

CITY OF BRIGHTON, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2023



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October 2, 2023

Honorable Mayor, Members of City Council, and Citizens of the City of Brighton

The Annual Comprehensive Financial Report of the City of Brighton, Michigan for the fiscal year ended June 30, 2023 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 36 consecutive unmodified opinions.

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

The accompanying report includes full accrual government-wide financial statements. The purpose of these statements is to demonstrate the operational accountability of the City. Operational accountability is the City's responsibility to report the extent to which we have met our operating objectives efficiently and effectively, using all resources available for that purpose, and whether we can continue to meet our objectives for the foreseeable future. Both the providers and users of City services want to know (1) what public services are provided today and will the City be able to maintain that same (or increased) level of services in future years without an increase in the tax rate and/or user fees?, (2) how much debt is outstanding and will the City be able to repay it without cutting back on the public services provided or increasing the tax rate?, and (3) what 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.

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The Reporting Entity and Services Provided

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

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 7,550, and is the central business hub for all of Livingston County. The City's estimated 3,650 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 3.2% to 2.8% over the last year. In addition, the Consumer Price Index (CPI) for our region increased by 2.5% from last year. The decrease in unemployment and increase in the CPI are results of the economic recovery after a significant downturn beginning in the 2020 related to the COVID-19 virus. Unemployment for the county saw its peak at 21 percent in April of 2020 and we have seen steady and significant improvement since then.

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 Attorneys.

Prior to the economic decline driven by COVID-19 there were indications that the local economy was continuing to improve, three years after the initial economic shutdown we have seen the local economy recover steadily, however this is also combined with high inflation. The city of Brighton has been fortunate that even with the general economic decline over the last three years housing sales prices have not been impacted and those listed for sale continue to be sold quickly. Interest rates have seen several increases over the last year in an attempt to rein in inflation. The number of foreclosures in the City of Brighton has continued to be relatively low over the last several years, with one in the current year and zero in the prior year. The economic downturn in 2008 led to reduced residential, industrial and commercial taxable values for a number of years. Beginning in FY16/17 and continuing in the recent budget process for FY23/24 we have seen taxable values for residential and commercial improving to where they have finally exceeded where they were in 2009. The property tax values for residential, commercial, and industrial-not including Industrial Facilities Tax (IFT) properties increased over the prior year by 6.47%, 4.74%, and 5.06% respectively. The personal property taxable values have seen an increase of 2.86%, and the IFT properties realized a decrease of 6.8% due to the exemptions of eligible manufacturing personal property that began in 2016/17. These exemptions are being phased in through 2022/23, at which point, all industrial personal property will be exempt. This follows a decrease in the prior year of 9.7%, and 2.2%, 7.6%, 10.1%, 16.2% and 9.6% for the years preceding that. It is management's belief that the commercial real property values will slowly increase over the next several years, however the impacts of the personal property exemptions will likely drive down the industrial and commercial personal property taxable values over the next several years.

Long-term Financial Planning

The City has successfully followed its long-term financial goals of reducing expenditures and maintaining a fund balance above the policy limit established by City Council. As the City approaches the practical build-out of its existing undeveloped lands; reduced personal property taxing ability; the cumulative effects of the Headlee Amendment and Proposal A; OPEB and Pension Liabilities; and the future effects of the current economic conditions 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 increased funding for capital projects over the last several years, after a long period of restricted capital spending. This funding has been primarily in the Public Works and Utilities divisions. The FY23/24 adopted budget includes continued 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. The FY23/24 adopted DDA budget includes the conclusion of the Streetscape project.

City residents approved a Law Enforcement/Public Safety Millage during the November, 2013 election. This millage is 0.38 mills for 10 years, subject to Headlee Rollbacks. Effective FY 2023/24 the rolled back millage is 0.3674. The millage is currently providing approximately \$200,000 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 and facilities. The approval of this millage has enabled the City to replace police equipment that had been put on hold.

In May of 2019, City residents approved a Headlee Override millage for streets at 2.5 mills for 7 years, subject to Headlee Rollbacks. Effective FY 2023/24 the rolled back millage is 2.4199. The millage provides approximately \$1.3 million in revenue annually.

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 at June 30, 2023 was \$2,030,220 or 17.4% of the operating expenditures budgeted for FY23/24. 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 4.6 on June 30, 2023, which is above the target of 2:1. This ratio is higher than last year's ratio of 3.6 due to ongoing efforts to build capital reserves. Working capital, a key benchmark of the Utilities Fund, increased by \$1,619,080 to \$6,643,806 at June 30, 2023. The working capital less the capital reserve fund, covered 111% of the Utilities Fund Expenses, including depreciation. Exclusive of depreciation, the coverage was 167% of expenses. These increases are the result of the combination of increases in the water and sewer rates coupled with projects that were delayed as a result of the supply chain issues in wake of the COVID-19 pandemic. Significant capital expenditures were necessary over the last several years and the need will continue into future years, rather than spiking utility rates each year, the City Council opted to smooth the rate increases over the next several years to build the working capital reserves back to prior levels.

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. Interest earned for the current fiscal year amounted to \$764,815, an increase of \$668,465 or nearly 700% from the preceding year,

which is the result of increasing interest rates over the past year. The City continues its efforts to diversify its investment portfolio to increase its insured deposits. The City's investment policy was last updated during FY11/12.

The City's Debt Management Policy has established debt capacity limits or guidelines for the City to use in conjunction with its capital planning and budgeting processes. The Debt Management policy was last updated during FY2011/12.

Major Initiatives and Financial Accomplishments in 2022-23

- The City added \$12,178,714 of new capital assets including: street infrastructure, four new police vehicles, leaf vacuum, elgin sweeper, completion of prior year CIP DPW storage addition, current year CIP projects for DPW office renovation, and drive/lot replacement. Completed work on the Northwest Neighborhoods underground, Grand River East Streets underground, Main Street underground, Nelson booster station projects, recoating of two water towers, and installation of a pump station. Started Main Street Streetscape project.
- The City received its thirteenth consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting Award for its FY 2021/22 Annual Comprehensive Financial Report (ACFR).
- The City prepared a six-year Capital Improvement Program
- The City's had its fourth year of collection on a voter approved a Headlee override for streets at 2.4199 mills.
- The City continued to fund its Capital Reserve Fund to ensure future capital needs will be funded.

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 Supplementary Information found on pages 54-57 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 a department/activity level budget, which is considered the maximum authorization to incur liabilities and not a mandate to spend subject to the following conditions:

- i. Additional appropriations may be made by the City Council from the unappropriated fund balance account of the General Fund for approved reallocations, providing that such appropriations do not cause the unreserved fund balance account to be less than 15% of the total General Fund budgeted operating expenditures.
- ii. Transfers may be made by the City Manager from departmental reserves or surplus of the General Fund to any department of the General Fund in amounts not to exceed five percent of the original total budget for the department receiving the transfer, provided that such transfers shall not exceed the total amount of operating reserves or surplus available at the time of transfer, and providing that such transfers do not cause the unreserved fund balance account to be less than 15% of the total General Fund budgeted operating expenditures.
- iii. Transfers may be made by the City Manager from departmental reserves or surplus of the General Fund to any other Fund of the City in amounts not to exceed ten percent of the original total budget for all such transfers, providing that the limitations of Section (ii) are not exceeded.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. 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 Annual Comprehensive Financial Report (ACFR), whose contents conform to program standards. Such ACFR 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 fourteen 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 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,



Elizabeth Gaines
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

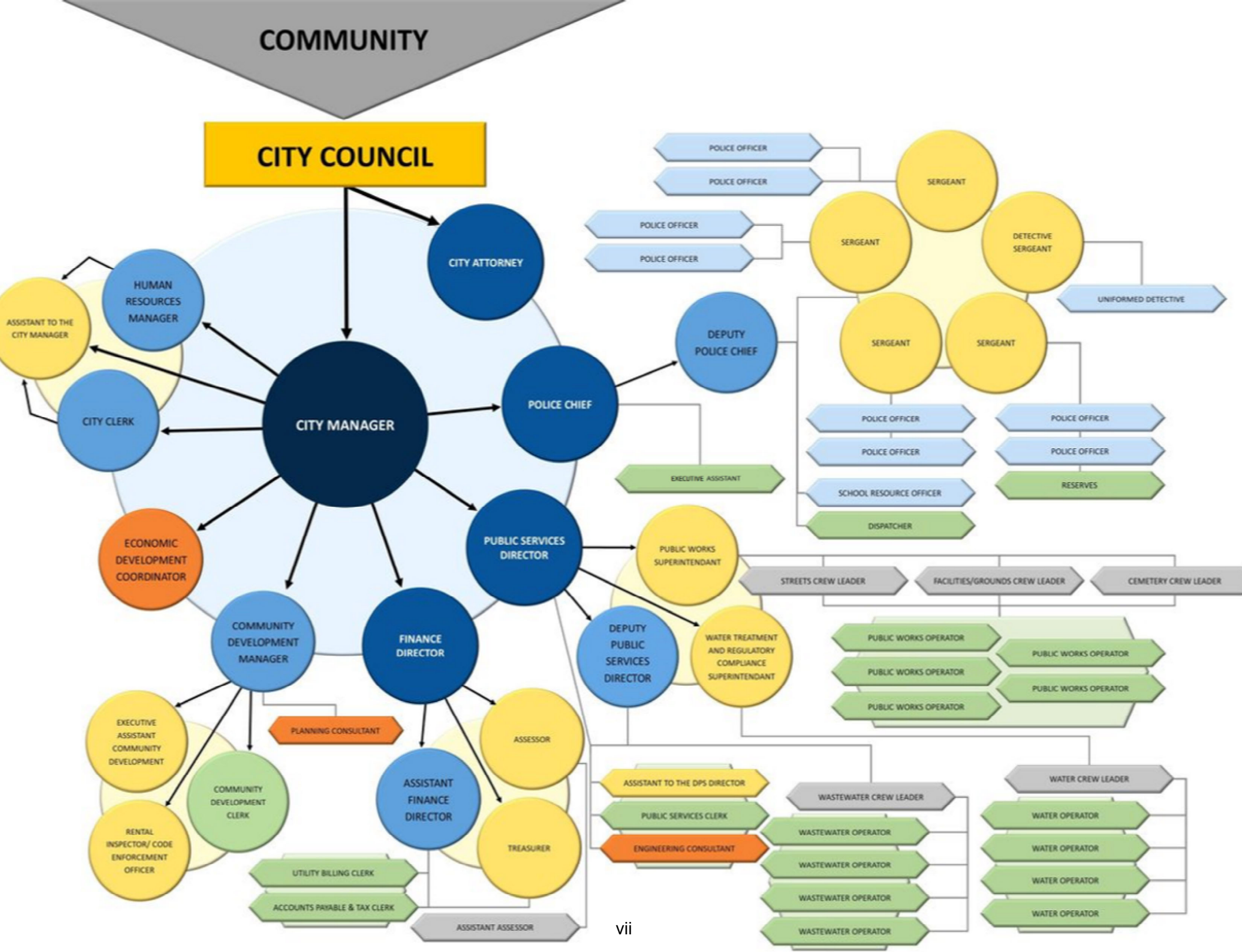
**City of Brighton
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



CITY OF BRIGHTON, MICHIGAN
List of Elected and Appointed Officials
For the Fiscal Year Ended June 30, 2023

ELECTED OFFICIALS

Kristoffer Tobbe	Mayor
Jim Bohn	Mayor Pro Tem
Bill Albert	Council Member
Jon Emaus	Council Member
Susan Gardner	Council Member
Paul Gipson	Council Member
Renee Pettengill	Council Member

APPOINTED OFFICIALS

Gretchen Gomolka	City Manager
Foster Swift Collins & Smith PC	City General Attorney
Rosati, Schultz, Joppich & Amtsbuechler, P.C.	City MTT Attorney
Keller Thoma	City Labor Attorney
Tara Brown	City Clerk
Michael Caruso	Community Development Manager
Elizabeth Gaines	Finance Director
Michelle Miller	Human Resources Manager
Brent Pirochta	Police Chief
Marcel Goch	Public Services Director

Independent Auditor's Report

To the City Council
City of Brighton, Michigan

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brighton, Michigan (the "City") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the City Council
City of Brighton, Michigan

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the City Council
City of Brighton, Michigan

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Plante & Moreau, PLLC

October 2, 2023

The City of Brighton, Michigan's (the "City") Annual Comprehensive Financial Report (ACFR) is presented in the format required by Governmental Accounting Standards Board (GASB) Statement No. 34. The June 30, 2023 annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplementary information, (4) other supplementary information that presents combining statements for nonmajor governmental funds and fiduciary funds, and (5) the 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 and deferred outflows of resources of the primary government of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54.7 million (net position). Included in this amount is negative \$4.3 million of unrestricted net position.
- The City's total primary government net position increased by \$8.3 million. This increase is the result of an increase in governmental net position of \$5.0 million and an increase of \$3.3 million in business-type net position.
- The \$5.0 million increase in the net position of the governmental activities is primarily the result of a net increase in cash and other current assets of \$1.8 million, an increase of capital assets of \$3 million, a net increase in the deferred outflows of resources for the OPEB and pension liabilities and leases of \$1 million, a net decrease in deferred inflows of resources related to the OPEB and pension plans of \$3.3 million partially offset by an increase in current liabilities of \$2.7 million, and an increase in noncurrent liabilities of \$1.4 million.
- The \$3.3 million increase in the net position of the business-type funds is primarily the result of an increase in capital assets of \$3.3 million, an increase in the deferred outflows of resources for the OPEB and pension liabilities of approximately \$400 thousand, and a decrease in the deferred inflows of resources related to the OPEB and pension plans of approximately \$700 thousand, partially offset by a decrease in cash and other current assets of approximately \$600 thousand and an increase in noncurrent liabilities of approximately \$600 thousand and decrease in current liabilities of approximately \$100 thousand.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11.7 million, a decrease of \$933 thousand in comparison with the prior year. A total of \$11.2 million, or approximately 96 percent, of the fund balance is available for spending at the City Council's discretion. Of that amount, \$3.8 million is restricted for spending on streets in the Major Streets and Local Streets funds and the Street Millage Fund, \$109 thousand is restricted for police expenditures related to forfeiture, \$94 thousand is restricted for law enforcement/public safety expenditures related to the police millage, \$2.8 million is restricted for spending on capital projects in the 2021 Capital Improvement Bonds Construction Fund, \$14 thousand is assigned to the Arts and Cultural Commission, and \$27 thousand is assigned to Imagination Station maintenance. A total of \$2.3 million of the available fund balance is assigned for retiree legacy costs, capital projects/purchases, and streets. The remaining \$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 \$2 million, or 17.4 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2024.

Government-wide Overall Financial Analysis

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two former and the two latter 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. Therefore, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, Michigan 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 component unit, the Downtown Development Authority (the "DDA"), for which the City of Brighton, Michigan is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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. The funds of the City of Brighton, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

The City of Brighton, Michigan currently maintains 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenue, expenditures, and changes in fund balances for the General Fund, Major Streets Fund, Local Streets Fund, and Street Millage Fund, which are considered to be major funds, and 2021 Capital Improvement Bonds Construction Fund, the State Drug Law Enforcement Fund, Federal Drug Law Enforcement Fund, Street Debt Fund, Public Safety/Law Enforcement Fund, Capital Improvement Fund, and Capital Reserve Fund, which are considered to be nonmajor funds. In accordance with Governmental Accounting Standards Board Statement No. 54, the Brownfield Redevelopment Authority Fund, Imagination Station Maintenance 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 schedule has been provided for the General Fund in the required supplementary information to demonstrate compliance with this budget. The Brownfield Redevelopment Authority Fund, Imagination Station Maintenance Fund, and Arts and Cultural Commission Fund are included in the General Fund financial statements. The basic governmental fund financial statements can be found on pages 16-19 of this report.

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 in more detail. The proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary Funds

Fiduciary funds are intended to be used to account for resources held for the benefit of parties outside the city government organization. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Brighton, Michigan's own programs. The accounting used for fiduciary funds is much like that of proprietary funds. The adoption of GASB Statement No. 84, *Fiduciary Activities*, in the prior year resulted in the addition of a new fiduciary fund related to the City's retiree health care trust fund to be reported in the financial statements. The City of Brighton, Michigan maintains two fiduciary funds, one for current and delinquent tax collections (Custodial Fund) and the other for the City's Other Postemployment Benefit Trust Fund. The basic fiduciary fund financial statements can be found on pages 23-24 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 25-52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Brighton, Michigan's budgetary comparisons with actual for the General Fund, Major Streets Fund, Local Streets Fund, and Street Millage Fund, as well as certain required schedules showing the funding progress of the pension and OPEB plans. Required supplementary information can be found on pages 53-64 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, 2023, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$54.7 million for the primary government of the City.

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.

Management's Discussion and Analysis (Continued)

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 16,268,619	\$ 14,484,616	\$ 10,701,839	\$ 11,319,543	\$ 26,970,458	\$ 25,804,159
Capital assets	33,591,541	30,530,922	34,782,240	31,464,486	68,373,781	61,995,408
Total assets	49,860,160	45,015,538	45,484,079	42,784,029	95,344,239	87,799,567
Deferred Outflows of Resources	3,815,569	2,862,790	954,534	544,182	4,770,103	3,406,972
Liabilities						
Current liabilities	4,433,171	1,710,687	1,124,323	1,226,645	5,557,494	2,937,332
Noncurrent liabilities:						
Due within one year	1,588,947	1,603,026	719,515	698,480	2,308,462	2,301,506
Due in more than one year	24,958,655	23,504,552	10,803,243	10,224,900	35,761,898	33,729,452
Total liabilities	30,980,773	26,818,265	12,647,081	12,150,025	43,627,854	38,968,290
Deferred Inflows of Resources	1,206,348	4,566,494	538,605	1,268,209	1,744,953	5,834,703
Net Position						
Net investment in capital assets	25,845,899	24,099,735	28,928,059	27,129,604	54,773,958	51,229,339
Restricted	4,306,808	3,373,942	-	-	4,306,808	3,373,942
Unrestricted	(8,664,099)	(10,980,108)	4,324,868	2,780,373	(4,339,231)	(8,199,735)
Total net position	<u>\$ 21,488,608</u>	<u>\$ 16,493,569</u>	<u>\$ 33,252,927</u>	<u>\$ 29,909,977</u>	<u>\$ 54,741,535</u>	<u>\$ 46,403,546</u>

An additional portion of the City of Brighton, Michigan's net position (7.9 percent) represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

As shown below, governmental activities increased the City of Brighton's net position by \$5.0 million. Last fiscal year, the net position of the governmental activities increased by \$1.8 million. The increase in the current year is primarily due to \$1.6 million in contributions by the Michigan Department of Transportation for road construction and overall increase in property taxes and interest earning coupled with adjustments to the OPEB and pension liabilities. The increase in the prior year was primarily due to \$592 thousand of unspent road millage funds coupled with adjustments to the OPEB and pension liabilities.

Business-type Activities

Business-type activities increased the City of Brighton, Michigan's net position by \$3.3 million in the current fiscal year. Last fiscal year, the net position of the business-type activities increased by \$2.3 million. The increases in the current and prior year are due to increases in the water and sewer rates to continue replenishing the reserves of the utility fund, coupled with additional tap charges, grant funding, and developer contributions.

City of Brighton, Michigan

Management's Discussion and Analysis (Continued)

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 1,932,140	\$ 1,760,398	\$ 7,231,673	\$ 5,304,829	\$ 9,163,813	\$ 7,065,227
Operating grants	949,171	905,096	768,788	232,103	1,717,959	1,137,199
Capital grants	1,644,027	-	1,039,400	435,605	2,683,427	435,605
General revenue:						
Property taxes	8,733,269	8,332,107	-	-	8,733,269	8,332,107
Intergovernmental	1,229,202	1,166,585	-	-	1,229,202	1,166,585
Investment earnings	376,312	46,434	228,087	47,817	604,399	94,251
Other revenue	197,587	228,089	-	-	197,587	228,089
Total revenue	15,061,708	12,438,709	9,267,948	6,020,354	24,329,656	18,459,063
Expenses						
General government	1,680,094	2,031,259	-	-	1,680,094	2,031,259
Public safety	2,872,853	3,396,419	-	-	2,872,853	3,396,419
Public works	4,868,249	4,537,834	-	-	4,868,249	4,537,834
Community and economic development	428,306	436,547	-	-	428,306	436,547
Debt service	217,167	242,690	-	-	217,167	242,690
Water and sewer	-	-	5,924,998	3,743,950	5,924,998	3,743,950
Total expenses	10,066,669	10,644,749	5,924,998	3,743,950	15,991,667	14,388,699
Change in Net Position	4,995,039	1,793,960	3,342,950	2,276,404	8,337,989	4,070,364
Net Position - Beginning of year	16,493,569	14,699,609	29,909,977	27,633,573	46,403,546	42,333,182
Net Position - End of year	\$ 21,488,608	\$ 16,493,569	\$ 33,252,927	\$ 29,909,977	\$ 54,741,535	\$ 46,403,546

The City's Funds

Governmental Funds

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

As of the end of the current fiscal year, the City of Brighton, Michigan's governmental funds reported combined ending fund balances of \$11.7 million, a decrease of \$1.0 million in comparison with the prior year. Approximately 17.3 percent of this total amount, or about \$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 and prepaid expenses), restricted (streets, federal and state drug forfeiture, law enforcement/public safety, and capital projects), or assigned for purposes such as Arts and Cultural Commission, Imagination Station maintenance, streets, retiree legacy costs, and capital projects/purchases.

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 \$2.0 million. The fiscal year 2023-2024 budget is balanced with a budgeted use of fund balance totaling \$1.16 million. Approximately \$750 thousand of the assigned fund balance is for future contributions to the pension and OPEB plans, and another \$1 million is assigned for capital projects/purchases and streets. As a measure of the General Fund's liquidity, it is more useful to compare the total unassigned fund balance to total fund operating expenditures. Unassigned fund balance represents 17.4 percent of total current General Fund budgeted operating expenditures for the year ending June 30, 2024. The City of Brighton, Michigan'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 \$464 thousand from the prior year. This is due to overall increases in property taxes, licenses and permits, and investment interest, as well as savings in various expenditure line items.

At the end of the current fiscal year, total fund balance of the Major Streets Fund was \$1.01 million. This is an increase of \$306 thousand from the prior year. The increase is due to budgeted projects in the current year that have been delayed until the next fiscal year.

At the end of the current fiscal year, total fund balance of the Local Streets Fund was \$183 thousand. This is an increase of \$18 thousand from the prior year. The increase is due to savings in various expenditure line items.

At the end of the current fiscal year, total fund balance of the Street Millage Fund was \$2.6 million. This is an increase of \$734 thousand from the prior year. The increase is due to the collection of property tax revenue versus the timing of paying off related project debt.

The 2021 Capital Improvement Bonds Construction Fund was established in the prior year to account for bond proceeds and related transfers out to reimburse the various funds incurring expenditures for bonded projects. At the end of the current fiscal year, total fund balance was \$2.8 million. The bonds were issued in February 2021 and will be expended over the next few years.

The Federal Drug Law Enforcement and State Drug Law Enforcement funds had a combined ending fund balance of \$111 thousand. The revenue in these funds is from police forfeiture funds. During the fiscal year, the police department funded software for police accreditation and various police conferences and trainings.

The Public Safety/Law Enforcement Fund had an ending fund balance of \$95 thousand, which is funded primarily through a voter-approved millage for law enforcement and public safety equipment and will be used for future law enforcement equipment. Revenue of approximately \$207 thousand assisted the police department with purchasing building improvements, furnace replacement, as well as ammunition and four new police vehicles.

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

The Capital Improvement Fund and the Capital Reserve Fund had a combined fund balance of \$593 thousand. The Capital Reserve Fund is funded annually by transfers from the General Fund, and funds are transferred out to various funds to complete budgeted capital projects. The current year capital projects funded include sidewalk improvements, DPW building addition, Elgin sweeper, leaf vacuum, and debt service for capital related debt.

Proprietary Funds

The City of Brighton, Michigan's enterprise fund, the Utilities 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 \$4.3 million, an increase of \$1.5 million from the prior year. The Utilities Fund had a \$751 thousand operating gain. The fund had a net gain of \$3.3 million. This increase is primarily the result of increased capital contributions, operating grants, tap charges, and water and sewer rates designed to continue replenishing the reserves.

General Fund Budgetary Highlights

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

The \$54 thousand, or 0.06 percent, decrease in total expenditure amendments to the original budget is primarily the result of lower than anticipated legal fees, partially offset by increased retiree health care premium costs. Actual year end revenue came in above the budgeted amounts due to higher than budgeted tax revenue, state-shared revenue, charges for services, fines, licenses and permits, and interest. Actual year end expenditures came in below budgeted amounts primarily due to savings in the general government resulting from temporary employee vacancies and lower than anticipated contractual services and savings in the community and economic development department due to lower than anticipated engineering costs.

Capital Assets 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, 2023 amounts to \$68.4 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 unit (the DDA) as of June 30, 2023 amounts to \$6.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements. The net increase in the City of Brighton, Michigan's investment in capital assets for the current year was 11.9 percent (a 10.0 percent increase in governmental activities, a 10.5 percent increase for business-type activities, and a 32.9 percent increase for its component unit).

	Governmental Activities		Business-type Activities		Component Unit		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Land	\$ 13,530,821	\$ 13,530,821	\$ 157,362	\$ 157,362	\$ 2,043,198	\$ 2,043,198	\$ 15,731,381	\$ 15,731,381
Construction in progress	2,853,448	4,248,736	503,640	2,864,894	2,238,837	372,660	5,595,925	7,486,290
Infrastructure	12,021,128	8,100,723	22,563,834	17,654,285	-	-	34,584,962	25,755,008
Building and building improvements	3,417,271	3,258,253	11,094,746	10,329,025	1,915,965	2,148,808	16,427,982	15,736,086
Machinery and equipment	1,768,873	1,392,389	462,658	458,920	51,845	62,173	2,283,376	1,913,482
Right-of-use assets - Parking lots	-	-	-	-	163,834	197,436	163,834	197,436
Total	\$ 33,591,541	\$ 30,530,922	\$ 34,782,240	\$ 31,464,486	\$ 6,413,679	\$ 4,824,275	\$ 74,787,460	\$ 66,819,683

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

- Governmental activities - Street infrastructure; four new police vehicles; Elgin sweeper; leaf vacuum; completion of prior year CIP DPW storage addition; and current year CIP projects for street infrastructure, DPW office renovation, and drive/lot replacement
- Business-type activities - Completed work on the Northwest Neighborhoods underground, Grand River East Streets underground, Nelson booster station projects, and recoated the water towers. Current year CIP Brighton Coves pump station
- Component unit - Downtown streetscape project

Additional information on the City of Brighton, Michigan's capital assets can be found in Note 5 on pages 35-37 of this report.

Long-term Debt

As shown below, at the end of the current fiscal year, the City of Brighton, Michigan had total debt outstanding of \$24.0 million. Of this total, all but \$15 thousand is debt backed by the full faith and credit of the City. The \$15 thousand is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. A total of \$9.3 million, or 39.0 percent, of the total debt is governmental activities debt; \$6.6 million, or 27.4 percent, is business-type activities debt; and the remaining \$8.1 million, or 33.6 percent, is component unit debt (DDA bonds).

	Governmental Activities		Business-type Activities		Component Units		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Direct borrowings/ placements	\$ -	\$ -	\$ 89,294	\$ 179,294	\$ 314,100	\$ 314,100	\$ 403,394	\$ 493,394
General obligation bonds/notes	9,315,550	10,359,750	6,484,450	6,915,250	7,735,000	1,570,000	23,535,000	18,845,000
Special assessment bonds	15,000	30,000	-	-	-	-	15,000	30,000
Total	\$ 9,330,550	\$ 10,389,750	\$ 6,573,744	\$ 7,094,544	\$ 8,049,100	\$ 1,884,100	\$ 23,953,394	\$ 19,368,394

The City of Brighton, Michigan's total debt, excluding compensated absences and unamortized bond premiums, increased by \$4.6 million or 23.7 percent during the current fiscal year.

The City of Brighton, Michigan maintains noninsured bond ratings as follows: AA+ from Standard & Poor's and an Aa3 rating from Moody's.

State statutes limit the amount of general obligation debt a city may issue up to 10 percent of its total assessed valuation. The current debt limitation for the City of Brighton, Michigan is \$69.8 million, which is significantly in excess of the City's total net debt (total debt less installment purchase agreements, special assessment debt, revenue bonds, MTF, and county-shared debt) of \$26.4 million. Therefore, the legal debt margin, or what the City could legally add to its outstanding debt, at June 30, 2023 was \$43.4 million.

Additional information on the City of Brighton, Michigan's long-term debt can be found in Note 7 on pages 39-42 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Brighton, Michigan has not been tracked since December 31, 2004. At June 30, 2023, the average unemployment rate for Livingston County, Michigan was 2.8 percent, which is a decrease from 3.2 percent a year ago; for the State of Michigan, it was 3.6 percent, and for the United States, it was 3.6 percent. This decrease is a result of the continued rebound from the economic downturn in 2020 caused by the COVID-19 pandemic. Unemployment for the county saw its peak at 21 percent in April 2020, and we have seen steady and significant improvement in the last three years.
- The Consumer Price Index (CPI) region including Livingston County is Detroit/Wayne/Dearborn. For the year ended June 30, 2023, the CPI for this region increased by 4.7 percent from a year ago, the Midwest region average CPI rate increased by 2.4 percent from a year ago, and the national CPI rate increased by 3.0 percent from a year ago.
- The impacts of COVID-19 and recent inflation have not had a significant effect on taxable value. Home sales in the City have remained strong despite the general economic downturn and resulting inflation. Revenue received from the State of Michigan related to sales tax and gasoline tax sharing has been increasing and outperforming our budgeted numbers.

The trends in these economic factors were considered in the development of the City of Brighton, Michigan's fiscal year 2023-2024 budget and will continue to be considered when preparing the 2024-2025 budget.

During the current fiscal year, assigned fund balance includes \$1.6 million for capital projects/purchases and streets. This represents fund balance in both the General Fund and the Capital Reserve Fund. The fiscal year 2023-2024 budget was balanced with a budgeted use of fund balance totaling \$1.1 million, including a \$600 thousand additional payment into the City's pension plan. The unassigned fund balance represents 17.4 percent of the total current General Fund budgeted expenditures at June 30, 2024.

Based on average bimonthly usage of 10 thousand gallons, the City's utility user fees increased an average of 5.8 percent for the fiscal year 2023-2024 budget year. The City is continuing to see steady connection fee sales as developers are proposing redevelopment of existing parcels. The City is almost entirely built out, and new developments are primarily on existing built parcels. In the current year, the City had \$5.3 million in utility capital asset additions, which was paid for using revenue from current year sales and bond proceeds. User fees are evaluated annually and are adjusted to cover needed improvements to its utility systems and to increase reserves using a smoothed increase approach.

Requests for Further Information

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, City Manager, City of Brighton, 200 N. First Street, Brighton, MI 48116.

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 12,601,133	\$ 6,172,162	\$ 18,773,295	\$ 1,045,830
Receivables:				
Delinquent taxes	176,752	-	176,752	26,059
Special assessments	4,579	-	4,579	-
Customers	67,457	2,077,561	2,145,018	-
Current portion of leases receivable (Note 8)	-	26,503	26,503	-
Other receivables	204,531	-	204,531	-
Due from other governments	160,227	-	160,227	-
Inventory	-	144,817	144,817	-
Prepays	176,051	66,601	242,652	8,042
Restricted cash	2,877,889	1,857,404	4,735,293	5,280,859
Capital assets:				
Assets not subject to depreciation (Note 5)	16,384,269	661,002	17,045,271	4,282,035
Assets subject to depreciation - Net (Note 5)	17,207,272	34,121,238	51,328,510	2,131,644
Leases receivable - Net of current portion (Note 8)	-	356,791	356,791	-
Total assets	49,860,160	45,484,079	95,344,239	12,774,469
Deferred Outflows of Resources				
Deferred charges on refunding	110,903	11,086	121,989	-
Deferred pension costs (Note 10)	2,736,492	791,334	3,527,826	-
Deferred OPEB costs (Note 11)	968,174	152,114	1,120,288	-
Total deferred outflows of resources	3,815,569	954,534	4,770,103	-
Liabilities				
Accounts payable	608,681	1,014,461	1,623,142	724,693
Refundable deposits	3,592,961	-	3,592,961	-
Accrued liabilities and other	231,529	109,862	341,391	25,581
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	319,161	96,905	416,066	-
Current portion of long-term debt (Note 7)	1,269,786	622,610	1,892,396	518,851
Due in more than one year:				
Compensated absences (Note 7)	212,774	64,604	277,378	-
Net pension liability (Note 10)	9,331,184	2,703,745	12,034,929	-
Net OPEB liability (Note 11)	5,950,049	934,833	6,884,882	-
Long-term debt (Note 7)	9,464,648	7,100,061	16,564,709	7,695,929
Total liabilities	30,980,773	12,647,081	43,627,854	8,965,054
Deferred Inflows of Resources				
Deferred OPEB cost reductions (Note 11)	1,206,348	189,531	1,395,879	-
Deferred inflows from leases (Note 8)	-	349,074	349,074	-
Total deferred inflows of resources	1,206,348	538,605	1,744,953	-
Net Position				
Net investment in capital assets	25,845,899	28,928,059	54,773,958	2,835,647
Restricted:				
Streets	3,770,428	-	3,770,428	-
Cemetery care - Nonexpendable	327,659	-	327,659	-
Capital improvements	771	-	771	-
Federal/State drug law enforcement	110,502	-	110,502	-
Law enforcement/Public safety	97,448	-	97,448	-
Unrestricted	(8,664,099)	4,324,868	(4,339,231)	973,768
Total net position	\$ 21,488,608	\$ 33,252,927	\$ 54,741,535	\$ 3,809,415

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	\$ 1,680,094	\$ 442,276	\$ 3,793	\$ -
Public safety	2,872,853	162,024	16,429	-
Public works	4,868,249	810,952	928,949	1,644,027
Community and economic development	428,306	516,888	-	-
Interest on long-term debt	217,167	-	-	-
Total governmental activities	10,066,669	1,932,140	949,171	1,644,027
Business-type activities - Utility	5,924,998	7,231,673	768,788	1,039,400
Total primary government	\$ 15,991,667	\$ 9,163,813	\$ 1,717,959	\$ 2,683,427
Component unit - Downtown Development Authority	\$ 908,221	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Unrestricted investment interest				
Gain on disposal of assets				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,234,025)	\$ -	\$ (1,234,025)	\$ -
(2,694,400)	-	(2,694,400)	-
(1,484,321)	-	(1,484,321)	-
88,582	-	88,582	-
(217,167)	-	(217,167)	-
(5,541,331)	-	(5,541,331)	-
-	3,114,863	3,114,863	-
(5,541,331)	3,114,863	(2,426,468)	-
-	-	-	(908,221)
8,733,269	-	8,733,269	863,235
1,229,202	-	1,229,202	90,499
376,312	228,087	604,399	160,413
35,715	-	35,715	-
161,872	-	161,872	21,157
10,536,370	228,087	10,764,457	1,135,304
4,995,039	3,342,950	8,337,989	227,083
16,493,569	29,909,977	46,403,546	3,582,332
\$ 21,488,608	\$ 33,252,927	\$ 54,741,535	\$ 3,809,415

Governmental Funds
Balance Sheet

June 30, 2023

	General Fund	Major Streets Fund	Local Streets Fund	Street Millage Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 7,780,418	\$ 1,212,573	\$ 213,535	\$ 2,570,942	\$ 823,665	\$ 12,601,133
Receivables:						
Delinquent taxes	166,695	-	-	8,099	1,958	176,752
Special assessments	-	4,579	-	-	-	4,579
Customers	67,457	-	-	-	-	67,457
Other receivables	203,543	-	-	-	988	204,531
Due from other governments	-	119,259	40,968	-	-	160,227
Prepays	171,159	1,071	697	-	3,124	176,051
Restricted cash	-	-	-	-	2,877,889	2,877,889
Total assets	<u>\$ 8,389,272</u>	<u>\$ 1,337,482</u>	<u>\$ 255,200</u>	<u>\$ 2,579,041</u>	<u>\$ 3,707,624</u>	<u>\$ 16,268,619</u>
Liabilities						
Accounts payable	\$ 184,274	\$ 322,653	\$ 72,614	\$ -	\$ 29,140	\$ 608,681
Refundable deposits	3,592,961	-	-	-	-	3,592,961
Accrued liabilities and other	107,162	-	-	6,028	31,800	144,990
Total liabilities	3,884,397	322,653	72,614	6,028	60,940	4,346,632
Deferred Inflows of Resources						
Unavailable revenue - Property taxes	164,211	-	-	8,099	1,958	174,268
Unavailable revenue - Special assessments	-	4,579	-	-	-	4,579
Total deferred inflows of resources	164,211	4,579	-	8,099	1,958	178,847
Total liabilities and deferred inflows of resources	4,048,608	327,232	72,614	14,127	62,898	4,525,479
Fund Balances						
Nonspendable:						
Prepays	171,159	1,071	697	-	3,124	176,051
Cemetery care - Permanent	327,659	-	-	-	-	327,659
Restricted:						
Streets	-	1,009,179	181,889	2,564,914	-	3,755,982
Federal/State drug law enforcement	-	-	-	-	108,958	108,958
Law enforcement/Public safety	-	-	-	-	93,910	93,910
Capital projects	771	-	-	-	2,846,089	2,846,860
Assigned:						
Retiree legacy costs	750,000	-	-	-	-	750,000
Capital projects/purchases	500,000	-	-	-	592,645	1,092,645
Open purchase orders at year end	20,074	-	-	-	-	20,074
Arts and Cultural Commission	13,994	-	-	-	-	13,994
Imagination Station	26,787	-	-	-	-	26,787
Streets	500,000	-	-	-	-	500,000
Unassigned	2,030,220	-	-	-	-	2,030,220
Total fund balances	4,340,664	1,010,250	182,586	2,564,914	3,644,726	11,743,140
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,389,272</u>	<u>\$ 1,337,482</u>	<u>\$ 255,200</u>	<u>\$ 2,579,041</u>	<u>\$ 3,707,624</u>	<u>\$ 16,268,619</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 11,743,140
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	33,591,541
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	178,847
Deferred charges on bond refundings are amortized over the related bond terms and are not reported in the funds	110,903
Bonds payable are not due and payable in the current period and are not reported in the funds	(10,734,434)
Accrued interest is not due and payable in the current period and is not reported in the funds	(86,539)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(531,935)
Pension benefits, including deferred outflows/inflows of resources	(6,594,692)
Retiree health care benefits, including deferred outflows/inflows of resources	(6,188,223)
Net Position of Governmental Activities	<u><u>\$ 21,488,608</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Major Streets Fund	Local Streets Fund	Street Millage Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 7,223,175	\$ -	\$ -	\$ 1,288,000	\$ 195,535	\$ 8,706,710
Special assessments	-	20,451	-	-	-	20,451
Intergovernmental	1,141,096	687,531	241,418	90,763	5,705	2,166,513
Charges for services	911,369	-	-	-	-	911,369
Fines, forfeitures, and penalties	323,900	-	-	2,428	11,204	337,532
Licenses and permits	672,103	39,670	2,950	-	1,500	716,223
Unrestricted investment interest	206,722	15,123	8,752	66,099	79,616	376,312
Other revenue	159,319	-	-	-	-	159,319
Total revenue	10,637,684	762,775	253,120	1,447,290	293,560	13,394,429
Expenditures						
Current services:						
General government	1,851,891	-	-	-	-	1,851,891
Public safety	3,789,605	-	-	-	65,857	3,855,462
Public works	2,562,376	1,332,842	1,777,934	-	-	5,673,152
Community and economic development	471,071	-	-	-	-	471,071
Capital outlay	-	-	-	-	1,092,062	1,092,062
Debt service	-	191,837	662,315	-	570,357	1,424,509
Total expenditures	8,674,943	1,524,679	2,440,249	-	1,728,276	14,368,147
Excess of Revenue Over (Under) Expenditures	1,962,741	(761,904)	(2,187,129)	1,447,290	(1,434,716)	(973,718)
Other Financing Sources (Uses)						
Transfers in (Note 6)	-	1,067,824	2,205,371	-	2,125,448	5,398,643
Transfers out (Note 6)	(1,146,916)	-	-	(713,059)	(3,538,668)	(5,398,643)
Sale of capital assets	4,927	-	-	-	35,419	40,346
Total other financing (uses) sources	(1,141,989)	1,067,824	2,205,371	(713,059)	(1,377,801)	40,346
Net Change in Fund Balances	820,752	305,920	18,242	734,231	(2,812,517)	(933,372)
Fund Balances - Beginning of year	3,519,912	704,330	164,344	1,830,683	6,457,243	12,676,512
Fund Balances - End of year	\$ 4,340,664	\$ 1,010,250	\$ 182,586	\$ 2,564,914	\$ 3,644,726	\$ 11,743,140

Governmental Funds

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

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds **\$ (933,372)**

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	3,359,465
Depreciation expense	(1,940,320)
Capital contributions	1,644,027

Net book value of assets disposed of is not reported in the fund statements	(2,553)
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Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(14,540)
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Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,059,200
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Interest expense is recognized in the government-wide statements as it accrues	148,142
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Certain employee costs (pension, retiree health care, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	1,674,990
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Change in Net Position of Governmental Activities	<u>\$ 4,995,039</u>
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Proprietary Fund
Statement of Net Position

June 30, 2023

	Enterprise - Utilities Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 6,172,162
Receivables:	
Customers	2,077,561
Current portion of leases receivable (Note 8)	26,503
Inventory	144,817
Prepays	66,601
Total current assets	8,487,644
Noncurrent assets:	
Restricted cash	1,857,404
Capital assets - Net (Note 5)	34,782,240
Leases receivable - Net of current portion (Note 8)	356,791
Total noncurrent assets	36,996,435
Total assets	45,484,079
Deferred Outflows of Resources	
Deferred charges on refunding	11,086
Deferred pension costs (Note 10)	791,334
Deferred OPEB costs (Note 11)	152,114
Total deferred outflows of resources	954,534
Liabilities	
Current liabilities:	
Accounts payable	1,014,461
Accrued liabilities and other	109,862
Compensated absences (Note 7)	96,905
Current portion of long-term debt (Note 7)	622,610
Total current liabilities	1,843,838
Noncurrent liabilities:	
Compensated absences (Note 7)	64,604
Net pension liability (Note 10)	2,703,745
Net OPEB liability (Note 11)	934,833
Long-term debt (Note 7)	7,100,061
Total noncurrent liabilities	10,803,243
Total liabilities	12,647,081
Deferred Inflows of Resources	
Deferred OPEB cost reductions (Note 11)	189,531
Deferred inflows from leases (Note 8)	349,074
Total deferred inflows of resources	538,605
Net Position	
Net investment in capital assets	28,928,059
Unrestricted	4,324,868
Total net position	<u><u>\$ 33,252,927</u></u>

Proprietary Fund
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

	<u>Enterprise - Utilities Fund</u>
Operating Revenue	
Sales	\$ 4,627,087
Tap charges and other	1,796,855
Penalties	<u>76,846</u>
Total operating revenue	6,500,788
Operating Expenses	
Salaries and fringe benefits	2,156,385
Other purchased services	434,803
Purchased property services	286,361
Professional and technical services	87,880
Supplies	266,965
Utilities	328,110
Property	72,239
Other	126,189
Depreciation	<u>1,991,291</u>
Total operating expenses	<u>5,750,223</u>
Operating Income	750,565
Nonoperating Revenue (Expense)	
Investment income	228,087
Interest expense	(174,775)
Debt service charge	694,247
Lease revenue	36,638
Operating grants	<u>768,788</u>
Total nonoperating revenue	<u>1,552,985</u>
Income - Before contributions	2,303,550
Capital Contributions	<u>1,039,400</u>
Change in Net Position	3,342,950
Net Position - Beginning of year	<u>29,909,977</u>
Net Position - End of year	<u><u>\$ 33,252,927</u></u>

Proprietary Fund
Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise - Utilities Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 5,709,270
Payments to suppliers	(1,663,322)
Payments to employees and fringes	(2,141,952)
Net cash and cash equivalents provided by operating activities	1,903,996
Cash Flows Provided by Noncapital Financing Activities - Operating grants	768,788
Cash Flows from Capital and Related Financing Activities	
Lease receipts	20,262
Acquisition and construction of capital assets	(4,269,645)
Principal and interest paid on capital debt	(789,133)
Debt service charge	694,247
Net cash and cash equivalents used in capital and related financing activities	(4,344,269)
Cash Flows Provided by Investing Activities - Interest received on investments	228,087
Net Decrease in Cash and Cash Equivalents	(1,443,398)
Cash and Cash Equivalents - Beginning of year	9,472,964
Cash and Cash Equivalents - End of year	\$ 8,029,566
Classification of Cash and Cash Equivalents	
Cash and investments	\$ 6,172,162
Restricted cash	1,857,404
Total cash and cash equivalents	\$ 8,029,566
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 750,565
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	1,991,291
Changes in assets and liabilities:	
Receivables	(791,518)
Inventories	(51,401)
Prepaid and other assets	(3,037)
Accrued and other liabilities	134,380
Accounts payable	447,223
Unearned revenue	(573,507)
Total adjustments	1,153,431
Net cash and cash equivalents provided by operating activities	\$ 1,903,996
Significant Noncash Transactions - Contributions of capital assets	\$ 1,039,400

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2023

	Other Postemployment Benefit Trust Fund	Custodial - Tax Collection Fund
Assets		
Cash and cash equivalents	\$ -	\$ 1,295
Investments - Interest in pooled investments	2,583,332	-
Total assets	2,583,332	1,295
Liabilities - Due to other governments	-	1,295
Net Position - Restricted - Postemployment benefits other than pension	\$ 2,583,332	\$ -

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Other Postemployment Benefit Trust Fund	Custodial - Tax Collection Fund
Additions		
Investment income	\$ 179,475	\$ -
Contributions - Employer	519,073	-
Taxes collected for other governments	-	16,869,535
Tax overpayments received	-	165,140
Total additions	698,548	17,034,675
Deductions		
Benefit payments	519,073	-
Administrative fees	4,543	-
Tax disbursements to other governments	-	16,869,535
Refunds for tax overpayments	-	165,140
Total deductions	523,616	17,034,675
Net Change in Fiduciary Net Position	174,932	-
Net Position - Beginning of year	2,408,400	-
Net Position - End of year	\$ 2,583,332	\$ -

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Brighton, Michigan (the "City") is governed by an elected seven-member council. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The 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.

Discretely Presented Component Unit - Downtown Development Authority

The Downtown Development Authority (the "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.

Fiduciary Component Unit - Retiree Health Care Fund/Plan

The fiduciary fund is used to account for the assets held by the City in a trustee capacity. This fund includes the MERS Retiree Health Funding Vehicle (the "Trust"). The Trust is reported within the basic financial statements, even though its resources cannot be used to fund the City's operations because of the fiduciary responsibility that the City retains relative to the operations of the retiree health care plan.

Accounting and Reporting Principles

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

Report Presentation

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

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

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

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

Fund Accounting

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

Governmental Funds

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

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

June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

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

- The Utilities 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

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

- The Other Postemployment Benefit Trust Fund accumulates resources for future retiree health care payments to retirees.
- The Tax Collection Fund, which collects taxes on behalf of all other taxing authorities (state, county, school district, township, and the various smaller authorities)

Interfund Activity

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

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

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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.

Restricted Assets

Unspent bond proceeds are primarily available to provide funds for construction. These amounts have been classified as restricted assets.

June 30, 2023

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

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

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

	Depreciable Life - Years
Roads and sidewalks	15-20
Water and sewer transmission lines	40-50
Retention/Equalization basin	40-50
Building/Treatment facilities	40-50
Building and building improvements	40-50
Furniture 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 bond 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 other financing sources, as well as bond premiums and discounts. The Major Streets Fund, Local Streets Fund, Capital Improvement Fund, Utilities Fund, Downtown Development Authority, and debt service funds are generally used to liquidate long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

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 assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City reports the following deferred outflows of resources and deferred inflows of resources:

	Inflows	Outflows
Unavailable revenue (that not collected within the period of availability) - Reported only at the modified accrual level	✓	
Deferred charge on bond refunding		✓
Deferred pension costs (or cost reductions)		✓
Deferred OPEB costs (or cost reductions)	✓	✓
Deferred lease revenue	✓	

Note 1 - Significant Accounting Policies (Continued)

Net Position

Net position of the City is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and is held in trust for streets, capital projects, and law enforcement. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City has by resolution authorized the city manager 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 exist only 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.

June 30, 2023**Note 1 - Significant Accounting Policies (Continued)****Property Tax Revenue**

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

The City's 2022 property tax revenue was levied and collectible on July 1, 2022 and is recognized as revenue in the year ended June 30, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the City totaled \$532.2 million (a portion of which is captured by the DDA), on which taxes levied consisted of 14.7736 mills for operating purposes, 2.4199 mills for streets, 0.3674 mills for public safety, and 0.0931 mills for economic development, as allowed by PA 359 of 1925. This resulted in approximately \$7.8 million for operating purposes (a portion of which is captured by the DDA), approximately \$1.3 million for streets, approximately \$195,000 for public safety, and approximately \$49,000 for economic development. These amounts (less what is captured in the DDA) are recognized in the respective General, Public Safety/Law Enforcement, and Street Millage fund financial statements as tax revenue (net of delinquent taxes and other fees).

Pension

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

Other Postemployment Benefit Costs

The City offers retiree health care benefits to eligible retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position has been determined on the same basis as it is reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

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

Note 1 - 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 revenue of the Utilities Fund is charges to customers for sales and services. The Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Leases

The Downtown Development Authority is a lessee for noncancelable leases of parking lots. The DDA recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the component unit column in the government-wide financial statements. The DDA recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for noncancelable leases of a cellular tower. The City recognizes a lease receivable and a deferred inflow of resources in the proprietary fund financial statements.

Note 1 - Significant Accounting Policies (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Upcoming Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

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 shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2022		\$	(1,422,012)
Current year permit revenue			479,203
Related expenses:			
Direct costs	\$	263,568	
Estimated indirect costs		19,768	283,336
Current year surplus			195,867
Cumulative shortfall at June 30, 2023		\$	<u>(1,226,145)</u>

June 30, 2023

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 12 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 Other Postemployment Benefit Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Trust has designated one bank for deposit of its funds. The Trust's deposits and investment policies are in accordance with statutory authority.

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 bank deposits of \$7,299,352 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The total amount of bank deposits (certificates of deposit and checking and savings accounts) insured at year end was \$23,784,079. Included in these amounts are bank deposits (certificates of deposit and checking and savings accounts) for the component unit, as the City utilizes pooled cash accounts, and each fund shares a proportionate share of the collateralized and insured amounts of total account balance. 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.

At year end, the Other Postemployment Benefit Trust Fund had no bank deposits (cash and money market accounts) that were uninsured and uncollateralized.

Note 4 - Fair Value Measurements

The City, including the Other Postemployment Benefit Trust Fund, 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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

June 30, 2023

Note 4 - Fair Value Measurements (Continued)

In instances where 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.

The City has the following recurring fair value measurements as of June 30, 2023:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023
Assets - Investments measured at NAV	
Michigan CLASS Investment Pool	\$ 3,301,617
Other Postemployment Benefit Trust Fund - MERS Total Market Fund	2,583,332
Total	<u>\$ 5,884,949</u>

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments in Entities That Calculate Net Asset Value per Share

The City holds shares in investment pools where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

As of June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 3,301,617	\$ -	N/A	None
Other Postemployment Benefit Trust Fund - MERS Total Market Fund	2,583,332	-	N/A	N/A

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The MERS Total Market Fund is a fully diversified portfolio combining stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages asset allocation and monitors the underlying investment managers of the MERS Total Market Fund.

June 30, 2023

Note 5 - Capital Assets

Capital asset activity of the City was as follows:

Governmental Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 13,530,821	\$ -	\$ -	\$ -	\$ 13,530,821
Construction in progress	4,248,736	(3,904,018)	2,508,730	-	2,853,448
Subtotal	17,779,557	(3,904,018)	2,508,730	-	16,384,269
Capital assets being depreciated:					
Roads and sidewalks	35,158,743	3,863,265	1,457,339	-	40,479,347
Buildings and improvements	7,514,371	19,280	351,935	-	7,885,586
Machinery and equipment	4,143,815	21,473	685,488	(99,951)	4,750,825
Subtotal	46,816,929	3,904,018	2,494,762	(99,951)	53,115,758
Accumulated depreciation:					
Roads and sidewalks	27,058,020	-	1,400,199	-	28,458,219
Buildings and improvements	4,256,118	-	212,197	-	4,468,315
Furniture and equipment	2,751,426	-	327,924	(97,398)	2,981,952
Subtotal	34,065,564	-	1,940,320	(97,398)	35,908,486
Net capital assets being depreciated	12,751,365	3,904,018	554,442	(2,553)	17,207,272
Net governmental activities capital assets	<u>\$ 30,530,922</u>	<u>\$ -</u>	<u>\$ 3,063,172</u>	<u>\$ (2,553)</u>	<u>\$ 33,591,541</u>

June 30, 2023

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 157,362	\$ -	\$ -	\$ -	\$ 157,362
Construction in progress	2,864,894	(2,835,929)	474,675	-	503,640
Subtotal	3,022,256	(2,835,929)	474,675	-	661,002
Capital assets being depreciated:					
Water and sewer lines	32,136,396	2,314,734	3,584,848	-	38,035,978
Stormwater drains	4,055,987	-	-	-	4,055,987
Buildings and improvements	31,543,336	521,195	1,136,980	-	33,201,511
Machinery and equipment	1,760,748	-	112,542	(130,000)	1,743,290
Subtotal	69,496,467	2,835,929	4,834,370	(130,000)	77,036,766
Accumulated depreciation:					
Water and sewer lines	16,640,150	-	882,387	-	17,522,537
Stormwater drains	1,897,948	-	107,646	-	2,005,594
Buildings and improvements	21,214,311	-	892,454	-	22,106,765
Machinery and equipment	1,301,828	-	108,804	(130,000)	1,280,632
Subtotal	41,054,237	-	1,991,291	(130,000)	42,915,528
Net capital assets being depreciated	28,442,230	2,835,929	2,843,079	-	34,121,238
Net business-type activities capital assets	<u>\$ 31,464,486</u>	<u>\$ -</u>	<u>\$ 3,317,754</u>	<u>\$ -</u>	<u>\$ 34,782,240</u>

June 30, 2023

Note 5 - Capital Assets (Continued)

Capital asset activity for the City's component unit for the year ended June 30, 2023 was as follows:

Component Unit

	Balance July 1, 2022	Reclassifications	Additions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 2,043,198	\$ -	\$ -	\$ 2,043,198
Construction in progress	372,660	-	1,866,177	2,238,837
Subtotal	2,415,858	-	1,866,177	4,282,035
Capital assets being depreciated:				
Buildings and improvements	6,624,742	-	-	6,624,742
Vehicles and equipment	1,665,559	-	-	1,665,559
Right-of-use asset - Parking lots	223,329	-	-	223,329
Subtotal	8,513,630	-	-	8,513,630
Accumulated depreciation:				
Buildings and improvements	4,475,934	-	232,843	4,708,777
Vehicles and equipment	1,603,386	-	10,328	1,613,714
Right-of-use asset - Parking lots	25,893	-	33,602	59,495
Subtotal	6,105,213	-	276,773	6,381,986
Net capital assets being depreciated	2,408,417	-	(276,773)	2,131,644
Net capital assets	<u>\$ 4,824,275</u>	<u>\$ -</u>	<u>\$ 1,589,404</u>	<u>\$ 6,413,679</u>

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

Governmental activities:	
General government	\$ 14,238
Public safety	195,846
Public works	<u>1,730,236</u>
Total governmental activities	<u>\$ 1,940,320</u>
Business-type activities - Water and sewer	\$ 1,991,291
Component unit activities - Downtown Development Authority	\$ 276,773

Construction Commitments

The City has active construction projects at year end. At year end, the City's commitments with contractors for projects are as follows:

	Spent to Date	Remaining Commitment
Main Street Streetscape	\$ 1,375,522	\$ 4,469,420
Brighton Coves Lift Station	157,850	187,605
Total	<u>\$ 1,533,372</u>	<u>\$ 4,657,025</u>

June 30, 2023

Note 6 - Interfund Receivables, Payables, and Transfers

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Improvement Fund	\$ 198,139
	Street Debt Fund	203,777
	Capital Reserve Fund	<u>745,000</u>
	Total General Fund	1,146,916
Street Millage Fund	Local Streets Fund	713,059
Capital Reserve Fund	Capital Improvement Fund	534,349
	Street Debt Fund	91,065
	Major Streets Fund	225,300
	Local Streets Fund	<u>84,600</u>
	Total Capital Reserve Fund	935,314
2021 Capital Improvement Bonds Construction Fund	Major Streets Fund	842,524
	Local Streets Fund	1,407,712
	Capital Improvement Fund	<u>353,118</u>
	Total 2021 Capital Improvement Bonds Construction Fund	<u>2,603,354</u>
	Total	<u><u>\$ 5,398,643</u></u>

The transfers from the General Fund to the Capital Improvement Fund, Street Debt Fund, and the Capital Reserve Fund, as well as transfers from the Street Millage Fund to the Local Streets Fund; the Capital Reserve Fund to the Capital Improvement Fund, Street Debt Fund, Major Streets Fund, and Local Streets Fund; and the 2021 Capital Improvement Bonds Construction Fund to the Major Streets Fund, Local Streets Fund, and Capital Improvement Fund, represent the use of resources to finance those programs.

June 30, 2023

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Other debt:					
General obligation	\$ 10,359,750	\$ -	\$ (1,044,200)	\$ 9,315,550	\$ 1,088,350
Special assessment bonds	30,000	-	(15,000)	15,000	15,000
Total other debt principal outstanding	10,389,750	-	(1,059,200)	9,330,550	1,103,350
Unamortized bond premiums	1,570,320	-	(166,436)	1,403,884	166,436
Total bonds and contracts payable	11,960,070	-	(1,225,636)	10,734,434	1,269,786
Compensated absences	628,984	319,926	(416,975)	531,935	319,161
Total governmental activities long-term debt	<u>\$ 12,589,054</u>	<u>\$ 319,926</u>	<u>\$ (1,642,611)</u>	<u>\$ 11,266,369</u>	<u>\$ 1,588,947</u>

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Drinking Water Revolving Funds	\$ 179,294	\$ -	\$ (90,000)	\$ 89,294	\$ 89,294
Other debt - General obligation	6,915,250	-	(430,800)	6,484,450	441,650
Unamortized bond premiums	1,240,593	-	(91,666)	1,148,927	91,666
Total bonds and contracts payable	8,335,137	-	(612,466)	7,722,671	622,610
Compensated absences	143,357	89,560	(71,408)	161,509	96,905
Total business-type activities long-term debt	<u>\$ 8,478,494</u>	<u>\$ 89,560</u>	<u>\$ (683,874)</u>	<u>\$ 7,884,180</u>	<u>\$ 719,515</u>

June 30, 2023

Note 7 - Long-term Debt (Continued)

Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Land contracts - Drinking Water Revolving Funds	\$ 314,100	\$ -	\$ -	\$ 314,100	\$ -
Other debt - General obligation	1,570,000	6,570,000	(405,000)	7,735,000	495,000
Lease liability	194,753	-	(29,073)	165,680	23,851
Total component unit long-term debt	<u>\$ 2,078,853</u>	<u>\$ 6,570,000</u>	<u>\$ (434,073)</u>	<u>\$ 8,214,780</u>	<u>\$ 518,851</u>

General Obligation Bonds and Contracts

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental, business-type activities, and component unit. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The outstanding DDA land contract is secured by the underlying land. The remaining outstanding bonded debt is subject to various payment acceleration terms in the event the City is delinquent in payments or unable to make required payments. General obligations outstanding at June 30, 2023 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Limited Tax Refunding Bonds	2013	3.00%	October 2026	\$ 1,363,400
2017 CIP and Refunding Bonds	2017	2.22%	October 2031	767,150
2021 Capital Improvement Bonds	2021	4.00%	October 2032	7,185,000
Total governmental activities				<u>\$ 9,315,550</u>
Business-type Activities				
Limited Tax Capital Improvement Bonds	2010	5.00% - 5.75%	October 2030	\$ 360,000
Limited Tax Refunding Bonds	2013	3.00%	October 2026	96,600
2004 Drinking Water Revolving Funds	2004	2.125%	October 2023	89,294
2017 Refunding Bonds	2017	2.22%	October 2031	377,850
2021 Capital Improvement Bonds	2021	4.00%	October 2035	5,650,000
Total business-type activities				<u>\$ 6,573,744</u>
Component Unit				
Downtown Development Authority Land Contract Payable	2015	6.00%	April 2025	\$ 314,100
2017 CIP Bonds	2017	2.22%	October 2027	1,325,000
2022 Downtown Development Streetscape Bonds	2022	2.20% - 4.25%	June 2042	6,410,000
Total component unit				<u>\$ 8,049,100</u>

Note 7 - Long-term Debt (Continued)

Special Assessment Bonds

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

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
Limited Tax, Orndorf Drive Road Improvements	2009	5.50%	October 2023	\$ 15,000

Other Long-term Liabilities

Compensated absences attributable to the governmental activities and business-type activities will be liquidated primarily by the General Fund and Utilities Fund, respectively.

June 30, 2023

Note 7 - Long-term Debt (Continued)***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ -	\$ -	\$ 1,103,350	\$ 326,469	\$ 1,429,819
2025	-	-	1,145,050	286,555	1,431,605
2026	-	-	1,205,950	245,116	1,451,066
2027	-	-	952,250	206,346	1,158,596
2028	-	-	828,750	172,959	1,001,709
2029-2033	-	-	4,095,200	370,036	4,465,236
2034-2038	-	-	-	-	-
2039-2042	-	-	-	-	-
Total	\$ -	\$ -	\$ 9,330,550	\$ 1,607,481	\$ 10,938,031

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 89,294	\$ 949	\$ 441,650	\$ 248,717	\$ 780,610
2025	-	-	449,950	231,263	681,213
2026	-	-	479,050	213,084	692,134
2027	-	-	477,750	194,324	672,074
2028	-	-	491,250	175,023	666,273
2029-2033	-	-	2,574,800	566,233	3,141,033
2034-2038	-	-	1,570,000	96,200	1,666,200
2039-2042	-	-	-	-	-
Total	\$ 89,294	\$ 949	\$ 6,484,450	\$ 1,724,844	\$ 8,299,537

Years Ending June 30	Component Unit Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ -	\$ 18,846	\$ 495,000	\$ 245,317	\$ 759,163
2025	314,100	15,705	495,000	234,081	1,058,886
2026	-	-	265,000	222,613	487,613
2027	-	-	545,000	216,675	761,675
2028	-	-	395,000	203,475	598,475
2029-2033	-	-	1,535,000	910,503	2,445,503
2034-2038	-	-	2,065,000	617,543	2,682,543
2039-2042	-	-	1,940,000	202,590	2,142,590
Total	\$ 314,100	\$ 34,551	\$ 7,735,000	\$ 2,852,797	\$ 10,936,448

June 30, 2023

Note 8 - Leases

The Downtown Development Authority leases certain assets from various third parties. The assets leased include parking lots. Payments are generally fixed monthly rates with escalation in payments over the term of the lease.

Lease asset activity of the City is included in Note 5.

Future principal and interest payment requirements related to the City's lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 23,851	\$ 2,882	\$ 26,733
2025	24,638	2,400	27,038
2026	25,445	1,903	27,348
2027	26,297	1,368	27,665
2028	15,433	1,035	16,468
2029-2033	50,016	1,390	51,406
Total	\$ 165,680	\$ 10,978	\$ 176,658

The City leases certain assets to various third parties. The assets leased include cell towers. Payments are generally fixed monthly rates with escalation over the term of the lease. At June 30, 2023, the total leases receivable outstanding were \$383,294, and deferred inflows of resources related to leases were \$349,074.

During the year ended June 30, 2023, the City recognized the following related to its lessor agreements:

Lease revenue	\$ 36,638
Interest income related to its leases	30,052

Note 9 - 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, participates in the Michigan Townships Participating Plan for claims relating to general liability and property, and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

June 30, 2023**Note 10 - Pension Plans*****Plan Description***

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

Employees not eligible for the MERS pension plan are enrolled in a defined contribution 401A plan through Nationwide. For all employee groups in the plan, vesting begins at 20 percent for year one, increasing by 20 percent per year until fully vested at year five. Nonunion employees hired on or after July 1, 2019 shall receive city contributions to their plan based upon their employment classification, nonsupervisory staff will receive 10 percent of their wages, supervisors will receive 12 percent of their wages, and directors will receive 14 percent of their wages. DPW Local 214 and clerical employees hired on or after July 1, 2019 shall receive city contributions to their plan equal to 10 percent of their wages.

Benefits Provided

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

The MERS plan covers eligible full-time employees at the City, which includes all police officers regardless of hire date and all other employees hired prior to July 1, 2019.

Retirement benefits for general nonunion administrative employees hired before July 1, 2014 reflect bridged benefits from a 2.25 percent multiplier with a frozen final average compensation to a 2.02 percent multiplier effective July 1, 2019. Normal retirement age is 60 with an early retirement option with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest. Current and future retirees are eligible for a cost of living adjustment of 2.50 percent annually, noncompounding.

Retirement benefits for general nonunion administrative (closed to new hires as of July 1, 2019) employees (hired after July 1, 2014) reflect bridged benefits from a 2.25 percent multiplier with a frozen final average compensation to a 2.02 percent multiplier effective July 1, 2019. 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). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Note 10 - Pension Plans (Continued)

Retirement benefits for police/fire (closed to new hires as of November 21, 2019) employees reflect bridged benefits from a 2.50 percent multiplier with a frozen final average compensation to a 2.35 percent multiplier effective November 21, 2019. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police/fire hired on or after November 21, 2019 employees are enrolled in a hybrid pension plan with a 1.50 percent multiplier coupled with a defined contribution of 3.5 percent of wages for the first 5 years of employment, 4.0 percent for years 6 to 10, and 5.0 percent beginning in year 11. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for the police chief division reflect bridged benefits from a 2.50 percent multiplier with a frozen final average compensation to a 2.25 percent multiplier effective March 31, 2017. Normal retirement age is 60 with early retirement at 50 with 25 years of service (unreduced), or 55 with 15 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for DPW Local 214 (closed to new hires) employees are calculated as 2.00 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 20 years of service (unreduced) and 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for DPW Local 214 (closed to new hires as of July 1, 2019) employees are calculated as 2.00 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 55 with 15 years of service (reduced), or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Note 10 - Pension Plans (Continued)

Retirement benefits for clerical union (closed to new hires as of July 1, 2019) employees are calculated as 2.00 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 15 years of service (reduced) or 50 with 25 years of service (reduced). The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A nonduty death benefit is payable after 10 years of service. A duty death benefit is payable upon hire equal to a minimum of 25 percent of the employee's final average compensation. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

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

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

In 2020, benefit changes were introduced that reduced future earned benefits through a bridged multiplier and/or required increased employee contributions. Additionally, the pension plan was closed to all nonpolice new hires. Police hired on or after November 21, 2019 are on a new hybrid pension and defined contribution plan. These changes resulted in a significant reduction in the calculation of the total pension liability.

Employees Covered by Benefit Terms

At the December 31, 2022 measurement date, the following members were covered by the benefit terms:

	The Plan
Inactive plan members or beneficiaries currently receiving benefits	51
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	41
Total employees covered by the plan	111

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2023, the average active employee contribution rate was 5.0 percent of annual pay for general nonunion and police divisions and 7.5 percent of annual pay for the DPW and clerical unions. The City's average contribution rate was 32.18 percent of annual payroll for the various employee groups. The City's General Fund and Utilities Fund are used to liquidate pension liabilities.

Net Pension Liability

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2023 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2023

Note 10 - Pension Plans (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, 2021	\$ 28,926,719	\$ 20,679,060	\$ 8,247,659
Changes for the year:			
Service cost	368,026	-	368,026
Interest	2,054,572	-	2,054,572
Changes in benefits	(10,783)	-	(10,783)
Differences between expected and actual experience	267,207	-	267,207
Changes in assumptions	1,691	-	1,691
Contributions - Employer	-	1,012,786	(1,012,786)
Contributions - Employee	-	191,411	(191,411)
Net investment loss	-	(2,272,775)	2,272,775
Benefit payments, including refunds	(1,543,623)	(1,543,623)	-
Administrative expenses	-	(37,979)	37,979
Net changes	1,137,090	(2,650,180)	3,787,270
Balance at December 31, 2022	<u>\$ 30,063,809</u>	<u>\$ 18,028,880</u>	<u>\$ 12,034,929</u>

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

For the year ended June 30, 2023, the City recognized pension expense of \$2,153,230, of which \$1,670,456 is related to governmental activities and \$482,774 is related to business-type activities.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 206,023	\$ -
Changes in assumptions	375,628	-
Net difference between projected and actual earnings on pension plan investments	1,814,978	-
Employer contributions to the plan subsequent to the measurement date	1,131,197	-
Total	<u>\$ 3,527,826</u>	<u>\$ -</u>

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

Years Ending June 30	Amount
2024	\$ 626,788
2025	406,619
2026	611,560
2027	751,662

June 30, 2023

Note 10 - Pension Plans (Continued)**Actuarial Assumptions**

The total pension liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.0 percent, an investment rate of return (gross of investment expenses) of 7.25 percent, and the Pub-2010 mortality tables. The assumptions were applied to all periods included in the measurement. All assumptions used, except for the investment rate of return, are based on an experience study conducted for the period from 2014-2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2022 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private equity	20.00	7.00

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 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the City	\$ 15,782,696	\$ 12,034,929	\$ 8,917,332

Note 10 - Pension Plans (Continued)

Pension Plan Fiduciary Net Position

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

Note 11 - Other Postemployment Benefit Plan

Plan Description

The City provides retiree health care benefits for all eligible employees, their spouses, and dependents who meet eligibility requirements. The benefits are provided through a single-employer plan. All investments are held in the Municipal Employees' Retirement System of Michigan Retiree Health Funding Vehicle. MERS issues a publicly available financial report. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917. Effective July 1, 2017 (and earlier for certain divisions), the plan was closed to new hires.

Management of the plan is vested with City Council.

Benefits Provided

The plan provides health care, vision, and dental benefits for eligible retirees, their spouses, and dependents. Benefits are provided to pre-Medicare retirees and their dependents through the City's third-party insurers. The full cost of the health benefits and 50 percent of dental and medical premiums are covered by the plan. The City purchases Medicare supplemental insurance for eligible retirees who qualify for Medicare.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2021
Inactive plan members or beneficiaries currently receiving benefits	37
Active plan members	24
Total plan members	61

Contributions

All collective bargaining agreements require the City to pay or contribute toward the premium costs for continuation of health insurance for eligible 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 health care coverages for retirees and their spouses who are eligible for Medicare Part B coverage. The City's General Fund and Utilities Fund are used to liquidate retiree health care liabilities.

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2023, the City made payments for postemployment health benefit premiums of \$519,073.

June 30, 2023

Note 11 - Other Postemployment Benefit Plan (Continued)***Net OPEB Liability***

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2023 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2023 measurement date. The June 30, 2023 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021 and rolled forward to June 30, 2023.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2022	\$ 9,124,150	\$ 2,408,400	\$ 6,715,750
Changes for the year:			
Service cost	84,554	-	84,554
Interest	623,482	-	623,482
Differences between expected and actual experience	155,101	-	155,101
Contributions - Employer	-	519,073	(519,073)
Net investment income	-	179,475	(179,475)
Benefit payments, including refunds	(519,073)	(519,073)	-
Administrative expenses	-	(4,543)	4,543
Net changes	344,064	174,932	169,132
Balance at June 30, 2023	<u>\$ 9,468,214</u>	<u>\$ 2,583,332</u>	<u>\$ 6,884,882</u>

The plan's fiduciary net position represents 27.3 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized an OPEB recovery of \$1,445,948.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 274,670	\$ (1,111,322)
Changes in assumptions	757,253	(284,557)
Net difference between projected and actual earnings on OPEB plan investments	88,365	-
Total	<u>\$ 1,120,288</u>	<u>\$ (1,395,879)</u>

June 30, 2023

Note 11 - Other Postemployment Benefit Plan (Continued)

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

Years Ending June 30	Amount
2024	\$ (764,092)
2025	28,534
2026	247,331
2027	158,782
2028	53,854
Total	<u>\$ (275,591)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed base wage increases (including inflation) of 3.00 percent; an investment rate of return (net of investment expenses) of 7.00 percent; a health care cost trend rate of 7.50 percent for 2022, decreasing gradually to an ultimate rate of 3.50 percent for 2034 and later years; and the Pub-2010 mortality tables. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private equity	20.00	7.00

June 30, 2023

Note 11 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the plan	\$ 8,247,323	\$ 6,884,882	\$ 5,775,148

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.5 percent, decreasing to 3.5 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.5%) Decreasing to 2.5%)	Current Health Care Cost Trend Rate (7.5%) Decreasing to 3.5%)	1 Percentage Point Increase (8.5%) Decreasing to 4.5%)
Net OPEB liability of the plan	\$ 5,609,377	\$ 6,884,882	\$ 8,462,228

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. It is the policy of the City Council to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was an investment gain of 7.46 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 12 - Tax Abatements

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

For the fiscal year ended June 30, 2023, the City abated \$27,375 of taxes under this program. The DDA abated \$19,695 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

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

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,108,061	\$ 7,198,061	\$ 7,223,175	\$ 25,114
Intergovernmental	951,500	951,500	1,141,096	189,596
Charges for services	877,200	887,200	911,369	24,169
Fines, forfeitures, and penalties	293,300	311,300	323,900	12,600
Licenses and permits	364,450	614,450	672,103	57,653
Unrestricted investment interest	13,000	183,000	205,595	22,595
Other revenue	123,350	137,350	154,319	16,969
Total revenue	9,730,861	10,282,861	10,631,557	348,696
Expenditures				
Current services:				
General government	2,203,232	2,092,232	1,851,891	240,341
Public safety	3,812,370	3,843,236	3,789,605	53,631
Public works	2,575,376	2,601,236	2,558,166	43,070
Community and economic development	539,416	539,416	465,871	73,545
Total expenditures	9,130,394	9,076,120	8,665,533	410,587
Excess of Revenue Over Expenditures	600,467	1,206,741	1,966,024	759,283
Other Financing Sources (Uses)				
Transfers in	25,000	25,000	-	(25,000)
Transfers out	(1,149,475)	(1,149,475)	(1,149,416)	59
Sale of capital assets	-	-	4,927	4,927
Total other financing uses	(1,124,475)	(1,124,475)	(1,144,489)	(20,014)
Net Change in Fund Balance	(524,008)	82,266	821,535	739,269
Fund Balance - Beginning of year	3,477,577	3,477,577	3,477,577	-
Fund Balance - End of year	<u>\$ 2,953,569</u>	<u>\$ 3,559,843</u>	<u>\$ 4,299,112</u>	<u>\$ 739,269</u>

Required Supplementary Information
Budgetary Comparison Schedule
Major Special Revenue Fund
Major Streets Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 12,515	\$ 12,515	\$ 20,451	\$ 7,936
Intergovernmental	625,000	625,000	687,531	62,531
Licenses and permits	33,400	33,400	39,670	6,270
Unrestricted investment interest	2,243	2,243	15,123	12,880
Total revenue	673,158	673,158	762,775	89,617
Expenditures - Public works and debt service	1,048,932	2,253,937	1,524,679	729,258
Excess of Expenditures Over Revenue	(375,774)	(1,580,779)	(761,904)	818,875
Other Financing Sources - Transfers in	384,735	1,042,605	1,067,824	25,219
Net Change in Fund Balance	8,961	(538,174)	305,920	844,094
Fund Balance - Beginning of year	704,330	704,330	704,330	-
Fund Balance - End of year	<u>\$ 713,291</u>	<u>\$ 166,156</u>	<u>\$ 1,010,250</u>	<u>\$ 844,094</u>

Required Supplementary Information
Budgetary Comparison Schedule
Major Special Revenue Fund (Continued)
Local Streets Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 241,418	\$ 11,418
Licenses and permits	2,150	2,150	2,950	800
Unrestricted investment interest	250	250	8,752	8,502
Total revenue	232,400	232,400	253,120	20,720
Expenditures - Public works and debt service	2,395,478	4,763,978	2,440,249	2,323,729
Excess of Expenditures Over Revenue	(2,163,078)	(4,531,578)	(2,187,129)	2,344,449
Other Financing Sources - Transfers in	2,118,287	4,414,226	2,205,371	(2,208,855)
Net Change in Fund Balance	(44,791)	(117,352)	18,242	135,594
Fund Balance - Beginning of year	164,344	164,344	164,344	-
Fund Balance - End of year	<u>\$ 119,553</u>	<u>\$ 46,992</u>	<u>\$ 182,586</u>	<u>\$ 135,594</u>

Required Supplementary Information
Budgetary Comparison Schedule
Major Special Revenue Fund (Continued)
Street Millage Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,242,063	\$ 1,242,063	\$ 1,288,000	\$ 45,937
Intergovernmental	60,000	60,000	90,763	30,763
Fines, forfeitures, and penalties	-	-	2,428	2,428
Unrestricted investment interest	1,500	1,500	66,099	64,599
Total revenue	1,303,563	1,303,563	1,447,290	143,727
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	1,303,563	1,303,563	1,447,290	143,727
Other Financing Uses - Transfers out	(722,100)	(722,100)	(713,059)	9,041
Net Change in Fund Balance	581,463	581,463	734,231	152,768
Fund Balance - Beginning of year	1,830,683	1,830,683	1,830,683	-
Fund Balance - End of year	<u><u>\$ 2,412,146</u></u>	<u><u>\$ 2,412,146</u></u>	<u><u>\$ 2,564,914</u></u>	<u><u>\$ 152,768</u></u>

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

**Last Nine Plan Years Ended December 31
(Subsequent to GASB 68 Implementation in Fiscal Year 2015)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 368,026	\$ 334,788	\$ 314,040	\$ 363,886	\$ 418,509	\$ 386,140	\$ 407,326	\$ 394,320	\$ 405,232
Interest	2,054,572	2,004,551	1,862,129	1,813,052	1,812,477	1,731,810	1,653,911	1,535,088	1,438,814
Changes in benefit terms	(10,783)	(5,659)	2,301	(1,187,317)	-	-	-	(25,056)	-
Differences between expected and actual experience	267,207	16,852	300,237	279,090	160,268	(128,060)	103,238	76,212	-
Changes in assumptions	1,691	1,123,080	901,054	912,617	-	-	-	926,128	-
Benefit payments, including refunds	(1,543,623)	(1,510,314)	(1,522,029)	(1,326,117)	(1,174,972)	(1,115,268)	(950,236)	(742,672)	(600,570)
Net Change in Total Pension Liability	1,137,090	1,963,298	1,857,732	855,211	1,216,282	874,622	1,214,239	2,164,020	1,243,476
Total Pension Liability - Beginning of year	28,926,719	26,963,421	25,105,689	24,250,478	23,034,196	22,159,574	20,945,335	18,781,315	17,537,839
Total Pension Liability - End of year	\$ 30,063,809	\$ 28,926,719	\$ 26,963,421	\$ 25,105,689	\$ 24,250,478	\$ 23,034,196	\$ 22,159,574	\$ 20,945,335	\$ 18,781,315
Plan Fiduciary Net Position									
Contributions - Employer	\$ 1,012,786	\$ 2,267,900	\$ 857,132	\$ 866,361	\$ 801,531	\$ 658,086	\$ 584,909	\$ 583,850	\$ 556,493
Contributions - Employee	191,411	177,337	181,711	200,241	222,588	244,263	180,773	170,541	133,499
Net investment (loss) income	(2,272,775)	2,392,002	2,198,099	1,913,406	(585,775)	1,761,885	1,390,411	(199,183)	736,585
Administrative expenses	(37,979)	(28,098)	(31,412)	(32,969)	(28,901)	(27,880)	(27,479)	(27,758)	(27,151)
Benefit payments, including refunds	(1,543,623)	(1,510,314)	(1,522,029)	(1,326,117)	(1,174,972)	(1,115,268)	(950,236)	(742,672)	(600,570)
Net Change in Plan Fiduciary Net Position	(2,650,180)	3,298,827	1,683,501	1,620,922	(765,529)	1,521,086	1,178,378	(215,222)	798,856
Plan Fiduciary Net Position - Beginning of year	20,679,060	17,380,233	15,696,732	14,075,810	14,841,339	13,320,253	12,141,875	12,357,097	11,558,241
Plan Fiduciary Net Position - End of year	\$ 18,028,880	\$ 20,679,060	\$ 17,380,233	\$ 15,696,732	\$ 14,075,810	\$ 14,841,339	\$ 13,320,253	\$ 12,141,875	\$ 12,357,097
City's Net Pension Liability - Ending	\$ 12,034,929	\$ 8,247,659	\$ 9,583,188	\$ 9,408,957	\$ 10,174,668	\$ 8,192,857	\$ 8,839,321	\$ 8,803,460	\$ 6,424,218
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.97 %	71.49 %	64.46 %	62.52 %	58.04 %	64.43 %	60.11 %	57.97 %	65.79 %
Covered Payroll	\$ 3,384,010	\$ 3,283,961	\$ 3,288,682	\$ 3,238,963	\$ 3,777,392	\$ 3,498,942	\$ 3,510,572	\$ 3,533,771	\$ 3,572,072
City's Net Pension Liability as a Percentage of Covered Payroll	355.64 %	251.15 %	291.40 %	290.49 %	269.36 %	234.15 %	251.79 %	249.12 %	179.85 %

Required Supplementary Information
Pension System Schedule of City Contributions

Last Ten Fiscal Years
Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,094,049	\$ 930,077	\$ 807,464	\$ 895,385	\$ 846,398	\$ 743,929	\$ 576,133	\$ 606,733	\$ 731,484	\$ 664,441
Contributions in relation to the actuarially determined contribution	1,678,549	2,330,077	807,464	895,385	846,398	743,929	576,133	606,733	731,484	664,441
Contribution Excess	\$ 584,500	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,400,246	\$ 3,459,969	\$ 3,174,384	\$ 2,778,150	\$ 4,057,882	\$ 3,698,193	\$ 3,791,017	\$ 3,823,801	\$ 3,572,072	\$ 3,361,410
Contributions as a Percentage of Covered Payroll	49.37 %	67.34 %	25.44 %	32.23 %	20.86 %	20.12 %	15.20 %	15.87 %	20.48 %	19.77 %

Notes to Pension System 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, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50 percent
Salary increase	3.00 percent average, including inflation
Investment rate of return - Net of administrative expenses	7.35 percent
Retirement age	Varies depending on plan adoption
Mortality	Pub-2010 Mortality Tables
Other information	None

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Six Fiscal Years (Schedule is Built Prospectively upon Implementation of GASB 75)					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 84,554	\$ 114,404	\$ 131,240	\$ 307,327	\$ 296,248	\$ 261,510
Interest	623,482	821,445	785,743	1,174,004	1,099,010	1,089,519
Differences between expected and actual experience	155,101	(2,461,761)	115,608	(6,774,526)	(409,229)	342,988
Changes in assumptions	-	(769,404)	-	1,449,105	731,924	965,220
Benefit payments, including refunds	(519,073)	(516,529)	(511,741)	(564,677)	(462,062)	(426,732)
Net Change in Total OPEB Liability	344,064	(2,811,845)	520,850	(4,408,767)	1,255,891	2,232,505
Total OPEB Liability - Beginning of year	9,124,150	11,935,995	11,415,145	15,823,912	14,568,021	12,335,516
Total OPEB Liability - End of year	\$ 9,468,214	\$ 9,124,150	\$ 11,935,995	\$ 11,415,145	\$ 15,823,912	\$ 14,568,021
Plan Fiduciary Net Position						
Contributions - Employer	\$ 519,073	\$ 516,529	\$ 511,741	\$ 637,677	\$ 600,878	\$ 520,548
Net investment income (loss)	179,475	(216,382)	556,423	42,155	60,990	122,223
Benefit payments, including refunds	(519,073)	(516,529)	(511,741)	(564,677)	(462,062)	(426,732)
Administrative expenses	(4,543)	(4,717)	(4,281)	(3,665)	(3,744)	(3,931)
Net Change in Plan Fiduciary Net Position	174,932	(221,099)	552,142	111,490	196,062	212,108
Plan Fiduciary Net Position - Beginning of year	2,408,400	2,629,499	2,077,357	1,965,867	1,769,805	1,557,697
Plan Fiduciary Net Position - End of year	\$ 2,583,332	\$ 2,408,400	\$ 2,629,499	\$ 2,077,357	\$ 1,965,867	\$ 1,769,805
Net OPEB Liability - Ending	\$ 6,884,882	\$ 6,715,750	\$ 9,306,496	\$ 9,337,788	\$ 13,858,045	\$ 12,798,216
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	27.28 %	26.40 %	22.03 %	18.20 %	12.42 %	12.15 %
Covered-employee Payroll	\$ 2,251,167	\$ 2,269,754	\$ 2,529,907	\$ 2,523,452	\$ 2,026,989	\$ 2,253,116
Net OPEB Liability as a Percentage of Covered-employee Payroll	305.84 %	295.88 %	367.86 %	370.04 %	683.68 %	568.02 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions

Last Ten Fiscal Years
Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 619,589	\$ 822,200	\$ 826,393	\$ 817,376	\$ 489,407	\$ 351,075	\$ 951,817	\$ 639,057	\$ 738,327	\$ 754,345
Contributions in relation to the actuarially determined contribution	519,073	516,529	511,741	637,677	600,878	520,548	423,351	420,174	421,860	368,875
Contribution (Deficiency) Excess	\$ (100,516)	\$ (305,671)	\$ (314,652)	\$ (179,699)	\$ 111,471	\$ 169,473	\$ (528,466)	\$ (218,883)	\$ (316,467)	\$ (385,470)
Covered-employee Payroll	\$ 2,251,167	\$ 2,269,754	\$ 2,529,907	\$ 2,523,452	\$ 2,026,989	\$ 2,253,116	\$ 2,253,116	\$ 3,897,890	\$ 3,897,890	\$ 3,821,461
Contributions as a Percentage of Covered-employee Payroll	23.06 %	22.76 %	20.23 %	25.27 %	29.64 %	23.10 %	18.79 %	10.78 %	10.82 %	9.65 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal
Amortization method	Level dollar (closed)
Remaining amortization period	26 years
Asset valuation method	Market value of assets
Inflation	2.50 percent
Health care cost trend rates	Non-Medicare (Pre-65): Initial trend of 7.50 percent, gradually decreasing to 3.50 percent in year 12; Medicare (Post-65): Initial trend of 6.25 percent, gradually decreasing to 3.50 percent in year 12
Salary increase	3.00 percent to 9.70 percent, including 3.00 percent wage inflation
Investment rate of return	7.00 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Sex-distinct Pub-2010 General Employees & General Healthy Retiree Tables
Other information	None

Required Supplementary Information
Schedule of OPEB Investment Returns

	Last Six Fiscal Years Years Ended June 30					
	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return - Net of investment expense	7.46 %	(8.23)%	28.12 %	2.21 %	3.33 %	7.85 %

This schedule is being built prospectively upon implementation of GASB 74.

Budgetary Information

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

Expenditures are authorized via an annual budget passed by resolution in which the council authorizes the level of funding for city operations. The council adopts an activity-level budget for the General Fund, which is considered the maximum authorization to incur liabilities and not a mandate to spend. The council adopts a fund-level budget for all other governmental funds except construction 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 all fund types. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported in governmental funds as restrictions, commitments, or 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. Within the proprietary fund and component unit, the amounts are reported as unrestricted amounts. The amount of encumbrances outstanding at year end is as follows: General Fund - \$20,074, Major Streets Fund - \$201,697, Local Streets Fund - \$88,656, Public Safety Millage - \$5,554, Utility Fund - \$1,309,417, Downtown Development Authority - \$71, and nonmajor governmental funds - \$855,991.

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 its 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 Street Millage Fund, the Capital Improvement Fund, the Principal Shopping District Fund, the Arts and Cultural Commission Fund, the Brownfield Redevelopment Authority Fund, the Street Debt Fund, the Imagination Station Maintenance Fund, the State Drug Law Enforcement Fund, the Federal Drug Law Enforcement Fund, the Capital Reserve Fund, and the Public Safety/Law Enforcement Fund.

In accordance with GASB Statement No. 54, the Imagination Station Maintenance Fund, Principal Shopping District Fund, Arts and Cultural Commission Fund, and Brownfield Redevelopment Authority are presented within the General Fund for financial reporting purposes but are not budgeted in that manner.

A reconciliation of the General Fund budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	Total Revenue	Total Expenditures	Other Financing Uses	Change in Fund Balance
Amounts per operating statement	\$ 10,637,684	\$ 8,674,943	\$ (1,141,989)	\$ 820,752
Imagination Station Maintenance Fund	(789)	(4,210)	(2,500)	921
Arts and Cultural Commission Fund	(5,338)	(5,200)	-	(138)
Amounts per budget statement	<u>\$ 10,631,557</u>	<u>\$ 8,665,533</u>	<u>\$ (1,144,489)</u>	<u>\$ 821,535</u>

June 30, 2023

Pension - Changes in Assumptions and Changes in Benefit Terms

In 2022, the discount rate in the pension valuation was decreased from 7.6 percent to 7.25 percent. In 2020, the discount rate in the pension valuation was decreased from 8.0 percent to 7.6 percent. In 2016, the discount rate in the pension valuation was decreased from 8.25 percent to 8.0 percent.

In 2020, benefit changes were introduced that reduced future earned benefits through a bridged multiplier and/or required increased employee contributions. Additionally, the pension plan was closed to all nonpolice new hires. Police hired on or after November 21, 2019 will be on a new hybrid pension and defined contribution plan. These changes resulted in a significant reduction in the calculation of the total pension liability.

In 2021, mortality, retirement, and termination dates were updated as a result of the most recent experience study. In addition, mortality tables were updated from RP-2014 tables to Pub-2010 tables.

OPEB - Changes in Assumptions and Experience Differences

In 2022, there were certain changes of assumptions that affected the measurement of the total OPEB liability since the prior measurement date. The assumed health care inflation rate decreased from 8.25 percent to 7.50 percent for non-Medicare and 6.50 percent to 6.25 percent for Medicare for the year ended June 30, 2022.

In 2020, there were certain changes of assumptions that affected the measurement of the total OPEB liability. The single discount rate, base wage inflation, merit and longevity scale, and mortality tables were updated based on the data available at the June 30, 2020 measurement date.

In 2019, there were certain changes of assumptions that affected the measurement of the total OPEB liability. The estimated annual per capita claims costs, health care cost trend rate assumptions, and discount rate were updated based on the data available at the June 30, 2019 measurement date.

In 2018, there were certain changes of assumptions that affected the measurement of the total OPEB liability. The estimated annual per capita claims costs and health care cost trend rate assumptions were updated based on the data available at the June 30, 2018 measurement date.

Effective January 1, 2020, all existing and future retirees, with the exception of retired police officers, were moved to a different insurance carrier, resulting in significant cost savings. Also, the federal Cadillac tax, a provision from the Affordable Care Act, was removed from the most recent valuation given recent changes in the law.

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund	Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	State Drug Law Enforcement Fund	Public Safety/Law Enforcement Fund	Federal Drug Law Enforcement Fund	Street Debt Fund	2021 Capital Improvement Bonds Construction Fund	Capital Improvement Fund	Capital Reserve Fund	
Assets								
Cash and investments	\$ 4,802	\$ 115,688	\$ 104,156	\$ -	\$ -	\$ 28,172	\$ 570,847	\$ 823,665
Receivables - Delinquent taxes	-	2,946	-	-	-	-	-	2,946
Prepays	-	1,580	1,544	-	-	-	-	3,124
Restricted cash	-	-	-	-	2,877,889	-	-	2,877,889
Total assets	<u>\$ 4,802</u>	<u>\$ 120,214</u>	<u>\$ 105,700</u>	<u>\$ -</u>	<u>\$ 2,877,889</u>	<u>\$ 28,172</u>	<u>\$ 570,847</u>	<u>\$ 3,707,624</u>
Liabilities - Accounts payable and other accruals	\$ -	\$ 22,766	\$ -	\$ -	\$ 31,800	\$ 6,374	\$ -	\$ 60,940
Deferred Inflows of Resources -								
Unavailable revenue - Property taxes	-	1,958	-	-	-	-	-	1,958
Fund Balances								
Nonspendable - Prepays	-	1,580	1,544	-	-	-	-	3,124
Restricted:								
Federal/State drug law enforcement	4,802	-	104,156	-	-	-	-	108,958
Law enforcement/Public safety	-	93,910	-	-	-	-	-	93,910
Capital projects	-	-	-	-	2,846,089	-	-	2,846,089
Assigned - Capital projects/purchases	-	-	-	-	-	21,798	570,847	592,645
Total fund balances	<u>4,802</u>	<u>95,490</u>	<u>105,700</u>	<u>-</u>	<u>2,846,089</u>	<u>21,798</u>	<u>570,847</u>	<u>3,644,726</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,802</u>	<u>\$ 120,214</u>	<u>\$ 105,700</u>	<u>\$ -</u>	<u>\$ 2,877,889</u>	<u>\$ 28,172</u>	<u>\$ 570,847</u>	<u>\$ 3,707,624</u>

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

Year Ended June 30, 2023

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Fund	Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	State Drug Law Enforcement Fund	Public Safety/Law Enforcement Fund	Federal Drug Law Enforcement Fund	Street Debt Fund	2021 Capital Improvement Bonds Construction Fund	Capital Improvement Fund	Capital Reserve Fund	
Revenue								
Property taxes	\$ -	\$ 195,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,535
Intergovernmental	-	5,705	-	-	-	-	-	5,705
Fines, forfeitures, and penalties	-	469	10,735	-	-	-	-	11,204
Licenses and permits	-	-	-	-	-	1,500	-	1,500
Unrestricted investment interest	102	5,562	1,526	-	59,189	-	13,237	79,616
Total revenue	102	207,271	12,261	-	59,189	1,500	13,237	293,560
Expenditures								
Current services - Public safety	-	58,129	7,728	-	-	-	-	65,857
Capital outlay	-	278,314	1,459	-	-	812,289	-	1,092,062
Debt service	-	-	-	294,842	-	275,515	-	570,357
Total expenditures	-	336,443	9,187	294,842	-	1,087,804	-	1,728,276
Excess of Revenue Over (Under) Expenditures	102	(129,172)	3,074	(294,842)	59,189	(1,086,304)	13,237	(1,434,716)
Other Financing Sources (Uses)								
Transfers in	-	-	-	294,842	-	1,085,606	745,000	2,125,448
Transfers out	-	-	-	-	(2,603,354)	-	(935,314)	(3,538,668)
Sale of capital assets	-	18,366	-	-	-	17,053	-	35,419
Total other financing sources (uses)	-	18,366	-	294,842	(2,603,354)	1,102,659	(190,314)	(1,377,801)
Net Change in Fund Balances	102	(110,806)	3,074	-	(2,544,165)	16,355	(177,077)	(2,812,517)
Fund Balances - Beginning of year	4,700	206,296	102,626	-	5,390,254	5,443	747,924	6,457,243
Fund Balances - End of year	<u>\$ 4,802</u>	<u>\$ 95,490</u>	<u>\$ 105,700</u>	<u>\$ -</u>	<u>\$ 2,846,089</u>	<u>\$ 21,798</u>	<u>\$ 570,847</u>	<u>\$ 3,644,726</u>

City of Brighton, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Unrestricted investment interest	\$ -	\$ -	\$ 102	\$ 102
Expenditures - Current services - Public safety	-	-	-	-
Net Change in Fund Balance	-	-	102	102
Fund Balance - Beginning of year	4,700	4,700	4,700	-
Fund Balance - End of year	<u>\$ 4,700</u>	<u>\$ 4,700</u>	<u>\$ 4,802</u>	<u>\$ 102</u>

City of Brighton, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 188,677	\$ 188,677	\$ 195,535	\$ 6,858
Intergovernmental	4,200	4,200	5,705	1,505
Fines, forfeitures, and penalties	-	-	469	469
Unrestricted investment interest	-	-	5,562	5,562
Total revenue	192,877	192,877	207,271	14,394
Expenditures				
Current services - Public safety	58,352	64,767	58,129	6,638
Capital outlay	181,230	296,417	278,314	18,103
Total expenditures	239,582	361,184	336,443	24,741
Excess of Expenditures Over Revenue	(46,705)	(168,307)	(129,172)	39,135
Other Financing Sources - Sale of capital assets	-	-	18,366	18,366
Net Change in Fund Balance	(46,705)	(168,307)	(110,806)	57,501
Fund Balance - Beginning of year	206,296	206,296	206,296	-
Fund Balance - End of year	<u>\$ 159,591</u>	<u>\$ 37,989</u>	<u>\$ 95,490</u>	<u>\$ 57,501</u>

City of Brighton, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 10,735	\$ 10,735
Unrestricted investment interest	-	-	1,526	1,526
Total revenue	-	-	12,261	12,261
Expenditures				
Current services - Public safety	13,705	13,705	7,728	5,977
Capital outlay	6,000	6,000	1,459	4,541
Total expenditures	19,705	19,705	9,187	10,518
Net Change in Fund Balance	(19,705)	(19,705)	3,074	22,779
Fund Balance - Beginning of year	102,626	102,626	102,626	-
Fund Balance - End of year	<u>\$ 82,921</u>	<u>\$ 82,921</u>	<u>\$ 105,700</u>	<u>\$ 22,779</u>

City of Brighton, Michigan

Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Street Debt Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Debt service	295,328	295,328	294,842	486
Excess of Expenditures Over Revenue	(295,328)	(295,328)	(294,842)	486
Other Financing Sources - Transfers in	295,328	295,328	294,842	(486)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brighton, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Licenses and permits	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Expenditures				
Capital outlay	604,800	1,174,271	812,289	361,982
Debt service	275,518	275,518	275,515	3
Total expenditures	880,318	1,449,789	1,087,804	361,985
Excess of Expenditures Over Revenue	(878,818)	(1,448,289)	(1,086,304)	361,985
Other Financing Sources				
Transfers in	1,005,318	1,574,789	1,085,606	(489,183)
Sale of capital assets	-	-	17,053	17,053
Total other financing sources	1,005,318	1,574,789	1,102,659	(472,130)
Net Change in Fund Balance	126,500	126,500	16,355	(110,145)
Fund Balance - Beginning of year	5,443	5,443	5,443	-
Fund Balance - End of year	<u><u>\$ 131,943</u></u>	<u><u>\$ 131,943</u></u>	<u><u>\$ 21,798</u></u>	<u><u>\$ (110,145)</u></u>

Other Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Capital Reserve Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Unrestricted investment interest	\$ 500	\$ 500	\$ 13,237	\$ 12,737
Expenditures - Current services	-	-	-	-
Excess of Revenue Over Expenditures	500	500	13,237	12,737
Other Financing Sources (Uses)				
Transfers in	745,000	745,000	745,000	-
Transfers out	(983,571)	(1,320,736)	(935,314)	385,422
Total other financing uses	(238,571)	(575,736)	(190,314)	385,422
Net Change in Fund Balance	(238,071)	(575,236)	(177,077)	398,159
Fund Balance - Beginning of year	747,924	747,924	747,924	-
Fund Balance - End of year	<u><u>\$ 509,853</u></u>	<u><u>\$ 172,688</u></u>	<u><u>\$ 570,847</u></u>	<u><u>\$ 398,159</u></u>

City of Brighton, Michigan

Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)

2021 Capital Improvement Bonds Construction Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Unrestricted investment interest	\$ 1,000	\$ 1,000	\$ 59,189	\$ 58,189
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	1,000	1,000	59,189	58,189
Other Financing Uses - Transfers out	(1,721,022)	(4,907,137)	(2,603,354)	2,303,783
Net Change in Fund Balance	(1,720,022)	(4,906,137)	(2,544,165)	2,361,972
Fund Balance - Beginning of year	5,390,254	5,390,254	5,390,254	-
Fund Balance - End of year	<u><u>\$ 3,670,232</u></u>	<u><u>\$ 484,117</u></u>	<u><u>\$ 2,846,089</u></u>	<u><u>\$ 2,361,972</u></u>

City of Brighton, Michigan

Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Arts and Cultural Commission Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 16,000	\$ 16,000	\$ -	\$ (16,000)
Unrestricted investment interest	-	-	338	338
Other revenue	5,000	5,000	5,000	-
Total revenue	21,000	21,000	5,338	(15,662)
Expenditures - Current services	9,750	9,750	5,200	4,550
Net Change in Fund Balance	11,250	11,250	138	(11,112)
Fund Balance - Beginning of year	13,856	13,856	13,856	-
Fund Balance - End of year	<u><u>\$ 25,106</u></u>	<u><u>\$ 25,106</u></u>	<u><u>\$ 13,994</u></u>	<u><u>\$ (11,112)</u></u>

City of Brighton, Michigan

Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Imagination Station Maintenance Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Unrestricted investment interest	\$ -	\$ -	\$ 789	\$ 789
Expenditures - Current services	5,250	5,250	4,210	1,040
Excess of Expenditures Over Revenue	(5,250)	(5,250)	(3,421)	1,829
Other Financing Sources - Transfers in	-	2,500	2,500	-
Net Change in Fund Balance	(5,250)	(2,750)	(921)	1,829
Fund Balance - Beginning of year	28,479	28,479	28,479	-
Fund Balance - End of year	<u>\$ 23,229</u>	<u>\$ 25,729</u>	<u>\$ 27,558</u>	<u>\$ 1,829</u>

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

June 30, 2023

	Balance Sheet	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 1,045,830	\$ -	\$ 1,045,830
Receivables	26,059	-	26,059
Prepays	8,042	-	8,042
Restricted cash	5,280,859	-	5,280,859
Capital assets - Net	-	6,413,679	6,413,679
Total assets	<u>\$ 6,360,790</u>	6,413,679	12,774,469
Liabilities			
Accounts payable	\$ 724,693	-	724,693
Accrued liabilities and other	25,581	-	25,581
Long-term debt	-	8,214,780	8,214,780
Total liabilities	750,274	8,214,780	8,965,054
Equity			
Fund balance:			
Nonspendable - Prepays	8,042	(8,042)	-
Restricted	4,647,748	(4,647,748)	-
Unassigned	954,726	(954,726)	-
Total fund balance	5,610,516	(5,610,516)	-
Total liabilities and fund balance	<u>\$ 6,360,790</u>		
Net position:			
Net investment in capital assets		2,835,647	2,835,647
Unrestricted		973,768	973,768
Total net position		<u>\$ 3,809,415</u>	<u>\$ 3,809,415</u>

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

Year Ended June 30, 2023

	Statement of Revenue, Expenditures, and Changes in Fund Balance	Adjustments	Statement of Activities
Revenue			
Property taxes	\$ 863,235	\$ -	\$ 863,235
Intergovernmental	90,499	-	90,499
Unrestricted investment interest	160,413	-	160,413
Other revenue	21,157	-	21,157
Total revenue	1,135,304	-	1,135,304
Expenditures			
Community development	371,873	244,227	616,100
Capital outlay	1,866,177	(1,866,177)	-
Debt service:			
Principal	405,000	(405,000)	-
Interest and fiscal charges	288,648	3,473	292,121
Total expenditures	2,931,698	(2,023,477)	908,221
Other Financing Sources - New debt issued	6,570,000	(6,570,000)	-
Net Change in Fund Balance/Net Position	4,773,606	(4,546,523)	227,083
Fund Balance/Net Position - Beginning of year	836,910	2,745,422	3,582,332
Fund Balance/Net Position - End of year	<u><u>\$ 5,610,516</u></u>	<u><u>\$ (1,801,101)</u></u>	<u><u>\$ 3,809,415</u></u>

Statistical Section

This part of the City of Brighton's Annual Comprehensive 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
- Revenue capacity
- Debt capacity
- Demographics and economic information
- Operating information

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.

City of Brighton, Michigan

	As of June 30,			
	2014	2015	2016	2017
Governmental Activities:				
Net investment in capital assets	\$ 18,878,877	\$ 18,687,470	\$ 19,363,331	\$ 20,092,730
Restricted	1,899,223	1,692,565	1,460,894	1,354,762
Unrestricted	(6,183,721)	(6,611,195)	(7,210,082)	(8,186,118)
Total net position	<u>\$ 14,594,379</u>	<u>\$ 13,768,840</u>	<u>\$ 13,614,143</u>	<u>\$ 13,261,374</u>
Business Type Activities:				
Net investment in capital assets	\$ 24,206,346	\$ 23,922,458	\$ 24,109,024	\$ 24,310,660
Restricted	-	-	-	-
Unrestricted	691,925	969,664	943,480	2,637,611
Total net position	<u>\$ 24,898,271</u>	<u>\$ 24,892,122</u>	<u>\$ 25,052,504</u>	<u>\$ 26,948,271</u>
Primary government in total:				
Net investment in capital assets	43,085,223	42,609,928	43,472,355	44,403,390
Restricted	1,899,223	1,692,565	1,460,894	1,354,762
Unrestricted	(5,491,796)	(5,641,531)	(6,266,602)	(5,548,507)
Total net position	<u>\$ 39,492,650</u>	<u>\$ 38,660,962</u>	<u>\$ 38,666,647</u>	<u>\$ 40,209,645</u>

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

Net Position by Component

Last Ten Fiscal Years

June 30, 2023

As of June 30,					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 19,816,360	\$ 22,365,142	\$ 23,535,409	\$ 23,201,408	\$ 24,099,735	\$ 25,845,899
650,454	1,380,941	1,670,347	3,275,904	3,373,942	4,306,808
(13,347,865)	(14,102,559)	(13,346,641)	(11,777,703)	(10,980,108)	(8,664,099)
\$ 7,118,949	\$ 9,643,524	\$ 11,859,115	\$ 14,699,609	\$ 16,493,569	\$ 21,488,608
\$ 24,417,707	\$ 26,396,276	\$ 26,921,552	\$ 27,036,903	\$ 27,129,604	\$ 28,928,059
-	-	-	-	-	-
2,349,241	(529,869)	(779,538)	596,670	2,780,373	4,324,868
\$ 26,766,948	\$ 25,866,407	\$ 26,142,014	\$ 27,633,573	\$ 29,909,977	\$ 33,252,927
44,234,067	48,761,418	50,456,961	50,238,311	51,229,339	54,773,958
650,454	1,380,941	1,670,347	3,275,904	3,373,942	4,306,808
(10,998,624)	(14,632,428)	(14,126,179)	(11,181,033)	(8,199,735)	(4,339,231)
\$ 33,885,897	\$ 35,509,931	\$ 38,001,129	\$ 42,333,182	\$ 46,403,546	\$ 54,741,535

City of Brighton, Michigan

	Fiscal Years Ended June 30,			
	2014	2015	2016	2017
Expenses				
Governmental Activities:				
General government	\$ 1,802,904	\$ 1,686,985	\$ 1,861,586	\$ 1,544,770
Public safety	2,818,030	3,064,464	3,160,650	3,584,155
Public works	3,857,556	3,990,950	3,606,873	3,908,915
Community and economic development	662,880	765,784	743,270	787,550
Interest on long-term debt	323,283	280,040	253,091	227,747
Total governmental activities expenses	9,464,653	9,788,223	9,625,470	10,053,137
Business-type activities - Water and Sewer	4,316,231	4,209,829	4,346,161	4,234,750
Total primary government expenses	13,780,884	13,998,052	13,971,631	14,287,887
Program revenue				
Governmental Activities:				
Charges for services - General government	446,057	784,438	394,462	400,802
Charges for services - Public safety	297,201	257,625	173,911	162,053
Charges for services - Public works	552,101	785,228	598,394	627,675
Charges for services - Community development	-	-	275,466	269,551
Operating grants and contributions	475,005	494,412	518,838	474,025
Capital grants and contributions	28,059	79,401	660,611	961,893
Total governmental activities program revenue	1,798,423	2,401,104	2,621,682	2,895,999
Business-type activities:				
Charges for services	3,401,513	3,309,023	3,443,717	3,662,162
Operating grants and contributions	-	-	160,501	108,183
Capital grants and contributions	242,288	887,609	889,892	2,340,484
Total business-type activities program revenue	3,643,801	4,196,632	4,494,110	6,110,829
Total primary government program revenue	5,442,224	6,597,736	7,115,792	9,006,828
Net (Expenses) Revenue				
Governmental activities	(7,666,230)	(7,387,119)	(7,003,788)	(7,157,138)
Business-type activities	(672,430)	(13,197)	147,949	1,876,079
Total primary government net expense	(8,338,660)	(7,400,316)	(6,855,839)	(5,281,059)
General Revenues				
Governmental activities				
Property taxes	5,053,574	5,452,696	5,735,336	5,901,323
Special assessments	-	76,007	-	-
State-shared revenue	637,657	681,895	761,152	666,436
Investment earnings	112,530	108,836	111,027	88,244
Gain/Loss on disposal of asset	-	-	-	-
Other	301,429	242,146	241,576	148,366
Total governmental activities revenue	6,105,190	6,561,580	6,849,091	6,804,369
Business-type activities - Investment and other income	4,884	7,048	12,433	19,688
Total primary government	6,110,074	6,568,628	6,861,524	6,824,057
Impact of GASB Statement No. 68	(5,711,031)	-	-	-
Impact of GASB Statement No. 75	-	-	-	-
Changes in Net Position	\$ (7,939,617)	\$ (831,688)	\$ 5,685	\$ 1,542,998

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

Changes in Governmental Net Position

Last Ten Fiscal Years
June 30, 2023

Fiscal Years Ended June 30,					
2018	2019	2020	2021	2022	2023
\$ 1,538,298	\$ 1,615,669	\$ 1,417,681	\$ 1,634,559	\$ 2,031,259	\$ 1,680,094
3,664,694	3,391,391	2,821,394	2,835,358	3,396,419	2,872,853
4,148,675	3,365,745	4,322,832	4,367,392	4,537,834	4,868,249
526,269	599,107	365,224	408,674	436,547	428,306
214,003	161,714	135,416	305,900	242,690	217,167
10,091,939	9,133,626	9,062,547	9,551,883	10,644,749	10,066,669
4,453,286	5,339,867	4,411,979	4,707,792	3,743,950	5,924,998
14,545,225	14,473,493	13,474,526	14,259,675	14,388,699	15,991,667
399,916	415,549	412,331	431,611	440,360	442,276
158,550	190,191	159,007	137,619	152,264	162,024
639,760	671,022	673,930	795,072	802,264	810,952
422,538	249,641	211,005	258,217	365,510	516,888
759,346	866,819	768,781	1,558,554	905,096	949,171
-	1,652,096	-	-	-	1,644,027
2,380,110	4,045,318	2,225,054	3,181,073	2,665,494	4,525,338
3,682,830	3,806,356	3,996,601	5,660,613	5,304,829	7,231,673
173,687	63,987	-	-	232,103	768,788
1,634,200	170,698	671,003	530,600	435,605	1,039,400
5,490,717	4,041,041	4,667,604	6,191,213	5,972,537	9,039,861
7,870,827	8,086,359	6,892,658	9,372,286	8,638,031	13,565,199
(7,711,829)	(5,088,308)	(6,837,493)	(6,370,810)	(7,979,255)	(5,541,331)
1,037,431	(1,298,826)	255,625	1,483,421	2,228,587	3,114,863
(6,674,398)	(6,387,134)	(6,581,868)	(4,887,389)	(5,750,668)	(2,426,468)
6,012,882	6,245,376	7,824,077	7,920,150	8,332,107	8,733,269
-	-	-	-	-	-
923,521	857,903	870,140	1,056,522	1,166,585	1,229,202
103,630	189,234	148,345	46,555	46,434	376,312
-	65,845	20,068	15,202	33,156	35,715
220,828	254,525	190,454	172,875	194,933	161,872
7,260,861	7,612,883	9,053,084	9,211,304	9,773,215	10,536,370
36,203	398,285	19,982	8,138	47,817	228,087
7,297,064	8,011,168	9,073,066	9,219,442	9,821,032	10,764,457
-	-	-	-	-	-
(6,946,414)	-	-	-	-	-
\$ (6,323,748)	\$ 1,624,034	\$ 2,491,198	\$ 4,332,053	\$ 4,070,364	\$ 8,337,989

City of Brighton, Michigan

	As of June 30,			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund:				
Nonspendable	\$ 364,783	\$ 347,401	\$ 450,008	\$ 506,096
Restricted	2,138	-	-	50
Committed	77,139	108,089	108,089	108,089
Assigned	47,582	48,773	79,973	451,415
Unassigned	<u>1,171,908</u>	<u>1,061,125</u>	<u>1,211,115</u>	<u>1,021,687</u>
Total general fund	1,663,550	1,565,388	1,849,185	2,087,337
All other governmental funds:				
Nonspendable	-	-	-	2,202
Restricted/Assigned - Reported in:				
Special revenue funds	212,369	174,523	126,551	366,895
Capital projects funds	-	-	-	744
Debt service funds	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(17,310)</u>	<u>-</u>
Total all other governmental funds	212,369	174,523	109,241	369,841
Total of all governmental funds	<u>\$ 1,875,919</u>	<u>\$ 1,739,911</u>	<u>\$ 1,958,426</u>	<u>\$ 2,457,178</u>

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

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2023

As of June 30,					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 474,000	\$ 454,053	\$ 421,603	\$ 385,702	\$ 487,661	\$ 498,818
1,148	1,148	1,600	-	771	771
108,089	108,089	-	-	-	-
1,391,579	1,855,776	711,394	1,695,797	1,465,287	1,810,855
1,378,621	1,202,231	1,874,962	1,785,980	1,566,193	2,030,220
<u>3,353,437</u>	<u>3,621,297</u>	<u>3,009,559</u>	<u>3,867,479</u>	<u>3,519,912</u>	<u>4,340,664</u>
2,198	2,798	2,818	2,803	8,318	4,892
319,449	653,103	1,072,644	12,240,995	8,400,358	6,804,939
-	2,000	497,590	874,296	747,924	592,645
-	-	-	-	-	-
-	-	-	-	-	-
<u>321,647</u>	<u>657,901</u>	<u>1,573,052</u>	<u>13,118,094</u>	<u>9,156,600</u>	<u>7,402,476</u>
<u>\$ 3,675,084</u>	<u>\$ 4,279,198</u>	<u>\$ 4,582,611</u>	<u>\$ 16,985,573</u>	<u>\$ 12,676,512</u>	<u>\$ 11,743,140</u>

City of Brighton, Michigan

	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Revenue				
Property taxes	\$ 5,063,849	\$ 5,431,020	\$ 5,708,220	\$ 5,880,599
Special assessment	167,271	242,952	237,200	196,684
State-shared	1,116,018	1,158,474	1,338,611	1,245,784
Federal grants	10,240	11,258	1,824	15,181
Charges for services	583,690	668,770	603,077	708,955
Fines and penalties	297,201	277,242	298,127	393,052
Licenses and permits	331,631	610,114	460,886	488,241
Interest	112,530	108,836	111,027	88,244
Other	398,729	334,470	330,469	120,728
Total revenue	8,081,159	8,843,136	9,089,441	9,137,468
Expenditures				
Current:				
General government	1,754,250	1,773,228	1,713,256	1,380,618
Public safety	2,481,155	2,618,172	2,765,402	2,813,901
Public works - Operating	2,444,233	2,625,647	2,678,217	2,799,577
Community development	634,650	737,652	564,041	523,201
Capital outlay	91,184	207,035	128,998	276,291
Debt service - Principal	749,111	736,176	766,106	651,643
Debt service - Interest	310,384	282,969	254,906	228,950
Total expenditures	8,464,967	8,980,879	8,870,926	8,674,181
Excess of Revenue (Under) Over Expenditures	(383,808)	(137,743)	218,515	463,287
Other Financing Sources (Uses)				
Sale of capital assets	61,000	1,735	-	35,465
Transfers in	1,322,308	1,440,901	941,921	1,139,601
Transfers out	(1,322,308)	(1,440,901)	(941,921)	(1,139,601)
Issuance of debt - Net	16,815	-	-	-
Total other financing sources	77,815	1,735	-	35,465
Net change in fund balances	(305,993)	(136,008)	218,515	498,752
Fund Balances - Beginning of year	2,181,912	1,875,919	1,739,911	1,958,426
Fund Balances - End of year	\$ 1,875,919	\$ 1,739,911	\$ 1,958,426	\$ 2,457,178
Debt service as a percentage of noncapital expenditures	12.65%	11.62%	11.68%	10.49%

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

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
June 30, 2023

Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
\$ 5,994,111	\$ 6,225,730	\$ 7,791,387	\$ 7,874,885	\$ 8,280,747	\$ 8,706,710
192,184	133,821	130,401	121,411	119,994	20,451
1,634,325	1,682,419	1,637,474	2,274,497	2,070,181	2,158,930
13,762	4,703	1,447	265,298	1,500	7,583
732,104	763,532	743,489	875,370	895,969	911,369
306,733	349,904	303,013	382,685	321,573	337,532
629,288	463,223	440,163	456,798	562,287	716,223
103,630	189,234	148,345	46,555	46,434	376,312
193,371	205,138	200,801	174,694	192,777	159,319
9,799,508	10,017,704	11,396,520	12,472,193	12,491,462	13,394,429
1,472,571	1,479,937	1,500,783	1,673,423	2,146,016	1,851,891
2,866,191	2,993,627	3,173,318	3,076,333	3,946,099	3,855,462
2,784,121	2,932,396	4,664,279	2,937,268	7,768,631	5,673,152
162,013	508,400	395,231	428,929	492,380	471,071
879,629	650,970	472,548	994,288	699,003	1,092,062
740,151	737,050	782,542	756,149	1,341,325	1,059,200
224,732	257,045	136,515	220,860	443,250	365,309
9,129,408	9,559,425	11,125,216	10,087,250	16,836,704	14,368,147
670,100	458,279	271,304	2,384,943	(4,345,242)	(973,718)
48,706	145,835	32,109	20,244	36,181	40,346
951,238	1,514,031	4,860,276	2,428,455	6,771,716	5,398,643
(951,238)	(1,514,031)	(4,860,276)	(2,428,455)	(6,771,716)	(5,398,643)
499,100	-	-	9,997,775	-	-
547,806	145,835	32,109	10,018,019	36,181	40,346
1,217,906	604,114	303,413	12,402,962	(4,309,061)	(933,372)
2,457,178	3,675,084	4,279,198	4,582,611	16,985,573	12,676,512
\$ 3,675,084	\$ 4,279,198	\$ 4,582,611	\$ 16,985,573	\$ 12,676,512	\$ 11,743,140
11.70%	11.16%	8.63%	10.90%	15.29%	12.94%

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Brighton, Michigan

Taxable Value by Property Type:							
Real Property							
Tax Year	Fiscal Year	Residential	Commercial	Industrial	Personal Property	IFT Real & Personal	Total Taxable Value
2013	2014	191,614,956	139,343,070	16,752,160	35,530,296	11,246,470	394,486,952
2014	2015	199,092,840	140,907,773	17,577,710	32,744,850	10,811,810	401,134,983
2015	2016	208,346,880	143,167,910	17,574,288	42,558,068	6,219,500	417,866,646
2016	2017	216,616,231	141,450,927	18,702,444	35,725,700	13,951,900	426,447,202
2017	2018	226,770,035	143,942,903	19,842,303	28,816,500	7,520,300	426,892,041
2018	2019	236,682,914	150,296,298	21,050,628	30,091,800	6,952,600	445,074,240
2019	2020	250,730,400	160,541,471	23,195,947	30,464,300	6,474,000	471,406,118
2020	2021	262,416,073	167,720,456	24,206,155	30,474,700	6,330,100	491,147,484
2021	2022	276,632,833	170,825,039	24,659,442	30,164,200	5,721,700	508,003,214
2022	2023	294,519,115	178,922,566	25,906,455	31,027,400	5,332,500	535,708,036

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

Taxable Value by Property Type and Actual Value

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
15.27	411,932,182	823,864,364	96	48%	5,939,271
15.65	433,968,889	867,937,778	92	46%	6,194,710
15.65	466,376,806	932,753,612	90	45%	6,492,356
15.77	514,295,757	1,028,591,514	83	41%	6,615,187
15.77	516,852,068	1,033,704,136	83	41%	6,673,001
15.77	541,731,305	1,083,462,610	82	41%	6,962,454
18.25	589,320,670	1,178,641,340	80	40%	8,543,571
17.94	626,613,611	1,253,227,222	78	39%	8,755,771
17.66	661,298,509	1,322,597,018	77	38%	8,920,208
17.65	698,511,885	1,397,023,770	77	38%	9,410,320

City of Brighton, Michigan

Millage Rates - Direct City Taxes								Overlapping taxes	
City -									
				City Law Enforcement / Public Safety	Economic Development PA 359 of 1925	City of Brighton / Streets	Total Direct City Tax Rates	Livingston County	Brighton District Library
Tax Year	Fiscal Year	City Operating	City Debt						
2013	2014	15.2734	-	-	-	-	15.2734	3.9543	0.8992
2014	2015	15.2734	-	0.3800	-	-	15.6534	3.9543	0.8762
2015	2016	15.2734	-	0.3800	-	-	15.6534	3.9535	0.8892
2016	2017	15.2734	-	0.3800	0.1169	-	15.7703	4.0068	0.8865
2017	2018	15.2734	-	0.3800	0.1171	-	15.7705	3.9776	0.8828
2018	2019	15.2734	-	0.3800	0.1131	-	15.7665	3.9483	0.8783
2019	2020	15.2627	-	0.3797	0.1065	2.5000	18.2489	3.9242	0.8702
2020	2021	15.0093	-	0.3733	0.1017	2.4585	17.9428	3.8893	0.8621
2021	2022	14.7736	-	0.3674	0.0979	2.4199	17.6588	3.8470	0.8528
2022	2023	14.7736	-	0.3674	0.0931	2.4199	17.6540	3.7559	0.8471

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

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping 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	7.1900	18.0000	36.9030	54.9030
1.2500	6.0000	2.3361	7.1900	18.0000	37.2600	55.2600
1.2500	6.0000	2.3334	7.1900	18.0000	37.2695	55.2695
1.5000	6.0000	3.3585	7.1900	18.0000	38.7121	56.7121
1.4938	6.0000	3.3351	7.1900	18.0000	38.6498	56.6498
1.4869	6.0000	3.3143	7.1900	18.0000	38.5843	56.5843
2.3733	6.0000	3.2988	7.1900	18.0000	41.9054	59.9054
2.3528	6.0000	3.2687	7.1900	18.0000	41.5057	59.5057
2.3733	6.0000	3.2315	7.1900	18.0000	41.1534	59.1534
2.3562	6.0000	3.2022	7.1900	18.0000	41.0054	59.0054

Principal Property Taxpayers

Current and Nine Years Ago

	Taxpayer	2023 Taxable Value	Percentage of Total	2014 Taxable Value	Percentage of Total	2014 Rank
1	Brighton Mall Associates LTD	\$ 11,509,003	2.15%	\$ 9,048,390	2.30%	3
2	Brighton Propco LLC	10,639,385	1.99%	*	*	*
3	Brighton Holdings LLC	10,223,426	1.91%	13,178,320	3.35%	1
4	Eberspaecher North America**	8,710,202	1.63%	14,242,680	3.62%	2
5	Aberdeen Apartments LLC	7,094,500	1.32%	3,178,510	0.81%	11
6	BMH Realty LLC	6,748,972	1.26%	7,451,350	1.89%	4
7	Symphony of Brighton LLC	5,939,750	1.11%	*	*	*
8	Brighton Hotel Suites INC	5,778,850	1.08%	2,715,880	0.69%	13
9	DTE Energy Company	5,278,300	0.99%	2,371,480	0.60%	17
10	Brookdale Senior Living INC	4,991,437	0.93%	*	*	*
Total		\$ 535,708,036		\$ 393,580,756		

* Not available

** Eberspaecher North America has a tax abatement and pays a reduced millage rate. Therefore, their ranking doesn't follow the taxable value.

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

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Fiscal Year	Total Tax Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent Collected
2013	2014	5,939,271	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	6,492,356	6,399,602	98.57%	81,500	6,481,102	99.83%
2016	2017	6,615,187	6,539,458	98.86%	67,486	6,606,944	99.88%
2017	2018	6,673,001	6,610,547	99.06%	54,505	6,665,052	99.88%
2018	2019	6,962,454	6,897,171	99.06%	57,373	6,954,544	99.89%
2019	2020	8,543,571	8,466,632	99.10%	68,016	8,534,648	99.90%
2020	2021	8,755,771	8,672,798	99.05%	64,706	8,737,504	99.79%
2021	2022	8,920,208	8,820,008	98.88%	76,538	8,896,546	99.73%
2022	2023	9,410,320	9,351,772	99.38%	41,444	9,393,216	99.82%

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

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.

City of Brighton, Michigan

	As of June 30,			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:				
General obligation bonds	\$ 6,661,279	\$ 6,131,669	\$ 5,572,359	\$ 5,111,249
Installment purchase agreements	45,936	26,560	6,954	3,611
Special assessment bonds	1,735,000	1,525,000	1,315,000	1,105,000
Total	8,442,215	7,683,229	6,894,313	6,219,860
Business Type Activities:				
General obligation bonds	2,445,109	2,182,226	1,921,200	1,731,850
Installment purchase agreements	-	247,586	212,217	176,848
Special assessment bonds	-	-	-	-
Revenue bonds	5,582,514	4,873,133	4,166,595	3,485,179
Total	8,027,623	7,302,945	6,300,012	5,393,877
Total debt of the primary government	\$ 16,469,838	\$ 14,986,174	\$ 13,194,325	\$ 11,613,737
Total taxable value	394,486,952	401,134,983	417,866,646	426,447,202
Ratio of total debt to Taxable Value	4.18%	3.74%	3.16%	2.72%
Total Population	7,807	7,684	7,659	7,899
Total debt per capita	2,110	1,950	1,723	1,470
Debt as a Percentage of Personal Income	3.92%	3.62%	3.20%	2.73%

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

Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 4,664,039	\$ 4,119,179	\$ 3,624,319	\$ 13,110,207	\$ 11,930,070	\$ 10,719,434
401,960	308,066	212,574	112,625	-	-
890,000	675,000	460,000	245,000	30,000	15,000
<u>5,955,999</u>	<u>5,102,245</u>	<u>4,296,893</u>	<u>13,467,832</u>	<u>11,960,070</u>	<u>10,734,434</u>
1,586,250	1,393,300	1,205,350	8,628,809	8,155,843	7,633,377
141,479	106,109	70,740	35,370	-	-
-	-	-	-	-	-
<u>2,703,315</u>	<u>1,926,450</u>	<u>1,119,585</u>	<u>269,294</u>	<u>179,294</u>	<u>89,294</u>
<u>4,431,044</u>	<u>3,425,859</u>	<u>2,395,675</u>	<u>8,933,473</u>	<u>8,335,137</u>	<u>7,722,671</u>
\$ 10,387,043	\$ 8,528,104	\$ 6,692,568	\$ 22,401,305	\$ 20,295,207	\$ 18,457,105
426,892,041	445,074,240	471,406,118	491,147,484	508,003,214	535,708,036
2.43%	1.92%	1.42%	4.56%	4.00%	3.45%
7,626	7,895	7,895	7,446	7,461	7,546
1,362	1,080	848	3,009	2,720	2,446
2.35%	1.86%	1.46%	4.77%	4.53%	3.67%

Ratios of General Bonded Debt Outstanding

										Last Ten Fiscal Years		
Governmental Activities				Business-type Activities								
Fiscal Year	Tax Limited										Personal	
	General	Tax-	Total General	Total							Income	Debt as a
	Obligation	Supported	Governmental	Business-type			Debt as a			(in	Percentage	
	Bonds	Bonds	Activities	Activities	Total Primary	Taxable Value	Percentage of	Population	Debt per	Thousands)	of Personal	
	(LTGO)	(UTGO)	Bonded Debt	Bonded Debt	Government		Taxable Value		Capita	(1)	Income	
2014	6,661,279	-	6,661,279	2,445,109	9,106,388	394,486,952	2.31%	7,807	1,166	53,814	2.17%	
2015	6,131,669	-	6,131,669	2,182,226	8,313,895	401,134,983	2.07%	7,684	1,082	53,814	2.01%	
2016	5,572,359	-	5,572,359	1,921,200	7,493,559	417,866,646	1.79%	7,659	978	53,814	1.82%	
2017	5,111,249	-	5,111,249	1,731,850	6,843,099	426,447,202	1.60%	7,899	866	53,814	1.61%	
2018	4,664,039	-	4,664,039	1,586,250	6,250,289	426,892,041	1.46%	7,626	820	58,041	1.41%	
2019	4,119,179	-	4,119,179	1,393,300	5,512,479	445,074,240	1.24%	7,895	698	58,041	1.20%	
2020	3,624,319	-	3,624,319	1,205,350	4,829,669	471,406,118	1.02%	7,895	612	58,041	1.05%	
2021	13,222,832	-	13,222,832	8,933,473	22,156,305	491,147,484	4.51%	7,446	2,976	63,136	4.71%	
2022	11,960,071	-	11,960,071	8,335,137	20,295,208	508,003,214	4.00%	7,461	2,720	60,015	4.53%	
2023	10,734,434	-	10,734,434	7,722,671	18,457,105	535,708,036	3.45%	7,546	2,446	66,726	3.67%	

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 from SEMCOG and is updated every 5 years

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

City of Brighton, Michigan**Direct and Overlapping Governmental Activities Debt****June 30, 2023**

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Direct and Estimated Overlapping Debt
Brighton Area School District	\$ 101,696,029	18.92%	\$ 19,240,889
Livingston County	18,555,000	4.90%	909,195
Livingston Educational Service Agency	1,010,000	5.55%	56,055
Total overlapping debt	121,261,029		20,206,140
Direct net city debt *	10,734,434	100.00%	10,734,434
Total direct and overlapping debt	\$ 131,995,463		\$ 30,940,574

The percentage of overlapping debt applicable to each government unit is estimated using the taxable valuation of assessed property. Applicable percentages were estimated by determining the portion of each governmental unit's taxable property located within the boundaries of the City of Brighton and dividing it by that governmental unit's total taxable value.

* 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

	As of June 30,			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Calculation of debt limit				
State Equalized Valuation:				
Ad Valorem	\$ 400,685,712	\$ 423,157,079	\$ 460,157,306	\$ 500,343,857
IFT	<u>11,246,470</u>	<u>10,811,810</u>	<u>6,219,500</u>	<u>13,951,911</u>
Total valuation	411,932,182	433,968,889	466,376,806	514,295,768
Debt Limit (10 percent of taxable value)	41,193,218	43,396,889	46,637,681	51,429,577
Calculation of debt subject to limit				
Total debt*	17,697,420	15,694,135	13,926,702	12,274,242
Less debt not subject to limit:				
Special assessment bonds	1,735,000	1,525,000	1,315,000	1,105,000
MTF bonds	-	-	-	-
Revenue bonds	4,763,220	4,123,839	3,492,301	2,864,020
Share of County-issued bonds	<u>819,294</u>	<u>749,294</u>	<u>674,294</u>	<u>599,294</u>
Net debt subject to limit	10,379,906	9,296,002	8,445,107	7,705,928
Legal debt margin	<u>\$ 30,813,312</u>	<u>\$ 34,100,887</u>	<u>\$ 38,192,574</u>	<u>\$ 43,723,649</u>
Net debt subject to limit as a percentage of debt limit	25.20%	21.42%	18.11%	14.98%

* Does not include installment loans

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

Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 509,331,768	\$ 534,778,705	\$ 582,846,670	\$ 620,283,511	\$ 655,576,809	\$ 693,179,385
<u>7,520,300</u>	<u>6,952,600</u>	<u>6,474,000</u>	<u>6,330,100</u>	<u>5,721,700</u>	<u>5,332,500</u>
516,852,068	541,731,305	589,320,670	626,613,611	661,298,509	698,511,885
51,685,207	54,173,131	58,932,067	62,661,361	66,129,851	69,851,189
12,251,866	10,703,029	8,768,354	24,377,410	22,179,307	26,506,205
890,000	675,000	460,000	245,000	30,000	15,000
-	-	-	-	-	-
2,179,021	1,487,156	765,291	-	-	-
<u>524,294</u>	<u>439,294</u>	<u>354,294</u>	<u>269,294</u>	<u>179,294</u>	<u>89,294</u>
8,658,551	8,101,579	7,188,769	23,863,116	21,970,013	26,401,911
<u>\$ 43,026,656</u>	<u>\$ 46,071,552</u>	<u>\$ 51,743,298</u>	<u>\$ 38,798,245</u>	<u>\$ 44,159,838</u>	<u>\$ 43,449,278</u>
16.75%	14.95%	12.20%	38.08%	33.22%	37.80%

City of Brighton, Michigan

Water and Sewer Revenue Bonds						
Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Coverage*
				Principal	Interest	
2014	3,648,685	2,497,249	1,151,436	655,000	162,604	333,832
2015	4,203,680	2,492,502	1,711,178	690,000	145,966	875,212
2016	4,346,042	2,643,992	1,702,050	685,000	125,976	891,074
2017	6,022,334	2,534,611	3,487,723	675,000	107,826	2,704,897
2018	5,353,233	2,764,779	2,588,454	760,000	85,363	1,743,091
2019	4,007,332	3,605,819	401,513	755,000	63,338	(416,825)
2020	4,685,567	2,702,831	1,982,736	785,000	40,982	1,156,754
2021	6,199,351	2,951,197	3,248,154	820,000	17,651	2,410,503
2022	6,020,354	1,818,584	4,201,770	90,000	4,766	4,107,004
2023	9,267,948	3,758,932	5,509,016	90,000	2,854	5,416,162

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

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

Pledged Revenue Coverage

Last Ten Fiscal Years

Special Assessment Bonds

Debt Service

Special Assessment Collections	Principal	Interest	Coverage
257,965	210,000	87,887	(39,922)
248,049	210,000	78,499	(40,450)
238,996	210,000	68,899	(39,903)
171,512	210,000	59,100	(97,588)
164,659	215,000	49,025	(99,366)
164,593	215,000	38,725	(89,132)
153,430	215,000	28,299	(89,869)
136,920	215,000	17,763	(95,843)
128,465	215,000	7,063	(93,598)
22,402	15,000	1,237	6,165

Demographics 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.

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2014	7,807	53,814	35,016	*
2015	7,684	53,814	35,016	*
2016	7,659	53,814	35,016	*
2017	7,899	53,814	35,016	*
2018	7,626	58,041	39,694	*
2019	7,649	63,136	40,123	*
2020	7,446	63,136	40,123	*
2021	7,446	63,136	40,123	*
2022	7,461	60,015	39,857	*
2023	7,546	66,726	43,304	*

* Not available/no longer available

Note: Personal Income is equal to the median household income, updated every 5 years beginning in 2010

Source: Southeast Michigan Council of Governments (SEMCOG), US Census Bureau and 2015 American Community Survey 5-Year Estimates.

City of Brighton, Michigan

Principal Employers

Current and Nine Years Ago

		2023	Percentage	2014	Percentage	
	Taxpayer	Employees	of Total	Employees	of Total	2014 Rank
1	Brighton Area Schools	750	8.43%	755	10.23%	1
2	Eberspaecher	521	5.85%	160	2.17%	6
3	Michigan Medicine	500	5.62%	*	- %	*
4	TG Fluid Systems	303	3.40%	342	4.64%	2
5	Meijer	208	2.34%	298	4.04%	3
6	Target	200	2.25%	150	2.03%	7
7	Home Depot	175	1.97%	179	2.43%	4
8	Corrigan Oil	112	1.26%	*	- %	*
9	Work Skills Corporation	97	1.09%	110	1.49%	8
10	Dunnage	89	1.00%	*	- %	*
	Total	2,955	33.20%	1,994	27.03%	

Estimated total city employment 8,900 7,378

* Not available

Source: Dunn & Bradstreet, Ann Arbor SPARK, Audited Financial Statements of the City of Brighton and/or City Finance Department Records

City of Brighton, Michigan

Function/ program:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government:				
City manager	1.00	1.00	1.00	1.84
Clerk/Human resources	2.50	2.50	2.50	2.66
Finance	<u>7.63</u>	<u>7.63</u>	<u>7.63</u>	<u>7.00</u>
Total general government	11.13	11.13	11.13	11.50
Community development	4.00	4.00	4.00	3.00
Public safety - Police	19.00	19.00	19.60	19.60
Public services:				
Cemetery	1.00	1.00	1.00	1.00
Facilities and grounds	3.00	4.00	4.00	4.00
Streets	6.00	5.00	6.00	6.00
Utilities	<u>7.00</u>	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
Total public services	<u>17.00</u>	<u>18.00</u>	<u>19.00</u>	<u>19.00</u>
Total	<u>51.13</u>	<u>52.13</u>	<u>53.73</u>	<u>53.10</u>

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

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2.00	2.00	2.00	2.75	2.00	2.00
2.25	2.50	2.00	2.00	2.00	2.00
7.00	7.00	7.00	7.00	7.00	6.70
<u>11.25</u>	<u>11.50</u>	<u>11.00</u>	<u>11.75</u>	<u>11.00</u>	<u>10.70</u>
2.00	3.70	3.70	3.70	3.70	3.70
19.00	19.60	18.60	18.60	19.60	19.60
1.00	1.00	1.00	1.00	1.00	1.00
4.75	4.75	3.75	3.75	4.25	4.25
4.50	5.75	5.75	5.75	5.25	7.25
<u>11.50</u>	<u>11.00</u>	<u>10.50</u>	<u>11.50</u>	<u>13.50</u>	<u>12.50</u>
<u>21.75</u>	<u>22.50</u>	<u>21.00</u>	<u>22.00</u>	<u>24.00</u>	<u>25.00</u>
<u>54.00</u>	<u>57.30</u>	<u>54.30</u>	<u>56.05</u>	<u>58.30</u>	<u>59.00</u>

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

Function/Program	2014	2015	2016	2017
Election data:				
Registered voters	5,889	5,671	5,686	5,986
Voters (at polls or absentee)	1,279	1,979	2,625	4,327
Percent voting	21.72%	34.90%	46.17%	72.29%
Human resource data - Number of recruitments	12	12	14	18
Finance data:				
Number of A/P disbursements	2,355	2,399	2,346	2,164
Number of property tax parcels	4,298	4,294	4,424	4,505
Number of utility bill customers	3,481	3,508	3,536	3,551
Police:				
Physical arrests	354	340	484	428
Traffic violations	1,819	1,523	1,541	1,698
Incidence Reports	19,330	22,350	29,112	23,913
Community development data:				
Number of building permits	253	331	348	334
Value of building permits	\$ 7,494,230	\$ 26,600,740	\$ 11,824,906	\$ 12,993,840
Number of building inspections	530	709	797	653
Public works data:				
Miles of street constructed, reconstructed, and resurfaced	-	-	-	0.94
Road salt used (tons)	2,364	1,675	1,428	1,423
R.O.W. tree plantings	2	-	-	29
Grave openings	50	51	59	48
Water data:				
Total billed consumption (000s)	400,702	385,893	398,439	431,485
Avg. billed consumption/user (000s)	115	110	113	122
Number of water main breaks	7	6	2	4
Sewer data - Avg. daily treatment (MGD)	1.190	1.060	1.070	1.180

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

Operating Indicators

Last Ten Fiscal Years

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
5,838	6,020	6,199	6,355	6,386	6,592
1,070	4,101	1,816	4,992	1,497	4,495
18.33%	68.12%	29.30%	78.55%	23.44%	68.19%
14	14	8	7	9	15
1,962	2,131	2,038	2,045	2,066	2,083
4,463	4,459	4,463	4,576	4,711	4,301
3,575	3,585	3,591	3,978	4,021	4,045
377	321	246	227	294	417
1,968	2,475	1,324	1,031	864	916
26,410	30,380	23,146	25,606	26,108	28,295
315	359	324	379	429	394
\$ 28,416,112	\$ 9,696,272	\$ 10,250,421	\$ 16,492,672	\$ 21,332,262	\$ 58,868,970
693	525	475	774	1,109	780
-	0.90	1.86	1.61	1.73	2.16
1,800	1,347	1,100	1,253	1,272	1,211
4	11	4	13	17	18
55	60	57	81	81	49
426,575	411,973	398,112	415,879	408,754	415,275
119	115	111	105	102	103
1	1	3	4	3	8
1.400	1.215	1.268	1.023	1.175	1.073

City of Brighton, Michigan

<u>Function/ program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police - Patrol units	8	9	8	8
Public works:				
Streets (miles):				
Major streets	11.32	11.32	11.32	11.32
Local streets	18.12	18.12	18.37	18.37
Sidewalks	80	80	80	80
Traffic signals	9	9	9	9
Water:				
Mains (miles)	52	59	60	60
Fire hydrants	648	655	673	673
Storage capacity	1,620,000	1,620,000	1,620,000	1,620,000
Sewer:				
Miles of sanitary sewers	45	48	58	58
Miles of storm sewers	27	27	27	27
Treatment capacity	2,250,000	2,250,000	2,250,000	2,250,000

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

Capital Asset Information

Last Ten Fiscal Years

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
8	9	8	8	8	9
11.32	11.32	11.32	11.32	11.32	11.40
18.66	18.66	18.66	18.66	18.66	18.66
80	80	80	80	80	80
9	9	9	9	9	9
65	65	65	66	66	68
673	673	678	684	779	779
1,620,000	1,620,000	1,620,000	1,620,000	1,620,000	1,620,000
58	58	54	55	55	55
27	27	27	27	27	29
2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000