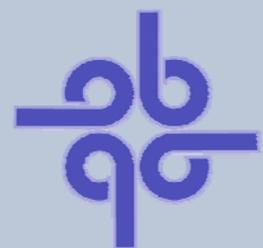
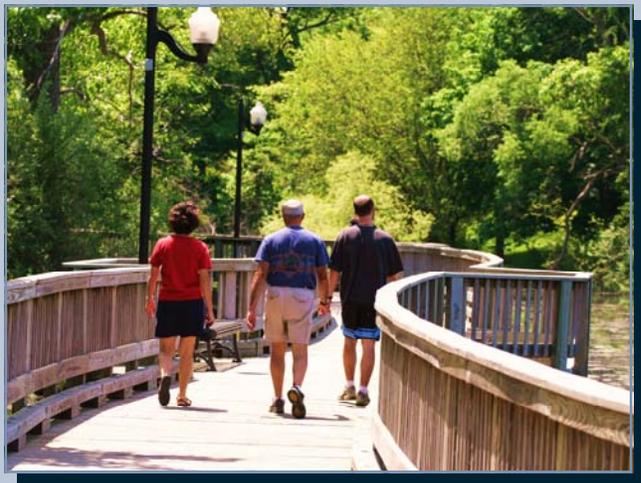
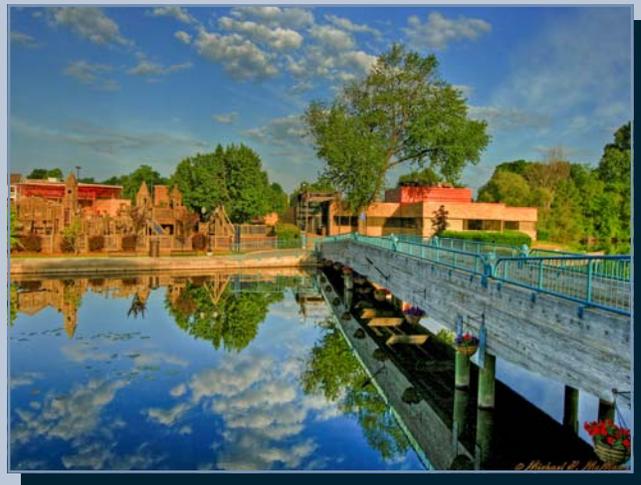


CITY OF BRIGHTON, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2016



City of Brighton, Michigan

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City of Brighton, Michigan

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CITY OF BRIGHTON

"Providing quality service"

October 11, 2016

City Hall
200 N. First St.
Brighton, MI 48116-1593
(810) 227-1911
Fax# 227-6420

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
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, 2016 is submitted herewith. It was prepared by staff in the Finance Department with the assistance of the audit staff from Plante & Moran. This report was prepared in accordance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, the Treasurer of the State of Michigan and the Government Finance Officers Association. Responsibility for the accuracy, completeness, and fairness of the financial data herein, including all disclosures, rests with the City's management. Management has established a complete framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free from any material misstatements.

As required by City Charter and state laws, the basic financial statements as defined in the table of contents were audited by Plante Moran, PLLC, certified public accountants. Their unmodified opinion follows this letter of transmittal. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material aspects. With this audit, the City of Brighton has received 29 consecutive unmodified opinions.

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

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

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

The Reporting Entity and Services Provided

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

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

Governmental Structure and Local Economy

The City of Brighton is located approximately forty-five miles northwest of Downtown Detroit. It was incorporated as a village in 1867 and became a Home Rule City in 1928. Brighton encompasses an area of approximately 3.65 square miles, has an estimated household population of approximately 7,650, and is the central business hub for all of Livingston County. The City's estimated 3,850 households reflect an approximate average of 2 persons per household, which is the lowest in Livingston County. Although the unemployment rate for the City of Brighton is not specifically tracked, the unemployment rate for Livingston County has decreased from 5.3% to 4.6% over the last year. In addition, the Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) increased by 2.3% 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.

There are indications that the local economic downturn is continuing to improve. Housing sale prices are continuing to increase and there are fewer homes on the market. Interest rates have been gradually increasing and are expected to continue to do so over the next year. The number of foreclosures in the City of Brighton has continued to decrease, with only 3 in the past year. Over the last 5 to 10 years, the City has realized reduced residential, industrial and commercial values. The residential and industrial decreased far greater than the commercial values. During the recent budget process for FY16/17, the property tax values for residential increased 3.8%. The commercial and industrial values have remained relatively flat, with a 0.3% increase and 0.1% decrease, respectively. It is management's belief that the commercial values will slowly increase over the next several years.

Building activity is also continuing to improve in the City. Recent housing developments that were once put on hold are continuing to be built and the homes are selling. Industrial values are expected to increase due to Eberspaecher North America, Inc. (ENA) completing a significant expansion of their Brighton location. .

Long-term Financial Planning

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

The City's Master Plan includes the goals to provide for capital improvements that are needed to sustain a quality life for its residents; and to explore methods of generating additional revenue to fund operational and capital projects, including alternative funding options such as grant funding. Annually City staff prepares a 6-year Capital Improvement Plan (CIP), which is reviewed by the City Planning Commission and Adopted by the City Council. The first year of the adopted CIP is incorporated into the City Manager's Proposed Budget, if funding is available. There has been limited funding of any capital projects over the last several years. The FY16/17 Adopted budget included very minimal investment in Capital. The City's DDA has its own Development Plan, which was previously adopted by the City Council and is also reviewed annually for budgetary considerations.

City residents approved a Law Enforcement/Public Safety Millage during the November, 2013 election. This millage will be 0.38 mills for 10 years. The millage will provide approximately \$150,000 annually to be used to pay for the purchasing and maintaining of public safety equipment, which may include patrol vehicles, body armor, weapons and law enforcement-related technology. The approval of this millage will enable the City to replace police equipment that had been put on hold.

Relevant Financial Policies

In order to better understand the financial condition of the City it will become increasingly important to continue the development of an ongoing Financial Forecasting model. The end result of this forecasting model should be intended to communicate what is likely to happen in the future based on where the City is today and where it appears to be heading. The preparation of a reasonably complete forecast will allow the City to look at its options and prudently plan and act accordingly. As the forecasts are developed over time, they should incorporate benchmark trend analysis to measure how our actual results compare to our projections and to the actual results of other similar benchmark communities. A key benchmark for the General Fund will be its unassigned fund balance, which was \$1,211,115 or 18% of operating expenditures on June 30, 2016. 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 2.54 on June 30, 2016, which is above the target of 2:1. Working capital, a key benchmark of the Utilities Fund, increased by \$291,465 to \$1,779,481 at June 30, 2016. The working capital less the capital reserve fund, covered 29% of the Utilities Fund Expenses, including depreciation. Exclusive of depreciation, the coverage was 45% of expenses.

The City makes a serious effort to maximize investment earnings, diversification and insurability of its investable funds. Idle cash during the year was invested in cash management funds and certificate of deposits. Interest earned for the current fiscal year amounted to \$44,052, an increase of \$14,196 or 47.5% from the preceding year, which was primarily caused by higher yields on all money market accounts and certificate of deposits. Due to the recent credit market problems, which have caused many banks to experience liquidity and overall financial difficulties, the City has stepped up its efforts to diversify its investment portfolio to increase its insured deposits. The City's investment policy was last updated during FY11/12.

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

Major Initiatives and Financial Accomplishments in 2015-16

- The City added approximately \$1,825,000 of New Fixed Capital Assets; including road resurfacing of Orndorf Drive and Brighton Interior Drive, a new fire escape at the old city hall, a new lawn mower, Imagination Station security cameras, two police vehicles, improvements to the CSX and old Dairy Mart Parking lots for the DDA, an overhaul of the Pierce and Challis well pumps and phase II of the Wastewater Treatment Plant HVAC system overhaul for the Utilities Fund, and water main and sewer line improvements.

- The City received its tenth consecutive Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its submittal for the City's FY 2014-15 Budget document.
- The City received its seventh consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting Award for its FY 2014-15 Comprehensive Annual Financial Report (CAFR).
- The City prepared a six-year Capital Improvement Program

Accounting System and Budgetary Control

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

In view of the importance of the budget as a planning and control instrument in the City, the accounting system provides the basis for appropriate budgetary control. Budget-to-actual comparisons are included in the Required Supplemental Information found on pages 57-58 of this report. Unlike accounting, budgeting is not essentially a financial procedure; it is primarily a policy-planning process. Therefore, it is much less amenable to standardization, however, the importance of GAAP, audit standards, the credit markets' need for more complete disclosure of the City's underlying condition, and the heightened sophistication of the public and press about the importance of outcomes as well as projections, have combined to professionalize and conform budgeting terms and definitions to GAAP. As a result, common terminology, measurement, and classification are used consistently throughout the City's budget, accounting records and financial reports.

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

Also required under the Uniform Budgeting Act are budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Expenditures are authorized via an annual budget passed by resolution in which the Council authorizes the level of funding for City operations. The Council adopts an activity level budget, which is considered the maximum authorization to incur liabilities and not a mandate to spend. 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, 2015. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

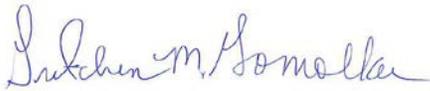
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable 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 seven consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine eligibility for another certificate.

ACKNOWLEDGMENTS

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Gretchen M. Gomolka". The signature is written in a cursive style with a large initial 'G'.

Gretchen M. Gomolka
Finance Director



Government Finance Officers Association

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

Presented to

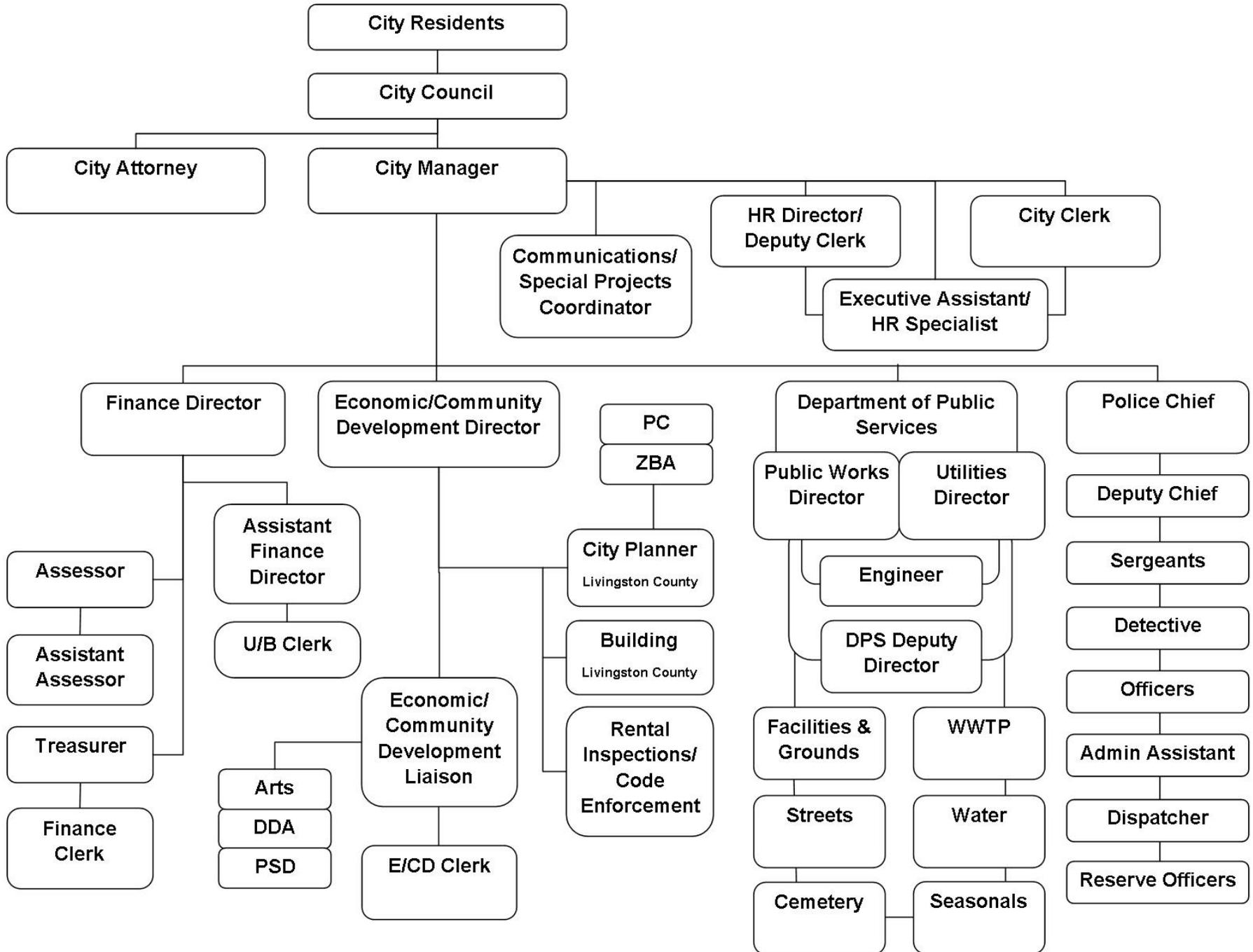
**City of Brighton
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Brighton Organizational Chart



CITY OF BRIGHTON, MICHIGAN
List of Elected and Appointed Officials
For the Fiscal Year Ended June 30, 2016

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Nate Geinzer	City Manager
Paul Burns	City Attorney
Gretchen Gomolka	Finance Director
Pamela Stewart	City Clerk
Matthew Modrack	Community Development/ DDA Executive Director
Jennifer Burke	Human Resources Director/ Deputy City Clerk
Thomas Wightman	Police Chief
Dave Blackmar	Public Works Director
Tim Krugh	Utilities Director

Independent Auditor's Report

To the City Council
City of Brighton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Brighton, Michigan as of and for the year ended June 30, 2016 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.

To the City Council
City of Brighton, Michigan

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, 2016 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.

Required Supplemental Information

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

Other Information

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

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

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

Plante & Moran, PLLC

October 11, 2016

City of Brighton, Michigan

Management's Discussion and Analysis

The City's Comprehensive Annual Financial Report (CAFR) is presented in the format required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The June 30, 2016 annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplemental information, (4) other supplemental information that presents combining statements for nonmajor governmental funds and fiduciary funds, and (5) a statistical section. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

Financial Highlights

- The assets of the primary government and component units of the City exceeded liabilities at the close of the most recent fiscal year by \$43.1 million (net position). Included in this amount is (\$6.4) million of unrestricted net position.
- The City's total net position increased by approximately \$127 thousand. This increase is the result of an increase of \$121.4 thousand in component unit (DDA and LDFA) net position and an increase of \$5.6 thousand in the net position of the primary government.
- The \$5.6 thousand increase in the net position of the primary government is primarily the result of reduced capital assets - net of depreciation, and increased deferred outflows of resources related to the City's pension plan, 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 \$2.0 million, an increase of \$218.5 thousand in comparison with the prior year. A total of \$1.4 million or approximately 70 percent of the fund balance is available for spending at the City Council's discretion. Of that amount, \$21.3 thousand is available for spending on roads in the Local Street Fund, \$32.6 thousand is available for police expenditures related to forfeiture, \$72.7 thousand is available for law enforcement/public safety expenditures related to the new millage, \$10.4 thousand is assigned for the purposes of the Principal Shopping District, \$6.5 thousand is assigned to the Arts and Culture Commission, \$44.8 thousand of the available fund balance is assigned for street light and zoning ordinance updates that were not completed in FY 2015/2016 in the General Fund, and \$18.2 thousand is assigned to the Imagination Station Maintenance. Therefore, the remaining \$1.2 million of fund balance is unassigned in the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1.2 million, or 17 percent of total current General Fund budgeted operating expenditures for the year ended June 30, 2016.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

- The City's total debt (primary government and component units) decreased by \$1.8 million (12 percent) during the current fiscal year. The decrease was caused by the annual maturity of pre-existing debt and a decrease in compensated absences.

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

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

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

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

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

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

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

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

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

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

The City of Brighton, Michigan currently maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund and Major Streets Fund, which are considered to be major funds, and a Local Streets Fund, a State Drug Law Enforcement Fund, a Federal Drug Law Enforcement, a Street Debt Fund, a Law Enforcement/Public Safety Fund, a Building Authority Fund, and a Capital Improvement Fund, which are considered to be nonmajor funds. In accordance with Governmental Accounting Standards Board Statement No. 54, the Imagination Station Reserve Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are presented within the General Fund for financial reporting purposes but are not budgeted in that manner.

The City of Brighton, Michigan adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund in the required supplemental information to demonstrate compliance with this budget. The Imagination Station Reserve Fund, Principal Shopping District Fund, and Arts and Cultural Commission Fund are included in the General Fund financial statements. The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary Funds - The City of Brighton, Michigan maintains one type of propriety fund, which is an Enterprise Fund used to report and account for its utilities (Utilities Fund) operations. The Utilities Fund (which is considered a major fund) is used to report the same functions presented as business-type activities in the government-wide financial statements, but only in more detail. The proprietary fund financial statements can be found on pages 21-23 of this report.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

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 24 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-55 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City of Brighton, Michigan's budgetary comparisons with actual for its General Fund and the major Special Revenue Fund - Major Streets Fund. Required supplemental information can be found on pages 56-63 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, 2016, assets exceeded liabilities by \$43.1 million.

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

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Current assets	\$ 4,108.0	\$ 3,992.6	\$ 2,933.5	\$ 2,748.7	\$ 183.2	\$ 403.1	\$ 7,224.7	\$ 7,144.4
Capital assets	<u>25,952.7</u>	<u>26,370.7</u>	<u>30,378.6</u>	<u>31,225.4</u>	<u>5,194.6</u>	<u>5,433.4</u>	<u>61,525.9</u>	<u>63,029.5</u>
Total assets	30,060.7	30,363.3	33,312.1	33,974.1	5,377.8	5,836.5	68,750.6	70,173.9
Deferred outflows of resources	2,067.2	685.6	460.6	111.8	-	-	2,527.8	797.4
Current liabilities	1,923.7	1,980.5	1,151.9	1,256.2	57.2	601.7	3,132.8	3,838.4
Long-term liabilities	<u>16,590.1</u>	<u>15,299.5</u>	<u>7,568.3</u>	<u>7,937.6</u>	<u>915.9</u>	<u>951.5</u>	<u>25,074.3</u>	<u>24,188.6</u>
Total liabilities	<u>18,513.8</u>	<u>17,280.0</u>	<u>8,720.2</u>	<u>9,193.8</u>	<u>973.1</u>	<u>1,553.2</u>	<u>28,207.1</u>	<u>28,027.0</u>
Net position:								
Net investment in capital assets	19,363.3	18,687.5	24,109.0	23,922.5	4,553.0	4,791.3	48,025.3	47,401.3
Restricted	1,460.9	1,692.5	-	-	-	-	1,460.9	1,692.5
Unrestricted deficit	<u>(7,210.1)</u>	<u>(6,611.2)</u>	<u>943.5</u>	<u>969.7</u>	<u>(148.3)</u>	<u>(508.0)</u>	<u>(6,414.9)</u>	<u>(6,149.5)</u>
Total net position	<u>\$ 13,614.1</u>	<u>\$ 13,768.8</u>	<u>\$ 25,052.5</u>	<u>\$ 24,892.2</u>	<u>\$ 4,404.7</u>	<u>\$ 4,283.3</u>	<u>\$ 43,071.3</u>	<u>\$ 42,944.3</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.

Governmental Activities - As shown below, governmental activities decreased the City of Brighton's net position by \$154.7 thousand. Last fiscal year, the net position of the governmental activities decreased by \$825.6 thousand (included the restatement of net position as of July 1, 2015 per GASB No. 68). The year-over-year change is primarily the result of an increase in revenues of \$508.1 thousand, and a decrease in program expenses of \$162.8 thousand. The increase in revenue is primarily due to additional property tax revenue from an increase in taxable value and new construction, increased grant funding related to MDOT road projects, and small increases in grants and state shared revenue. The increase in revenue was partially offset by a reduction in building permit revenue. The decrease in expenditures is due to small decreases across all functions of government, with the largest decrease being in community development. The primary reasons for the decrease has been the restructuring of personnel within the City.

Business-type Activities - Business-type activities increased the City of Brighton's net position by \$160.4 thousand. Last fiscal year, the net position of the business-type activities decreased by \$6.2 thousand. The year-over-year change is the net result of \$302.9 thousand in increased revenue and \$136.3 in increased program expenses over the last fiscal year. The increase in revenue is primarily the result of new state grant revenue and increased service charges. The increase in expenses is primarily the result of increased grant related spending and increased salaries and fringe benefits.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

Component Units - Component units increased the City of Brighton's net position by \$121.4 thousand, compared to an increase of \$230.6 thousand in the prior year. The year-over-year change is the net result of \$134.3 thousand increase in revenue and a \$243.5 thousand increase in program expenses when compared to last fiscal year. The increase in revenue is from an increase in taxable value and new construction. The increase in expenses is the net result of increases in overall DDA and LDFA expenses primarily related to transfers to other funds to assist in the cost of local roadwork.

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

	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2016	FY 2015 *	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Net Position - Beginning of year	\$ 13,768.8	\$ 14,594.4	\$ 24,892.1	\$ 24,898.3	\$ 4,283.3	\$ 4,052.7	\$ 42,944.2	\$ 43,545.4
Revenue								
Program revenue:								
Charges for services	1,442.3	1,635.9	3,443.7	3,309.0	-	-	4,886.0	4,944.9
Operating grants	518.8	776.3	160.5	-	-	-	679.3	776.3
Capital grants contributions	660.6	79.4	889.9	887.6	-	-	1,550.5	967.0
General revenue:								
Property taxes	5,735.3	5,452.7	-	-	918.9	812.4	6,654.2	6,265.1
State-shared revenue	761.2	667.4	-	-	24.2	-	785.4	667.4
Investment earnings	111.0	108.8	12.4	7.0	1.9	3.7	125.3	119.5
Other revenue	241.6	242.2	-	-	34.3	28.9	275.9	271.1
Total revenue	9,470.8	8,962.7	4,506.5	4,203.6	979.3	845.0	14,956.6	14,011.3
Program Expenses								
General government	1,861.6	1,863.0	-	-	-	-	1,861.6	1,863.0
Public safety	3,160.6	3,176.6	-	-	-	-	3,160.6	3,176.6
Public works	3,606.9	3,637.0	-	-	857.9	614.4	4,464.8	4,251.4
Community development	743.3	831.7	-	-	-	-	743.3	831.7
Interest on long-term debt	253.1	280.0	-	-	-	-	253.1	280.0
Water and sewer	-	-	4,346.1	4,209.8	-	-	4,346.1	4,209.8
Total program expenses	9,625.5	9,788.3	4,346.1	4,209.8	857.9	614.4	14,829.5	14,612.5
Change in Net Position	(154.7)	(825.6)	160.4	(6.2)	121.4	230.6	127.1	(601.2)
Net Position - End of year	\$ 13,614.1	\$ 13,768.8	\$ 25,052.5	\$ 24,892.1	\$ 4,404.7	\$ 4,283.3	\$ 43,071.3	\$ 42,944.2

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

The City's Funds

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

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

As of the end of the current fiscal year, the City of Brighton, Michigan's governmental funds reported combined ending fund balances of \$1.96 million, an increase of \$218.5 thousand in comparison with the prior year. Approximately 61 percent of this total amount (\$1.2 million) constitutes unassigned fund balance, which is available for investment and/or spending at the City's discretion in the General Fund. The remainder of fund balance is nonspendable (cemetery care, prepaid expenses, and assets held for sale), restricted (roads, federal and state drug forfeiture, and law enforcement/public safety), committed (future capital improvement and equipment replacement) or assigned (to liquidate contracts and purchase orders of the prior period or for subsequent year expenditures, and designated for purposes such as Arts and Culture Commission, PSD, Imagination Station Maintenance, and Capital Improvement Fund).

The General Fund is the chief operating fund of the City of Brighton, Michigan. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1.2 million. The FY 2016-2017 budget is balanced; therefore, none of the unassigned fund balance is designated for subsequent year 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 17.5 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2017. The City of Brighton's fund balance policy has a minimum fund balance requirement of 15 percent.

The unassigned fund balance of the City of Brighton, Michigan's General Fund increased by \$150 thousand during the current fiscal year. The primary reason for the increase in unassigned fund balance is due to an increase in revenues related to increased taxes and state shared revenue and a decrease in expenditures related to the restructuring of staffing at the City, partially offset by an increase in nonspendable fund balance for invoices relating to the next fiscal year that were prepaid prior to June 30, 2016.

At the end of the current fiscal year, unassigned fund balance of the Major Street Fund was a deficit of \$17.3 thousand. This is a reduction of \$121.9 thousand from the prior year. The increased expenditures are due to two large road projects that were partially funded through state grants. The City of Brighton's Downtown Development authority has committed to pay the Major Street Fund for a portion of these road projects over the next two fiscal years. The deficit will be corrected as payments from the Downtown Development Authority are received in fiscal year 2016-2017.

The Local Streets Fund had an ending restricted fund balance of \$21.3 thousand. This an increase of \$1.6 thousand over the prior year, resulting from increased state revenue coupled with relatively flat expenditures.

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

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

The Federal and State Drug Law Enforcement Funds had a combined ending fund balance of \$32.6 thousand. All of the revenue in these funds is from police seizures. During the fiscal year, the police department purchased victim's information cards and K-9 dog supplies with forfeiture funds.

The Law Enforcement/Public Safety Fund had an ending fund balance of \$72.7 thousand, which is funded primarily through a voter approved millage for law enforcement/public safety equipment and will be used for future law enforcement equipment. The approximately \$157 thousand in revenue assisted the police department with replacing several vehicles and continued work on the downtown surveillance camera system replacement project.

Proprietary Funds - The City of Brighton's Utilities Enterprise Fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Utilities Fund at the end of the year amounted to \$943.5 thousand, down \$26.2 thousand from the prior year. The Utilities Fund had a \$1.3 million operating loss due to the fact that the operating revenue does not cover all the depreciation expense. This fund generated a net gain of \$160.4 thousand.

General Fund Budgetary Highlights

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

- The \$165.8 thousand or 2.1 percent increase in revenue amendments from the original budget reflected a net increase from higher than anticipated building permit fees (building department), state-shared revenue, grant revenue, reimbursements, and appropriations from the Downtown Development Authority, partially offset by a reduction in property taxes.
- The \$286.6 thousand or 3.6 percent increase in total expenditures amendments from the original budget reflected higher than anticipated expenditures in public safety, public works, and transfers out activity budgets, partially offset by reduced expenditures in the community development and general government activity budgets. The budgeted expenditure increase is attributed to employee retirements that occurred throughout the year; however, the actual expenditures came in closer to the original budget due to the restructuring of staff after the retirements.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

Capital Assets - As shown below, the City of Brighton, Michigan's investment in capital assets for its primary government (governmental and business-type activities) as of June 30, 2016 amounts to \$56.3 million (net of accumulated depreciation). This investment in capital assets includes land (including rights-of-way), buildings and system, improvements, machinery and equipment, park facilities, streets, and bridges. The City of Brighton, Michigan's investment in capital assets for its component units (DDA) as of June 30, 2016 amounts to \$5.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements. The total decrease in the City of Brighton's investment in capital assets for the current year was 2.4 percent (a 1.6 percent decrease in governmental activities, a 2.7 percent decrease for business-type activities, and a 4.4 percent decrease for its component units).

Capital Assets (presented in thousands of dollars)

	Primary Government							
	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	\$ 13,530.8	\$ 13,530.8	\$ 157.4	\$ 157.4	\$ 1,412.3	\$ 1,412.3	\$ 15,100.5	\$ 15,100.5
Buildings and system	3,697.8	3,862.2	13,634.3	14,255.2	246.2	182.5	17,578.3	18,299.9
Machinery and equipment	512.5	588.6	215.8	247.0	3,536.1	3,537.6	4,264.4	4,373.2
Infrastructure	7,556.0	8,389.1	16,330.1	16,565.8	-	-	23,886.1	24,954.9
Construction in progress	655.6	-	41.0	-	-	301.0	696.6	301.0
Total	<u>\$ 25,952.7</u>	<u>\$ 26,370.7</u>	<u>\$ 30,378.6</u>	<u>\$ 31,225.4</u>	<u>\$ 5,194.6</u>	<u>\$ 5,433.4</u>	<u>\$ 61,525.9</u>	<u>\$ 63,029.5</u>

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

- **Governmental Activities** - Two patrol vehicles, Imagination Station security cameras, new lawn mower, new fire escape at COBACH building, and road/parking lot infrastructure.
- **Business-type Activities** - Rebuilds/repairs of Challis #5 and Pierce #1 and #3 pumps, continued replacement of the WWTP HVAC system, replacement of the sanitary sewer lining and centrifuge, and addition of residential sewer and water lines.
- **Component Units** - DDA improvements included the old Dairy Mart and CSX parking lot improvement projects.

Additional information on the City of Brighton, Michigan's capital assets can be found in Note 5 on pages 38-40 of this report.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

Long-term Debt - As shown below, at the end of the current fiscal year, the City of Brighton had total debt outstanding of \$14.1 million. Of this total, \$9.3 million or 66 percent comprises debt backed by the full faith and credit of the City, including \$674.3 thousand of Revenue Bonds; \$1.3 million or 9 percent is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment; and \$3.5 million or 25 percent comprises revenue bonds backed by the revenue of the City's Utility Fund. A total of \$6.9 million or 49 percent of the total debt is governmental activities debt, \$6.3 million or 44 percent is business-type activities debt, and the remaining \$951.5 thousand or 7 percent is component unit debt (DDA and LDFA Bonds).

	Primary Government							
	Governmental Activities		Business-type Activities		Component Units		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
General obligation bonds/ notes	\$ 5,579.3	\$ 6,158.2	\$ 6,300.0	\$ 7,302.9	\$ 951.5	\$ 982.1	\$ 12,830.8	\$ 14,443.2
Special assessment bonds	1,315.0	1,525.0	-	-	-	-	1,315.0	1,525.0
Total	<u>\$ 6,894.3</u>	<u>\$ 7,683.2</u>	<u>\$ 6,300.0</u>	<u>\$ 7,302.9</u>	<u>\$ 951.5</u>	<u>\$ 982.1</u>	<u>\$ 14,145.8</u>	<u>\$ 15,968.2</u>

The City of Brighton, Michigan's total debt, excluding compensated absences, decreased by \$1.8 million (11 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 bond ratings as follows: AA+ from Standard & Poor's (upgraded from A+ in December, 2013), Aa3/A1 rating from Moody's, and an AA- from Fitch.

State statutes limit the amount of general obligation debt a City may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Brighton, Michigan is \$46.6 million, which is significantly in excess of the City's total net debt (total debt less special assessment, revenue, MTF, and County-shared debt) of \$8.7 million. Therefore, the legal debt margin, or what the City could legally add to its outstanding debt at June 30, 2016, was \$37.9 million.

Additional information on the City of Brighton, Michigan's long-term debt can be found in Note 7 on pages 41-44 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Brighton has not been tracked since December 31, 2004. At June 30, 2016, the average unemployment rate for Livingston County was 4.6 percent, which is a decrease from 5.3 percent a year ago; for the State of Michigan, it was 4.9 percent and for the United States it was 5.4 percent.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

- The Consumer Price Index (CPI) for our region (Detroit/Ann Arbor/Flint) for the year ended June 30, 2016 increased by 2.3 percent from a year ago, the Midwest Region average CPI rate increased by 0.8 from a year ago, and the national CPI rate increased by 1.0 percent from a year ago.

The trends in these economic factors will be considered in preparing the City of Brighton, Michigan's FY 2017-2018 budget.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$150 thousand to \$1.2 million. The FY 2016-2017 budget was balanced; therefore, none of the unassigned fund balance is designated for subsequent year expenditures. The unassigned fund balance represents 17 percent of the total current General Fund budgeted operating expenditures at June 30, 2017. In anticipation of the significant OPEB and pension liability numbers, the City may want to consider designating a portion of the unassigned fund balance of the General Fund over and above the required contributions in an effort to reduce these liabilities.

The City's utility user fees increased an average of 2.5 percent for the fiscal year 2016-2017 budget year. The City continues to see a trend of reduced connection fee sales as the City approaches its eventual build-out. The City has been setting aside funds for future capital replacements. This funding should help to fund future utility capital projects. User fees may need to be adjusted to cover needed improvements to its utility systems.

Contacting the City's Management

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

City of Brighton, Michigan

Statement of Net Position June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,382,709	\$ 2,013,436	\$ 4,396,145	\$ 126,314
Receivables:				
Delinquent taxes	78,562	-	78,562	11,922
Customer	51,850	796,740	848,590	-
Due from other governmental units	237,928	-	237,928	-
Other	75,792	-	75,792	-
Special assessments	1,158,833	-	1,158,833	-
Inventory	-	84,129	84,129	-
Prepaid expenses	113,764	37,064	150,828	-
Capital assets:				
Assets not subject to depreciation (Note 5)	14,186,411	198,397	14,384,808	1,412,260
Assets subject to depreciation (Note 5)	11,766,248	30,180,156	41,946,404	3,782,318
Other assets	8,585	2,146	10,731	45,000
Total assets	30,060,682	33,312,068	63,372,750	5,377,814
Deferred Outflows of Resources				
Deferred charges on refunding	304,985	30,483	335,468	-
Deferred outflows related to pension (Note 9)	1,762,231	430,146	2,192,377	-
Total deferred outflows of resources	2,067,216	460,629	2,527,845	-
Liabilities				
Accounts payable	317,312	122,685	439,997	14,427
Deposits	446,179	-	446,179	-
Accrued liabilities and other	166,189	69,925	236,114	4,098
Provision for property tax refunds	42,596	-	42,596	3,053
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	276,936	53,143	330,079	-
Current portion of long-term debt (Note 7)	674,453	906,135	1,580,588	35,611
Due in more than one year:				
Compensated absences (Note 7)	415,405	79,715	495,120	-
Net retiree healthcare obligation (Note 10)	2,882,554	363,524	3,246,078	-
Net pension liability (Note 9)	7,072,271	1,731,189	8,803,460	-
Long-term debt (Note 7)	6,219,860	5,393,877	11,613,737	915,937
Total liabilities	18,513,755	8,720,193	27,233,948	973,126
Net Position				
Net investment in capital assets	19,363,331	24,109,024	43,472,355	4,553,030
Restricted for:				
Roads and capital projects	1,027,444	-	1,027,444	-
Cemetery care	327,659	-	327,659	-
Federal/State drug law enforcement	32,571	-	32,571	-
Law enforcement/Public safety	73,220	-	73,220	-
Unrestricted	(7,210,082)	943,480	(6,266,602)	(148,342)
Total net position	\$ 13,614,143	\$ 25,052,504	\$ 38,666,647	\$ 4,404,688

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	\$ 1,861,586	\$ 394,462	\$ 73,171	\$ -
Public safety	3,160,650	173,911	17,675	-
Public works	3,606,873	598,394	427,992	583,725
Community development	743,270	275,466	-	76,886
Interest on long-term debt	253,091	-	-	-
Total governmental activities	9,625,470	1,442,233	518,838	660,611
Business-type activities - Utility	4,346,161	3,443,717	160,501	889,892
Total primary government	\$ 13,971,631	\$ 4,885,950	\$ 679,339	\$ 1,550,503
Component units:				
Downtown Development Authority	\$ 756,539	\$ -	\$ -	\$ -
Local Development Finance Authority	101,345	-	-	-
Total component units	\$ 857,884	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue - Unrestricted				
Interest				
Other				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,393,953)	\$ -	\$ (1,393,953)	\$ -
(2,969,064)	-	(2,969,064)	-
(1,996,762)	-	(1,996,762)	-
(390,918)	-	(390,918)	-
(253,091)	-	(253,091)	-
(7,003,788)	-	(7,003,788)	-
-	147,949	147,949	-
(7,003,788)	147,949	(6,855,839)	-
-	-	-	(756,539)
-	-	-	(101,345)
-	-	-	(857,884)
5,735,336	-	5,735,336	918,923
761,152	-	761,152	24,221
111,027	12,433	123,460	1,860
241,576	-	241,576	34,267
6,849,091	12,433	6,861,524	979,271
(154,697)	160,382	5,685	121,387
13,768,840	24,892,122	38,660,962	4,283,301
\$ 13,614,143	\$ 25,052,504	\$ 38,666,647	\$ 4,404,688

City of Brighton, Michigan

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Major Streets Fund	Other Nonmajor Governmental Funds	Total
Assets				
Cash and investments	\$ 2,238,454	\$ 38,949	\$ 105,306	\$ 2,382,709
Receivables:				
Delinquent taxes	78,061	-	501	78,562
Special assessments	135,340	1,023,493	-	1,158,833
Customer	51,850	-	-	51,850
Due from other governmental units	112,394	104,273	21,261	237,928
Other	75,792	-	-	75,792
Prepays	113,764	-	-	113,764
Other assets	8,585	-	-	8,585
Total assets	\$ 2,814,240	\$ 1,166,715	\$ 127,068	\$ 4,108,023
Liabilities				
Accounts payable	\$ 156,764	\$ 160,532	\$ 16	\$ 317,312
Deposits	446,179	-	-	446,179
Accrued liabilities and other	106,124	-	-	106,124
Provision for property tax refunds	42,596	-	-	42,596
Total liabilities	751,663	160,532	16	912,211
Deferred Inflows of Resources				
Unavailable revenue - Property taxes	78,052	-	501	78,553
Unavailable revenue - Special assessments	135,340	1,023,493	-	1,158,833
Total deferred inflows of resources	213,392	1,023,493	501	1,237,386
Total liabilities and deferred inflows of resources	965,055	1,184,025	517	2,149,597
Fund Balances				
Nonspendable:				
Prepays	113,764	-	-	113,764
Assets held for resale	8,585	-	-	8,585
Cemetery care	327,659	-	-	327,659
Restricted:				
Roads	-	-	21,261	21,261
Federal/State drug law enforcement	-	-	32,571	32,571
Law enforcement/Public safety	-	-	72,719	72,719
Committed - Capital improvement and equipment replacement	108,089	-	-	108,089
Assigned:				
Street light upgrades	4,232	-	-	4,232
Zoning ordinance updates	40,584	-	-	40,584
Principal shopping district	10,444	-	-	10,444
Arts and cultural commission	6,475	-	-	6,475
Imagination Station	18,238	-	-	18,238
Unassigned	1,211,115	(17,310)	-	1,193,805
Total fund balances	1,849,185	(17,310)	126,551	1,958,426
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,814,240	\$ 1,166,715	\$ 127,068	\$ 4,108,023

City of Brighton, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

Fund Balance Reported in Governmental Funds	\$	1,958,426
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		25,952,659
Receivables are expected to be collected over several years and are not available to pay for current year expenditures		1,237,386
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds		1,762,231
Deferred charges on bond refundings are amortized over the related bond terms, and are not reported in the funds		304,985
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds		(6,894,313)
Accrued interest is not due and payable in the current period and is not reported in the funds		(60,065)
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		(692,341)
Net pension liability is not due and payable in the current period and is not reported in the funds		(7,072,271)
Net retiree healthcare obligations are not due and payable in the current period and are not reported in the funds		<u>(2,882,554)</u>
Net Position of Governmental Activities	\$	<u>13,614,143</u>

City of Brighton, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	General Fund	Major Streets Fund	Other Nonmajor Governmental Funds	Total
Revenue				
Property taxes	\$ 5,550,918	\$ -	\$ 157,302	\$ 5,708,220
Special assessment	70,581	166,619	-	237,200
Licenses and permits	426,907	30,129	3,850	460,886
Federal grants	1,824	-	-	1,824
State sources	765,287	444,043	129,281	1,338,611
Charges for services	603,077	-	-	603,077
Fines and penalties	284,792	-	13,335	298,127
Interest	37,731	72,664	632	111,027
Other	330,469	-	-	330,469
Total revenue	8,071,586	713,455	304,400	9,089,441
Expenditures				
Current:				
General government	1,713,256	-	-	1,713,256
Public safety	2,761,372	-	4,030	2,765,402
Public works	1,875,390	604,602	198,225	2,678,217
Community development	564,041	-	-	564,041
Capital outlay	-	-	128,998	128,998
Debt service	-	279,899	741,113	1,021,012
Total expenditures	6,914,059	884,501	1,072,366	8,870,926
Excess of Revenue Over (Under) Expenditures	1,157,527	(171,046)	(767,966)	218,515
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	117,316	824,605	941,921
Transfers out (Note 6)	(873,730)	(68,191)	-	(941,921)
Net Change in Fund Balances	283,797	(121,921)	56,639	218,515
Fund Balances - Beginning of year	1,565,388	104,611	69,912	1,739,911
Fund Balances - End of year	\$ 1,849,185	\$ (17,310)	\$ 126,551	\$ 1,958,426

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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 218,515
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. Capital contributions are recorded in the statement of activities when received; they are not recorded in the governmental funds:	
Capital outlay	453,669
Depreciation expense	(1,455,435)
Capital contributions	583,725
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	(212,668)
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
Increase in net retiree healthcare and pension liabilities reported in the statement of activities does not require the use of current resources, and therefore, is not reported in the fund statements until it comes due for payment	(655,751)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	766,106
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	135,052
Decrease in interest expense accrued on long-term debt	<u>1,815</u>
Change in Net Position of Governmental Activities	<u>\$ (154,697)</u>

City of Brighton, Michigan

Proprietary Funds Statement of Net Position June 30, 2016

	<u>Enterprise - Utility Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,013,436
Receivables - Customer	796,740
Inventories	84,129
Prepaid expenses	<u>37,064</u>
Total current assets	2,931,369
Noncurrent assets:	
Capital assets - Net (Note 5)	30,378,553
Other assets	<u>2,146</u>
Total noncurrent assets	<u>30,380,699</u>
Total assets	33,312,068
Deferred Outflows of Resources	
Deferred charges on refunding	30,483
Deferred outflows related to pension (Note 9)	<u>430,146</u>
Total deferred outflows	460,629
Liabilities	
Current liabilities:	
Accounts payable	122,685
Accrued liabilities and other	69,925
Compensated absences (Note 7)	53,143
Current portion of long-term debt (Note 7)	<u>906,135</u>
Net current liabilities	1,151,888
Noncurrent liabilities:	
Compensated absences (Note 7)	79,715
Net pension liability (Note 9)	1,731,189
Net retiree healthcare obligations (Note 10)	363,524
Long-term debt (Note 7)	<u>5,393,877</u>
Total noncurrent liabilities	<u>7,568,305</u>
Total liabilities	<u>8,720,193</u>
Net Position	
Net investment in capital assets	24,109,024
Unrestricted	<u>943,480</u>
Total net position	<u>\$ 25,052,504</u>

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

City of Brighton, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

	<u>Enterprise - Utility Fund</u>
Operating Revenue	
Sales	\$ 2,466,108
Tap charges and other	326,794
Penalties	47,594
	<hr/>
Total operating revenue	2,840,496
Operating Expenses	
Salaries and fringe benefits	1,567,067
Other purchased services	206,399
Purchased property services	69,622
Professional and technical services	187,477
Supplies	211,357
Property	31,949
Utilities	264,356
Other	105,765
Amortization	2,377
Depreciation	1,519,535
	<hr/>
Total operating expenses	4,165,904
Operating Loss	(1,325,408)
Nonoperating Revenue (Expense)	
Investment income	12,433
Interest expense	(180,257)
Debt service charge	603,221
State grants	160,501
	<hr/>
Total nonoperating revenue	595,898
Loss - Before contributions	(729,510)
Capital Contributions	889,892
	<hr/>
Change in Net Position	160,382
Net Position - Beginning of year	24,892,122
	<hr/>
Net Position - End of year	\$ 25,052,504

City of Brighton, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	Enterprise - Utility Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 2,757,887
Payments to suppliers	(1,107,317)
Payments to employees	(1,365,329)
	285,241
Cash Flows from Noncapital Financing Activities	
State operating grants	160,501
Repayments of advances made to other funds	245,177
	405,678
Cash Flows from Capital and Related Financing Activities	
Contributions received	889,892
Acquisition and construction of capital assets	(672,685)
Principal and interest paid on debt	(1,189,300)
Debt service charge	603,221
	(368,872)
Cash Flows from Investing Activities - Interest received on investments	12,433
Net Increase in Cash and Cash Equivalents	334,480
Cash and Cash Equivalents - Beginning of year	1,678,956
Cash and Cash Equivalents - End of year	\$ 2,013,436
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,325,408)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,521,912
Changes in assets and liabilities:	
Accounts receivable	(82,609)
Inventories	21,819
Prepaid and other assets	(34,687)
Accounts payable	29,675
Accrued and other liabilities	154,539
	285,241
Net cash provided by operating activities	\$ 285,241

City of Brighton, Michigan

Fiduciary Funds Statement of Assets and Liabilities June 30, 2016

	Agency Fund - Tax Collection
Assets - Cash and cash equivalents	<u>\$ 2,348</u>
Liabilities - Accounts payable	<u>\$ 2,348</u>

City of Brighton, Michigan

Component Units Statement of Net Position (Deficit) June 30, 2016

	Downtown Development Authority	Local Development Finance Authority	Total
Assets			
Cash and investments	\$ 103,843	\$ 22,471	\$ 126,314
Receivables - Delinquent taxes	11,922	-	11,922
Capital assets - Net (Note 5)	5,194,578	-	5,194,578
Other assets	45,000	-	45,000
Total assets	<u>5,355,343</u>	<u>22,471</u>	<u>5,377,814</u>
Liabilities			
Accounts payable	14,427	-	14,427
Accrued liabilities and other	-	4,098	4,098
Provision for property tax refunds	3,053	-	3,053
Noncurrent liabilities:	-	-	-
Due within one year - Current portion of long-term debt (Note 7)	611	35,000	35,611
Due in more than one year - Long-term debt (Note 7)	<u>640,937</u>	<u>275,000</u>	<u>915,937</u>
Total liabilities	<u>659,028</u>	<u>314,098</u>	<u>973,126</u>
Net Position (Deficit)			
Net investment in capital assets	4,553,030	-	4,553,030
Unrestricted deficit	<u>143,285</u>	<u>(291,627)</u>	<u>(148,342)</u>
Total net position (deficit)	<u>\$ 4,696,315</u>	<u>\$ (291,627)</u>	<u>\$ 4,404,688</u>

City of Brighton, Michigan

	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Downtown Development Authority	\$ 756,539	\$ -	\$ -
Local Development Finance Authority	101,345	-	-
Total government activities	<u>\$ 857,884</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:

Property taxes

State-shared

revenue

Interest income

Other

Total general revenue

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2016**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
\$ (756,539)	\$ -	\$ (756,539)
-	(101,345)	(101,345)
(756,539)	(101,345)	(857,884)
775,040	143,883	918,923
18,889	5,332	24,221
1,357	503	1,860
34,267	-	34,267
<u>829,553</u>	<u>149,718</u>	<u>979,271</u>
73,014	48,373	121,387
<u>4,623,301</u>	<u>(340,000)</u>	<u>4,283,301</u>
<u>\$ 4,696,315</u>	<u>\$ (291,627)</u>	<u>\$ 4,404,688</u>

Note I - Summary of Significant Accounting Policies

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

Reporting Entity

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

Discretely Presented Component Units

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

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

Accounting and Reporting Principles

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

Note I - Summary of Significant Accounting Policies (Continued)

Report Presentation

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

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

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

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

Basis of Accounting

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

Fund Accounting

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

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

- **General Fund** - The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- **Major Streets Fund** - The Major Streets Fund is used to account for the resources of state gas and weight tax revenues that are restricted for use on major streets. The funds are operated under the provisions of Michigan's Act 41 of the Public Acts of 1951, as amended.

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:

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Specific Balances and Transactions

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

Note I - Summary of Significant Accounting Policies (Continued)

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

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

<u>Capital Asset Class</u>	<u>Lives (Years)</u>
Roads and sidewalks	15-20
Water and sewer transmission lines	40-50
Retention/Equalization basin	40-50
Building/Treatment facilities	40-50
Buildings and improvements	40-50
Machinery and equipment	3-15
Equipment and other	3-15
Other tools and equipment	3-7

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

Note I - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

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

Net Position Flow Assumption

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

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

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

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

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

Property Tax Revenue

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

Note I - Summary of Significant Accounting Policies (Continued)

The City's 2015 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the City totaled approximately \$417,867,000 (a portion of which is captured by the LDFA and DDA), on which taxes levied consisted of 15.2734 mills for operating purposes and 0.38 mills for public safety. This resulted in \$6,287,252 for operating purposes (a portion of which is captured by the LDFA and DDA) and \$156,426 for public safety. These amounts (less what is captured in the LDFA and DDA) are recognized in the General Fund and Public Safety/Law Enforcement Fund, respectively, as tax revenue (net of delinquent taxes and other fees).

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

The City also offers retiree healthcare benefits to retirees. The City has elected to calculate the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund and Utilities Fund, primarily) are used to liquidate the obligation.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

New Accounting Standard - As of June 30, 2016, the City prospectively applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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, 2015		\$ (1,244,629)
Current year permit revenue		225,397
Related expenses:		
Direct costs	\$ 293,538	
Estimated indirect costs	22,015	315,553
		<u> </u>
Current year shortfall		<u>(90,156)</u>
Cumulative shortfall at June 30, 2016		<u>\$ (1,334,785)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The City has designated 10 banks for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above.

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 \$2,551,205 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The total amount of bank deposits (certificates of deposit and checking and savings accounts) insured at year end was \$1,894,192. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The component units do not have a deposit policy for custodial credit risk. The total amount of bank deposits (certificates of deposit and checking and savings account) that were insured and collateralized at year end was \$126,315. 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.

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 4 - Fair Value Measurement

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

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

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

Note 5 - Capital Assets

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

	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land - Including right-of-ways	\$ 13,530,821	\$ -	\$ -	\$ 13,530,821
Construction in progress	-	655,590	-	655,590
Subtotal	13,530,821	655,590	-	14,186,411
Capital assets being depreciated:				
Roads and sidewalks	27,349,196	245,308	-	27,594,504
Buildings and improvements	6,875,765	17,011	-	6,892,776
Equipment and other	3,116,344	119,485	(169,683)	3,066,146
Subtotal	37,341,305	381,804	(169,683)	37,553,426
Accumulated depreciation:				
Roads and sidewalks	18,960,067	1,078,393	-	20,038,460
Buildings and improvements	3,013,620	181,414	-	3,195,034
Equipment and other	2,527,739	195,628	(169,683)	2,553,684
Subtotal	24,501,426	1,455,435	(169,683)	25,787,178
Net capital assets being depreciated	12,839,879	(1,073,631)	-	11,766,248
Net capital assets	\$ 26,370,700	\$ (418,041)	\$ -	\$ 25,952,659

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 157,362	\$ -	\$ -	\$ 157,362
Construction in progress	-	41,035	-	41,035
Subtotal	157,362	41,035	-	198,397
Capital assets being depreciated:				
Water and sewer transmission lines	25,770,691	487,402	-	26,258,093
Retention/Equalization basin	4,126,587	-	-	4,126,587
Building/Treatment facilities	30,044,242	105,877	-	30,150,119
Machinery and equipment	1,263,129	38,371	-	1,301,500
Subtotal	61,204,649	631,650	-	61,836,299
Accumulated depreciation:				
Water and sewer transmission lines	11,999,606	607,657	-	12,607,263
Retention/Equalization basin	1,342,237	105,118	-	1,447,355
Building/Treatment facilities	15,778,618	737,187	-	16,515,805
Machinery and equipment	1,016,147	69,573	-	1,085,720
Subtotal	30,136,608	1,519,535	-	31,656,143
Net capital assets being depreciated	31,068,041	(887,885)	-	30,180,156
Net capital assets	\$ 31,225,403	\$ (846,850)	\$ -	\$ 30,378,553
Component Units	Balance July 1, 2015	Reclassifications	Additions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 1,412,260	\$ -	\$ -	\$ 1,412,260
Construction in progress	301,020	(301,020)	-	-
Subtotal	1,713,280	(301,020)	-	1,412,260
Capital assets being depreciated:				
Buildings	4,018,053	301,020	115,134	4,434,207
Equipment and other	3,576,889	-	-	3,576,889
Subtotal	7,594,942	301,020	115,134	8,011,096
Accumulated depreciation:				
Buildings	3,835,509	-	352,526	4,188,035
Equipment and other	39,310	-	1,433	40,743
Subtotal	3,874,819	-	353,959	4,228,778
Net capital assets being depreciated	3,720,123	301,020	(238,825)	3,782,318
Net capital assets	\$ 5,433,403	\$ -	\$ (238,825)	\$ 5,194,578

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 64,175
Public safety	113,895
Public services	1,276,287
Community development	1,078
Total governmental activities	<u>\$ 1,455,435</u>
Business-type activities - Utilities Fund	<u>\$ 1,519,535</u>
Component Unit activities - Downtown Development Authority	<u>\$ 353,959</u>

Note 6 - 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	\$ 247,688
	Building Authority Fund	126,911
	Street Non-voted Debt Fund	381,815
	Major Streets Fund	<u>117,316</u>
	Total General Fund	873,730
Major Streets Fund	Local Streets Fund	<u>68,191</u>
	Total	<u>\$ 941,921</u>

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

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt

Description	Amount
Governmental Activities	
<u>Capital Improvement Bonds General Obligation:</u>	
Limited Tax, 4.00% to 5.00%, dated September 1, 2007; maturing October 2031; Original issuance amount - \$2,285,000 for Various Street and Utility Projects	\$ 1,256,250
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	4,316,109
Subtotal	5,572,359
<u>Special Assessment Bonds:</u>	
Limited Tax Bond, 4.70% to 5.00%, dated May 29, 2002; maturing in October 2021; Original issuance amount - \$3,570,000 for Challis Road and Cross Street Improvements	1,200,000
Limited Tax General Obligation Bond, 5.0% to 5.50%, dated June 11, 2009; maturing October 2023; Original issuance amount - \$185,000 for Orndorf Drive Road Improvements	115,000
Subtotal	1,315,000
<u>Other:</u>	
Capital Lease - Other	6,954
Compensated absences	692,341
Subtotal	699,295
Total governmental activity debt	\$ 7,586,654

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt (Continued)

Description	Amount
Business-type Activities	
<u>Capital Improvement Bonds General Obligation:</u>	
Limited Tax, 4.00% to 5.00%, dated September 1, 2007; maturing October 2031; Original issuance amount - \$2,285,000 for Various Street and Utility Projects	\$ 618,750
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	560,000
Limited Tax, 3.00%, dated February 28, 2013; maturing in October 2026; Original issuance amount - \$292,400 for refunding bonds, refunding premium \$21,067	280,250
Subtotal	1,459,000
<u>Contract Payable:</u>	
Livingston County Water Supply System, 6.0%, dated December 1, 1997; maturing December 2016; Original issuance amount - \$344,000 for Extension of City Water to Genoa Township	17,200
Limited Tax, 1.25%, dated May 29, 2013; maturing in September 2021; Original issuance amount - \$830,000 for refunding bonds	445,000
Subtotal	462,200
<u>Other:</u>	
2004 Drinking Water Revolving Funds, 2.125%, dated March 25, 2004; maturing October 2023; Original issuance amount - \$1,520,000 for Rehabilitation of the Pierce Street Water Facility	674,294
Michigan Municipal Bond Authority - Wastewater, Plant Expansion Refunding Bonds, 3.0%, 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	3,492,301
Installment loan - equipment, 2.50%; Original issuance amount - \$247,586	212,217
Compensated absences	132,858
Subtotal	4,511,670
Total business-type activity debt	\$ 6,432,870
Description	Amount
Component Units Activities	
<u>General Obligations:</u>	
2004 Local Development Bonds General Obligation Limited Tax, 5.0% to 5.45%, dated May 29, 2002; Original issuance amount - \$570,000 for Orndorf Drive Improvements	\$ 310,000
<u>Contract Payable:</u>	
Downtown Development Authority Contract Payable, 5.25%, dated September 2011; Original issuance amount - \$412,500 for Purchase of 121 West North Street Property Purchase	327,448
Downtown Development Authority Contract Payable, 6.00%, dated April 2015; Original issuance amount - \$349,000 for Purchase of 212 East Grand River Property	314,100
Subtotal	641,548
Total component unit activity debt	\$ 951,548

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds and notes payable	\$ 5,884,510	\$ -	\$ (556,106)	\$ 5,328,404	\$ 441,643
Unamortized bond premium	273,719	-	(22,810)	250,909	22,810
Special assessment bonds	1,525,000	-	(210,000)	1,315,000	210,000
Compensated absences	827,393	321,825	(456,877)	692,341	276,936
Total governmental activities	\$ 8,510,622	\$ 321,825	\$ (1,245,793)	\$ 7,586,654	\$ 951,389
Business-type Activities					
General obligation bonds and notes payable	\$ 7,163,331	\$ -	\$ (981,069)	\$ 6,182,262	\$ 884,270
Unamortized bond premium	139,614	-	(21,864)	117,750	21,865
Compensated absences	162,472	77,929	(107,543)	132,858	53,143
Total business-type activities	\$ 7,465,417	\$ 77,929	\$ (1,110,476)	\$ 6,432,870	\$ 959,278
Component Unit Activities					
General obligation bonds and notes payable	\$ 982,107	\$ -	\$ (30,559)	\$ 951,548	\$ 35,611

Debt Service Requirements

The annual requirements to service all debt outstanding of the City and component units as of June 30, 2016 (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
2017	\$ 651,643	\$ 227,380	\$ 879,023	\$ 884,270	\$ 179,995	\$ 1,064,265	\$ 35,611	\$ 63,790	\$ 99,401
2018	663,111	202,791	865,902	950,870	153,079	1,103,949	35,669	61,938	97,607
2019	727,000	176,850	903,850	978,370	125,622	1,103,992	35,731	60,065	95,796
2020	677,000	151,145	828,145	1,003,370	97,593	1,100,963	35,800	58,167	93,967
2021	649,500	126,474	775,974	1,030,870	68,680	1,099,550	364,638	39,100	403,738
2022-2026	2,557,150	340,639	2,897,789	797,512	194,479	991,991	444,099	83,366	527,465
2027-2031	617,500	75,944	693,444	487,500	72,156	559,656	-	-	-
2032-2036	100,500	2,161	102,661	49,500	1,064	50,564	-	-	-
Total	\$ 6,643,404	\$ 1,303,384	\$ 7,946,788	\$ 6,182,262	\$ 892,668	\$ 7,074,930	\$ 951,548	\$ 366,426	\$ 1,317,974

Note 7 - Long-term Debt (Continued)

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.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for health and disability claims and participates in the Michigan Municipal League risk pool for claims relating to general liability, property, and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past 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 9 - Agent Defined Benefit Pension Plan Description

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

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

Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

The MERS plan covers all employees of the City, with the exception of the City Manager.

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

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

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

Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

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

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

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

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

Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

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

Employees Covered by Benefit Terms - At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	31
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>50</u>
Total employees covered by MERS	<u>92</u>

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

For the year ended June 30, 2016, the City's average contribution rate was 15.88 percent of annual payroll. The active employee contribution rate was 5.0 percent of annual pay for all general, police and fire, clerical union, DPW, and general non-union administrative employees.

Net Pension Liability

The net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 18,781,315	\$ 12,357,097	\$ 6,424,218
Service cost	394,320	-	394,320
Interest	1,535,088	-	1,535,088
Changes in benefits	(25,056)		(25,056)
Differences between expected and actual experience	76,212		76,212
Changes in assumptions	926,128		926,128
Contributions - Employer	-	583,850	(583,850)
Contributions - Employee	-	170,541	(170,541)
Net investment income	-	(199,183)	199,183
Benefit payments, including refunds	(742,672)	(742,672)	-
Administrative expenses	-	(27,758)	27,758
Net changes	<u>2,164,020</u>	<u>(215,222)</u>	<u>2,379,242</u>
Balance at December 31, 2015	<u>\$ 20,945,335</u>	<u>\$ 12,141,875</u>	<u>\$ 8,803,460</u>

Included in the net pension liability is \$7,072,271 related to governmental activities and \$1,731,189 related to business-type activities. Typically, the General Fund or the Utility Fund, based on whichever fund an employee is assigned to and to which the employee's pension costs are charged, will be the fund to liquidate the net pension liability.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,224,948, of which \$984,815 is related to governmental activities and \$240,133 is related to business-type activities. At June 30, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 60,970
Changes in assumptions	740,902
Net difference between projected and actual earnings on pension plan investments	1,088,723
Employer contributions to the plan subsequent to the measurement date	<u>301,782</u>
Total	<u>\$ 2,192,377</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$301,782), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

Years Ending June 30	Amount
2017	\$ 482,177
2018	482,177
2019	482,177
2020	444,064

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Salary increases	3.75 % In the long term
Investment rate of return	7.75 % Net of pension plan investment expense, including inflation

Mortality rates were based on a blend of the RP-2014 Health Annuitant Mortality Table, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables all with a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table with a 50 percent male and 50 percent female blend is used to reflect the higher expected mortality rates of disabled members.

Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

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

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2015, the measurement date, for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (%)</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58 %	6.0 %
Global fixed income	20 %	3.2 %
Real assets	12 %	5.2 %
Diversifying strategies	10 %	7.5 %

Note 9 - Agent Defined Benefit Pension Plan Description (Continued)

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the City	\$ 11,557,189	\$ 8,803,460	\$ 6,495,350

Pension Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the Plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 10 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to eligible employees and their spouses. The City provides postemployment health benefits to all full-time employees upon retirement in accordance with City policy. Currently, the plan has 63 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This is an agent multiple-employer plan administered by the Municipal Employees' Retirement System of Michigan (MERS of Michigan). MERS issues a publicly available financial report which includes an other postemployment benefits fund. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Note 10 - Other Postemployment Benefits (Continued)

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, 2016, the City made payments for postemployment health benefit premiums totaling approximately \$283,000, of which \$228,000 was paid from the governmental funds and \$55,000 was paid from the Utility Fund.

Funding Progress - For the year ended June 30, 2016, 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)	\$ 639,057
Interest on the prior year's net OPEB obligation	159,062
Less adjustment to the annual required contribution	<u>(161,618)</u>
Annual OPEB cost	636,501
Amounts contributed - Payments of current premiums	(283,102)
Advance funding	<u>(137,072)</u>
Increase in net OPEB obligation	216,327
OPEB obligation - Beginning of year	<u>3,029,751</u>
OPEB obligation - End of year*	<u><u>\$ 3,246,078</u></u>

City of Brighton, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Other Postemployment Benefits (Continued)

* Included in the net OPEB obligation is \$2,882,554 related to governmental activities and \$363,524 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:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual OPEB Costs</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	6/30/14	\$ 754,345	48.9	\$ 2,698,254
6/30/15	6/30/14	753,321	56.0	3,029,751
6/30/16	6/30/16	636,501	66.0	3,246,078

The funding progress of the plan is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (Percent) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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
6/30/16	1,311,527	7,363,458	6,051,931	17.8	2,292,063	264.0

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

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

Note 10 - Other Postemployment Benefits (Continued)

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 was 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 7.34 percent initially, increased to an ultimate rate of 5.59 percent after six years, was used.

Health Insurance Premiums - 2016 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

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

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

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 5.25 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, 2016 was 30 years.

Note 11 - Commitments

The Downtown Development Authority has committed approximately \$268,000 to the Major Streets Fund to assist in the re-construction of Brighton Interior Drive. The funds are expected to be paid to the Major Streets Fund over the next two years.

Note 12 - Upcoming Accounting Pronouncements

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

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statement information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Required Supplemental Information

City of Brighton, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,588,941	\$ 5,568,941	\$ 5,550,918	\$ (18,023)
Licenses and permits	353,600	415,600	426,907	11,307
Federal grants	10,000	-	1,824	1,824
State-shared revenue and grants	652,930	749,816	763,287	13,471
Charges for services	607,003	607,003	603,077	(3,926)
Fines and penalties	274,012	274,012	284,792	10,780
Interest	28,610	28,610	36,964	8,354
Other financing sources	258,220	270,120	269,450	(670)
Other revenue	261,650	286,650	293,280	6,630
Total revenue	8,034,966	8,200,752	8,230,499	29,747
Expenditures - Current				
General government:				
City council	27,504	28,680	24,717	3,963
City manager	104,719	103,543	80,827	22,716
Information systems	95,469	95,469	85,556	9,913
Finance	622,653	644,324	643,878	446
City clerk	153,520	174,670	174,587	83
Legal services	271,318	221,318	182,879	38,439
Human resources	136,284	160,284	160,275	9
Postemployment benefits	274,335	294,335	278,033	16,302
Contingencies	125,000	-	-	-
Total general government	1,810,802	1,722,623	1,630,752	91,871
Public safety - Police	2,556,657	2,641,366	2,625,041	16,325
Public works	1,780,650	1,929,391	1,837,442	91,949
Community development	632,486	595,484	506,715	88,769
Transfers out	1,158,930	1,337,289	1,328,343	8,946
Total expenditures	7,939,525	8,226,153	7,928,293	297,860
Net Change in Fund Balance	95,441	(25,401)	302,206	327,607
Fund Balance - Beginning of year	1,510,322	1,510,322	1,510,322	-
Fund Balance - End of year	<u>\$ 1,605,763</u>	<u>\$ 1,484,921</u>	<u>\$ 1,812,528</u>	<u>\$ 327,607</u>

City of Brighton, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 181,471	\$ 181,471	\$ 166,619	\$ (14,852)
Licenses and permits	25,000	25,000	30,129	5,129
State-shared revenue and grants	986,026	801,026	444,043	(356,983)
Interest	67,919	67,919	72,664	4,745
Other financing sources	1,437,166	137,316	137,316	-
Total revenue	2,697,582	1,212,732	850,771	(361,961)
Expenditures - Current				
Street construction	1,994,257	376,356	229,478	146,878
Routine maintenance	101,394	158,809	153,640	5,169
Winter maintenance	134,478	142,478	137,185	5,293
Traffic services	54,257	54,257	57,004	(2,747)
General administration	53,373	53,373	8,369	45,004
Storm water	21,550	37,550	38,926	(1,376)
Transfers out	77,928	77,928	68,191	9,737
Debt service	279,899	279,899	279,899	-
Total expenditures	2,717,136	1,180,650	972,692	207,958
Net Change in Fund Balance	(19,554)	32,082	(121,921)	(154,003)
Fund Balance - Beginning of year	104,611	104,611	104,611	-
Fund Balance - End of year	\$ 85,057	\$ 136,693	\$ (17,310)	\$ (154,003)

City of Brighton, Michigan

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

	2016	2015
Total Pension Liability		
Service cost	\$ 394,320	\$ 405,232
Interest	1,535,088	1,438,814
Changes in benefit terms	(25,056)	-
Differences between expected and actual experience	76,212	-
Changes in assumptions	926,128	-
Benefit payments, including refunds	(742,672)	(600,570)
Net Change in Total Pension Liability	2,164,020	1,243,476
Total Pension Liability - Beginning of year	18,781,315	17,537,839
Total Pension Liability - End of year	\$ 20,945,335	\$ 18,781,315
Plan Fiduciary Net Position		
Contributions - Employer	\$ 583,850	\$ 556,493
Contributions - Member	170,541	133,499
Net investment income	(199,183)	736,585
Administrative expenses	(27,758)	(27,151)
Benefit payments, including refunds	(742,672)	(600,570)
Other	-	-
Net Change in Plan Fiduciary Net Position	(215,222)	798,856
Plan Fiduciary Net Position - Beginning of year	12,357,097	11,558,241
Plan Fiduciary Net Position - End of year	\$ 12,141,875	\$ 12,357,097
City's Net Pension Liability - Ending	\$ 8,803,460	\$ 6,424,218
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	57.97 %	65.79 %
Covered Employee Payroll	\$ 3,533,771	\$ 3,572,072
City's Net Pension Liability as a Percentage of Covered Employee Payroll	249.1 %	179.8 %

City of Brighton, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 606,733	\$ 731,484	\$ 664,441	\$ 634,445	\$ 588,055	\$ 608,252	\$ 511,262	\$ 499,699	\$ 543,068	\$ 465,835
Contributions in relation to the actuarially determined contribution	606,733	731,484	664,441	634,445	588,055	608,252	511,262	499,699	543,068	465,835
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,533,771	\$ 3,572,072	\$ 3,361,410	\$ 3,391,420	\$ 3,248,929	\$ 3,389,919	\$ 3,654,991	\$ 3,688,786	\$ 3,637,750	\$ 3,298,689
Contributions as a percentage of covered employee payroll	17.2 %	20.5 %	19.8 %	18.7 %	18.1 %	17.9 %	14.0 %	13.5 %	14.9 %	14.1 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age

Amortization method Level percentage of payroll, open

Remaining amortization period 24 years

Asset valuation method 10-year smoothed

Inflation 2.5 percent

Salary increases 3.75 percent

Investment rate of return 7.75 percent

Retirement age Varies depending on plan adoption

Mortality 50% Female/50% Male blend of RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables

Other information None

City of Brighton, Michigan

Required Supplemental Information Retiree Healthcare System Schedule of Funding Progress Year Ended June 30, 2016

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
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
6/30/16	1,311,527	7,363,458	6,051,931	17.8	2,292,063	264.0

City of Brighton, Michigan

Notes to Required Supplemental Information Year Ended June 30, 2016

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

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

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

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

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

City of Brighton, Michigan

Notes to Required Supplemental Information (Continued) Year Ended June 30, 2016

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Operating Transfers</u>	<u>Change in Fund Balance</u>
Amounts per operating statement	\$ 8,071,586	\$ 6,914,059	\$ 873,730	\$ 283,797
Operating transfers budgeted as expenditures	-	873,730	(873,730)	-
Reimbursements from other funds budgeted as revenue	269,450	269,450	-	-
Transfers to funds merged into the General Fund in accordance with GASB Statement No. 54	24,500	24,500	-	-
Imagination Station Reserve Fund	(10,792)	(8,923)	-	(1,869)
Principal Shopping District Fund	(113,694)	(131,335)	-	17,641
Arts and Cultural Commission Fund	(10,551)	(13,188)	-	2,637
Amounts per budget statement	<u>\$ 8,230,499</u>	<u>\$ 7,928,293</u>	<u>\$ -</u>	<u>\$ 302,206</u>

Other Supplemental Information

City of Brighton, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Nonmajor Special Revenue Fund -State Drug Law Enforcement	Nonmajor Special Revenue Fund - Public Safety/Law Enforcement	Nonmajor Special Revenue Fund - Federal Drug Law Enforcement	Nonmajor Special Revenue Fund - Local Streets	
Assets					
Cash and investments	\$ 18,961	\$ 72,735	\$ 13,610	\$ -	\$ 105,306
Receivables:					21,762
Property taxes receivable	-	501	-	-	501
Due from other governmental units	-	-	-	21,261	21,261
Total assets	\$ 18,961	\$ 73,236	\$ 13,610	\$ 21,261	\$ 127,068
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities - Accounts payable	\$ -	\$ 16	\$ -	\$ -	\$ 16
Deferred Inflows of Resources - Unavailable revenue - Property taxes	-	501	-	-	501
Fund Balances - Restricted					
Roads	-	-	-	21,261	21,261
Federal/State drug law enforcement	18,961	-	13,610	-	32,571
Law enforcement/Public safety	-	72,719	-	-	72,719
Total fund balances	18,961	72,719	13,610	21,261	126,551
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,961	\$ 73,236	\$ 13,610	\$ 21,261	\$ 127,068

City of Brighton, Michigan

	Nonmajor Special Revenue Fund - State Drug Law Enforcement	Nonmajor Special Revenue Fund - Public Safety/Law Enforcement	Nonmajor Special Revenue Fund - Federal Drug Law Enforcement
Revenue			
Property taxes	\$ -	\$ 157,302	\$ -
Licenses and permits	-	-	-
State sources	-	-	-
Fines and forfeitures	2,257	539	10,539
Interest	95	504	31
Total revenue	<u>2,352</u>	<u>158,345</u>	<u>10,570</u>
Expenditures			
Public safety	2,147	1,883	-
Public works	-	-	-
Capital outlay	-	112,197	-
Debt service	-	-	-
Total expenditures	<u>2,147</u>	<u>114,080</u>	<u>-</u>
Excess of Revenues Over (Under)			
Expenditures	205	44,265	10,570
Other Financing Sources - Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	205	44,265	10,570
Fund Balances - Beginning of year	<u>18,756</u>	<u>28,454</u>	<u>3,040</u>
Fund Balances - End of year	<u><u>\$ 18,961</u></u>	<u><u>\$ 72,719</u></u>	<u><u>\$ 13,610</u></u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Nonmajor Special Revenue Fund - Local Streets	Nonmajor Debt Service Funds - Street Non- voted Debt	Nonmajor Capital Projects Fund - Building Authority	Nonmajor Capital Projects Fund - Capital Improvement	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 157,302
2,350	-	-	1,500	3,850
129,281	-	-	-	129,281
-	-	-	-	13,335
2	-	-	-	632
131,633	-	-	1,500	304,400
-	-	-	-	4,030
198,225	-	-	-	198,225
-	-	-	16,801	128,998
-	381,815	126,911	232,387	741,113
198,225	381,815	126,911	249,188	1,072,366
(66,592)	(381,815)	(126,911)	(247,688)	(767,966)
68,191	381,815	126,911	247,688	824,605
1,599	-	-	-	56,639
19,662	-	-	-	69,912
\$ 21,261	\$ -	\$ -	\$ -	\$ 126,551

City of Brighton, Michigan

	Nonmajor Special Revenue Fund			Nonmajor Special Revenue Fund	
	State Drug Law Enforcement			Public Safety/Law Enforcement	
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ 157,013	\$ 157,302
Licenses and permits	-	-	-	-	-
State sources	-	-	-	-	-
Fines and forfeitures	-	2,257	2,257	320	539
Investment income	-	95	95	150	504
Total revenue	-	2,352	2,352	157,483	158,345
Expenditures					
Public safety	2,820	2,147	(673)	4,250	1,883
Public works	-	-	-	-	-
Capital outlay	-	-	-	172,800	112,197
Debt service	-	-	-	-	-
Total expenditures	2,820	2,147	(673)	177,050	114,080
Excess of Revenue (Under) Over Expenditures	(2,820)	205	3,025	(19,567)	44,265
Other Financing Sources - Transfers in	-	-	-	-	-
Net Change in Fund Balances	(2,820)	205	3,025	(19,567)	44,265
Fund Balances - Beginning of year	18,756	18,756	-	28,454	28,454
Fund Balances - End of year	\$ 15,936	\$ 18,961	\$ 3,025	\$ 8,887	\$ 72,719

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
Year Ended June 30, 2016

Nonmajor Special Revenue Fund	Nonmajor Special Revenue Fund			Nonmajor Special Revenue Fund			
	Federal Drug Law Enforcement			Local Streets Fund			
	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
	\$ 289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	3,100	2,350	(750)
	-	-	-	-	121,910	129,281	7,371
	219	-	10,539	10,539	-	-	-
	354	-	31	31	-	2	2
	<u>862</u>	<u>-</u>	<u>10,570</u>	<u>10,570</u>	<u>125,010</u>	<u>131,633</u>	<u>6,623</u>
	(2,367)	-	-	-	-	-	-
	-	-	-	-	204,688	198,225	(6,463)
	(60,603)	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>(62,970)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,688</u>	<u>198,225</u>	<u>(6,463)</u>
	63,832	-	10,570	10,570	(79,678)	(66,592)	13,086
	-	-	-	-	77,928	68,191	(9,737)
	<u>63,832</u>	<u>-</u>	<u>10,570</u>	<u>10,570</u>	<u>(1,750)</u>	<u>1,599</u>	<u>3,349</u>
	-	3,040	3,040	-	19,662	19,662	-
	<u>\$ 63,832</u>	<u>\$ 3,040</u>	<u>\$ 13,610</u>	<u>\$ 10,570</u>	<u>\$ 17,912</u>	<u>\$ 21,261</u>	<u>\$ 3,349</u>

City of Brighton, Michigan

	Nonmajor Debt Service Fund			Nonmajor Capital Project Fund	
	Street Non-voted Debt			Building Authority	
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
State sources	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	-	-	-	-
Total revenue	-	-	-	-	-
Expenditures					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	381,958	381,815	(143)	126,911	126,911
Total expenditures	381,958	381,815	(143)	126,911	126,911
Excess of Revenue (Under) Over Expenditures	(381,958)	(381,815)	143	(126,911)	(126,911)
Other Financing Sources - Transfers in	381,958	381,815	(143)	126,911	126,911
Net Change in Fund Balances	-	-	-	-	-
Fund Balances - Beginning of year	-	-	-	-	-
Fund Balances - End of year	\$ -	\$ -	\$ -	\$ -	\$ -

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Year Ended June 30, 2016

Nonmajor Capital Project Fund	Nonmajor Capital Project Fund		
Building Authority	Capital Improvement Fund		
Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -
-	1,500	1,500	-
-	-	-	-
-	-	-	-
-	-	-	-
-	1,500	1,500	-
-	-	-	-
-	-	-	-
-	17,500	16,801	(699)
-	232,519	232,387	(132)
-	250,019	249,188	(831)
-	(248,519)	(247,688)	831
-	248,519	247,688	(831)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

City of Brighton, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Assets - Cash and investments	\$ 1,751	\$ 26,881,727	\$ (26,881,130)	\$ 2,348
Liabilities				
Accounts payable	\$ 1,751	\$ 12,746,393	\$ (12,745,796)	\$ 2,348
Due to other governmental units	-	12,769,482	(12,769,482)	-
Total liabilities	\$ 1,751	\$ 25,515,875	\$ (25,515,278)	\$ 2,348

City of Brighton, Michigan

Other Supplemental Information Balance Sheet/Statement of Net Position Downtown Development Authority June 30, 2016

	Downtown Development Authority	Adjustments	Total
Assets			
Cash and cash equivalents	\$ 103,843	\$ -	\$ 103,843
Receivables	11,922	-	11,922
Capital assets	-	5,194,578	5,194,578
Other assets	-	45,000	45,000
Total assets	<u>\$ 115,765</u>	<u>\$ 5,239,578</u>	<u>\$ 5,355,343</u>
Liabilities			
Accounts payable	\$ 14,427	\$ -	\$ 14,427
Provision for property tax refunds	3,053	-	3,053
Long-term debt	-	641,548	641,548
Total liabilities	17,480	641,548	659,028
Fund Balance - Unassigned	<u>98,285</u>	(98,285)	
Net Position			
Net investment in capital assets		4,553,030	4,553,030
Unrestricted		45,000	143,285
Total net position		<u>4,598,030</u>	<u>4,696,315</u>
Total liabilities and fund balance/net position	<u>\$ 115,765</u>	<u>\$ 5,239,578</u>	<u>\$ 5,355,343</u>

City of Brighton, Michigan

Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance/ Statement of Activities Downtown Development Authority Year Ended June 30, 2016

	Downtown Development Authority	Adjustments	Total
Revenue			
Property taxes	\$ 793,929	\$ -	\$ 793,929
Investment income	1,357	-	1,357
Other revenue	34,267	-	34,267
	829,553	-	829,553
Expenditures - Current			
Community development	354,236	353,959	708,195
Capital outlay	115,134	(115,134)	-
Debt service:			
Principal payment	559	(559)	-
Interest	48,344	-	48,344
	518,273	238,266	756,539
Change in Fund Balance/Net Position	311,280	(238,266)	73,014
Fund Balance/Net Position - Beginning of year	(212,995)	4,836,296	4,623,301
Fund Balance/Net Position - End of year	\$ 98,285	\$ 4,598,030	\$ 4,696,315

City of Brighton, Michigan

Other Supplemental Information Balance Sheet/Statement of Net Position (Deficit) Local Development Finance Authority June 30, 2016

	Local Development Finance Authority	Adjustments	Total
Assets - Cash and cash equivalents	\$ 22,471	\$ -	\$ 22,471
Liabilities			
Accrued liabilities and other	4,098	-	4,098
Long-term debt	-	310,000	310,000
Total liabilities	4,098	310,000	314,098
Net Position (Deficit)	18,373	(310,000)	(291,627)
Total liabilities and net position (deficit)	\$ 22,471	\$ -	\$ 22,471

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, 2016

	Local Development Finance Authority	Adjustments	Total
Revenue			
Property taxes	\$ 149,215	\$ -	\$ 149,215
Interest	503	-	503
Total revenue	149,718	-	149,718
Expenditures			
Principal repayment	30,000	(30,000)	-
Interest	21,245	-	21,245
Community development	80,100	-	80,100
Total expenditures	131,345	(30,000)	101,345
Change in Fund Balance	18,373	30,000	48,373
Fund Balance/Net Position (Deficit) - Beginning of year	-	(340,000)	(340,000)
Fund Balance/Net Position (Deficit) - End of year	\$ 18,373	\$ (310,000)	\$ (291,627)

Statistical Section

Description of Statistical Section

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

The statistical section is organized into the following main categories:

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

City of Brighton, Michigan

	As of June 30			
	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	\$ 21,300,214	\$ 20,830,130	\$ 20,539,886	\$ 21,280,993
Restricted	4,052,527	3,437,505	3,157,947	2,826,733
Unrestricted	1,964,532	923,814	481,840	(514,333)
Total net position	27,317,273	25,191,449	24,179,673	23,593,393
Business-type Activities				
Net investment in capital assets	28,592,237	27,838,052	27,453,406	26,290,684
Restricted	-	283,961	-	630,000
Unrestricted	1,699,459	1,376,700	1,805,252	1,119,981
Total net position	30,291,696	29,498,713	29,258,658	28,040,665
Primary Government in Total				
Net investment in capital assets	49,892,451	48,668,182	47,681,981	47,571,677
Restricted	4,052,527	3,721,466	3,157,947	3,456,733
Unrestricted	3,663,991	2,300,514	2,287,092	605,648
Total net position	<u>\$ 57,608,969</u>	<u>\$ 54,690,162</u>	<u>\$ 53,127,020</u>	<u>\$ 51,634,058</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					
2011	2012	2013	2014	2015	2016
\$ 20,780,160	\$ 20,392,406	\$ 19,941,607	\$ 18,878,877	\$ 18,687,470	\$ 19,363,331
2,559,604	2,355,100	2,100,973	1,899,223	1,692,565	1,460,894
(625,820)	850,367	(1,215,537)	(6,183,721)	(6,611,195)	(7,210,082)
22,713,944	23,597,873	20,827,043	14,594,379	13,768,840	13,614,143
26,171,909	25,351,552	24,760,603	24,206,346	23,922,458	24,109,024
-	-	-	-	-	-
1,152,318	1,503,663	1,844,621	691,925	969,664	943,480
27,324,227	26,855,215	26,605,224	24,898,271	24,892,122	25,052,504
46,952,069	45,743,958	44,702,210	43,085,223	42,609,928	43,472,355
2,559,604	663,590	2,100,973	1,899,223	1,692,565	1,460,894
526,498	2,344,806	629,084	(5,491,796)	(5,641,531)	(6,266,602)
\$ 50,038,171	\$ 48,752,354	\$ 47,432,267	\$ 39,492,650	\$ 38,660,962	\$ 38,666,647

City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 2,349,855	\$ 2,878,690	\$ 2,472,165	\$ 2,309,301
Public safety	2,153,697	2,519,047	2,410,316	2,794,089
Public works	3,195,010	4,426,522	4,161,139	4,039,665
Community development	571,655	539,752	407,174	485,429
Interest on long-term debt	569,394	588,639	562,972	536,291
Total governmental activities expenses	8,839,611	10,952,650	10,013,766	10,164,775
Business-type activities - Water and sewer	5,281,661	4,280,411	4,227,377	4,553,297
Total primary government expenses	<u>14,121,272</u>	<u>15,233,061</u>	<u>14,241,143</u>	<u>14,718,072</u>
Program Revenue				
Governmental activities:				
Charges for services - General government	585,739	432,170	397,968	487,488
Charges for services - Public safety	310,987	337,470	346,522	349,657
Charges for services - Public works	-	35,261	-	-
Charges for services - Community development	-	-	-	-
Operating grants and contributions	416,732	402,555	446,403	1,336,369
Capital grants and contributions	406,429	-	401,761	-
Total governmental activities program revenue	1,719,887	1,207,456	1,592,654	2,173,514
Business-type activities - Water and sewer:				
Charges for services	3,008,743	3,082,028	3,322,796	3,046,378
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,198,050	357,491	646,237	283,536
Total business-type activities program revenue	4,206,793	3,439,519	3,969,033	3,329,914
Total primary government program revenue	<u>5,926,680</u>	<u>4,646,975</u>	<u>5,561,687</u>	<u>5,503,428</u>
Net Expenses				
Governmental activities	(7,119,724)	(9,745,194)	(8,421,112)	(7,991,261)
Business-type activities	(1,074,868)	(840,892)	(258,344)	(1,223,383)
Total primary government net expense	<u>(8,194,592)</u>	<u>(10,586,086)</u>	<u>(8,679,456)</u>	<u>(9,214,644)</u>
General Revenue				
Governmental activities:				
Property taxes	6,108,946	6,308,624	6,302,824	6,204,750
Special assessments	-	-	-	-
State-shared revenue	603,754	624,346	582,580	536,136
Investment earnings	545,532	472,416	229,198	143,812
Other	185,217	239,642	294,734	520,283
Gain/Loss on disposal of asset	(12,150)	(25,658)	-	-
Total governmental activities revenue	7,431,299	7,619,370	7,409,336	7,404,981
Business-type activities - Investment income	78,493	47,909	18,289	5,390
Total primary government	<u>7,509,792</u>	<u>7,667,279</u>	<u>7,427,625</u>	<u>7,410,371</u>
Impact of GASB Statement No. 68	-	-	-	-
Change in Net Position	<u>\$ (684,800)</u>	<u>\$ (2,918,807)</u>	<u>\$ (1,251,831)</u>	<u>\$ (1,804,273)</u>

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

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

Fiscal Year Ended June 30						
2011	2012	2013	2014	2015	2016	
\$ 2,087,163	\$ 2,168,443	\$ 1,840,373	\$ 1,802,904	\$ 1,686,985	\$ 1,861,586	
2,698,518	2,653,575	2,741,069	2,818,030	3,064,464	3,160,650	
3,769,179	3,674,221	3,695,213	3,857,556	3,990,950	3,606,873	
487,858	516,588	578,601	662,880	765,784	743,270	
493,284	459,547	459,104	323,283	280,040	253,091	
9,536,002	9,472,374	9,314,360	9,464,653	9,788,223	9,625,470	
4,367,994	4,325,144	4,147,395	4,316,231	4,209,829	4,346,161	
<u>13,903,996</u>	<u>13,797,518</u>	<u>13,461,755</u>	<u>13,780,884</u>	<u>13,998,052</u>	<u>13,971,631</u>	
505,061	496,462	523,116	446,057	784,438	394,462	
319,401	299,944	300,142	297,201	257,625	173,911	
138,847	540,188	545,503	552,101	785,228	598,394	
-	-	-	-	-	275,466	
402,355	446,248	457,293	475,005	494,412	518,838	
26,025	500	1,685	28,059	79,401	660,611	
1,391,689	1,783,342	1,827,739	1,798,423	2,401,104	2,621,682	
3,361,774	3,607,045	3,509,474	3,401,513	3,309,023	3,443,717	
-	-	-	-	-	160,501	
285,080	245,890	384,097	242,288	887,609	889,892	
3,646,854	3,852,935	3,893,571	3,643,801	4,196,632	4,494,110	
5,038,543	5,636,277	5,721,310	5,442,224	6,597,736	7,115,792	
(8,144,313)	(7,689,032)	(7,486,621)	(7,666,230)	(7,387,119)	(7,003,788)	
(721,140)	(472,209)	(253,824)	(672,430)	(13,197)	147,949	
<u>(8,865,453)</u>	<u>(8,161,241)</u>	<u>(7,740,445)</u>	<u>(8,338,660)</u>	<u>(7,400,316)</u>	<u>(6,855,839)</u>	
6,183,250	5,821,413	5,458,202	5,053,574	5,452,696	5,735,336	
-	-	-	-	76,007	-	
611,656	646,508	613,218	637,657	681,895	761,152	
153,275	138,431	128,178	112,530	108,836	111,027	
286,007	257,671	212,427	301,429	242,146	241,576	
30,676	8,204	4,500	-	-	-	
7,264,864	6,872,227	6,416,525	6,105,190	6,561,580	6,849,091	
4,702	3,197	3,833	4,884	7,048	12,433	
7,269,566	6,875,424	6,420,358	6,110,074	6,568,628	6,861,524	
-	-	-	(5,711,031)	-	-	
<u>\$ (1,595,887)</u>	<u>\$ (1,285,817)</u>	<u>\$ (1,320,087)</u>	<u>\$ (7,939,617)</u>	<u>\$ (831,688)</u>	<u>\$ 5,685</u>	

City of Brighton, Michigan

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
General Fund				
Nonspendable	\$ 327,659	\$ 327,659	\$ 327,659	\$ 327,659
Restricted	2,133	2,138	2,138	2,138
Committed	-	-	-	-
Assigned	466,170	98,668	206,978	14,600
Unassigned	<u>1,710,684</u>	<u>1,450,226</u>	<u>833,806</u>	<u>873,991</u>
Total General Fund	2,506,646	1,878,691	1,370,581	1,218,388
All Other Governmental Funds				
Restricted/Assigned - Reported in:				
Special Revenue Funds	1,415,571	1,630,305	702,459	338,210
Capital Project Funds	129,423	62,392	129,432	973
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>1,544,994</u>	<u>1,692,697</u>	<u>831,891</u>	<u>339,183</u>
Total	<u>\$ 4,051,640</u>	<u>\$ 3,571,388</u>	<u>\$ 2,202,472</u>	<u>\$ 1,557,571</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					
2011	2012	2013	2014	2015	2016
\$ 327,659	\$ 327,659	\$ 336,244	\$ 364,783	\$ 347,401	\$ 450,008
2,138	2,138	2,138	2,138	-	-
-	20,000	77,139	77,139	108,089	108,089
6,988	18,746	42,133	47,582	48,773	79,973
<u>1,320,375</u>	<u>1,537,954</u>	<u>1,477,407</u>	<u>1,171,908</u>	<u>1,061,125</u>	<u>1,211,115</u>
1,657,160	1,906,497	1,935,061	1,663,550	1,565,388	1,849,185
401,557	333,793	246,848	212,369	174,523	126,551
1,150	8,827	3	-	-	-
-	-	-	-	-	(17,310)
<u>402,707</u>	<u>342,620</u>	<u>246,851</u>	<u>212,369</u>	<u>174,523</u>	<u>109,241</u>
<u>\$ 2,059,867</u>	<u>\$ 2,249,117</u>	<u>\$ 2,181,912</u>	<u>\$ 1,875,919</u>	<u>\$ 1,739,911</u>	<u>\$ 1,958,426</u>

City of Brighton, Michigan

	Year Ended June 30			
	2007	2008	2009	2010
Revenue				
Property taxes	\$ 6,108,946	\$ 6,308,624	\$ 6,302,824	\$ 6,204,750
State-shared	1,020,486	1,026,901	970,073	1,175,363
Federal grants	-	-	58,910	651,152
Charges for services	226,681	102,677	103,810	109,980
Special assessment	300,229	246,563	285,092	180,813
Fines and penalties	310,987	337,470	346,522	349,657
Licenses and permits	359,058	329,493	294,158	359,532
Interest	545,532	472,416	229,198	143,812
Contributions from other funds		40,498	-	-
Other	185,217	234,405	294,734	678,577
Total revenue	9,057,136	9,099,047	8,885,321	9,853,636
Expenditures				
Current:				
General government	2,177,398	2,816,783	2,434,413	2,192,805
Community development	568,114	536,544	404,321	436,179
Public safety	2,038,945	2,417,734	2,316,609	2,341,456
Public works - Operating	2,515,072	2,982,939	2,809,922	2,458,126
Public works - Capital (streets)	832,093	719,029	913,778	1,283,996
Capital outlay (exclusive of streets)	323,716	297,297	116,479	384,825
Debt service - Principal	794,798	759,000	872,500	945,000
Debt service - Interest	579,822	580,923	571,215	537,125
Total expenditures	9,829,958	11,110,249	10,439,237	10,579,512
Excess of Revenue (Under) Over Expenditures	(772,822)	(2,011,202)	(1,553,916)	(725,876)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	-	1,939,909	1,895,719	1,688,475
Transfers out	-	(1,939,909)	(1,895,719)	(1,688,475)
Issuance of debt - Net	-	1,530,950	185,000	80,975
Total other financing sources	-	1,530,950	185,000	80,975
Net Change in Fund Balances	(772,822)	(480,252)	(1,368,916)	(644,901)
Fund Balances - Beginning of year	4,824,462	4,051,640	3,571,388	2,202,472
Fund Balances - End of year	\$ 4,051,640	\$ 3,571,388	\$ 2,202,472	\$ 1,557,571
Debt Service as a Percentage of Noncapital Expenditures	17%	13%	15%	17%

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

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

Year Ended June 30					
2011	2012	2013	2014	2015	2016
\$ 6,180,688	\$ 5,828,975	\$ 5,449,204	\$ 5,063,849	\$ 5,431,020	\$ 5,708,220
1,001,651	1,128,580	1,062,821	1,116,018	1,158,474	1,338,611
69,917	7,686	7,690	10,240	11,258	1,824
171,232	599,823	582,888	583,690	668,770	603,077
336,953	166,975	167,182	167,271	242,952	237,200
319,401	299,944	300,142	297,201	277,242	298,127
387,032	353,208	404,228	331,631	610,114	460,886
153,275	138,431	128,178	112,530	108,836	111,027
-	-	-	-	-	-
<u>375,961</u>	<u>353,011</u>	<u>297,104</u>	<u>398,729</u>	<u>334,470</u>	<u>330,469</u>
8,996,110	8,876,633	8,399,437	8,081,159	8,843,136	9,089,441
1,976,725	2,057,136	1,729,028	1,754,250	1,773,228	1,713,256
468,415	487,279	540,049	634,650	737,652	564,041
2,215,226	2,342,799	2,453,804	2,481,155	2,618,172	2,765,402
2,279,711	2,213,801	2,282,250	2,444,233	2,625,647	2,678,217
-	-	-	-	-	-
40,209	173,575	77,302	91,184	207,035	128,998
1,048,447	1,097,051	962,861	749,111	736,176	766,106
495,757	451,261	457,859	310,384	282,969	254,906
<u>8,524,490</u>	<u>8,822,902</u>	<u>8,503,153</u>	<u>8,464,967</u>	<u>8,980,879</u>	<u>8,870,926</u>
471,620	53,731	(103,716)	(383,808)	(137,743)	218,515
30,676	8,204	4,500	61,000	1,735	-
1,668,363	1,730,517	1,519,072	1,322,308	1,440,901	941,921
(1,668,363)	(1,730,517)	(1,547,922)	(1,322,308)	(1,440,901)	(941,921)
-	127,315	60,861	16,815	-	-
<u>30,676</u>	<u>135,519</u>	<u>36,511</u>	<u>77,815</u>	<u>1,735</u>	<u>-</u>
502,296	189,250	(67,205)	(305,993)	(136,008)	218,515
<u>1,557,571</u>	<u>2,059,867</u>	<u>2,249,117</u>	<u>2,181,912</u>	<u>1,875,919</u>	<u>1,739,911</u>
<u>\$ 2,059,867</u>	<u>\$ 2,249,117</u>	<u>\$ 2,181,912</u>	<u>\$ 1,875,919</u>	<u>\$ 1,739,911</u>	<u>\$ 1,958,426</u>
18%	18%	17%	13%	11%	12%

City of Brighton, Michigan

Taxable Value by Property Type

Real Property

Tax Year	Year Ended June 30	Residential	Commercial	Industrial	Personal Property	IFT Real & Personal	Total Taxable Value
2006	2007	\$ 222,088,140	\$ 139,489,820	\$ 22,333,650	\$ 37,381,603	\$ 21,008,240	\$ 442,301,453
2007	2008	230,804,660	145,831,650	23,163,840	38,970,715	19,067,290	457,838,155
2008	2009	229,013,040	151,805,205	28,128,150	34,683,080	15,268,920	458,898,395
2009	2010	216,792,630	158,577,120	27,382,940	34,187,245	15,448,630	452,388,565
2010	2011	203,158,330	157,961,620	23,634,280	32,294,152	18,087,160	435,135,542
2011	2012	194,233,278	152,897,460	19,161,060	31,502,940	14,483,030	412,277,768
2012	2013	190,697,314	148,301,458	16,405,055	36,264,060	9,563,000	401,230,887
2013	2014	191,614,956	139,343,070	16,752,160	35,530,296	11,246,470	394,486,952
2014	2015	199,092,840	140,907,773	17,577,710	32,744,850	10,811,810	401,134,983
2015	2016	208,346,880	143,167,910	17,574,288	42,558,068	6,219,500	417,866,646

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

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

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

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

City Tax Millage	Assessed Value	Estimated Actual Value	Value as a Percentage of Assessed Value	Taxable Value as a Percentage of Actual	City Levy
15.8217	\$ 537,253,843	\$ 1,074,507,686	82	41	\$ 6,829,458
15.8090	538,508,255	1,077,016,510	84	42	7,086,966
15.8749	516,306,560	1,032,613,120	89	44	7,163,561
15.9582	495,101,495	990,202,990	91	46	7,096,002
16.3927	469,699,617	939,399,234	93	46	6,984,758
16.4623	434,885,628	869,771,256	95	47	6,674,434
16.0487	420,390,356	840,780,712	95	48	6,362,497
15.2734	411,932,182	823,864,364	96	48	5,939,271
15.6534	433,968,889	867,937,778	92	46	6,194,710
15.6534	466,376,806	932,753,612	90	45	6,680,309

City of Brighton, Michigan

Tax Year	Year Ended June 30	Millage Rates - Direct City Taxes			Overlapping Taxes		
		City Operating	City Debt	City Law Enforcement / Public Safety	Total Direct City Tax Rates	Livingston County	Brighton District Library
2006	2007	14.8872	0.9345	-	15.8217	3.8842	0.7072
2007	2008	14.8872	0.9218	-	15.8090	3.8842	1.0392
2008	2009	14.8872	0.9877	-	15.8749	3.8842	0.8792
2009	2010	14.8872	1.0710	-	15.9582	3.8988	0.8792
2010	2011	15.2734	1.1193	-	16.3927	3.9488	0.8892
2011	2012	15.2734	1.1889	-	16.4623	3.9543	0.8892
2012	2013	15.2734	0.7753	-	16.0487	3.9543	0.8892
2013	2014	15.2734	-	-	15.2734	3.9543	0.8992
2014	2015	15.2734	-	0.3800	15.6534	3.9543	0.8762
2015	2016	15.2734	-	0.3800	15.6534	3.9535	0.8892

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
1.2500	6.0000	2.3361	6.1184	18.0000	36.1176	54.1176
1.2500	6.0000	2.3361	6.1184	18.0000	36.4369	54.4369
1.2500	6.0000	2.3361	5.2000	18.0000	35.4244	53.4244
1.2500	6.0000	2.3361	5.2000	18.0000	35.5223	53.5223
1.2500	6.0000	2.3361	5.8000	18.0000	36.6168	54.6168
1.2500	6.0000	2.3361	5.7000	18.0000	36.5919	54.5919
1.2500	6.0000	2.3361	7.1900	18.0000	37.6683	55.6683
1.2500	6.0000	2.3361	7.1900	18.0000	36.9030	54.9030
1.2500	6.0000	2.3361	7.1900	18.0000	37.2600	55.2600
1.2500	6.0000	2.3334	7.1900	18.0000	37.2695	55.2695

City of Brighton, Michigan

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

Taxpayer	2015 Taxable Value	Percentage of Total	2006 Taxable Value	Percentage of Total	2005 Rank
1 Brighton Holdings LLC	\$ 13,137,890	3.14%	\$ 6,828,420	1.54%	1 Brighton Holdings LLC
2 Eberspaecher North America	12,820,600	3.07%	9,334,880	2.11%	4 Eberspaecher North America
3 TG Fluid Systems USA Corp	11,814,780	2.83%	6,419,530	1.45%	7 TG Fluid Systems USA Corp
4 Brighton Mall Associates, LTD	10,405,040	2.49%	7,847,080	1.77%	2 Brighton Mall Associates, LTD
5 BMH Realty, LLC	7,892,200	1.89%	3,944,310	0.89%	13 BMH Realty, LLC
6 Brookdale Senior Living Inc	5,719,950	1.37%	*	*	* Brookdale Senior Living Inc
7 MJR Group LLC	5,012,920	1.20%	4,837,530	1.09%	9 MJR Group LLC
8 Good Will Co, INC	3,860,630	0.92%	*	*	* Good Will Co, INC
9 Brightland Properties, LLC	3,342,540	0.80%	*	*	* Brightland Properties, LLC
10 Aberdeen of Brighton	3,259,190	0.78%	*	*	* Aberdeen of Brighton
Total taxable value	\$ 417,866,646		\$ 442,301,453		

* Not available

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

City of Brighton, Michigan

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

Tax Year	Year Ended June 30	Total City Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2006	2007	\$ 6,829,458	\$ 6,618,287	96.83	\$ 198,070	\$ 6,650,164	99.80
2007	2008	7,086,966	6,776,214	95.52	286,897	6,912,394	99.66
2008	2009	7,163,561	6,914,314	96.46	195,035	6,988,153	99.23
2009	2010	7,096,002	6,788,947	95.67	278,847	7,067,794	99.60
2010	2011	6,984,758	6,745,106	96.57	227,256	6,972,362	99.82
2011	2012	6,674,434	6,420,880	96.20	241,823	6,662,703	99.82
2012	2013	6,362,497	6,159,356	96.81	183,738	6,343,094	99.70
2013	2014	5,939,251	5,821,426	98.02	100,696	5,922,122	99.71
2014	2015	6,194,710	6,102,481	98.51	80,093	6,182,574	99.80
2015	2016	6,680,309	6,585,128	98.58	81,500	6,666,628	99.80

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

City of Brighton, Michigan

	2007	2008	2009	2010
Governmental Activities				
General obligation bonds	\$ 9,544,000	\$ 10,545,950	\$ 9,903,450	\$ 9,133,450
Installment purchase agreements	-	-	-	80,975
Special assessment bonds	2,960,000	2,730,000	2,685,000	2,510,000
Total	12,504,000	13,275,950	12,588,450	11,724,425
Business-type Activities				
General obligation bonds	2,903,000	3,313,850	2,949,150	3,211,950
Installment purchase agreements	-	-	-	-
Special assessment bonds	175,000	140,000	105,000	70,000
Revenue bonds	9,378,080	8,963,080	8,454,294	7,939,294
Total	12,456,080	12,416,930	11,508,444	11,221,244
Total Debt of the Primary Government	24,960,080	25,692,880	24,096,894	22,945,669
Total Taxable Value	442,301,453	457,838,155	458,898,395	452,388,565
Ratio of Total Debt to Taxable Value	5.64%	5.61%	5.25%	5.07%
Total Population	7,517	7,268	7,173	7,702
Total Debt per Capita	\$ 3,320	\$ 3,535	\$ 3,359	\$ 2,979
Debt as a Percentage of Personal Income (1)	6.93%	7.38%	7.01%	6.38%

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

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

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

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

	2011	2012	2013	2014	2015	2016
\$	8,303,450	\$ 7,443,450	\$ 6,766,500	\$ 6,661,279	\$ 6,131,669	\$ 5,572,359
	52,528	132,792	69,932	45,936	26,560	6,954
	2,320,000	2,130,000	1,945,000	1,735,000	1,525,000	1,315,000
	10,675,978	9,706,242	8,781,432	8,442,215	7,683,229	6,894,313
	3,039,750	2,827,550	2,643,846	2,445,109	2,182,226	1,921,200
	-	-	-	-	247,586	212,217
	35,000	-	-	-	-	-
	7,374,294	6,928,435	6,257,974	5,582,514	4,873,133	4,166,595
	10,449,044	9,755,985	8,901,820	8,027,623	7,302,945	6,300,012
	21,125,022	19,462,227	17,683,252	16,469,838	14,986,174	13,194,325
	435,135,542	412,277,768	401,230,887	394,486,952	401,134,983	417,866,646
	4.85%	4.72%	4.41%	4.18%	3.74%	3.16%
	7,444	7,442	7,613	7,807	7,684	7,659
\$	2,838	\$ 2,615	\$ 2,323	\$ 2,110	\$ 1,950	\$ 1,723
	6.07%	5.60%	4.97%	4.51%	4.17%	3.69%

City of Brighton, Michigan

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

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities		Total Primary Government	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita	Personal Income (in Thousands) (1)	Debt as a Percentage of Personal Income
	Tax Limited General Obligation	Tax Supported Bonds (LTGO)	Total General Governmental Activities Bonded Debt	Total Business-type Activities Bonded Debt	Total Business-type Activities							
2007	\$ 7,319,000	\$ 2,225,000	\$ 9,544,000	\$ 2,903,000	\$ 12,447,000	\$ 442,301,453	2.81%	7,517	1,656	\$ 47,897	3.46%	
2008	8,620,950	1,925,000	10,545,950	3,313,850	13,859,800	457,838,155	3.03%	7,268	1,907	47,897	3.98%	
2009	8,328,450	1,575,000	9,903,450	2,949,150	12,852,600	458,898,395	2.80%	7,173	1,792	47,897	3.74%	
2010	7,958,450	1,175,000	9,133,450	3,211,950	12,345,400	452,388,565	2.73%	7,702	1,603	46,731	3.43%	
2011	7,553,450	750,000	8,303,450	3,039,750	11,343,200	435,135,542	2.61%	7,444	1,524	46,731	3.26%	
2012	7,143,450	300,000	7,443,450	2,827,550	10,271,000	412,277,768	2.49%	7,442	1,380	46,731	2.95%	
2013	6,766,500	-	6,766,500	2,643,846	9,410,346	401,230,887	2.35%	7,613	1,236	46,731	2.65%	
2014	6,661,279	-	6,661,279	2,445,109	9,106,388	394,486,952	2.31%	7,807	1,166	46,731	2.50%	
2015	6,131,669	-	6,131,669	2,182,226	8,313,895	401,134,983	2.07%	7,684	1,082	46,731	2.32%	
2016	5,572,359	-	5,572,359	1,921,200	7,493,559	417,866,646	1.79%	7,659	978	46,731	2.09%	

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

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

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

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

City of Brighton, Michigan

Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Brighton Area School District	\$ 106,921,139	19.46	\$ 20,806,854
Livingston Educational Service Agency	3,080,000	5.82	179,256
Livingston County	24,639,000	5.11	1,259,053
Brighton Area District Library	-	20.40	-
Total overlapping debt	134,640,139		22,245,163
Direct net city debt *	<u>6,894,313</u>	100.00	<u>6,894,313</u>
Total direct and overlapping debt	<u>\$ 141,534,452</u>		<u>\$ 29,139,476</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

	2007	2008	2009	2010
Calculation of Debt Limit				
State Equalized Valuation:				
Ad Valorem	\$ 515,841,893	\$ 519,328,055	\$ 501,000,160	\$ 479,652,865
IFT	21,411,950	19,180,200	15,306,400	15,448,630
Total valuation	537,253,843	538,508,255	516,306,560	495,101,495
Debt Limit (10 percent of taxable value)	53,725,384	53,850,826	51,630,656	49,510,150
Calculation of Debt Subject to Limit				
Total debt*	29,020,080	29,382,880	27,386,894	26,071,984
Less debt not subject to limit:				
Special assessment bonds	3,135,000	2,870,000	2,790,000	2,580,000
MTF bonds	220,000	195,000	170,000	140,000
Revenue bonds	9,378,080	8,963,080	8,454,294	7,939,294
Share of County-issued bonds	2,507,000	2,174,800	1,837,600	1,500,400
Net debt subject to limit	13,780,000	15,180,000	14,135,000	13,912,290
Legal Debt Margin	<u>\$ 39,945,384</u>	<u>\$ 38,670,826</u>	<u>\$ 37,495,656</u>	<u>\$ 35,597,860</u>
Net Debt Subject to Limit as Percentage of Debt Limit	25.65%	28.19%	27.38%	28.10%

* 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**

2011	2012	2013	2014	2015	2016
\$ 451,592,957	\$ 420,402,598	\$ 410,827,356	\$ 400,685,712	\$ 423,157,079	\$ 460,157,306
<u>18,106,660</u>	<u>14,483,030</u>	<u>9,563,000</u>	<u>11,246,470</u>	<u>10,811,810</u>	<u>6,219,500</u>
469,699,617	434,885,628	420,390,356	411,932,182	433,968,889	466,376,806
46,969,962	43,488,563	42,039,036	41,193,218	43,396,889	46,637,681
23,665,936	21,628,859	19,417,423	17,697,420	15,694,135	13,926,702
2,355,000	2,130,000	1,945,000	1,735,000	1,525,000	1,315,000
110,000	75,000	40,000	-	-	-
7,374,294	5,969,141	5,368,680	4,763,220	4,123,839	3,492,301
<u>1,358,200</u>	<u>959,294</u>	<u>889,294</u>	<u>819,294</u>	<u>749,294</u>	<u>674,294</u>
<u>12,468,442</u>	<u>12,495,424</u>	<u>11,174,449</u>	<u>10,379,906</u>	<u>9,296,002</u>	<u>8,445,107</u>
<u>\$ 34,501,520</u>	<u>\$ 30,993,139</u>	<u>\$ 30,864,587</u>	<u>\$ 30,813,312</u>	<u>\$ 34,100,887</u>	<u>\$ 38,192,574</u>
26.55%	28.73%	26.58%	25.20%	21.42%	18.11%

City of Brighton, Michigan

Water and Sewer Revenue Bonds

Fiscal Year	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service		Coverage*
				Principal	Interest	
2007	\$ 3,087,236	\$ 3,127,093	\$ (39,857)	\$ 365,000	\$ 415,951	\$ (820,808)
2008	3,129,937	2,137,874	992,063	415,000	401,719	175,344
2009	3,645,288	2,106,954	1,538,334	460,000	385,191	693,143
2010	3,335,311	2,475,618	859,693	515,000	366,213	(21,520)
2011	3,651,556	2,315,120	1,336,436	565,000	344,632	426,804
2012	3,856,132	2,304,646	1,551,486	565,000	321,501	664,985
2013	3,897,404	2,295,008	1,602,396	620,000	296,691	685,705
2014	3,648,685	2,497,249	1,151,436	655,000	162,604	333,832
2015	4,203,680	2,492,502	1,711,178	690,000	145,966	875,212
2016	4,346,042	2,643,992	1,702,050	685,000	125,976	891,074

* 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	
\$ 426,098	\$ 265,000	\$ 148,660	\$ 12,438	
358,316	265,000	137,453	(44,137)	
363,160	265,000	126,417	(28,257)	
343,628	210,000	124,075	9,553	
514,541	225,000	116,294	173,247	
312,179	225,000	106,393	(19,214)	
268,837	185,000	96,481	(12,644)	
257,965	210,000	87,887	(39,922)	
248,049	210,000	78,499	(40,450)	
238,996	210,000	68,899	(39,903)	

City of Brighton, Michigan

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

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

* Not available/no longer available

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

Source: Southeast Michigan Council of Governments (SEMCOG)

City of Brighton, Michigan

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

Taxpayer	2016 Employees	Percentage of Total	2007 Employees	Percentage of Total	2007 Rank
1 Brighton Area Schools	927	10.60%	860	9.61%	1
2 TG Fluid Systems	391	4.47%	267	2.98%	4
3 Corrigan Oil	243	2.78%	*	-	-
4 Meijer	225	2.57%	310	3.46%	2
5 Work Skills Corporation	189	2.16%	150	1.68%	8
6 Eberspaecher	160	1.83%	217	2.42%	5
7 Target	150	1.72%	275	3.07%	3
8 March Coatings	128	1.46%	*	-	-
9 Home Depot	132	1.51%	150	1.68%	7
10 Brighton Post Office	81	0.93%	85	0.95%	10
Total	<u>2,626</u>	<u>30.03%</u>	<u>2,314</u>	<u>25.85%</u>	
Estimated total city employment	8,746		8,949		

* Not available

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

City of Brighton, Michigan

Function/Program	2007	2008	2009	2010	2011
General government:					
City manager	1.00	1.50	1.50	1.50	1.00
City clerk/Human resources	2.63	3.13	3.13	2.50	2.50
Finance	<u>9.00</u>	<u>9.25</u>	<u>9.25</u>	<u>9.25</u>	<u>7.63</u>
Total general government	12.63	13.88	13.88	13.25	11.13
Community development	5.63	5.00	5.00	5.00	4.00
Public safety (police)	18.60	20.60	19.60	19.60	19.60
Public services:					
Cemetery	2.00	2.00	2.00	2.00	2.00
Facilities and grounds	3.00	3.00	3.00	3.00	3.00
Streets	8.00	8.00	8.00	8.00	8.00
Utilities	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>7.00</u>
Total public services	<u>22.00</u>	<u>22.00</u>	<u>22.00</u>	<u>22.00</u>	<u>20.00</u>
Total	<u>58.86</u>	<u>61.48</u>	<u>60.48</u>	<u>59.85</u>	<u>54.73</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**

2012	2013	2014	2015	2016
1.00	1.00	1.00	1.00	1.00
2.50	2.50	2.50	2.50	2.50
<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>
11.13	11.13	11.13	11.13	11.13
4.00	4.00	4.00	4.00	4.00
19.60	19.00	19.00	19.00	19.60
2.00	2.00	1.00	1.00	1.00
3.00	3.00	3.00	4.00	4.00
8.00	7.00	6.00	5.00	6.00
<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>8.00</u>	<u>8.00</u>
<u>20.00</u>	<u>19.00</u>	<u>17.00</u>	<u>18.00</u>	<u>19.00</u>
<u>54.73</u>	<u>53.13</u>	<u>51.13</u>	<u>52.13</u>	<u>53.73</u>

City of Brighton, Michigan

Function/Program	2007	2008	2009	2010
Election data:				
Registered voters	5,443	5,406	5,307	5,380
Voters (at the polls or absentee)	3,239	2,307	2,970	1,013
Percent voting	59.51%	42.67%	55.96%	18.83%
Human resource data - Number of recruitments				
	12	12	2	-
Finance data:				
Number of A/P checks	2,330	2,181	2,156	1,835
Number of property tax parcels	4,107	4,093	3,969	3,974
Number of utility bill customers	3,376	3,508	3,516	3,595
Police:				
Physical arrests	1,341	1,031	944	925
Traffic violations	3,637	5,160	4,102	4,325
Investigations	12,073	11,986	12,103	12,099
Community development data:				
Number of building permits	326	311	258	249
Value of building permits	\$ 15,753,583	\$ 8,003,905	\$ 5,103,742	\$ 5,626,679
Number of building inspections	789	793	679	459
Public works data:				
Miles of street constructed, reconstructed, and resurfaced	1.00	1.25	1.00	0.90
Road salt used (tons)	1,250	1,250	2,300	2,100
R.O.W. tree plantings	-	20	10	-
Grave openings	41	64	66	64
Water data:				
Total billed consumption (000s)	485,455	495,863	445,079	408,123
Avg. billed consump./user (000s)	144	141	127	114
Number of water main breaks	3	1	1	2
Sewer data - Avg. daily treatment (MGD)				
	1.200	1.300	1.250	1.285

* 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**

2011	2012	2013	2014	2015	2016
5,575	5,900	5,927	5,889	5,671	5,686
2,899	3,725	3,975	1,279	1,979	2,625
52.00%	63.14%	67.07%	21.72%	34.90%	46.17%
-	1	9	12	12	14
1,552	1,588	1,601	1,418	1,211	1,210
4,093	4,136	4,296	4,298	4,294	4,424
3,584	3,592	3,646	3,481	3,508	3,536
577	495	421	354	340	484
3,980	2,589	2,273	1,819	1,523	1,541
20,312	19,468	16,929	19,330	22,350	29,112
208	289	332	253	331	348
\$ 7,910,371	\$ 7,099,816	\$ 9,143,156	\$ 7,494,230	\$ 26,600,740	\$ 11,824,906
965	551	693	530	709	797
-	-	-	-	-	-
1,600	1,375	1,030	2,364	1,675	1,428
-	-	4	2	-	-
57	56	64	50	51	59
432,962	439,746	450,317	400,702	385,893	398,439
121	122	124	115	110	113
2	6	3	7	6	2
1.200	1.250	1.110	1.190	1.060	1.070

City of Brighton, Michigan

Function/Program	2007	2008	2009	2010
Police - Patrol units	12	8	8	8
Public works:				
Streets (miles):				
Major streets	11.32	11.32	11.32	11.32
Local streets	14.99	14.99	14.99	14.99
Sidewalks	80	80	80	80
Traffic signals	9	9	9	9
Water:				
Mains (miles)	52	52	52	52
Fire hydrants	481	484	484	484
Storage capacity	1,620,000,000	1,620,000,000	1,620,000,000	1,620,000,000
Sewer:				
Miles of sanitary sewers	45	45	45	45
Miles of storm sewers	27	27	27	27
Treatment capacity	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000

* Not available

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

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

2011	2012	2013	2014	2015	2016
8	8	8	8	9	8
11.32	11.32	11.32	11.32	11.32	11.32
18.12	18.12	18.12	18.12	18.12	18.37
80	80	80	80	80	80
9	9	9	9	9	9
52	52	52	52	59	60
484	484	638	648	655	673
1,620,000,000	1,620,000,000	1,620,000,000	1,620,000,000	1,620,000,000	1,620,000
45	45	45	45	48	58
27	27	27	27	27	27
2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000