8
Community development	787.6	743.3	-	-	-	-	787.6	743.3
Interest on long-term debt	227.7	253.1	-	-	-	-	227.7	253.1
Water and sewer	-	-	4,234.8	4,346.1	-	-	4,234.8	4,346.1
<b>Total program expenses</b>	<b>10,053.1</b>	<b>9,625.5</b>	<b>4,234.8</b>	<b>4,346.1</b>	<b>1,075.6</b>	<b>857.9</b>	<b>15,363.5</b>	<b>14,829.5</b>
<b>Change in Net Position</b>	<b>(352.7)</b>	<b>(154.7)</b>	<b>1,895.8</b>	<b>160.4</b>	<b>(115.6)</b>	<b>121.4</b>	<b>1,427.5</b>	<b>127.1</b>
<b>Net Position - End of year</b>	<b>\$ 13,261.4</b>	<b>\$ 13,614.1</b>	<b>\$ 26,948.3</b>	<b>\$ 25,052.5</b>	<b>\$ 4,289.1</b>	<b>\$ 4,404.7</b>	<b>\$ 44,498.8</b>	<b>\$ 43,071.3</b>

The City’s Funds

**Governmental Funds** - The focus of the City of Brighton, Michigan’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Brighton, Michigan’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Brighton, Michigan’s governmental funds reported combined ending fund balances of \$2.46 million, an increase of \$500 thousand in comparison with the prior year. Approximately 41 percent of this total amount (\$1.0 million) constitutes unassigned fund balance, which is available for investment and/or spending at the City’s discretion in the General Fund. The remainder of fund balance is nonspendable (cemetery care, prepaid expenses, and assets held for sale), restricted (roads, federal and state drug forfeiture, law enforcement/public safety, and special education), committed (future capital improvement and equipment replacement) or assigned (to liquidate contracts and purchase orders of the prior period or for subsequent year expenditures, and assigned for purposes such as Arts and Culture Commission, Imagination Station Maintenance, and Capital Improvement Fund).

The General Fund is the chief operating fund of the City of Brighton, Michigan. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1.0 million. The FY 2017-2018 budget is balanced; however approximately \$250 thousand of the assigned fund balance is designated for subsequent year expenditures that were not included in the original budget. As a measure of the General Fund’s liquidity, it may be useful to compare the total unassigned fund balance to total fund operating expenditures. Unassigned fund balance represents 15 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2018. The City of Brighton’s fund balance policy has a minimum fund balance requirement of 15 percent.

June 30, 2017

The unassigned fund balance of the City of Brighton, Michigan's General Fund decreased by \$189.4 thousand during the current fiscal year. The primary reason for the decrease in unassigned fund balance is due to an increase in assigned fund balance related to future anticipated expenditures that were not included in the original general fund budget.

At the end of the current fiscal year, total fund balance of the Major Street Fund was \$94.3 thousand. This is an increase of \$111.6 thousand from the prior year as the prior year was in a deficit position of \$17.3 thousand. The increase is due to increased state revenue and transfers in from the General Fund to cover the grant match dollars related to road work. The road work was not completed during the fiscal year and portions of the fund balance will be used to pay the remaining match. The City of Brighton's Downtown Development authority has committed to pay the Major Street Fund for additional upcoming road projects.

The Local Streets Fund had an ending fund balance of \$27.2 thousand. This an increase of \$6 thousand over the prior year resulting from increased state revenue coupled with relatively flat expenditures.

At the end of the current fiscal year, the Debt Service Fund (Street Non-voted Debt Fund) had a total fund balance of \$0.

The Federal and State Drug Law Enforcement Funds had a combined ending fund balance of \$136 thousand. All of the revenue in these funds is from police seizures. During the fiscal year, the police department purchased a new audio visual system for the police conference and training room, K-9 dog supplies, and paid for the shipping of a federal government provided armored vehicle.

The Law Enforcement/Public Safety Fund had an ending fund balance of \$111.5 thousand, which is funded primarily through a voter approved millage for law enforcement/public safety equipment and will be used for future law enforcement equipment. The approximately \$160 thousand in revenue assisted the police department with replacing several vehicles and police department equipment including radar, shields, office furniture, tasers, and badges.

**Proprietary Funds** - The City of Brighton's Utilities Enterprise Fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Utilities Fund at the end of the year amounted to \$2.6 million, up \$1.7 million from the prior year. The Utilities Fund had a \$984 thousand operating loss due to the fact that the operating revenue does not cover all the depreciation expense. This fund generated a net gain of \$1.9 million. The increase is due to the \$1.8 million payment from the University of Michigan discussed earlier in the Business-type Activities section.

**General Fund Budgetary Highlights**

Differences between the General Fund's original budget and final amended budget can be briefly summarized as follows:

- The \$39.5 thousand or 0.5 percent increase in revenue amendments from the original budget reflected a net increase from higher than anticipated state shared revenue, cemetery lot sales, building permit fees, and franchise fees, partially offset by lower than budgeted equipment rental income.
- The \$54.2 thousand or 0.8 percent increase in total expenditures amendments from the original budget reflected higher than anticipated expenditures in the public safety, public works, community development, and transfers out activity budgets, partially offset by reduced expenditures in the general government activity budget. The budgeted expenditure increase is attributed to several small adjustments including employee retirements that occurred throughout the year, however the actual expenditures came in closer the original budget due to several budgeted items not being purchased until after year end, including new carpet at city hall, seawall maintenance, capital expenditures in public works, and several other small open purchase orders at year end.

**Capital Asset and Debt Administration**

**Capital Assets** - As shown below, the City of Brighton, Michigan’s investment in capital assets for its primary government (governmental and business-type activities) as of June 30, 2017 amounts to \$55.7 million (net of accumulated depreciation). This investment in capital assets includes land (including rights-of-way), buildings and system, improvements, machinery and equipment, park facilities, streets, and bridges. The City of Brighton, Michigan’s investment in capital assets for its component units (DDA) as of June 30, 2017 amounts to \$4.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and improvements. The total decrease in the City of Brighton’s investment in capital assets for the current year was 1.5 percent (a 0.3 percent increase in governmental activities, a 2.3 percent decrease for business-type activities, and a 6.1 percent decrease for its component units).

**Capital Assets (presented in thousands of dollars)**

	Primary Government							
	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016 *	FY 2017	FY 2016
Land	\$ 13,530.8	\$ 13,530.8	\$ 157.4	\$ 157.4	\$ 2,043.2	\$ 2,043.2	\$ 15,731.4	\$ 15,731.4
Buildings and system	3,517.7	3,697.8	12,900.0	13,634.3	2,610.0	2,890.2	19,027.7	20,222.3
Machinery and equipment	510.0	512.5	174.9	215.8	226.6	261.2	911.5	989.5
Infrastructure	7,232.7	7,556.0	15,940.4	16,330.1	-	-	23,173.1	23,886.1
Construction in progress	1,244.1	655.6	504.1	41.0	-	-	1,748.2	696.6
Total	<u>\$ 26,035.3</u>	<u>\$ 25,952.7</u>	<u>\$ 29,676.8</u>	<u>\$ 30,378.6</u>	<u>\$ 4,879.8</u>	<u>\$ 5,194.6</u>	<u>\$ 60,591.9</u>	<u>\$ 61,525.9</u>

\* Certain amounts have been reclassified to conform with current year presentation

Major capital assets acquired during the current fiscal year included the following:

- **Governmental Activities** - Two patrol vehicles, a new DPW truck and plow, two new John Deere utility vehicles, LED street lights, and road/parking lot infrastructure.
- **Business-type Activities** – Began the rebuilds/repairs of the Orndorf lift station, Pine Creek booster station and relocation of the Challis Road water main, continued replacement of the WWTP HVAC system, centrifuge refurbishment, a new work truck, and contributed water mains and sewer lines from developers.

Additional information on the City of Brighton, Michigan’s capital assets can be found in Note 5 on pages 47-49 of this report.

Management’s Discussion and Analysis

June 30, 2017

**Long-term Debt** - As shown below, at the end of the current fiscal year, the City of Brighton had total debt outstanding of \$12.7 million. Of this total, \$8.7 million or 68 percent comprises debt backed by the full faith and credit of the City, including \$599.3 thousand of Revenue Bonds; \$1.1 million or 9 percent is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment; and \$2.9 million or 23 percent comprises revenue bonds backed by the revenue of the City’s Utility Fund. A total of \$6.2 million or 49 percent of the total debt is governmental activities debt, \$5.4 million or 43 percent is business-type activities debt, and the remaining \$1.1 million or 8 percent is component unit debt (DDA and LDFA Bonds).

**Long-Term Debt (presented in thousands of dollars)**

	Primary Government							
	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
General obligation bonds/ notes	\$ 5,114.9	\$ 5,579.3	\$ 5,393.9	\$ 6,300.0	\$ 1,071.0	\$ 951.5	\$ 11,579.8	\$ 12,830.8
Special assessment bonds	1,105.0	1,315.0	-	-	-	-	1,105.0	1,315.0
<b>Total</b>	<b>\$ 6,219.9</b>	<b>\$ 6,894.3</b>	<b>\$ 5,393.9</b>	<b>\$ 6,300.0</b>	<b>\$ 1,071.0</b>	<b>\$ 951.5</b>	<b>\$ 12,684.8</b>	<b>\$ 14,145.8</b>

The City of Brighton, Michigan’s total debt, excluding compensated absences, decreased by \$1.5 million (10 percent) during the current fiscal year. The decrease was the result of the annual maturity of pre-existing debt, partially offset by the issuance of a land contract in the DDA.

The City of Brighton, Michigan maintains non-insured bond ratings as follows: AA+ from Standard & Poor’s, Aa3 rating from Moody’s, and an AA- from Fitch.

State statutes limit the amount of general obligation debt a City may issue up to 10 percent of its total assessed valuation. The current debt limitation for the City of Brighton, Michigan is \$51.4 million which is significantly in excess of the City’s total net debt (total debt less special assessment, revenue, MTF, and County-shared debt) of \$8.0 million. Therefore, the legal debt margin, or what the City could legally add to its outstanding debt at June 30, 2017 was \$43.4 million.

Additional information on the City of Brighton, Michigan’s long-term debt can be found in Note 7 on pages 50-53 of this report.

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

- The unemployment rate for the City of Brighton has not been tracked since December 31, 2004. At June 30, 2017, the average unemployment rate for Livingston County was 2.7 percent, which is a decrease from 4.6 percent a year ago; for the State of Michigan, it was 4.0 percent and for the United States it was 4.4 percent.
- The Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) for the year ended June 30, 2017 increased by 1.1 percent from a year ago, the Midwest Region average CPI rate increased by 0.9 percent from a year ago, and the national CPI rate increased by 1.6 percent from a year ago.

The trends in these economic factors will be considered in preparing the City of Brighton, Michigan's FY 2018-2019 budget.

During the current fiscal year, unassigned fund balance in the General Fund decreased by \$189 thousand to \$1.0 million. The FY 2017-2018 budget was balanced; however approximately \$250 thousand of the assigned fund balance is designated for subsequent year expenditures that were not included in the original budget, primarily for increased retiree healthcare costs. The remaining unassigned fund balance represents 15 percent of the total current General Fund budgeted operating expenditures at June 30, 2018.

The City's utility user fees decreased an average of 2.1 percent for the fiscal year 2017-2018 budget year. The City continues to see a trend of reduced connection fee sales as the City approaches its eventual build-out. The City has been setting aside funds for future capital replacements, including the \$1.8 million received from the University of Michigan for the year ended June 30, 2017. This funding should help to fund future utility capital projects. User fees may need to be adjusted to cover needed improvements to its utility systems.

**Contacting the City's Management**

This financial report is designed to provide a general overview of the City of Brighton, Michigan's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gretchen Gomolka, Finance Director, City of Brighton, 200 N. First Street, Brighton, MI 48116.

June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 2,958,862	\$ 4,305,831	\$ 7,264,693	\$ 269,714
Receivables:				
Delinquent taxes	87,455	-	87,455	13,158
Special assessments	722,841	-	722,841	-
Customer	55,191	772,424	827,615	-
Other receivables	18,416	-	18,416	-
Due from other governments	287,901	-	287,901	-
Inventory	-	79,380	79,380	-
Prepays	155,499	45,788	201,287	7,061
Land held for resale	25,140	-	25,140	252,010
Capital assets:				
Assets not subject to depreciation (Note 5)	14,774,915	661,525	15,436,440	2,043,198
Assets subject to depreciation (Note 5)	11,260,416	29,015,300	40,275,716	2,836,568
Other assets	-	-	-	45,000
<b>Total assets</b>	<b>30,346,636</b>	<b>34,880,248</b>	<b>65,226,884</b>	<b>5,466,709</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	277,259	27,712	304,971	-
Deferred pension costs (Note 9)	1,138,250	279,999	1,418,249	-
<b>Liabilities</b>				
Accounts payable	421,139	521,080	942,219	24,321
Due to other governments	-	-	-	76,886
Deposits	500,171	-	500,171	-
Accrued liabilities and other	176,684	67,411	244,095	5,390
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	250,576	57,228	307,804	-
Current portion of long-term debt (Note 7)	685,921	972,735	1,658,656	42,702
Due in more than one year:				
Compensated absences (Note 7)	375,865	85,842	461,707	-
Net pension liability (Note 9)	7,091,070	1,748,251	8,839,321	-
Net retiree healthcare obligation (Note 10)	3,465,406	365,999	3,831,405	-
Long-term debt (Note 7)	5,533,939	4,421,142	9,955,081	1,028,262
<b>Total liabilities</b>	<b>18,500,771</b>	<b>8,239,688</b>	<b>26,740,459</b>	<b>1,177,561</b>
<b>Net Position</b>				
Net investment in capital assets	20,092,730	24,310,660	44,403,390	4,313,802
Restricted:				
Roads and capital projects	779,056	-	779,056	-
Cemetery care	327,659	-	327,659	-
Federal/State drug law enforcement	136,010	-	136,010	-
Law enforcement/Public safety	111,987	-	111,987	-
Special education	50	-	50	-
Unrestricted	(8,186,118)	2,637,611	(5,548,507)	(24,654)
<b>Total net position</b>	<b>\$ 13,261,374</b>	<b>\$ 26,948,271</b>	<b>\$ 40,209,645</b>	<b>\$ 4,289,148</b>

# City of Brighton, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,544,770	\$ 400,802	\$ 75,331	\$ -
Public safety	3,584,155	162,053	127,235	-
Public works	3,908,915	627,675	266,884	961,893
Health and welfare	-	-	4,575	-
Community development	787,550	269,551	-	-
Interest on long-term debt	227,747	-	-	-
Total governmental activities	10,053,137	1,460,081	474,025	961,893
Business-type activities - Utility	4,234,750	3,662,162	108,183	2,340,484
Total primary government	<b>\$ 14,287,887</b>	<b>\$ 5,122,243</b>	<b>\$ 582,208</b>	<b>\$ 3,302,377</b>
Component units:				
Downtown Development Authority	\$ 1,027,393	\$ -	\$ -	\$ -
Local Development Finance Authority	48,221	-	-	-
Total component units	<b>\$ 1,075,614</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General revenue:				
Property taxes				
State-shared revenue				
Unrestricted investment interest				
Other miscellaneous income				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				



## Statement of Activities

Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,068,637)	\$ -	\$ (1,068,637)	\$ -
(3,294,867)	-	(3,294,867)	-
(2,052,463)	-	(2,052,463)	-
4,575	-	4,575	-
(517,999)	-	(517,999)	-
(227,747)	-	(227,747)	-
(7,157,138)	-	(7,157,138)	-
-	1,876,079	1,876,079	-
(7,157,138)	1,876,079	(5,281,059)	-
-	-	-	(1,027,393)
-	-	-	(48,221)
-	-	-	(1,075,614)
5,901,323	-	5,901,323	922,804
666,436	-	666,436	33,267
88,244	19,688	107,932	2,983
148,366	-	148,366	1,020
6,804,369	19,688	6,824,057	960,074
(352,769)	1,895,767	1,542,998	(115,540)
13,614,143	25,052,504	38,666,647	4,404,688
<b>\$ 13,261,374</b>	<b>\$ 26,948,271</b>	<b>\$ 40,209,645</b>	<b>\$ 4,289,148</b>

Governmental Funds  
Balance Sheet

June 30, 2017

	General Fund	Major Streets Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 2,486,181	\$ 207,505	\$ 265,176	\$ 2,958,862
Receivables:				
Delinquent taxes	87,009	-	446	87,455
Special assessments	65,331	657,510	-	722,841
Customer	55,191	-	-	55,191
Other receivables	-	-	18,416	18,416
Due from other governments	176,862	82,146	28,893	287,901
Prepays	153,297	1,923	279	155,499
Land held for resale	25,140	-	-	25,140
<b>Total assets</b>	<b>\$ 3,049,011</b>	<b>\$ 949,084</b>	<b>\$ 313,210</b>	<b>\$ 4,311,305</b>
<b>Liabilities</b>				
Accounts payable	\$ 186,642	\$ 197,242	\$ 37,255	\$ 421,139
Deposits	500,171	-	-	500,171
Accrued liabilities and other	122,738	-	-	122,738
<b>Total liabilities</b>	<b>809,551</b>	<b>197,242</b>	<b>37,255</b>	<b>1,044,048</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - Property taxes	86,792	-	446	87,238
Unavailable revenue - Special assessments	65,331	657,510	-	722,841
<b>Total deferred inflows of resources</b>	<b>152,123</b>	<b>657,510</b>	<b>446</b>	<b>810,079</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>961,674</b>	<b>854,752</b>	<b>37,701</b>	<b>1,854,127</b>
<b>Fund Balance</b>				
Nonspendable:				
Prepays	153,297	1,923	279	155,499
Assets held for resale	25,140	-	-	25,140
Cemetery care	327,659	-	-	327,659
Restricted:				
Roads	-	92,409	26,935	119,344
Federal/State drug law enforcement	-	-	136,010	136,010
Law enforcement/Public safety	-	-	111,541	111,541
Special education	50	-	-	50
Committed - Capital improvement and equipment replacement	108,089	-	-	108,089
Assigned:				
Carryover budget items	149,416	-	-	149,416
Capital projects	45,210	-	744	45,954
Future retiree healthcare costs	200,000	-	-	200,000
Website redesign	10,000	-	-	10,000
Open purchase orders at year end	12,185	-	-	12,185
Arts and cultural commission	10,719	-	-	10,719
Imagination Station	23,885	-	-	23,885
Unassigned	1,021,687	-	-	1,021,687
<b>Total fund balance</b>	<b>2,087,337</b>	<b>94,332</b>	<b>275,509</b>	<b>2,457,178</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 3,049,011</b>	<b>\$ 949,084</b>	<b>\$ 313,210</b>	<b>\$ 4,311,305</b>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2017

<b>Fund Balances Reported in Governmental Funds</b>	\$ 2,457,178
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	26,035,331
Receivables that are not collected soon after year end are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds	810,079
Deferred charges on bond refundings are amortized over the related bond terms and are not reported in the funds	277,259
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(6,219,860)
Accrued interest is not due and payable in the current period and is not reported in the funds	(53,946)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(626,441)
Pension benefits, including deferred outflows of resources	(5,952,820)
Retiree healthcare benefits	(3,465,406)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 13,261,374</u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2017

	General Fund	Major Streets Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 5,721,243	\$ -	\$ 159,356	\$ 5,880,599
Special assessments	70,009	126,675	-	196,684
State-shared revenue and grants:				
Federal grants	15,181	-	-	15,181
State sources	671,758	424,661	149,365	1,245,784
Charges for services	708,955	-	-	708,955
Fines, forfeitures, and penalties	276,130	-	116,922	393,052
Licenses and permits	454,423	29,668	4,150	488,241
Unrestricted investment interest	42,827	44,862	555	88,244
Other revenue	115,762	4,966	-	120,728
Total revenue	8,076,288	630,832	430,348	9,137,468
<b>Expenditures</b>				
Current services:				
General government	1,380,618	-	-	1,380,618
Public safety	2,800,911	-	12,990	2,813,901
Public works	2,049,668	546,982	202,927	2,799,577
Community development	523,201	-	-	523,201
Capital outlay	-	-	276,291	276,291
Debt service	-	270,100	610,493	880,593
Total expenditures	6,754,398	817,082	1,102,701	8,674,181
<b>Excess of Revenue Over (Under) Expenditures</b>	1,321,890	(186,250)	(672,353)	463,287
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	-	353,755	785,846	1,139,601
Transfers out (Note 6)	(1,083,738)	(55,863)	-	(1,139,601)
Sale of capital assets	-	-	35,465	35,465
Total other financing (uses) sources	(1,083,738)	297,892	821,311	35,465
<b>Net Change in Fund Balance</b>	238,152	111,642	148,958	498,752
<b>Fund Balance - Beginning of year</b>	1,849,185	(17,310)	126,551	1,958,426
<b>Fund Balance - End of year</b>	<u>\$ 2,087,337</u>	<u>\$ 94,332</u>	<u>\$ 275,509</u>	<u>\$ 2,457,178</u>

Governmental Funds

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

Year Ended June 30, 2017

<b>Net Change in Fund Balance Reported in Governmental Funds</b>	\$ 498,752
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 contributions are recorded in the statement of activities when received; they are not recorded in the governmental funds:	
Capital outlay	592,897
Depreciation expense	(1,464,966)
Capital contributions	961,893
Net book value of assets disposed of is not reported in the fund statements	(7,152)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(427,307)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	651,643
Interest expense is recognized in the government-wide statements as it accrues	1,203
Certain employee costs (pension, retiree healthcare, compensated absences) do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds	<u>(1,159,732)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (352,769)</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2017

	Enterprise - Utility Fund
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 4,305,831
Receivables - Customers	772,424
Inventory	79,380
Prepays	45,788
Total current assets	5,203,423
Noncurrent assets - Capital assets - Net (Note 5)	29,676,825
Total assets	34,880,248
<b>Deferred Outflows of Resources</b>	
Deferred charges on refunding	27,712
Deferred pension costs (Note 9)	279,999
Total deferred outflows of resources	307,711
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	521,080
Accrued liabilities and other	67,411
Compensated absences (Note 7)	57,228
Current portion of long-term debt (Note 7)	972,735
Total current liabilities	1,618,454
Noncurrent liabilities:	
Compensated absences (Note 7)	85,842
Net pension liability (Note 9)	1,748,251
Net retiree healthcare obligation (Note 10)	365,999
Long-term debt (Note 7)	4,421,142
Total noncurrent liabilities	6,621,234
Total liabilities	8,239,688
<b>Net Position</b>	
Net investment in capital assets	24,310,660
Unrestricted	2,637,611
Total net position	\$ 26,948,271

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

**Year Ended June 30, 2017**

	Enterprise - Utility Fund
<b>Operating Revenue</b>	
Sales	\$ 2,746,896
Tap charges and other	301,887
Penalties	46,627
Total operating revenue	3,095,410
<b>Operating Expenses</b>	
Salaries and fringe benefits	1,464,248
Other purchased services	182,944
Purchased property services	116,652
Professional and technical services	175,070
Supplies	203,211
Utilities	259,807
Property	17,219
Other	115,460
Amortization	2,146
Depreciation	1,542,637
Total operating expenses	4,079,394
<b>Operating Loss</b>	(983,984)
<b>Nonoperating Revenue (Expense)</b>	
Investment income	19,688
Interest expense	(155,356)
Debt service charge	566,752
State grants	108,183
Total nonoperating revenue	539,267
<b>Loss - Before contributions</b>	(444,717)
<b>Capital Contributions</b>	2,340,484
<b>Change in Net Position</b>	1,895,767
<b>Net Position - Beginning of year</b>	25,052,504
<b>Net Position - End of year</b>	<b>\$ 26,948,271</b>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2017

	Enterprise - Utility Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 3,119,726
Payments to suppliers	(556,349)
Payments to employees and fringes	<u>(1,400,949)</u>
Net cash and cash equivalents provided by operating activities	1,162,428
<b>Cash Flows from Noncapital Financing Activities</b> - State operating grants	108,183
<b>Cash Flows from Capital and Related Financing Activities</b>	
Contributions received	2,340,484
Acquisition and construction of capital assets	(843,055)
Principal and interest paid on capital debt	(1,062,085)
Debt service charge	<u>566,752</u>
Net cash and cash equivalents provided by capital and related financing activities	1,002,096
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	<u>19,688</u>
<b>Net Increase in Cash and Cash Equivalents</b>	2,292,395
<b>Cash and Cash Equivalents</b> - Beginning of year	<u>2,013,436</u>
<b>Cash and Cash Equivalents</b> - End of year	<u><b>\$ 4,305,831</b></u>
<b>Classification of Cash and Cash Equivalents</b>	<u><b>\$ 4,305,831</b></u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>	
Operating loss	\$ (983,984)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,544,783
Changes in assets and liabilities:	
Receivables	24,316
Inventories	4,749
Prepaid and other assets	(8,724)
Accrued and other liabilities	182,893
Accounts payable	<u>398,395</u>
Total adjustments	<u>2,146,412</u>
Net cash and cash equivalents provided by operating activities	<u><b>\$ 1,162,428</b></u>



**City of Brighton, Michigan**

---

Fiduciary Funds  
Statement of Assets and Liabilities

---

**June 30, 2017**

Agency Fund -  
Tax Collection

---

**Assets** - Cash and cash equivalents

**\$ 1,919**

---

---

**Liabilities** - Accounts payable

**\$ 1,919**

---

---

Component Units  
Statement of Net Position (Deficit)

June 30, 2017

	Downtown Development Authority	Local Development Finance Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 195,923	\$ 73,791	\$ 269,714
Receivables - Delinquent taxes	13,158	-	13,158
Prepays	7,061	-	7,061
Land held for resale	252,010	-	252,010
Capital assets - Net (Note 5)	4,879,766	-	4,879,766
Other assets	45,000	-	45,000
Total assets	5,392,918	73,791	5,466,709
<b>Liabilities</b>			
Accounts payable	24,321	-	24,321
Due to other governments	76,886	-	76,886
Accrued liabilities and other	1,739	3,651	5,390
Noncurrent liabilities:			
Current portion of long-term debt (Note 7)	7,702	35,000	42,702
Long-term debt (Note 7)	788,262	240,000	1,028,262
Total liabilities	898,910	278,651	1,177,561
<b>Net Position (Deficit)</b>			
Net investment in capital assets	4,313,802	-	4,313,802
Unrestricted	180,206	(204,860)	(24,654)
Total net position (deficit)	<u>\$ 4,494,008</u>	<u>\$ (204,860)</u>	<u>\$ 4,289,148</u>

**City of Brighton, Michigan**

---

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Downtown Development Authority	\$ 1,027,393	\$ -	\$ -	\$ -
Local Development Finance Authority	48,221	-	-	-
Total	<b>\$ 1,075,614</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenue:  
 Property taxes  
 State-shared revenue and grants  
 Interest  
 Other miscellaneous income  
 Total general revenue

**Change in Net Position**

**Net Position (Deficit) - Beginning of year**

**Net Position (Deficit) - End of year**

Component Units  
Statement of Activities

Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position (Deficit)		
Downtown Development Authority	Local Development Finance Authority	Total
\$ (1,027,393)	\$ -	\$ (1,027,393)
<u>-</u>	<u>(48,221)</u>	<u>(48,221)</u>
(1,027,393)	(48,221)	(1,075,614)
788,067	134,737	922,804
33,267	-	33,267
2,732	251	2,983
<u>1,020</u>	<u>-</u>	<u>1,020</u>
<u>825,086</u>	<u>134,988</u>	<u>960,074</u>
(202,307)	86,767	(115,540)
<u>4,696,315</u>	<u>(291,627)</u>	<u>4,404,688</u>
<b><u>\$ 4,494,008</u></b>	<b><u>\$ (204,860)</u></b>	<b><u>\$ 4,289,148</u></b>

**Note 1 - Significant Accounting Policies**

***Reporting Entity***

The City of Brighton, 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. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

**Discretely Presented Component Units**

***Downtown Development Authority***

The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body, which consists of 13 individuals, is selected by the City Council. In addition, the DDA's budget is subject to approval by the City Council. The DDA does not issue its own financial statements.

***Local Development Financing Authority***

The Local Development Financing Authority (the "Authority") was created to encourage local economic development to prevent conditions of unemployment and promote economic growth in the community. The Authority's governing body, consisting of 10 individuals, is selected by the City Council. In addition, the Authority's budget is subject to approval by the City Council. The Authority does not issue its own financial statements.

***Accounting and Reporting Principles***

The City of Brighton, Michigan follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board. The following is a summary of the significant accounting policies used by the City:

***Report Presentation***

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

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

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

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

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

***Basis of Accounting***

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

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

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

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

***Fund Accounting***

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

**Governmental Funds**

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Major Streets Fund is used to account for the resources of state gas and weight tax revenue that are restricted for use on major streets. The funds are operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

**Proprietary Funds**

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

- The Utility Fund accounts for the results of operations that provide a service to citizens that is financed primarily by a user charge for the provision of that service.

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

**Fiduciary Funds**

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

- The Agency Fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The fund accounts primarily for tax collections received and remitted to other units of government.

**Interfund Activity**

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

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

**Specific Balances and Transactions**

**Cash, Cash Equivalents, and Investments**

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

**Inventories and Prepaid Items**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, 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 \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

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

	Depreciable Life - Years
Roads and sidewalks	15-20
Water and sewer transmission lines	40-50
Retention/Equalization basin	40-50
Building/Treatment facilities	40-50
Building and building improvements	40-50
Machinery and equipment	3-15
Equipment and other	3-15
Other tools and equipment	3-7

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the 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 expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an “other financing source,” as well as bond premiums and discounts. The General Fund, the Utilities Fund, and debt service funds are generally used to liquidate long-term debt.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are the deferred charges on refunding and the deferred outflows of resources related to the defined benefit pension plan. A deferred charge on refunding is reported in the government-wide financial statements and the Utility Fund. The deferred outflows of resources result from four transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the City's fiscal year end, the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, the variance between projected and actual experience, and changes in assumptions related to economic and demographic factors.

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

**Net Position Flow Assumption**

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



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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

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

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

**Property Tax Revenue**

Property taxes are levied on each July 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. The property taxes become a lien on July 1 and are due on August 15 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2016 property tax revenue was levied and collectible on July 1, 2016 and is recognized as revenue in the year ended June 30, 2017 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the City totaled \$426.4 million (a portion of which is captured by the LDFA and DDA), on which taxes levied consisted of 15.2734 mills for operating purposes, 0.38 mills for public safety, and 0.1169 mills for economic development as allowed by PA 359 of 1925. This resulted in approximately \$6.3 million for operating purposes (a portion of which is captured by the LDFA and DDA), approximately \$156,000 for public safety, and approximately \$48,000 for economic development. These amounts (less what is captured in the LDFA and DDA) are recognized in the respective General and Public Safety/Law Enforcement Fund financial statements as tax revenue (net of delinquent taxes and other fees).

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

**Pension**

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

**Other Postemployment Benefit Costs**

The City offers retiree 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, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (the General Fund and Utilities Fund, primarily) are used to liquidate the obligations.

**Proprietary Funds Operating Classification**

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

**Use of Estimates**

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

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

***Upcoming Accounting Pronouncements***

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to the retiree healthcare benefits provided by the City. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

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

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

The City did not have significant expenditure budget variances.

***Construction Code Fees***

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

Shortfall at July 1, 2016		\$	(1,334,785)
Current year permit revenue			252,696
Related expenses:			
Direct costs	\$	(199,153)	
Estimated indirect costs		(14,936)	(214,089)
			<u>466,785</u>
Current year surplus			466,785
Cumulative shortfall June 30, 2017		\$	<u><u>(868,000)</u></u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and 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.

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

The City has designated 10 banks 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 bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above.

The City's cash and investments are subject to custodial credit risk, which is 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 had \$3,973,912 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The total amount of bank deposits (certificates of deposit and checking and savings accounts) insured at year end was \$3,297,290. 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.

The component units do not have a deposit policy for custodial credit risk. The total amount of bank deposits (certificates of deposit and checking and savings accounts) that were insured and collateralized at year end was \$269,833. The component units evaluate each financial institution with which they deposit funds and assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Note 4 - Fair Value Measurements**

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

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

The City's investments meet the criteria to be valued at cost.

June 30, 2017

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 13,530,821	\$ -	\$ -	\$ -	\$ 13,530,821
Construction in progress	655,590	(642,999)	1,231,503	-	1,244,094
Subtotal	14,186,411	(642,999)	1,231,503	-	14,774,915
Capital assets being depreciated:					
Roads and sidewalks	27,594,504	642,999	136,002	-	28,373,505
Building and building improvements	6,892,776	-	5,395	(2,110)	6,896,061
Machinery and equipment	3,066,146	-	181,890	(148,786)	3,099,250
Subtotal	37,553,426	642,999	323,287	(150,896)	38,368,816
Accumulated depreciation:					
Roads and sidewalks	20,038,460	-	1,102,325	-	21,140,785
Building and building improvements	3,195,034	-	183,405	(91)	3,378,348
Machinery and equipment	2,553,684	-	179,236	(143,653)	2,589,267
Subtotal	25,787,178	-	1,464,966	(143,744)	27,108,400
Net capital assets being depreciated	11,766,248	642,999	(1,141,679)	(7,152)	11,260,416
Net capital assets	\$ 25,952,659	\$ -	\$ 89,824	\$ (7,152)	\$ 26,035,331

**Business-type Activities**

	Balance July 1, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 157,362	\$ -	\$ -	\$ 157,362
Construction in progress	41,035	463,128	-	504,163
Subtotal	198,397	463,128	-	661,525
Capital assets being depreciated:				
Water and sewer transmission lines	26,258,093	337,667	-	26,595,760
Retention/Equalization basin	4,126,587	-	(189,000)	3,937,587
Building and building improvements	30,150,119	7,130	(796)	30,156,453
Machinery and equipment	1,301,500	33,434	(60,106)	1,274,828
Subtotal	61,836,299	378,231	(249,902)	61,964,628
Accumulated depreciation:				
Water and sewer transmission lines	12,607,263	622,189	-	13,229,452
Retention/Equalization basin	1,447,355	105,119	(189,000)	1,363,474
Building and building improvements	16,515,805	741,034	(346)	17,256,493
Machinery and equipment	1,085,720	74,295	(60,106)	1,099,909
Subtotal	31,656,143	1,542,637	(249,452)	32,949,328
Net capital assets being depreciated	30,180,156	(1,164,406)	(450)	29,015,300
Net capital assets	\$ 30,378,553	\$ (701,278)	\$ (450)	\$ 29,676,825

June 30, 2017

**Note 5 - Capital Assets (Continued)**

Capital asset activity for the City's component units for the year ended June 30, 2017 was as follows:

**Component Unit**

	Balance July 1, 2016	Additions	Balance June 30, 2017
Capital assets not being depreciated - Land	\$ 2,043,198	\$ -	\$ 2,043,198
Capital assets being depreciated:			
Building and land improvements	5,738,119	-	5,738,119
Equipment and other	1,642,039	-	1,642,039
Subtotal	7,380,158	-	7,380,158
Accumulated depreciation:			
Building and building improvements	2,847,916	280,243	3,128,159
Equipment and other	1,380,862	34,569	1,415,431
Subtotal	4,228,778	314,812	4,543,590
Net capital assets being depreciated	3,151,380	(314,812)	2,836,568
Net capital assets	<u>\$ 5,194,578</u>	<u>\$ (314,812)</u>	<u>\$ 4,879,766</u>

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

Governmental activities:	
General government	\$ 37,817
Public safety	130,829
Public works	1,295,242
Economic development	1,078
Total governmental activities	<u>\$ 1,464,966</u>
Business-type activities - Water and sewer	\$ 1,542,637
Component unit activities - Downtown Development Authority	\$ 314,812

**Construction Commitments**

The City has active construction projects at year end. The projects include the Waste Water Treatment Plant and Grand River Avenue construction projects. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Waste Water Treatment Plant	\$ 367,205	\$ 228,958
Grand River Avenue	171,457	19,571
Total	<u>\$ 538,662</u>	<u>\$ 248,529</u>

June 30, 2017

**Note 6 - Interfund Receivables, Payables, and Transfers**

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Improvement Fund	\$ 330,440
	Street Non-voted Debt Fund	399,543
	Major Streets Fund	353,755
	Total General Fund	1,083,738
Major Streets Fund	Local Streets Fund	55,863
	Total	<u>\$ 1,139,601</u>

The transfers from the General Fund to the Capital Improvement Fund, Street Non-voted Debt Fund, and the Major Streets Fund, as well as transfers from the Major Streets Fund to the Local Streets Fund, represent the use of resources to finance those programs.

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2017 can be summarized as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and contracts payable:					
General obligations	\$ 5,328,404	\$ -	\$ (441,643)	\$ 4,886,761	\$ 448,111
Special assessment bonds	1,315,000	-	(210,000)	1,105,000	215,000
Total principal outstanding	6,643,404	-	(651,643)	5,991,761	663,111
Unamortized bond premiums	250,909	-	(22,810)	228,099	22,810
Total bonds and contracts payable	6,894,313	-	(674,453)	6,219,860	685,921
Compensated absences	692,341	292,970	(358,870)	626,441	250,576
Total governmental activities long-term debt	<u>\$ 7,586,654</u>	<u>\$ 292,970</u>	<u>\$ (1,033,323)</u>	<u>\$ 6,846,301</u>	<u>\$ 936,497</u>

**Business-type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligations	\$ 6,182,262	\$ -	\$ (884,270)	\$ 5,297,992	\$ 950,870
Unamortized bond premiums	117,750	-	(21,865)	95,885	21,865
Total bonds payable	6,300,012	-	(906,135)	5,393,877	972,735
Compensated absences	132,858	76,930	(66,718)	143,070	57,228
Total business-type activities long-term debt	<u>\$ 6,432,870</u>	<u>\$ 76,930</u>	<u>\$ (972,853)</u>	<u>\$ 5,536,947</u>	<u>\$ 1,029,963</u>

June 30, 2017

**Note 7 - Long-term Debt (Continued)**

**Component Unit**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	\$ 951,548	\$ 230,000	\$ (110,584)	\$ 1,070,964	\$ 42,702

**General Obligation Bonds and Contracts**

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the City. General obligations outstanding at June 30, 2017 are as follows:

Description	Year Issued	Interest Rates	Maturing	Outstanding
<b>Governmental Activities</b>				
Limited Tax Capital Improvement Bonds	2008	4.00% - 5.00%	October 2031	\$ 1,189,250
Limited Tax Refunding Bonds	2013	3.00%	October 2026	3,693,900
Installment Loan - Equipment	2013	NA	October 2017	3,611
Total governmental activities				<u>\$ 4,886,761</u>
<b>Business-type Activities</b>				
Limited Tax Capital Improvement Bonds	2007	4.00% - 5.00%	October 2031	\$ 585,750
Limited Tax Capital Improvement Bonds	2010	4.75% - 5.75%	October 2030	540,000
Limited Tax Refunding Bonds	2013	3.00%	October 2026	241,100
2013 County Refunding Bonds - Limited Tax	2013	1.25%	September 2021	365,000
2012 Michigan Municipal Bond Authority - Wastewater, Plant Expansion Refunding Bonds	2012	3.00%	November 2020	2,790,000
2004 Drinking Water Revolving Funds	2004	2.125%	October 2023	599,294
Installment Loan - Equipment	N/A	2.50%	December 2022	176,848
Total business-type activities				<u>\$ 5,297,992</u>
<b>Component Units</b>				
2004 Local Development Bonds				
General Obligation Limited Tax	2002	5.00% - 5.45%	October 2023	\$ 275,000
Downtown Development Authority Land Contract Payable	2011	5.25%	September 2021	251,864
Downtown Development Authority Land Contract Payable	2015	6.00%	April 2025	314,100
Downtown Development Authority Land Contract Payable	2017	4.00%	May 2024	230,000
Total component units				<u>\$ 1,070,964</u>

**Special Assessment Bonds**

Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received.



June 30, 2017

**Note 7 - Long-term Debt (Continued)**

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
<b>Governmental Activities</b>				
Limited Tax, Challis Road and Cross Street Improvements	2002	4.70% - 5.00%	October 2021	\$ 1,000,000
Limited Tax, Orndorf Drive Road Improvements	2009	5.00% - 5.50%	October 2023	105,000
Total governmental activities				<u>\$ 1,105,000</u>

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund and Utility Fund.

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds and note obligations (excluding compensated absences and premiums) are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 663,111	\$ 202,791	\$ 865,902	\$ 950,870	\$ 153,079	\$ 1,103,949	\$ 42,702	\$ 64,105	\$ 106,807
2019	727,000	176,850	903,850	978,370	125,622	1,103,992	43,424	61,572	104,996
2020	677,000	151,145	828,145	1,003,370	97,593	1,100,963	44,214	58,953	103,167
2021	649,500	126,474	775,974	1,030,870	68,680	1,099,550	266,524	39,391	305,915
2022	672,000	101,698	773,698	213,367	50,800	264,167	40,000	34,001	74,001
2023-2027 Thereafter	2,117,400 485,750	263,630 53,416	2,381,030 539,166	681,895 439,250	167,590 49,309	849,485 488,559	634,100 -	75,432 -	709,532 -
Total	<u>\$ 5,991,761</u>	<u>\$ 1,076,004</u>	<u>\$ 7,067,765</u>	<u>\$ 5,297,992</u>	<u>\$ 712,673</u>	<u>\$ 6,010,665</u>	<u>\$ 1,070,964</u>	<u>\$ 333,454</u>	<u>\$ 1,404,418</u>

**Note 8 - 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 disability claims and participates in the Michigan Municipal League risk pool for claims relating to general liability, property, and workers' compensation. 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 9 - Pension Plan**

**Plan Description**

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

**Note 9 - Pension Plan (Continued)**

***Benefits Provided***

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers full-time employees at the City, with the exception of the City Manager.

Retirement benefits for general employees are calculated as 2.25 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with an early retirement option with 25 years of service (unreduced) or 55 with 15 years of service (reduced). Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Future retirees are eligible for a cost of living adjustment of 2.50 percent annually, noncompounding.

Retirement benefits for police/fire employees are calculated as 2.50 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for DPW Local 2014 (closed to new hires) employees are calculated as 2.00 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 20 years of service (unreduced) and 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for clerical union employees are calculated as 2.00 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

**Note 9 - Pension Plan (Continued)**

Retirement benefits for DPW Local 214 (new hire) employees are calculated as 2.00 percent of the employee’s final five-year average salary times the employee’s years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 55 with 15 years of service (reduced), or 50 with 25 years of service (reduced). Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee’s final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for general nonunion administrative employees (hired after July 1, 2014) are calculated as 2.25 percent of the employee’s final five-year average salary times the employee’s years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 55 with 15 years of service (reduced), or 50 with 25 years of service (reduced). Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee’s final average compensation. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to current retirees of all groups except for the general nonunion group hired after July 1, 2014. The annual adjustments are 2.5 percent, noncompounding.

Benefit terms are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms**

At the December 31, 2016 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	51
	51
Total employees covered by the plan	101

**Contributions**

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City’s required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2017, the average active employee contribution rate was 5.0 percent of annual pay and the City’s average contribution rate was 15.2 percent of annual payroll for the various employee groups.

**Note 9 - Pension Plan (Continued)**

**Net Pension Liability**

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2017 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2016 measurement date. The December 31, 2016 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2015</b>	\$ 20,945,335	\$ 12,141,875	\$ 8,803,460
Changes for the year:			
Service cost	407,326	-	407,326
Interest	1,653,911	-	1,653,911
Differences between expected and actual experience	103,238	-	103,238
Contributions - Employer	-	584,909	(584,909)
Contributions - Employee	-	180,773	(180,773)
Net investment income	-	1,390,411	(1,390,411)
Benefit payments, including refunds	(950,236)	(950,236)	-
Administrative expenses	-	(27,479)	27,479
Net changes	1,214,239	1,178,378	35,861
<b>Balance at December 31, 2016</b>	<u>\$ 22,159,574</u>	<u>\$ 13,320,253</u>	<u>\$ 8,839,321</u>

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

For the year ended June 30, 2017, the City recognized pension expense of \$1,386,461, of which \$1,113,093 is related to governmental activities and \$273,368 is related to business-type activities.

At June 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 128,318
Changes in assumptions	555,677
Net difference between projected and actual earnings on pension plan investments	440,909
Employer contributions to the plan subsequent to the measurement date	293,345
Total	<u>\$ 1,418,249</u>

**Note 9 - Pension Plan (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and therefore will not be included in future pension expense):

Years Ending June 30	Amount
2018	\$ 411,298
2019	411,298
2020	373,185
2021	(70,877)

**Actuarial Assumptions**

The total pension liability in the December 31, 2016 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.75 percent; an investment rate of return (net of investment expenses) of 7.75 percent; and using the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period 2009-2013.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2016 measurement date for each major asset class included in the pension plan’s target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	58.00 %	8.50 %
Global fixed income	20.00	5.70
Real assets	12.00	7.70
Diversifying strategies	10.00	10.00

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

**Note 9 - Pension Plan (Continued)**

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

The following presents the net pension liability of the City, calculated using the discount rate of 8.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the City	\$ 11,666,565	\$ 8,839,321	\$ 6,472,258

***Pension Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at [www.mersofmich.com](http://www.mersofmich.com). The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full-accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Note 10 - Other Postemployment Benefits**

***Plan Description***

The City provides retiree healthcare benefits to eligible employees and their spouses. The City provides postemployment health benefits to all full-time employees upon retirement in accordance with City policy. Currently, the plan has 64 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This is an agent multiple-employer plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan). MERS issues a publicly available financial report which includes an other postemployment benefits fund. This report can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

***Funding Policy***

Both the clerical and the DPS collective bargaining agreements require the City to pay or contribute toward the premium costs for continuation of health insurance for retirees with 15 or more years of service. With 15 years of service, the City will pay 60 percent of the premium costs for coverage of the retiree. For each year of service in excess of 15 years, the City's contribution shall increase by 4 percent of the total premium, to a maximum contribution by the City of 100 percent at 25 or more years of service. The retiree shall be responsible to pay his or her share of any health insurance premium to the City before the premium is due. The City shall not be responsible or obligated to pay any premium if the retiree has not paid his or her contribution by the date it is due. The City will only pay or contribute toward premium costs for supplemental healthcare coverages for retirees and their spouses who are eligible for Medicare Part B coverage.

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). For the fiscal year ended June 30, 2017, the City made payments for postemployment health benefit premiums totaling approximately \$345,000, of which approximately \$287,000 was paid from the governmental funds and approximately \$58,000 was paid from the Utility Fund.

**Note 10 - Other Postemployment Benefits (Continued)**

**Funding Progress**

For the year ended June 30, 2017, the City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC) as determined through an actuarial valuation as of June 30, 2016. The ARC 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 (or funding excess) over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 951,817
Interest on the prior year's net OPEB obligation	210,997
Less adjustment to the annual required contribution	<u>(154,136)</u>
Annual OPEB cost	1,008,678
Amounts contributed:	
Payment of current premiums	(345,171)
Advance funding	<u>(78,180)</u>
Increase in net OPEB obligation	585,327
OPEB obligation - Beginning of year	<u>3,246,078</u>
OPEB obligation - End of year*	<u><u>\$ 3,831,405</u></u>

\* Included in the net OPEB obligation is \$3,465,406 related to governmental activities and \$365,999 related to business-type activities. Typically, the General Fund or the Utility Fund, based on whichever fund an employee is assigned and to which the employee's healthcare costs are charged, will be the fund to liquidate the net OPEB obligation.

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
June 30, 2015	June 30, 2014	\$ 753,321	56.00 %	\$ 3,029,751
June 30, 2016	June 30, 2016	636,501	66.00	3,246,078
June 30, 2017	June 30, 2016	1,008,678	42.00	3,831,405

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ 598,465	\$ 8,569,005	\$ 7,970,540	6.98 %	\$ 3,495,889	228.00 %
June 30, 2014	1,001,825	7,312,117	6,310,292	13.70	3,821,461	165.13
June 30, 2016	1,311,527	13,505,203	12,193,676	9.71	2,292,063	532.00

**Note 10 - Other Postemployment Benefits (Continued)**

***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.

In the June 30, 2016 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 6.5 percent investment rate of return and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after seven years. Both rates included a 3.5 percent inflation assumption. The value of assets was determined based on the fair market value of such assets. The UAAL is being amortized using a percent of payroll method on an open basis over a period of 30 years.

**Note 11 - Tax Abatements**

The City receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974). Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years.

For the fiscal year ended June 30, 2017, the City abated \$62,900 of taxes under this program. The DDA and LDFA abated \$53,273 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

There are no significant abatements made by other governments that reduce the City's tax revenue.



---

## Required Supplemental Information

---

Required Supplemental Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,736,602	\$ 5,736,602	\$ 5,721,243	\$ (15,359)
State-shared revenue and grants:				
Federal grants	5,000	5,000	15,181	10,181
State sources	626,000	651,458	666,436	14,978
Charges for services	696,377	706,277	708,955	2,678
Fines, forfeitures, and penalties	273,365	273,365	276,130	2,765
Licenses and permits	362,000	437,500	454,423	16,923
Unrestricted investment interest	32,300	32,300	42,121	9,821
Other revenue	169,750	98,400	75,107	(23,293)
Total revenue	7,901,394	7,940,902	7,959,596	18,694
<b>Expenditures</b>				
Current services:				
General government:				
City council	24,040	27,040	26,289	751
City manager	176,416	189,816	189,783	33
Information systems	96,634	96,634	96,012	622
Finance	594,785	594,785	559,928	34,857
City clerk	129,493	164,493	163,686	807
Legal services	211,246	200,946	159,472	41,474
Human resources	144,776	144,776	110,090	34,686
Postemployment benefits	170,334	89,827	75,358	14,469
Public safety	2,770,327	2,820,327	2,800,911	19,416
Public works	2,150,206	2,171,706	2,044,558	127,148
Community development	518,797	540,953	402,703	138,250
Total expenditures	6,987,054	7,041,303	6,628,790	412,513
<b>Excess of Revenue Over Expenditures</b>	914,340	899,599	1,330,806	431,207
<b>Other Financing Uses - Transfers out</b>	(913,967)	(1,146,749)	(1,098,238)	48,511
<b>Net Change in Fund Balance</b>	373	(247,150)	232,568	479,718
<b>Fund Balance - Beginning of year</b>	1,812,528	1,812,528	1,812,528	-
<b>Fund Balance - End of year</b>	<u>\$ 1,812,901</u>	<u>\$ 1,565,378</u>	<u>\$ 2,045,096</u>	<u>\$ 479,718</u>

**City of Brighton, Michigan**

Required Supplemental Information  
 Budgetary Comparison Schedule - Major Special Revenue Fund  
 Major Streets Fund

**Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Special assessments	\$ 166,442	\$ 126,442	\$ 126,675	\$ 233
State-shared revenue and grants	425,681	415,000	424,661	9,661
Licenses and permits	23,000	23,000	29,668	6,668
Unrestricted investment interest	58,842	58,842	44,862	(13,980)
Other revenue	-	-	4,966	4,966
Total revenue	673,965	623,284	630,832	7,548
<b>Expenditures</b>				
Current services:				
Public works:				
Streets	194,855	298,309	269,661	28,648
Stormwater drainage	(43,900)	33,224	33,204	20
Routine maintenance	139,359	143,667	119,090	24,577
Winter maintenance	138,578	103,634	83,285	20,349
Traffic services	54,457	34,240	34,227	13
General administration	8,563	8,563	7,515	1,048
Debt service	270,100	270,100	270,100	-
Total expenditures	762,012	891,737	817,082	74,655
<b>Excess of Expenditures Over Revenue</b>	(88,047)	(268,453)	(186,250)	82,203
<b>Other Financing Sources (Uses)</b>				
Transfers in	108,605	353,755	353,755	-
Transfers out	(50,000)	(64,182)	(55,863)	8,319
Total other financing sources	58,605	289,573	297,892	8,319
<b>Net Change in Fund Balance</b>	(29,442)	21,120	111,642	90,522
<b>Fund Balance - Beginning of year</b>	(17,310)	(17,310)	(17,310)	-
<b>Fund Balance - End of year</b>	<u>\$ (46,752)</u>	<u>\$ 3,810</u>	<u>\$ 94,332</u>	<u>\$ 90,522</u>

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

	<b>Last Ten Fiscal Years</b>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service cost	\$ 407,326	\$ 394,320	\$ 405,232
Interest	1,653,911	1,535,088	1,438,814
Changes in benefit terms	-	(25,056)	-
Differences between expected and actual experience	103,238	76,212	-
Changes in assumptions	-	926,128	-
Benefit payments, including refunds	<u>(950,236)</u>	<u>(742,672)</u>	<u>(600,570)</u>
<b>Net Change in Total Pension Liability</b>	1,214,239	2,164,020	1,243,476
<b>Total Pension Liability - Beginning of year</b>	<u>20,945,335</u>	<u>18,781,315</u>	<u>17,537,839</u>
<b>Total Pension Liability - End of year</b>	<b><u>\$ 22,159,574</u></b>	<b><u>\$ 20,945,335</u></b>	<b><u>\$ 18,781,315</u></b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 584,909	\$ 583,850	\$ 556,493
Contributions - Member	180,773	170,541	133,499
Net investment income	1,390,411	(199,183)	736,585
Administrative expenses	(27,479)	(27,758)	(27,151)
Benefit payments, including refunds	<u>(950,236)</u>	<u>(742,672)</u>	<u>(600,570)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,178,378	(215,222)	798,856
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>12,141,875</u>	<u>12,357,097</u>	<u>11,558,241</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 13,320,253</u></b>	<b><u>\$ 12,141,875</u></b>	<b><u>\$ 12,357,097</u></b>
<b>City's Net Pension Liability - Ending</b>	<b><u>\$ 8,839,321</u></b>	<b><u>\$ 8,803,460</u></b>	<b><u>\$ 6,424,218</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	60.11 %	57.97 %	65.79 %
<b>Covered Employee Payroll</b>	\$ 3,791,017	\$ 3,533,771	\$ 3,572,072
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	233.16 %	249.12 %	179.85 %

Required Supplemental Information  
Pension System Schedule of City Contributions

Last Ten Fiscal Years  
Year Ended June 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 576,133	\$ 606,733	\$ 731,484	\$ 664,441	\$ 634,445	\$ 588,055	\$ 608,252	\$ 511,262	\$ 499,699	\$ 543,068
Contributions in relation to the actuarially determined contribution	576,133	606,733	731,484	664,441	634,445	588,055	608,252	511,262	499,699	543,068
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 3,791,017</b>	<b>\$ 3,533,771</b>	<b>\$ 3,572,072</b>	<b>\$ 3,361,410</b>	<b>\$ 3,391,420</b>	<b>\$ 3,248,929</b>	<b>\$ 3,389,919</b>	<b>\$ 3,654,991</b>	<b>\$ 3,688,786</b>	<b>\$ 3,637,750</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>15.20 %</b>	<b>17.17 %</b>	<b>20.48 %</b>	<b>19.77 %</b>	<b>18.71 %</b>	<b>18.10 %</b>	<b>17.94 %</b>	<b>13.99 %</b>	<b>13.55 %</b>	<b>- %</b>

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	22 years
Asset valuation method	10-year smoothed
Inflation	2.50 percent
Salary increase	3.75 percent
Investment rate of return	7.75 percent
Retirement age	Varies depending on plan adoption
Mortality	50 percent female/50 percent male blend of RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables
Other information	None

Required Supplemental Information  
Retiree Healthcare System Schedule of Funding Progress

Year Ended June 30

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
June 30, 2012	\$ 598,465	\$ 8,569,005	\$ 7,970,540	6.98	\$ 3,495,889	228.00
June 30, 2014	1,001,825	7,312,117	6,310,292	13.70	3,821,461	165.13
June 30, 2016	1,311,527	13,505,203	12,193,676	9.71	2,292,063	532.00

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. The City’s budget is prepared in compliance with the uniform budgeting provisions of Michigan law.

Expenditures are authorized via an annual budget passed by resolution in which the council authorizes the level of funding for city operations. The council adopts an activity-level budget for the General Fund which is considered the maximum authorization to incur liabilities and not a mandate to spend. The council adopts a fund-level budget for all other governmental funds. No obligation shall be incurred against, and no payment shall be made from, any appropriation account that lacks a sufficient balance available to meet the obligation.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

**Budgetary Process**

The City’s annual budget process for the subsequent year begins soon after the audited annual financial report for the prior year is presented to the City Council. After the audit presentation, the City Council holds an annual fall goal-setting retreat, which results in the establishment of the City’s goals and objectives for the following year. Soon after the council’s annual goal-setting retreat, staff prepare a six-year capital improvement program (CIP), which is reviewed by the planning commission and adopted by the City Council in February. The first year of the adopted six-year CIP is then considered for inclusion in the next year’s requested budget document. In January of each year, staff begin developing the operating budget for the next year. In March of each year, the city manager presents to the City Council the manager’s recommended budget for the next year. In April and May of each year, the City Council reviews the manager’s recommended budget, makes changes at their discretion, holds a public hearing, and ultimately adopts the city budget for the fiscal year, which begins the next July 1. The governmental funds that have legally adopted annual budgets are the General Fund, the Major Streets Fund, the Local Streets Fund, the Capital Improvement Fund, the Principal Shopping District Fund, the Arts and Cultural Commission Fund, the Street Non-voted Debt Fund, and the Building Authority Fund.

In accordance with Governmental Accounting Standards Board Statement No. 54, the Imagination Station Reserve Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are presented within the General Fund for financial reporting purposes but are not budgeted in that manner

The amounts on the budgetary comparison schedules for the Major Streets Fund will vary from the amounts on the fund-based statement of changes in fund balance due to the City budgeting other financing sources and uses as revenue and expenditures. A reconciliation of the General Fund budgetary comparison schedule to the fund-based statement of changes in fund balance is as follows:

	Total Revenue	Total Expenditures	Operating Transfers	Change in Fund Balance
Amounts per operating statement	\$ 8,076,288	\$ 6,754,398	\$ 1,083,738	\$ 238,152
Transfers to funds merged into the General Fund in accordance with GASB Statement No. 54	14,500	-	14,500	-
Imagination Station Reserve Fund	(10,758)	(5,110)	-	(5,648)
Principal Shopping District	(104,969)	(110,927)	-	5,958
Arts and Cultural Commission Fund	(15,465)	(9,571)	-	(5,894)
Amounts per budget statement	<u>\$ 7,959,596</u>	<u>\$ 6,628,790</u>	<u>\$ 1,098,238</u>	<u>\$ 232,568</u>

---

## Other Supplemental Information

---



# City of Brighton, Michigan

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds
	State Drug Law Enforcement	Public Safety/Law Enforcement	Federal Drug Law Enforcement	Local Streets	Street Non-voted Debt
<b>Assets</b>					
Cash and investments	\$ 6,561	\$ 112,747	\$ 129,449	\$ 813	\$ -
Receivables:					
Delinquent taxes	-	446	-	-	-
Other receivables	-	2,500	-	-	-
Due from other governments	-	-	-	28,893	-
Prepays	-	-	-	279	-
<b>Total assets</b>	<b>\$ 6,561</b>	<b>\$ 115,693</b>	<b>\$ 129,449</b>	<b>\$ 29,985</b>	<b>\$ -</b>
<b>Liabilities - Accounts payable</b>	\$ -	\$ 3,706	\$ -	\$ 2,771	\$ -
<b>Deferred Inflows of Resources -</b>					
Unavailable revenue - Property taxes	-	446	-	-	-
<b>Fund Balance</b>					
Nonspendable	-	-	-	279	-
Restricted:					
Roads	-	-	-	26,935	-
Federal/State drug law enforcement	6,561	-	129,449	-	-
Law enforcement/Public safety	-	111,541	-	-	-
Assigned	-	-	-	-	-
<b>Total fund balance</b>	<b>6,561</b>	<b>111,541</b>	<b>129,449</b>	<b>27,214</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 6,561</b>	<b>\$ 115,693</b>	<b>\$ 129,449</b>	<b>\$ 29,985</b>	<b>\$ -</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

**June 30, 2017**

Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Capital Improvement Fund	
\$ 15,606	\$ 265,176
-	446
15,916	18,416
-	28,893
-	279
<b><u>\$ 31,522</u></b>	<b><u>\$ 313,210</u></b>
\$ 30,778	\$ 37,255
-	446
-	279
-	26,935
-	136,010
-	111,541
744	744
<u>744</u>	<u>275,509</u>
<b><u>\$ 31,522</u></b>	<b><u>\$ 313,210</u></b>

# City of Brighton, Michigan

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds
	State Drug Law Enforcement Fund	Public Safety/Law Enforcement Fund	Federal Drug Law Enforcement Fund	Local Streets Fund	Street Non-voted Debt
<b>Revenue</b>					
Property taxes	\$ -	\$ 159,356	\$ -	\$ -	\$ -
State-shared revenue and grants - State sources	-	-	-	149,365	-
Fines, forfeitures, and penalties	-	293	116,629	-	-
Licenses and permits	-	-	-	2,650	-
Unrestricted investment interest	28	312	210	2	-
<b>Total revenue</b>	<b>28</b>	<b>159,961</b>	<b>116,839</b>	<b>152,017</b>	<b>-</b>
<b>Expenditures</b>					
Current services:					
Public safety	2,133	10,857	-	-	-
Public works	-	-	1,000	201,927	-
Capital outlay	10,295	114,782	-	-	-
Debt service	-	-	-	-	399,543
<b>Total expenditures</b>	<b>12,428</b>	<b>125,639</b>	<b>1,000</b>	<b>201,927</b>	<b>399,543</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(12,400)</b>	<b>34,322</b>	<b>115,839</b>	<b>(49,910)</b>	<b>(399,543)</b>
<b>Other Financing Sources</b>					
Transfers in	-	-	-	55,863	399,543
Sale of capital assets	-	4,500	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>4,500</b>	<b>-</b>	<b>55,863</b>	<b>399,543</b>
<b>Net Change in Fund Balance</b>	<b>(12,400)</b>	<b>38,822</b>	<b>115,839</b>	<b>5,953</b>	<b>-</b>
<b>Fund Balance - Beginning of year</b>	<b>18,961</b>	<b>72,719</b>	<b>13,610</b>	<b>21,261</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 6,561</b>	<b>\$ 111,541</b>	<b>\$ 129,449</b>	<b>\$ 27,214</b>	<b>\$ -</b>

---

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

---

Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<u>Capital Improvement Fund</u>	<u>Governmental Funds</u>
\$ -	\$ 159,356
-	149,365
-	116,922
1,500	4,150
3	555
1,503	430,348
-	12,990
-	202,927
151,214	276,291
210,950	610,493
362,164	1,102,701
(360,661)	(672,353)
330,440	785,846
30,965	35,465
361,405	821,311
744	148,958
-	126,551
<b>\$ 744</b>	<b>\$ 275,509</b>

**City of Brighton, Michigan**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 State Drug Law Enforcement

**Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Unrestricted investment interest	\$ 95	\$ 95	\$ 28	\$ (67)
<b>Expenditures</b>				
Current services - Public safety	2,720	2,720	2,133	587
Capital outlay	-	10,295	10,295	-
Total expenditures	<u>2,720</u>	<u>13,015</u>	<u>12,428</u>	<u>587</u>
<b>Excess of Expenditures Over Revenue</b>	<u>(2,625)</u>	<u>(12,920)</u>	<u>(12,400)</u>	<u>520</u>
<b>Net Change in Fund Balance</b>	(2,625)	(12,920)	(12,400)	520
<b>Fund Balance</b> - Beginning of year	<u>18,961</u>	<u>18,961</u>	<u>18,961</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 16,336</u></u>	<u><u>\$ 6,041</u></u>	<u><u>\$ 6,561</u></u>	<u><u>\$ 520</u></u>

**City of Brighton, Michigan**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Public Safety/Law Enforcement Fund

**Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 160,437	\$ 160,437	\$ 159,356	\$ (1,081)
Fines, forfeitures, and penalties	470	470	293	(177)
Unrestricted investment interest	725	725	312	(413)
Total revenue	161,632	161,632	159,961	(1,671)
<b>Expenditures</b>				
Current services - Public safety	6,750	10,950	10,857	93
Capital outlay	205,500	201,300	114,782	86,518
Total expenditures	212,250	212,250	125,639	86,611
<b>Excess of Revenue (Under) Over Expenditures</b>	(50,618)	(50,618)	34,322	84,940
<b>Other Financing Sources</b> - Sale of capital assets	-	-	4,500	4,500
<b>Net Change in Fund Balance</b>	(50,618)	(50,618)	38,822	89,440
<b>Fund Balance</b> - Beginning of year	72,719	72,719	72,719	-
<b>Fund Balance</b> - End of year	<u>\$ 22,101</u>	<u>\$ 22,101</u>	<u>\$ 111,541</u>	<u>\$ 89,440</u>

**City of Brighton, Michigan**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Federal Drug Law Enforcement

**Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 116,629	\$ 116,629
Unrestricted investment interest	38	38	210	172
Total revenue	38	38	116,839	116,801
<b>Expenditures - Current services - Public works</b>	-	6,000	1,000	5,000
<b>Excess of Revenue Over (Under) Expenditures</b>	38	(5,962)	115,839	121,801
<b>Net Change in Fund Balance</b>	38	(5,962)	115,839	121,801
<b>Fund Balance - Beginning of year</b>	13,610	13,610	13,610	-
<b>Fund Balance - End of year</b>	<u><u>\$ 13,648</u></u>	<u><u>\$ 7,648</u></u>	<u><u>\$ 129,449</u></u>	<u><u>\$ 121,801</u></u>

**City of Brighton, Michigan**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Local Streets Fund

**Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 149,038	\$ 149,038	\$ 149,365	\$ 327
Licenses and permits	2,300	2,300	2,650	350
Unrestricted investment interest	-	-	2	2
Total revenue	151,338	151,338	152,017	679
<b>Expenditures</b> - Current services - Public works	208,082	222,264	201,927	20,337
<b>Excess of Expenditures Over Revenue</b>	(56,744)	(70,926)	(49,910)	21,016
<b>Other Financing Sources</b> - Transfers in	50,000	64,182	55,863	(8,319)
<b>Net Change in Fund Balance</b>	(6,744)	(6,744)	5,953	12,697
<b>Fund Balance</b> - Beginning of year	21,261	21,261	21,261	-
<b>Fund Balance</b> - End of year	<u>\$ 14,517</u>	<u>\$ 14,517</u>	<u>\$ 27,214</u>	<u>\$ 12,697</u>



**City of Brighton, Michigan**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Street Non-voted Debt

**Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures - Debt service</b>	399,548	399,548	399,543	5
<b>Excess of Expenditures Over Revenue</b>	(399,548)	(399,548)	(399,543)	5
<b>Other Financing Sources - Transfers in</b>	399,548	399,548	399,543	(5)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Brighton, Michigan**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Capital Improvement Fund

**Year Ended June 30, 2017**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and permits	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Unrestricted investment interest	-	-	3	3
Total revenue	1,500	1,500	1,503	3
<b>Expenditures</b>				
Capital outlay	169,500	184,696	151,214	33,482
Debt service	210,946	210,950	210,950	-
Total expenditures	380,446	395,646	362,164	33,482
<b>Excess of Expenditures Over Revenue</b>	(378,946)	(394,146)	(360,661)	33,485
<b>Other Financing Sources</b>				
Transfers in	378,946	378,946	330,440	(48,506)
Sale of capital assets	-	15,200	30,965	15,765
Total other financing sources	378,946	394,146	361,405	(32,741)
<b>Net Change in Fund Balance</b>	-	-	744	744
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744</u>	<u>\$ 744</u>

Other Supplemental Information  
Statement of Changes in Assets and Liabilities  
Agency Funds

**June 30, 2017**

	July 1, 2016	Additions	Deductions	June 30, 2017
<b>Assets - Cash and investments</b>	<b>\$ 2,348</b>	<b>\$ 18,121,705</b>	<b>\$ (18,122,134)</b>	<b>\$ 1,919</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,348	\$ 12,866,971	\$ (12,867,400)	\$ 1,919
Due to other governments	-	13,865,036	(13,865,036)	-
Total liabilities	<b>\$ 2,348</b>	<b>\$ 26,732,007</b>	<b>\$ (26,732,436)</b>	<b>\$ 1,919</b>

**Other Supplemental Information  
Balance Sheet/Statement of Net Position  
Downtown Development Authority**

**June 30, 2017**

	Downtown Development Authority	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 195,923	\$ -	\$ 195,923
Receivables	13,158	-	13,158
Prepays	7,061	-	7,061
Land held for resale	252,010	-	252,010
Capital assets - Net	-	4,879,766	4,879,766
Other assets	-	45,000	45,000
	<b>\$ 468,152</b>	4,924,766	5,392,918
<b>Liabilities</b>			
Accounts payable	\$ 24,321	-	24,321
Due to other governments	76,886	-	76,886
Accrued liabilities and other	1,739	-	1,739
Long-term debt	-	795,964	795,964
	102,946	795,964	898,910
<b>Fund Balance - Unassigned</b>	365,206	(365,206)	-
	<b>\$ 468,152</b>		
<b>Net Position</b>			
Net investment in capital assets		4,313,802	4,313,802
Unrestricted		180,206	180,206
		<b>\$ 4,494,008</b>	<b>\$ 4,494,008</b>

**City of Brighton, Michigan**

Other Supplemental Information  
Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement  
of Activities  
Downtown Development Authority

**Year Ended June 30, 2017**

	Downtown Development Authority	Adjustments	Statement of Activities
<b>Revenue</b>			
Property taxes	\$ 788,067	\$ -	\$ 788,067
State-shared revenue and grants	33,267	-	33,267
Unrestricted investment interest	2,732	-	2,732
Other revenue	1,020	-	1,020
Total revenue	825,086	-	825,086
<b>Expenditures</b>			
Community development	664,965	314,812	979,777
Debt service:			
Principal	75,584	(75,584)	-
Interest and fiscal charges	47,616	-	47,616
Total expenditures	788,165	239,228	1,027,393
<b>Excess of Revenue Over Expenditures</b>	36,921	(239,228)	(202,307)
<b>Other Financing Sources</b> - Proceeds from issuance of debt	230,000	(230,000)	-
<b>Net Change in Fund Balance/Net Position</b>	266,921	(469,228)	(202,307)
<b>Fund Balance/Net Position</b> - Beginning of year	98,285	4,598,030	4,696,315
<b>Fund Balance/Net Position</b> - End of year	<u>\$ 365,206</u>	<u>\$ 4,128,802</u>	<u>\$ 4,494,008</u>

Other Supplemental Information  
Balance Sheet/Statement of Net Position  
Local Development Finance Authority

**June 30, 2017**

	Local Development Finance Authority	Adjustments	Statement of Net Position
<b>Assets</b> - Cash and cash equivalents	<b><u>\$ 73,791</u></b>	\$ -	\$ 73,791
<b>Liabilities</b>			
Accrued liabilities and other	\$ 3,651	-	3,651
Long-term debt	-	<u>275,000</u>	<u>275,000</u>
Total liabilities	3,651	275,000	278,651
<b>Fund Balance</b> - Unassigned	<u>70,140</u>	<u>(70,140)</u>	<u>-</u>
Total liabilities and fund balance	<b><u>\$ 73,791</u></b>		
<b>Net Deficit</b>		<b><u>\$ (204,860)</u></b>	<b><u>\$ (204,860)</u></b>

**City of Brighton, Michigan**

Other Supplemental Information  
Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement  
of Activities  
Local Development Finance Authority

**Year Ended June 30, 2017**

	Local Development Finance Authority	Adjustments	Statement of Activities
<b>Revenue</b>			
Property taxes	\$ 134,737	\$ -	\$ 134,737
Unrestricted investment interest	251	-	251
Total revenue	134,988	-	134,988
<b>Expenditures</b>			
Community development	33,171	-	33,171
Debt service:			
Principal	35,000	(35,000)	-
Interest and fiscal charges	15,050	-	15,050
Total expenditures	83,221	(35,000)	48,221
<b>Net Change in Fund Balance/Net Position</b>	51,767	35,000	86,767
<b>Fund Balance/Net Position - Beginning of year</b>	18,373	(310,000)	(291,627)
<b>Fund Balance/Net Position - End of year</b>	<b>\$ 70,140</b>	<b>\$ (275,000)</b>	<b>\$ (204,860)</b>

---

## Statistical Section

---



## Description of Statistical Section

---

This part of the City of Brighton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- Revenue capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.
- Debt capacity - These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- Demographic and economic information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.
- Operating information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

# City of Brighton, Michigan

	As of June 30			
	2008	2009	2010	2011
<b>Governmental Activities</b>				
Net investment in capital assets	\$20,830,130	\$20,539,886	\$21,280,993	\$ 20,780,160
Restricted	3,437,505	3,157,947	2,826,733	2,559,604
Unrestricted	<u>923,814</u>	<u>481,840</u>	<u>(514,333)</u>	<u>(625,820)</u>
Total net assets	25,191,449	24,179,673	23,593,393	22,713,944
<b>Business-type Activities</b>				
Net investment in capital assets	27,838,052	27,453,406	26,290,684	26,171,909
Restricted	283,961	-	630,000	-
Unrestricted	<u>1,376,700</u>	<u>1,805,252</u>	<u>1,119,981</u>	<u>1,152,318</u>
Total net assets	<u>29,498,713</u>	<u>29,258,658</u>	<u>28,040,665</u>	<u>27,324,227</u>
<b>Primary Government in Total</b>				
Net investment in capital assets	48,668,182	47,681,981	47,571,677	46,952,069
Restricted	3,721,466	3,157,947	3,456,733	2,559,604
Unrestricted	<u>2,300,514</u>	<u>2,287,092</u>	<u>605,648</u>	<u>526,498</u>
Total net position	<u><b>\$54,690,162</b></u>	<u><b>\$53,127,020</b></u>	<u><b>\$51,634,058</b></u>	<u><b>\$ 50,038,171</b></u>

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

**City of Brighton, Michigan**

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

As of June 30					
2012	2013	2014	2015	2016	2017
\$20,392,406	\$19,941,607	\$18,878,877	\$18,687,470	\$19,363,331	\$20,092,730
2,355,100	2,100,973	1,899,223	1,692,565	1,460,894	1,354,762
<u>850,367</u>	<u>(1,215,537)</u>	<u>(6,183,721)</u>	<u>(6,611,195)</u>	<u>(7,210,082)</u>	<u>(8,186,118)</u>
23,597,873	20,827,043	14,594,379	13,768,840	13,614,143	13,261,374
25,351,552	24,760,603	24,206,346	23,922,458	24,109,024	24,310,660
-	-	-	-	-	-
<u>1,503,663</u>	<u>1,844,621</u>	<u>691,925</u>	<u>969,664</u>	<u>943,480</u>	<u>2,637,611</u>
<u>26,855,215</u>	<u>26,605,224</u>	<u>24,898,271</u>	<u>24,892,122</u>	<u>25,052,504</u>	<u>26,948,271</u>
45,743,958	44,702,210	43,085,223	42,609,928	43,472,355	44,403,390
663,590	2,100,973	1,899,223	1,692,565	1,460,894	1,354,762
<u>2,344,806</u>	<u>629,084</u>	<u>(5,491,796)</u>	<u>(5,641,531)</u>	<u>(6,266,602)</u>	<u>(5,548,507)</u>
<b><u>\$48,752,354</u></b>	<b><u>\$47,432,267</u></b>	<b><u>\$39,492,650</u></b>	<b><u>\$38,660,962</u></b>	<b><u>\$38,666,647</u></b>	<b><u>\$40,209,645</u></b>

# City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental Activities:				
General government	\$ 2,878,690	\$ 2,472,165	\$ 2,309,301	\$ 2,087,163
Public safety	2,519,047	2,410,316	2,794,089	2,698,518
Public works	4,426,522	4,161,139	4,039,665	3,769,179
Community development	539,752	407,174	485,429	487,858
Interest on long-term debt	<u>588,639</u>	<u>562,972</u>	<u>536,291</u>	<u>493,284</u>
Total governmental activities expenses	10,952,650	10,013,766	10,164,775	9,536,002
Business-type activities - Water and sewer:	<u>4,280,411</u>	<u>4,227,377</u>	<u>4,553,297</u>	<u>4,367,994</u>
Total primary government expenses	<u>15,233,061</u>	<u>14,241,143</u>	<u>14,718,072</u>	<u>13,903,996</u>
<b>Program Revenue</b>				
Governmental Activities:				
Charges for services - General government	432,170	397,968	487,488	505,061
Charges for services - Public safety	337,470	346,522	349,657	319,401
Charges for services - Public works	35,261	-	-	138,847
Charges for services - Community Development	-	-	-	-
Operating grants and contributions	402,555	446,403	1,336,369	402,355
Capital grants and contributions	<u>-</u>	<u>401,761</u>	<u>-</u>	<u>26,025</u>
Total governmental activities program revenue	1,207,456	1,592,654	2,173,514	1,391,689
Business-type activities - Water and sewer:				
Charges for services	3,082,028	3,322,796	3,046,378	3,361,774
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>357,491</u>	<u>646,237</u>	<u>283,536</u>	<u>285,080</u>
Total business-type activities program revenue	<u>3,439,519</u>	<u>3,969,033</u>	<u>3,329,914</u>	<u>3,646,854</u>
Total primary government program revenue	<u>4,646,975</u>	<u>5,561,687</u>	<u>5,503,428</u>	<u>5,038,543</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	(9,745,194)	(8,421,112)	(7,991,261)	(8,144,313)
Business-type activities	<u>(840,892)</u>	<u>(258,344)</u>	<u>(1,223,383)</u>	<u>(721,140)</u>
Total primary government net expense	<u>(10,586,086)</u>	<u>(8,679,456)</u>	<u>(9,214,644)</u>	<u>(8,865,453)</u>
<b>General Revenue</b>				
Governmental Activities:				
Property taxes	6,308,624	6,302,824	6,204,750	6,183,250
Special assessments	-	-	-	-
State-shared revenue	624,346	582,580	536,136	611,656
Investment earnings	472,416	229,198	143,812	153,275
Other	239,642	294,734	520,283	286,007
Gain/Loss on disposal of asset	<u>(25,658)</u>	<u>-</u>	<u>-</u>	<u>30,676</u>
Total governmental activities revenue	7,619,370	7,409,336	7,404,981	7,264,864
Business-type activities - Investment income	<u>47,909</u>	<u>18,289</u>	<u>5,390</u>	<u>4,702</u>
Total primary government	<u>7,667,279</u>	<u>7,427,625</u>	<u>7,410,371</u>	<u>7,269,566</u>
<b>Impact of GASB Statement No. 68</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u><b>\$(2,918,807)</b></u>	<u><b>\$(1,251,831)</b></u>	<u><b>\$(1,804,273)</b></u>	<u><b>\$(1,595,887)</b></u>

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Financial Trend Information  
 Changes in Net Position  
 Last Ten Fiscal Years

Fiscal Year Ended June 30					
2012	2013	2014	2015	2016	2017
\$ 2,168,443	\$ 1,840,373	\$ 1,802,904	\$ 1,686,985	\$ 1,861,586	\$1,544,770
2,653,575	2,741,069	2,818,030	3,064,464	3,160,650	3,584,155
3,674,221	3,695,213	3,857,556	3,990,950	3,606,873	3,908,915
516,588	578,601	662,880	765,784	743,270	787,550
<u>459,547</u>	<u>459,104</u>	<u>323,283</u>	<u>280,040</u>	<u>253,091</u>	<u>227,747</u>
9,472,374	9,314,360	9,464,653	9,788,223	9,625,470	10,053,137
<u>4,325,144</u>	<u>4,147,395</u>	<u>4,316,231</u>	<u>4,209,829</u>	<u>4,346,161</u>	<u>4,234,750</u>
<u>13,797,518</u>	<u>13,461,755</u>	<u>13,780,884</u>	<u>13,998,052</u>	<u>13,971,631</u>	<u>14,287,887</u>
496,462	523,116	446,057	784,438	394,462	400,802
299,944	300,142	297,201	257,625	173,911	162,053
540,188	545,503	552,101	785,228	598,394	627,675
-	-	-	-	275,466	269,551
446,248	457,293	475,005	494,412	518,838	474,025
<u>500</u>	<u>1,685</u>	<u>28,059</u>	<u>79,401</u>	<u>660,611</u>	<u>961,893</u>
1,783,342	1,827,739	1,798,423	2,401,104	2,621,682	2,895,999
3,607,045	3,509,474	3,401,513	3,309,023	3,443,717	3,662,162
-	-	-	-	160,501	108,183
<u>245,890</u>	<u>384,097</u>	<u>242,288</u>	<u>887,609</u>	<u>889,892</u>	<u>2,340,484</u>
<u>3,852,935</u>	<u>3,893,571</u>	<u>3,643,801</u>	<u>4,196,632</u>	<u>4,494,110</u>	<u>6,110,829</u>
<u>5,636,277</u>	<u>5,721,310</u>	<u>5,442,224</u>	<u>6,597,736</u>	<u>7,115,792</u>	<u>9,006,828</u>
(7,689,032)	(7,486,621)	(7,666,230)	(7,387,119)	(7,003,788)	(7,157,138)
<u>(472,209)</u>	<u>(253,824)</u>	<u>(672,430)</u>	<u>(13,197)</u>	<u>147,949</u>	<u>1,876,079</u>
<u>(8,161,241)</u>	<u>(7,740,445)</u>	<u>(8,338,660)</u>	<u>(7,400,316)</u>	<u>(6,855,839)</u>	<u>(5,281,059)</u>
5,821,413	5,458,202	5,053,574	5,452,696	5,735,336	5,901,323
-	-	-	76,007	-	-
646,508	613,218	637,657	681,895	761,152	666,436
138,431	128,178	112,530	108,836	111,027	88,244
257,671	212,427	301,429	242,146	241,576	148,366
<u>8,204</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,872,227	6,416,525	6,105,190	6,561,580	6,849,091	6,804,369
<u>3,197</u>	<u>3,833</u>	<u>4,884</u>	<u>7,048</u>	<u>12,433</u>	<u>19,688</u>
<u>6,875,424</u>	<u>6,420,358</u>	<u>6,110,074</u>	<u>6,568,628</u>	<u>6,861,524</u>	<u>6,824,057</u>
-	-	(5,711,031)	-	-	-
<b><u>\$(1,285,817)</u></b>	<b><u>\$(1,320,087)</u></b>	<b><u>\$(7,939,617)</u></b>	<b><u>\$ (831,688)</u></b>	<b><u>\$ 5,685</u></b>	<b><u>\$1,542,998</u></b>

# City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2008	2009	2010	2011
<b>General Fund</b>				
Nonspendable	\$ 327,659	\$ 327,659	\$ 327,659	\$ 327,659
Restricted	2,138	2,138	2,138	2,138
Committed	-	-	-	-
Assigned	98,668	206,978	14,600	6,988
Unassigned	<u>1,450,226</u>	<u>833,806</u>	<u>873,991</u>	<u>1,320,375</u>
Total General Fund	1878691	1370581	1218388	1657160
<b>All Other Governmental Funds</b>				
Nonspendable	-	-	-	-
Restricted/Assigned - Reported in:				
Special Revenue Funds	1,630,305	702,459	338,210	401,557
Capital Project Funds	62,392	129,432	973	1,150
Debt Service Funds	-	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>1,692,697</u>	<u>831,891</u>	<u>339,183</u>	<u>402,707</u>
Total	<u><b>\$ 3,571,388</b></u>	<u><b>\$ 2,202,472</b></u>	<u><b>\$ 1,557,571</b></u>	<u><b>\$ 2,059,867</b></u>

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

**City of Brighton, Michigan**

**Statistical Section – Financial Trend Information  
Governmental Funds Fund Balance  
Last Ten Fiscal Years**

As of June 30					
2012	2013	2014	2015	2016	2017
\$20,392,406	\$19,941,607	\$18,878,877	\$18,687,470	\$19,363,331	\$20,092,730
2,355,100	2,100,973	1,899,223	1,692,565	1,460,894	1,354,762
<u>850,367</u>	<u>(1,215,537)</u>	<u>(6,183,721)</u>	<u>(6,611,195)</u>	<u>(7,210,082)</u>	<u>(8,186,118)</u>
23,597,873	20,827,043	14,594,379	13,768,840	13,614,143	13,261,374
25,351,552	24,760,603	24,206,346	23,922,458	24,109,024	24,310,660
-	-	-	-	-	-
<u>1,503,663</u>	<u>1,844,621</u>	<u>691,925</u>	<u>969,664</u>	<u>943,480</u>	<u>2,637,611</u>
<u>26,855,215</u>	<u>26,605,224</u>	<u>24,898,271</u>	<u>24,892,122</u>	<u>25,052,504</u>	<u>26,948,271</u>
45,743,958	44,702,210	43,085,223	42,609,928	43,472,355	44,403,390
663,590	2,100,973	1,899,223	1,692,565	1,460,894	1,354,762
<u>2,344,806</u>	<u>629,084</u>	<u>(5,491,796)</u>	<u>(5,641,531)</u>	<u>(6,266,602)</u>	<u>(5,548,507)</u>
<b><u>\$48,752,354</u></b>	<b><u>\$47,432,267</u></b>	<b><u>\$39,492,650</u></b>	<b><u>\$38,660,962</u></b>	<b><u>\$38,666,647</u></b>	<b><u>\$40,209,645</u></b>

# City of Brighton, Michigan

	Year Ended June 30			
	2008	2009	2010	2011
<b>Revenue</b>				
Property taxes	\$6,308,624	\$6,302,824	\$6,204,750	\$6,180,688
State-shared	1,026,901	970,073	1,175,363	1,001,651
Federal grants	-	58,910	651,152	69,917
Charges for services	102,677	103,810	109,980	171,232
Special assessment	246,563	285,092	180,813	336,953
Fines and penalties	337,470	346,522	349,657	319,401
Licenses and permits	329,493	294,158	359,532	387,032
Interest	472,416	229,198	143,812	153,275
Contributions from other funds	40,498	-	-	-
Other	234,405	294,734	678,577	375,961
<b>Total revenue</b>	<b>9,099,047</b>	<b>8,885,321</b>	<b>9,853,636</b>	<b>8,996,110</b>
<b>Expenditures</b>				
Current:				
General government	2,816,783	2,434,413	2,192,805	1,976,725
Community development	536,544	404,321	436,179	468,415
Public safety	2,417,734	2,316,609	2,341,456	2,215,226
Public works - Operating	2,982,939	2,809,922	2,458,126	2,279,711
Public works - Capital (streets)	719,029	913,778	1,283,996	-
Capital outlay (exclusive of streets)	297,297	116,479	384,825	40,209
Debt service - Principal	759,000	872,500	945,000	1,048,447
Debt service - Interest	580,923	571,215	537,125	495,757
<b>Total expenditures</b>	<b>11,110,249</b>	<b>10,439,237</b>	<b>10,579,512</b>	<b>8,524,490</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(2,011,202)</b>	<b>(1,553,916)</b>	<b>(725,876)</b>	<b>471,620</b>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	-	30,676
Transfers in	1,939,909	1,895,719	1,688,475	1,668,363
Transfers out	(1,939,909)	(1,895,719)	(1,688,475)	(1,668,363)
Issuance of debt - Net	1,530,950	185,000	80,975	-
<b>Total other financing sources</b>	<b>1,530,950</b>	<b>185,000</b>	<b>80,975</b>	<b>30,676</b>
<b>Net Change in Fund Balances</b>	<b>(480,252)</b>	<b>(1,368,916)</b>	<b>(644,901)</b>	<b>502,296</b>
<b>Fund Balances - Beginning of year</b>	<b>4,051,640</b>	<b>3,571,388</b>	<b>2,202,472</b>	<b>1,557,571</b>
<b>Fund Balances - End of year</b>	<b>\$3,571,388</b>	<b>\$2,202,472</b>	<b>\$1,557,571</b>	<b>\$2,059,867</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	13%	15%	17%	18%

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records



Statistical Section – Financial Trend Information  
 Changes in Governmental Funds Fund Balance  
 Last Ten Fiscal Years

Year Ended June 30					
2012	2013	2014	2015	2016	2017
\$5,828,975	\$5,449,204	\$5,063,849	\$5,431,020	\$5,708,220	\$5,880,599
1,128,580	1,062,821	1,116,018	1,158,474	1,338,611	1,245,784
7,686	7,690	10,240	11,258	1,824	10,606
599,823	582,888	583,690	668,770	603,077	624,283
166,975	167,182	167,271	242,952	237,200	196,684
299,944	300,142	297,201	277,242	298,127	393,052
353,208	404,228	331,631	610,114	460,886	488,241
138,431	128,178	112,530	108,836	111,027	88,244
-	-	-	-	-	-
<u>353,011</u>	<u>297,104</u>	<u>398,729</u>	<u>334,470</u>	<u>330,469</u>	<u>209,975</u>
8,876,633	8,399,437	8,081,159	8,843,136	9,089,441	9,137,468
2,057,136	1,729,028	1,754,250	1,773,228	1,713,256	1,380,618
487,279	540,049	634,650	737,652	564,041	523,201
2,342,799	2,453,804	2,481,155	2,618,172	2,765,402	2,813,901
2,213,801	2,282,250	2,444,233	2,625,647	2,678,217	2,799,577
-	-	-	-	-	-
173,575	77,302	91,184	207,035	128,998	276,291
1,097,051	962,861	749,111	736,176	766,106	651,643
451,261	457,859	310,384	282,969	254,906	228,950
<u>8,822,902</u>	<u>8,503,153</u>	<u>8,464,967</u>	<u>8,980,879</u>	<u>8,870,926</u>	<u>8,674,181</u>
53,731	(103,716)	(383,808)	(137,743)	218,515	463,287
8,204	4,500	61,000	1,735	-	35,465
1,730,517	1,519,072	1,322,308	1,440,901	941,921	1,139,601
(1,730,517)	(1,547,922)	(1,322,308)	(1,440,901)	(941,921)	(1,139,601)
127,315	60,861	16,815	-	-	-
<u>135,519</u>	<u>36,511</u>	<u>77,815</u>	<u>1,735</u>	<u>-</u>	<u>35,465</u>
189,250	(67,205)	(305,993)	(136,008)	218,515	498,752
<u>2,059,867</u>	<u>2,249,117</u>	<u>2,181,912</u>	<u>1,875,919</u>	<u>1,739,911</u>	<u>1,958,426</u>
<b><u>\$2,249,117</u></b>	<b><u>\$2,181,912</u></b>	<b><u>\$1,875,919</u></b>	<b><u>\$1,739,911</u></b>	<b><u>\$1,958,426</u></b>	<b><u>\$2,457,178</u></b>
18%	17%	13%	11%	12%	11%

## City of Brighton, Michigan

### Taxable Value by Property Type

Real Property							
Tax Year	Year Ended June 30	Residential	Commercial	Industrial	Personal Property	IFT Real & Personal	Total Taxable Value
2007	2008	\$230,804,660	\$145,831,650	\$23,163,840	\$ 38,970,715	\$19,067,290	\$457,838,155
2008	2009	229,013,040	151,805,205	28,128,150	34,683,080	15,268,920	458,898,395
2009	2010	216,792,630	158,577,120	27,382,940	34,187,245	15,448,630	452,388,565
2010	2011	203,158,330	157,961,620	23,634,280	32,294,152	18,087,160	435,135,542
2011	2012	194,233,278	152,897,460	19,161,060	31,502,940	14,483,030	412,277,768
2012	2013	190,697,314	148,301,458	16,405,055	36,264,060	9,563,000	401,230,887
2013	2014	191,614,956	139,343,070	16,752,160	35,530,296	11,246,470	394,486,952
2014	2015	199,092,840	140,907,773	17,577,710	32,744,850	10,811,810	401,134,983
2015	2016	208,346,880	143,167,910	17,574,288	42,558,068	6,219,500	417,866,646
2016	2017	216,616,231	141,450,927	18,702,444	35,725,700	13,951,900	426,447,202

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

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

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

**City of Brighton, Michigan**

---

**Statistical Section – Revenue Capacity Information  
Taxable Value and Actual Value of Taxable Property  
Last Ten Fiscal Years**

---

<u>City Tax Millage</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Value as a Percentage of Assessed Value</u>	<u>Taxable Value as a Percentage of Actual</u>	<u>City Levy</u>
15.8090	\$538,508,255	\$ 1,077,016,510	84	42	\$7,086,966
15.8749	516,306,560	1,032,613,120	89	44	7,163,561
15.9582	495,101,495	990,202,990	91	46	7,096,002
16.3927	469,699,617	939,399,234	93	46	6,984,758
16.4623	434,885,628	869,771,256	95	47	6,674,434
16.0487	420,390,356	840,780,712	95	48	6,362,497
15.2734	411,932,182	823,864,364	96	48	5,939,271
15.6534	433,968,889	867,937,778	92	46	6,194,710
15.6534	466,376,806	932,753,612	90	45	6,492,356
15.7703	514,295,757	1,028,591,514	83	41	6,615,187

## City of Brighton, Michigan

Tax Year	Year Ended June 30	Millage Rates - Direct City Taxes					Overlapping Taxes		
		City Operating	City Debt	City Law Enforcement/ Public Safety	City - Economic Development PA 359 of 1925	Total Direct City Tax Rates	Livingston County	Brighton District Library	
		2007	2008	14.8872	0.9218	-	-	15.8090	3.8842
2008	2009	14.8872	0.9877	-	-	15.8749	3.8842	0.8792	
2009	2010	14.8872	1.0710	-	-	15.9582	3.8988	0.8792	
2010	2011	15.2734	1.1193	-	-	16.3927	3.9488	0.8892	
2011	2012	15.2734	1.1889	-	-	16.4623	3.9543	0.8892	
2012	2013	15.2734	0.7753	-	-	16.0487	3.9543	0.8892	
2013	2014	15.2734	-	-	-	15.2734	3.9543	0.8992	
2014	2015	15.2734	-	0.3800	-	15.6534	3.9543	0.8762	
2015	2016	15.2734	-	0.3800	-	15.6534	3.9535	0.8892	
2016	2017	15.2734	-	0.3800	0.1169	15.7703	4.0068	0.8865	

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Revenue Capacity Information  
 Taxable Value and Actual Value of Taxable Property  
 Last Ten Fiscal Years

Operating Taxes					Total Tax Rate	
Brighton Area Fire Authority	State Education Tax	Livingston Educational Service Agency	Brighton Area Schools - Homestead	Brighton Area Schools - Non-	Homestead	Non- homestead
1.2500	6.0000	2.3361	6.1184	18.0000	36.4369	54.4369
1.2500	6.0000	2.3361	5.2000	18.0000	35.4244	53.4244
1.2500	6.0000	2.3361	5.2000	18.0000	35.5223	53.5223
1.2500	6.0000	2.3361	5.8000	18.0000	36.6168	54.6168
1.2500	6.0000	2.3361	5.7000	18.0000	36.5919	54.5919
1.2500	6.0000	2.3361	7.1900	18.0000	37.6683	55.6683
1.2500	6.0000	2.3361	7.1900	18.0000	36.9030	54.9030
1.2500	6.0000	2.3361	7.1900	18.0000	37.2600	55.2600
1.2500	6.0000	2.3334	7.1900	18.0000	37.2695	55.2695
1.5000	6.0000	3.3585	7.1900	18.0000	38.7121	56.7121

Statistical Section – Revenue Capacity Information  
Principal Property Taxpayers  
Current Year and Ten Fiscal Years

Taxpayer	2016 Taxable Value	Percentage of Total	2007 Taxable Value	Percentage of Total	2005 Rank
1 Eberspaecher North America	\$ 25,424,329	5.96%	\$ 11,914,290	2.60%	1
2 Brighton Holdings LLC	13,177,300	3.09%	7,019,650	1.53%	3
3 Brighton Mall Associates, LTD	10,431,519	2.45%	8,205,260	1.79%	2
4 BMH Realty, LLC	7,217,190	1.69%	*	*	2
5 Brookdale Senior Living Inc	5,862,900	1.37%	*	*	13
6 Stuart Easy Storage Inc	4,856,785	1.14%	*	*	*
7 TG Fluid Systems USA Corp	4,011,531	0.94%	6,298,570	1.38%	4
8 Good Will Co, INC	3,872,211	0.91%	*	*	*
9 Brighton Hotel Suites Inc	3,863,996	0.91%	4,810,880	1.05%	8
10 Brightland Properties, LLC	3,342,500	0.78%	*	*	*
Total taxable value	\$ 426,447,202		\$ 457,838,155		

\* Not available

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Revenue Capacity Information  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Tax Year	Year Ended June 30	Total City Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2007	2008	\$ 7,086,966	\$ 6,776,214	95.52	\$ 286,897	\$ 6,912,394	99.66
2008	2009	7,163,561	6,914,314	96.46	195,035	6,988,153	99.23
2009	2010	7,096,002	6,788,947	95.67	278,847	7,067,794	99.60
2010	2011	6,984,758	6,745,106	96.57	227,256	6,972,362	99.82
2011	2012	6,674,434	6,420,880	96.20	241,823	6,662,703	99.82
2012	2013	6,362,497	6,159,356	96.81	183,738	6,343,094	99.70
2013	2014	5,939,251	5,821,426	98.02	100,696	5,922,122	99.71
2014	2015	6,194,710	6,102,481	98.51	80,093	6,182,574	99.80
2015	2016	6,680,309	6,585,128	98.58	81,500	6,666,628	99.80
2016	2017	6,615,187	6,539,458	98.86	67,486	6,606,944	99.88

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

## City of Brighton, Michigan

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities</b>				
General obligation bonds	\$ 10,545,950	\$ 9,903,450	\$ 9,133,450	\$ 8,303,450
Installment purchase agreements	-	-	80,975	52,528
Special assessment bonds	<u>2,730,000</u>	<u>2,685,000</u>	<u>2,510,000</u>	<u>2,320,000</u>
Total	13,275,950	12,588,450	11,724,425	10,675,978
<b>Business-type Activities</b>				
General obligation bonds	3,313,850	2,949,150	3,211,950	3,039,750
Installment purchase agreements	-	-	-	-
Special assessment bonds	140,000	105,000	70,000	35,000
Revenue bonds	<u>8,963,080</u>	<u>8,454,294</u>	<u>7,939,294</u>	<u>7,374,294</u>
Total	<u>12,416,930</u>	<u>11,508,444</u>	<u>11,221,244</u>	<u>10,449,044</u>
<b>Total Debt of the Primary Government</b>	25,692,880	24,096,894	22,945,669	21,125,022
<b>Total Taxable Value</b>	457,838,155	458,898,395	452,388,565	435,135,542
<b>Ratio of Total Debt to Taxable Value</b>	5.61%	5.25%	5.07%	4.85%
<b>Total Population</b>	7,268	7,173	7,702	7,444
<b>Total Debt per Capita</b>	\$ 3,535	\$ 3,359	\$ 2,979	\$ 2,838
<b>Debt as a Percentage of Personal Income (1)</b>	7.38%	7.01%	6.38%	6.07%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of demographic and economic statistics for personal income data.

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records



Statistical Section – Debt Capacity Information  
 Ratios of Outstanding Debt  
 Last Ten Fiscal Years

2012	2013	2014	2015	2016	2017
\$ 7,443,450	\$ 6,766,500	\$ 6,661,279	\$ 6,131,669	\$ 5,572,359	\$ 5,111,249
132,792	69,932	45,936	26,560	6,954	3,611
<u>2,130,000</u>	<u>1,945,000</u>	<u>1,735,000</u>	<u>1,525,000</u>	<u>1,315,000</u>	<u>1,105,000</u>
9,706,242	8,781,432	8,442,215	7,683,229	6,894,313	6,219,860
2,827,550	2,643,846	2,445,109	2,182,226	1,921,200	1,731,850
-	-	-	247,586	212,217	176,848
-	-	-	-	-	-
<u>6,928,435</u>	<u>6,257,974</u>	<u>5,582,514</u>	<u>4,873,133</u>	<u>4,166,595</u>	<u>3,485,179</u>
<u>9,755,985</u>	<u>8,901,820</u>	<u>8,027,623</u>	<u>7,302,945</u>	<u>6,300,012</u>	<u>5,393,877</u>
19,462,227	17,683,252	16,469,838	14,986,174	13,194,325	11,613,737
412,277,768	401,230,887	394,486,952	401,134,983	417,866,646	426,447,202
4.72%	4.41%	4.18%	3.74%	3.16%	2.72%
7,442	7,613	7,807	7,684	7,659	7,659
\$ 2,615	\$ 2,323	\$ 2,110	\$ 1,950	\$ 1,723	\$ 1,516
5.60%	4.97%	4.51%	4.17%	3.69%	3.24%

Statistical Section – Debt Capacity Information  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities	Total		Debt as a Percentage of Taxable Value	Population	Debt per Capita	Personal Income (in Thousands) (1)	Debt as a Percentage of Personal Income
	Tax Limited General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Total General Governmental Activities Debt	Business-type Activities Bonded Debt	Total Primary Government	Taxable Value					
2008	\$ 8,620,950	\$1,925,000	\$ 10,545,950	\$ 3,313,850	\$ 13,859,800	\$ 457,838,155	3.03%	7,268	1,907	47,897	3.98%
2009	8,328,450	1,575,000	9,903,450	2,949,150	12,852,600	458,898,395	2.80%	7,173	1,792	47,897	3.74%
2010	7,958,450	1,175,000	9,133,450	3,211,950	12,345,400	452,388,565	2.73%	7,702	1,603	46,731	3.43%
2011	7,553,450	750,000	8,303,450	3,039,750	11,343,200	435,135,542	2.61%	7,444	1,524	46,731	3.26%
2012	7,143,450	300,000	7,443,450	2,827,550	10,271,000	412,277,768	2.49%	7,442	1,380	46,731	2.95%
2013	6,766,500	-	6,766,500	2,643,846	9,410,346	401,230,887	2.35%	7,613	1,236	46,731	2.65%
2014	6,661,279	-	6,661,279	2,445,109	9,106,388	394,486,952	2.31%	7,807	1,166	46,731	2.50%
2015	6,131,669	-	6,131,669	2,182,226	8,313,895	401,134,983	2.07%	7,684	1,082	46,731	2.32%
2016	5,572,359	-	5,572,359	1,921,200	7,493,559	417,866,646	1.79%	7,659	978	46,731	2.09%
2017	5,111,249	-	5,111,249	1,731,850	6,843,099	426,447,202	1.60%	7,659	893	46,731	1.91%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: Does not include outstanding debt of the City's component units.

(1) Personal Income is equal to the median household income and only available per the decennial census data.

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Debt Capacity Information  
Direct and Overlapping Governmental Activities Debt  
Year Ended June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Brighton Area School District	\$ 104,964,458	18.96	\$ 19,901,261
Livingston Educational Service Agency	2,810,000	5.72	160,732
Livingston County	23,170,000	5.04	1,167,768
Brighton Area District Library	<u>-</u>	20.19	<u>-</u>
Total overlapping debt	130,944,458		21,229,761
Direct net city debt *	<u>6,219,860</u>	100.00	<u>6,219,860</u>
Total direct and overlapping debt	<u><b>\$ 137,164,318</b></u>		<u><b>\$ 27,449,621</b></u>

\* Business-Type Activities are not included in Direct Net City Debt total

Source: Municipal Advisory Council of Michigan and the Audited Financial Statements of the City of Brighton

## City of Brighton, Michigan

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Calculation of Debt Limit</b>				
State Equalized Valuation:				
Ad Valorem	\$ 519,328,055	\$501,000,160	\$479,652,865	\$451,592,957
IFT	<u>19,180,200</u>	<u>15,306,400</u>	<u>15,448,630</u>	<u>18,106,660</u>
Total valuation	538,508,255	516,306,560	495,101,495	469,699,617
<b>Debt Limit</b> (10 percent of taxable value)	53,850,826	51,630,656	49,510,150	46,969,962
<b>Calculation of Debt Subject to Limit</b>				
Total debt*	29,382,880	27,386,894	26,071,984	23,665,936
Less debt not subject to limit:				
Special assessment bonds	2,870,000	2,790,000	2,580,000	2,355,000
MTF bonds	195,000	170,000	140,000	110,000
Revenue bonds	8,963,080	8,454,294	7,939,294	7,374,294
Share of County-issued bonds	<u>2,174,800</u>	<u>1,837,600</u>	<u>1,500,400</u>	<u>1,358,200</u>
Net debt subject to limit	<u>15,180,000</u>	<u>14,135,000</u>	<u>13,912,290</u>	<u>12,468,442</u>
<b>Legal Debt Margin</b>	<b><u>\$ 38,670,826</u></b>	<b><u>\$ 37,495,656</u></b>	<b><u>\$ 35,597,860</u></b>	<b><u>\$ 34,501,520</u></b>
<b>Net Debt Subject to Limit as Percentage of Debt Limit</b>	28.19%	27.38%	28.10%	26.55%

\* Does not include installment loans

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Debt Capacity Information  
 Legal Debt Margin  
 Last Ten Fiscal Years

2012	2013	2014	2015	2016	2017
\$420,402,598	\$410,827,356	\$400,685,712	\$423,157,079	\$460,157,306	\$500,343,857
<u>14,483,030</u>	<u>9,563,000</u>	<u>11,246,470</u>	<u>10,811,810</u>	<u>6,219,500</u>	<u>13,951,911</u>
434,885,628	420,390,356	411,932,182	433,968,889	466,376,806	514,295,768
43,488,563	42,039,036	41,193,218	43,396,889	46,637,681	51,429,577
21,628,859	19,417,423	17,697,420	15,694,135	13,926,702	12,274,242
2,130,000	1,945,000	1,735,000	1,525,000	1,315,000	1,105,000
75,000	40,000	-	-	-	-
5,969,141	5,368,680	4,763,220	4,123,839	3,492,301	2,864,020
<u>959,294</u>	<u>889,294</u>	<u>819,294</u>	<u>749,294</u>	<u>674,294</u>	<u>599,294</u>
<u>12,495,424</u>	<u>11,174,449</u>	<u>10,379,906</u>	<u>9,296,002</u>	<u>8,445,107</u>	<u>7,705,928</u>
<b><u>\$ 30,993,139</u></b>	<b><u>\$ 30,864,587</u></b>	<b><u>\$ 30,813,312</u></b>	<b><u>\$ 34,100,887</u></b>	<b><u>\$ 38,192,574</u></b>	<b><u>\$ 43,723,649</u></b>
28.73%	26.58%	25.20%	21.42%	18.11%	14.98%

# City of Brighton, Michigan

## Water and Sewer Revenue Bonds

Fiscal Year	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service		
				Principal	Interest	Coverage*
2008	\$ 3,129,937	\$ 2,137,874	\$ 992,063	\$ 415,000	\$ 401,719	\$ 175,344
2009	3,645,288	2,106,954	1,538,334	460,000	385,191	693,143
2010	3,335,311	2,475,618	859,693	515,000	366,213	(21,520)
2011	3,651,556	2,315,120	1,336,436	565,000	344,632	426,804
2012	3,856,132	2,304,646	1,551,486	565,000	321,501	664,985
2013	3,897,404	2,295,008	1,602,396	620,000	296,691	685,705
2014	3,648,685	2,497,249	1,151,436	655,000	162,604	333,832
2015	4,203,680	2,492,502	1,711,178	690,000	145,966	875,212
2016	4,346,042	2,643,992	1,702,050	685,000	125,976	891,074
2017	6,022,334	2,534,611	3,487,723	675,000	107,826	2,704,897

\* Shortfalls in revenue coverage have been subsidized by capital contributions from connection fees and general fund contributions

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Debt Capacity Information  
Pledged Revenue Coverage  
Last Ten Fiscal Years

<u>Special Assessment Bonds</u>			
Special Assessment Collections	<u>Debt Service</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
\$ 358,316	\$ 265,000	\$ 137,453	\$ (44,137)
363,160	265,000	126,417	(28,257)
343,628	210,000	124,075	9,553
514,541	225,000	116,294	173,247
312,179	225,000	106,393	(19,214)
268,837	185,000	96,481	(12,644)
257,965	210,000	87,887	(39,922)
248,049	210,000	78,499	(40,450)
238,996	210,000	68,899	(39,903)
171,512	210,000	59,100	(97,588)

Statistical Section – Demographic and Economic Information  
 Demographic and Economic Statistics  
 Last Eighteen Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Personal Income (in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (Percent)</u>
2000	6,701	\$ 47,897	\$ 21,007	1.80
2001	6,800	47,897	21,007	2.71
2002	6,900	47,897	22,487	4.10
2003	7,100	47,897	22,487	3.90
2004	7,173	47,897	22,808	3.60
2005	7,182	47,897	22,917	*
2006	7,263	47,897	23,251	*
2007	7,483	47,897	23,364	*
2008	7,268	47,897	23,595	*
2009	7,173	47,897	23,711	*
2010	7,702	46,731	23,134	*
2011	7,444	46,731	23,249	*
2012	7,442	46,731	23,366	*
2013	7,613	46,731	23,602	*
2014	7,807	46,731	23,721	*
2015	7,684	46,731	23,842	*
2016	7,659	46,731	24,088	*
2017	7,659	46,731	24,088	*

\* Not available/no longer available

Note: Personal Income is equal to the median household income and only available per the decennial census data.

Source: Southeast Michigan Council of Governments (SEMCOG)



City of Brighton, Michigan

Statistical Section – Demographic and Economic Information  
Principal Employers  
Current Year and Nine Years Ago

Taxpayer	2017 Employees	Percentage of Total	2007 Employees	Percentage of Total	2007 Rank
1 Brighton Area Schools	934	8.64%	860	9.56%	1
2 Eberspaecher	449	4.15%	217	2.41%	5
3 TG Fluid Systems	356	3.29%	267	-	4
4 Corrigan Oil	243	2.25%	-	- %	-
5 Meijer	225	2.08%	310	3.44%	2
6 Work Skills Corporation	184	1.70%	150	1.67%	8
7 Target	150	1.39%	275	3.06%	3
8 March Coatings	140	1.29%	*	- %	-
9 Home Depot	122	1.13%	150	1.67%	7
10 Busch's	87	0.80%	*	- %	-
Total	<b>2,890</b>	<b>26.73%</b>	<b>2,229</b>	<b>21.80%</b>	
Estimated total city employment	10,812		9,000		

\* Not available

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

## City of Brighton, Michigan

Function/Program	2008	2009	2010	2011	2012
General government:					
City manager	1.50	1.50	1.50	1.00	1.00
City clerk/Human resources	3.13	3.13	2.50	2.50	2.50
Finance	<u>9.25</u>	<u>9.25</u>	<u>9.25</u>	<u>7.63</u>	<u>7.63</u>
Total general government	13.88	13.88	13.25	11.13	11.13
Community development	5.00	5.00	5.00	4.00	4.00
Public safety (police)	20.60	19.60	19.60	19.60	19.60
Public services:					
Cemetery	2.00	2.00	2.00	2.00	2.00
Facilities and grounds	3.00	3.00	3.00	3.00	3.00
Streets	8.00	8.00	8.00	8.00	8.00
Utilities	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>7.00</u>	<u>7.00</u>
Total public services	<u>22.00</u>	<u>22.00</u>	<u>22.00</u>	<u>20.00</u>	<u>20.00</u>
Total	<u><b>61.48</b></u>	<u><b>60.48</b></u>	<u><b>59.85</b></u>	<u><b>54.73</b></u>	<u><b>54.73</b></u>

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Operating Information  
Full-time Equivalent Government Employees  
Last Ten Fiscal Years

---

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1.00	1.00	1.00	1.00	1.84
2.50	2.50	2.50	2.50	2.66
<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.00</u>
11.13	11.13	11.13	11.13	11.50
4.00	4.00	4.00	4.00	3.00
19.00	19.00	19.00	19.60	19.60
2.00	1.00	1.00	1.00	1.00
3.00	3.00	4.00	4.00	4.00
7.00	6.00	5.00	6.00	6.00
<u>7.00</u>	<u>7.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
<u>19.00</u>	<u>17.00</u>	<u>18.00</u>	<u>19.00</u>	<u>19.00</u>
<b><u>53.13</u></b>	<b><u>51.13</u></b>	<b><u>52.13</u></b>	<b><u>53.73</u></b>	<b><u>53.10</u></b>

## City of Brighton, Michigan

Function/Program	2008	2009	2010	2011
<b>Election data:</b>				
Registered voters	5,406	5,307	5,380	5,575
Voters (at the polls or absentee)	2,307	2,970	1,013	2,899
Percent voting	42.67%	55.96%	18.83%	52.00%
<b>Human resource data - Number of recruitments</b>				
	12	2	0	0
<b>Finance data:</b>				
Number of A/P checks	2,181	2,156	1,835	1,552
Number of property tax parcels	4,093	3,969	3,974	4,093
Number of utility bill customers	3,508	3,516	3,595	3,584
<b>Police:</b>				
Physical arrests	1,031	944	925	577
Traffic violations	5,160	4,102	4,325	3,980
Investigations	11,986	12,103	12,099	20,312
<b>Community development data:</b>				
Number of building permits	311	258	249	208
Value of building permits	\$8,003,905	\$5,103,742	\$5,626,679	\$7,910,371
Number of building inspections	793	679	459	965
<b>Public works data:</b>				
Miles of street constructed, reconstructed, and resurfaced	1.25	1.00	0.90	-
Road salt used (tons)	1,250	2,300	2,100	1,600
R.O.W. tree plantings	20	10	-	-
Grave openings	64	66	64	57
<b>Water data:</b>				
Total billed consumption (000s)	495,863	445,079	408,123	432,962
Avg. billed consump./user (000s)	141	127	114	121
Number of water main breaks	1	1	2	2
<b>Sewer data - Avg. daily treatment (MGD)</b>				
	1.300	1.250	1.285	1.200

\* Not available

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Operating Information  
 Operating Indicators  
 Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017
	5,900	5,927	5,889	5,671	5,686	5,986
	3,725	3,975	1,279	1,979	2,625	4,327
	63.14%	67.07%	21.72%	34.90%	46.17%	72.29%
	1	9	12	12	14	18
	1,588	1,601	1,418	1,211	1,210	1,264
	4,136	4,296	4,298	4,294	4,424	4,505
	3,592	3,646	3,481	3,508	3,536	3,551
	495	421	354	340	484	428
	2,589	2,273	1,819	1,523	1,541	1,698
	19,468	16,929	19,330	22,350	29,112	23,913
	289	332	253	331	348	334
\$	7,099,816	\$9,143,156	\$7,494,230	\$26,600,740	\$11,824,906	\$12,993,840
	551	693	530	709	797	653
	-	-	-	-	-	0.94
	1,375	1,030	2,364	1,675	1,428	1,423
	-	4	2	-	-	29
	56	64	50	51	59	48
	439,746	450,317	400,702	385,893	398,439	431,485
	122	124	115	110	113	122
	6	3	7	6	2	4
	1.250	1.110	1.190	1.060	1.070	1.180

## City of Brighton, Michigan

Function/Program	2008	2009	2010	2011
Police - Patrol units	8	8	8	8
Public works:				
Streets (miles):				
Major streets	11.32	11.32	11.32	11.32
Local streets	14.99	14.99	14.99	18.12
Sidewalks	80	80	80	80
Traffic signals	9	9	9	9
Water:				
Mains (miles)	52	52	52	52
Fire hydrants	484	484	484	484
Storage capacity	1,620,000,000	1,620,000,000	1,620,000,000	1,620,000,000
Sewer:				
Miles of sanitary sewers	45	45	45	45
Miles of storm sewers	27	27	27	27
Treatment capacity	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000

\* Not available

Source: Audited Financial Statements of the City of Brighton and/or City Finance Department Records

Statistical Section – Operating Information  
 Capital Asset Statistics  
 Last Ten Fiscal Years

2012	2013	2014	2015	2016	2017
8	8	8	9	8	8
11.32	11.32	11.32	11.32	11.32	11.32
18.12	18.12	18.12	18.12	18.37	18.37
80	80	80	80	80	80
9	9	9	9	9	9
52	52	52	59	60	60
484	638	648	655	673	673
1,620,000,000	1,620,000,000	1,620,000,000	1,620,000,000	1,620,000,000	1,620,000,000
45	45	45	48	58	58
27	27	27	27	27	27
2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000