

City of Brighton, Michigan

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City of Brighton, Michigan

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CITY OF BRIGHTON

“Providing quality service”

October 15, 2015

City Hall

200 N. First St.
Brighton, MI 48116-1593
(810) 227-1911
Fax# 227-6420
TDD Phone: (810) 227-8357

City Manager

225-8022

City Clerk

227-0463

Human Resources Director

225-9251

Cemetery/ Voter Registration

227-0463

Community Development

Building

227-9005

Building Inspection Line

227-0419

Planning / Zoning

225-9257

**Community Development/
DDA**

225-8025

Finance

Accounts Payable

225-8019

Assessing Assistant

227-9006

City Assessor

225-8024

City Treasurer

225-8023

Finance Director

225-9283

Assistant Finance Director

227-7738

Property Taxes

227-0179

Utility Billing

225-8041

Police Department

440 S. Third St.

(810) 227-2700

Fax# 227-2063

Department of Public Works

420 S. Third St.

(810) 225-8001

Fax# 225-9249

DPW Director

225-9284

Assistant DPW Director

225-9282

Utilities Department

Water Plant

227-2968

Wastewater Plant

227-9479

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, 2015 is submitted herewith. It was prepared by staff in the Finance Department with the assistance of the audit staff from Plante & Moran, PLLC. 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 28 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 basic 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 type 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 7,515, and is the central business hub for Livingston County's approximate 184,944 household population, who reside in its southeast quadrant. The City's estimated 3,831 households reflect an approximate average of 1.96 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 8.3% to 5.3% over the last year. In addition, the Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) decreased by 2.4% 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, City Planner, and City Engineer.

There are indications that the local economic downturn is starting to improve. Housing sale prices are beginning to increase and there are fewer homes on the market. Interest rates are currently at historical lows and expected to gradually increase over the next year. The number of foreclosures in the City of Brighton has also decreased. Over the last 5 to 10 years, the City has realized reduced residential, industrial and commercial values. The residential and industrial values decreased far greater than the commercial values. During the recent budget process for FY15/16, the property tax values of the residential and industrial have increased greater than 4%. The commercial values have remained relatively flat, with just over a 1.5% increase. It is management's belief that the commercial values will slowly increase.

Building activity is also starting to improve in the City. Recent housing developments that were once put on hold are now being built and the homes are selling. Industrial will be increasing, as the City recently approved a tax abatement for a major industrial partner in the City. Eberspaecher North America, Inc. (ENA) is currently expanding their Brighton location significantly. The project is expected to be complete within the next six months.

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 has reduced its workforce by approximately 17% (10.35 positions) since 2008. This reduction in personnel costs and the elimination of capital projects helped the City get through the economic decline over the last seven years without reducing services to taxpayers.

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 six-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 FY15/16 adopted budget included most of the first year CIPs. 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.

The City Council has approved setting aside a portion of Fund Balance into Committed Fund Balance in order to build up a reserve for future capital improvements. The 15/16 Adopted budget includes additional funds to increase the amount of money set aside. The Utilities Fund has been setting aside funds for capital replacement over the last several years.

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 \$150,000 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 \$1,061,125 or 16% of operating expenditures on June 30, 2015. 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 2.18 on June 30, 2015, which is above the target of 2:1. Working capital, a key benchmark of the Utilities Fund, increased by \$279,964 to \$1,488,016 at June 30, 2015. The working capital, less the capital reserve fund, covered 23% of the Utilities Fund expenses, including depreciation. Exclusive of depreciation, the coverage was 36% 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 certificates of deposit. Interest earned for the current fiscal year amounted to \$29,856, an increase of \$9,033 or 43% from the preceding year, which was primarily caused by higher yields on all money market accounts and certificates of deposit. Due to the recent credit market problems, which have caused many banks to experience liquidity and overall financial difficulties, the City has stepped up 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 changed its daily bank from JPMorgan Chase to Flagstar in the first quarter of FY14/15. This change helped to increase the City's investment earnings.

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 2014-15

- The City added approximately \$1,600,000 of New Fixed Capital Assets, including new street lights, changed existing street lights and traffic signals to LED, a sculpture, new handguns, forensic software, three police vehicles, purchase of 212 E. Grand River and the CSX Parking lot for the DDA, an overhaul of the Challis well pump and phase I of the Wastewater Treatment Plant HVAC system overhaul for the Utilities Fund, and IT Equipment/Software.
- The City received its ninth consecutive Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its submittal for the City's FY 2014-15 Budget document.
- The City received its sixth consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting Award for its FY 2013-14 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 found on pages 58-60 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. 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. All expenditures, except personnel costs and certain defined exceptions, are required to have an authorized purchase order.

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, 2014. 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 six 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, PLLC. 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,



Kelly Hanna
Finance Director



Government Finance Officers Association

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

Presented to

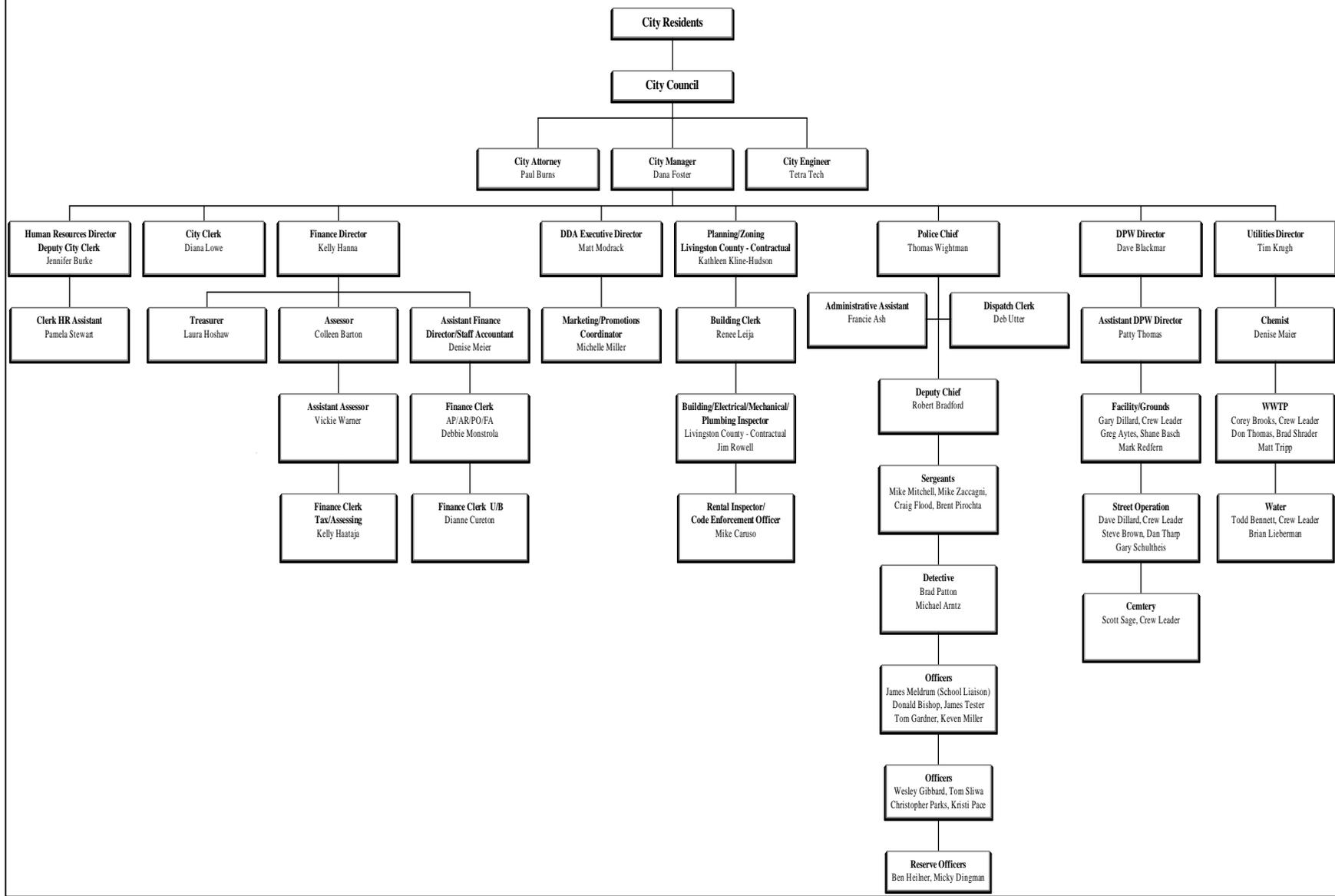
**City of Brighton
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Brighton Organizational Chart



CITY OF BRIGHTON, MICHIGAN
List of Elected and Appointed Officials
For the Fiscal Year Ended June 30, 2015

ELECTED OFFICIALS

Jim Muzzin
Shawn Pipoly
Susan Gardner
Ricci Bandkau
Jim Bohn
Kristoffer Tobbe
Shanda Willis

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member
Council Member
Council Member

APPOINTED OFFICIALS

Dana Foster
Paul Burns
Kelly Hanna
Diana Lowe
Matthew Modrack

Jenni Burke

Thomas Wightman
Amy Cyphert
Dave Blackmar
Tim Krugh

City Manager
City Attorney
Finance Director
City Clerk
Community
Development/DDA
Executive Director
Human Resources
Director/Deputy City Clerk
Police Chief
Planning/Zoning Director
Public Works Director
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 year ended June 30, 2015 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 an opinion 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.

Opinion

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, 2015 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

Emphasis of Matter

As discussed in Note I to the basic financial statements, in 2015, the City adopted the new accounting guidance of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which established accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

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 7, 2015

City of Brighton, Michigan

Management's Discussion and Analysis

As the Finance Director of the City of Brighton (the "City"), I offer readers of the City of Brighton's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. I encourage readers to consider the information presented here in conjunction with additional information that I have furnished in my letter of transmittal, which can be found on pages i-v of this report.

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 \$42,944,263 (net position). Included in this amount is a negative \$6,149,526 of unrestricted net position.
- The City's total net position decreased by \$6,312,135. This decrease is the net result of an increase of \$230,584 in component unit (DDA and LDFA) net position and a decrease of \$6,542,719 in the net position of the primary government.
- The \$6,542,719 decrease in the net position of the primary government is the result of a \$5,497,163 decrease in the net position of the governmental activities and a \$1,045,556 decrease in net position of the business-type activities (Utilities Fund). The decrease in net position of the governmental activities is primarily the result of an increase in net pension liability of \$5,255,000 (per the implementation of GASB No. 68 as of June 30, 2015) and reduced capital assets - net of depreciation, partially offset by less long-term debt that has been paid down over the fiscal year. The decrease in net position of the Utilities Fund is primarily the result of an increase of net pension liability of \$1,169,000 (per the implementation of GASB No. 68 as of June 30, 2015) and a decrease in capital assets - net of depreciation, partially offset by less long-term debt that has been paid down over the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,739,911, a decrease of \$136,008 in comparison with the prior year. A total of \$1,284,421 or approximately 74 percent of the fund balance is available for spending at the City Council's discretion. Of that amount, \$124,273 is available for spending on roads in the Major and Local Street Fund, \$21,796 is available for police expenditures related to forfeiture, \$28,454 is available for law enforcement/public safety expenditures related to the new millage, \$22,932 is assigned for the purposes of the Principal Shopping District, \$9,112 is assigned to the Arts and Culture Commission, \$359 of the available fund balance is assigned for police equipment that was not completed in FY 2014/2015 in the General Fund, and \$16,370 is assigned to the Imagination Station Maintenance. Therefore, the remaining \$1,061,125 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 \$1,061,125, or 16 percent of total current General Fund budgeted operating expenditures for the year ended June 30, 2015.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

- The City's total debt (primary government and component units) decreased by \$1,804,879 (10 percent) during the current fiscal year. The decrease was caused by the annual maturity of pre-existing debt and a decrease in compensated absences, partially offset by an Installment Purchase Agreement in the business-type activities and a land contract in the component unit activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Brighton, Michigan's basic financial statements. The City of Brighton, Michigan's basic financial statements currently comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

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, community development, and public services. 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.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

The government-wide financial statements can be found on pages 14-16 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.

The City of Brighton, Michigan currently maintains 12 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, Major Streets Fund, Local Streets Fund, and Capital Improvement Fund, which all are considered to be major funds; and a State Drug Law Enforcement Fund, a Federal Drug Law Enforcement, a Street Debt Fund, a Law Enforcement/Public Safety Fund and a Building Authority 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 17-20 of this report.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

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 21-23 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 24 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 28-56 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 major Special Revenue Funds. Required supplemental information can be found on pages 57-66 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, 2015, assets exceeded liabilities by \$42,944,263.

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.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Current assets	\$ 3,992.6	\$ 3,663.3	\$ 2,748.7	\$ 2,358.7	\$ 403.1	\$ 204.2	\$ 7,144.4	\$ 6,226.2
Capital assets	<u>26,370.7</u>	<u>27,321.1</u>	<u>31,225.4</u>	<u>32,240.9</u>	<u>5,433.4</u>	<u>5,180.1</u>	<u>63,029.5</u>	<u>64,742.1</u>
Total assets	30,363.3	30,984.4	33,974.1	34,599.6	5,836.5	5,384.3	70,173.9	70,968.3
Deferred outflows of resources	685.6	360.4	111.8	36.0	-	-	797.4	396.4
Current liabilities	1,980.5	1,482.1	1,256.2	122.7	601.7	58.1	3,838.4	1,662.9
Long-term liabilities	<u>15,299.5</u>	<u>10,596.7</u>	<u>7,937.6</u>	<u>8,575.2</u>	<u>951.5</u>	<u>1,273.5</u>	<u>24,188.6</u>	<u>20,445.4</u>
Total liabilities	<u>17,280.0</u>	<u>12,078.8</u>	<u>9,193.8</u>	<u>8,697.9</u>	<u>1,553.2</u>	<u>1,331.6</u>	<u>28,027.0</u>	<u>22,108.3</u>
Net position:								
Net investment in capital assets	18,687.5	18,878.9	23,922.5	24,206.4	4,791.3	4,231.7	47,401.3	47,317.0
Restricted	1,692.5	1,899.2	-	-	-	-	1,692.5	1,899.2
Unrestricted (deficit)	<u>(6,611.2)</u>	<u>(1,512.1)</u>	<u>969.7</u>	<u>1,731.3</u>	<u>(508.0)</u>	<u>(179.0)</u>	<u>(6,149.5)</u>	<u>40.2</u>
Total net position	<u>\$ 13,768.8</u>	<u>\$ 19,266.0</u>	<u>\$ 24,892.1</u>	<u>\$ 25,937.7</u>	<u>\$ 4,283.3</u>	<u>\$ 4,052.7</u>	<u>\$ 42,944.3</u>	<u>\$ 49,256.4</u>

An additional portion of the City of Brighton's net position (4 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 \$825,539 (this includes restating the net position as of July 1 per GASB No. 68 - see Note 1). Last fiscal year, the net position of the governmental activities decreased by \$1,561,040. The year-over-year change is primarily the result of program expenses increasing by \$323,570, partially offset by an increase in revenue of \$1,059,071. The increase in revenue is primarily due to additional property tax revenue from an increase in taxable value and the first year of the Law Enforcement/Public Safety millage, special assessment revenue from the first year of the PSD assessments, and small increases in grants and state shared revenue. The increases in expenditures are the net result of a small decrease in general government and a decrease in interest on long-term debt, partially offset by an increase in Public Safety, Public Services, and Community Development programs.

Business-type Activities - Business-type activities decreased the City of Brighton's net position by \$6,149. Last fiscal year, the net position of the business-type activities decreased by \$667,546. The year-over-year change is the net result of \$554,995 additional revenue and \$106,402 less program expenses than last fiscal year. The increase in revenue is primarily the result of additional one-time connection fees and slightly less service charges. The decrease in expenses is primarily the result of a decrease in supplies, purchased property services, and utilities, partially offset by additional salaries and benefits, professional and technical services, and other purchased services.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

Component Units - Component units increased the City of Brighton's net position by \$230,584, compared to an increase of \$196,776 in the prior year. The year-over-year change is the net result of \$42,512 less total revenue and \$76,320 less total program expenses when compared to last fiscal year. The decrease in revenue is from a decrease in tax increment revenue. The decrease in expenses is the net result of decreases in overall DDA and LDFA expenses.

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

	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2015	FY 2014*	FY 2015	FY 2014*	FY 2015	FY 2014	FY 2015	FY 2014
Net Position - Beginning of year	\$ 14,594.4	\$ 20,827.0	\$ 24,898.3	\$ 26,605.2	\$ 4,052.7	\$ 3,855.9	\$ 43,545.4	\$ 51,288.1
Revenue								
Program revenue:								
Charges for services	1,827.3	1,295.4	3,309.0	3,401.5	-	-	5,136.3	4,696.9
Operating grants	494.4	475.0	-	-	-	-	494.4	475.0
Capital grants contributions	79.4	28.1	887.6	242.3	-	-	967.0	270.3
General revenue:								
Property taxes	5,452.7	5,053.6	-	-	812.4	793.1	6,265.1	5,846.6
State-shared revenue	681.9	637.7	-	-	-	-	681.9	637.7
Investment earnings	108.8	112.5	7.0	4.9	3.7	2.3	119.6	119.7
Other revenue	318.2	301.4	-	-	28.9	92.1	347.1	393.5
Total revenue	8,962.7	7,903.7	4,203.6	3,648.7	845.0	887.5	14,011.3	12,439.8
Program Expenses								
General government	1,687.0	1,802.9	-	-	-	-	1,687.0	1,802.9
Public safety	3,064.5	2,818.0	-	-	-	-	3,064.5	2,818.0
Public services	3,991.0	3,857.6	-	-	614.4	690.7	4,605.3	4,548.3
Community development	765.8	662.9	-	-	-	-	765.8	662.9
Interest on long-term debt	280.0	323.3	-	-	-	-	280.0	323.3
Water and sewer	-	-	4,209.8	4,316.2	-	-	4,209.8	4,316.2
Total program expenses	9,788.3	9,464.7	4,209.8	4,316.2	614.4	690.7	14,612.5	14,471.6
Change in Net Position	(825.6)	(1,561.0)	(6.2)	(667.5)	230.6	196.8	(601.3)	(2,031.8)
Impact of GASB Statement No. 68*	-	(4,671.6)	-	(1,039.4)	-	-	-	(5,711.0)
Net Position - End of year	<u>\$ 13,768.8</u>	<u>\$ 14,594.4</u>	<u>\$ 24,892.1</u>	<u>\$ 24,898.3</u>	<u>\$ 4,283.3</u>	<u>\$ 4,052.7</u>	<u>\$ 42,944.2</u>	<u>\$ 43,545.4</u>

* GASB Statement No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to properly state the fiscal year 2015 beginning net position.

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.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

As of the end of the current fiscal year, the City of Brighton, Michigan's governmental funds reported combined ending fund balances of \$1,739,911, a decrease of \$136,008 in comparison with the prior year. Approximately 61 percent of this total amount (\$1,061,125) 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, and law enforcement/public safety), or assigned (to liquidate contracts and purchase orders of the prior period or for subsequent year expenditures, and reserved for purposes such as Arts and Culture Commission, PSD, 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 \$1,061,125. The FY 2015-2016 budget is balanced; therefore, none of the unassigned fund balance is designated for subsequent year expenditures. The City intends to commit \$19,179 to Committed Fund Balance for future capital improvement and equipment replacement in FY2015-2016. 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 16 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2016. The City of Brighton's fund balance policy has a minimum fund balance requirement of 15 percent.

The unassigned fund balance of the City of Brighton, Michigan's General Fund decreased by \$110,783 during the current fiscal year. The primary reason for the decrease in fund balance is an increase in expenditures related to the retirement of three employees, an increase in purchased property services and other purchased services, partially offset by a reduction in utilities and less appropriations for debt service.

At the end of the current fiscal year, restricted fund balance of the Special Revenue Funds (Major and Local Streets) was \$124,273. This is a reduction of \$40,957 from the prior year. The Major Street Fund had an increase in expenditures in FY2014-2015 for the change-out of approximately 1/3 of the City's streetlights to LEDs and the remaining traffic signals changed to LED lights. The City also incurred engineering expenditures related to the Orndorf Drive and N. Second Street Project.

The assigned fund balance for the Principal Shopping District Fund, Arts and Cultural Commission Fund, and Imagination Station Maintenance Reserve Fund at the end of the current fiscal year was \$48,414. This is an increase from the prior year of \$5,470, primarily due to the new special assessment and reimbursements from downtown business merchants for the PSD Fund and additional transfers to the Imagination Station Fund from the General Fund for future maintenance.

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

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

The Federal and State Drug Law Enforcement Funds had an ending fund balance of \$21,796. All of the revenue in these funds is from police seizures. During the fiscal year, the police department replaced tasers and purchased a K9 dog with forfeiture funds.

The Law Enforcement/Public Safety Fund is a newly created fund from the voter-approved millage for law enforcement/public safety equipment. The ending fund balance is \$28,454, which will be used for future law enforcement equipment. The approximately \$150,000 in revenue assisted the police department with replacing several vehicles and started the downtown surveillance camera system replacement project.

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 assets of the Utilities Fund at the end of the year amounted to \$969,664, down \$761,668 from the prior year. The Utilities Fund had a \$1,343,744 operating loss primarily because the operating revenue does not cover all the depreciation expense. This fund generated a net loss of \$6,149. Although this net loss, or decrease in net position, is less than the operating loss, the one-time collections of connection fees and developer contributions fell short of covering the annual depreciation expenses not covered by operating revenue.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget can be briefly summarized as follows:

- The \$204,575 or 3 percent increase in total revenue from the original budget reflected a net increase from additional licenses and permits (building department), state-shared revenue, interest and service charges, partially offset by a reduction in property taxes, fines, and penalties.
- The \$350,728 or 5 percent increase in total expenditures from the original budget reflected primarily a net of more than anticipated expenditures in the public safety, public services, community development, and transfers out activity budgets, partially offset by reduced expenditures in the general government activity budget. The expenditure increase is attributed to three employee retirements and additional expenditures related to building department activity.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

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, 2015 amounts to \$57,596,102 (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, 2015 amounts to \$5,433,403 (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 3.5 percent (a 3.5 percent decrease in governmental activities, a 3.1 percent decrease for business-type activities, and a 5.8 percent increase for its component units).

	Primary Government							
	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Land	\$ 13,530.8	\$ 13,530.8	\$ 157.4	\$ 157.4	\$ 1,412.3	\$ 1,063.3	\$ 15,100.4	\$ 14,751.4
Buildings and system	3,862.2	4,035.3	14,255.2	14,677.5	182.5	533.3	18,300.0	19,246.1
Machinery and equipment	588.6	593.8	247.0	255.7	3,537.6	3,538.7	4,373.2	4,388.1
Infrastructure	8,389.1	9,161.1	16,565.8	17,143.5	-	-	24,955.0	26,304.6
Construction in progress	-	-	-	-	301.0	-	301.0	602.0
Total	<u>\$ 26,370.7</u>	<u>\$ 27,321.1</u>	<u>\$ 31,225.4</u>	<u>\$ 32,234.0</u>	<u>\$ 5,433.4</u>	<u>\$ 5,135.2</u>	<u>\$ 63,029.6</u>	<u>\$ 65,292.3</u>

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

- **Governmental Activities** - Utility vehicle with plow, computer equipment, two patrol vehicles, a detective vehicle, handguns, tasers, and an art sculpture
- **Business-type Activities** - Rebuild Challis #4 high service and repair the well pump, replace the first of two phases of the WWTP HVAC system, and replacement of the residential sewer line camera.
- **Component Units** - DDA improvements included the purchase of 212 E. Grand River and the CSX parking lot improvement project.

Additional information on the City of Brighton, Michigan's capital assets can be found in Note 4 on pages 38-40 of this report.

Long-term Debt - As shown below, at the end of the current fiscal year, the City of Brighton had total debt outstanding of \$15,968,281. Of this total, \$10,319,442 or 65 percent comprises debt backed by the full faith and credit of the City, including \$749,294 of Revenue Bonds; \$1,525,000 or 15 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 \$4,123,839 or 26 percent comprises revenue bonds backed by the revenue of the City's Utility Fund. A total of \$7,683,229 or 48 percent of the total debt is governmental activities debt, \$7,302,945 or 46 percent is business-type activities debt, and the remaining \$982,107 or 6 percent is component unit debt (DDA and LDFA Bonds).

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

	Primary Government				Component Units		Total	
	Governmental Activities		Business-type Activities		FY 2015	FY 2014	FY 2015	FY 2014
	FY 2015	FY 2014	FY 2015	FY 2014				
General obligation bonds/ notes	\$ 6,668.2	\$ 6,707.2	\$ 2,429.8	\$ 2,445.1	\$ 982.1	\$ 1,273.5	\$ 9,570.1	\$ 10,425.8
Special assessment bonds	1,525.0	1,735.0	-	-	-	-	1,525.0	1,735.0
Revenue bonds with a general obligation pledge	-	-	4,123.8	4,763.2	-	-	4,123.8	4,763.2
Revenue bonds	-	-	749.3	819.3	-	-	749.3	819.3
Total	\$ 7,683.2	\$ 8,442.2	\$ 7,302.9	\$ 8,027.6	\$ 982.1	\$ 1,273.5	\$ 15,968.3	\$ 17,743.4

The City of Brighton, Michigan's total debt, excluding compensated absences, decreased by \$1,775,075 (10 percent) during the current fiscal year. The decrease was the result of the annual maturity of pre-existing debt, offset by a new DDA Land Contract for the Component Units and an installment purchase agreement for the business-type activities.

The City of Brighton, Michigan maintains non-insured bond ratings as follows: AA+ from Standard & Poor's (upgraded from A+ in December, 2013), Aa3/A1 rating from Moody's, and an AA- from Fitch.

State statutes limit the amount of general obligation debt a City may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Brighton, Michigan is \$41,883,356 which is significantly in excess of the City's total net debt (total debt less special assessment, revenue, MTF, and County-shared debt) of \$9,570,148. Therefore, the legal debt margin, or what the City could legally add to its outstanding debt at June 30, 2015 was \$32,313,208.

Additional information on the City of Brighton, Michigan's long-term debt can be found in Note 6 on pages 41-44 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, 2015, the average unemployment rate for Livingston County was 5.3 percent, which is a decrease from 7.8 percent a year ago; for the State of Michigan, it was 5.5 percent and for the United States it was 5.3 percent.
- The Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) for the year ended June 30, 2015 decreased by 2.4 percent from a year ago, the Midwest Region average CPI rate decreased by 0.7 from a year ago, and the national CPI rate increased by 0.1 percent from a year ago.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

The trends in these economic factors will be considered in preparing the City of Brighton, Michigan's FY 2016-2017 budget.

During the current fiscal year, unassigned fund balance in the General Fund decreased by \$110,783 to \$1,061,125. The FY 2015-2016 budget was balanced; therefore, none of the unassigned fund balance is designated for subsequent year expenditures. The unassigned fund balance represents 16 percent of the total current General Fund budgeted operating expenditures at June 30, 2016. In anticipation of the significant OPEB and pension liability numbers, the City may want to consider designating a portion of the unassigned fund balance of the General Fund over and above the required contributions in an effort to reduce these liabilities.

The City's utility user fees increased an average of 2.8 percent for the fiscal year 2015-2016 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. 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 Kelly Hanna, Finance Director, City of Brighton, 200 N. First Street, Brighton, MI 48116.

City of Brighton, Michigan

Statement of Net Position June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,182,471	\$ 1,678,956	\$ 3,861,427	\$ 349,276
Receivables:				
Delinquent taxes	60,445	-	60,445	8,842
Customer	51,461	714,131	765,592	-
Due from other governmental units	223,560	-	223,560	-
Other	58,889	-	58,889	-
Special assessments	1,396,033	-	1,396,033	-
Due from component units	-	245,177	245,177	-
Inventory	-	105,948	105,948	-
Prepaid expenses	11,157	-	11,157	-
Capital assets:				
Assets not subject to depreciation (Note 4)	13,530,821	157,362	13,688,183	1,713,280
Assets subject to depreciation (Note 4)	12,839,878	31,068,041	43,907,919	3,720,123
Other assets	8,585	4,523	13,108	45,000
Total assets	30,363,300	33,974,138	64,337,438	5,836,521
Deferred Outflows of Resources				
Deferred charges on refunding	332,711	33,254	365,965	-
Deferred outflows related to pension (Note 8)	352,845	78,506	431,351	-
Total deferred outflows of resources	685,556	111,760	797,316	-
Liabilities				
Accounts payable	346,500	93,010	439,510	279,902
Due to primary government	-	-	-	245,177
Deposits	324,228	-	324,228	-
Accrued liabilities and other	153,606	71,068	224,674	-
Provision for property tax refunds	55,372	-	55,372	46,034
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	311,909	89,183	401,092	-
Current portion of long-term debt (Note 6)	788,916	1,002,935	1,791,851	30,559
Due in more than one year:				
Compensated absences (Note 6)	515,484	73,289	588,773	-
Net retiree healthcare obligation (Note 9)	2,634,677	395,074	3,029,751	-
Net pension liability (Note 8)	5,255,011	1,169,207	6,424,218	-
Long-term debt (Note 6)	6,894,313	6,300,010	13,194,323	951,548
Total liabilities	17,280,016	9,193,776	26,473,792	1,553,220
Net Position				
Net investment in capital assets	18,687,470	23,922,458	42,609,928	4,791,296
Restricted for:				
Roads and capital projects	1,314,385	-	1,314,385	-
Cemetery care	327,659	-	327,659	-
Federal/State drug law enforcement	21,796	-	21,796	-
Law Enforcement/Public Safety	28,725	-	28,725	-
Unrestricted	(6,611,195)	969,664	(5,641,531)	(507,995)
Total net position	\$ 13,768,840	\$ 24,892,122	\$ 38,660,962	\$ 4,283,301

City of Brighton, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,686,985	\$ 784,438	\$ 11,278	\$ 552
Public safety	3,064,464	257,625	3,039	3,375
Public works	3,990,950	785,228	480,095	75,474
Community development	765,784	-	-	-
Interest on long-term debt	280,040	-	-	-
Total governmental activities	9,788,223	1,827,291	494,412	79,401
Business-type activities - Utility	4,209,829	3,309,023	-	887,609
Total primary government	<u>\$ 13,998,052</u>	<u>\$ 5,136,314</u>	<u>\$ 494,412</u>	<u>\$ 967,010</u>
Component units:				
Downtown Development Authority	\$ 581,502	\$ -	\$ -	\$ 7,360
Local Development Finance Authority	40,251	-	-	-
Total component units	<u>\$ 621,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,360</u>
General revenue:				
Property taxes				
Special assessments				
State-shared revenue - Unrestricted				
Interest				
Other				
Total general revenue				

Change in Net Position

Net Position - Beginning of year - As restated (Note 1)

Net Position - End of year

**Statement of Activities
Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (890,717)	\$ -	\$ (890,717)	\$ -
(2,800,425)	-	(2,800,425)	-
(2,650,153)	-	(2,650,153)	-
(765,784)	-	(765,784)	-
(280,040)	-	(280,040)	-
(7,387,119)	-	(7,387,119)	-
-	(13,197)	(13,197)	-
(7,387,119)	(13,197)	(7,400,316)	-
-	-	-	(574,142)
-	-	-	(40,251)
-	-	-	(614,393)
5,452,696	-	5,452,696	812,383
76,007	-	76,007	-
681,895	-	681,895	-
108,836	7,048	115,884	3,667
242,146	-	242,146	28,927
6,561,580	7,048	6,568,628	844,977
(825,539)	(6,149)	(831,688)	230,584
14,594,379	24,898,271	39,492,650	4,052,717
\$ 13,768,840	\$ 24,892,122	\$ 38,660,962	\$ 4,283,301

City of Brighton, Michigan

Governmental Funds Balance Sheet June 30, 2015

	General Fund	Major Streets Fund	Local Streets Fund	Capital Improvement Fund	Other Nonmajor Governmental Funds	Total
Assets						
Cash and investments	\$ 2,070,330	\$ 60,480	\$ 1,081	\$ -	\$ 50,580	\$ 2,182,471
Receivables:						
Delinquent taxes	60,174	-	-	-	271	60,445
Special assessments	205,921	1,190,112	-	-	-	1,396,033
Customer	51,461	-	-	-	-	51,461
Due from other governmental units	118,918	84,980	19,662	-	-	223,560
Other	58,889	-	-	-	-	58,889
Prepays	11,157	-	-	-	-	11,157
Other assets	8,585	-	-	-	-	8,585
Total assets	\$ 2,585,435	\$ 1,335,572	\$ 20,743	\$ -	\$ 50,851	\$ 3,992,601
Liabilities						
Accounts payable	\$ 304,240	\$ 40,849	\$ 1,081	\$ -	\$ 330	\$ 346,500
Deposits	324,228	-	-	-	-	324,228
Accrued liabilities and other	86,810	-	-	-	-	86,810
Provision for property tax refunds	55,372	-	-	-	-	55,372
Total liabilities	770,650	40,849	1,081	-	330	812,910
Deferred Inflows of Resources						
Unavailable revenue - Property taxes	43,476	-	-	-	271	43,747
Unavailable revenue - Special assessments	205,921	1,190,112	-	-	-	1,396,033
Total deferred inflows of resources	249,397	1,190,112	-	-	271	1,439,780
Total liabilities and deferred inflows of resources	1,020,047	1,230,961	1,081	-	601	2,252,690
Fund Balances						
Nonspendable:						
Prepays	11,157	-	-	-	-	11,157
Assets held for resale	8,585	-	-	-	-	8,585
Cemetery care	327,659	-	-	-	-	327,659
Restricted:						
Roads	-	104,611	19,662	-	-	124,273
Federal/State drug law enforcement	-	-	-	-	21,796	21,796
Law Enforcement/Public Safety	-	-	-	-	28,454	28,454
Committed - Capital improvement and equipment replacement	108,089	-	-	-	-	108,089
Assigned:						
Police equipment	359	-	-	-	-	359
Principal shopping district	22,932	-	-	-	-	22,932
Arts and cultural commission	9,112	-	-	-	-	9,112
Imagination Station	16,370	-	-	-	-	16,370
Unassigned	1,061,125	-	-	-	-	1,061,125
Total fund balances	1,565,388	104,611	19,662	-	50,250	1,739,911
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,585,435	\$ 1,335,572	\$ 20,743	\$ -	\$ 50,851	\$ 3,992,601

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

City of Brighton, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2015

Fund Balance Reported in Governmental Funds	\$ 1,739,911
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	26,370,699
Receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,439,780
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds	352,845
Deferred charges on bond refundings are amortized over the related bond terms, and are not reported in the funds	332,711
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(7,683,229)
Accrued interest is not due and payable in the current period and is not reported in the funds	(66,796)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(827,393)
Net pension liability is not due and payable in the current period and is not reported in the funds	(5,255,011)
Net retiree healthcare obligations are not due and payable in the current period and are not reported in the funds	(2,634,677)
Net Position of Governmental Activities	<u>\$ 13,768,840</u>

City of Brighton, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	General Fund	Major Streets Fund	Local Streets Fund	Capital Improvement Fund	Other Nonmajor Governmental Funds	Total
Revenue						
Property taxes	\$ 5,281,113	\$ -	\$ -	\$ -	\$ 149,907	\$ 5,431,020
Special assessment	76,007	166,945	-	-	-	242,952
Licenses and permits	583,842	23,047	3,225	-	-	610,114
Federal grants	11,258	-	-	-	-	11,258
State sources	640,409	392,026	122,664	-	3,375	1,158,474
Charges for services	668,770	-	-	-	-	668,770
Fines and penalties	273,053	-	-	-	4,189	277,242
Interest	27,076	81,151	13	15	581	108,836
Other	290,772	42,198	-	1,500	-	334,470
Total revenue	7,852,300	705,367	125,902	1,515	158,052	8,843,136
Expenditures						
Current:						
General government	1,773,228	-	-	-	-	1,773,228
Public safety	2,611,979	-	-	-	6,193	2,618,172
Public works	1,791,754	591,242	242,651	-	-	2,625,647
Community development	737,652	-	-	-	-	737,652
Capital outlay	-	-	-	58,287	148,748	207,035
Debt service	-	-	-	227,207	791,938	1,019,145
Total expenditures	6,914,613	591,242	242,651	285,494	946,879	8,980,879
Excess of Revenue Over (Under) Expenditures	937,687	114,125	(116,749)	(283,979)	(788,827)	(137,743)
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	1,735	-	1,735
Transfers in (Note 5)	-	250,085	116,634	282,244	791,938	1,440,901
Transfers out (Note 5)	(1,035,849)	(405,052)	-	-	-	(1,440,901)
Total other financing (uses) sources	(1,035,849)	(154,967)	116,634	283,979	791,938	1,735
Net Change in Fund Balances	(98,162)	(40,842)	(115)	-	3,111	(136,008)
Fund Balances - Beginning of year	1,663,550	145,453	19,777	-	47,139	1,875,919
Fund Balances - End of year	\$ 1,565,388	\$ 104,611	\$ 19,662	\$ -	\$ 50,250	\$ 1,739,911

City of Brighton, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (136,008)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	451,779
Depreciation expense	(1,476,260)
Net book value of assets disposed of	(1,385)
Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end	38,976
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	5,098
Capital contributions are recorded in the statement of activities when received; they are not recorded in the governmental funds	75,474
Increase in net retiree healthcare and pension liabilities reported in the statement of activities does not require the use of current resources, and therefore, is not reported in the fund statements until it comes due for payment	(564,977)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	736,176
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	42,658
Decrease in interest expense accrued on long-term debt	2,930
Change in Net Position of Governmental Activities	\$ (825,539)

City of Brighton, Michigan

Proprietary Funds Statement of Net Position June 30, 2015

	<u>Enterprise - Utility Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,678,956
Receivables - Customer	714,131
Due from component units	245,177
Inventories	<u>105,948</u>
Total current assets	2,744,212
Noncurrent assets:	
Capital assets - Net (Note 4)	31,225,403
Other assets	<u>4,523</u>
Total noncurrent assets	<u>31,229,926</u>
Total assets	33,974,138
Deferred Outflows of Resources	
Deferred charges on refunding	33,254
Deferred outflows related to pension (Note 8)	<u>78,506</u>
Total deferred outflows	<u>111,760</u>
Liabilities	
Current liabilities:	
Accounts payable	93,010
Accrued liabilities and other	71,068
Compensated absences (Note 6)	89,183
Current portion of long-term debt (Note 6)	<u>1,002,935</u>
Net current liabilities	1,256,196
Noncurrent liabilities:	
Compensated absences (Note 6)	73,289
Net pension liability (Note 8)	1,169,207
Net retiree healthcare obligations (Note 9)	395,074
Long-term debt (Note 6)	<u>6,300,010</u>
Total noncurrent liabilities	<u>7,937,580</u>
Total liabilities	<u>9,193,776</u>
Net Position	
Net investment in capital assets	23,922,458
Unrestricted	<u>969,664</u>
Total net position	<u><u>\$ 24,892,122</u></u>

City of Brighton, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

	Enterprise - Utility Fund
Operating Revenue	
Sales	\$ 2,291,574
Tap charges and other	324,825
Penalties	45,090
Total operating revenue	<u>2,661,489</u>
Operating Expenses	
Salaries and fringe benefits	1,430,047
Other purchased services	231,963
Purchased property services	60,632
Professional and technical services	56,417
Supplies	138,281
Property	46,886
Utilities	284,799
Other	243,477
Amortization	2,377
Depreciation	1,510,354
Total operating expenses	<u>4,005,233</u>
Operating Loss	(1,343,744)
Nonoperating Revenue (Expense)	
Investment income	7,048
Interest expense	(204,596)
Debt service charge	647,534
Total nonoperating revenue	<u>449,986</u>
Loss - Before contributions	(893,758)
Capital Contributions	<u>887,609</u>
Change in Net Position	(6,149)
Net Position - Beginning of year - As restated (Note 1)	<u>24,898,271</u>
Net Position - End of year	<u><u>\$ 24,892,122</u></u>

City of Brighton, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2015

	Enterprise - Utility Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 2,641,813
Payments to suppliers	(1,041,137)
Payments to employees	(1,366,064)
Net cash provided by operating activities	234,612
Cash Flows from Noncapital Financing Activities -	
Advances made to other funds	(245,177)
Cash Flows from Capital and Related Financing Activities	
Contributions received	887,609
Acquisition and construction of capital assets	(504,165)
Principal and interest paid on debt	(928,282)
Debt service charge	647,534
Net cash provided by capital and related financing activities	102,696
Cash Flows from Investing Activities - Interest received on investments	7,048
Net Increase in Cash and Cash Equivalents	99,179
Cash and Cash Equivalents - Beginning of year	1,579,777
Cash and Cash Equivalents - End of year	\$ 1,678,956
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,343,744)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,512,731
Changes in assets and liabilities:	
Accounts receivable	(19,676)
Inventories and other assets	(21,482)
Prepaid and other assets	2,377
Accounts payable	40,423
Accrued and other liabilities	63,983
Net cash provided by operating activities	\$ 234,612

City of Brighton, Michigan

Fiduciary Funds Statement of Assets and Liabilities June 30, 2015

	Agency Fund - Tax Collection
Assets - Cash and cash equivalents	<u>\$ 1,751</u>
Liabilities - Accounts payable	<u>\$ 1,751</u>

City of Brighton, Michigan

Component Units Statement of Net Position (Deficit) June 30, 2015

	Downtown Development Authority	Local Development Finance Authority	Total
Assets			
Cash and investments	\$ 310,866	\$ 38,410	\$ 349,276
Receivables - Delinquent taxes	8,842	-	8,842
Capital assets - Net (Note 4)	5,433,403	-	5,433,403
Other assets	45,000	-	45,000
Total assets	5,798,111	38,410	5,836,521
Liabilities			
Accounts payable	241,492	38,410	279,902
Due to primary government	245,177	-	245,177
Provision for property tax refunds	46,034	-	46,034
Noncurrent liabilities:	-	-	-
Due within one year - Current portion of long-term debt (Note 6)	559	30,000	30,559
Long-term debt - Net of current portion (Note 6)	641,548	310,000	951,548
Total liabilities	1,174,810	378,410	1,553,220
Net Position (Deficit)			
Net investment in capital assets	4,791,296	-	4,791,296
Unrestricted deficit	(167,995)	(340,000)	(507,995)
Total net position (deficit)	\$ 4,623,301	\$ (340,000)	\$ 4,283,301

City of Brighton, Michigan

	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Downtown Development Authority	\$ 581,502	\$ -	\$ 7,360
Local Development Finance Authority	40,251	-	-
Total government activities	<u>\$ 621,753</u>	<u>\$ -</u>	<u>\$ 7,360</u>

General revenue:

Property taxes

Interest income

Other

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, 2015**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
\$ (574,142)	\$ -	\$ (574,142)
-	(40,251)	(40,251)
(574,142)	(40,251)	(614,393)
747,482	64,901	812,383
3,338	329	3,667
28,927	-	28,927
<u>779,747</u>	<u>65,230</u>	<u>844,977</u>
205,605	24,979	230,584
4,417,696	(364,979)	4,052,717
<u>\$ 4,623,301</u>	<u>\$ (340,000)</u>	<u>\$ 4,283,301</u>

Note I - Summary of Significant Accounting Policies

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

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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Discretely Presented Component Units

Downtown Development Authority - The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and 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.

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.

Financial statements for the discretely presented component units are available during office hours at the City of Brighton, 200 N. First Street, Brighton, MI 48116.

Accounting and Reporting Principles

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

Note I - Summary of Significant Accounting Policies (Continued)

Report Presentation

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program 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.

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

Basis of Accounting

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

Note I - Summary of Significant Accounting Policies (Continued)

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

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are 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 revenues were used. The various funds are aggregated into three broad fund types:

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

- **General Fund** - The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- **Major and Local Streets Funds** - Major and Local Streets Funds are used to account for the resources of state gas and weight tax revenues that are restricted for use on major and local streets. The funds are operated under the provisions of Michigan's Act 41 of the Public Acts of 1951, as amended.
- **Capital Improvement Fund** - The Capital Improvement Fund is a Capital Projects Fund used to account for the development of non-street related governmental activity capital improvements and related debt of the City.

Note I - Summary of Significant Accounting Policies (Continued)

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:

- **Utility 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.

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:

- **Agency Fund** - 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.

Further, 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.

Note I - Summary of Significant Accounting Policies (Continued)

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 fair market value at the date of donation.

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

<u>Capital Asset Class</u>	<u>Lives (Years)</u>
Roads and sidewalks	15-20
Water and sewer transmission lines	40-50
Retention/Equalization basin	40-50
Building/Treatment facilities	40-50
Buildings and 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.

Note I - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so 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 statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Utility Fund. The deferred outflows of resources result from two transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the City's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so 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 revenues 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

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

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Note I - Summary of Significant Accounting Policies (Continued)

The City's 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the City totaled \$401,134,983 (a portion of which is captured by the LDFA and DDA), on which taxes levied consisted of 15.2734 mills for operating purposes and 0.38 mills for public safety. This resulted in \$6,194,710 for operating purposes (a portion of which is captured by the LDFA and DDA) and \$148,323 for public safety. These amounts (less what is captured in the LDFA and DDA) are recognized in the General Fund and Public Safety/Law Enforcement Fund, respectively, as tax revenue (net of delinquent taxes and other fees).

Pension and Other Postemployment Benefit Costs - 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.

The City also offers retiree healthcare benefits to retirees. The City has elected to calculate the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. 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. All vacation pay is accrued when incurred 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. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund and Utilities Fund, primarily) are used to liquidate the obligation.

Note I - Summary of Significant Accounting Policies (Continued)

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 revenues of the Utility Fund are charges to customers for sales and services. The Utility 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.

New Accounting Standard - In the current year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local government for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

As a result of implementing this statement, the beginning net position of governmental activities was restated to \$14,594,379 (reduction of \$4,671,624) and the beginning net position of business-type activities and Utility Fund was restated to \$24,898,271, (reduction of \$1,039,407).

City of Brighton, Michigan

Notes to Financial Statements June 30, 2015

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at July 1, 2014		\$ (1,264,007)
Current year permit revenue		400,038
Related expenses:		
Direct costs	\$ 354,102	
Estimated indirect costs	<u>26,558</u>	<u>380,660</u>
Current year shortfall		<u>19,378</u>
Cumulative shortfall at June 30, 2015		<u><u>\$ (1,244,629)</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 local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The 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.

City of Brighton, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments (Continued)

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 \$1,865,063 of bank deposits (certificates of deposit, 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 \$2,110,031. 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. At year end, the component units had no 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 account) that were insured and collateralized at year end was \$349,885. 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 - Capital Assets

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

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Governmental Activities				
Capital assets not being depreciated -				
Land - Including right-of-ways	\$ 13,530,821	\$ -	\$ -	\$ 13,530,821
Capital assets being depreciated:				
Roads and sidewalks	27,020,042	329,154	-	27,349,196
Buildings and improvements	6,869,265	6,500	-	6,875,765
Equipment and other	3,228,807	191,599	(304,062)	3,116,344
Subtotal	37,118,114	527,253	(304,062)	37,341,305
Accumulated depreciation:				
Roads and sidewalks	17,858,931	1,101,136	-	18,960,067
Buildings and improvements	2,833,919	179,702	-	3,013,621
Equipment and other	2,634,994	195,422	(302,677)	2,527,739
Subtotal	23,327,844	1,476,260	(302,677)	24,501,427
Net capital assets being depreciated	13,790,270	(949,007)	(1,385)	12,839,878
Net capital assets	\$ 27,321,091	\$ (949,007)	\$ (1,385)	\$ 26,370,699

City of Brighton, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets (Continued)

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Business-type Activities				
Capital assets not being depreciated -				
Land	\$ 157,362	\$ -	\$ -	\$ 157,362
Capital assets being depreciated:				
Water and sewer transmission lines	25,650,691	120,000	-	25,770,691
Retention/Equalization basin	4,126,587	-	-	4,126,587
Building/Treatment facilities	29,719,655	324,587	-	30,044,242
Machinery and equipment	1,277,304	57,200	(71,375)	1,263,129
Subtotal	60,774,237	501,787	(71,375)	61,204,649
Accumulated depreciation:				
Water and sewer transmission lines	11,397,353	602,253	-	11,999,606
Retention/Equalization basin	1,236,473	105,764	-	1,342,237
Building/Treatment facilities	15,042,174	736,444	-	15,778,618
Machinery and equipment	1,021,629	65,893	(71,375)	1,016,147
Subtotal	28,697,629	1,510,354	(71,375)	30,136,608
Net capital assets being depreciated	32,076,608	(1,008,567)	-	31,068,041
Net capital assets	\$ 32,233,970	\$ (1,008,567)	\$ -	\$ 31,225,403
Component Units				
Capital assets not being depreciated:				
Land	\$ 1,063,260	\$ 349,000	\$ -	\$ 1,412,260
Construction in progress	-	301,020	-	301,020
Subtotal	1,063,260	650,020	-	1,713,280
Capital assets being depreciated:				
Buildings	4,018,053	-	-	4,018,053
Equipment and other	3,576,889	-	-	3,576,889
Subtotal	7,594,942	-	-	7,594,942
Accumulated depreciation:				
Buildings	3,484,782	350,727	-	3,835,509
Equipment and other	38,235	1,075	-	39,310
Subtotal	3,523,017	351,802	-	3,874,819
Net capital assets being depreciated	4,071,925	(351,802)	-	3,720,123
Net capital assets	\$ 5,135,185	\$ 298,218	\$ -	\$ 5,433,403

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

Governmental activities:

General government	\$ 53,302
Public safety	110,758
Public services	1,311,122
Community development	1,078
Total governmental activities	<u>\$ 1,476,260</u>

City of Brighton, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets (Continued)

Business-type activities - Utilities Fund	<u>\$ 1,510,354</u>
Component Unit activities - Downtown Development Authority	<u>\$ 351,802</u>

Construction Commitments - The City has an active construction project at year end. At year end, the City's commitment with a contractor is as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
CSX/Brighton Parking Lot	<u>\$ 301,020</u>	<u>\$ 110,320</u>

Note 5 - Interfund Receivables, Payables, and Transfers

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 282,244
	Building Authority Fund	130,683
	Street Non-voted Debt Fund	371,756
	Major Streets Fund	250,085
	Local Streets Fund	<u>1,081</u>
	Total General Fund	1,035,849
Major Streets Fund	Local Streets Fund	115,553
	Street Non-voted Debt Fund	<u>289,499</u>
	Total Major Streets Fund	<u>405,052</u>
	Total	<u>\$ 1,440,901</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Primary Government and Component Units		
Utility Fund	Downtown Development Authority Fund	<u>\$ 245,177</u>

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

City of Brighton, Michigan

Notes to Financial Statements June 30, 2015

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

The outstanding balance from the Downtown Development Authority Fund to the Utility Fund resulted from an advance made to construct the CSX parking lot before the summer downtown festivals began.

Note 6 - Long-term Debt

Description	Amount
Governmental Activities	
<u>Capital Improvement Bonds General Obligation:</u>	
Limited Tax, 4.00% to 5.00%, dated September 1, 2007; maturing October 2031; Original issuance amount - \$2,285,000 for Various Street and Utility Projects	\$ 1,296,450
Limited Tax, 3.20% to 4.50%, dated June 1, 2005; maturing October 2025; Original issuance amount - \$3,000,000 for Various Street, Curb and Gutter, Sidewalk, Cemetery, Facility, and Equipment Projects. Bond issuance was partially refunded with the February 28, 2013 bond issuance	150,000
Limited Tax, 3.00%, dated February 28, 2013; maturing in October 2026; Original issuance amount - \$4,777,600 for refunding bonds, refunding premium \$342,149	4,685,219
Subtotal	6,131,669
<u>Special Assessment Bonds:</u>	
Limited Tax Bond, 4.25% to 5.00%, dated May 29, 2002; maturing in October 2021; Original issuance amount - \$3,570,000 for Challis Road and Cross Street Improvements	1,400,000
Limited Tax General Obligation Bond, 4.75% to 5.50%, dated June 11, 2009; maturing October 2023; Original issuance amount - \$185,000 for Orndorf Drive Road Improvements	125,000
Subtotal	1,525,000
<u>Other:</u>	
Capital Lease - Other	10,050
Installment loan - BS&A software; Original issuance amount - \$66,040	16,510
Compensated absences	827,393
Subtotal	853,953
Total governmental activity debt	\$ 8,510,622

City of Brighton, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Long-term Debt (Continued)

Description	Amount
Business-type Activities	
<u>Capital Improvement Bonds General Obligation:</u>	
Limited Tax, 4.00% to 5.00%, dated September 1, 2007; maturing October 2031; Original issuance amount - \$2,285,000 for Various Street and Utility Projects	\$ 638,550
Limited Tax, 4.75% to 5.75%, dated June 22, 2010; maturing October 2030; Original issuance amount - \$630,000 for the Third Street Pump Project	580,000
Limited Tax, 3.00%, dated February 28, 2013; maturing in October 2026; Original issuance amount - \$292,400 for refunding bonds, refunding premium \$21,067	304,276
Subtotal	1,522,826
<u>Contract Payable:</u>	
Livingston County Water Supply System, 5.25% to 6.15%, dated December 1, 1997; maturing December 2016; Original issuance amount - \$344,000 for Extension of City Water to Genoa Township	34,400
Limited Tax, 1.30%, dated May 29, 2013; maturing in September 2021; Original issuance amount - \$830,000 for refunding bonds	625,000
Subtotal	659,400
<u>Other:</u>	
2004 Drinking Water Revolving Funds, 2.13%, dated March 25, 2004; maturing October 2023; Original issuance amount - \$1,520,000 for Rehabilitation of the Pierce Street Water Facility	749,294
Michigan Municipal Bond Authority - Wastewater, Plant Expansion Refunding Bonds, 2.158%, dated March 29, 2012; maturing November 2020; Original issuance amount - \$5,785,000, Refunding premium - \$204,601 for refunding Wastewater, Plant Expansion Revenue Bonds dated March 29, 2001	4,123,839
Installment loan - equipment, 2.60%; Original issuance amount - \$247,586	247,586
Compensated absences	162,472
Subtotal	5,283,191
Total business-type activity debt	\$ 7,465,417

City of Brighton, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Long-term Debt (Continued)

Description	Amount
Component Units Activities	
General Obligations:	
2004 Local Development Bonds General Obligation Limited Tax, 4.90% to 5.45%, dated May 29, 2002; Original issuance amount - \$570,000 for Orndorf Drive Improvements	\$ 340,000
Contract Payable:	
Downtown Development Authority Contract Payable, 5.25%, dated September 2011; Original issuance amount - \$412,500 for Purchase of 121 West North Street Property Purchase	328,007
Downtown Development Authority Contract Payable, 6.00%, dated April 2015; Original issuance amount - \$349,000 for Purchase of 212 East Grand River Property Purchase	314,100
Subtotal	<u>642,107</u>
Total component unit activity debt	<u>\$ 982,107</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds and notes payable	\$ 6,410,686	\$ -	\$ (526,176)	\$ 5,884,510	\$ 19,606
Unamortized bond premium	296,529	-	(22,810)	273,719	22,810
Special assessment bonds	1,735,000	-	(210,000)	1,525,000	746,500
Compensated absences	870,051	307,934	(350,592)	827,393	311,909
Total governmental activities	<u>\$ 9,312,266</u>	<u>\$ 307,934</u>	<u>\$ (1,109,578)</u>	<u>\$ 8,510,622</u>	<u>\$ 1,100,825</u>
Business-type Activities					
General obligation bonds and notes payable	\$ 7,866,144	\$ 247,587	\$ (950,400)	\$ 7,163,331	\$ 981,070
Unamortized bond premium	161,479	-	(21,865)	139,614	21,865
Compensated absences	149,618	77,428	(64,574)	162,472	89,183
Total business-type activities	<u>\$ 8,177,241</u>	<u>\$ 325,015</u>	<u>\$ (1,036,839)</u>	<u>\$ 7,465,417</u>	<u>\$ 1,092,118</u>
Component Unit Activities					
General obligation bonds and notes payable	\$ 1,273,518	\$ 349,000	\$ (640,411)	\$ 982,107	\$ 30,559

Note 6 - Long-term Debt (Continued)

Debt Service Requirements

The annual requirements to service all debt outstanding of the City and component units as of June 30, 2015 (excluding employee benefits and premiums), including both principal and interest, are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 766,106	\$ 253,336	\$ 1,019,442	\$ 981,070	\$ 205,994	\$ 1,187,064	\$ 30,559	\$ 65,492	\$ 96,051
2017	651,643	227,380	879,023	884,270	179,995	1,064,265	35,611	63,790	99,401
2018	663,111	202,791	865,902	950,870	153,079	1,103,949	35,669	61,938	97,607
2019	727,000	176,850	903,850	978,370	125,622	1,103,992	35,731	60,065	95,796
2020	677,000	151,145	828,145	1,003,370	97,593	1,100,963	35,800	58,167	93,967
2021-2025	2,690,700	430,238	3,120,938	1,719,333	234,692	1,954,025	808,737	122,466	931,203
2026-2030	1,032,950	106,337	1,139,287	497,050	95,993	593,043	-	-	-
2031-2035	201,000	125,759	326,759	148,998	111,309	260,307	-	-	-
Total	\$ 7,409,510	\$ 1,673,836	\$ 9,083,346	\$ 7,163,331	\$ 1,204,277	\$ 8,367,608	\$ 982,107	\$ 431,918	\$ 1,414,025

Description of Long-term Debt

Primary Government - The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements are also general obligations of the government. 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 district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Defeased Bonds - In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the City's schedule of debt obligations. At June 30, 2015, \$4,150,000 of bonds outstanding were considered defeased.

Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for health and 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 four fiscal years.

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

Note 8 - Agent Defined Benefit Pension Plan Description

Plan Description - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan), that covers all employees of the City of Brighton. 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.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided - The Plan provides certain 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 all employees of 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 non-duty 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 non-duty 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.

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

Retirement benefits for police/fire employees are calculated as 2.50 percent of the employee's final 5 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 non duty 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 non-duty 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 employees 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 non-duty 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 non-duty 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 non-duty 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 non-duty 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 8 - Agent Defined Benefit Pension Plan Description (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) or 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). Vesting period is 10 years. Employees are eligible for non-duty 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 non-duty 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) or 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). Vesting period is 10 years. Employees are eligible for non-duty 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 non-duty 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, within the parameters established by MERS, 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, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	28
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>50</u>
Total employees covered by MERS	<u><u>88</u></u>

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2015, the City's average contribution rate was 16.0 percent of annual payroll. The active employee contribution rate was 5.0 percent of annual pay for all general, police and fire, clerical union, and general non-union administrative employees, and 3.0 percent for DPW employees.

Net Pension Liability

The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 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
Balance at December 31, 2013	\$ 17,537,839	\$ 11,558,241	\$ 5,979,598
Service cost	405,232	-	405,232
Interest	1,438,814	-	1,438,814
Contributions - Employer	-	556,493	(556,493)
Contributions - Employee	-	133,499	(133,499)
Net investment income	-	736,585	(736,585)
Benefit payments, including refunds	(600,570)	(600,570)	-
Administrative expenses	-	(27,151)	27,151
Net changes	1,243,476	798,856	444,620
Balance at December 31, 2014	\$ 18,781,315	\$ 12,357,097	\$ 6,424,218

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

Included in the net pension liability is \$5,255,011 related to governmental activities and \$1,169,207 related to business-type activities. Typically, the General Fund or the Utility Fund, based on whichever fund an employee is assigned to and to which the employee's pension costs are charged, will be the fund to liquidate the net pension liability.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$848,661, of which \$694,205 is related to governmental activities and \$154,456 is related to business-type activities. At June 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 152,452
Employer contributions to the plan subsequent to the measurement date	<u>278,899</u>
Total	<u>\$ 431,351</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$278,899), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

<u>Years Ending June 30</u>	<u>Amount</u>
2016	\$ 38,113
2017	38,113
2018	38,113
2019	38,113

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

Actuarial Assumptions - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 %	
Salary increases	4.50 %	In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.25 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent Male and 50 percent Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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.

Note 8 - Agent Defined Benefit Pension Plan Description (Continued)

The long-term expected rate of return on pension plan investments was determined using a model 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. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.0 %
Global fixed income	20 %	2.2 %
Real assets	12 %	4.2 %
Diversifying strategies	10 %	6.6 %

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 8.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability of the City	\$ 8,882,794	\$ 6,424,218	\$ 4,354,554

Pension Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the Plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report 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 9 - 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.

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, 2015, the City made payments for postemployment health benefit premiums totaling approximately \$297,000, of which \$228,000 was paid from the governmental funds and \$69,000 was paid from the Utility Fund.

Note 9 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended June 30, 2015, the City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. 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)	\$ 738,327
Interest on the prior year's net OPEB obligation	168,641
Less adjustment to the annual required contribution	<u>(153,647)</u>
Annual OPEB cost	753,321
Amounts contributed - Payments of current premiums	(297,213)
Advance funding	<u>(124,611)</u>
Increase in net OPEB obligation	331,497
OPEB obligation - Beginning of year	<u>2,698,254</u>
OPEB obligation - End of year*	<u>\$ 3,029,751</u>

* Included in the net OPEB obligation is \$2,634,677 related to governmental activities and \$395,074 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 costs, the percentage contributed to the plan, and the net OPEB obligation for the current and preceding three years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/12	6/30/12	\$ 762,551	42.6	\$ 1,890,528
6/30/13	6/30/12	764,433	44.7	2,313,035
6/30/14	6/30/14	754,345	48.9	2,698,254
6/30/15	6/30/14	753,321	56.0	3,029,751

Note 9 - Other Postemployment Benefits (Continued)

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
12/31/08	\$ 305,771	\$ 14,711,835	\$ 14,406,064	2.1	\$ 3,654,991	394.1
6/30/12	598,465	8,569,005	7,970,540	7.0	3,495,889	228.0
6/30/14	1,001,825	7,312,117	6,310,292	13.7	3,821,461	165.1

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.

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60 or at the first subsequent year in which the member would qualify for benefits.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2002 United States Life Tables for Males and for Females were used.

Note 9 - Other Postemployment Benefits (Continued)

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.1 percent initially, increased to an ultimate rate of 6.1 percent after six years, was used.

Health Insurance Premiums - 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - The expected long-term inflation assumption of 3.5 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to be 2.0 percent.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 6.25 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was 30 years.

Note 10 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's fiscal year ending June 30, 2016.

Note 10 - Upcoming Accounting Pronouncements (Continued)

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.

Required Supplemental Information

City of Brighton, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,357,007	\$ 5,250,415	\$ 5,281,113	\$ 30,698
Licenses and permits	295,430	534,430	583,842	49,412
Federal grants	7,000	11,000	11,258	258
State-shared revenue and grants	640,750	640,750	640,409	(341)
Charges for services	597,234	667,511	668,770	1,259
Fines and penalties	306,270	289,270	273,053	(16,217)
Interest	20,500	28,500	26,407	(2,093)
Other financing sources	149,000	149,000	133,711	(15,289)
Other revenue	252,950	259,840	254,495	(5,345)
Total revenue	7,626,141	7,830,716	7,873,058	42,342
Expenditures - Current				
General government:				
City Council	26,907	21,593	21,569	24
City manager	95,240	102,099	102,092	7
Information systems	104,765	95,275	94,911	364
Finance	620,286	613,995	613,929	66
City clerk	156,623	157,377	157,314	63
Legal services	272,245	258,822	258,810	12
Human resources	132,817	135,834	135,724	110
Postemployment benefits	227,101	239,299	238,192	1,107
Contingencies	83,000	-	-	-
Total general government	1,718,984	1,624,294	1,622,541	1,753
Public safety - Police	2,483,607	2,614,170	2,613,547	623
Public works	1,691,573	1,788,661	1,788,600	61
Community development	545,510	624,490	624,272	218
Transfers out	1,215,539	1,354,326	1,331,882	22,444
Total expenditures	7,655,213	8,005,941	7,980,842	25,099
Net Change in Fund Balance	(29,072)	(175,225)	(107,784)	67,441
Fund Balance - Beginning of year	1,618,106	1,618,106	1,618,106	-
Fund Balance - End of year	<u>\$ 1,589,034</u>	<u>\$ 1,442,881</u>	<u>\$ 1,510,322</u>	<u>\$ 67,441</u>

City of Brighton, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 181,590	\$ 181,590	\$ 166,945	\$ (14,645)
Licenses and permits	26,727	26,727	23,047	(3,680)
State-shared revenue and grants	338,290	379,777	392,026	12,249
Interest	77,641	77,641	81,151	3,510
Other financing sources	136,298	422,655	408,062	(14,593)
Other	-	12,198	12,198	-
Total revenue	<u>760,546</u>	<u>1,100,588</u>	<u>1,083,429</u>	<u>(17,159)</u>
Expenditures - Current				
Street construction	15,000	223,212	225,879	(2,667)
Routine maintenance	200,159	171,959	167,408	4,551
Winter maintenance	128,478	163,478	153,383	10,095
Traffic services	56,667	72,667	77,966	(5,299)
General administration	8,390	8,390	13,803	(5,413)
Storm water	18,700	78,700	80,780	(2,080)
Transfers out	365,865	405,865	405,052	813
Total expenditures	<u>793,259</u>	<u>1,124,271</u>	<u>1,124,271</u>	<u>-</u>
Net Change in Fund Balance	(32,713)	(23,683)	(40,842)	(17,159)
Fund Balance - Beginning of year	<u>145,453</u>	<u>145,453</u>	<u>145,453</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 112,740</u></u>	<u><u>\$ 121,770</u></u>	<u><u>\$ 104,611</u></u>	<u><u>\$ (17,159)</u></u>

City of Brighton, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	\$ 3,200	\$ 3,200	\$ 3,225	\$ 25
State-shared revenue	117,961	117,961	122,664	4,703
Interest	-	-	13	13
Other financing sources	76,366	113,079	116,634	3,555
Total revenue	197,527	234,240	242,536	8,296
Expenditures - Current				
Routine maintenance	88,628	123,728	125,218	(1,490)
Winter maintenance	69,629	79,729	77,047	2,682
Traffic services	32,028	32,028	34,526	(2,498)
General administration	4,742	4,742	4,709	33
Trust fund maintenance	2,500	2,500	1,151	1,349
Total expenditures	197,527	242,727	242,651	76
Net Change in Fund Balance	-	(8,487)	(115)	8,372
Fund Balance - Beginning of year	19,777	19,777	19,777	-
Fund Balance - End of year	<u>\$ 19,777</u>	<u>\$ 11,290</u>	<u>\$ 19,662</u>	<u>\$ 8,372</u>

City of Brighton, Michigan

Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2015
Total Pension Liability	
Service cost	\$ 405,232
Interest	1,438,814
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(600,570)
Net Change in Total Pension Liability	1,243,476
Total Pension Liability - Beginning of year	17,537,839
Total Pension Liability - End of year	\$ 18,781,315
Plan Fiduciary Net Position	
Contributions - Employer	\$ 556,493
Contributions - Member	133,499
Net investment income	736,585
Administrative expenses	(27,151)
Benefit payments, including refunds	(600,570)
Other	-
Net Change in Plan Fiduciary Net Position	798,856
Plan Fiduciary Net Position - Beginning of year	11,558,241
Plan Fiduciary Net Position - End of year	\$ 12,357,097
City's Net Pension Liability - Ending	\$ 6,424,218
Plan Fiduciary Net Position as a Percent of Total Pension Liability	65.79 %
Covered Employee Payroll	\$ 3,572,072
City's Net Pension Liability as a Percent of Covered Employee Payroll	179.8 %

City of Brighton, Michigan

Required Supplemental Information Retiree Healthcare System Schedule of Funding Progress Year Ended June 30, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/08	\$ 305,771	\$ 14,711,835	\$ 14,406,064	2.1	\$ 3,654,991	394.1
6/30/12	598,465	8,569,005	7,970,540	7.0	3,495,889	228.0
6/30/14	1,001,825	7,312,117	6,310,292	13.7	3,821,461	165.1

City of Brighton, Michigan

Notes to Required Supplemental Information Year Ended June 30, 2015

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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, 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.

City of Brighton, Michigan

Notes to Required Supplemental Information (Continued)

The amounts on the budgetary comparison schedules for the Major Streets Fund, Local Streets Fund, and Capital Improvement 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:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Operating Transfers</u>	<u>Change in Fund Balance</u>
Amounts per operating statement	\$ 7,852,300	\$ 6,914,613	\$ 1,035,849	\$ (98,162)
Operating transfers budgeted as expenditures	-	1,035,849	(1,035,849)	-
Reimbursements from other funds budgeted as revenue	133,711	133,711	-	-
Transfers to funds merged into the General Fund in accordance with GASB Statement No. 54	24,500	24,500	-	-
Imagination Station Reserve Fund	(9,571)	(3,154)	-	(6,417)
Principal Shopping District Fund	(127,262)	(120,786)	-	(6,476)
Arts and Cultural Commission Fund	(620)	(3,891)	-	3,271
Amounts per budget statement	<u>\$ 7,873,058</u>	<u>\$ 7,980,842</u>	<u>\$ -</u>	<u>\$ (107,784)</u>

Other Supplemental Information

City of Brighton, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Nonmajor Special Revenue Fund - State Drug Law Enforcement	Nonmajor Special Revenue Fund - Public Safety/Law Enforcement	Nonmajor Special Revenue Fund - Federal Drug Law Enforcement	
Assets				
Cash and investments	\$ 18,756	\$ 28,784	\$ 3,040	\$ 50,580
Receivables - Property taxes receivable	-	271	-	271
Total assets	<u>\$ 18,756</u>	<u>\$ 29,055</u>	<u>\$ 3,040</u>	<u>\$ 50,851</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities - Accounts payable	\$ -	\$ 330	\$ -	\$ 330
Deferred Inflows of Resources - Unavailable revenue - Property taxes	-	271	-	271
Fund Balances				
Nonspendable:				
Restricted:				
Federal/State drug law enforcement	18,756	-	3,040	21,796
Law Enforcement/Public Safety	-	28,454	-	28,454
Total fund balances	<u>18,756</u>	<u>28,454</u>	<u>3,040</u>	<u>50,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,756</u>	<u>\$ 29,055</u>	<u>\$ 3,040</u>	<u>\$ 50,851</u>

City of Brighton, Michigan

	Nonmajor Special Revenue Fund - State Drug Law Enforcement	Nonmajor Special Revenue Fund - Public Safety/Law Enforcement
Revenue		
Property taxes	\$ -	\$ 149,907
State grants	-	3,375
Fines and forfeitures	750	400
Interest	183	397
	<hr/>	<hr/>
Total revenue	933	154,079
Expenditures		
Public safety	1,568	4,625
Capital outlay	27,748	121,000
Debt service	-	-
	<hr/>	<hr/>
Total expenditures	29,316	125,625
Excess of Revenues (Under) Over Expenditures	(28,383)	28,454
Other Financing Sources - Transfers in	<hr/> -	<hr/> -
Net Change in Fund Balances	(28,383)	28,454
Fund Balances - Beginning of year	<hr/> 47,139	<hr/> -
Fund Balances - End of year	<hr/> \$ 18,756	<hr/> \$ 28,454

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

Nonmajor Special Revenue Fund - Federal Drug Law Enforcement	Nonmajor Debt Service Funds - Street Non- voted Debt	Nonmajor Capital Projects Fund - Building Authority	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 149,907
-	-	-	3,375
3,039	-	-	4,189
1	-	-	581
<u>3,040</u>	<u>-</u>	<u>-</u>	<u>158,052</u>
-	-	-	6,193
-	-	-	148,748
<u>-</u>	<u>661,255</u>	<u>130,683</u>	<u>791,938</u>
<u>-</u>	<u>661,255</u>	<u>130,683</u>	<u>946,879</u>
3,040	(661,255)	(130,683)	(788,827)
<u>-</u>	<u>661,255</u>	<u>130,683</u>	<u>791,938</u>
3,040	-	-	3,111
<u>-</u>	<u>-</u>	<u>-</u>	<u>47,139</u>
<u>\$ 3,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,250</u>

City of Brighton, Michigan

	Nonmajor Special Revenue Fund			Nonmajor Special Revenue Fund	
	State Drug Law Enforcement			Public Safety/Law Enforcement	
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ 150,777	\$ 149,907
State-shared revenue and grants	-	-	-	3,482	3,375
Other fines and forfeitures	920	750	(170)	-	400
Investment income	-	183	183	-	397
Total revenue	920	933	13	154,259	154,079
Expenditures					
Public safety	-	1,568	1,568	3,440	4,625
Capital outlay	29,520	27,748	(1,772)	147,530	121,000
Debt service	-	-	-	-	-
Total expenditures	29,520	29,316	(204)	150,970	125,625
Excess of Revenue (Under) Over Expenditures	(28,600)	(28,383)	217	3,289	28,454
Other Financing Sources - Transfers in	-	-	-	-	-
Net Change in Fund Balances	(25,805)	(28,383)	(2,578)	3,289	28,454
Fund Balances - Beginning of year	47,139	47,139	-	-	-
Fund Balances - End of year	\$ 21,334	\$ 18,756	\$ (2,578)	\$ 3,289	\$ 28,454

City of Brighton, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2015

	Nonmajor Capital Project Fund		
	Building Authority		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Property taxes	\$ -	\$ -	\$ -
State-shared revenue and grants	-	-	-
Other fines and forfeitures	-	-	-
Investment income	-	-	-
Total revenue	-	-	-
Expenditures			
Public safety	-	-	-
Capital outlay	-	-	-
Debt service	130,683	130,683	-
Total expenditures	130,683	130,683	-
Excess of Revenue (Under) Over Expenditures	(130,683)	(130,683)	-
Other Financing Sources - Transfers in	130,683	130,683	-
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning of year	-	-	-
Fund Balances - End of year	\$ -	\$ -	\$ -

City of Brighton, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Assets - Cash and investments	\$ 6,002	\$ 14,224,331	\$ (14,228,582)	\$ 1,751
Liabilities				
Accounts payable	\$ 6,002	\$ 11,875,451	\$ (11,879,702)	\$ 1,751
Due to other governmental units	-	4,439,197	(4,439,197)	-
Total liabilities	\$ 6,002	\$ 16,314,648	\$ (16,318,899)	\$ 1,751

City of Brighton, Michigan

Other Supplemental Information Balance Sheet/Statement of Net Position Downtown Development Authority June 30, 2015

	Downtown Development Authority	Adjustments	Total
Assets			
Cash and cash equivalents	\$ 310,866	\$ -	\$ 310,866
Receivables	8,842	-	8,842
Capital assets	-	5,433,403	5,433,403
Other assets	-	45,000	45,000
Total assets	<u>\$ 319,708</u>	<u>\$ 5,478,403</u>	<u>\$ 5,798,111</u>
Liabilities			
Accounts payable	\$ 241,492	\$ -	\$ 241,492
Due to primary government	245,177	-	245,177
Provision for property tax refunds	46,034	-	46,034
Long-term debt	-	642,107	642,107
Total liabilities	532,703	642,107	1,174,810
Fund Balance - Unassigned	<u>(212,995)</u>	212,995	
Net Position			
Net investment in capital assets		4,791,296	4,791,296
Unrestricted		45,000	(167,995)
Total net position		<u>4,836,296</u>	<u>4,623,301</u>
Total liabilities and fund balance/net position	<u>\$ 319,708</u>	<u>\$ 5,478,403</u>	<u>\$ 5,798,111</u>

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, 2015

	Downtown Development Authority	Full Accrual Adjustments	Total
Revenue			
Property taxes	\$ 744,485	\$ -	\$ 744,485
Investment income	3,338	-	3,338
Other revenue	39,284	-	39,284
	787,107	-	787,107
Expenditures - Current			
Community development	173,938	351,802	525,740
Capital outlay	650,020	(650,020)	-
Debt service:			
Principal payment	610,411	(610,411)	-
Interest	55,762	-	55,762
	1,490,131	(908,629)	581,502
Other Financing Sources - Face value of debt issue	349,000	(349,000)	-
Change in Fund Balance/Net Position	(354,024)	559,629	205,605
Fund Balance/Net Position - Beginning of year	141,029	4,276,667	4,417,696
Fund Balance/Net Position - End of year	\$ (212,995)	\$ 4,836,296	\$ 4,623,301

City of Brighton, Michigan

Other Supplemental Information Balance Sheet/Statement of Net Position (Deficit) Local Development Finance Authority June 30, 2015

	Local Development Finance Authority	Adjustments	Total
Assets - Cash and cash equivalents	\$ 38,410	\$ -	\$ 38,410
Liabilities			
Accounts payable	\$ 38,410	\$ -	\$ 38,410
Long-term debt	-	340,000	340,000
Total liabilities	38,410	340,000	378,410
Net Position (Deficit)	-	(340,000)	(340,000)
Total liabilities and net position (deficit)	\$ 38,410	\$ -	\$ 38,410

City of Brighton, Michigan

Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance (Deficit)/ Statement of Activities Local Development Finance Authority Year Ended June 30, 2015

	Local Development Finance Authority	Adjustments	Total
Revenue			
Property taxes	\$ 64,901	\$ -	\$ 64,901
Interest	329	-	329
Total revenue	65,230	-	65,230
Expenditures			
Principal repayment	30,000	(30,000)	-
Interest	19,405	-	19,405
Community development	20,846	-	20,846
Total expenditures	70,251	(30,000)	40,251
Change in Fund Balance	(5,021)	30,000	24,979
Fund Balance/Net Position (Deficit) - Beginning of year	5,021	(370,000)	(364,979)
Fund Balance/Net Position (Deficit) - End of year	<u>\$ -</u>	<u>\$ (340,000)</u>	<u>\$ (340,000)</u>

City of Brighton, Michigan

Other Supplemental Information Major Governmental Fund - Capital Improvement Fund Budgetary Comparison Year Ended June 30, 2015

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Investment income	-	-	15	15
Other financing sources	<u>325,442</u>	<u>325,442</u>	<u>283,979</u>	<u>(41,463)</u>
Total revenue	326,942	326,942	285,494	(41,448)
Expenditures - Current				
Capital outlay	99,500	99,500	58,287	41,213
Debt service	<u>227,442</u>	<u>227,442</u>	<u>227,207</u>	<u>235</u>
Total expenditures	<u>326,942</u>	<u>326,942</u>	<u>285,494</u>	<u>41,448</u>
Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

City of Brighton, Michigan

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			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 20,408,614	\$ 21,300,214	\$ 20,830,130	\$ 20,539,886
Restricted	4,753,721	4,052,527	3,437,505	3,157,947
Unrestricted	<u>1,843,363</u>	<u>1,964,532</u>	<u>923,814</u>	<u>481,840</u>
Total net position	27,005,698	27,317,273	25,191,449	24,179,673
Business-type Activities				
Net investment in capital assets	27,426,792	28,592,237	27,838,052	27,453,406
Restricted	-	-	283,961	-
Unrestricted	<u>3,861,279</u>	<u>1,699,459</u>	<u>1,376,700</u>	<u>1,805,252</u>
Total net position	<u>31,288,071</u>	<u>30,291,696</u>	<u>29,498,713</u>	<u>29,258,658</u>
Primary Government in Total				
Net investment in capital assets	47,835,406	49,892,451	48,668,182	47,681,981
Restricted	4,753,721	4,052,527	3,721,466	3,157,947
Unrestricted	<u>5,704,642</u>	<u>3,663,991</u>	<u>2,300,514</u>	<u>2,287,092</u>
Total net position	<u>\$ 58,293,769</u>	<u>\$ 57,608,969</u>	<u>\$ 54,690,162</u>	<u>\$ 53,127,020</u>

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

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

As of June 30					
2010	2011	2012	2013	2014	2015
\$ 21,280,993	\$ 20,780,160	\$ 20,392,406	\$ 19,941,607	\$ 18,878,877	\$ 18,687,470
2,826,733	2,559,604	2,355,100	2,100,973	1,899,223	1,692,565
<u>(514,333)</u>	<u>(625,820)</u>	<u>850,367</u>	<u>(1,215,537)</u>	<u>(6,183,721)</u>	<u>(6,611,195)</u>
23,593,393	22,713,944	23,597,873	20,827,043	14,594,379	13,768,840
26,290,684	26,171,909	25,351,552	24,760,603	24,206,346	23,922,458
630,000	-	-	-	-	-
<u>1,119,981</u>	<u>1,152,318</u>	<u>1,503,663</u>	<u>1,844,621</u>	<u>691,925</u>	<u>969,664</u>
<u>28,040,665</u>	<u>27,324,227</u>	<u>26,855,215</u>	<u>26,605,224</u>	<u>24,898,271</u>	<u>24,892,122</u>
47,571,677	46,952,069	45,743,958	44,702,210	43,085,223	42,609,928
3,456,733	2,559,604	663,590	2,100,973	1,899,223	1,692,565
<u>605,648</u>	<u>526,498</u>	<u>2,344,806</u>	<u>629,084</u>	<u>(5,491,796)</u>	<u>(5,641,531)</u>
<u>\$ 51,634,058</u>	<u>\$ 50,038,171</u>	<u>\$ 48,752,354</u>	<u>\$ 47,432,267</u>	<u>\$ 39,492,650</u>	<u>\$ 38,660,962</u>

City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 1,929,394	\$ 2,349,855	\$ 2,878,690	\$ 2,472,165
Public safety	2,123,785	2,153,697	2,519,047	2,410,316
Public works	3,437,104	3,195,010	4,426,522	4,161,139
Community development	584,427	571,655	539,752	407,174
Interest on long-term debt	570,384	569,394	588,639	562,972
Total governmental activities expenses	8,645,094	8,839,611	10,952,650	10,013,766
Business-type activities - Water and sewer	4,365,161	5,281,661	4,280,411	4,227,377
Total primary government expenses	13,010,255	14,121,272	15,233,061	14,241,143
Program Revenue				
Governmental activities:				
Charges for services - General government	716,436	585,739	432,170	397,968
Charges for services - Public safety	276,500	310,987	337,470	346,522
Charges for services - Public works	-	-	35,261	-
Operating grants and contributions	413,954	416,732	402,555	446,403
Capital grants and contributions	179,208	406,429	-	401,761
Total governmental activities program revenue	1,586,098	1,719,887	1,207,456	1,592,654
Business-type activities - Water and sewer:				
Charges for services	2,899,929	3,008,743	3,082,028	3,322,796
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,467,534	1,198,050	357,491	646,237
Total business-type activities program revenue	4,367,463	4,206,793	3,439,519	3,969,033
Total primary government program revenue	5,953,561	5,926,680	4,646,975	5,561,687
Net (Expenses) Revenue				
Governmental activities	(7,058,996)	(7,119,724)	(9,745,194)	(8,421,112)
Business-type activities	2,302	(1,074,868)	(840,892)	(258,344)
Total primary government net expense	(7,056,694)	(8,194,592)	(10,586,086)	(8,679,456)
General Revenue				
Governmental activities:				
Property taxes	5,654,956	6,108,946	6,308,624	6,302,824
Special assessments	-	-	-	-
State-shared revenue	613,149	603,754	624,346	582,580
Investment earnings	494,997	545,532	472,416	229,198
Other	278,000	185,217	239,642	294,734
Gain/Loss on disposal of asset	-	(12,150)	(25,658)	-
Total governmental activities revenue	7,041,102	7,431,299	7,619,370	7,409,336
Business-type activities - Investment income	156,814	78,493	47,909	18,289
Total primary government	7,197,916	7,509,792	7,667,279	7,427,625
Impact of GASB Statement No. 68	-	-	-	-
Change in Net Position	\$ 141,222	\$ (684,800)	\$ (2,918,807)	\$ (1,251,831)

Note: GASB Statement No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive

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

(Unaudited)

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

Fiscal Year Ended June 30					
2010	2011	2012	2013	2014	2015
\$ 2,309,301	\$ 2,087,163	\$ 2,168,443	\$ 1,840,373	\$ 1,802,904	\$ 1,686,985
2,794,089	2,698,518	2,653,575	2,741,069	2,818,030	3,064,464
4,039,665	3,769,179	3,674,221	3,695,213	3,857,556	3,990,950
485,429	487,858	516,588	578,601	662,880	765,784
536,291	493,284	459,547	459,104	323,283	280,040
10,164,775	9,536,002	9,472,374	9,314,360	9,464,653	9,788,223
4,553,297	4,367,994	4,325,144	4,147,395	4,316,231	4,209,829
14,718,072	13,903,996	13,797,518	13,461,755	13,780,884	13,998,052
487,488	505,061	496,462	523,116	446,057	784,438
349,657	319,401	299,944	300,142	297,201	257,625
-	138,847	540,188	545,503	552,101	785,228
1,336,369	402,355	446,248	457,293	475,005	494,412
-	26,025	500	1,685	28,059	79,401
2,173,514	1,391,689	1,783,342	1,827,739	1,798,423	2,401,104
3,046,378	3,361,774	3,607,045	3,509,474	3,401,513	3,309,023
-	-	-	-	-	-
283,536	285,080	245,890	384,097	242,288	887,609
3,329,914	3,646,854	3,852,935	3,893,571	3,643,801	4,196,632
5,503,428	5,038,543	5,636,277	5,721,310	5,442,224	6,597,736
(7,991,261)	(8,144,313)	(7,689,032)	(7,486,621)	(7,666,230)	(7,387,119)
(1,223,383)	(721,140)	(472,209)	(253,824)	(672,430)	(13,197)
(9,214,644)	(8,865,453)	(8,161,241)	(7,740,445)	(8,338,660)	(7,400,316)
6,204,750	6,183,250	5,821,413	5,458,202	5,053,574	5,452,696
-	-	-	-	-	76,007
536,136	611,656	646,508	613,218	637,657	681,895
143,812	153,275	138,431	128,178	112,530	108,836
520,283	286,007	257,671	212,427	301,429	242,146
-	30,676	8,204	4,500	-	-
7,404,981	7,264,864	6,872,227	6,416,525	6,105,190	6,561,580
5,390	4,702	3,197	3,833	4,884	7,048
7,410,371	7,269,566	6,875,424	6,420,358	6,110,074	6,568,628
-	-	-	-	(5,711,031)	-
\$ (1,804,273)	\$ (1,595,887)	\$ (1,285,817)	\$ (1,320,087)	\$ (2,228,586)	\$ (831,688)

City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 327,659	\$ 327,659	\$ 327,659	\$ 327,659
Restricted	2,118	2,133	2,138	2,138
Committed	-	-	-	-
Assigned	510,700	466,170	98,668	206,978
Unassigned	<u>1,839,818</u>	<u>1,710,684</u>	<u>1,450,226</u>	<u>833,806</u>
Total General Fund	2,680,295	2,506,646	1,878,691	1,370,581
All Other Governmental Funds				
Reserved	-	-	-	-
Restricted/Assigned - Reported in:				
Special Revenue Funds	1,909,744	1,415,571	1,630,305	702,459
Capital Project Funds	234,423	129,423	62,392	129,432
Debt Service Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>2,144,167</u>	<u>1,544,994</u>	<u>1,692,697</u>	<u>831,891</u>
Total	<u>\$ 4,824,462</u>	<u>\$ 4,051,640</u>	<u>\$ 3,571,388</u>	<u>\$ 2,202,472</u>

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

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

Fiscal Year Ended June 30						
2010	2011	2012	2013	2014	2015	
\$ 327,659	\$ 327,659	\$ 327,659	\$ 336,244	\$ 364,783	\$ 347,401	
2,138	2,138	2,138	2,138	2,138	-	
-	-	20,000	77,139	77,139	108,089	
14,600	6,988	18,746	42,133	47,582	48,773	
<u>873,991</u>	<u>1,320,375</u>	<u>1,537,954</u>	<u>1,477,407</u>	<u>1,171,908</u>	<u>1,061,125</u>	
1,218,388	1,657,160	1,906,497	1,935,061	1,663,550	1,565,388	
-	-	-	-	-	-	
338,210	401,557	333,793	246,848	212,369	174,523	
973	1,150	8,827	3	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
339,183	402,707	342,620	246,851	212,369	174,523	
<u>\$ 1,557,571</u>	<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>	

City of Brighton, Michigan

	Year Ended June 30			
	2006	2007	2008	2009
Revenue				
Property taxes	\$ 5,654,956	\$ 6,108,946	\$ 6,308,624	\$ 6,302,824
State-shared	1,027,103	1,020,486	1,026,901	970,073
Federal grants	-	-	-	58,910
Charges for services	254,030	226,681	102,677	103,810
Special assessment	230,836	300,229	246,563	285,092
Fines and penalties	276,500	310,987	337,470	346,522
Licenses and permits	462,406	359,058	329,493	294,158
Interest	494,997	545,532	472,416	229,198
Contributions from other funds			40,498	-
Other	278,000	185,217	234,405	294,734
Total revenue	8,678,828	9,057,136	9,099,047	8,885,321
Expenditures				
Current:				
General government	1,622,722	2,177,398	2,816,783	2,434,413
Community development	580,886	568,114	536,544	404,321
Public safety	1,982,940	2,038,945	2,417,734	2,316,609
Public works - Operating	2,422,938	2,515,072	2,982,939	2,809,922
Public works - Capital (streets)	962,532	832,093	719,029	913,778
Capital outlay (exclusive of streets)	1,917,129	323,716	297,297	116,479
Debt service - Principal	847,441	794,798	759,000	872,500
Debt service - Interest	568,660	579,822	580,923	571,215
Total expenditures	10,905,248	9,829,958	11,110,249	10,439,237
Excess of Revenue (Under) Over Expenditures	(2,226,420)	(772,822)	(2,011,202)	(1,553,916)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	1,573,754	-	1,939,909	1,895,719
Transfers out	(1,573,754)	-	(1,939,909)	(1,895,719)
Issuance of debt - Net	601,920	-	1,530,950	185,000
Total other financing sources	601,920	-	1,530,950	185,000
Net Change in Fund Balances	(1,624,500)	(772,822)	(480,252)	(1,368,916)
Fund Balances - Beginning of year	6,448,962	4,824,462	4,051,640	3,571,388
Fund Balances - End of year	\$ 4,824,462	\$ 4,051,640	\$ 3,571,388	\$ 2,202,472
Debt Service as a Percentage of Noncapital Expenditures	21%	17%	13%	15%

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

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

Year Ended June 30					
2010	2011	2012	2013	2014	2015
\$ 6,204,750	\$ 6,180,688	\$ 5,828,975	\$ 5,449,204	\$ 5,063,849	\$ 5,431,020
1,175,363	1,001,651	1,128,580	1,062,821	1,116,018	1,158,474
651,152	69,917	7,686	7,690	10,240	11,258
109,980	171,232	599,823	582,888	583,690	668,770
180,813	336,953	166,975	167,182	167,271	242,952
349,657	319,401	299,944	300,142	297,201	277,242
359,532	387,032	353,208	404,228	331,631	610,114
143,812	153,275	138,431	128,178	112,530	108,836
-	-	-	-	-	-
<u>678,577</u>	<u>375,961</u>	<u>353,011</u>	<u>297,104</u>	<u>398,729</u>	<u>334,470</u>
9,853,636	8,996,110	8,876,633	8,399,437	8,081,159	8,843,136
2,192,805	1,976,725	2,057,136	1,729,028	1,754,250	1,773,228
436,179	468,415	487,279	540,049	634,650	737,652
2,341,456	2,215,226	2,342,799	2,453,804	2,481,155	2,618,172
2,458,126	2,279,711	2,213,801	2,282,250	2,444,233	2,625,647
1,283,996	-	-	-	-	-
384,825	40,209	173,575	77,302	91,184	207,035
945,000	1,048,447	1,097,051	962,861	749,111	736,176
<u>537,125</u>	<u>495,757</u>	<u>451,261</u>	<u>457,859</u>	<u>310,384</u>	<u>282,969</u>
<u>10,579,512</u>	<u>8,524,490</u>	<u>8,822,902</u>	<u>8,503,153</u>	<u>8,464,967</u>	<u>8,980,879</u>
(725,876)	471,620	53,731	(103,716)	(383,808)	(137,743)
-	30,676	8,204	4,500	61,000	1,735
1,688,475	1,668,363	1,730,517	1,519,072	1,322,308	1,440,901
(1,688,475)	(1,668,363)	(1,730,517)	(1,547,922)	(1,322,308)	(1,440,901)
<u>80,975</u>	<u>-</u>	<u>127,315</u>	<u>60,861</u>	<u>16,815</u>	<u>-</u>
<u>80,975</u>	<u>30,676</u>	<u>135,519</u>	<u>36,511</u>	<u>77,815</u>	<u>1,735</u>
(644,901)	502,296	189,250	(67,205)	(305,993)	(136,008)
<u>2,202,472</u>	<u>1,557,571</u>	<u>2,059,867</u>	<u>2,249,117</u>	<u>2,181,912</u>	<u>1,875,919</u>
<u>\$ 1,557,571</u>	<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>
17%	18%	18%	17%	13%	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 and Personal	Total Taxable Value
2005	2006	\$ 207,320,255	\$ 123,326,800	\$ 18,942,000	\$ 36,220,706	\$ 15,733,200	\$ 401,542,961
2006	2007	222,088,140	139,489,820	22,333,650	37,381,603	21,008,240	442,301,453
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

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

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

City Tax Millage	Assessed Value	Estimated Actual Value	Percentage of Assessed Value	as a Percentage of Actual	City Levy
15.9418	\$ 489,165,316	\$ 978,330,632	81	41	\$ 6,278,293
15.8217	537,253,843	1,074,507,686	82	41	6,829,458
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

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	Total Direct City Tax Rates	Livingston County	Brighton District Library
2005	2006	14.8872	1.0546	-	15.9418	3.9020	0.8878
2006	2007	14.8872	0.9345	-	15.8217	3.8842	0.7072
2007	2008	14.8872	0.9218	-	15.8090	3.8842	1.0392
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

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

**Statistical Section
Revenue Capacity Information
Direct and Overlapping Property Tax Rates
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	Homestead	Non- homestead
0.9532	6.0000	2.3507	6.1203	18.0000	36.1558	54.1558
1.2500	6.0000	2.3361	6.1184	18.0000	36.1176	54.1176
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

City of Brighton, Michigan

Statistical Section Revenue Capacity Information Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2014 Taxable Value	Percentage of Total	2005 Taxable Value	Percentage of Total	2005 Rank
1 Brighton Holdings LLC	\$ 12,936,140	3.22%	\$ 6,588,800	1.64%	1 Brighton Holdings LLC
2 Brighton Mall Associates, LTD	10,332,760	2.58%	7,306,100	1.82%	2 Brighton Mall Associates, LTD
3 BMH Realty, LLC	7,683,880	1.92%	*	*	* BMH Realty, LLC
4 TG Fluid Systems USA Corp	6,247,410	1.56%	5,557,400	1.38%	5 TG Fluid Systems USA Corp
5 Brookdale Senior Living Inc	5,201,920	1.30%	*	*	* Brookdale Senior Living Inc
6 MJR Group LLC	4,983,220	1.24%	4,683,000	1.17%	6 MJR Group LLC
7 Eberspaecher North America	4,920,850	1.23%	*	*	* Eberspaecher North America
8 Good Will Co, INC	3,799,840	0.95%	*	*	* Good Will Co, INC
9 Brightland Properties, LLC	3,342,540	0.83%	*	*	* Brightland Properties, LLC
10 Aberdeen of Brighton	3,211,080	0.80%	*	*	* Aberdeen of Brighton
Total taxable value	\$ 401,134,983		\$ 401,542,961		

* Not available

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

City of Brighton, Michigan

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
2005	2006	\$ 6,278,293	\$ 6,149,077	97.90	\$ 111,197	\$ 6,260,274	99.71
2006	2007	6,829,458	6,618,287	96.83	198,070	6,816,357	99.80
2007	2008	7,086,966	6,776,214	95.52	286,897	7,063,111	99.66
2008	2009	7,163,561	6,914,314	96.46	195,035	7,109,349	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

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

City of Brighton, Michigan

	2006	2007	2008	2009
Governmental Activities				
General obligation bonds	\$ 10,048,000	\$ 9,544,000	\$ 10,545,950	\$ 9,903,450
Installment purchase agreements	60,798	-	-	-
Special assessment bonds	3,190,000	2,960,000	2,730,000	2,685,000
Total	13,298,798	12,504,000	13,275,950	12,588,450
Business-type Activities				
General obligation bonds	3,251,200	2,903,000	3,313,850	2,949,150
Installment purchase agreements	-	-	-	-
Special assessment bonds	210,000	175,000	140,000	105,000
Revenue bonds	9,743,080	9,378,080	8,963,080	8,454,294
Total	13,204,280	12,456,080	12,416,930	11,508,444
Total Debt of the Primary Government	26,503,078	24,960,080	25,692,880	24,096,894
Total Taxable Value	401,542,961	442,301,453	457,838,155	458,898,395
Ratio of Total Debt to Taxable Value	6.60%	5.64%	5.61%	5.25%
Total Population	7,263	7,517	7,268	7,173
Total Debt per Capita	\$ 3,649	\$ 3,320	\$ 3,535	\$ 3,359
Debt as a Percentage of Personal Income (1)	7.62%	6.93%	7.38%	7.01%

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**

	2010	2011	2012	2013	2014	2015
\$	9,133,450	\$ 8,303,450	\$ 7,443,450	\$ 6,766,500	\$ 6,661,279	\$ 6,131,669
	80,975	52,528	132,792	69,932	45,936	26,560
	<u>2,510,000</u>	<u>2,320,000</u>	<u>2,130,000</u>	<u>1,945,000</u>	<u>1,735,000</u>	<u>1,525,000</u>
	11,724,425	10,675,978	9,706,242	8,781,432	8,442,215	7,683,229
	3,211,950	3,039,750	2,827,550	2,643,846	2,445,109	2,182,226
	-	-	-	-	-	247,586
	70,000	35,000	-	-	-	-
	<u>7,939,294</u>	<u>7,374,294</u>	<u>6,928,435</u>	<u>6,257,974</u>	<u>5,582,514</u>	<u>4,873,133</u>
	<u>11,221,244</u>	<u>10,449,044</u>	<u>9,755,985</u>	<u>8,901,820</u>	<u>8,027,623</u>	<u>7,302,945</u>
	22,945,669	21,125,022	19,462,227	17,683,252	16,469,838	14,986,174
	452,388,565	435,135,542	412,277,768	401,230,887	394,486,952	401,134,983
	5.07%	4.85%	4.72%	4.41%	4.18%	3.74%
	7,702	7,444	7,442	7,613	7,807	7,684
\$	2,979	\$ 2,838	\$ 2,615	\$ 2,323	\$ 2,110	\$ 1,950
	6.38%	6.07%	5.60%	4.97%	4.51%	4.17%

City of Brighton, Michigan

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		Taxable Value	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	Tax Supported Bonds (UTGO)	Total General Governmental Activities Bonded Debt	Total Business-type Activities Bonded Debt	Total Primary Government						
2006	\$ 7,548,000	\$ 2,500,000	\$ 10,048,000	\$ 3,251,200	\$ 13,299,200	\$401,542,961	3.31%	7,263	\$ 1,831	\$ 47,897	3.82%
2007	7,319,000	2,225,000	9,544,000	2,903,000	12,447,000	442,301,453	2.81%	7,517	1,656	47,897	3.46%
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%

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

City of Brighton, Michigan

Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Brighton Area School District	\$ 103,173,111	19.21	\$ 19,819,555
Livingston Educational Service Agency	-	5.77	-
Livingston County	26,234,500	5.07	1,330,089
Brighton Area District Library	<u>410,000</u>	20.07	<u>82,287</u>
Total overlapping debt	129,817,611		21,231,931
Direct net city debt *	<u>7,683,229</u>	100.00	<u>7,683,229</u>
Total direct and overlapping debt	<u>\$ 137,500,840</u>		<u>\$ 28,915,160</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

	2006	2007	2008	2009
Calculation of Debt Limit				
State Equalized Valuation:				
Ad Valorem	\$ 473,243,016	\$ 515,841,893	\$ 519,328,055	\$ 501,000,160
IFT	<u>15,922,300</u>	<u>21,411,950</u>	<u>19,180,200</u>	<u>15,306,400</u>
Total valuation	489,165,316	537,253,843	538,508,255	516,306,560
Debt Limit (10 percent of taxable value)	48,916,532	53,725,384	53,850,826	51,630,656
Calculation of Debt Subject to Limit				
Total debt*	30,822,280	29,020,080	29,382,880	27,386,894
Less debt not subject to limit:				
Special assessment bonds	3,400,000	3,135,000	2,870,000	2,790,000
MTF bonds	245,000	220,000	195,000	170,000
Revenue bonds	9,743,080	9,378,080	8,963,080	8,454,294
Share of County-issued bonds	<u>2,844,200</u>	<u>2,507,000</u>	<u>2,174,800</u>	<u>1,837,600</u>
Net debt subject to limit	<u>14,590,000</u>	<u>13,780,000</u>	<u>15,180,000</u>	<u>14,135,000</u>
Legal Debt Margin	<u>\$ 34,326,532</u>	<u>\$ 39,945,384</u>	<u>\$ 38,670,826</u>	<u>\$ 37,495,656</u>
Net Debt Subject to Limit as Percentage of Debt Limit	29.83%	25.65%	28.19%	27.38%

* 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**

2010	2011	2012	2013	2014	2015
\$ 479,652,865	\$ 451,592,957	\$ 420,402,598	\$ 410,827,356	\$ 400,685,712	\$ 423,157,079
<u>15,448,630</u>	<u>18,106,660</u>	<u>14,483,030</u>	<u>9,563,000</u>	<u>11,246,470</u>	<u>10,811,810</u>
495,101,495	469,699,617	434,885,628	420,390,356	411,932,182	433,968,889
49,510,150	46,969,962	43,488,563	42,039,036	41,193,218	43,396,889
26,071,984	23,665,936	21,628,859	19,417,423	17,697,420	15,694,135
2,580,000	2,355,000	2,130,000	1,945,000	1,735,000	1,525,000
140,000	110,000	75,000	40,000	-	-
7,939,294	7,374,294	5,969,141	5,368,680	4,763,220	4,123,839
<u>1,500,400</u>	<u>1,358,200</u>	<u>959,294</u>	<u>889,294</u>	<u>819,294</u>	<u>749,294</u>
<u>13,912,290</u>	<u>12,468,442</u>	<u>12,495,424</u>	<u>11,174,449</u>	<u>10,379,906</u>	<u>9,296,002</u>
<u>\$ 35,597,860</u>	<u>\$ 34,501,520</u>	<u>\$ 30,993,139</u>	<u>\$ 30,864,587</u>	<u>\$ 30,813,312</u>	<u>\$ 34,100,887</u>
28.10%	26.55%	28.73%	26.58%	25.20%	21.42%

City of Brighton, Michigan

Water and Sewer Revenue Bonds						
Fiscal Year	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service		Coverage*
				Principal	Interest	
2006	\$ 3,056,743	\$ 2,266,849	\$ 789,894	\$ 315,000	\$ 424,003	\$ 50,891
2007	3,087,236	3,127,093	(39,857)	365,000	415,951	(820,808)
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

* Shortfalls in revenue coverage have been subsidized by capital contributions from connection fees.

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**

		Special Assessment Bonds		
Special Assessment Collections		Debt Service		
		Principal	Interest	Coverage
\$	446,248	\$ 270,000	\$ 159,654	\$ 16,594
	426,098	265,000	148,660	12,438
	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)

City of Brighton, Michigan

Statistical Section Demographic and Economic Information Demographic and Economic Statistics Last Sixteen Fiscal Years

Fiscal Year	Estimated Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemploy- ment Rate (Percent)
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	*

* 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	2015 Employees	Percentage of Total	2006 Employees	Percentage of Total	2006 Rank
1 Brighton Area Schools	883	10.21%	920	12.75%	1
2 TG Fluid Systems	405	4.68%	267	3.70%	3
3 Meijer	299	3.46%	*	-	-
4 Work Skills Corporation	189	2.19%	150	2.08%	4
5 Eberspaecher	171	1.98%	*	-	-
6 Target	150	1.73%	*	-	-
7 March Coatings	143	1.65%	*	-	-
8 Home Depot	135	1.56%	*	-	-
9 Brighton Post Office	87	1.01%	*	-	-
10 VG's	75	0.87%	*	-	-
Total	<u>2,537</u>	<u>29.34%</u>	<u>1,337</u>	<u>18.54%</u>	
Estimated total city employment	8,646		7,213		

* Not available

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

City of Brighton, Michigan

Function/Program	2006	2007	2008	2009	2010
General government:					
City manager	1.00	1.00	1.50	1.50	1.50
City clerk/Human resources	2.35	2.63	3.13	3.13	2.50
Finance	<u>8.39</u>	<u>9.00</u>	<u>9.25</u>	<u>9.25</u>	<u>9.25</u>
Total general government	11.74	12.63	13.88	13.88	13.25
Community development	5.00	5.63	5.00	5.00	5.00
Public safety (police)	18.60	18.60	20.60	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>9.00</u>	<u>9.00</u>
Total public services	<u>22.00</u>	<u>22.00</u>	<u>22.00</u>	<u>22.00</u>	<u>22.00</u>
Total	<u>57.34</u>	<u>58.86</u>	<u>61.48</u>	<u>60.48</u>	<u>59.85</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**

2011	2012	2013	2014	2015
1.00	1.00	1.00	1.00	1.00
2.50	2.50	2.50	2.50	2.50
<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>
11.13	11.13	11.13	11.13	11.13
4.00	4.00	4.00	4.00	4.00
19.60	19.60	19.00	19.00	19.00
2.00	2.00	2.00	1.00	1.00
3.00	3.00	3.00	3.00	4.00
8.00	8.00	7.00	6.00	5.00
<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>8.00</u>
<u>20.00</u>	<u>20.00</u>	<u>19.00</u>	<u>17.00</u>	<u>18.00</u>
<u>54.73</u>	<u>54.73</u>	<u>53.13</u>	<u>51.13</u>	<u>52.13</u>

City of Brighton, Michigan

Function/Program	2006	2007	2008	2009
Election data:				
Registered voters	5,380	5,443	5,406	5,307
Voters (at the polls or absentee)	992	3,239	2,307	2,970
Percent voting	18.44%	59.51%	42.67%	55.96%
Human resource data - Number of recruitments				
	17	12	12	2
Finance data:				
Number of A/P checks	2,831	2,330	2,181	2,156
Number of property tax parcels	4,093	4,107	4,093	3,969
Number of utility bill customers	3,318	3,376	3,508	3,516
Police:				
Physical arrests	1,028	1,341	1,031	944
Traffic violations	3,912	3,637	5,160	4,102
Investigations	10,382	12,073	11,986	12,103
Community development data:				
Number of building permits	386	326	311	258
Value of building permits	\$ 14,315,439	\$ 15,753,583	\$ 8,003,905	\$ 5,103,742
Number of building inspections	1,083	789	793	679
Public works data:				
Miles of street constructed, reconstructed, and resurfaced	0.75	1.00	1.25	1.00
Road salt used (tons)	1,550	1,250	1,250	2,300
R.O.W. tree plantings	54	-	20	10
Grave openings	60	41	64	66
Water data:				
Total billed consumption (000s)	508,125	485,455	495,863	445,079
Avg. billed consump./user (000s)	152	144	141	127
Number of water main breaks	2	3	1	1
Sewer data - Avg. daily treatment (MGD)	1.360	1.200	1.300	1.250

* 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**

2010	2011	2012	2013	2014	2015
5,380	5,575	5,900	5,927	5,889	5,671
1,013	2,899	3,725	3,975	1,279	1,979
18.83%	52.00%	63.14%	67.07%	21.72%	34.90%
-	-	1	9	12	12
1,835	1,552	1,588	1,601	1,418	1,211
3,974	4,093	4,136	4,296	4,298	4,294
3,595	3,584	3,592	3,646	3,481	3,508
925	577	495	421	354	340
4,325	3,980	2,589	2,273	1,819	1,523
12,099	20,312	19,468	16,929	19,330	22,350
249	208	289	332	253	331
\$ 5,626,679	\$ 7,910,371	\$ 7,099,816	\$ 9,143,156	\$ 7,494,230	\$ 26,600,740
459	965	551	693	530	709
0.90	-	-	-	-	-
2,100	1,600	1,375	1,030	2,364	1,675
-	-	-	4	2	-
64	57	56	64	50	51
408,123	432,962	439,746	450,317	400,702	385,893
114	121	122	124	115	110
2	2	6	3	7	6
1.285	1.200	1.250	1.110	1.190	1.060

City of Brighton, Michigan

Function/Program	2006	2007	2008	2009
Police - Patrol units	10	12	8	8
Public works:				
Streets (miles):				
Major streets	11.32	11.32	11.32	11.32
Local streets	14.99	14.99	14.99	14.99
Sidewalks	*	80	80	80
Traffic signals	*	9	9	9
Water:				
Mains (miles)	52	52	52	52
Fire hydrants	572	481	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
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**

2010	2011	2012	2013	2014	2015
8	8	8	8	8	9
11.32	11.32	11.32	11.32	11.32	11.32
14.99	18.12	18.12	18.12	18.12	18.12
80	80	80	80	80	80
9	9	9	9	9	9
52	52	52	52	52	59
484	484	484	638	648	655
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	45	45	48
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