

# CITY OF BRIGHTON, MICHIGAN

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDING  
JUNE 30, 2014



Photos by Michael R. McManus. Used with permission.

# **City of Brighton, Michigan**

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## **Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended June 30, 2014**

# City of Brighton, Michigan

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# City of Brighton, Michigan

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# CITY OF BRIGHTON

*"Providing quality service"*

October 16, 2014

## 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, 2014 is submitted herewith. It was prepared by staff in the Finance Department with the assistance of the audit staff from Plante & Moran. This report was prepared in accordance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, the Treasurer of the State of Michigan, and the Government Finance Officers Association. Responsibility for the accuracy, completeness, and fairness of the financial data herein, including all disclosures, rests with the City's management. Management has established a complete framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented.

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 unqualified opinion follows this letter of transmittal. An unqualified 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 27 consecutive unqualified 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 types of trends is the City experiencing and how do they compare to other cities with similar characteristics? I will attempt to provide some insight to begin to address answers or how we can address answers to these questions below in "The Future" section of this letter.

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

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

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

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

## **Governmental Structure and Local Economy**

The City of Brighton is located approximately forty-five miles northwest of Downtown Detroit. It was incorporated as a village in 1867 and became a Home Rule City in 1928. Brighton encompasses an area of approximately 3.65 square miles, has an estimated household population of approximately 7,807, and is the central business hub for Livingston County's approximate 184,322 household population, who reside in its southeast quadrant. The City's estimated 3,882 households reflect an approximate average of 2.02 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 7.8% over the last year. In addition, the Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) increased by 1.3% 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 less homes on the market. Interest rates are expected to remain at historical lows for another year or two, in an effort to help the housing market. 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 much more than the commercial values. During the recent budget process for FY 2014-2015, the residential and industrial values have begun to increase. The commercial values have remained relatively flat, with little to no increase. It is management's belief that the commercial values will remain flat for another year or two.

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 value will be increasing, as the City recently approved a tax abatement for a major industrial partner in the City. Eberspaecher North America, Inc. (ENA) will be expanding its Brighton location significantly over the next year.

## **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 7 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 prepare a 6-year Capital Improvement Plan (CIP), which is reviewed by the City Planning Commission and adopted by the City Council. The first year of the adopted CIP is incorporated into the City Manager's Proposed Budget, if funding is available. There has been limited funding of any capital projects over the last several years. The FY 2014-2015 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 2014-2015 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 purchase and maintenance 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 \$1,171,908 or 18% of operating expenditures on June 30, 2014. 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 2.05 on June 30, 2014, which is above the target of 2:1. Working capital, a key benchmark of the Utilities Fund, decreased by approximately \$5,624 to approximately \$1,208,052 at June 30, 2014, which covered 27% of the Utilities Fund expenses, including depreciation. Exclusive of depreciation, the coverage was 41% 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 \$20,823, a decrease of \$4,019 or 17% from the preceding year, which was primarily caused by lower 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 FY 2011-2012. The City is changing its daily bank from JPMorgan Chase to Flagstar in the first quarter of FY 2014-2015. This change is expected 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 FY2011-2012. 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 2013-2014**

- The City added approximately \$235,000 of new fixed capital assets including parking lot lights, two sculptures, a downtown surveillance system and in-car video system for the Police, a patrol vehicle, West North St. vacant land and a sculpture garden for the DDA, an overhaul of a screw pump for the Utilities Fund, and IT equipment/software.
- The City received its eighth consecutive Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its submittal for the City's FY 2013-2014 budget document.
- The City received its fifth consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting Award for its FY 2012-2013 Comprehensive Annual Financial Report (CAFR).
- The City received an upgraded bond rating from Standard & Poor's from A+ to AA+.
- The City prepared a six-year Capital Improvement Program that reflects a substantially lower unfunded project list from the previous CIP Program that was last prepared in 2010.
- The City has successfully negotiated four union contracts that all began July 1, 2013.

## **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 and can be found on pages 51-53 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, auditing 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 and Auditing 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 and Accounting 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, 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

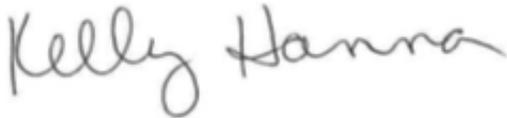
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable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

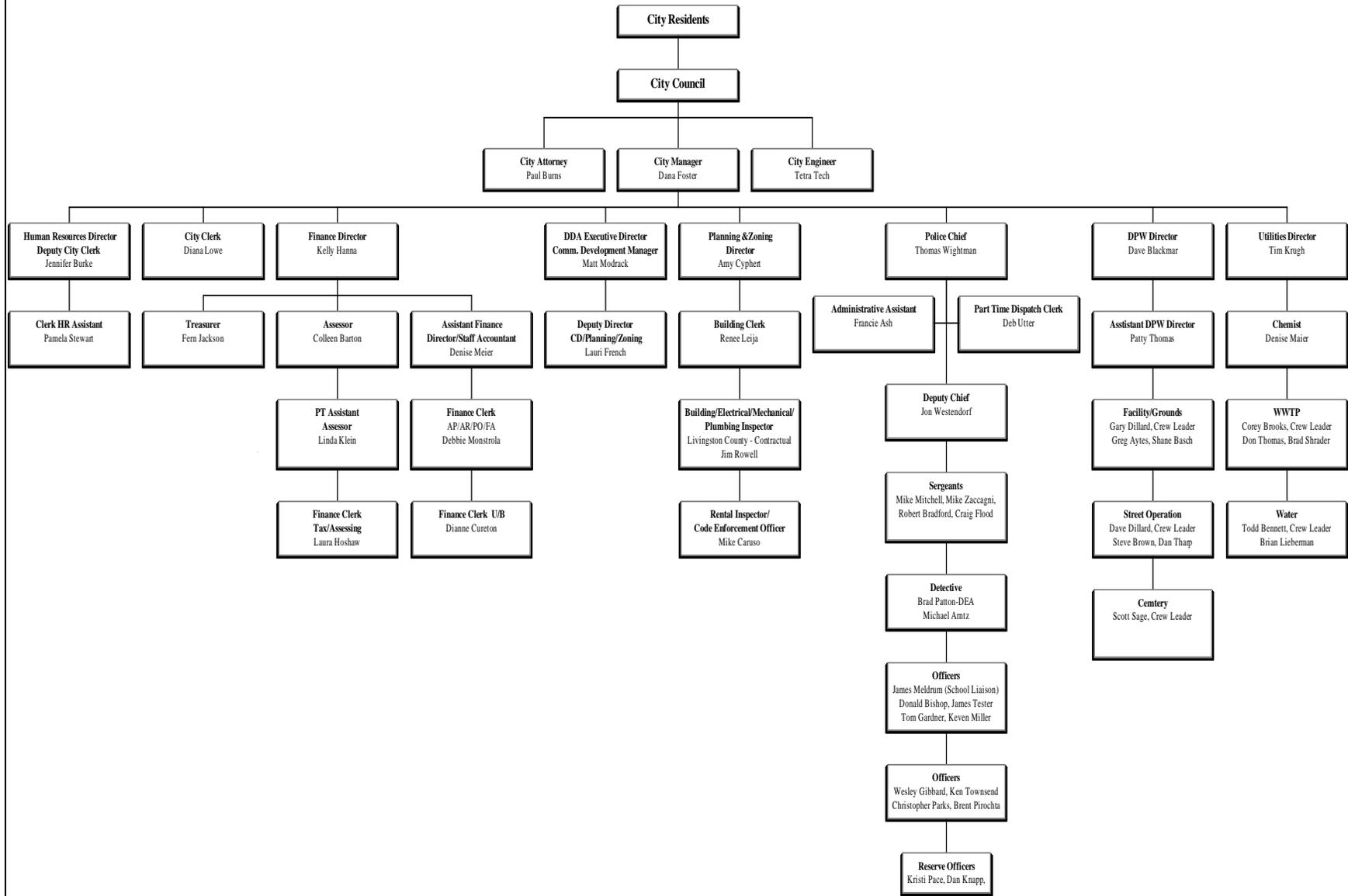
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department, as well as the advice from Plante & Moran, PLLC. I wish to express my sincere appreciation to all members of the Department who assisted 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,

A handwritten signature in cursive script that reads "Kelly Hanna".

Kelly Hanna  
Finance Director

### City of Brighton Organizational Chart



CITY OF BRIGHTON, MICHIGAN  
List of Elected and Appointed Officials  
For the Fiscal Year Ended June 30, 2014

**ELECTED OFFICIALS**

Jim Muzzin  
Shawn Pipoly  
Chad Cooper  
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, 2014 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, 2014 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 1 to the basic financial statements, in 2014, the City adopted the new accounting guidance of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which established accounting and financial reporting standards that reclassify, as deferred inflows and outflows of resources, certain items that were previously reported as assets and liabilities. 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, and the schedules of funding progress for the pension system and retiree healthcare system, 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 it.

*Plante & Moran, PLLC*

October 7, 2014

# 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, 2014. 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 \$49,256,398 (net position). Of this amount, \$40,284 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$2,031,810. This decrease is the net result of an increase of \$196,776 in component unit (DDA and LDFA) net position and a decrease of \$2,228,586 in the net position of the primary government.
- The \$2,228,586 decrease in the net position of the primary government is the result of a \$1,561,040 decrease in the net position of the governmental activities and a \$667,546 decrease in net position of the business-type activities (Utilities Fund). The decrease in net position of the Utilities Fund is primarily the result of a decrease in 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 governmental activities is primarily the result of a decrease in receivables from less special assessment revenue due and reduced 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 \$1,875,919, a decrease of \$305,993 in comparison with the prior year. A total of \$1,431,859 or approximately 76 percent of the fund balance is available for spending at the City Council's discretion. Of that amount, \$165,230 is available for spending on roads in the Major and Local Street Fund, \$47,139 is available for police expenditures related to forfeiture, \$20,608 is assigned for the purposes of the Principal Shopping District, \$12,383 is assigned to the Arts and Culture Commission, \$4,638 of the available fund balance is assigned for cemetery markers and police equipment that were not completed in FY 2013-2014 in the General Fund, and \$9,953 is assigned to the Imagination Station Maintenance. Therefore, the remaining \$1,171,908 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 \$1,171,908, or 18 percent of total current General Fund budgeted operating expenditures for the year ended June 30, 2014.
- The City's total debt (primary government and component units) decreased by \$1,664,551 (8 percent) during the current fiscal year. The decrease was caused by the annual maturity of pre-existing debt, offset by a small increase in compensated absences.

# City of Brighton, Michigan

## Management's Discussion and Analysis (Continued)

### 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.

The government-wide financial statements can be found on pages 13-15 of this report.

# City of Brighton, Michigan

## Management's Discussion and Analysis (Continued)

**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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Brighton, Michigan currently maintains 10 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 balance 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 Street Debt Fund and 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 16-19 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 20-22 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 statements 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 23 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 27-49 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, and the schedules of funding progress for the pension system and retiree healthcare system. Required supplemental information can be found on pages 51-55 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position and performance. As shown below, for the year ended June 30, 2014, assets exceeded liabilities by \$49,256,398.

By far the largest portion of the City of Brighton, Michigan's net position (96 percent) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. 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 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 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Current assets	\$ 3,663.3	\$ 4,243.8	\$ 2,358.7	\$ 2,456.8	\$ 204.2	\$ 310.1	\$ 6,226.2	\$ 7,010.7
Capital assets	<u>27,321.1</u>	<u>28,723.0</u>	<u>32,240.9</u>	<u>33,662.4</u>	<u>5,180.1</u>	<u>5,423.8</u>	<u>64,742.1</u>	<u>67,809.2</u>
Total assets	30,984.4	32,966.8	34,599.6	36,119.2	5,384.3	5,733.9	70,968.3	74,819.9
Deferred outflows of resources	360.4	-	36.0	-	-	-	396.4	-
Current liabilities	1,482.1	1,651.2	122.7	127.9	58.1	20.5	1,662.9	1,799.6
Long-term liabilities	<u>10,596.7</u>	<u>10,488.5</u>	<u>8,575.2</u>	<u>9,386.1</u>	<u>1,273.5</u>	<u>1,857.4</u>	<u>20,445.4</u>	<u>21,732.0</u>
Total liabilities	<u>12,078.8</u>	<u>12,139.7</u>	<u>8,697.9</u>	<u>9,514.0</u>	<u>1,331.6</u>	<u>1,877.9</u>	<u>22,108.3</u>	<u>23,531.6</u>
Net position:								
Invested in capital assets, net of related debt	18,878.9	19,941.6	24,206.4	24,760.6	4,231.7	4,019.7	47,317.0	48,721.9
Restricted	1,899.2	2,101.0	-	-	-	-	1,899.2	2,101.0
Unrestricted (deficit)	<u>(1,512.1)</u>	<u>(1,215.5)</u>	<u>1,731.3</u>	<u>1,844.6</u>	<u>(179.0)</u>	<u>(163.7)</u>	<u>40.2</u>	<u>465.4</u>
Total net position	<u>\$ 19,266.0</u>	<u>\$ 20,827.1</u>	<u>\$ 25,937.7</u>	<u>\$ 26,605.2</u>	<u>\$ 4,052.7</u>	<u>\$ 3,856.0</u>	<u>\$ 49,256.4</u>	<u>\$ 51,288.3</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. The remaining balance of unrestricted net position (\$40,284) may be used to meet the City's ongoing obligations to citizens and creditors.

**Governmental Activities** - As shown below, governmental activities decreased the City of Brighton's net position by \$1,561,040. Last fiscal year, the net position of the governmental activities decreased by \$1,070,096. The year-over-year change is primarily the result of program expenses increasing by \$150,293. Revenue declined \$340,651 in total. The majority of the decline in revenue is due to less property tax revenue from declining values and no debt service millage rate, less service charges, and less investment income, partially offset by an increase in grants. The increase in expenses is a net result of a decrease in general government expenses and 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 \$667,546. Last fiscal year, the net position of the business-type activities decreased by \$249,991. The year-over-year change is the net result of \$248,719 less total revenue than last fiscal year and \$168,836 additional total program expenses than last fiscal year. The decrease in revenue is primarily the result of less connection fees and slightly less service charges. The increase in expenses is primarily the result of additional salaries and benefits, purchased property and technical services, supplies, and property, partially offset by a decrease in OPEB expense, other purchased services, and interest expenses.

# City of Brighton, Michigan

## Management's Discussion and Analysis (Continued)

**Component Units** - Component units increased the City of Brighton's net position by \$196,776, compared to an increase of \$479,311 in the prior year. The year-over-year change is the net result of \$470,241 less total revenue than last fiscal year and \$187,706 less total program expenses than last fiscal year. The decrease in revenue is from no grant revenue and a decrease in tax increment revenue. The decrease in expenses is the net result of decreases in overall DDA expenses (related to the Grant revenue), offset by additional LDFA expenses.

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

	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
<b>Revenue</b>								
Program revenue:								
Charges for services	\$ 1,295.4	\$ 1,368.8	\$ 3,401.5	\$ 3,509.5	\$ -	\$ -	\$ 4,696.9	\$ 4,878.2
Operating grants	475.0	457.3	-	-	-	481.1	475.0	938.4
Capital grants contributions	28.1	1.7	242.3	384.1	-	-	270.3	385.8
General revenue:								
Property taxes	5,053.6	5,458.2	-	-	793.1	838.3	5,846.6	6,296.5
State-shared revenue	637.7	613.2	-	-	-	-	637.7	613.2
Investment earnings	112.5	128.2	4.9	3.8	2.3	1.8	119.7	133.8
Other revenue	301.4	216.9	-	-	92.1	36.5	393.5	253.4
Total revenue	7,903.6	8,244.3	3,648.7	3,897.4	887.5	1,357.7	12,439.8	13,499.3
<b>Program Expenses</b>								
General government	1,802.9	1,840.4	-	-	-	-	1,802.9	1,840.4
Public safety	2,818.0	2,741.1	-	-	-	-	2,818.0	2,741.1
Public services	3,857.6	3,695.2	-	-	690.7	878.4	4,548.3	4,573.6
Community development	662.9	578.6	-	-	-	-	662.9	578.6
Interest on long-term debt	323.3	459.1	-	-	-	-	323.3	459.1
Transfers out	-	-	-	-	-	-	-	-
Water and sewer	-	-	4,316.2	4,147.4	-	-	4,316.2	4,147.4
Total program expenses	9,464.7	9,314.4	4,316.2	4,147.4	690.7	878.4	14,471.6	14,340.2
<b>Change in Net Position</b>	<b>\$ (1,561.0)</b>	<b>\$ (1,070.1)</b>	<b>\$ (667.5)</b>	<b>\$ (250.0)</b>	<b>\$ 196.8</b>	<b>\$ 479.3</b>	<b>\$ (2,031.8)</b>	<b>\$ (840.8)</b>

### The City's Funds

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

As of the end of the current fiscal year, the City of Brighton, Michigan's governmental funds reported combined ending fund balances of \$1,875,919, a decrease of \$305,993 in comparison with the prior year. Approximately 68 percent of this total amount (\$1,171,908) 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 and economic development), or committed/assigned (to liquidate contracts and purchase orders of the prior period or for subsequent year expenditures, and assigned for purposes such as Arts and Cultural Commission, Principal Shopping District, Imagination Station Maintenance, State Drug Law Enforcement, and Capital Improvement Fund).

# **City of Brighton, Michigan**

## **Management's Discussion and Analysis (Continued)**

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 \$1,171,908. The FY 2014-2015 budget was not balanced; therefore, \$69,517 of the unassigned fund balance is designated for subsequent year expenditures. A total of \$40,338 of the \$69,517 is to be committed fund balance for future capital improvement and equipment replacement; therefore, the remaining \$29,179 is for expenditures. 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 18 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2015. The City of Brighton's fund balance policy has a minimum fund balance requirement of 15 percent.

The total fund balance of the City of Brighton, Michigan's General Fund decreased by \$286,374 during the current fiscal year. The primary reason for the decrease in fund balance is an increase in expenditures related to salaries and benefits, utilities, and an increase in appropriation to the Major and Local Street funds for the recent harsh winter, partially offset by 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 \$165,230. This is a reduction of \$81,618 from the prior year. A total of \$142,371, or 86 percent, of the restricted fund balance is being retained at the City's discretion for future special assessment installments that were paid early. The fund balance (after the amount being retained for special assessment installments) was reduced by \$60,215 from the prior year due to additional street expenditures related to the harsh winter.

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 \$42,944. This is an increase from the prior year of \$12,364, primarily due to additional transfers in for future projects and additional reimbursements from Downtown Business Merchants to support Principal Shopping District activities.

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

The State Drug Law Enforcement fund had an ending fund balance of \$47,139. All of the revenue in this fund is from police seizures. A portion was originally received in the General Fund in a previous fiscal year and transferred to this newly created fund in fiscal year 2014-2015. There were no expenditures in this fund.

# City of Brighton, Michigan

## Management's Discussion and Analysis (Continued)

**Proprietary Funds** - The City of Brighton's Utilities Enterprise Fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Utilities Fund at the end of the year amounted to \$1,731,332, down \$113,289 from the prior year. The Utilities Fund had a \$1,652,412 operating loss primarily because the operating revenue does not cover all the depreciation expense. This fund generated a net loss of \$667,546. 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 \$35,225 or < 1 percent increase in total revenue from the original budget reflected a net increase from additional licenses and permits, state-shared revenue, and service charges; partially offset by a reduction in fines and investment income.
- The \$516,953 or 7 percent increase in total expenditures from the original budget reflected primarily a net of more than anticipated expenditures in the general government, public safety, public services, and community development activity budgets and transfers out activity budgets.

### 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, 2014 amounts to \$59,555,061 (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, 2014 amounts to \$5,135,186 (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 4.6 percent (a 4.9 percent decrease in governmental activities, a 4.2 percent decrease for business-type activities, and a 5.3 percent decrease for its component units).

	Primary Government							
	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Land	\$ 13,530.8	\$ 13,530.8	\$ 157.4	\$ 157.4	\$ 1,063.3	\$ 1,060.5	\$ 14,751.4	\$ 14,748.7
Buildings and system	4,035.3	4,183.2	14,677.5	15,404.8	533.3	823.6	19,246.1	20,411.5
Machinery and equipment	593.8	755.4	255.7	249.4	3,538.7	3,539.7	4,388.1	4,544.5
Infrastructure	9,161.1	10,253.6	17,143.5	17,850.9	-	-	26,304.6	28,104.5
Construction in progress	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 27,321.1</b>	<b>\$ 28,723.0</b>	<b>\$ 32,234.0</b>	<b>\$ 33,662.4</b>	<b>\$ 5,135.2</b>	<b>\$ 5,423.8</b>	<b>\$ 64,690.2</b>	<b>\$ 67,809.2</b>

# City of Brighton, Michigan

## Management's Discussion and Analysis (Continued)

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

- **Governmental Activities** - Lawn mower, computer equipment, patrol vehicle, and several art sculptures.
- **Business-type Activities** - Removal and installation of a screw pump at the Wastewater Treatment Plant.
- **Component Units** - DDA improvements included the purchase of vacant land and a sculpture garden.

Additional information on the City of Brighton, Michigan's capital assets can be found in Note 4 on pages 37-39 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 \$17,743,356. Of this total, \$11,245,136 or 63 percent comprises debt backed by the full faith and credit of the City, including \$819,294 of Revenue Bonds; \$1,735,000 or 10 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 \$4,763,220 or 27 percent comprises revenue bonds backed by the revenue of the City's Utility Fund. A total of \$8,442,215 or 48 percent of the total debt is governmental activities debt, \$8,027,623 or 45 percent is business-type activities debt, and the remaining \$1,273,518 or 7 percent is component unit debt (DDA and LDFA Bonds).

### Outstanding Debt (General Obligation, Special Assessment, and Revenue Debt)

	Primary Government							
	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
General obligation bonds/ notes	\$ 6,855.5	\$ 6,836.4	\$ 2,445.1	\$ 2,643.8	\$ 1,273.5	\$ 1,804.1	\$ 10,574.1	\$ 11,284.4
Special assessment bonds	1,586.7	1,945.0	-	-	-	-	1,586.7	1,945.0
Revenue bonds with a general obligation pledge	-	-	4,763.2	5,368.7	-	-	4,763.2	5,368.7
Revenue bonds	-	-	819.3	889.3	-	-	819.3	889.3
<b>Total</b>	<b>\$ 8,442.2</b>	<b>\$ 8,781.4</b>	<b>\$ 8,027.6</b>	<b>\$ 8,901.8</b>	<b>\$ 1,273.5</b>	<b>\$ 1,804.1</b>	<b>\$ 17,743.4</b>	<b>\$ 19,487.4</b>

The City of Brighton, Michigan's total debt decreased by \$1,744,000 (9 percent) during the current fiscal year. The decrease was the result of the annual maturity of pre-existing debt.

The City of Brighton, Michigan maintains non-insured 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 \$41,193,218 which is significantly in excess of the City's total net debt (total debt less special assessment, revenue, MTF, and county-shared debt) of \$10,574,142. Therefore, the legal debt margin, or what the City could legally add to its outstanding debt at June 30, 2014, was \$30,619,076.

# **City of Brighton, Michigan**

## **Management's Discussion and Analysis (Continued)**

Additional information on the City of Brighton, Michigan's long-term debt can be found in Note 6 on pages 40-43 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, 2014, the average unemployment rate for Livingston County was 7.8 percent, which is a decrease from 8.3 percent a year ago; for the State of Michigan it was 7.5 percent and for the United States it was 6.1 percent.
- The Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) for the year ended June 30, 2014 increased by 1.3 percent from a year ago, the Midwest Urban average CPI rate increased by 1.7 from a year ago, and the national CPI rate increased by 2.1 percent from a year ago.

The trends in these economic factors will be considered in preparing the City of Brighton, Michigan's FY 2015-2016 budget.

During the current fiscal year, unassigned fund balance in the General Fund decreased by \$305,499 to \$1,171,908. The FY 2014-2015 budget was not balanced; therefore, \$69,517 of the unassigned fund balance is designated for subsequent year expenditures. A total of \$40,338 of the \$69,517 is to be committed fund balance for future capital improvement and equipment replacement; therefore, the remaining \$29,179 is for expenditures. The unassigned fund balance represents 18 percent of the total current General Fund budgeted operating expenditures at June 30, 2015. In anticipation of the significant liability numbers which will result from each year's additional net OPEB obligation, as well as any additional contributions over and above the annual required contributions, which may be needed to increase the City's funding level of the MERS retirement system, the City may want to consider designating a portion of the unassigned fund balance of the General Fund for these purposes.

The City's utility user fees increased an average of 2 percent for the fiscal year 2014-2015 budget year. The City continues to see a trend of reduced connection fee sales, based on the recent economic downturn and as the City approaches its eventual build-out. If connection fees continue to diminish by the sale of reduced units, then the City will need to not only eliminate its use of utility reserves to fund significant new utility capital projects, but also adjust its user fees to cover what may be necessary to fund needed improvements to its utility systems.

### **Essential Services Loss**

The percent of General Fund revenue used to fund essential services for fiscal year 2012 was 28.5 percent.

# **City of Brighton, Michigan**

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## **Management's Discussion and Analysis (Continued)**

### **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, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,914,760	\$ 1,579,777	\$ 3,494,537	\$ 195,684
Receivables:				
Delinquent taxes	63,849	-	63,849	8,484
Customer	51,119	694,455	745,574	-
Due from other governmental units	239,391	-	239,391	-
Special assessments	1,357,057	-	1,357,057	-
Inventory	-	84,466	84,466	-
Prepaid expenses	28,539	-	28,539	-
Capital assets:				
Assets not subject to depreciation (Note 4)	13,530,821	157,362	13,688,183	1,063,260
Assets subject to depreciation (Note 4)	13,790,271	32,076,607	45,866,878	4,071,926
Other assets	8,585	6,900	15,485	45,000
Total assets	30,984,392	34,599,567	65,583,959	5,384,354
<b>Deferred Outflows of Resources -</b>				
Deferred charges on refunding	360,437	36,025	396,462	-
<b>Liabilities</b>				
Accounts payable	196,972	52,587	249,559	1,355
Deposits	43,596	-	43,596	-
Accrued liabilities and other	156,089	70,074	226,163	-
Provision for property tax refunds	69,661	-	69,661	56,764
Noncurrent liabilities (Note 6):				
Due within one year:				
Compensated absences	279,607	77,587	357,194	-
Current portion of long-term debt	736,176	950,400	1,686,576	605,511
Due in more than one year:				
Compensated absences	590,444	72,031	662,475	-
Net retiree healthcare obligation (Note 9)	2,300,242	398,012	2,698,254	-
Long-term debt	7,706,039	7,077,223	14,783,262	668,007
Total liabilities	12,078,826	8,697,914	20,776,740	1,331,637
<b>Net Position</b>				
Net investment in capital assets	18,878,877	24,206,346	43,085,223	4,231,668
Restricted for:				
Roads and capital projects	1,522,287	-	1,522,287	-
Cemetery care - Nonexpendable	327,659	-	327,659	-
Economic development	2,138	-	2,138	-
State drug law enforcement	47,139	-	47,139	-
Unrestricted	(1,512,097)	1,731,332	219,235	(178,951)
Total net position	<b>\$ 19,266,003</b>	<b>\$ 25,937,678</b>	<b>\$ 45,203,681</b>	<b>\$ 4,052,717</b>

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

# 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	\$ 1,802,904	\$ 446,057	\$ 9,090	\$ 13,213
Public safety	2,818,030	297,201	1,150	14,846
Public works	3,857,556	552,101	464,765	-
Community development	662,880	-	-	-
Interest on long-term debt	323,283	-	-	-
Total governmental activities	9,464,653	1,295,359	475,005	28,059
Business-type activities - Utility	4,316,231	3,401,513	-	242,288
Total primary government	<u>\$ 13,780,884</u>	<u>\$ 4,696,872</u>	<u>\$ 475,005</u>	<u>\$ 270,347</u>
Component units:				
Downtown Development Authority	\$ 645,738	\$ -	\$ -	\$ -
Local Development Finance Authority	44,975	-	-	-
Total component units	<u>\$ 690,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue - Unrestricted				
Interest				
Other				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,334,544)	\$ -	\$ (1,334,544)	\$ -
(2,504,833)	-	(2,504,833)	-
(2,840,690)	-	(2,840,690)	-
(662,880)	-	(662,880)	-
(323,283)	-	(323,283)	-
(7,666,230)	-	(7,666,230)	-
-	(672,430)	(672,430)	-
(7,666,230)	(672,430)	(8,338,660)	-
-	-	-	(645,738)
-	-	-	(44,975)
-	-	-	(690,713)
5,053,574	-	5,053,574	793,074
637,657	-	637,657	-
112,530	4,884	117,414	2,325
301,429	-	301,429	92,090
6,105,190	4,884	6,110,074	887,489
(1,561,040)	(667,546)	(2,228,586)	196,776
20,827,043	26,605,224	47,432,267	3,855,941
<b>\$ 19,266,003</b>	<b>\$ 25,937,678</b>	<b>\$ 45,203,681</b>	<b>\$ 4,052,717</b>

# City of Brighton, Michigan

## Governmental Funds Balance Sheet June 30, 2014

	General Fund	Major Streets Fund	Local Streets Fund	Capital Improvement Fund	Other Nonmajor Governmental Funds	Total
<b>Assets</b>						
Cash and investments	\$ 1,744,511	\$ 121,893	\$ 1,217	\$ -	\$ 47,139	\$ 1,914,760
Receivables:						
Delinquent taxes	63,849	-	-	-	-	63,849
Special assessments	-	1,357,057	-	-	-	1,357,057
Customer	51,119	-	-	-	-	51,119
Due from other governmental units	163,106	56,508	19,777	-	-	239,391
Prepaid expenses	28,539	-	-	-	-	28,539
Other assets	8,585	-	-	-	-	8,585
<b>Total assets</b>	<b>\$ 2,059,709</b>	<b>\$ 1,535,458</b>	<b>\$ 20,994</b>	<b>\$ -</b>	<b>\$ 47,139</b>	<b>\$ 3,663,300</b>
<b>Liabilities</b>						
Accounts payable	\$ 162,807	\$ 32,948	\$ 1,217	\$ -	\$ -	\$ 196,972
Deposits	43,596	-	-	-	-	43,596
Accrued liabilities and other	81,446	-	-	-	-	81,446
Provision for property tax refunds	69,661	-	-	-	-	69,661
<b>Total liabilities</b>	<b>357,510</b>	<b>32,948</b>	<b>1,217</b>	<b>-</b>	<b>-</b>	<b>391,675</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	38,649	1,357,057	-	-	-	1,395,706
<b>Total liabilities and deferred inflows of resources</b>	<b>396,159</b>	<b>1,390,005</b>	<b>1,217</b>	<b>-</b>	<b>-</b>	<b>1,787,381</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepays	28,539	-	-	-	-	28,539
Assets held for resale	8,585	-	-	-	-	8,585
Cemetery care	327,659	-	-	-	-	327,659
Restricted:						
Roads	-	145,453	19,777	-	-	165,230
State drug law enforcement	-	-	-	-	47,139	47,139
Economic development	2,138	-	-	-	-	2,138
Committed - Capital improvement and equipment replacement	77,139	-	-	-	-	77,139
Assigned:						
Cemetery markers	911	-	-	-	-	911
Police equipment	3,727	-	-	-	-	3,727
Principal shopping district	20,608	-	-	-	-	20,608
Arts and cultural commission	12,383	-	-	-	-	12,383
Imagination Station	9,953	-	-	-	-	9,953
Unassigned	1,171,908	-	-	-	-	1,171,908
<b>Total fund balances</b>	<b>1,663,550</b>	<b>145,453</b>	<b>19,777</b>	<b>-</b>	<b>47,139</b>	<b>1,875,919</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,059,709</b>	<b>\$ 1,535,458</b>	<b>\$ 20,994</b>	<b>\$ -</b>	<b>\$ 47,139</b>	<b>\$ 3,663,300</b>

# City of Brighton, Michigan

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

<b>Fund Balance Reported in Governmental Funds</b>	\$ 1,875,919
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	27,321,092
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,395,706
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(8,442,215)
Deferred charges on bond refundings are amortized over the related bond terms, and are not reported in the funds	360,437
Accrued interest is not due and payable in the current period and is not reported in the funds	(74,643)
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	(870,051)
Net retiree healthcare obligations are not due and payable in the current period and are not reported in the funds	<u>(2,300,242)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 19,266,003</u></b>

# City of Brighton, Michigan

## Governmental Funds

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

	General Fund	Major Streets Fund	Local Streets Fund	Capital Improvement Fund	Other Nonmajor Governmental Funds	Total
<b>Revenue</b>						
Property taxes	\$ 5,063,849	\$ -	\$ -	\$ -	\$ -	\$ 5,063,849
Special assessment	-	167,271	-	-	-	167,271
Licenses and permits	303,860	24,671	3,100	-	-	331,631
Federal grants	10,240	-	-	-	-	10,240
State sources	637,657	343,391	120,124	14,846	-	1,116,018
Charges for services	583,690	-	-	-	-	583,690
Fines and penalties	268,881	-	-	-	28,320	297,201
Interest	21,688	90,842	-	-	-	112,530
Other	368,757	28,472	-	1,500	-	398,729
<b>Total revenue</b>	<b>7,258,622</b>	<b>654,647</b>	<b>123,224</b>	<b>16,346</b>	<b>28,320</b>	<b>8,081,159</b>
<b>Expenditures</b>						
Current:						
General government	1,754,250	-	-	-	-	1,754,250
Public safety	2,481,155	-	-	-	-	2,481,155
Public works	1,780,772	454,504	208,957	-	-	2,444,233
Community development	573,650	-	-	61,000	-	634,650
Capital outlay	-	-	-	91,184	-	91,184
Debt service	-	-	-	244,419	815,076	1,059,495
<b>Total expenditures</b>	<b>6,589,827</b>	<b>454,504</b>	<b>208,957</b>	<b>396,603</b>	<b>815,076</b>	<b>8,464,967</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>668,795</b>	<b>200,143</b>	<b>(85,733)</b>	<b>(380,257)</b>	<b>(786,756)</b>	<b>(383,808)</b>
<b>Other Financing Sources (Uses)</b>						
Sale of capital assets	-	-	-	61,000	-	61,000
Transfers in (Note 5)	-	101,915	84,059	302,439	833,895	1,322,308
Transfers out (Note 5)	(940,306)	(382,002)	-	-	-	(1,322,308)
Face value of debt issue	-	-	-	16,815	-	16,815
<b>Total other financing (uses) sources</b>	<b>(940,306)</b>	<b>(280,087)</b>	<b>84,059</b>	<b>380,254</b>	<b>833,895</b>	<b>77,815</b>
<b>Net Change in Fund Balances</b>	<b>(271,511)</b>	<b>(79,944)</b>	<b>(1,674)</b>	<b>(3)</b>	<b>47,139</b>	<b>(305,993)</b>
<b>Fund Balances - Beginning of year</b>	<b>1,935,061</b>	<b>225,397</b>	<b>21,451</b>	<b>3</b>	<b>-</b>	<b>2,181,912</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,663,550</b>	<b>\$ 145,453</b>	<b>\$ 19,777</b>	<b>\$ -</b>	<b>\$ 47,139</b>	<b>\$ 1,875,919</b>

# 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, 2014

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (305,993)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	123,153
Depreciation expense	(1,446,626)
Net book value of assets disposed of	(78,475)
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	(167,271)
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	(10,275)
Bond discounts from the issuance of debt. Governmental funds report discounts as expense when received rather than capitalizing and amortizing the discount	(18,475)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(16,815)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	749,111
Increase 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	(48,657)
Decrease in interest expense accrued on long-term debt	11,966
Increase in net retiree healthcare obligation 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	(352,683)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (1,561,040)</u></b>

# City of Brighton, Michigan

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

	<u>Enterprise - Utility Fund</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,579,777
Receivables - Customer	694,455
Inventories	84,466
	<hr/>
Total current assets	2,358,698
Noncurrent assets:	
Capital assets - Net (Note 4)	32,233,969
Other assets	6,900
	<hr/>
Total noncurrent assets	32,240,869
	<hr/>
Total assets	34,599,567
<b>Deferred Outflows of Resources -</b>	
Deferred charges on refunding	36,025
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	52,587
Accrued liabilities and other	70,074
Compensated absences - < 1 yr (Note 6)	77,587
Current portion of long-term debt (Note 6)	950,400
	<hr/>
Net current liabilities	1,150,648
Noncurrent liabilities:	
Compensated absences - > 1 yr (Note 6)	72,031
Net retiree healthcare obligations (Note 9)	398,012
Long-term debt (Note 6)	7,077,223
	<hr/>
Total noncurrent liabilities	7,547,266
	<hr/>
Total liabilities	8,697,914
<b>Net Position</b>	
Net investment in capital assets	24,206,346
Unrestricted	1,731,332
	<hr/>
Total net position	<u>\$ 25,937,678</u>

# City of Brighton, Michigan

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

	Enterprise - Utility Fund
<b>Operating Revenue</b>	
Sales	\$ 2,154,051
Tap charges and other	245,563
Penalties	48,376
	<hr/>
Total operating revenue	2,447,990
<b>Operating Expenses</b>	
Salaries and fringe benefits	1,321,277
Other purchased services	181,376
Purchased property services	197,998
Professional and technical services	48,625
Supplies	189,527
Property	25,790
Utilities	314,937
OPEB expense	32,536
Other	185,183
Amortization	104,660
Depreciation	1,498,493
	<hr/>
Total operating expenses	4,100,402
<b>Operating Loss</b>	(1,652,412)
<b>Nonoperating Revenue (Expense)</b>	
Investment income	4,884
Interest expense	(215,829)
Debt service charge	953,523
	<hr/>
Total nonoperating revenue	742,578
<b>Loss - Before contributions</b>	(909,834)
<b>Capital Contributions</b>	242,288
	<hr/>
<b>Change in Net Position</b>	(667,546)
<b>Net Position - Beginning of year</b>	26,605,224
	<hr/>
<b>Net Position - End of year</b>	<b>\$ 25,937,678</b>

# City of Brighton, Michigan

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

	Enterprise - Utility Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 2,503,965
Payments to suppliers	(1,026,503)
Payments to employees	(1,282,444)
	<hr/>
Net cash provided by operating activities	195,018
<b>Cash Flows from Capital and Related Financing Activities</b>	
Contributions received	242,288
Acquisition and construction of capital assets	(70,039)
Principal and interest paid on debt	(1,245,449)
Debt service charge	953,523
	<hr/>
Net cash used in capital and related financing activities	(119,677)
<b>Cash Flows from Investing Activities - Interest received on investments</b>	<hr/> 4,884
<b>Net Increase in Cash and Cash Equivalents</b>	80,225
<b>Cash and Cash Equivalents - Beginning of year</b>	<hr/> 1,499,552
<b>Cash and Cash Equivalents - End of year</b>	<b><u>\$ 1,579,777</u></b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>	
Operating loss	\$ (1,652,412)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,603,153
Changes in assets and liabilities:	
Accounts receivable	55,975
Inventories and other assets	10,839
Prepaid and other assets	104,659
Accounts payable	1,435
Accrued and other liabilities	71,369
	<hr/>
Net cash provided by operating activities	<b><u>\$ 195,018</u></b>

# City of Brighton, Michigan

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## Fiduciary Funds Statement of Assets and Liabilities June 30, 2014

	Agency Fund - Tax Collection
<b>Assets</b> - Cash and cash equivalents	<u>\$ 6,002</u>
<b>Liabilities</b> - Accounts payable	<u>\$ 6,002</u>

# City of Brighton, Michigan

## Component Units Statement of Net Position (Deficit) June 30, 2014

	Downtown Development Authority	Local Development Finance Authority	Total
<b>Assets</b>			
Cash and investments	\$ 161,297	\$ 34,387	\$ 195,684
Receivables - Delinquent taxes	8,484	-	8,484
Capital assets - Net (Note 4)	5,135,186	-	5,135,186
Other assets	45,000	-	45,000
Total assets	5,349,967	34,387	5,384,354
<b>Liabilities</b>			
Accounts payable	1,355	-	1,355
Due within one year:			
Provision for property tax refunds	27,398	29,366	56,764
Current portion of long-term debt (Note 6)	575,511	30,000	605,511
Long-term debt - Net of current portion (Note 6)	328,007	340,000	668,007
Total liabilities	932,271	399,366	1,331,637
<b>Net Position (Deficit)</b>			
Net investment in capital assets	4,231,668	-	4,231,668
Unrestricted (deficit)	186,028	(364,979)	(178,951)
Total net position (deficit)	<b>\$ 4,417,696</b>	<b>\$ (364,979)</b>	<b>\$ 4,052,717</b>

# City of Brighton, Michigan

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	<u>Expenses</u>	<u>Program Revenue</u>
		<u>Operating Grants and Contributions</u>
Downtown Development Authority	\$ 645,738	\$ -
Local Development Finance Authority	44,975	-
Total government activities	<u>\$ 690,713</u>	<u>\$ -</u>
General revenue:		
Property taxes		
Interest income		
Other		
Total general revenue		
<b>Change in Net Position</b>		
<b>Net Position (Deficit) - Beginning of year</b>		
<b>Net Position (Deficit) - End of year</b>		

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

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
\$ (645,738)	\$ -	\$ (645,738)
-	(44,975)	(44,975)
(645,738)	(44,975)	(690,713)
743,252	49,822	793,074
2,151	174	2,325
92,090	-	92,090
837,493	49,996	887,489
191,755	5,021	196,776
4,225,941	(370,000)	3,855,941
<b>\$ 4,417,696</b>	<b>\$ (364,979)</b>	<b>\$ 4,052,717</b>

### **Note I - Nature of Business and 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 - Nature of Business and 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

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

#### **Basis of Accounting**

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

### **Note I - Nature of Business and 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, which is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- **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.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

- **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.

**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.

### Note I - Nature of Business and Significant Accounting Policies (Continued)

#### Specific Balances and Transactions

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

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

**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, intangibles, 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

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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

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

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding 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.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) 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.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

#### **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.

#### **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.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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.

The City's 2013 tax is levied and collectible on July 1, 2013 and is recognized as revenue in the year ended June 30, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2013 taxable valuation of the City totaled \$383,240,482 (a portion of which is captured by the LDFA and DDA), on which taxes levied consisted of 15.2734 mills for operating purposes. This resulted in \$5,853,385 for operating purposes (a portion of which is captured by the LDFA and DDA). This amount (less what is captured in the LDFA and DDA) is recognized in the General Fund as tax revenue (net of delinquent taxes and other fees).

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

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**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.

**Proprietary Funds Operating Classification** - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 revenues and expenses not meeting this definition are reported as nonoperating revenues 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. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead classify them as deferred inflows of resources or deferred outflows of resources.

As a result of implementing this statement, the property taxes and special assessment representing unavailable revenues previously recorded as a liability in the General Fund and Major Streets Fund, respectively, have been recorded as a deferred inflow of resources in the amount of \$38,649 and \$1,357,057, respectively. Additionally, the deferred charges on refunding have been recorded as deferred outflows of resources in the amounts of \$360,437 and \$36,025 on the government-wide financial statements and the Utility Fund statement of net position, respectively.

### 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, 2013		\$ (1,036,729)
Current year permit revenue		136,636
Related expenses:		
Direct costs	338,525	
Estimated indirect costs	<u>25,389</u>	<u>363,914</u>
Current year shortfall		<u>(227,278)</u>
Cumulative shortfall at June 30, 2014		<u>\$ (1,264,007)</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 14 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.

### 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 \$1,082,072 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The total amount of bank deposits (certificates of deposit, checking, and savings accounts) insured at year end was \$2,516,566. 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, checking, and savings accounts) that were uninsured and uncollateralized. The total amount of bank deposits (certificates of deposit, checking, and savings account) that were insured and collateralized at year end was \$195,684. 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 as well as the City's component units was as follows:

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014
<b>Governmental Activities</b>				
Capital assets not being depreciated -				
Land - Including right-of-ways	\$ 13,530,821	\$ -	\$ -	\$ 13,530,821
Capital assets being depreciated:				
Roads and sidewalks	27,011,696	8,346	-	27,020,042
Buildings and improvements	6,839,205	30,060	-	6,869,265
Equipment and other	3,303,844	84,747	(159,784)	3,228,807
Subtotal	37,154,745	123,153	(159,784)	37,118,114
Accumulated depreciation:				
Roads and sidewalks	16,758,109	1,100,821	-	17,858,930
Buildings and improvements	2,656,002	177,917	-	2,833,919
Equipment and other	2,548,415	167,888	(81,309)	2,634,994
Subtotal	21,962,526	1,446,626	(81,309)	23,327,843
Net capital assets being depreciated	15,192,219	(1,323,473)	(78,475)	13,790,271
Net capital assets	\$ 28,723,040	\$ (1,323,473)	\$ (78,475)	\$ 27,321,092

# City of Brighton, Michigan

## Notes to Financial Statements June 30, 2014

### Note 4 - Capital Assets (Continued)

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014
<b>Business-type Activities</b>				
Capital assets not being depreciated -				
Land	\$ 157,362	\$ -	\$ -	\$ 157,362
Capital assets being depreciated:				
Water and sewer transmission lines	25,650,691	-	-	25,650,691
Retention/Equalization basin	4,126,587	-	-	4,126,587
Building/Treatment facilities	29,719,655	-	-	29,719,655
Machinery and equipment	1,207,265	70,039	-	1,277,304
Subtotal	60,704,198	70,039	-	60,774,237
Accumulated depreciation:				
Water and sewer transmission lines	10,795,667	601,687	-	11,397,354
Retention/Equalization basin	1,130,710	105,763	-	1,236,473
Building/Treatment facilities	14,314,880	727,294	-	15,042,174
Machinery and equipment	957,880	63,749	-	1,021,629
Subtotal	27,199,137	1,498,493	-	28,697,630
Net capital assets being depreciated	33,505,061	(1,428,454)	-	32,076,607
Net capital assets	<u>\$ 33,662,423</u>	<u>\$ (1,428,454)</u>	<u>\$ -</u>	<u>\$ 32,233,969</u>
<b>Component Units</b>				
Capital assets not being depreciated -				
Land	\$ 1,060,484	\$ 2,776	\$ -	\$ 1,063,260
Capital assets being depreciated:				
Buildings	3,978,577	39,476	-	4,018,053
Equipment and other	3,576,889	-	-	3,576,889
Subtotal	7,555,466	39,476	-	7,594,942
Accumulated depreciation:				
Buildings	3,155,023	329,758	-	3,484,781
Equipment and other	37,162	1,073	-	38,235
Subtotal	3,192,185	330,831	-	3,523,016
Net capital assets being depreciated	4,363,281	(291,355)	-	4,071,926
Net capital assets	<u>\$ 5,423,765</u>	<u>\$ (288,579)</u>	<u>\$ -</u>	<u>\$ 5,135,186</u>

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

**Governmental activities:**

General government	\$ 53,157
Public safety	91,459
Public services	1,300,932
Community development	1,078
Total governmental activities	<u>\$ 1,446,626</u>

# City of Brighton, Michigan

## Notes to Financial Statements June 30, 2014

### Note 4 - Capital Assets (Continued)

Depreciation expense for business-type activities was \$1,498,493.

Depreciation expense for the component units was \$330,831.

### 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	\$ 302,439
	Building Authority Fund	114,075
	Street Non-voted Debt Fund	402,614
	State Drug Law Enforcement Fund	18,819
	Major Streets Fund	101,915
	Local Streets Fund	444
	Total General Fund	940,306
Major Streets Fund	Local Streets Fund	83,615
	Street Non-voted Debt Fund	298,387
	Total Major Streets Fund	382,002
	Total	<u>\$ 1,322,308</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. The transfer from the General Fund to the State Drug Law Enforcement Fund represents the use of restricted resources to finance this program.

# City of Brighton, Michigan

## Notes to Financial Statements June 30, 2014

### Note 6 - Long-term Debt

Description	Amount
<b>Governmental Activities</b>	
<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	\$ 1,329,950
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	300,000
Limited Tax, 3.38% to 4.75%, dated November 1, 2004; maturing October 2026; Original issuance amount - \$2,200,000 for Various Street, Sidewalk, Stormwater, Facility, and Equipment Projects. Bond issuance was partially refunded with the February 28, 2013 bond issuance	67,500
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	4,925,829
Subtotal	<u>6,623,279</u>
<u>Capital Improvement Limited Tax Bond:</u>	
Limited Tax, 4.05% to 4.55%, dated March 3, 2006; maturing October 2025; Original issuance amount - \$800,000 for Various Street, Utility and Equipment Projects	<u>38,000</u>
<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	1,600,000
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	135,000
Subtotal	<u>1,735,000</u>
<u>Other:</u>	
Capital Lease - Other	12,916
Installment loan - BS&A software; Original issuance amount - \$66,040	33,020
Compensated absences	870,051
Subtotal	<u>915,987</u>
Total governmental activity debt	<u>\$ 9,312,266</u>

# City of Brighton, Michigan

## Notes to Financial Statements June 30, 2014

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

Description	Amount
<b>Business-type Activities</b>	
<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	\$ 655,050
Limited Tax, 3.38% to 4.75%, dated November 1, 2004; maturing October 2026; Original issuance amount - \$2,200,000 for Various Street, Sidewalk, Stormwater, Facility, and Equipment Projects. Bond issuance was partially refunded with the February 28, 2013 bond issuance	7,500
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	600,000
Limited Tax, 4.05% to 4.55%, dated March 3, 2006; maturing October 2025; Original issuance amount - \$800,000 for Various Street, Utility, and Equipment Projects. Bond issuance was partially refunded with the February 28, 2013 bond issuance	12,000
Limited Tax, 3.00%, dated February 28, 2013; maturing in October 2026; Original issuance amount - \$292,400 for refunding bonds, refunding premium \$21,067	308,959
Subtotal	<u>1,583,509</u>
<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	51,600
Limited Tax, 1.30%, dated May 29, 2013; maturing in September 2021; Original issuance amount - \$830,000 for refunding bonds	810,000
Subtotal	<u>861,600</u>
<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	819,294
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	4,763,220
Compensated absences	149,618
Subtotal	<u>5,732,132</u>
Total business-type activity debt	<u>\$ 8,177,241</u>

# City of Brighton, Michigan

## Notes to Financial Statements June 30, 2014

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

Description	Amount
<b>Component Units Activities</b>	
General Obligations:	
2002 Downtown Development Bonds, General Obligation Limited Tax, 3.80% to 4.00%, dated November 1, 2002; Original issuance amount - \$3,000,000 for North and Pierce St Parking Lot Improvements, and East Block Redevelopment Project	\$ 500,000
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	370,000
2004 Downtown Development Bonds General Obligation Limited Tax, 6.40%, dated September 1, 1998; Original issuance amount - \$995,000 for Various DDA Projects including the Mill Pond Walkway	75,000
Subtotal	<u>945,000</u>
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	328,518
Total component unit activity debt	<u>\$ 1,273,518</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds and notes payable	\$ 6,932,982	\$ 16,815	\$ (539,111)	\$ 6,410,686	\$ 308,376
Unamortized bond premium	319,339	-	(22,810)	296,529	22,810
Special assessment bonds	1,945,000	-	(210,000)	1,735,000	427,800
Compensated absences	821,394	288,105	(239,448)	870,051	279,607
Total governmental activities	<u>\$ 10,018,715</u>	<u>\$ 304,920</u>	<u>\$ (1,011,369)</u>	<u>\$ 9,312,266</u>	<u>\$ 1,038,593</u>
<b>Business-type Activities</b>					
General obligation bonds and notes payable	\$ 8,760,044	\$ -	\$ (893,900)	\$ 7,866,144	\$ 950,400
Unamortized bond premium	183,343	-	(21,864)	161,479	21,865
Compensated absences	118,826	72,060	(41,268)	149,618	77,587
Total business-type activities	<u>\$ 9,062,213</u>	<u>\$ 72,060</u>	<u>\$ (957,032)</u>	<u>\$ 8,177,241</u>	<u>\$ 1,049,852</u>
<b>Component Unit Activities</b>					
General obligation bonds and notes payable	\$ 1,804,103	\$ -	\$ (530,585)	\$ 1,273,518	\$ 605,511

### 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, 2014 (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
2015	\$ 736,176	\$ 281,094	\$ 1,017,270	\$ 950,400	\$ 225,551	\$ 1,175,951	\$ 605,511	\$ 70,601	\$ 676,112
2016	766,106	253,336	1,019,442	945,700	199,804	1,145,504	30,559	46,646	77,205
2017	651,643	227,380	879,023	848,900	174,689	1,023,589	35,611	44,944	80,555
2018	663,111	202,791	865,902	915,500	148,657	1,064,157	35,669	43,092	78,761
2019	727,000	176,850	903,850	943,000	122,085	1,065,085	35,731	41,219	76,950
2020-2024	2,891,000	528,788	3,419,788	2,518,294	294,053	2,812,347	530,437	70,698	601,135
2025-2029	1,409,150	148,153	1,557,303	495,850	119,297	615,147	-	-	-
2030-2034	301,500	19,422	320,922	248,500	15,316	263,816	-	-	-
Total	\$ 8,145,686	\$ 1,837,814	\$ 9,983,500	\$ 7,866,144	\$ 1,299,452	\$ 9,165,596	\$ 1,273,518	\$ 317,200	\$ 1,590,718

#### 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, 2014, \$4,750,000 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 - Defined Benefit Pension Plan**

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

**Funding Policy** - The obligation to contribute to and maintain the MERS for these employees was established by negotiation with the City's competitive bargaining units. General and clerical employees are required to contribute 5.0 percent of base pay. Further, police union employees are required to contribute 2.5 percent and DPS union employees are required to contribute 1.5 percent. The funding policy provides for periodic employer contributions at actuarially determined rates.

**Annual Pension Cost** - For the year ended June 30, 2014, the City's annual pension cost of \$664,441 for the plan was equal to the City's required actuarial contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2011, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent to 12.90 percent per year, and (c) 2.0 percent to 2.5 percent per year cost of living adjustments for certain retirees. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The amortization period is 27 years.

# City of Brighton, Michigan

## Notes to Financial Statements June 30, 2014

### Note 8 - Defined Benefit Pension Plan (Continued)

	Fiscal Year Ended June 30		
	2012	2013	2014
Annual pension cost (APC)	\$ 588,055	\$ 634,445	\$ 664,441
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	None	None	None

**Funded Status and Funding Progress** - The funding status for the three most recent years is as follows:

	Year Ended December 31		
	2011	2012	2013
Actuarial value of assets	\$ 10,618,046	\$ 11,470,325	\$ 12,273,003
Actuarial accrued liability (AAL)			
(entry age)	\$ 15,111,016	\$ 16,437,041	\$ 17,975,698
Unfunded AAL (UAAL)	\$ 4,492,970	\$ 4,966,716	\$ 5,702,695
Funded ratio	70 %	70 %	68 %
Covered payroll	\$ 3,248,929	\$ 3,391,420	\$ 3,361,410
UAAL as a percentage of covered payroll	138 %	146 %	170 %

### Note 9 - Other Postemployment Benefits

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses. This is an agent multiple employer defined benefit plan administered by the Municipal Employees' Retirement System (MERS). The benefits are provided under collective bargaining agreements. 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.

The MERS issues a publicly available financial report that includes financial statements and required supplemental information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

### Note 9 - Other Postemployment Benefits (Continued)

Administrative costs are paid by the Plan through employer contributions.

**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, 2014, the City made payments for postemployment health benefit premiums totaling approximately \$265,000, of which \$201,000 was paid from the governmental funds and \$64,000 was paid from the Utility Fund.

**Funding Progress** - For the year ended June 30, 2014, 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	144,565
Less adjustment to the annual required contribution	<u>(128,547)</u>
Annual OPEB cost	754,345
Amounts contributed - Payments of current premiums	(265,283)
Advance funding	<u>(103,843)</u>
Increase in net OPEB obligation	385,219
OPEB obligation - Beginning of year	<u>2,313,035</u>
OPEB obligation - End of year*	<u>\$ 2,698,254</u>

# City of Brighton, Michigan

## Notes to Financial Statements June 30, 2014

### Note 9 - Other Postemployment Benefits (Continued)

\* Included in the net OPEB obligation is \$2,300,242 related to governmental activities and \$398,012 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
6/30/11	12/31/08	\$ 1,069,544	35.5	\$ 1,452,574
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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
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.

### Note 9 - Other Postemployment Benefits (Continued)

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.

**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.

### **Note 9 - Other Postemployment Benefits (Continued)**

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, 2014 was 30 years.

### **Note 10 - Upcoming Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

## **Required Supplemental Information**

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# City of Brighton, Michigan

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,255,688	\$ 5,261,996	\$ 5,274,410	\$ 12,414
Licenses and permits	304,353	309,953	303,860	(6,093)
Federal grants	7,500	7,500	10,240	2,740
State-shared revenue and grants	623,859	636,500	637,657	1,157
Charges for services	569,334	586,510	583,690	(2,820)
Fines and penalties	289,917	275,193	268,881	(6,312)
Interest	28,000	20,000	21,682	1,682
Other financing sources	168,155	170,533	172,879	2,346
Other revenue	254,029	254,029	262,761	8,732
Total revenue	7,500,835	7,522,214	7,536,060	13,846
<b>Expenditures - Current</b>				
General government:				
City Council	32,184	27,979	27,480	499
City manager	98,029	102,235	102,235	-
Information systems	100,826	109,142	104,888	4,254
Finance	581,796	607,300	601,369	5,931
City clerk	157,041	142,466	141,974	492
Legal services	288,884	327,246	326,135	1,111
Human resources	134,278	133,856	133,851	5
Postemployment benefits	202,145	209,629	209,628	1
Contingencies	76,843	253,218	210,561	42,657
Total general government	1,672,026	1,913,071	1,858,121	54,950
Public safety - Police	2,439,209	2,484,960	2,481,155	3,805
Public works	1,566,198	1,786,864	1,775,633	11,231
Community development	482,180	518,218	518,029	189
Transfers out	1,145,868	1,189,696	1,189,496	200
Total expenditures	7,305,481	7,892,809	7,822,434	70,375
<b>Net Change in Fund Balance</b>	195,354	(370,595)	(286,374)	84,221
<b>Fund Balance - Beginning of year</b>	1,904,481	1,904,481	1,904,481	-
<b>Fund Balance - End of year</b>	<b>\$ 2,099,835</b>	<b>\$ 1,533,886</b>	<b>\$ 1,618,107</b>	<b>\$ 84,221</b>

# City of Brighton, Michigan

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Special assessments	\$ 166,590	\$ 166,590	\$ 167,271	\$ 681
Licenses and permits	24,000	27,155	24,671	(2,484)
State-shared revenue and grants	330,055	341,355	343,391	2,036
Interest	87,616	87,616	90,842	3,226
Other financing sources	86,287	162,072	161,695	(377)
Other	-	28,472	28,472	-
Total revenue	694,548	813,260	816,342	3,082
<b>Expenditures - Current</b>				
Street construction	66,915	71,640	71,515	125
Routine maintenance	105,359	116,332	115,535	797
Winter maintenance	135,478	191,678	189,638	2,040
Traffic services	45,619	55,119	59,766	(4,647)
General administration	19,319	8,273	8,200	73
Trust fund maintenance	4,786	11,786	9,849	1,937
Storm water	19,373	56,597	59,781	(3,184)
Transfers out	359,020	384,861	382,002	2,859
Total expenditures	755,869	896,286	896,286	-
<b>Net Change in Fund Balance</b>	(61,321)	(83,026)	(79,944)	3,082
<b>Fund Balance - Beginning of year</b>	225,397	225,397	225,397	-
<b>Fund Balance - End of year</b>	\$ 164,076	\$ 142,371	\$ 145,453	\$ 3,082

# City of Brighton, Michigan

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

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and permits	\$ 3,500	\$ 3,500	\$ 3,100	\$ (400)
State-shared revenue	115,159	115,159	120,124	4,965
Other financing sources	60,633	87,441	84,059	(3,382)
Total revenue	179,292	206,100	207,283	1,183
<b>Expenditures - Current</b>				
Routine maintenance	86,628	92,932	91,912	1,020
Winter maintenance	74,629	74,629	74,392	237
Traffic services	34,528	35,138	35,614	(476)
General administration	3,055	3,759	4,629	(870)
Trust fund maintenance	4,500	2,500	2,410	90
Total expenditures	203,340	208,958	208,957	1
<b>Net Change in Fund Balance</b>	(24,048)	(2,858)	(1,674)	1,184
<b>Fund Balance - Beginning of year</b>	24,048	21,451	21,451	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ 18,593</u>	<u>\$ 19,777</u>	<u>\$ 1,184</u>

# City of Brighton, Michigan

## Required Supplemental Information Pension System Schedule of Funding Progress Year Ended June 30, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 10,618,046	\$ 15,111,016	\$ 4,492,970	70.3	\$ 3,248,929	138.3
12/31/12	11,470,325	16,437,041	4,966,716	69.8	3,391,420	146.4
12/31/13	12,273,003	17,975,698	5,702,695	68.3	3,361,410	169.7

# City of Brighton, Michigan

## Required Supplemental Information Retiree Healthcare System Schedule of Funding Progress Year Ended June 30, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
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

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## Notes to Required Supplemental Information Year Ended June 30, 2014

**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 prepares 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 begins 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:

	Total Revenue	Total Expenditures	Operating Transfers	Change in Fund Balance
Amounts per operating statement	\$ 7,258,622	\$ 6,589,827	\$ 940,306	\$ (271,511)
Operating transfers budgeted as expenditures	-	940,306	(940,306)	-
Property tax contingencies budgeted as expenditures	210,561	210,561	-	-
Reimbursements from other funds budgeted as revenue	172,879	172,879	-	-
Imagination Station Reserve Fund	-	4,361	-	(4,361)
Principal Shopping District Fund	(87,784)	(79,052)	-	(8,732)
Arts and Cultural Commission Fund	(18,218)	(16,448)	-	(1,770)
Amounts per budget statement	<u>\$ 7,536,060</u>	<u>\$ 7,822,434</u>	<u>\$ -</u>	<u>\$ (286,374)</u>

## **Other Supplemental Information**

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# City of Brighton, Michigan

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

	Nonmajor Special Revenue Fund - State Drug Law Enforcement	Total Nonmajor Governmental Funds
<b>Assets - Cash and cash equivalents</b>	<u>\$ 47,139</u>	<u>\$ 47,139</u>
<b>Liabilities and Fund Balances</b>	<u>\$ 47,139</u>	<u>\$ 47,139</u>

# City of Brighton, Michigan

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

	Nonmajor Special Revenue Fund - State Drug Law Enforcement	Nonmajor Debt Service Funds- Street Non- voted Debt	Nonmajor Capital Projects Fund - Building Authority	Total Nonmajor Governmental Funds
<b>Revenue</b> - Fines and forfeitures	\$ 28,320	\$ -	\$ -	\$ 28,320
<b>Expenditures</b> - Debt service	-	701,001	114,075	815,076
<b>Excess of Revenues Over (Under) Expenditures</b>	28,320	(701,001)	(114,075)	(786,756)
<b>Other Financing Sources</b> - Transfers in	18,819	701,001	114,075	833,895
<b>Net Change in Fund Balances</b>	47,139	-	-	47,139
<b>Fund Balances</b> - Beginning of year	-	-	-	-
<b>Fund Balances</b> - End of year	<b>\$ 47,139</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,139</b>

# City of Brighton, Michigan

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	Nonmajor Special Revenue Funds		
	State Law Drug Enforcement		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>	\$ -	\$ 28,320	\$ 28,320
<b>Expenditures</b> - Debt service	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	-	28,320	28,320
<b>Other Financing Sources (Uses)</b> - Transfers in	18,819	18,819	-
<b>Net Change in Fund Balances</b>	18,819	47,139	28,320
<b>Net Balances</b> - Beginning of year	-	-	-
<b>Net Balances</b> - End of year	<u>\$ 18,819</u>	<u>\$ 47,139</u>	<u>\$ 28,320</u>

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

Nonmajor Debt Service Funds			Nonmajor Capital Project Fund		
Street Non-voted Debt			Building Authority		
Amended Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)	Amended Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
733,006	701,001	(32,005)	114,142	114,075	(67)
(733,006)	(701,001)	32,005	(114,142)	(114,075)	67
733,006	701,001	(32,005)	114,142	114,075	(67)
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# City of Brighton, Michigan

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

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<b>Assets - Cash and investments</b>	<b>\$ 2,011</b>	<b>\$ 12,481,755</b>	<b>\$ (12,477,764)</b>	<b>\$ 6,002</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,011	\$ 11,726,048	\$ (11,722,057)	\$ 6,002
Due to other governmental units	-	12,049,915	(12,049,915)	-
Total liabilities	<b>\$ 2,011</b>	<b>\$ 23,775,963</b>	<b>\$ (23,771,972)</b>	<b>\$ 6,002</b>

# City of Brighton, Michigan

## Other Supplemental Information Balance Sheet/Statement of Net Position Downtown Development Authority June 30, 2014

	Downtown Development Authority	Adjustments	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 161,297	\$ -	\$ 161,297
Receivables	8,484	-	8,484
Capital assets	-	5,135,186	5,135,186
Other assets	-	45,000	45,000
Total assets	<b>\$ 169,781</b>	<b>\$ 5,180,186</b>	<b>\$ 5,349,967</b>
<b>Liabilities</b>			
Accounts payable	\$ 1,355	\$ -	\$ 1,355
Provision for property tax refunds	27,398	-	27,398
Long-term debt	-	903,518	903,518
Total liabilities	28,753	903,518	932,271
<b>Fund Balance - Unassigned</b>	141,028	(141,028)	
<b>Net Position</b>			
Net investment in capital assets		4,231,668	4,231,668
Unrestricted		45,000	186,028
Total net position		4,276,668	4,417,696
Total liabilities and fund balance	<b>\$ 169,781</b>	<b>\$ 5,180,186</b>	<b>\$ 5,349,967</b>

# City of Brighton, Michigan

## Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance/ Statement of Activities Downtown Development Authority Year Ended June 30, 2014

	Downtown Development Authority	Full Accrual Adjustments	Total
<b>Revenue</b>			
Property taxes	\$ 743,252	\$ -	\$ 743,252
Investment income	2,151	-	2,151
Other revenue	92,090	-	92,090
	837,493	-	837,493
<b>Expenditures - Current</b>			
Community development	248,108	330,831	578,939
Capital outlay	42,252	(42,252)	-
Debt service:			
Principal payment	500,585	(500,585)	-
Interest	66,799	-	66,799
	857,744	(212,006)	645,738
<b>Change in Fund Balance/Net Position</b>	(20,251)	212,006	191,755
<b>Fund Balance/Net Position - Beginning of year</b>	161,279	4,064,662	4,225,941
<b>Fund Balance/Net Position - End of year</b>	\$ 141,028	\$ 4,276,668	\$ 4,417,696

# City of Brighton, Michigan

## Other Supplemental Information Balance Sheet/Statement of Net Position (Deficit) Local Development Finance Authority June 30, 2014

	Local Development Finance Authority	Adjustments	Total
<b>Assets</b> - Cash and cash equivalents	<u>\$ 34,387</u>	<u>\$ -</u>	<u>\$ 34,387</u>
<b>Liabilities</b>			
Provision for property tax refunds	\$ 29,366	\$ -	\$ 29,366
Long-term debt	<u>-</u>	<u>370,000</u>	<u>370,000</u>
Total liabilities	29,366	370,000	399,366
<b>Fund Balance</b> - Unassigned	5,021	(5,021)	
<b>Net Position</b>	<u>-</u>	<u>(364,979)</u>	<u>(364,979)</u>
Total liabilities and fund balance	<u>\$ 34,387</u>	<u>\$ -</u>	<u>\$ 34,387</u>

# 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, 2014

	Local Development Finance Authority	Adjustments	Total
<b>Revenue</b>			
Property taxes	\$ 49,822	\$ -	\$ 49,822
Interest	174	-	174
Total revenue	49,996	-	49,996
<b>Expenditures - Debt service</b>			
Principal repayment	30,000	(30,000)	-
Interest	20,390	-	20,390
Community development	24,585	-	24,585
Total expenditures	74,975	(30,000)	44,975
<b>Change in Fund Balance</b>	(24,979)	30,000	5,021
<b>Fund Balance/Net Position (Deficit) - Beginning of year</b>	30,000	(400,000)	(370,000)
<b>Fund Balance/Net Position (Deficit) - End of year</b>	<u>\$ 5,021</u>	<u>\$ (370,000)</u>	<u>\$ (364,979)</u>

# City of Brighton, Michigan

## Other Supplemental Information Major Governmental Fund - Capital Improvement Fund Budgetary Comparison Year Ended June 30, 2014

	Original Budget Unaudited	Amended Budget Unaudited	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and permits	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
State-shared revenue and grants	-	14,846	14,846	-
Investment income	9	9	-	(9)
Other financing sources	288,102	363,482	363,439	(43)
Total revenue	289,611	379,837	379,785	(52)
<b>Expenditures - Current</b>				
Capital outlay	48,990	90,034	91,184	(1,150)
Debt service	240,621	245,621	244,419	1,202
Transfer out	-	44,185	44,185	-
Total expenditures	289,611	379,840	379,788	52
<b>Net Change in Fund Balance</b>	-	(3)	(3)	-
<b>Fund Balance - Beginning of year</b>	3	3	3	-
<b>Fund Balance - End of year</b>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **Statistical Section**

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# City of Brighton, Michigan

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## 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			
	2005	2006	2007	2008
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 21,091,689	\$ 20,408,614	\$ 21,300,214	\$ 20,830,130
Restricted	4,324,672	4,753,721	4,052,527	3,437,505
Unrestricted	<u>1,607,231</u>	<u>1,843,363</u>	<u>1,964,532</u>	<u>923,814</u>
Total net position	27,023,592	27,005,698	27,317,273	25,191,449
<b>Business-type Activities</b>				
Net investment in capital assets	26,433,896	27,426,792	28,592,237	27,838,052
Restricted	-	-	-	283,961
Unrestricted	<u>4,690,079</u>	<u>3,861,279</u>	<u>1,699,459</u>	<u>1,376,700</u>
Total net position	<u>31,123,975</u>	<u>31,288,071</u>	<u>30,291,696</u>	<u>29,498,713</u>
<b>Primary Government in Total</b>				
Net investment in capital assets	47,525,585	47,835,406	49,892,451	48,668,182
Restricted	4,324,672	4,753,721	4,052,527	3,721,466
Unrestricted	<u>6,297,310</u>	<u>5,704,642</u>	<u>3,663,991</u>	<u>2,300,514</u>
Total net position	<u>\$ 58,147,567</u>	<u>\$ 58,293,769</u>	<u>\$ 57,608,969</u>	<u>\$ 54,690,162</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					
2009	2010	2011	2012	2013	2014
\$ 20,539,886	\$ 21,280,993	\$ 20,780,160	\$ 20,392,406	\$ 19,941,607	\$ 18,878,877
3,157,947	2,826,733	2,559,604	2,355,100	2,100,973	1,899,223
481,840	(514,333)	(625,820)	850,367	(1,215,537)	(1,512,097)
24,179,673	23,593,393	22,713,944	23,597,873	20,827,043	19,266,003
27,453,406	26,290,684	26,171,909	25,351,552	24,760,603	24,206,346
-	630,000	-	-	-	-
1,805,252	1,119,981	1,152,318	1,503,663	1,844,621	1,731,332
29,258,658	28,040,665	27,324,227	26,855,215	26,605,224	25,937,678
47,681,981	47,571,677	46,952,069	45,743,958	44,702,210	43,085,223
3,157,947	3,456,733	2,559,604	663,590	2,100,973	1,899,223
2,287,092	605,648	526,498	2,344,806	629,084	219,235
<b><u>\$ 53,127,020</u></b>	<b><u>\$ 51,634,058</u></b>	<b><u>\$ 50,038,171</u></b>	<b><u>\$ 48,752,354</u></b>	<b><u>\$ 47,432,267</u></b>	<b><u>\$ 45,203,681</u></b>

# City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,665,151	\$ 1,929,394	\$ 2,349,855	\$ 2,878,690
Public safety	1,995,052	2,123,785	2,153,697	2,519,047
Public services	3,578,053	3,437,104	3,195,010	4,426,522
Community development	636,678	584,427	571,655	539,752
Interest on long-term debt	496,697	570,384	569,394	588,639
Total governmental activities expenses	8,371,631	8,645,094	8,839,611	10,952,650
Business-type activities - Water and sewer	4,453,838	4,365,161	5,281,661	4,280,411
Total primary government expenses	12,825,469	13,010,255	14,121,272	15,233,061
<b>Program Revenue</b>				
Governmental activities:				
Charges for services - General government	741,555	716,436	585,739	432,170
Charges for services - Public safety	290,546	276,500	310,987	337,470
Charges for services - Public services	16,587	-	-	35,261
Operating grants and contributions	423,000	413,954	416,732	402,555
Capital grants and contributions	14,325	179,208	406,429	-
Total governmental activities program revenue	1,486,013	1,586,098	1,719,887	1,207,456
Business-type activities - Water and sewer:				
Charges for services	2,687,899	2,899,929	3,008,743	3,082,028
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,028,191	1,467,534	1,198,050	357,491
Total business-type activities program revenue	4,716,090	4,367,463	4,206,793	3,439,519
Total primary government program revenue	6,202,103	5,953,561	5,926,680	4,646,975
<b>Net (Expenses) Revenue</b>				
Governmental activities	(6,885,618)	(7,058,996)	(7,119,724)	(9,745,194)
Business-type activities	262,252	2,302	(1,074,868)	(840,892)
Total primary government net expense	(6,623,366)	(7,056,694)	(8,194,592)	(10,586,086)
<b>General Revenue</b>				
Governmental Activities:				
Property taxes	5,228,267	5,654,956	6,108,946	6,308,624
State-shared revenue	624,339	613,149	603,754	624,346
Investment earnings	322,100	494,997	545,532	472,416
Other	317,421	278,000	185,217	239,642
Gain/Loss on disposal of asset	-	-	(12,150)	(25,658)
Total governmental activities revenue	6,492,127	7,041,102	7,431,299	7,619,370
Business-type activities - Investment income	90,298	156,814	78,493	47,909
Total primary government	6,582,425	7,197,916	7,509,792	7,667,279
<b>Change in Net Position</b>	<b>\$ (40,941)</b>	<b>\$ 141,222</b>	<b>\$ (684,800)</b>	<b>\$ (2,918,807)</b>

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					
2009	2010	2011	2012	2013	2014
\$ 2,472,165	\$ 2,309,301	\$ 2,087,163	\$ 2,168,443	\$ 1,840,373	\$ 1,802,904
2,410,316	2,794,089	2,698,518	2,653,575	2,741,069	2,818,030
4,161,139	4,039,665	3,769,179	3,674,221	3,695,213	3,857,556
407,174	485,429	487,858	516,588	578,601	662,880
<u>562,972</u>	<u>536,291</u>	<u>493,284</u>	<u>459,547</u>	<u>459,104</u>	<u>323,283</u>
10,013,766	10,164,775	9,536,002	9,472,374	9,314,360	9,464,653
<u>4,227,377</u>	<u>4,553,297</u>	<u>4,367,994</u>	<u>4,325,144</u>	<u>4,147,395</u>	<u>4,316,231</u>
14,241,143	14,718,072	13,903,996	13,797,518	13,461,755	13,780,884
397,968	487,488	505,061	496,462	523,116	446,057
346,522	349,657	319,401	299,944	300,142	297,201
-	-	138,847	540,188	545,503	552,101
446,403	1,336,369	402,355	446,248	457,293	475,005
<u>401,761</u>	<u>-</u>	<u>26,025</u>	<u>500</u>	<u>1,685</u>	<u>28,059</u>
1,592,654	2,173,514	1,391,689	1,783,342	1,827,739	1,798,423
3,322,796	3,046,378	3,361,774	3,607,045	3,509,474	3,401,513
-	-	-	-	-	-
<u>646,237</u>	<u>283,536</u>	<u>285,080</u>	<u>245,890</u>	<u>384,097</u>	<u>242,288</u>
3,969,033	3,329,914	3,646,854	3,852,935	3,893,571	3,643,801
5,561,687	5,503,428	5,038,543	5,636,277	5,721,310	5,442,224
(8,421,112)	(7,991,261)	(8,144,313)	(7,689,032)	(7,486,621)	(7,666,230)
<u>(258,344)</u>	<u>(1,223,383)</u>	<u>(721,140)</u>	<u>(472,209)</u>	<u>(253,824)</u>	<u>(672,430)</u>
(8,679,456)	(9,214,644)	(8,865,453)	(8,161,241)	(7,740,445)	(8,338,660)
6,302,824	6,204,750	6,183,250	5,821,413	5,458,202	5,053,574
582,580	536,136	611,656	646,508	613,218	637,657
229,198	143,812	153,275	138,431	128,178	112,530
294,734	520,283	286,007	257,671	212,427	301,429
<u>-</u>	<u>-</u>	<u>30,676</u>	<u>8,204</u>	<u>4,500</u>	<u>-</u>
7,409,336	7,404,981	7,264,864	6,872,227	6,416,525	6,105,190
<u>18,289</u>	<u>5,390</u>	<u>4,702</u>	<u>3,197</u>	<u>3,833</u>	<u>4,884</u>
<u>7,427,625</u>	<u>7,410,371</u>	<u>7,269,566</u>	<u>6,875,424</u>	<u>6,420,358</u>	<u>6,110,074</u>
<b><u>\$ (1,251,831)</u></b>	<b><u>\$ (1,804,273)</u></b>	<b><u>\$ (1,595,887)</u></b>	<b><u>\$ (1,285,817)</u></b>	<b><u>\$ (1,320,087)</u></b>	<b><u>\$ (2,228,586)</u></b>

# City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2005	2006	2007	2008
<b>General Fund</b>				
Nonspendable	\$ 327,659	\$ 327,659	\$ 327,659	\$ 327,659
Restricted	2,104	2,118	2,133	2,138
Committed	-	-	-	-
Assigned	170,115	510,700	466,170	98,668
Unassigned	<u>1,804,058</u>	<u>1,839,818</u>	<u>1,710,684</u>	<u>1,450,226</u>
Total General Fund	2,303,936	2,680,295	2,506,646	1,878,691
<b>All Other Governmental Funds</b>				
Reserved	-	-	-	-
Restricted/Assigned - Reported in:				
Special Revenue Funds	2,302,809	1,909,744	1,415,571	1,630,305
Capital Project Funds	1,842,217	234,423	129,423	62,392
Debt Service Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>4,145,026</u>	<u>2,144,167</u>	<u>1,544,994</u>	<u>1,692,697</u>
Total	<u><b>\$ 6,448,962</b></u>	<u><b>\$ 4,824,462</b></u>	<u><b>\$ 4,051,640</b></u>	<u><b>\$ 3,571,388</b></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					
2009	2010	2011	2012	2013	2014
\$ 327,659	\$ 327,659	\$ 327,659	\$ 327,659	\$ 336,244	\$ 364,783
2,138	2,138	2,138	2,138	2,138	2,138
-	-	-	20,000	77,139	77,139
206,978	14,600	6,988	18,746	42,133	47,582
<u>833,806</u>	<u>873,991</u>	<u>1,320,375</u>	<u>1,537,954</u>	<u>1,477,407</u>	<u>1,171,908</u>
1,370,581	1,218,388	1,657,160	1,906,497	1,935,061	1,663,550
-	-	-	-	-	-
702,459	338,210	401,557	333,793	246,848	212,369
129,432	973	1,150	8,827	3	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>831,891</u>	<u>339,183</u>	<u>402,707</u>	<u>342,620</u>	<u>246,851</u>	<u>212,369</u>
<b><u>\$ 2,202,472</u></b>	<b><u>\$ 1,557,571</u></b>	<b><u>\$ 2,059,867</u></b>	<b><u>\$ 2,249,117</u></b>	<b><u>\$ 2,181,912</u></b>	<b><u>\$ 1,875,919</u></b>

# City of Brighton, Michigan

	Year Ended June 30			
	2005	2006	2007	2008
<b>Revenue</b>				
Property taxes	\$ 5,228,267	\$ 5,654,956	\$ 6,108,946	\$ 6,308,624
State-shared	1,043,420	1,027,103	1,020,486	1,026,901
Federal grants	3,919	-	-	-
Charges for services	220,318	254,030	226,681	102,677
Special assessment	231,517	230,836	300,229	246,563
Fines and penalties	290,546	276,500	310,987	337,470
Licenses and permits	521,237	462,406	359,058	329,493
Interest	322,145	494,997	545,532	472,416
Contributions from other funds	-	-	-	40,498
Other	334,008	278,000	185,217	234,405
<b>Total revenue</b>	<b>8,195,377</b>	<b>8,678,828</b>	<b>9,057,136</b>	<b>9,099,047</b>
<b>Expenditures</b>				
Current:				
General government	1,588,897	1,622,722	2,177,398	2,816,783
Community development	633,141	580,886	568,114	536,544
Public safety	1,877,046	1,982,940	2,038,945	2,417,734
Public services - Operating	2,366,576	2,422,938	2,515,072	2,982,939
Public services - Capital (streets)	856,361	962,532	832,093	719,029
Capital outlay (exclusive of streets)	885,692	1,917,129	323,716	297,297
Debt service - Principal	-	847,441	794,798	759,000
Debt service - Interest	1,277,822	568,660	579,822	580,923
<b>Total expenditures</b>	<b>9,485,535</b>	<b>10,905,248</b>	<b>9,829,958</b>	<b>11,110,249</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(1,290,158)</b>	<b>(2,226,420)</b>	<b>(772,822)</b>	<b>(2,011,202)</b>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	-	-
Transfers in	1,431,716	1,573,754	-	1,939,909
Transfers out	(1,431,716)	(1,573,754)	-	(1,939,909)
Issuance of debt - Net	4,966,183	601,920	-	1,530,950
<b>Total other financing sources</b>	<b>4,966,183</b>	<b>601,920</b>	<b>-</b>	<b>1,530,950</b>
<b>Net Change in Fund Balances</b>	<b>3,676,025</b>	<b>(1,624,500)</b>	<b>(772,822)</b>	<b>(480,252)</b>
<b>Fund Balances - Beginning of year</b>	<b>2,772,937</b>	<b>6,448,962</b>	<b>4,824,462</b>	<b>4,051,640</b>
<b>Fund Balances - End of year</b>	<b>\$ 6,448,962</b>	<b>\$ 4,824,462</b>	<b>\$ 4,051,640</b>	<b>\$ 3,571,388</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>20%</b>	<b>21%</b>	<b>17%</b>	<b>13%</b>

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

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

Year Ended June 30					
2009	2010	2011	2012	2013	2014
\$ 6,302,824	\$ 6,204,750	\$ 6,180,688	\$ 5,828,975	\$ 5,449,204	\$ 5,063,849
970,073	1,175,363	1,001,651	1,128,580	1,062,821	1,116,018
58,910	651,152	69,917	7,686	7,690	10,240
103,810	109,980	171,232	599,823	582,888	583,690
285,092	180,813	336,953	166,975	167,182	167,271
346,522	349,657	319,401	299,944	300,142	297,201
294,158	359,532	387,032	353,208	404,228	331,631
229,198	143,812	153,275	138,431	128,178	112,530
-	-	-	-	-	-
294,734	678,577	375,961	353,011	297,104	398,729
8,885,321	9,853,636	8,996,110	8,876,633	8,399,437	8,081,159
2,434,413	2,192,805	1,976,725	2,057,136	1,729,028	1,754,250
404,321	436,179	468,415	487,279	540,049	634,650
2,316,609	2,341,456	2,215,226	2,342,799	2,453,804	2,481,155
2,809,922	2,458,126	2,279,711	2,213,801	2,282,250	2,444,233
913,778	1,283,996	-	-	-	-
116,479	384,825	40,209	173,575	77,302	91,184
872,500	945,000	1,048,447	1,097,051	962,861	749,111
571,215	537,125	495,757	451,261	457,859	310,384
10,439,237	10,579,512	8,524,490	8,822,902	8,503,153	8,464,967
(1,553,916)	(725,876)	471,620	53,731	(103,716)	(383,808)
-	-	30,676	8,204	4,500	61,000
1,895,719	1,688,475	1,668,363	1,730,517	1,519,072	1,322,308
(1,895,719)	(1,688,475)	(1,668,363)	(1,730,517)	(1,547,922)	(1,322,308)
185,000	80,975	-	127,315	60,861	16,815
185,000	80,975	30,676	135,519	36,511	77,815
(1,368,916)	(644,901)	502,296	189,250	(67,205)	(305,993)
3,571,388	2,202,472	1,557,571	2,059,867	2,249,117	2,181,912
<b>\$ 2,202,472</b>	<b>\$ 1,557,571</b>	<b>\$ 2,059,867</b>	<b>\$ 2,249,117</b>	<b>\$ 2,181,912</b>	<b>\$ 1,875,919</b>
15%	17%	18%	18%	17%	13%

# City of Brighton, Michigan

Ad Valorem Taxable Value by Property Type							
Real Property							
Tax Year	Year Ended June 30	Residential	Commercial	Industrial	Personal Property	Total Ad Valorem Taxable Value	City Tax Millage
2004	2005	\$ 191,685,900	\$ 114,550,700	\$ 17,609,700	\$ 28,746,509	\$ 352,592,809	15.9300
2005	2006	207,320,255	123,326,800	18,942,000	36,220,706	385,809,761	15.9418
2006	2007	222,088,140	139,489,820	22,333,650	37,381,603	421,293,213	15.8217
2007	2008	230,804,660	145,831,650	23,163,840	38,970,715	438,770,865	15.8090
2008	2009	229,013,040	151,805,205	28,128,150	34,683,080	443,629,475	15.8749
2009	2010	216,792,630	158,577,120	27,382,940	34,187,245	436,939,935	15.9582
2010	2011	203,158,330	157,961,620	23,634,280	32,294,152	417,048,382	16.3927
2011	2012	194,233,278	152,897,460	19,161,060	31,502,940	397,794,738	16.4623
2012	2013	190,697,314	148,301,458	16,405,055	36,264,060	391,667,887	16.0487
2013	2014	191,614,956	139,343,070	16,752,160	35,530,296	383,240,482	15.2734

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

\* Assessed value includes both Ad Valorem and IFT values

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**

Assessed Value *	Estimated Actual Value	Taxable Value as a Percentage of Assessed Value	Taxable Value as a Percentage of Actual	IFT Taxable Value	City Levy
\$ 439,806,109	\$ 879,612,218	83	41	\$ 12,945,700	\$ 5,746,888
489,165,316	978,330,632	81	41	15,733,200	6,274,588
537,253,843	1,074,507,686	82	41	21,008,240	6,829,497
538,508,255	1,077,016,510	84	42	19,067,290	7,087,005
516,306,560	1,032,613,120	89	44	15,268,920	7,163,601
495,101,495	990,202,990	88	44	15,448,630	6,972,775
469,699,617	939,399,234	89	44	18,087,160	6,984,797
434,885,628	869,771,256	91	46	14,483,030	6,555,222
420,390,356	840,780,712	93	47	9,563,000	6,362,497
411,932,182	823,864,364	93	47	11,246,470	5,939,271

# City of Brighton, Michigan

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Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes	
	Year Ended June 30	City Operating	City Debt	Total Direct	Livingston County	Brighton District Library
				City Tax Rates		
2004	2005	14.8872	1.0428	15.9300	3.9168	0.9059
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

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
0.9612	6.0000	2.3824	6.1310	18.0000	36.2273	54.2273
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

# City of Brighton, Michigan

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

Taxpayer	2013		2004		2004 Rank
	Ad Valorem Taxable Value	Percentage of Total	Ad Valorem Taxable Value	Percentage of Total	
1 Brighton Holdings LLC	\$ 13,178,320	3.44%	\$ 6,440,900	1.83%	1 Brighton Holdings LLC
2 Brighton Mall Associates, LTD	9,048,390	2.36%	5,898,500	1.67%	2 Brighton Mall Associates, LTD
3 BMH Realty, LLC	7,451,350	1.94%	*	*	* BMH Realty, LLC
4 Eberspaecher North America	5,484,310	1.43%	*	*	* Eberspaecher North America
5 TG Fluid Systems USA Corp	5,310,220	1.39%	*	*	* TG Fluid Systems USA Corp
6 Emerivent Brighton, LLC	5,120,000	1.34%	*	*	* Emerivent Brighton, LLC
7 MJR Group LLC	4,935,290	1.29%	4,053,500	1.15%	6 MJR Group LLC
8 Good Will Co, INC	3,740,000	0.98%	*	*	* Good Will Co, INC
9 Brighton Commercial Holdings, LLC	3,380,990	0.88%	2,417,300	0.69%	9 Brighton Commercial Holdings, LLC
10 Brightland Properties, LLC	3,342,540	0.87%	*	*	* Brightland Properties, LLC
Total taxable value	\$ 383,240,482		\$ 352,592,809		

\* 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 Ad Valorem Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2004	2005	\$ 5,647,561	\$ 5,531,786	97.95	\$ 83,912	\$ 5,615,698	99.44
2005	2006	6,152,924	6,023,669	97.90	111,197	6,134,866	99.71
2006	2007	6,663,304	6,452,094	96.83	198,070	6,650,164	99.80
2007	2008	6,936,287	6,625,497	95.52	286,897	6,912,394	99.66
2008	2009	7,042,405	6,793,118	96.46	195,035	6,988,153	99.23
2009	2010	6,972,736	6,665,681	95.60	278,847	6,944,528	99.60
2010	2011	6,836,510	6,596,857	96.49	227,256	6,824,113	99.82
2011	2012	6,555,222	6,301,669	96.13	241,823	6,543,492	99.82
2012	2013	6,285,721	6,082,619	96.77	183,738	6,266,358	99.69
2013	2014	5,853,365	5,735,540	97.99	100,696	5,836,236	99.71

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

# City of Brighton, Michigan

	2005	2006	2007	2008
<b>Governmental Activities</b>				
General obligation bonds (1)	\$ 9,865,000	\$ 10,048,000	\$ 9,544,000	\$ 10,545,950
Installment purchase agreements	248,239	60,798	-	-
Special assessment bonds	3,425,000	3,190,000	2,960,000	2,730,000
Total	13,538,239	13,298,798	12,504,000	13,275,950
<b>Business-type Activities</b>				
General obligation bonds (1)	3,941,994	3,251,200	2,903,000	3,313,850
Special assessment bonds	245,000	210,000	175,000	140,000
Revenue bonds	9,824,406	9,743,080	9,378,080	8,963,080
Total	14,011,400	13,204,280	12,456,080	12,416,930
<b>Total Debt of the Primary Government</b>	27,549,639	26,503,078	24,960,080	25,692,880
<b>Total Taxable Value</b>	352,592,809	385,809,761	421,293,213	438,770,865
<b>Ratio of Total Debt to Taxable Value</b>	7.81%	6.87%	5.92%	5.86%
<b>Total Population</b>	7,182	7,263	7,517	7,268
<b>Total Debt per Capita</b>	\$ 3,836	\$ 3,649	\$ 3,320	\$ 3,535
<b>Debt as a Percentage of Personal Income</b>	575	553	521	536

(1) Less deferred charge on refunding and unamortized bond premium.

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

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**

	2009	2010	2011	2012	2013	2014
\$	9,903,450	\$ 9,133,450	\$ 8,303,450	\$ 7,443,450	\$ 6,863,050	\$ 6,364,750
	-	80,975	52,528	132,792	69,932	45,936
	<u>2,685,000</u>	<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>
	12,588,450	11,724,425	10,675,978	9,706,242	8,877,982	8,145,686
	2,949,150	3,211,950	3,039,750	2,643,409	2,502,070	2,283,630
	105,000	70,000	35,000			
	<u>8,454,294</u>	<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>11,508,444</u>	<u>11,221,244</u>	<u>10,449,044</u>	<u>9,571,844</u>	<u>8,760,044</u>	<u>7,866,144</u>
	24,096,894	22,945,669	21,125,022	19,278,086	17,638,026	16,011,830
	443,629,475	436,939,935	417,048,382	397,794,738	391,667,887	383,240,482
	5.43%	5.25%	5.07%	4.85%	4.50%	4.18%
	7,173	7,702	7,444	7,442	7,613	7,807
\$	3,359	\$ 2,979	\$ 2,838	\$ 2,590	\$ 2,317	\$ 2,051
	503	491	452	413	377	343

# City of Brighton, Michigan

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

Fiscal Year	Tax Limited General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Total General Governmental Activities Bonded Debt	Total Business-Type Activities Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita	Personal Income (in Thousands)	Debt as a Percentage of Personal Income
2005	\$ 7,090,000	\$ 2,775,000	\$ 9,865,000	\$ 3,941,994	\$ 352,592,809	3.92	7,182	\$ 1,922	\$ 47,897	4.01%
2006	7,548,000	2,500,000	10,048,000	3,251,200	385,809,761	3.45	7,263	1,831	47,897	3.82%
2007	7,319,000	2,225,000	9,544,000	2,903,000	421,293,213	2.95	7,517	1,656	47,897	3.46%
2008	8,620,950	1,925,000	10,545,950	3,313,850	438,770,865	3.16	7,268	1,907	47,897	3.98%
2009	8,328,450	1,575,000	9,903,450	2,949,150	443,629,475	2.90	7,173	1,792	47,897	3.74%
2010	7,958,450	1,175,000	9,133,450	3,211,950	436,939,935	2.83	7,702	1,603	46,731	3.43%
2011	7,553,450	750,000	8,303,450	3,039,750	417,048,382	2.72	7,444	1,524	46,731	3.26%
2012	7,143,450	300,000	7,443,450	2,643,409	397,794,738	2.54	7,442	1,355	46,731	2.90%
2013	6,863,050	-	6,863,050	2,502,070	391,667,887	2.39	7,613	1,230	46,731	2.63%
2014	6,364,750	-	6,364,750	2,283,630	383,240,482	2.26	7,807	1,108	46,731	2.37%

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

Note: 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, 2014

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Brighton Area School District	\$ 104,940,729	19.39	\$ 20,348,007
Livingston Educational Service Agency	385,000	5.81	22,369
Livingston County	14,433,500	5.11	737,552
Brighton Area District Library	<u>825,000</u>	20.34	<u>167,805</u>
Total overlapping debt	120,584,229		21,275,733
Direct net city debt *	<u>8,442,215</u>	100.00	<u>8,442,215</u>
Total direct and overlapping debt	<u><b>\$ 129,026,444</b></u>		<u><b>\$ 29,717,948</b></u>

\* Business-type activities are not included in Direct Net City Debt total

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

# City of Brighton, Michigan

	2005	2006	2007	2008
<b>Calculation of Debt Limit</b>				
State Equalized Valuation:				
Ad Valorem	\$ 426,649,309	\$ 473,243,016	\$ 515,841,893	\$ 519,328,055
IFT	<u>13,156,800</u>	<u>15,922,300</u>	<u>21,411,950</u>	<u>19,180,200</u>
Total valuation	439,806,109	489,165,316	537,253,843	538,508,255
<b>Debt Limit</b> (10 percent of taxable value)	43,980,611	48,916,532	53,725,384	53,850,826
<b>Calculation of Debt Subject to Limit</b>				
Total debt*	31,996,400	30,822,280	29,020,080	29,382,880
Less debt not subject to limit:				
Special assessment bonds	3,670,000	3,400,000	3,135,000	2,870,000
MTF bonds	270,000	245,000	220,000	195,000
Revenue bonds	10,060,000	9,743,080	9,378,080	8,963,080
Share of County-issued bonds	<u>3,131,400</u>	<u>2,844,200</u>	<u>2,507,000</u>	<u>2,174,800</u>
Net debt subject to limit	<u>14,865,000</u>	<u>14,590,000</u>	<u>13,780,000</u>	<u>15,180,000</u>
<b>Legal Debt Margin</b>	<u><b>\$ 29,115,611</b></u>	<u><b>\$ 34,326,532</b></u>	<u><b>\$ 39,945,384</b></u>	<u><b>\$ 38,670,826</b></u>
<b>Net Debt Subject to Limit as Percentage of Debt Limit</b>	33.80%	29.83%	25.65%	28.19%

\* 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**

2009	2010	2011	2012	2013	2014
\$ 501,000,160	\$ 479,652,865	\$ 451,592,957	\$ 420,402,598	\$ 410,827,356	\$ 400,685,712
<u>15,306,400</u>	<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>
516,306,560	495,101,495	469,699,617	434,885,628	420,390,356	411,932,182
51,630,656	49,510,150	46,969,962	43,488,563	42,039,036	41,193,218
27,386,894	26,071,984	23,665,936	21,628,859	19,417,423	17,697,420
2,790,000	2,580,000	2,355,000	2,130,000	1,945,000	1,735,000
170,000	140,000	110,000	75,000	40,000	-
8,454,294	7,939,294	7,374,294	5,969,141	5,368,680	4,763,220
<u>1,837,600</u>	<u>1,500,400</u>	<u>1,358,200</u>	<u>959,294</u>	<u>889,294</u>	<u>819,294</u>
<u>14,135,000</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>
<b><u>\$ 37,495,656</u></b>	<b><u>\$ 35,597,860</u></b>	<b><u>\$ 34,501,520</u></b>	<b><u>\$ 30,993,139</u></b>	<b><u>\$ 30,864,587</u></b>	<b><u>\$ 30,813,312</u></b>
27.38%	28.10%	26.55%	28.73%	26.58%	25.20%

# City of Brighton, Michigan

Water and Sewer Revenue Bonds						
Fiscal Year	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service		Coverage*
				Principal	Interest	
2005	\$ 2,778,197	\$ 2,352,594	\$ 425,603	\$ 250,000	\$ 449,075	\$ (273,472)
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

\* 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	
\$ 450,377	\$ 270,000	\$ 170,768	\$	9,609
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)

# City of Brighton, Michigan

## Statistical Section Demographic and Economic Information Demographic and Economic Statistics Last Fourteen 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	*

\* Not available/no longer available

Note: 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 Demographic and Economic Information Principal Employers Current Year and Nine Years Ago

Taxpayer	2014 Employees	Percentage of Total	2005 Employees	Percentage of Total	2005 Rank
1 Brighton Area Schools	755	10.23%	920	14.05%	1
2 TG Fluid Systems	342	4.64%	267	4.08%	3
3 Meijer	298	4.04%	*	-	-
4 Home Depot	179	2.43%	*	-	-
5 March Coatings	166	2.25%	*	-	-
6 Eberspaecher	160	2.17%	*	-	-
7 Target	150	2.03%	*	-	-
8 Work Skills Corporation	110	1.49%	150	2.29%	4
9 VG's	79	1.07%	*	-	-
10 Brighton Post Office	77	1.04%	*	-	-
Total	<u><u>2,316</u></u>	<u><u>31.39%</u></u>	<u><u>1,337</u></u>	<u><u>20.42%</u></u>	
Estimated total city employment	7,378		6,547		

\* Not available

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

# City of Brighton, Michigan

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Function/Program	2005	2006	2007	2008	2009
General government:					
City manager	1.00	1.00	1.00	1.50	1.50
City clerk/Human resources	2.35	2.35	2.63	3.13	3.13
Finance	<u>6.39</u>	<u>8.39</u>	<u>9.00</u>	<u>9.25</u>	<u>9.25</u>
Total general government	9.74	11.74	12.63	13.88	13.88
Community development	6.00	5.00	5.63	5.00	5.00
Public safety (police)	18.60	18.60	18.60	20.60	19.60
Public services:					
Cemetery	2.00	2.00	2.00	2.00	2.00
Facilities and grounds	2.00	3.00	3.00	3.00	3.00
Streets	9.00	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><b>56.34</b></u>	<u><b>57.34</b></u>	<u><b>58.86</b></u>	<u><b>61.48</b></u>	<u><b>60.48</b></u>

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

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

2010	2011	2012	2013	2014
1.50	1.00	1.00	1.00	1.00
2.50	2.50	2.50	2.50	2.50
<u>9.25</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>
13.25	11.13	11.13	11.13	11.13
5.00	4.00	4.00	4.00	4.00
19.60	19.60	19.60	19.00	19.00
2.00	2.00	2.00	2.00	1.00
3.00	3.00	3.00	3.00	3.00
8.00	8.00	8.00	7.00	6.00
<u>9.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
<u>22.00</u>	<u>20.00</u>	<u>20.00</u>	<u>19.00</u>	<u>17.00</u>
<b><u>59.85</u></b>	<b><u>54.73</u></b>	<b><u>54.73</u></b>	<b><u>53.13</u></b>	<b><u>51.13</u></b>

# City of Brighton, Michigan

Function/Program	2005	2006	2007	2008
<b>Election data:</b>				
Registered voters	5,333	5,380	5,443	5,406
Voters (at the polls or absentee)	4,018	992	3,239	2,307
Percent voting	75.34%	18.44%	59.51%	42.67%
<b>Human resource data - Number of recruitments</b>				
	16	17	12	12
<b>Finance data:</b>				
Number of A/P checks	2,915	2,831	2,330	2,181
Number of property tax parcels	3,949	4,093	4,107	4,093
Number of utility bill customers	3,218	3,318	3,376	3,508
<b>Police:</b>				
Physical arrests	1,113	1,028	1,341	1,031
Traffic violations	4,234	3,912	3,637	5,160
Investigations	11,722	10,382	12,073	11,986
<b>Community development data:</b>				
Number of building permits	352	386	326	311
Value of building permits	\$ 23,223,783	\$ 14,315,439	\$ 15,753,583	\$ 8,003,905
Number of building inspections	1,073	1,083	789	793
<b>Public works data:</b>				
Miles of street constructed, reconstructed, and resurfaced	0.67	0.75	1.00	1.25
Road salt used (tons)	1,100	1,550	1,250	1,250
R.O.W. tree plantings	80	54	-	20
Grave openings	94	60	41	64
<b>Water data:</b>				
Total billed consumption (000s)	467,964	508,125	485,455	495,863
Avg. billed consump./user (000s)	141	152	144	141
Number of water main breaks	2	2	3	1
<b>Sewer data - Avg. daily treatment (MGD)</b>				
	1.368	1.360	1.200	1.300

\* 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**

2009	2010	2011	2012	2013	2014
5,307	5,380	5,575	5,900	5,927	5,889
2,970	1,013	2,899	3,725	3,975	1,279
55.96%	18.83%	52.00%	63.14%	67.07%	21.72%
2	-	-	1	9	12
2,156	1,835	1,552	1,588	1,601	1,418
3,969	3,974	4,093	4,136	4,296	4,298
3,516	3,595	3,584	3,592	3,646	3,481
944	925	577	495	421	354
4,102	4,325	3,980	2,589	2,273	1,819
12,103	12,099	20,312	19,468	16,929	19,330
258	249	208	289	332	253
\$ 5,103,742	\$ 5,626,679	\$ 7,910,371	\$ 7,099,816	\$ 9,143,156	\$ 7,494,230
679	459	965	551	693	530
1.00	0.90	-	-	-	-
2,300	2,100	1,600	1,375	1,030	2,364
10	-	-	-	4	2
66	64	57	56	64	50
445,079	408,123	432,962	439,746	450,317	400,702
127	114	121	122	124	115
1	2	2	6	3	7
1.250	1.285	1.200	1.250	1.110	1.190

# City of Brighton, Michigan

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Function/Program	2005	2006	2007	2008	2009
Police - Patrol units	10	10	12	8	8
Public works:					
Streets (miles):					
Major streets	11.32	11.32	11.32	11.32	11.32
Local streets	14.99	14.99	14.99	14.99	14.99
Sidewalks	*	*	80	80	80
Traffic signals	*	*	9	9	9
Water:					
Mains (miles)	50	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	1,620,000,000
Sewer:					
Miles of sanitary sewers	45	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	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
8	8	8	8	8
11.32	11.32	11.32	11.32	11.32
14.99	18.12	18.12	18.12	18.12
80	80	80	80	80
9	9	9	9	9
52	52	52	52	52
484	484	484	638	648
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
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