* November 19, 2015 Six-Year Financial Forecast Update

*General Fund Forecast Update

- FY 14/15 Ending Fund Balance $40,000 higher than projected
- State of Michigan Reimbursement for Personal Property higher than budgeted
- Increased expenditures related to Personnel Changes
  - 4 Retirements
  - 2 Resignations
- DPW Vehicle Repairs due to ageing fleet
- Increased building repairs and maintenance
- Reduced healthcare premiums for retirees
- Michigan Tax Tribunal is expected less than budget
- FY15/16 Ending Fund Balance is expected to be $130,000 higher than the Adopted Budget

*General Fund Forecast Assumptions

Six Year Financial Forecast Assumptions (As of November 19, 2015)

	15-16 Budget	16-17 Forecast	17-18 Forecast	18-19 Forecast	19-20 Forecast	20-21 Forecast	21-22 Forecast
Union Wages (per contract thru 15/16)	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Non-Union Administrative Salaries	3.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Health Insurance	5%	5%	5%	5%	5%	5%	5%
Dental Insurance	6%	6%	6%	6%	6%	6%	6%
Optical Insurance	6%	6%	6%	6%	6%	6%	6%
Life Insurance	3%	3%	3%	3%	3%	3%	3%
Audit/Accounting/Banking Services	2%	2%	2%	2%	2%	2%	2%
Workers Comp	3%	3%	3%	3%	3%	3%	3%
General Iiability premiums	0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Legal fees	2%	2%	2%	2%	2%	2%	2%
Fuel & Lubricants	3%	3%	3%	3%	3%	3%	3%
Utilities	3%	3%	3%	3%	3%	3%	3%
Contingency	$ -	$ 15,081	$ 30,625	$ 46,728	$ 63,399	$ 80,655	$ 98,465
OPEB Contributions	$ 66,000	$ 72,600	$ 79,860	$ 87,846	$ 96,631	$ 106,294	$ 116,923
MTT Refunds	$ 85,000	$ 30,000	$ 25,000	$ 20,000	$ 15,000	$ 10,000	$ 10,000
SELCRA Contribution	$ 51,908	$ 52,946	$ 54,005	$ 55,085	$ 56,187	$ 57,311	$ 58,457
Brighton Senior Contribution	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ 7,000
Historical Society Contribution	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
EDC Contribution	$ 8,500	$ 8,670	$ 8,843	$ 9,020	$ 9,201	$ 9,385	$ 9,572

*General Fund Forecast

CITY OF BRIGHTON
GENERAL FUND SUMMARY
SIX YEAR FINANCIAL FORECAST (as of November 19, 2015)

	FY 2014-15 Actual	FY 2015-16 Adopted Budget	FY 2015-16 Year-end Projection	16-17 Forecast	17-18 Forecast	18-19 Forecast	19-20 Forecast	20-21 Forecast	21-22 Forecast
Revenue	7,873,057	8,034,966	8,088,171	8,060,171	8,269,345	8,475,802	8,681,397	8,887,333	9,089,161
Less: Expenditures	7,980,839	7,975,393	7,943,771	7,752,041	7,950,682	8,208,497	8,353,219	8,543,884	8,797,106
Funds Available	(107,783)	59,573	144,400	308,130	318,663	267,306	328,178	343,449	292,054
Less: Committed Fund Balance-Capital	30,950	19,179	19,179	149,797	157,844	109,596	174,876	216,510	208,086
Funds Available after Committed Fund Balance	(138,733)	40,394	125,221	158,333	160,819	157,710	153,302	126,939	83,968
Add: Beginning Unreserved Fund Balance*	1,204,723	1,021,366	1,065,990	1,191,211	1,349,544	1,510,364	1,668,074	1,821,376	1,948,315
Ending Unreserved Fund Balance	**1,065,990**	**1,061,760**	**1,191,211**	**1,349,544**	**1,510,364**	**1,668,074**	**1,821,376**	**1,948,315**	**2,032,283**
Minimum Target Unreserved Fund Balance (15%):	997,344	1,020,614	1,011,382	1,018,479	1,047,534	1,077,474	1,109,206	1,141,669	1,175,836
Unreserved Fund Balance Over/(Under) Minimum Target Fund Balance	**68,646**	**41,146**	**179,829**	**331,066**	**462,829**	**590,600**	**712,170**	**806,646**	**856,447**
Unreserved Fund Balance as a % of Oper. Expend	**16%**	**16%**	**18%**	**20%**	**22%**	**23%**	**25%**	**26%**	**26%**
Ending Committed Fund Balance-Capital	**108,089**	**127,268**	**127,268**	**277,065**	**434,909**	**544,505**	**719,381**	**935,891**	**1,143,977**

***Fund Balance for FY14/15 includes $4,505 of Non-spendable Fund Balance for Prepaid Expense and $359 Carryover PO's from FY14/15**

*General Fund Forecast

CITY OF BRIGHTON
GENERAL FUND SUMMARY
SIX YEAR FINANCIAL FORECAST (as of November 19, 2015)

Includes Debt Service for Northwest Neighborhood With Additional Tax Revenue from Lindbom Redevelopment

	FY 2014-15 Actual	FY 2015-16 Adopted Budget	FY 2015-16 Year-end Projection	16-17 Forecast	17-18 Forecast	18-19 Forecast	19-20 Forecast	20-21 Forecast	21-22 Forecast
Revenue	7,873,057	8,034,966	8,088,171	8,088,809	8,320,511	8,578,134	8,785,775	8,993,799	9,197,756
Less: Expenditures	7,980,839	7,975,393	7,943,771	7,993,051	8,137,207	8,396,414	8,542,334	8,734,002	8,988,031
Funds Available	(107,783)	59,573	144,400	95,758	183,304	181,720	243,442	259,797	209,725
Less: Committed Fund Balance-Capital	30,950	19,179	19,179	67,120	132,138	79,388	139,063	153,331	101,129
Funds Available after Committed Fund Balance	(138,733)	40,394	125,221	28,638	51,166	102,332	104,379	106,466	108,595
Add: Beginning Unreserved Fund Balance*	1,204,723	1,021,366	1,065,990	1,191,211	1,219,849	1,271,015	1,373,347	1,477,725	1,584,191
Ending Unreserved Fund Balance	**1,065,990**	**1,061,760**	**1,191,211**	**1,219,849**	**1,271,015**	**1,373,347**	**1,477,725**	**1,584,191**	**1,692,786**
Minimum Target Unreserved Fund Balance (15%):	997,344	1,020,614	1,011,382	1,018,479	1,047,534	1,077,474	1,109,206	1,141,669	1,175,836
Unreserved Fund Balance Over/(Under) Minimum Target Fund Balance	**68,646**	**41,146**	**179,829**	**201,370**	**223,480**	**295,873**	**368,519**	**442,522**	**516,950**
Unreserved Fund Balance as a % of Oper. Expend	**16%**	**16%**	**18%**	**18%**	**18%**	**19%**	**20%**	**21%**	**22%**
Ending Committed Fund Balance-Capital	**108,089**	**127,268**	**127,268**	**194,388**	**326,527**	**405,915**	**544,978**	**698,309**	**799,439**

***Fund Balance for FY14/15 includes $4,505 of Non-spendable Fund Balance for Prepaid Expense and $359 Carryover PO's from FY14/15**

Debt Service for Northwest Neighborhood				**241,010**	**186,525**	**187,918**	**189,115**	**190,118**	**190,925**
Additional Tax Revenue				28,638	51,166	102,332	104,378	106,466	108,595
Difference				212,372	135,359	85,586	84,737	83,652	82,330

*General Fund Forecast

CITY OF BRIGHTON
GENERAL FUND SUMMARY
SIX YEAR FINANCIAL FORECAST (as of November 19, 2015)

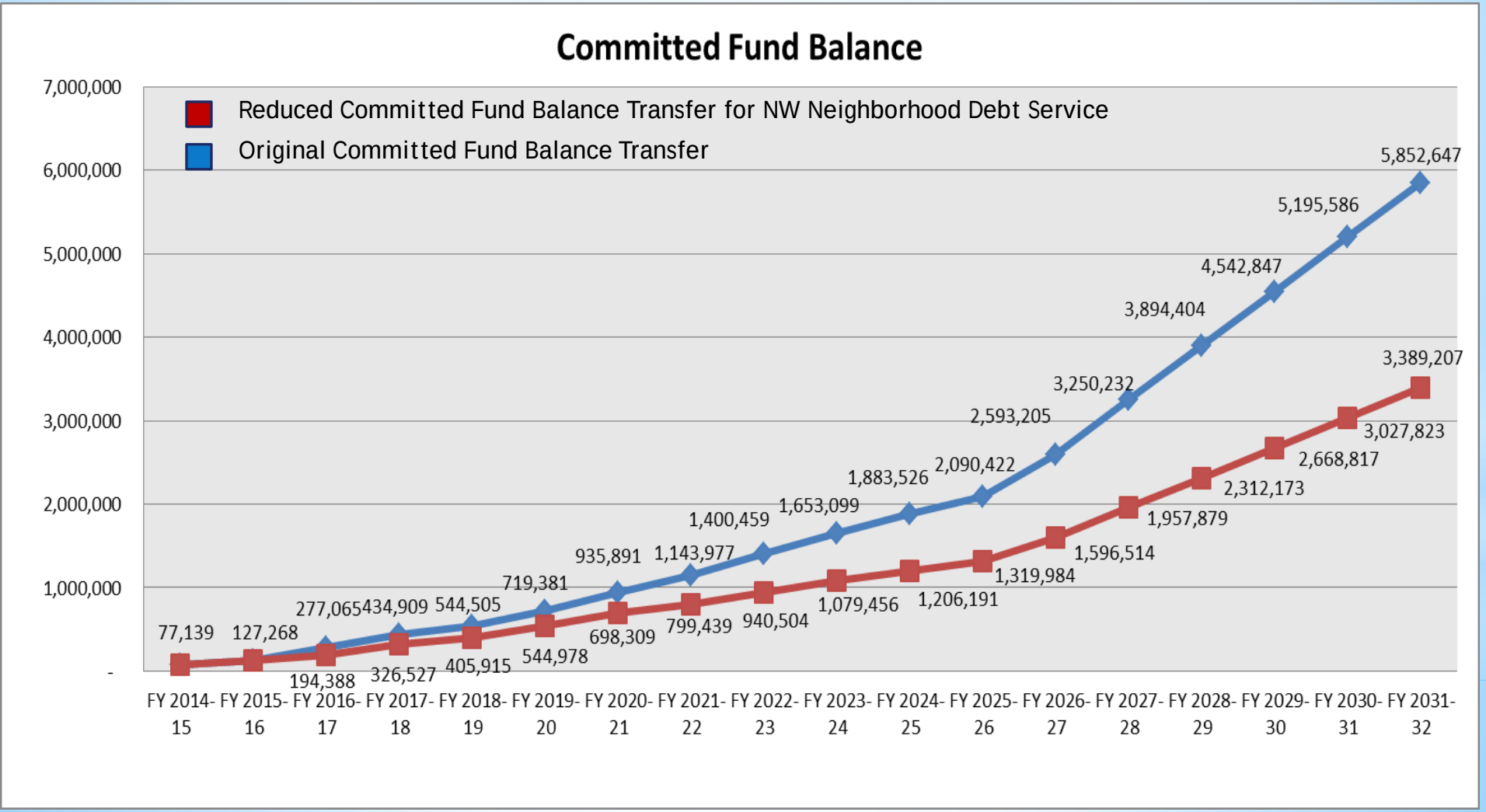
Includes Debt Service for Northwest Neighborhood Without Additional Tax Revenue from Lindbom Redevelopment

	FY 2014-15 Actual	FY 2015-16 Adopted Budget	FY 2015-16 Year-end Projection	16-17 Forecast	17-18 Forecast	18-19 Forecast	19-20 Forecast	20-21 Forecast	21-22 Forecast
Revenue	7,873,057	8,034,966	8,088,171	8,060,171	8,269,345	8,475,802	8,681,397	8,887,333	9,089,161
Less: Expenditures	7,980,839	7,975,393	7,943,771	7,993,051	8,137,207	8,396,414	8,542,334	8,734,002	8,988,031
Funds Available	(107,783)	59,573	144,400	67,120	132,138	79,388	139,063	153,331	101,129
Less: Committed Fund Balance-Capital	30,950	19,179	19,179	67,120	132,138	79,388	139,063	153,331	101,129
Funds Available after Committed Fund Balance	(138,733)	40,394	125,221	0	0	0	0	(0)	(0)
Add: Beginning Unreserved Fund Balance*	1,204,723	1,021,366	1,065,990	1,191,211	1,191,211	1,191,211	1,191,211	1,191,212	1,191,211
Ending Unreserved Fund Balance	**1,065,990**	**1,061,760**	**1,191,211**	**1,191,211**	**1,191,211**	**1,191,211**	**1,191,212**	**1,191,211**	**1,191,211**
Minimum Target Unreserved Fund Balance (15%):	997,344	1,020,614	1,011,382	1,018,479	1,047,534	1,077,474	1,109,206	1,141,669	1,175,836
Unreserved Fund Balance Over/(Under) Minimum Target Fund Balance	**68,646**	**41,146**	**179,829**	**172,732**	**143,677**	**113,737**	**82,005**	**49,542**	**15,375**
Unreserved Fund Balance as a % of Oper. Expend	**16%**	**16%**	**18%**	**18%**	**17%**	**17%**	**16%**	**16%**	**15%**
Ending Committed Fund Balance-Capital	**108,089**	**127,268**	**127,268**	**194,388**	**326,527**	**405,915**	**544,978**	**698,309**	**799,439**

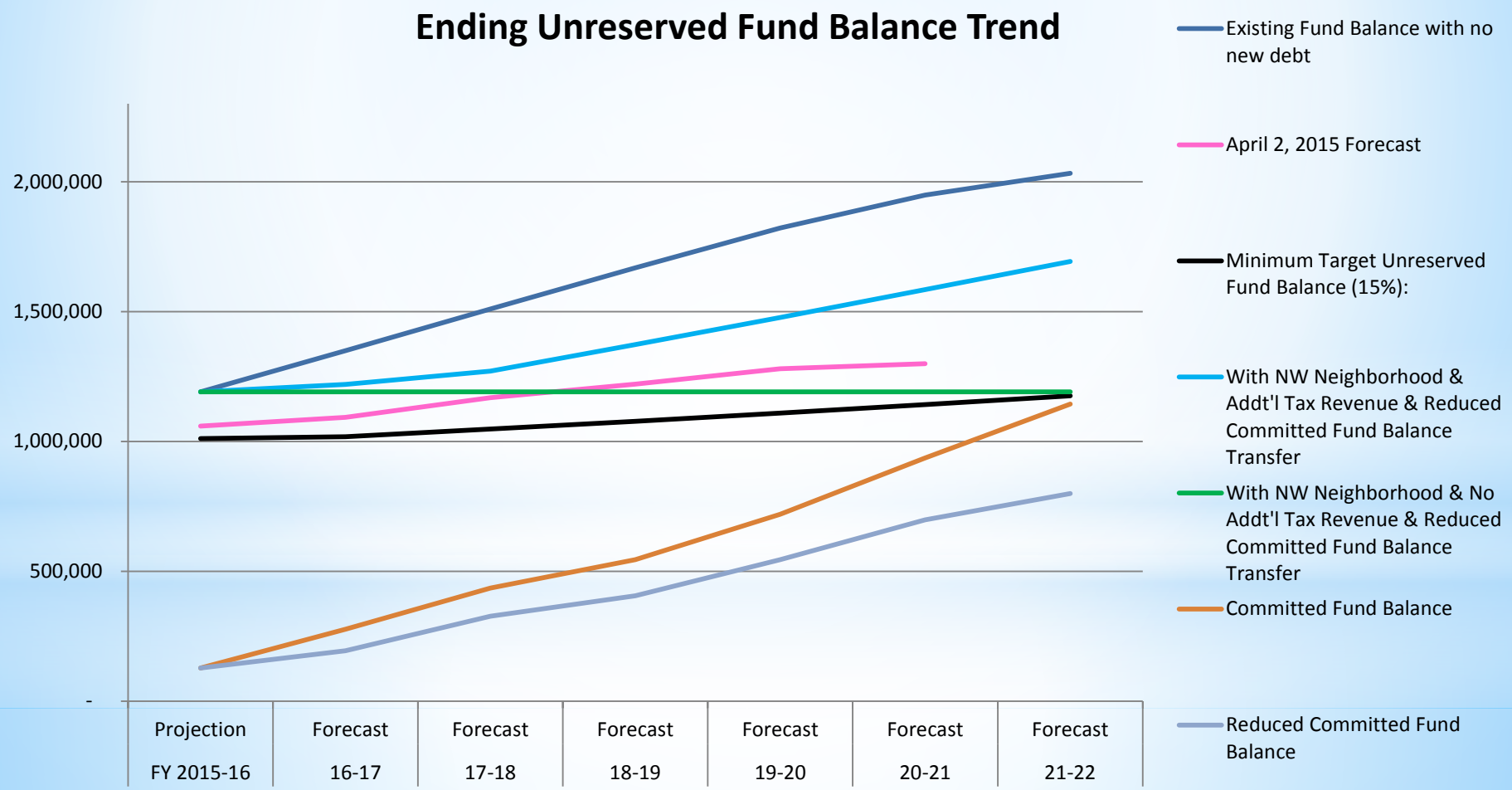
***Fund Balance for FY14/15 includes $4,505 of Non-spendable Fund Balance for Prepaid Expense and $359 Carryover PO's from FY14/15**

Debt Service for Northwest Neighborhood				**241,010**	**186,525**	**187,918**	**189,115**	**190,118**	**190,925**

*General Fund Forecast



*General Fund Forecast



*Downtown Development Authority -DDA Fund Forecast

- FY 14/15 Ending Fund Balance was a Fund Deficit of $212,000 due to the CSX Parking Lot
- Revenue & Expenditures for FY 15/16 have increased from the Adopted Budget
  - $4,000 Tree Grant includes a $2,000 match
  - Paver Bricks for sidewalk near Brewery Becker
  - Fifth Third Soil Borings
  - Theater Study
  - Grand Mart Demo
  - CSX Project
  - Michigan Tax Tribunal less than budgeted

*DDA Fund Forecast

CITY OF BRIGHTON
DDA FUND SUMMARY
SIX YEAR FINANCIAL FORECAST (as of November 19, 2015)

	14-15 Actual	15-16 Adopted Budget	15-16 Year-End Projection	16-17 Forecast	17-18 Forecast	18-19 Forecast	19-20 Forecast	20-21 Forecast	21-22 Forecast
Revenue (except Grants)	1,136,109	788,998	797,058	836,632	844,359	859,270	869,520	886,115	902,883
Grant Revenue	-	-		-	-	-	-	-	-
Total Revenue	1,136,109	788,998	797,058	836,632	844,359	859,270	869,520	886,115	902,883
Less: Expenditures	1,490,134	722,388	495,816	290,599	291,904	293,241	294,610	595,347	267,389
Funds Available	(354,025)	66,610	301,242	546,033	552,455	566,028	574,910	290,769	635,494
Add: Beginning Unreserved Fund Balance	141,028	30,726	(212,997)	88,245	634,278	1,186,733	1,752,761	2,327,672	2,618,440
Ending Unreserved Fund Balance	**(212,997)**	**97,336**	**88,245**	**634,278**	**1,186,733**	**1,752,761**	**2,327,672**	**2,618,440**	**3,253,934**
Debt Service Coverage 120%	**58,684**	**58,684**	**58,684**	**58,684**	**58,684**	**58,684**	**58,684**	**417,886**	**22,615**
Debt Service	**48,903**	**48,903**	**48,903**	**48,903**	**48,903**	**48,903**	**48,903**	**348,239**	**18,846**
Minimum Fund Balance (20% of Debt Service)	9,781	9,781	9,781	9,781	9,781	9,781	9,781	69,648	3,769
Fund Balance over/under target ratio for Debt	**(222,778)**	**87,555**	**78,464**	**624,498**	**1,176,952**	**1,742,981**	**2,317,891**	**2,548,793**	**3,250,165**

Johnson Property payoff $324,355

*Local Development Finance Authority -LDFA Fund Forecast

- FY14/15 ending with a zero Fund Balance due to the final settlement of a Michigan Tax Tribunal
- There are currently no Michigan Tax Tribunal open cases in the LDFA District
- FY15/16 – Large increase in tax revenue due to TG Fluids relocating into the LDFA District
- FY15/16 expenditures include existing debt service and an appropriation to the General Fund per the Cost allocation study of $28,000
- FY16/17 includes debt service for Brighton Interior Drive Grant Match – assumes a 20 year bond issued in the Spring of 2016 for $325,000 ($29,000 expended from the General Fund already)

*LDFA Fund Forecast

CITY OF BRIGHTON
LDFA FUND SUMMARY
SIX YEAR FINANCIAL FORECAST (as of November 19, 2015)

	14-15 Actual	15-16 Adopted Budget	15-16 Year-End Projection	16-17 Forecast	17-18 Forecast	18-19 Forecast	19-20 Forecast	20-21 Forecast	21-22 Forecast
Revenue (except Grants)	65,232	143,091	147,392	102,975	93,856	93,815	95,075	96,295	98,058
Grant Revenue		-		-	-	-	-	-	-
Total Revenue	65,232	143,091	147,392	102,975	93,856	93,815	95,075	96,295	98,058
Less: Expenditures	70,252	77,173	77,248	114,220	102,009	104,879	102,637	105,245	102,704
Funds Available	(5,020)	65,919	70,145	(11,245)	(8,153)	(11,064)	(7,562)	(8,950)	(4,646)
Add: Beginning Unreserved Fund Balance	5,020	9,429	0	70,145	58,900	50,747	39,683	32,121	23,171
Ending Unreserved Fund Balance	**0.00**	**75,348**	**70,145**	**58,900**	**50,747**	**39,683**	**32,121**	**23,171**	**18,525**
Debt Service Coverage 120%	**22,386**	**56,577**	**56,577**	**100,743**	**85,889**	**89,129**	**86,234**	**89,157**	**85,899**
Debt Service	**18,655**	**47,148**	**47,148**	**83,953**	**71,574**	**74,275**	**71,861**	**74,298**	**71,583**
Minimum Fund Balance (20% of Debt Service)	**9,430**	**16,791**	**14,315**	**14,315**	**14,855**	**14,372**	**14,860**	**14,860**	**14,317**
Fund Balance over/under target ratio for Debt	(9,429)	58,557	55,830	44,585	35,892	25,311	17,262	8,311	4,208

**FY2023-24 is the final year of debt service

Includes Debt Service for Brighton Interior Drive $325,000 Bond Issue				33,455	22,870	27,383	26,798	26,213	25,628

*Utility Fund Update

- FY14/15 ended with a higher working capital by nearly $400,000 due to unplanned connection fees
- FY15/16 expenditures are slightly higher than budgeted due to unplanned utility repairs
- FY15/16 budget included a $360,000 Installment Purchase Agreement for phase II of the Wastewater HVAC upgrade and equipment. Due to the higher working capital, I am recommending paying for the upgrade and equipment with working capital.
- With the higher working capital and no Installment Purchase Agreement, the ending working capital at June 30, 2016 is projected to be $95,000 higher than the FY2015/16 Adopted Budget

*Utility Fund Update

REVENUES	ACTUAL 14-15	Adopted Budget 2015-16	Projected 2015-16
Service Charges	3,220,276	3,389,240	3,393,740
Other Revenue	70,606	73,127	71,221
Fines & Forfeits	43,194	47,550	47,550
Total Operat. Revenue	3,334,076	3,509,917	3,512,511
Investment earnings	4,715	4,500	5,000
TOTAL REVENUES	3,338,791	3,514,417	3,517,511
EXPENSES			
Sewer	2,080,994	2,250,048	2,271,466
Water	1,510,165	1,595,740	1,610,554
StormWater	105,764	106,572	106,572
Total Oper. Expenses	3,696,923	3,952,359	3,988,591
Bond Issuance Cost	3,175	40,046	40,046
Interest Expense	204,596	205,994	205,994
TOTAL EXPENSES	3,904,694	4,198,399	4,234,631
INCOME/(LOSS) Before Operating Transfers	(565,903)	(683,982)	(717,120)
Lines Donated by Developers			
Net Operating Transfers	(398,036)	(241,086)	(241,086)
NET INCOME/(LOSS)	(963,939)	(925,068)	(958,206)
DEPRECIATION ON CAPITAL ASSETS ACQUIRED BY FEDERAL GRANTS	374,461	374,461	374,461
INCREASE/(DECREASE) IN RETAINED EARNINGS/(ACCUMULATED DEFICIT)	(589,478)	(550,607)	(583,745)
CAPITAL ASSETS (less restricted portion)	(491,396)	(1,396,822)	(1,423,229)
OTHER COSTS			
DEPRECIATION/AMORTIZATION	1,139,078	1,154,200	1,154,200
CURRENT PORTION OF N/Y L.T. DEBT			
CONTRIBUTED CAPITAL	862,554	331,757	425,329
GRANT PROCEEDS			
PROCEEDS OF LONG-TERM DEBT	247,587	1,417,500	1,057,500
PAYMENT OF LONG-TERM DEBT	(950,400)	(981,069)	(981,069)
CHANGE IN WORKING CAPITAL	217,945	(25,041)	(351,014)
WORKING CAPITAL-BEGINNING	806,656	604,314	1,024,601
WORKING CAPITAL-ENDING	1,024,601	579,273	673,587
WC as a % of Expenses less Depreciation	37%	20%	23%
WC as a % of Expenses with Depreciation	24%	13%	15%
Utility Reserve Working Capital	251,454	526,163	526,746
Grand Total Working Capital	1,276,055	1,105,436	1,200,333