

CHARTER TOWNSHIP OF BRIGHTON

**Report on Audit of Financial Statements and
Supplementary Information**

For the Year Ended March 31, 2019

CHARTER TOWNSHIP OF BRIGHTON

TOWNSHIP OFFICIALS

Supervisor - Patrick Michel
Clerk – Joseph Riker
Treasurer - Rose Drouillard

BOARD OF TRUSTEES

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Lucille Weaire

TOWNSHIP ATTORNEY

John K. Harris
Harris & Literski

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

July 15, 2019

To the Board of Trustees
Charter Township of Brighton
4363 Buno Road
Brighton, Michigan 48114

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Brighton, Michigan, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Brighton, Michigan, as of March 31, 2019, and the respective changes in 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 - 14 and 55 - 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Brighton, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

March 31, 2019

Within this section of the Charter Township of Brighton's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2019. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water and sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net position at the end of the fiscal year was \$45,132,283. This is a \$807,599 decrease over last year's net position of \$45,939,882.

The following tables provide a summary of the Township's financial activities and changes in net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	3/31/2019	3/31/2018	3/31/2019	3/31/2018	3/31/2019	3/31/2018
ASSETS						
Current and other assets	\$ 22,239,155	\$ 24,003,684	\$ 5,749,153	\$ 4,184,871	\$ 27,988,308	\$ 28,188,555
Capital assets	4,354,262	4,266,423	18,254,075	19,086,801	22,608,337	23,353,224
Total assets	26,593,417	28,270,107	24,003,228	23,271,672	50,596,645	51,541,779
DEFERRED OUTFLOW OF RESOURCES						
Pension activity	190,294	59,424			190,294	59,424
LIABILITIES						
Other liabilities	113,261	98,067	183,067	165,254	296,328	263,321
Long-term liabilities	255,237	196,501	3,448,310	5,160,728	3,703,547	5,357,229
Total liabilities	368,498	294,568	3,631,377	5,325,982	3,999,875	5,620,550
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue	1,654,781				1,654,781	
Pension investment activities		40,771				40,771
Total deferred inflow of resources	1,654,781	40,771			1,654,781	40,771
NET POSITION						
Net investment in capital assets	10,255,269	4,266,423	14,949,075	14,161,801	25,204,344	18,428,224
Restricted	1,586,432	1,537,832	4,791,246	3,532,995	6,377,678	5,070,827
Unrestricted	12,918,731	22,189,937	631,530	250,894	13,550,261	22,440,831
Total net position	\$ 24,760,432	\$ 27,994,192	\$ 20,371,851	\$ 17,945,690	\$ 45,132,283	\$ 45,939,882

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	3/31/2019	3/31/2018	3/31/2019	3/31/2018	3/31/2019	3/31/2018
REVENUES						
Program revenues						
Charges for services	\$ 768,456	\$ 682,478	\$ 1,058,724	\$ 1,542,676	\$ 1,827,180	\$ 2,225,154
Capital contributions	210,109	168,132	4,184,034	564,300	4,394,143	732,432
General revenues						
State revenues	1,614,774	1,593,861			1,614,774	1,593,861
Property taxes	969,551	940,136			969,551	940,136
Interest	170,166	139,645	136,773	161,133	306,939	300,778
Other	644,611	609,469	321,008	20,605	965,619	630,074
Change in investment in joint venture	76,785	6,652,194			76,785	6,652,194
Total revenues	4,454,452	10,785,915	5,700,539	2,288,714	10,154,991	13,074,629
EXPENSES						
General government	1,945,354	1,788,315			1,945,354	1,788,315
Public safety	99,320	78,468			99,320	78,468
Recreation	154,000	154,000			154,000	154,000
Public works/roads	5,489,538	2,128,208			5,489,538	2,128,208
Sewer system			3,274,378	2,002,236	3,274,378	2,002,236
Total expenses	7,688,212	4,148,991	3,274,378	2,002,236	10,962,590	6,151,227
Changes in net position	(3,233,760)	6,636,924	2,426,161	286,478	(807,599)	6,923,402
Beginning net position	27,994,192	21,357,268	17,945,690	17,659,212	45,939,882	39,016,480
Ending net position	\$ 24,760,432	\$ 27,994,192	\$ 20,371,851	\$ 17,945,690	\$ 45,132,283	\$ 45,939,882

The governmental funds experienced a decrease in equity due to extensive public works expenditures.

The business-type activities showed an increase in net position of \$2,426,161. This was due, in large part, to the Township's interfund debt forgiveness.

Financial Analysis of the Township's Major Funds

The Township's General Fund decreased its fund balance by \$3,675,283. This was due, in part, to the Township's interfund debt forgiveness as part of the "Shoner and Potocki et. al. v. The Charter Township of Brighton" lawsuit settlement and Township Administrative Policy #818.

The Township's Road Projects Fund increased its fund balance by \$136,700, due to proceeds from special assessments.

The Township's only major business-type fund, the Sewer Fund, reported an increase in net position of \$2,426,161.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Several immaterial budget amendments were made during the year to bring the budget closer to economic reality.

Capital Asset and Debt Administration

The Township government acquired \$312,573 of new capital assets during the year. Items purchased were:

<u>Schedule of Additional Assets</u>		
Parking lot improvements (CIP)	\$	110,531
HVAC improvements - Phase I		143,283
HVAC improvements - Phase II (CIP)		1,886
Security system		19,521
Phone system		33,110
Foreclosed property		<u>4,242</u>
 Total additions	 \$	 <u>312,573</u>

As of March 31, 2019, the Township has two projects that qualify as construction in progress. The first of these projects is concerned with parking lot improvements, which has incurred costs of \$110,531 and is approximately 96% complete with an estimated completion date of June 30, 2019. The second project is concerned with HVAC improvements at the Township Hall. This project has incurred costs of \$1,886 and is approximately 24% complete with an estimated completion date of June 30, 2019.

The governmental funds issued no debt during the year. No debt remains for governmental activities.

The business-type activities acquired one capital asset this year. This was a fine screen for the sewer system and cost the Township a total of \$29,711.

Total debt outstanding at the beginning of the year for business-type activities totaled \$4,925,000. During the year, the Township retired \$1,620,000 of debt, leaving \$3,305,000 at fiscal year-end.

Economic Conditions and Future Activities

Future Road Improvements - The Township plans to utilize existing undesignated funds in the Future Road Improvement fund by partnering with the Livingston County Road Commission to address the following road projects:

1. Pleasant Valley – South of I-96	\$115,000
2. Jacoby Roundabout	\$95,000
3. Pleasant Valley – Hyne to Commerce	\$225,000
4. Old US 23 – Spencer to southern limit	\$3,200,000
5. Pleasant Valley Culvert	\$326,711

The Township is also continuing its efforts to add new users onto its sewage treatment system. Currently, the business-type funds are self-sufficient. Modest growth in the form of new REU connections per year projects that no further loans from the General Fund are needed and the existing bond (refinanced in September 2015) would be paid off in September 2020. For the year ended March 31, 2019, the Township added 25 REU connections, while billing revenues continued to increase.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and to comply with finance-related regulations. If you have any further questions about this report or require additional information, please contact the Township manager at (810) 229-0550 or visit the Township Hall located at 4363 Buno Road, Brighton, Michigan 48114.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRIGHTON

STATEMENT OF NET POSITION
MARCH 31, 2019

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents and investments	\$ 13,370,359	\$ 4,402,000	\$ 17,772,359
Receivables			
Taxes	41,318		41,318
Special assessments	1,669,315	843,495	2,512,810
State shared revenues	252,465		252,465
Accounts	101,021	377,068	478,089
Prepaid expenses	75,698	52,193	127,891
Inventory		74,397	74,397
Capital assets			
Non-depreciable	827,972	1,395,224	2,223,196
Depreciable - net of accumulated depreciation	3,526,290	16,858,851	20,385,141
Investment in joint venture	6,728,979		6,728,979
Total assets	<u>26,593,417</u>	<u>24,003,228</u>	<u>50,596,645</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension changes in investments	142,457		142,457
Pension changes in experience	30,824		30,824
Subsequent pension contributions	17,013		17,013
Total deferred outflow of resources	<u>190,294</u>		<u>190,294</u>
LIABILITIES			
Accounts payable and other accrued expenses	61,285	183,067	244,352
Accrued wages/taxes	17,428		17,428
Compensated absences	34,548		34,548
Long term obligations			
Other due within one year		1,600,000	1,600,000
Other due in more than one year		1,848,310	1,848,310
Net pension liability	<u>255,237</u>		<u>255,237</u>
Total liabilities	<u>368,498</u>	<u>3,631,377</u>	<u>3,999,875</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	<u>1,654,781</u>		<u>1,654,781</u>
NET POSITION			
Net investment in capital assets	10,255,269	14,949,075	25,204,344
Restricted	1,586,432	4,791,246	6,377,678
Unrestricted	<u>12,918,731</u>	<u>631,530</u>	<u>13,550,261</u>
Total net position	<u>\$ 24,760,432</u>	<u>\$ 20,371,851</u>	<u>\$ 45,132,283</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019

Functions/Programs	Expenses	Programs Revenues				Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Capital Contributions	Governmental Activities		Business-type Activities	Total
PRIMARY GOVERNMENT							
General government	\$ (1,940,705)	\$ 396,895	\$ 210,109	\$ (1,543,810)	\$	\$ (1,543,810)	
Public works	(4,684,022)	174,977		(4,298,936)		(4,298,936)	
Recreation	(154,000)			(154,000)		(154,000)	
Roads	(805,516)	196,584		(608,932)		(608,932)	
Public safety	(99,320)			(99,320)		(99,320)	
Cemetery	(4,649)			(4,649)		(4,649)	
Total primary government	(7,688,212)	768,456	210,109	(6,709,647)			(6,709,647)
BUSINESS-TYPE ACTIVITIES							
Sewer system	(3,274,378)	1,058,724	4,184,034		1,968,380	1,968,380	
Total	\$ (10,962,590)	\$ 1,827,180	\$ 4,394,143	(6,709,647)	1,968,380	(4,741,267)	
General revenues							
Property taxes			969,551			969,551	
State revenues			1,614,774			1,614,774	
Interest income			170,166	136,773		306,939	
Rental income			233,460			233,460	
Franchise fees			345,931			345,931	
Other income			67,356	321,008		388,364	
Loss on sale of assets			(2,136)			(2,136)	
Change in investment in joint venture			76,785			76,785	
Total general revenues			3,475,887		457,781		3,933,668
Changes in net position							
			(3,233,760)		2,426,161		(807,599)
Net position, April 1, 2018			27,994,192		17,945,690		45,939,882
Net position, March 31, 2019			\$ 24,760,432		\$ 20,371,851		\$ 45,132,283

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRIGHTON

**GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2019**

	General Fund	Road Projects Fund	Non-major Funds	Total
ASSETS				
Cash, cash equivalents and investments	\$ 11,665,286	\$ 204,052	\$ 1,501,021	\$ 13,370,359
Receivables				
Taxes	41,318			41,318
Special assessments		1,654,781	14,534	1,669,315
State shared revenues	252,465			252,465
Accounts	87,640	3,214	8,642	99,496
Due from other funds	2,951		3,033	5,984
Prepaid expenditures	75,555		143	75,698
Total assets	<u>\$ 12,125,215</u>	<u>\$ 1,862,047</u>	<u>\$ 1,527,373</u>	<u>\$ 15,514,635</u>
LIABILITIES				
Accounts payable	\$ 59,072	\$ 2,213	\$ 61,285	
Accrued wages and vacations	17,323	105	17,428	
Due to other funds	3,033		1,426	4,459
Total liabilities	<u>79,428</u>		<u>3,744</u>	<u>83,172</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues		1,654,781		1,654,781
FUND BALANCES				
Nonspendable - prepaid items	75,555		143	75,698
Restricted				
Public safety			47,732	47,732
Roads		207,266	12,003	219,269
Refuse			69,170	69,170
Aquatics			34,215	34,215
Streetlights			16,223	16,223
Municipal water			1,199,823	1,199,823
Committed				
Roads	3,518,523			3,518,523
Parks and recreation	1,362,471			1,362,471
Cemetery	102,885			102,885
Assigned				
Township board	3,575,000			3,575,000
Future budget deficit	1,151,970		144,320	1,296,290
Unassigned	2,259,383			2,259,383
Total fund balance	<u>12,045,787</u>	<u>207,266</u>	<u>1,523,629</u>	<u>13,776,682</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,125,215</u>	<u>\$ 1,862,047</u>	<u>\$ 1,527,373</u>	<u>\$ 15,514,635</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
MARCH 31, 2019

Total fund balance per balance sheet \$ 13,776,682

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 therefore are not reported in the funds:

Historical cost	\$ 8,044,232
Depreciation	<u>(3,689,970)</u>
Capital assets, net of depreciation:	4,354,262

Investment in joint ventures are not current financial resources and therefore, are not reported in the fund financial statements:

6,728,979

Pension-related activities are not a consumption of current resources and, therefore, are reported as deferred outflow and (inflow) of resources in the Statement of Net Position:

Pension changes in investments	142,457
Pension changes in experience	30,824
Subsequent pension contributions	<u>17,013</u>
Total pension-related deferred outflow (inflow) of resources:	190,294

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These include:

Compensated absences: (34,548)

Pension liabilities, net of pension plan fiduciary net position, are not due and payable in the current period and are not reported in the fund financial statements:

Net pension liability: (255,237)

Net position of governmental activities \$ 24,760,432

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2019

	General Fund	Road Projects Fund	Non-major Funds	Total
REVENUES				
Taxes	\$ 969,551	\$	\$	\$ 969,551
Connection fees	184,680		25,429	210,109
Special assessments		142,419	229,142	371,561
Licenses and permits	12,750		9,563	22,313
Intergovernmental - state	1,614,774			1,614,774
Rental income	233,460			233,460
Franchise fees	345,931			345,931
Charges for services	396,895			396,895
Interest	155,120	957	14,089	170,166
Reimbursements	23,493			23,493
Miscellaneous	21,550			21,550
Total revenues	3,958,204	143,376	278,223	4,379,803
EXPENDITURES				
Current				
General government	1,909,495			1,909,495
Parks and recreation	154,000			154,000
Public safety	9,784		8,647	18,431
Road improvements	762,788		42,728	805,516
Cemetery	2,044			2,044
Public works	4,491,954	6,676	185,392	4,684,022
Capital outlay				
General government	308,331		4,242	312,573
Total expenditures	7,638,396	6,676	241,009	7,886,081
Excess of revenues over (under) expenditures	(3,680,192)	136,700	37,214	(3,506,278)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,909			4,909
Transfers (out)			(4,909)	(4,909)
Total other financing sources (uses)	4,909		(4,909)	
Net changes in fund balances	(3,675,283)	136,700	32,305	(3,506,278)
FUND BALANCE, APRIL 1, 2018	15,721,070	70,566	1,491,324	17,282,960
FUND BALANCE, MARCH 31, 2019	\$ 12,045,787	\$ 207,266	\$ 1,523,629	\$ 13,776,682

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

GOVERNMENTAL FUNDS

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019**

Net change in fund balances - governmental funds \$ (3,506,278)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlay as expenditures.

However, in the Statement of Activities the cost of those
assets are allocated over their useful lives as depreciation
expense. The amount by which capital outlay exceeded
depreciation is as follows:

Capital outlay	\$ 312,573
Loss on sale of assets	(2,136)
Depreciation expense	<u>(222,598)</u>
Total:	87,839

Repayment of long-term liabilities is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Position:

Repayment of pollution remediation costs incurred:	86,439
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Investments in joint venture used in the governmental activities
are not current financial resources and, therefore, are not
reported in the funds:

76,785

Some pension activities in the Statement of Activities do
not require the use of current financial resources, and
therefore, are not reported as expenditures in the
Governmental Funds:

Change in net pension liability, and related activities:	26,466
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Some expenditures in the Statement of Activities are not a use of current
financial resources, and therefore, are not reported in the
Governmental Funds:

Compensated absences:	<u>(5,011)</u>
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Change in net position of governmental activities \$ (3,233,760)

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

PROPRIETARY FUND
STATEMENT OF NET POSITION
MARCH 31, 2019

	<u>Sewer Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,402,000
Receivables	
Special assessments	843,495
Accounts	377,068
Prepaid expenses	52,193
Inventory	<u>74,397</u>
Total before capital assets	<u>5,749,153</u>
Non-current assets	
Land	1,395,224
Utility systems	<u>31,024,200</u>
Total cost	<u>32,419,424</u>
Less accumulated depreciation	<u>(14,165,349)</u>
Non-current assets, net	<u>18,254,075</u>
Total assets	<u>24,003,228</u>
LIABILITIES	
Current liabilities	
Accounts payable	53,892
Accrued grinder pump expense	50,000
New connections - escrow funds	<u>79,175</u>
Total current liabilities	<u>183,067</u>
Long term liabilities	
Bonds payable	3,305,000
Bond premium	<u>143,310</u>
Total long term liabilities	<u>3,448,310</u>
Total liabilities	<u>3,631,377</u>
NET POSITION	
Net investment in capital assets	14,949,075
Restricted	4,791,246
Unrestricted	<u>631,530</u>
Total net position	<u>\$ 20,371,851</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED MARCH 31, 2019

	<u>Sewer Fund</u>
OPERATING REVENUES	
Utility billings	\$ 1,058,724
Other revenues	<u>321,008</u>
Total operating revenues	1,379,732
OPERATING EXPENSES	<u>1,730,076</u>
Operating (loss)	<u>(350,344)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income - cash and equivalents	41,101
Interest income - special assessments	95,672
Interest and fees (expense)	(44,302)
Litigation settlement	<u>(1,500,000)</u>
Total non-operating revenues (expenses)	<u>(1,407,529)</u>
Loss before capital contributions	<u>(1,757,873)</u>
CAPITAL CONTRIBUTIONS	
Tap-in fees collected	<u>4,184,034</u>
Change in net position	2,426,161
NET POSITION, APRIL 1, 2018	<u>17,945,690</u>
NET POSITION, MARCH 31, 2019	<u>\$ 20,371,851</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

PROPRIETARY FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2019

	SEWER FUND
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	
Cash received from customers	\$ 1,136,013
Cash receipts from others	321,008
Payments to suppliers for goods or services	<u>(927,648)</u>
Net cash from operating activities	\$ 529,373
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of fixed assets	(29,711)
Principal paid on bonds	(1,620,000)
Interest paid on bonds	(136,720)
Collections of special assessment (principal and interest)	891,957
Tap fees (new users)	<u>298,202</u>
Net cash (used in) capital and related financing activities	(596,272)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on cash and cash equivalents	<u>41,101</u>
Net (decrease) in cash and cash equivalents	(25,798)
CASH AND CASH EQUIVALENTS AT APRIL 1, 2018	<u>4,427,798</u>
CASH AND CASH EQUIVALENTS AT MARCH 31, 2019	<u>\$ 4,402,000</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH FROM (USED IN) OPERATING ACTIVITIES	
Operating (loss)	(350,344)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities:	
Depreciation and amortization	862,437
Changes in assets and liabilities	
Decrease in accounts and delinquents receivable	77,289
(Increase) in prepaid expense	(46,311)
(Increase) in inventory	(31,511)
Increase in accounts payable	5,369
Increase in new connections escrow	<u>12,444</u>
Total adjustments	<u>879,717</u>
Net cash from operating activities	<u>\$ 529,373</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF BRIGHTON

FIDUCIARY FUNDS
 STATEMENT OF ASSETS AND LIABILITIES
 MARCH 31, 2019

	Trust and Agency	Current Tax	Construction Escrow	Totals
ASSETS				
Cash	\$ 59,633	\$ 1,220	\$ 432,041	\$ 492,894
LIABILITIES				
Due to others	\$ 59,527	\$	\$ 431,842	\$ 491,369
Due to other funds	106	1,220	199	1,525
Total liabilities	\$ 59,633	\$ 1,220	\$ 432,041	\$ 492,894

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net positions are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental fund:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following major enterprise fund:

- The Sewer Fund accounts for the activities associated with operating the Township's sewage system.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
3. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Enterprise funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

In accordance with GASB standards, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered capital assets regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 50 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

D. ACCRUED COMPENSATED ABSENCES

The Township has recorded a liability for compensated absences of its employees. The policies regarding compensated absences are outlined in the Township's "Personnel Policies".

E. BUDGETARY DATA

The Board of Trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The Township manager prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approved by the entire Township Board. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township Board at any of their regular meetings. Budget appropriations made, but not expended by year-end, will lapse with the fiscal year-end.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. PROPERTY TAXES

The Township's property taxes are levied and become a lien on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14, with the final collection date of February 28. The Township recognized the amount levied December 1, 2018 as revenue for the year ended March 31, 2019.

The 2018 adjusted taxable value totaled \$1,085,356,028. Taxes levied consisted of .8931 mills for Township operating purposes. The delinquent real property taxes of Charter Township of Brighton are purchased by Livingston County. The county sells tax notes, the proceeds of which will be used to pay the Township for these property taxes.

G. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. INVESTMENTS

Investments are stated at fair value.

I. CASH EQUIVALENTS

For purposes of the statement of cash flow, demand deposits, money market funds and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

J. RISK MANAGEMENT

The Township is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

K. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

L. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

M. INCOME TAXES

As a governmental agency, the Township is exempt from both federal and state income taxes.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. FUND EQUITY

The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the Township Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- Assigned – Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Township Board.
- Unassigned – Amounts that do not fall into any other aforementioned category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and had not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

O. DEFINED PENSION BENEFIT PLAN

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. DEFERRED OUTFLOW/INFLOW OF RESOURCES

Under GASB standards, the Township will report two new sections in the Statement of Net Position (Government Wide Statements) and in the Balance Sheet (Fund Statements) which are called *deferred outflow* (previously called *assets*) and *deferred inflow* (previously called *liabilities*).

These separate financial statement elements which meet the definition of deferred outflow and inflow are no longer considered assets or liabilities.

Deferred outflow of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met.

For the year ended March 31, 2019 the Township records deferred outflow of resources on the Statement of Net Position relating to pension differences from expected investment returns compared to actual, changes in experience, and contributions made subsequent to the Net Pension Liability measurement date.

Deferred outflow of resources as of March 31, 2019 are as follows:

Deferred Outflow (Inflow) of Resources		
Differences in experience	\$	30,824
Differences in actuarial assumptions		
Differences in investment expectations versus actual		142,457
Contributions subsequent to measurement date		17,013
Totals	\$	190,294

Deferred inflow of resources represent an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met. The Township has one transaction type which consist of elements considered a deferred inflow of resources listed on the balance sheets of various funds and the Statement of Net Position.

The transaction type listed as a deferred inflow of resources are special assessments levied over a period of years in which the future principle collections exceeding one year are unavailable for fund accounting purposes.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) standards, all funds, agencies, and activities of Charter Township of Brighton as the primary government have been included in the financial statements. Several potential component units have been evaluated under the criteria established by GASB standards and determined not to be component units based on financial independence and accountability.

NOTE 3 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Township, as reported in the fund financial statements, as of March 31, 2019, were:

	Interfund Receivable		Interfund Payable
General Fund	\$ 106	Trust and Agency Fund	\$ 106
General Fund	1,220	Current Tax Collection Fund	1,220
General Fund	199	Construction Escrow Fund	199
General Fund	1,426	Acquatics Fund	1,426
Streetlight Fund	<u>3,033</u>	General Fund	<u>3,033</u>
Total	<u>\$ 5,984</u>		<u>\$ 5,984</u>

Interfund receivables and payables were eliminated between combined funds on the fund financial statement balance sheet presentation.

Interfund transfers in and transfers out between individual funds of the Township, as reported in the fund financial statements, as of March 31, 2019, were:

Transfer Out	Transfer In	Amount
Building Department Fund	General Fund	<u>\$ 4,909</u>

Interfund transfers in and transfers out were eliminated between combined funds on the fund financial statement income statement presentation.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2019, was as follows:

	Balance 4/1/2018	Additions	Deletions	Balance 3/31/2019
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 711,313	\$ 4,242	\$	\$ 715,555
Construction in progress	<u> </u>	<u>112,417</u>	<u> </u>	<u>112,417</u>
Total capital assets not being depreciated	711,313	116,659	 	827,972
Other capital assets:				
Buildings and improvements	6,546,888	162,804	(6,533)	6,703,159
Vehicles and equipment	<u>485,991</u>	<u>33,110</u>	<u>(6,000)</u>	<u>513,101</u>
Total other capital assets at historical cost	7,032,879	195,914	(12,533)	7,216,260
Less accumulated depreciation for:				
Buildings and improvements	(3,152,378)	(189,162)	4,397	(3,337,143)
Vehicles and equipment	<u>(325,391)</u>	<u>(33,436)</u>	<u>6,000</u>	<u>(352,827)</u>
Total accumulated depreciation	(3,477,769)	(222,598)	10,397	(3,689,970)
Other capital assets, net	3,555,110	(26,684)	(2,136)	3,526,290
Governmental capital assets, net	\$ 4,266,423	\$ 89,975	\$ (2,136)	\$ 4,354,262

There is no related debt to these fixed assets

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 139,104
Public safety	80,889
Cemetery	<u>2,605</u>
	<u>\$ 222,598</u>

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 4 - CAPITAL ASSETS (continued)

	Balance 4/1/2018	Additions	Deletions	Balance 3/31/2019
Business-type activities:				
Capital assets not being depreciated				
Land - sewer	<u>\$ 1,395,224</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,395,224</u>
Other capital assets:				
Plant and collection system - sewer	30,971,989	29,711		31,001,700
Furniture and fixtures - sewer	<u>22,500</u>			<u>22,500</u>
Total other capital assets at historical cost	<u>30,994,489</u>	29,711		<u>31,024,200</u>
Less accumulated depreciation for:				
Plant and collection system - sewer	(13,280,412)	(862,437)		(14,142,849)
Furniture and fixtures - sewer	<u>(22,500)</u>			<u>(22,500)</u>
Total accumulated depreciation	<u>(13,302,912)</u>	(862,437)		<u>(14,165,349)</u>
Other capital assets, net	<u>17,691,577</u>	(832,726)		<u>16,858,851</u>
Business-type capital assets, net	<u>\$19,086,801</u>	\$ (832,726)	\$	18,254,075
Related long-term debt outstanding at March 31, 2019				<u>(3,305,000)</u>
Governmental capital assets, net related long-term debt				<u>\$14,949,075</u>

Depreciation was charged to functions as follows:

Business-type activities:

Sewer service \$ 862,437

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 5 - DEFINED BENEFIT PLAN

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com and is available to the public.

Benefits Provided

As of the December 31, 2018 actuarial valuation, the defined benefit plan was comprised of four divisions. Division 01 is for general employees hired prior to November, 2011 and is closed to new hires. Division 10 is for officials elected prior to November, 2011 and is closed to new hires. Division 11 is open to all full time general township employees hired after November 2011. Division 12 is for officials elected after November, 2011 and remains open to new hires.

For Division 01 and Division 10 the plan calls for benefits to be paid as 2.00% of the final average compensation per year of service with no benefit maximum. For Division 11 and Division 12, benefits are to be paid as 1.50% of the final average compensation per year of service with no maximum benefit. Final average compensation is calculated based on the employee's final 3 years wages for all divisions. All divisions have a plan vesting period of 6 years, with normal retirement at age 60, and early retirement with reduced benefits eligible at age 50 with 25 years of service or age 55 with 15 years of service.

Employees covered by benefit terms

At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

	Division 01	Division 10	Division 11	Division 12
Inactive employees or beneficiaries currently receiving benefits	9	2	0	0
Inactive employees entitled to but not yet receiving benefits	1	3	1	0
Active employees	4	0	5	1
	14	5	6	1

Contributions

The Township is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The actuarially determined rates for the plan year ended March 31, 2019 were \$2,487 per month for Division 01, \$222 per month for Division 10, 1.33% of eligible wages for Division 11, and 4.49% for Division 12. The Township elected to make additional voluntary contributions of 4.00% of eligible wages for all divisions and required employees to contribute 5.00% of eligible wages for all divisions. In addition to the additional 4% voluntary contribution, the Township also made a one-time contribution of \$100,000 to be added to the surplus.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 5 - DEFINED BENEFIT PLAN (continued)

Net Pension Liability

The Total Pension Liability used to calculate the Net Pension Liability was determined from the annual actuarial valuation as of December 31, 2018.

Actuarial assumptions

The total pension liability in the December 31, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary Increases: 3.75% in the long term.

Investment rate of return: 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with price inflation of 3.75%.

Mortality rates used were based on the 2014 Healthy Annuitant Annuity Mortality Table, Employee Mortality Table, and Juvenile Mortality Table with a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study in 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55.50%	3.41%
Global Fixed Income	18.50%	0.23%
Real Assets	13.50%	0.97%
Diversifying Strategies	12.50%	0.63%

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 5 - DEFINED BENEFIT PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The projection of cash flow used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay 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.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2017	\$ 2,031,587	\$ 1,921,525	\$ 110,062
Changes for the year			
Service cost	47,103		47,103
Interest on total pension liability	160,076		160,076
Changes in benefits			
Difference between expected and actual experience	35,737		35,737
Changes in assumptions			
Employer contributions		149,984	(149,984)
Employee contributions		28,415	(28,415)
Net investment income		(76,897)	76,897
Benefit payments, including employee refunds	(107,815)	(107,815)	
Administrative expense		(3,738)	3,738
Other changes	23		23
Net changes	135,124	(10,051)	145,175
Balance at 12/31/2018	\$ 2,166,711	\$ 1,911,474	\$ 255,237

CHARTER TOWNSHIP OF BRIGHTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 5 - DEFINED BENEFIT PLAN (continued)

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% point lower (7.00%) or 1% higher (9.00%) than the current rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Net Pension Liability at 12/31/2018	\$ 255,237	\$ 255,237	\$ 255,237
Change in Net Pension Liability (NPL) from change in discount rate	<u>256,720</u>	<u> </u>	<u>(217,713)</u>
Calculated NPL	<u><u>\$ 511,957</u></u>	<u><u>\$ 255,237</u></u>	<u><u>\$ 37,524</u></u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflow/Inflow of Resources Related to Pension

For the fiscal year ended March 31, 2019, the Township recognized pension expense of \$136,144. The Township reported deferred outflow and inflow of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Totals
Deferred outflows (inflows) to be amortized			
Differences in experience	\$ 30,824	\$	\$ 30,824
Differences in assumptions	<u> </u>	<u> </u>	<u> </u>
Excess (Deficit) of Investment Returns	<u>142,457</u>	<u> </u>	<u>142,457</u>
Total deferred outflows (inflows) to be amortized	173,281	 	173,281
Contributions subsequent to the measurement date	<u>17,013</u>	<u> </u>	<u>17,013</u>
Totals	<u>\$ 190,294</u>	<u>\$</u>	<u>\$ 190,294</u>

The amount reported as deferred outflow of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending March 31, 2020.

CHARTER TOWNSHIP OF BRIGHTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 5 - DEFINED BENEFIT PLAN (continued)

Pension Expense and Deferred Outflow/Inflow of Resources Related to Pension (continued)

Amounts reported as deferred outflow and inflow of resources related to other pension activities will be amortized as part of pension expense as follows:

Year Ended March 31,	Expense
2019	\$ 67,755
2020	30,871
2021	28,001
2022	46,654
Total	<u>\$ 173,281</u>

NOTE 6 - DEFINED CONTRIBUTION PLAN

The Township participates in the John Hancock Defined Contribution Pension Plan for Michigan Township Employees. This is a single-employer plan. All township trustees and the township supervisor are eligible to participate in the plan. The Township contributes 10% of the supervisor's compensation and 25% of the trustees' compensation, while an employee may contribute between 1% and 10% of compensation. Annual compensation used to determine the current year contribution is as of April 1 of the preceding the year. Contribution information is as follows:

TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS \$ 10,646

Effective April 1, 2009 the Township adopted a MERS Uniform Defined Contribution Program. Beginning April 1, 2018, the Township contributes 10% of compensation and employees contribute 6% of compensation. The manager is the only participant in this program.

TOTAL CURRENT YEAR CONTRIBUTIONS \$ 11,449

NOTE 7 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the VOYA Financial.

The Township had amended the plan to be in compliance with the Small Business Job Protection Act of 1996. The assets of the plan have been moved to a trust to be held for the exclusive benefit of the participants and their beneficiaries. Prior to June 30, 1998, the assets of the plan have been reported in an agency fund.

CHARTER TOWNSHIP OF BRIGHTON

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 8 - LONG-TERM OBLIGATIONS

Contracts Payable

The Township entered into a contract to repay bonds issued by Livingston County Drain Commission in which the proceeds of such bonds were used to construct and expand a sewer system. Currently, contracts payable are outstanding for business-type activities only.

Contracts payable currently outstanding are as follows:

Purpose	Issuance Amount	Principal Installments	Final Maturity	Interest Rates	Debt Outstanding
Business-type activities:					
Livingston County Drain Commission					
Spencer Extension, 2005	\$ 760,000	\$ 35,000 — \$ 40,000	5/1/2024	3.50 — 5.00%	\$ 230,000
Livingston County Drain Commission					
Sewer Refunding, 2015	\$ 7,900,000	\$ 1,515,000 — \$ 1,625,000	10/1/2020	2.00 — 5.00%	<u>\$ 3,075,000</u>
Total contracts payable outstanding					
					<u><u>\$ 3,305,000</u></u>

Annual debt service requirements to maturity for the long-term debt of the Township are as follows:

Year Ending March 31	Business-type Activities	
	Principal	Interest
2020	\$ 1,600,000	\$ 86,620
2021	1,555,000	38,780
2022	35,000	6,625
2023	40,000	4,750
2024	40,000	2,750
2025	35,000	875
	<u><u>\$ 3,305,000</u></u>	<u><u>\$ 140,400</u></u>

CHARTER TOWNSHIP OF BRIGHTON

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

Pollution Remediation Obligation

On January 15, 2009, a consent order was issued to conclude the litigation between the Township and the State of Michigan over the clean-up of the former Collett Road dump site. In the order, the Township agreed to immediately pay \$1,350,000 to the State of Michigan and monitor the site and nearby groundwater for a period of up to ten (10) years. The Township has adopted GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, to account for its future obligation related to the consent order. As of March 31, 2019, the future monitoring costs to be borne by the Township were paid in full. However, the Township has determined that the remediation is not complete. The expected amount to be spent in future years is not exactly known, but the Township has elected to set aside a significant portion of its fund balance as restricted to deal with the remaining remediation procedures.

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Township for the year ended March 31, 2019:

	Balance 4/1/2018	Additions	Reductions	Balance 3/31/2019	Due Within One Year
Governmental activities:					
Pollution remediation obligation	\$ 86,439	\$	\$ (86,439)	\$	\$
Accumulated compensated absences	<u>29,537</u>	<u>5,011</u>	<u> </u>	<u>34,548</u>	<u>34,548</u>
Total governmental activities	115,976	5,011	(86,439)	34,548	34,548
Business-type activities:					
Contracts payable	4,925,000		(1,620,000)	3,305,000	1,600,000
Total long-term liabilities	<u>\$ 5,040,976</u>	<u>\$ 5,011</u>	<u>\$ (1,706,439)</u>	<u>\$ 3,339,548</u>	<u>\$ 1,634,548</u>

It should also be noted that the \$2,385,832 interfund loan between the General Fund and the Sewer Fund was forgiven during the fiscal year ended March 31, 2019.

CHARTER TOWNSHIP OF BRIGHTON

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township deposits are in accordance with statutory authority.

As of March 31, 2019 cash, cash equivalents and investments consist of the following:

	Total	Cash	Investments
Deposits			
Checking accounts	\$ 2,270,804	\$ 2,270,804	\$
Money market and savings accounts	15,296,822	15,296,822	
Non-negotiable CDs	503,290		503,290
Total deposits	18,070,916	17,567,626	503,290
Investments			
External investment pool	420,332		420,332
Total deposits and investments	\$ 18,491,248	\$ 17,567,626	\$ 923,622

Cash, cash equivalents and investments are presented in the financial statements in the following areas:

Statement of Net Position

Cash, cash equivalents, and investments	\$ 17,772,359
---	---------------

Fiduciary Funds

Cash	492,894
Total cash, cash equivalents and investments	\$ 18,265,253

The difference between the carrying amount of cash and the amount mentioned above stems from outstanding items and accrued interest as of March 31, 2019.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Custodial Credit Risk

Deposits - This is the risk that in the event of a bank failure, the Township will not be able to recover its deposits. The Township does not have a deposit policy for custodial credit risk. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

As of March 31, 2019 deposits in banks totaled \$17,567,626 which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 936,010
Uninsured and collateralized	11,070,630
Uninsured and uncollateralized	<u>5,560,986</u>
	<u><u>\$ 17,567,626</u></u>

Investments - This is the risk that in the event of the failure of a counterparty to a transaction, the Township will not be able to recover the value of its investments. The Township does not have a policy to cover custodial credit risk of investments. The Township evaluates each financial institution with which it invests and assess the level of risk of each institution. Investments are made only those institutions with an acceptable estimated risk level.

As of March 31, 2019 investments totaled \$923,622, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 920,332
Uninsured and uncollateralized	<u>3,290</u>
	<u><u>\$ 923,622</u></u>

The investments in external investment pools are not issued in securities form and therefore not subject to custodial credit risk disclosures. Amount invested in an external investment pool is \$420,332 as of March 31, 2019.

Concentration of Credit Risk

Concentration of credit risk is the risk attributed to the magnitude of a Township's investment in a single issuer. The Township's investment policy requires diversification with a primary focus on safety. However, the policy does not place a fixed percentage limit for any one issuer.

Investments in external investment pools are not subject to concentration of credit risk.

Investment Type	Issuer	Percent of Portfolio
Non-negotiable Certificate of Deposit	Key Bank	27%
Non-negotiable Certificate of Deposit	CIBC	27%

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair values of investments and cash deposits. The Township's investment policy requires this risk to be minimized by investing primarily in short-term deposits and investments thus avoiding the need to sell prior to maturity.

As of March 31, 2019 the Township had the following investments subject to interest rate risk:

Investment Type	Fair Value	Investment Maturities	
		< 1	1-3
Non-negotiable Certificates of Deposit	\$ 503,290	\$ 253,290	\$ 250,000
Total	\$ 503,290	\$ 253,290	\$ 250,000

The Township's investment in the MBIA Investment Pool meets the definition of a 2a7-like pool and is therefore not subject to disclosures of interest rate risk. Investment in the MBIA Investment Pool at March 31, 2019 is \$420,332.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township investment policy limits investments to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. Ratings are not required for US Treasuries and money market accounts. As of March 31, 2019, the Township's investments were exposed to credit risk as follows:

Investment Type	Rating by Standard & Poor	Amount
MBIA Investment Pool	AAA / M	\$ 420,332
Non-negotiable Certificates of Deposit	Unrated	<u>500,000</u>
		<u>\$ 920,332</u>

CHARTER TOWNSHIP OF BRIGHTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 10 - SEGMENT INFORMATION - ENTERPRISE FUNDS

Selected financial information with respect to the Enterprise Fund maintained by the Township for sewer service is as follows:

	<u>3/31/2019</u>
Operating revenues	\$ 1,379,732
Depreciation and amortization	862,437
Operating (loss)	(350,344)
Net working capital	631,530
Total assets	24,003,228
Reserved retained earnings	19,740,321
Unreserved retained earnings	631,530
Total fund equity	20,371,851

NOTE 11 - STATEMENT OF CASH FLOW - ENTERPRISE FUNDS

Pursuant to the Governmental Accounting Standards Board (GASB) standards, a statement of cash flow is presented. The purpose of the statement of cash flow is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to present cash flow from operations. The following summarizes beginning and ending cash and cash equivalents:

	<u>April 1, 2018</u>	<u>March 31, 2019</u>
Cash and cash equivalents	<u>\$ 4,427,798</u>	<u>\$ 4,402,000</u>

NOTE 12 - OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted, but reported separate from revenues and expenditures as transfers in or (out) unless they represent temporary advances that are to be repaid in which case they are carried as assets or liabilities of the advancing or borrowing fund.

NOTE 13 - TAX ABATEMENT

In 2010 the Township entered into a property tax abatement agreement with American Compounding Specialists LLC for new building construction and/or improvements and investment in machinery and equipment for the purpose of encouraging the growth of business and the creation of new jobs or retention of existing jobs, pursuant to Michigan Public Act 198 of 1974, as amended. Under the Act, localities may grant property tax abatements to new industrial facilities. The agreement began in 2011 and granted a 12-year tax exemption. For the fiscal year ended March 31, 2019, the Township abated property taxes totaling \$7,153. The Township's portion of this amount is \$388.

The Township has not made any commitments as part of the agreement other than to reduce taxes. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

Note: Taxes stated above are for all taxing authorities (schools, libraries, townships, county, etc.).

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 14 - INVESTMENTS IN JOINT VENTURE

As of March 31, 2019, the Township has investments in four joint ventures. These joint ventures are described as follows:

Fonda, Island & Briggs Lake Joint Water Authority

The Charter Township of Brighton is a member of the Fonda, Island & Briggs Lake Joint Water Authority, (hereinafter "Authority"). The Authority pursuant to the provisions of Act 196, Public Acts of 1952. The system was constructed by the State of Michigan at no cost to the users with the expense after construction to be incurred by the users.

The Charter Township of Brighton does not hold an equity interest in this joint venture, but maintains joint control and may experience an ongoing financial responsibility in the joint venture.

The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements for Fonda, Island & Briggs Lake Joint Water Authority can be obtained from the administrative offices of the Authority, at 11510 Grand River, Brighton, MI 48116.

Livingston Community Water Authority

The Charter Township of Brighton is a member of the Livingston Community Water Authority (hereinafter "LCWA"). LCWA was established under Act No. 233, Public Acts of Michigan on June 23, 2000. The Authority was formed to acquire, own, improve, enlarge, extend, operate, maintain and administer water supply systems to residents of the member communities.

The Charter Township of Brighton holds a 22.77% share of the equity in this joint venture, which amounted to \$4,062,567 as of March 31, 2019. The amount is recorded in the government-wide Statement of Net Position as investments in joint ventures.

The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements for LCWA can be obtained from the administrative offices of the Authority, at 10001 Silver Lake Road, Brighton, MI 48116.

Selected financial information of Livingston Community Water Authority as of, and for, the fiscal year ended December 31, 2018 (the date financial information was last available) is as follows:

Total assets	\$ 17,889,326
Total liabilities	\$ 47,573
Total net assets	\$ 17,841,753
Total revenues	\$ 815,284
Total expenditures	\$ 898,227

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 14 - INVESTMENTS IN JOINT VENTURE (continued)

Southeastern Livingston County Recreation Authority

The Charter Township of Brighton is a member of the Southeastern Livingston County Recreation Authority (hereinafter "Authority"). The Authority was jointly incorporated by the City of Brighton, Charter Township of Brighton, Charter Township of Genoa and Green Oak Charter Township in 2002 under provisions of Public Act 321. The Authority was formed to provide recreational services to the respective communities.

The City of Brighton and Charter Township of Genoa have since withdrawn from the Authority in 2015. The Charter Township of Brighton does not hold an equity interest in the joint venture, but maintains joint control and ongoing financial responsibility in the Authority.

Complete financial statements for SELCRA can be obtained from the administrative offices of the Authority, at 125 S. Church St., Brighton, MI 48116.

Brighton Area Fire Authority

The Charter Township of Brighton is a member of the Brighton Area Fire Authority (hereinafter "Fire Authority"). The Fire Authority was incorporated by the City of Brighton and the Charter Townships of Brighton and Genoa. The Fire Authority was formed for the purpose of providing fire protection and safety services to the residents of its incorporating members. The Fire Authority operations are funded through a voter approved millage. The Charter Township of Brighton holds a 1/3 share of the equity in this joint venture, which amounted to \$2,666,412 as of March 31, 2019. This amount is recorded in the government-wide Statement of Net Position as total investments in joint ventures.

The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements for the Fire Authority can be obtained from the administrative offices of the Fire Authority at 615 W. Grand River Ave., Brighton, Michigan 48116. Selected financial information of the Fire Authority as of and for the fiscal year ended June 30, 2018 (the date financial information was last available) is as follows:

Total assets	\$	8,311,163
Total liabilities	\$	311,928
Total net assets	\$	7,999,235
Total revenues	\$	4,151,696
Total expenditures	\$	3,864,685

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

NOTE 15 - SEWER SYSTEM MATTER – LITIGATION SETTLEMENT

The prior year financial statement footnotes for the Township referenced contingent liabilities related to litigation involving the sewer system. “Shoner and Potocki et. al. v. The Charter Township of Brighton” was a putative class action in which plaintiffs were seeking relief, including declaratory relief and a refund of amounts paid relating to a special assessment sanitary sewer system district. Plaintiffs were also seeking costs and attorney fees.

For the year ending March 31, 2019, the litigation was settled as follows:

The Township expressly denies any and all allegations that it acted improperly, but, to avoid additional litigation costs, the Township agreed to pay \$1,500,000 into a settlement fund.

The Township’s General Fund purchased 401 REU’s (excess capacity) from the Sewer Fund at a cost of \$4,114,260 (\$10,260 per REU).

The outstanding loans (totaling \$2,385,832) from the General Fund to the Sewer Fund were deducted from the \$4,114,260. Thus, the Sewer Fund’s debt to the General Fund was removed.

The net proceeds for the sale of the REU’s received by the Sewer Fund was \$228,428, calculated as follows:

Total sales price	\$4,114,260
Less: settlement	(1,500,000)
Less: removal of debt	<u>(2,385,832)</u>
Net proceeds	<u>\$228,428</u>

In addition to the above, the Township agreed to pay from its General Fund to the Sewer Fund \$300,000 as a reimbursement of attorney’s fees.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 15, 2019, which is the date the financial statements were available to be issued. Management has determined that the Township does not have any material recognizable or non-recognizable events.

CHARTER TOWNSHIP OF BRIGHTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE 17 - UPCOMING GASB PRONOUNCEMENTS

GASB 84 - FIDUCIARY ACTIVITIES

The Governmental Accounting Standards Board (GASB) issued GASB Standard No 84, Fiduciary Activities to establish criteria for identifying fiduciary activities for all state and local governments. Activities meeting the criteria of a fiduciary activity should be presented in a separate statement of fiduciary net position and statement of changes in fiduciary net position and establishes four types of fiduciary funds: pension and other employee benefits trust funds, investment trust funds, private purpose trust funds and custodial funds.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2020.

GASB 87 - LEASES

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 87, Leases to improve the accounting and financial reporting of leases by governments. This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard will require a lessee to recognize a lease liability and right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2021.

GASB 89 - ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 89 to establish accounting requirements for interest costs that are incurred before the end of a construction period. This statement will require interest costs incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As such, the interest will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard should be applied prospectively.

The Township is currently assessing the impact that this Standard will have on the Township's financial statements, which will be required to be implemented for the statements for the year ended March 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF BRIGHTON

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$	
Connection fees			184,680	
Licenses and permits			12,750	
Intergovernmental - state			1,614,774	
Rental income			233,460	
Franchise fees			345,931	
Charges for services			396,895	
Interest			155,120	
Reimbursements			23,493	
Miscellaneous			21,550	
Total revenues	3,479,726	3,479,726	3,958,204	478,478
EXPENDITURES	6,724,473	8,502,464	7,638,396	864,068
Excess of revenues over (under) expenditures	(3,244,747)	(5,022,738)	(3,680,192)	1,342,546
OTHER FINANCING SOURCES (USES)				
Transfers in	(4,000)	909	4,909	4,000
Net change in fund balance	(3,248,747)	(5,021,829)	(3,675,283)	1,346,546
FUND BALANCE, APRIL 1, 2018	15,721,070	15,721,070	15,721,070	
FUND BALANCE, MARCH 31, 2019	\$ 12,472,323	\$ 10,699,241	\$ 12,045,787	\$ 1,346,546

CHARTER TOWNSHIP OF BRIGHTON

ROAD PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2019

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Special assessments	\$	\$	\$ 142,419	\$
Interest			957	
Total revenues		137,725	143,376	5,651
EXPENDITURES				
Public works		30,000	6,676	23,324
Net change in fund balance		107,725	136,700	(17,673)
FUND BALANCE, APRIL 1, 2018	70,566	70,566	70,566	
FUND BALANCE, MARCH 31, 2019	\$ 70,566	\$ 178,291	\$ 207,266	\$ (17,673)

CHARTER TOWNSHIP OF BRIGHTON

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2019**

Schedule of Employer Contributions

	For the Plan Year Ended December 31, 2018	For the Plan Year Ended December 31, 2017	For the Plan Year Ended December 31, 2016	For the Plan Year Ended December 31, 2015
Actuarial determined contributions	\$ 21,280	\$ 32,558	\$ 9,179	\$ 6,376
Contributions in relation to the actuarial determined contribution	149,984	58,991	29,226	23,021
Contribution (deficiency) excess	<u>\$ 128,704</u>	<u>\$ 26,433</u>	<u>\$ 20,047</u>	<u>\$ 16,645</u>
Covered employee payroll	<u>\$ 511,739</u>	<u>\$ 523,920</u>	<u>\$ 511,727</u>	<u>\$ 457,995</u>
Contributions as a percentage of covered payroll	<u>29.31%</u>	<u>11.26%</u>	<u>5.71%</u>	<u>5.03%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

Notes to the Schedule of Employer Contributions (All divisions)

Actuarial cost method	Entry age
Amortization method	Layered by division
Remaining amortization period	Division 01: Initial UAL - 23 years, 2016 (Gain)/Loss - 22 years, Division 10: Initial UAL - 10 years, (Gain)/Loss - 15 years Division 11: Initial UAL - 10 years, (Gain)/Loss - 15 years Division 12: (Gain)/Loss - 15 years
Asset valuation method	5 year smoothing
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Age 60. Early retirement with reduced benefits at age 50 with 25 years of service or 55 with 15 years of service.
Mortality	50% Female/50% Male, based on the 2014 Healthy Annuitant Annuity Mortality Table, Employee Mortality Table, and Juvenile Mortality Table.

UAL = Unfunded Accrued Liability

Previous Actuarial Methods and Assumptions

A seven year smoothed asset valuation method was used for the time period of 2005 through 2013, and a 10- year smoothed asset valuation method was used through 2015. Inflation was previously assumed to be 3.5%, with salary increases of 4.5%.

CHARTER TOWNSHIP OF BRIGHTON

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED MARCH 31, 2019

	For the Plan Year Ended <u>December 31, 2018</u>	For the Plan Year Ended <u>December 31, 2017</u>	For the Plan Year Ended <u>December 31, 2016</u>	For the Plan Year Ended <u>December 31, 2015</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 47,103	\$ 51,344	\$ 44,499	\$ 44,302
Interest	160,076	152,671	144,760	129,220
Changes in benefit terms				
Differences between expected and actual experience	35,737	4,783	18,428	78,534
Changes of assumptions				90,409
Benefit payments, including refunds of employee contributions	(107,815)	(119,820)	(104,648)	(94,079)
Other changes	23	(3)	(1)	
Net change in total pension liability	135,124	88,975	103,038	248,386
TOTAL PENSION LIABILITY - BEGINNING	2,031,587	1,942,612	1,839,574	1,591,188
TOTAL PENSION LIABILITY - ENDING	\$ 2,166,711	\$ 2,031,587	\$ 1,942,612	\$ 1,839,574
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 149,984	\$ 58,993	\$ 29,226	\$ 22,801
Contributions - employee	28,415	26,196	25,058	23,570
Net investment income	(76,897)	230,111	181,169	(25,009)
Benefit payments, including refunds of employee contributions	(107,815)	(119,820)	(104,648)	(94,079)
Administrative expenses	(3,738)	(3,639)	(3,578)	(3,660)
Net change in plan fiduciary net position	(10,051)	191,841	127,227	(76,377)
PLAN FIDUCIARY NET POSITION, BEGINNING	1,921,525	1,729,684	1,602,457	1,678,834
PLAN FIDUCIARY NET POSITION, ENDING	\$ 1,911,474	\$ 1,921,525	\$ 1,729,684	\$ 1,602,457
NET PENSION LIABILITY				
(TOTAL PENSION LIABILITY - PLAN FIDUCIARY NET POSITION)	\$ 255,237	\$ 110,062	\$ 212,928	\$ 237,117
Plan fiduciary net position as a percentage of the total pension liability	88.22%	94.58%	89.04%	87.11%
Covered employee payroll	\$ 511,739	\$ 523,920	\$ 511,727	\$ 457,995
Net pension liability as a percentage of covered employee payroll	49.88%	21.01%	41.61%	51.77%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BRIGHTON

**FUNDS INCLUDED IN GASB 54 CONSOLIDATION
COMBINING BALANCE SHEETS
MARCH 31, 2019**

	General Fund			Budget		Future		Restated
	Pre GASB 54			Stabilization		Road		General
	Consolidation	Parks	Cemetery	Fund	Fund	Improvement	Fund	Fund
ASSETS								
Cash, cash equivalents and investments	\$ 6,398,610	\$ 1,048,401	\$ 102,885	\$ 282,797	\$ 314,070	\$ 3,518,523	\$ 11,665,286	
Receivable								
Taxes	41,318							41,318
State shared revenues	252,465							252,465
Accounts	87,640							87,640
Due from other funds	2,951							2,951
Prepaid expenditures	75,555							75,555
Total assets	\$ 6,858,539	\$ 1,048,401	\$ 102,885	\$ 282,797	\$ 314,070	\$ 3,518,523	\$ 12,125,215	
LIABILITIES								
Accounts payable	\$ 59,072	\$	\$	\$	\$	\$	\$	59,072
Accrued wages and vacation	17,323							17,323
Due to other funds	3,033							3,033
Total liabilities	79,428							79,428
FUND BALANCE								
Nonspendable	75,555							75,555
Committed								
Roads						3,518,523		3,518,523
Parks and recreation		1,048,401			314,070			1,362,471
Cemetery			102,885					102,885
Assigned								
Township board	3,575,000							3,575,000
Future budget deficit	1,151,970							1,151,970
Unassigned	1,976,586			282,797				2,259,383
Total fund balance	6,779,111	1,048,401	102,885	282,797	314,070	3,518,523	12,045,787	
Total liabilities and fund balance	\$ 6,858,539	\$ 1,048,401	\$ 102,885	\$ 282,797	\$ 314,070	\$ 3,518,523	\$ 12,125,215	

CHARTER TOWNSHIP OF BRIGHTON

NONMAJOR FUNDS
COMBINING BALANCE SHEETS
MARCH 31, 2019

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Liquor Law	SAD Road Maintenance	Streetlights	Municipal Refuse	SAD Aquatics	Municipal Water	Totals	
ASSETS								
Cash, cash equivalents and investments	\$ 47,846	\$ 90,208	\$	\$ 66,070	\$ 97,658	\$ 1,199,239	\$ 1,501,021	
Receivables								
Special assessments			14,534				14,534	
Accounts		1,890		3,100	3,068	584	8,642	
Due from other funds			3,033				3,033	
Prepaid expenses	143						143	
Total assets	\$ 47,989	\$ 92,098	\$ 17,567	\$ 69,170	\$ 100,726	\$ 1,199,823	\$ 1,527,373	
LIABILITIES								
Accounts payable	\$ 9	\$ 860	\$ 1,344	\$	\$	\$	\$ 2,213	
Accrued wages		105					105	
Due to other funds					1,426		1,426	
Total liabilities	114	860	1,344		1,426		3,744	
FUND BALANCE								
Non-spendable		143					143	
Restricted								
Public safety		47,732					47,732	
Roads			12,003				12,003	
Public works				16,223	69,170	34,215	1,199,823	
Assigned		79,235				65,085		
Total fund balance	47,875	91,238	16,223	69,170	99,300	1,199,823	1,523,629	
Total liabilities and fund balance	\$ 47,989	\$ 92,098	\$ 17,567	\$ 69,170	\$ 100,726	\$ 1,199,823	\$ 1,527,373	

CHARTER TOWNSHIP OF BRIGHTON

AGENCY FUNDS
COMBINING BALANCE SHEETS
MARCH 31, 2019

	Trust and Agency	Current Tax	Construction Escrow	Totals
ASSETS				
Cash	\$ 59,633	\$ 1,220	\$ 432,041	\$ 492,894
LIABILITIES				
Due to others	\$ 59,527	\$	\$ 431,842	\$ 491,369
Due to other funds	106	1,220	199	1,525
Total liabilities	\$ 59,633	\$ 1,220	\$ 432,041	\$ 492,894

CHARTER TOWNSHIP OF BRIGHTON
FUNDS INCLUDED IN GASB 54 CONSOLIDATION
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2019

	General Fund			Budget		Future Road		Restated
	Pre GASB 54	Parks	Cemetery	Stabilization	Pathway	Improvement	Eliminations	General
	Consolidation	Fund	Fund	Fund	Fund	Fund		Fund
REVENUES								
Taxes	\$ 969,551	\$	\$	\$	\$	\$	\$	\$ 969,551
Connection fees		184,680						184,680
Licenses and permits		12,750						12,750
Intergovernmental - state	1,614,774							1,614,774
Rental income	233,460							233,460
Franchise fees	345,931							345,931
Charges for services	396,895							396,895
Interest	103,854	10,992	954	2,806	2,437	34,077		155,120
Reimbursements	23,493							23,493
Miscellaneous	10,398		152		11,000			21,550
Total revenues	3,895,786	10,992	1,106	2,806	13,437	34,077		3,958,204
EXPENDITURES								
Current								
General government	1,909,495							1,909,495
Parks and recreation	154,000							154,000
Public safety	9,784							9,784
Road improvements	153,543					609,245		762,788
Cemetery	2,044							2,044
Public works	4,491,954							4,491,954
Capital outlay - general government	308,331							308,331
Total expenditures	7,029,151					609,245		7,638,396
Excess of revenues over (under) expenditures	(3,133,365)	10,992	1,106	2,806	13,437	(575,168)		(3,680,192)
OTHER FINANCING SOURCES (USES)								
Transfers in	4,909	50,000	10,000		100,000	250,000	(410,000)	4,909
Transfers (out)	(410,000)						410,000	
Total other financing sources (uses)	(405,091)	50,000	10,000		100,000	250,000		4,909
Net change in fund balances	(3,538,456)	60,992	11,106	2,806	113,437	(325,168)		(3,675,283)
FUND BALANCE, APRIL 1, 2018	10,317,567	987,409	91,779	279,991	200,633	3,843,691		15,721,070
FUND BALANCE, MARCH 31, 2019	\$ 6,779,111	\$ 1,048,401	\$ 102,885	\$ 282,797	\$ 314,070	\$ 3,518,523	\$	\$ 12,045,787

CHARTER TOWNSHIP OF BRIGHTON

NONMAJOR FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2019

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	
	Liquor Law	Building Department	SAD Road Maintenance	Streetlights	Municipal Refuse	SAD Aquatics	Municipal Water	Totals
REVENUES								
Connection fees	\$	\$	\$	\$	\$	\$	\$	\$
Special assessments			54,165	14,534	74,842	85,601	25,429	229,142
Licenses and permits	9,563							9,563
Interest	462	32	650		452	533	11,960	14,089
Total revenues	10,025	32	54,815	14,534	75,294	86,134	37,389	278,223
EXPENDITURES								
Current								
Public safety	8,647							8,647
Road improvements			42,728					42,728
Public works				17,568	77,833	74,535	15,456	185,392
Capital outlay								
General government							4,242	4,242
Total expenditures	8,647		42,728	17,568	77,833	74,535	19,698	241,009
Excess of revenues over (under) expenditures	1,378	32	12,087	(3,034)	(2,539)	11,599	17,691	37,214
OTHER FINANCING SOURCES (USES)								
Transfers (out)			(4,909)					(4,909)
Net changes in fund balances	1,378	(4,877)	12,087	(3,034)	(2,539)	11,599	17,691	32,305
FUND BALANCE, APRIL 1, 2018	46,497	4,877	79,151	19,257	71,709	87,701	1,182,132	1,491,324
FUND BALANCE, MARCH 31, 2019	\$ 47,875	\$	\$ 91,238	\$ 16,223	\$ 69,170	\$ 99,300	\$1,199,823	\$1,523,629

INDIVIDUAL FUNDS

GENERAL FUND (PRE GASB 54 RESTATEMENT)

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

GENERAL FUND (PRE GASB 54 RESTATEMENT)
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash, cash equivalents and investments	\$ 6,398,610
Receivable	
Taxes	41,318
State shared revenues	252,465
Accounts	87,640
Due from other funds	2,951
Prepaid expenditures	<u>75,555</u>
Total assets	<u><u>\$ 6,858,539</u></u>

LIABILITIES

Accounts payable	\$ 59,072
Accrued wages and vacation	17,323
Due to other funds	<u>3,033</u>
Total liabilities	<u><u>\$ 79,428</u></u>

FUND BALANCE

Nonspendable - prepaid	75,555
Assigned	
Township board	3,575,000
Future budget deficit	1,151,970
Unassigned	<u>1,976,586</u>
Total fund balance	<u><u>6,779,111</u></u>
Total liabilities and fund balance	<u><u>\$ 6,858,539</u></u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 947,616	\$ 969,551	\$ 21,935
Connection fees		184,680	184,680
Licenses and permits	14,500	12,750	(1,750)
Intergovernmental - state	1,490,000	1,614,774	124,774
Rental income	227,690	233,460	5,770
Franchise fees	375,000	345,931	(29,069)
Charges for services	361,070	396,895	35,825
Interest	36,500	103,854	67,354
Reimbursements	5,000	23,493	18,493
Miscellaneous	<u>8,150</u>	<u>10,398</u>	<u>2,248</u>
Total revenues	3,465,526	3,895,786	430,260
EXPENDITURES	<u>7,627,464</u>	<u>7,029,151</u>	<u>598,313</u>
Excess of revenues over (under) expenditures	<u>(4,161,938)</u>	<u>(3,133,365)</u>	<u>1,028,573</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,909	4,909	
Transfers (out)	<u>(412,000)</u>	<u>(410,000)</u>	<u>2,000</u>
Total other financing sources (uses)	<u>(407,091)</u>	<u>(405,091)</u>	<u>2,000</u>
Net change in fund balance	<u>(4,569,029)</u>	<u>(3,538,456)</u>	<u>1,030,573</u>
FUND BALANCE, APRIL 1, 2018	<u>10,317,567</u>	<u>10,317,567</u>	<u></u>
FUND BALANCE, MARCH 31, 2019	<u>\$ 5,748,538</u>	<u>\$ 6,779,111</u>	<u>\$ 1,030,573</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

GENERAL FUND (PRE GASB 54 RESTATEMENT)
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$	\$ 968,972	\$
Penalties/interest - delinquent taxes		294	
Trailer park fees		285	
Total taxes	<u>947,616</u>	<u>969,551</u>	<u>21,935</u>
CONNECTION FEES			
		<u>184,680</u>	<u>184,680</u>
LICENSES AND PERMITS	<u>14,500</u>	<u>12,750</u>	<u>(1,750)</u>
INTERGOVERNMENTAL - STATE			
State shared revenue		1,560,577	
Personal property tax reimbursement		39,723	
Right of way revenues		14,474	
Total state revenue	<u>1,490,000</u>	<u>1,614,774</u>	<u>124,774</u>
RENTAL INCOME	<u>227,690</u>	<u>233,460</u>	<u>5,770</u>
FRANCHISE FEES	<u>375,000</u>	<u>345,931</u>	<u>(29,069)</u>
CHARGES FOR SERVICES			
Property tax administration fee		324,630	
Planning and zoning fees		61,909	
Dog licenses		440	
Other charges for services		9,916	
Total charges for services	<u>361,070</u>	<u>396,895</u>	<u>35,825</u>
INTEREST	<u>36,500</u>	<u>103,854</u>	<u>67,354</u>
REIMBURSEMENTS	<u>5,000</u>	<u>23,493</u>	<u>18,493</u>
MISCELLANEOUS			
Utilities administration fee		4,800	
Other revenue		5,598	
Total miscellaneous	<u>8,150</u>	<u>10,398</u>	<u>2,248</u>
Total revenues	<u>\$ 3,465,526</u>	<u>\$ 3,895,786</u>	<u>\$ 430,260</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Wages, salaries and per diems	\$	\$ 30,130	\$
Ordinance codification		1,150	
Printing and publishing		10,839	
Payroll taxes		2,305	
Insurance - benefits		206	
Insurance - liability		36	
Pension		7,675	
Supplies		104	
Consulting		8,065	
Engineering services		5,452	
Education/travel		183	
Dues		9,337	
Total township board	<u>129,475</u>	<u>75,482</u>	<u>53,993</u>
SUPERVISOR			
Wages, salaries and per diems		31,160	
Pension		3,151	
Payroll taxes		2,384	
Insurance - benefits		62	
Insurance - liability		36	
Capital outlay		2,047	
Total supervisor	<u>40,495</u>	<u>38,840</u>	<u>1,655</u>
MANAGER			
Wages, salaries and per diems		107,627	
Wages, salaries and per diems - clerical		71,361	
Insurance - benefits		15,212	
Pension		14,590	
Payroll taxes		13,876	
Insurance - liability		394	
Education/travel		2,283	
Dues		1,409	
Supplies		313	
Postage		342	
Capital outlay		800	
Total manager	<u>238,305</u>	<u>228,207</u>	<u>10,098</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2019**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
ELECTIONS			
Wages, salaries and per diems - Clerk	15,902		
Wages, salaries and per diems - Deputy Officials	33,997		
Election workers	31,061		
Pension	2,472		
Payroll taxes	3,818		
Insurance - benefits	7,511		
Insurance - liability	118		
Accuracy consulting	10,324		
Education /travel	654		
Printing and publishing	250		
Supplies	6,935		
Postage	9,193		
Equipment maintenance and repair	191		
Dues	255		
Capital outlay	980		
 Total elections	 <u>153,559</u>	 <u>123,661</u>	 <u>29,898</u>
 ASSESSOR			
Wages, salaries and per diems	156,833		
Pension	14,015		
Payroll taxes	12,041		
Insurance - benefits	53,621		
Insurance - liability	718		
Education/travel	1,667		
Supplies	619		
Postage	4,015		
Dues	400		
Printing and publishing	1,774		
Capital outlay	856		
 Total assessor	 <u>266,140</u>	 <u>246,559</u>	 <u>19,581</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CLERK			
Wages, salaries and per diems - Clerk	48,206		
Wages, salaries and per diems - Deputy Clerk	18,717		
Wages, salaries and per diems - other	85,676		
Pension	14,810		
Payroll taxes	11,674		
Insurance - benefits	62,330		
Insurance - liability	295		
Postage	77		
Professional fees	9,320		
Supplies	843		
Education/travel	2,399		
Newsletter	2,849		
Dues	795		
Record retention	1,298		
 Total clerk	 <u>286,211</u>	 <u>259,289</u>	 <u>26,922</u>
 TREASURER			
Wages, salaries and per diems - Treasurer	66,355		
Wages, salaries and per diems - Deputy Treasurer	54,019		
Wages , salaries and per diems - other	35,276		
Pension	14,968		
Payroll taxes	11,792		
Insurance - benefits	34,894		
Insurance - liability	279		
Professional fees	9,320		
Supplies	928		
Tax forms	1,761		
Postage	10,323		
Education/travel	3,600		
Dues	110		
Capital outlay	2,254		
 Total treasurer	 <u>258,308</u>	 <u>245,879</u>	 <u>12,429</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2019**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
SEWER AND WATER			
Per diems		600	
Professional fees		4,421,887	
Total sewer and water	4,441,260	4,422,487	18,773
ROADS			
	180,000	153,543	26,457
OTHER CHARGES AND SERVICES			
Insurance - liability		28,254	
Pension expense		100,000	
Small equipment		367	
Contracted services		23,613	
Computer support		16,940	
Legal fees		81,721	
Telephone		10,283	
Lease - MSP		137,484	
Equipment repair		6,563	
Equipment rental		1,623	
Fuel		870	
Capital outlay		57,088	
Total other charges and services	485,680	464,806	20,874
PLANNING			
Wages, salaries and per diems		66,997	
Pension		8,826	
Payroll taxes		4,569	
Insurance - benefits		21,885	
Insurance - liability		312	
Supplies		505	
Postage		472	
Special projects		5,783	
Engineering services		29,687	
Dues		60	
Printing and publishing		3,913	
Education/travel		1,524	
Total planning	231,140	144,533	86,607

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2019**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TOWNSHIP HALL/GROUNDS			
Wages, salaries and per diems	1,919		
Cleaning maintenance	1,985		
Supplies	10,132		
Payroll taxes	158		
Insurance - liability	24		
Street lighting	8,062		
Building maintenance and repairs	16,786		
Equipment maintenance and repairs	6,844		
Grounds maintenance and repairs	18,456		
Utilities	14,343		
Tax chargebacks	118		
Capital outlay	294,430		
Other	5,798		
Total township hall/grounds	462,110	379,055	83,055
CEMETERY			
	40,000	2,044	37,956
FIRE PROTECTION			
Contracted services	6,692		
Utilities	948		
Building maintenance and repair	254		
Grounds maintenance and repair	855		
Capital improvements	1,035		
Total fire protection	111,650	9,784	101,866

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

**GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2019**

	Amended Budget	Actual	Variance Favorable (Unfavorable)
EMERGENCY PREPAREDNESS	<u>5,500</u>	<u>3,400</u>	<u>2,100</u>
ENVIRONMENTAL	<u>100,980</u>	<u>56,061</u>	<u>44,919</u>
MUNICIPAL REFUSE COLLECTION	<u>6,500</u>	<u>3,655</u>	<u>2,845</u>
PARKS AND RECREATION	<u>154,000</u>	<u>154,000</u>	<u></u>
DRAINS	<u>13,600</u>	<u>6,351</u>	<u>7,249</u>
CODE ENFORCEMENT			
Wages, salaries and per diems		7,215	
Pension		1,070	
Payroll taxes		535	
Insurance - benefits		2,654	
Insurance - liability		41	
Total code enforcement	<u>12,551</u>	<u>11,515</u>	<u>1,036</u>
CONTINGENCIES	<u>10,000</u>	<u></u>	<u>10,000</u>
Total expenditures	<u><u>\$ 7,627,464</u></u>	<u><u>\$ 7,029,151</u></u>	<u><u>\$ 598,313</u></u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

PARKS FUND (PRE GASB 54 RESTATEMENT)

This supplementary information shows the Parks Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

PARKS FUND (PRE GASB 54 RESTATEMENT)
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	<u>\$ 1,048,401</u>
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FUND BALANCE

<u>\$ 1,048,401</u>

This supplementary information shows the Parks Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

PARKS FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 2,500	\$ 10,992	\$ 8,492
EXPENDITURES	_____	_____	_____
Excess of revenues over (under) expenditures	2,500	10,992	8,492
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>50,000</u>	<u>50,000</u>	_____
Net change in fund balance	52,500	60,992	8,492
FUND BALANCE, APRIL 1, 2018	<u>987,409</u>	<u>987,409</u>	_____
FUND BALANCE, MARCH 31, 2019	<u>\$ 1,039,909</u>	<u>\$ 1,048,401</u>	<u>\$ 8,492</u>

This supplementary information shows the Parks Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CEMETERY FUND (PRE GASB 54 RESTATEMENT)

This supplementary information shows the Cemetery Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

CEMETERY FUND (PRE GASB 54 RESTATEMENT)
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	<u>\$ 102,885</u>
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FUND BALANCE

<u>\$ 102,885</u>

This supplementary information shows the Cemetery Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

CEMETERY FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 200	\$ 954	\$ 754
Other revenue		152	152
Total revenues	200	1,106	906
EXPENDITURES			
Excess of revenues over (under) expenditures	200	1,106	906
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	10,000	
Net change in fund balance	10,200	11,106	906
FUND BALANCE, APRIL 1, 2018	91,779	91,779	
FUND BALANCE, MARCH 31, 2019	\$ 101,979	\$ 102,885	\$ 906

This supplementary information shows the Cemetery Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

BUDGET STABILIZATION FUND (PRE GASB 54 RESTATEMENT)

This supplementary information shows the Budget Stabilization Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

BUDGET STABILIZATION FUND (PRE GASB 54 RESTATEMENT)
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ <u>282,797</u>
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FUND BALANCE

\$ <u>282,797</u>

This supplementary information shows the Budget Stabilization Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

BUDGET STABILIZATION FUND (PRE GASB 54 RESTATEMENT)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 2,000	\$ 2,806	\$ 806
EXPENDITURES			
Excess of revenues over (under) expenditures	2,000	2,806	806
OTHER FINANCING SOURCES			
Transfers (out)	(2,000)		2,000
Net change in fund balance		2,806	2,806
FUND BALANCE, APRIL 1, 2018	279,991	279,991	
FUND BALANCE, MARCH 31, 2019	<u>\$ 279,991</u>	<u>\$ 282,797</u>	<u>\$ 2,806</u>

This supplementary information shows the Budget Stabilization Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

FUTURE ROAD IMPROVEMENT FUND (PRE GASB 54 RESTATEMENT)

This supplementary information shows the Future Road Improvement Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

FUTURE ROAD IMPROVEMENT FUND (PRE GASB 54 RESTATEMENT)
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	<u>\$ 3,518,523</u>
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FUND BALANCE

<u>\$ 3,518,523</u>

This supplementary information shows the Future Road Improvement Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

FUTURE ROAD IMPROVEMENT FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 9,000	\$ 34,077	\$ 25,077
EXPENDITURES			
Road improvements	<u>875,000</u>	<u>609,245</u>	<u>265,755</u>
Excess of revenues over (under) expenditures	<u>(866,000)</u>	<u>(575,168)</u>	<u>290,832</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>250,000</u>	<u>250,000</u>	<u></u>
Net change in fund balance	<u>(616,000)</u>	<u>(325,168)</u>	<u>290,832</u>
FUND BALANCE, APRIL 1, 2018	<u>3,843,691</u>	<u>3,843,691</u>	<u></u>
FUND BALANCE, MARCH 31, 2019	<u><u>\$ 3,227,691</u></u>	<u><u>\$ 3,518,523</u></u>	<u><u>\$ 290,832</u></u>

This supplementary information shows the Future Road Improvement Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

PATHWAYS FUND (PRE GASB 54 RESTATEMENT)

This supplementary information shows the Pathways Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

PATHWAYS FUND (PRE GASB 54 RESTATEMENT)
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ <u>314,070</u>
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FUND BALANCE

\$ <u>314,070</u>

This supplementary information shows the Pathways Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

CHARTER TOWNSHIP OF BRIGHTON

PATHWAYS FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 500	\$ 2,437	\$ 1,937
Miscellaneous		11,000	11,000
Total revenues	500	13,437	12,937
EXPENDITURES			
Excess of revenues over (under) expenditures	500	13,437	12,937
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	
Net change in fund balance	100,500	113,437	12,937
FUND BALANCE, APRIL 1, 2018	200,633	200,633	
FUND BALANCE, MARCH 31, 2019	<u>\$ 301,133</u>	<u>\$ 314,070</u>	<u>\$ 12,937</u>

This supplementary information shows the Pathways Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

LIQUOR LAW ENFORCEMENT FUND

CHARTER TOWNSHIP OF BRIGHTON

LIQUOR LAW ENFORCEMENT FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ 47,846
Prepaid expense	<u>143</u>
Total assets	\$ <u>47,989</u>

LIABILITIES

Accounts payable	\$ 9
Wages payable	<u>105</u>
Total liabilities	114
FUND BALANCE	<u>47,875</u>
Total liabilities and fund balance	\$ <u>47,989</u>

CHARTER TOWNSHIP OF BRIGHTON

LIQUOR LAW ENFORCEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Licenses and permits	\$ 8,900	\$ 9,563	\$ 663
Interest	100	462	362
Total revenues	9,000	10,025	1,025
EXPENDITURES			
Public safety	8,915	8,647	268
Net change in fund balance	85	1,378	757
FUND BALANCE, APRIL 1, 2018	46,497	46,497	
FUND BALANCE, MARCH 31, 2019	\$ 46,582	\$ 47,875	\$ 757

BUILDING DEPARTMENT FUND

CHARTER TOWNSHIP OF BRIGHTON

BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2019

REVENUES

Interest	\$	32
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EXPENDITURES

Excess of revenues over (under) expenditures	<u>32</u>
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OTHER FINANCING SOURCES (USES)

Transfers (out)	<u>(4,909)</u>
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Net change in fund balance	(4,877)
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FUND BALANCE, APRIL 1, 2018	<u>4,877</u>
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FUND BALANCE, MARCH 31, 2019	<u>\$ 0</u>
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SAD ROAD MAINTENANCE FUND

CHARTER TOWNSHIP OF BRIGHTON

SAD ROAD MAINTENANCE FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ 90,208
Receivables	
Due from county	<u>1,890</u>
Total assets	<u>\$ 92,098</u>

LIABILITIES

Accounts payable	\$ 860
	<u>91,238</u>
Total liabilities and fund balance	<u>\$ 92,098</u>

CHARTER TOWNSHIP OF BRIGHTON

SAD ROAD MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$ 54,165	\$ 54,165	\$
Interest		650	650
Total revenues	54,165	54,815	650
EXPENDITURES			
Road improvements	<u>78,825</u>	<u>42,728</u>	<u>36,097</u>
Net change in fund balance	(24,660)	12,087	36,747
FUND BALANCE, APRIL 1, 2018	<u>79,151</u>	<u>79,151</u>	
FUND BALANCE, MARCH 31, 2019	<u>\$ 54,491</u>	<u>\$ 91,238</u>	<u>\$ 36,747</u>

ROAD PROJECTS FUND

CHARTER TOWNSHIP OF BRIGHTON

ROAD PROJECTS FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ 204,052
Receivables	
Special assessments receivable	1,654,781
Due from county	<u>3,214</u>
Total assets	<u>\$ 1,862,047</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	\$ 1,654,781
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FUND BALANCE

207,266

Total deferred inflows of resources and fund balance

\$ 1,862,047

CHARTER TOWNSHIP OF BRIGHTON

ROAD PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments	\$ 137,725	\$ 142,419	\$ 4,694
Interest		957	957
Total revenues	137,725	143,376	5,651
EXPENDITURES			
Public works	30,000	6,676	23,324
Net change in fund balance	107,725	136,700	28,975
FUND BALANCE, APRIL 1, 2018	70,566	70,566	
FUND BALANCE, MARCH 31, 2019	\$ 178,291	\$ 207,266	\$ 28,975

STREETLIGHT FUND

CHARTER TOWNSHIP OF BRIGHTON

STREETLIGHT FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Receivables

Special assessments receivable	\$ 14,534
Due from other funds	<u>3,033</u>
Total assets	<u>\$ 17,567</u>

LIABILITIES

Accounts payable	\$ 1,344
FUND BALANCE	<u>16,223</u>
Total liabilities and fund balance	<u>\$ 17,567</u>

CHARTER TOWNSHIP OF BRIGHTON

STREETLIGHT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$ 21,820	\$ 14,534	\$ (7,286)
EXPENDITURES			
Public works	<u>21,975</u>	<u>17,568</u>	<u>4,407</u>
Net change in fund balance	(155)	(3,034)	(2,879)
FUND BALANCE, APRIL 1, 2018	<u>19,257</u>	<u>19,257</u>	
FUND BALANCE, MARCH 31, 2019	<u>\$ 19,102</u>	<u>\$ 16,223</u>	<u>\$ (2,879)</u>

MUNICIPAL REFUSE FUND

CHARTER TOWNSHIP OF BRIGHTON

MUNICIPAL REFUSE FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ 66,070
Receivables	
Due from county	<u>3,100</u>
Total assets	<u>\$ 69,170</u>

FUND BALANCE

\$ 69,170

CHARTER TOWNSHIP OF BRIGHTON

MUNICIPAL REFUSE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessment	\$ 79,046	\$ 74,842	\$ (4,204)
Interest		452	452
Total revenues	79,046	75,294	(3,752)
EXPENDITURES			
Public works	<u>79,046</u>	<u>77,833</u>	<u>1,213</u>
Net change in fund balance		(2,539)	(2,539)
FUND BALANCE, APRIL 1, 2018	<u>71,709</u>	<u>71,709</u>	
FUND BALANCE, MARCH 31, 2019	<u>\$ 71,709</u>	<u>\$ 69,170</u>	<u>\$ (2,539)</u>

AQUATICS FUND

CHARTER TOWNSHIP OF BRIGHTON

AQUATICS FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ 97,658
Receivables	
Due from county	<u>3,068</u>
Total assets	<u>\$ 100,726</u>

LIABILITIES

Due to other funds	\$ 1,426
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FUND BALANCE

Total liabilities and fund balance	<u>99,300</u>
	<u>\$ 100,726</u>

CHARTER TOWNSHIP OF BRIGHTON

AQUATICS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$ 79,435	\$ 85,601	\$ 6,166
Interest		533	533
Total revenues	79,435	86,134	6,699
EXPENDITURES			
Public works	<u>80,861</u>	<u>74,535</u>	<u>6,326</u>
Net change in fund balance	(1,426)	11,599	13,025
FUND BALANCE, APRIL 1, 2018	<u>87,701</u>	<u>87,701</u>	
FUND BALANCE, MARCH 31, 2019	<u>\$ 86,275</u>	<u>\$ 99,300</u>	<u>\$ 13,025</u>

MUNICIPAL WATER CAPITAL PROJECTS FUND

CHARTER TOWNSHIP OF BRIGHTON

MUNICIPAL WATER CAPITAL PROJECTS FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ 1,199,239
Receivables	
Accounts	584
Total assets	<u>\$ 1,199,823</u>

FUND BALANCE

\$ 1,199,823

CHARTER TOWNSHIP OF BRIGHTON

MUNICIPAL WATER CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED MARCH 31, 2019

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Commodity surcharge	\$ 2,000	\$ 2,629	\$ 629
Tap in fees	11,400	22,800	11,400
Interest	<u>3,000</u>	<u>11,960</u>	<u>8,960</u>
Total revenues	<u>16,400</u>	<u>37,389</u>	<u>20,989</u>
EXPENDITURES			
Contracted services	4,000	3,956	44
Capital outlay		4,242	(4,242)
Bond interest	<u>11,500</u>	<u>11,500</u>	<u></u>
Total expenditures	<u>15,500</u>	<u>19,698</u>	<u>(4,198)</u>
Net change in fund balance	900	17,691	16,791
FUND BALANCE, APRIL 1, 2018	<u>1,182,132</u>	<u>1,182,132</u>	<u></u>
FUND BALANCE, MARCH 31, 2019	<u>\$ 1,183,032</u>	<u>\$ 1,199,823</u>	<u>\$ 16,791</u>

SEWER FUND

CHARTER TOWNSHIP OF BRIGHTON

SEWER FUND
BALANCE SHEET
MARCH 31, 2019

CURRENT ASSETS

Cash and cash equivalents	\$ 353,301
Accounts receivable - usage	214,092
Accounts receivable - other	18,737
Due from county - delinquents	22,702
Inventory - pumps and parts	74,397
Prepaid expenditures	<u>52,193</u>
 Total current assets	 \$ 735,422

RESTRICTED ASSETS

Cash and cash equivalents - debt service	2,968,816
Cash and cash equivalents - capital replacement	1,079,883
Accounts receivable - debt service (usage)	31,232
Special assessments receivable	843,495
Due from county - delinquents	<u>90,305</u>
 Total restricted assets	 5,013,731

CAPITAL ASSETS

Land	1,395,224
Sewer infrastructure	<u>31,024,200</u>
	32,419,424
Less: accumulated depreciation	<u>(14,165,349)</u>
 Net capital assets	 <u>18,254,075</u>
 Total assets	 <u>\$ 24,003,228</u>

CHARTER TOWNSHIP OF BRIGHTON

SEWER FUND
BALANCE SHEET (continued)
MARCH 31, 2019

CURRENT LIABILITIES (from unrestricted assets)

Accounts payable	\$ 53,892
Accrued grinder pump expense	50,000
New connections - escrow funds	<u>79,175</u>

Total current liabilities (from unrestricted assets) \$ 183,067

CURRENT LIABILITIES (from restricted assets)

Bonds payable	1,600,000
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LONG-TERM LIABILITIES (from restricted assets)

Bonds payable	1,705,000
Bond premium, net amortization of \$318,778	<u>143,310</u>

Total long-term liabilities (from restricted assets) 1,848,310

Total liabilities 3,631,377

NET POSITION

Retained earnings	<u>20,371,851</u>
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Total liabilities and net position \$ 24,003,228

CHARTER TOWNSHIP OF BRIGHTON

SEWER FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2019

OPERATING REVENUES

Sewer usage	\$ 909,416
Sewer usage - debt service charges	149,308
Other revenue	<u>321,008</u>
Total operating revenues	\$ 1,379,732

OPERATING EXPENSES

Administration	4,800
Alarm maintenance	594
Audit services	4,660
Computer services	3,433
Consulting	11,866
Contracted services - operators	251,436
Depreciation expense	862,437
Legal	147,419
Liability insurance	28,128
Office expenses	5,779
Permit fees	2,450
Repairs and maintenance - grinder pumps and parts	113,717
Repairs and maintenance - collection system	47,998
Repairs and maintenance - equipment	24,613
Repairs and maintenance - buildings and grounds	27,643
Sludge removal	33,104
Supplies	34,781
Telephone	1,163
Utilities	101,659
Capital outlay	<u>22,396</u>
Total operating expenses	1,730,076
Operating (loss)	(350,344)

NON-OPERATING REVENUES (EXPENSES)

Interest income - banks	41,101
Interest income - special assessment	95,672
Interest (expense) - bonds	(43,302)
Agent fees - bonds	(1,000)
Litigation settlement	<u>(1,500,000)</u>
Total non-operating (expenses)	(1,407,529)

CAPITAL CONTRIBUTIONS

Tap-in fees (new users)	<u>4,184,034</u>
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Change in net position	2,426,161
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NET POSITION, APRIL 1, 2018

17,945,690

NET POSITION, MARCH 31, 2019

\$ 20,371,851

CHARTER TOWNSHIP OF BRIGHTON

SEWER FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2019

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Cash received from customers	\$ 1,136,013
Cash receipts from others	321,008
Payments to suppliers for goods or services	<u>(927,648)</u>
Net cash from operating activities	\$ 529,373

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of fixed assets	(29,711)
Principal paid on bonds	(1,620,000)
Interest paid on bonds	(136,720)
Collections of special assessment (principal and interest)	891,957
Tap fees (new users)	<u>298,202</u>
Net cash (used in) capital and related financing activities	(596,272)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on cash and cash equivalents	<u>41,101</u>
Net (decrease) in cash and cash equivalents	(25,798)
CASH AND CASH EQUIVALENTS AT APRIL 1, 2018	<u>4,427,798</u>
CASH AND CASH EQUIVALENTS AT MARCH 31, 2019	<u>\$ 4,402,000</u>

**RECONCILIATION OF OPERATING (LOSS) TO NET CASH
FROM (USED IN) OPERATING ACTIVITIES**

Operating (loss)	\$ (350,344)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities:	
Depreciation and amortization	\$ 862,437
Changes in assets and liabilities	
Decrease in accounts and delinquents receivable	77,289
(Increase) in prepaid expense	(46,311)
(Increase) in inventory	(31,511)
Increase in accounts payable	5,369
Increase in new connections escrow	<u>12,444</u>
Total adjustments	<u>879,717</u>
Net cash from operating activities	<u>\$ 529,373</u>

TRUST AND AGENCY FUND

CHARTER TOWNSHIP OF BRIGHTON

TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ <u>59,633</u>
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LIABILITIES

Due to others	\$ 59,527
Due to other funds	<u>106</u>

Total liabilities	<u>\$ 59,633</u>
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CURRENT TAX COLLECTION FUND

CHARTER TOWNSHIP OF BRIGHTON

CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ <u>1,220</u>
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LIABILITIES

Due to other funds	\$ <u>1,220</u>
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CONSTRUCTION ESCROW FUND

CHARTER TOWNSHIP OF BRIGHTON

CONSTRUCTION ESCROW FUND
BALANCE SHEET
MARCH 31, 2019

ASSETS

Cash	\$ 432,041
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LIABILITIES

Due to others	\$ 431,842
Due to other funds	<u>199</u>

Total liabilities	<u>\$ 432,041</u>
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