

**City of Burton Michigan**  
**Annual Comprehensive**  
**Financial Report**  
**For**  
**Fiscal Year Ended June 30, 2023**



**Duane Haskins, Mayor**  
**Brandy Ruth, Controller**  
**City of Burton Controller's Department**

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# City of Burton

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November 27, 2023

To the Honorable Members of the Burton City Council and  
Citizens of the City of Burton:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As such, we hereby issue the annual comprehensive financial report of the City of Burton for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the City of Burton. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Burton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Burton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Plante Moran PLLC, a firm of licensed certified public accountants, have audited the City of Burton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burton for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City of Burton's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and



and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Burton's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Burton, incorporated in 1972, is in southeastern Genesee County, approximately 60 miles north of Detroit. The City of Burton occupies a land area of 23.5 square miles and serves a resident population of 29,500 with full municipal services. The City of Burton is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Burton has operated under a strong mayor form of government since its incorporation in 1972. Legislative authority is vested in a government council consisting of seven council members. The governing council is the legislative body and is responsible for, among other things, passing ordinances, adopting the budget, appointing citizen advisory committees, and hiring both the government's auditor and attorney. The government's mayor is the chief executive officer of the city and is responsible for carrying out the policies and ordinances of the legislative body, overseeing the day-to-day operations of the government, appointing the city charter required administrative officers, and hiring of employees. The council is elected on a non-partisan at-large basis and serves four-year staggered terms. Four council members are elected in one election cycle and three in the other election cycle. The mayor is elected on a non-partisan at-large basis and serves a four-year term. The mayor does not have a legislative vote but retains veto power.

The City of Burton provides a full range of municipal services, including police and fire protection, construction and maintenance of streets, sanitation, water and sewer utilities, assessing, building inspection and code enforcement, recreational activities and events, and a senior citizen activity center.

The mayor is responsible for developing and proposing the annual budget and the council is required to adopt a final budget for the ensuing year no later than the second Monday in June. This annual budget serves as the foundation for the City of Burton's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., council). For fiscal year 2022-2023 the budget was adopted on a departmental basis allowing department heads to make transfers of appropriations within a department without council approval. Transfers of appropriations between any department or from unappropriated funds require the special approval of the City Council.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burton operates.

### *Local economy*

Many of Burton's residents work in the Flint metropolitan area and as a result are greatly impacted by the broader economic conditions of Genesee County. The effects of the COVID-19 pandemic continue, though the unemployment rates have dropped significantly throughout this fiscal year, returning closer to normal at a rate of 5.4%. In response to the pandemic, Congress passed the American Rescue Plan Act of 2021. This ACT provides financial assistance to communities, awarding \$295,000 to the City of Burton. Those funds were received during the 2022-2023 fiscal year and were used for a portion of the Phase 3 Sanitary Sewer Collection System Improvements.

The stock market was a major focus again this year, seeing far lower losses. While the financial portfolio of the city utilizes low risk options, such as bonds and CDs, adjustments are still required for the current market value of those investments. Between the various departments, an adjustment was made for the second half of the fiscal year in the amount of \$767,829, as an unrealized loss. The allocation of the adjustment was based on the percentage of cash invested by each department.

The City of Burton and Genesee County continue to provide a strong economic base for development through an outstanding infrastructure of educational, health care, and recreational facilities. The availability of an excellent transportation network and all necessary public utilities add to the economic base of this area.

### *Long-term financial planning*

The City of Burton uses a financial forecasting modeling tool which estimates future revenues and expenditures. It shows historical data, the upcoming budget year, and was forecasted out over an additional three years. During the 2021-2022 Budget Workshops, the City Council voted on changing this to a total of 3 years projected, instead of the original 5. The City acknowledges that the further out it forecasts, the less accurate the estimates. To ameliorate uncertainty in future estimates, the city administration chooses to maintain and change the assumptions as new information warrants.

The City of Burton also uses a capital improvement plan to identify short and long-range capital purchases required to maintain all the basic, as well as complex services that are available to the public through traditional financing mechanisms. This plan is formulated and updated during preliminary budget discussions between the mayor and the administrators and/or department heads it impacts. Capital purchases are identified based upon a perceived need. These items are then placed into the plan with a date that identifies when the item is to be completed, the estimated cost of the item, and potential financing sources.

### *Relevant financial policies*

The City of Burton's financial policies are largely dictated through provisions in the City charter that provide the procedure of budget adoption, as well as ordinances that define purchasing policies. Many of the City's financial policies are also dictated through state

law, which defines the amount and manner of revenue collection that the city receives by fund. For fiscal year 2018-2019, the Council lowered the general operating millage rate and that rate has stayed the same through the 2022-2023 fiscal year. The total allowed general fund tax levy rate was 4.682 mills and the amount levied was 4.00 mills.

Significant portions of the expenditure budgets are the result of payroll and related employee benefits, as well as post-employment benefits. The long-term cost of these items has been identified as the direct result of mandated accounting changes. These changes have required all units of government to account for post-employment benefits that were previously being accrued but were not identified as liabilities. The City has implemented the new reporting standards and now reports the net pension and net retiree health plan (OPEB) liabilities in the government-wide and enterprise fund financial statements. Since this implementation, the city has made reducing these liabilities a priority. The administration and council have worked aggressively together to allocate additional funds annually to reduce this debt. They continue to make progress each year.

### **Major Initiatives**

The city continues to move forward with infrastructure improvements including water, sanitary sewer, storm drainage, road improvements, and blight elimination through multiple funding sources.

Persistent Code Enforcement activities have led to an increase in tickets issued to court, regularly scheduled clean ups of blighted properties, and an increased number of dilapidated properties being removed immediately, and others being referred to demolition program. We have also utilized the current building official to do part time code enforcement. Combining the efforts of Building Inspection along with Code Enforcement has proven to be most efficient at recognizing, enforcing and elimination of blighted properties.

The City has made great strides throughout the city improving road infrastructure with the use of Transportation Improvement program (TIP) funds. During this budget year the City of Burton did rehabilitation projects on the following major roads utilizing TIP funding: Fall of 2022 on Belsay Road from Davison to Potter (1 mile), Spring of 2023 Bristol Road from Fenton to Saginaw (1 mile) and Summer of 2023 began on Belsay Road from Lapeer to I-69 (1/2 mile) utilizing TIP funding. The City engineering division performed construction inspection on the projects and partnered with ROWE Engineering to conduct contract management and engineering oversight. Additionally, we finalized the kickoff to Genesee Road from Court to Davison that began construction in August 2023. Project planning was performed on Bristol Road from Saginaw to Dort Hwy (1 mile), construction begins Spring of 2024 also utilizing TIP funds. Wade Trim has been contracted to perform the professional engineering on this project.

The City has also utilized local funds along with contract services to conduct infrastructure improvements. To keep good roads in good condition and extend their service life, the City aggressively increased efforts in preventative maintenance programs on City Major and City Local streets. During this budget year the city designed and bid two major street

projects that were to be completed before the end of 2023, Maple Ave from Saginaw to Dort Hwy and Bristol Road from Belsay to Vassar including a drain crossing replacement. Unfortunately, the Bristol Road project bids came in well above the estimate and the decision was made to re-bid that project again for construction in the spring of 2024, proving to be a cost savings to the city of over \$850,000.00. The Maple Ave contract was awarded, and the bid was less than the estimate. Construction began in September 2023.

Additionally using local funds and making local roads a priority. The City continues the 50% match funds to special assessment districts. During this budget year, the Maple Leaf subdivision took advantage of the match money and the city designed, bid, and preformed oversight construction and contract administration on a mill and resurface of the entire subdivision.

In addition, local streets Brady and Webber from Saginaw to Morrison and some of Morrison received a mill and resurface due to the extent of the poor condition of the road (1/2 Mile).

The City staff has still managed to accomplish making its roads safer, more efficient, and to extend the service life of these assets. Our Street Department performed routine maintenance operations utilizing its own funding and crews. The Street Department graded 34 miles of major street shoulders and material was applied as needed. Throughout the year the crews graded 12 miles of gravel roads on multiple occasions and contracted 2 chloride applications. By focusing our efforts on more cost-effective repairs to the major and local roads, we have been able to crack seal to approximately 13.78 miles and reduced the amount of patch applied to potholes to 639 tons.

City crews continued to address storm sewer issues through ditching, cleaning, and repairing of storm drainage structures. The City focused on completing all of the local street ditching locations on the list this budget year. We started utilizing a computer program that will allow us to track the progress of the storm system electronically. Additionally, we still have plans to bid out the major street ditching projects from the list this next budget year. We have hired OHM to conduct GIS on our storm system in a pilot area, as well as applied for a county grant to fund culvert inventory on ACT 51 roads. To increase safety of intersections the City crews have updated signage and installed solar stop signs at 2 Major intersections.

Also, by contracting the sweeping of the curbs on all Major streets, Local streets, and parking lots twice during this period. These activities not only improve the safety and aesthetics of these assets, but also aid in the preservation and proper functioning of the storm drain system.

Additionally, the City contracted the placement of pavement markings Citywide including handwork one time, and the placement of linework on major multilane streets twice. With oversight of the contract being performed by our engineering department.



The City established a Sewer Revolving Fund (SRF) project plan in 2020. Construction of Phase 2 ended under the original estimate, saving the City over \$680,000.00. Construction of phase 3 of the project plan began in June of 2023 and is finishing construction this Fall. Total project estimated at \$2,950,000. Also, the City looks forward to starting phase 4 next year.

In an effort to reduce inflows and infiltrations in the sanitary sewer system and in conjunction with the current SRF project, the City utilities division has ramped up the cross-connection inspection program to identify and eliminate illegal discharges into the sewer system. Reducing the amount of I&I in the system should have an impact on treatment of the system.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burton for its annual comprehensive financial report (ACFR) for the fiscal year ended 6/30/2022. This was the thirty-eighth time, and the thirty-sixth consecutive year for this prestigious award. To be awarded a Certificate of Achievement for Excellence in Financial Reporting, the government must publish an easily readable and efficiently organized ACFR. This report should satisfy both GAAP and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of our staff. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report.

Respectfully submitted,



Duane D. Haskins  
Mayor



Brandy Ruth  
Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

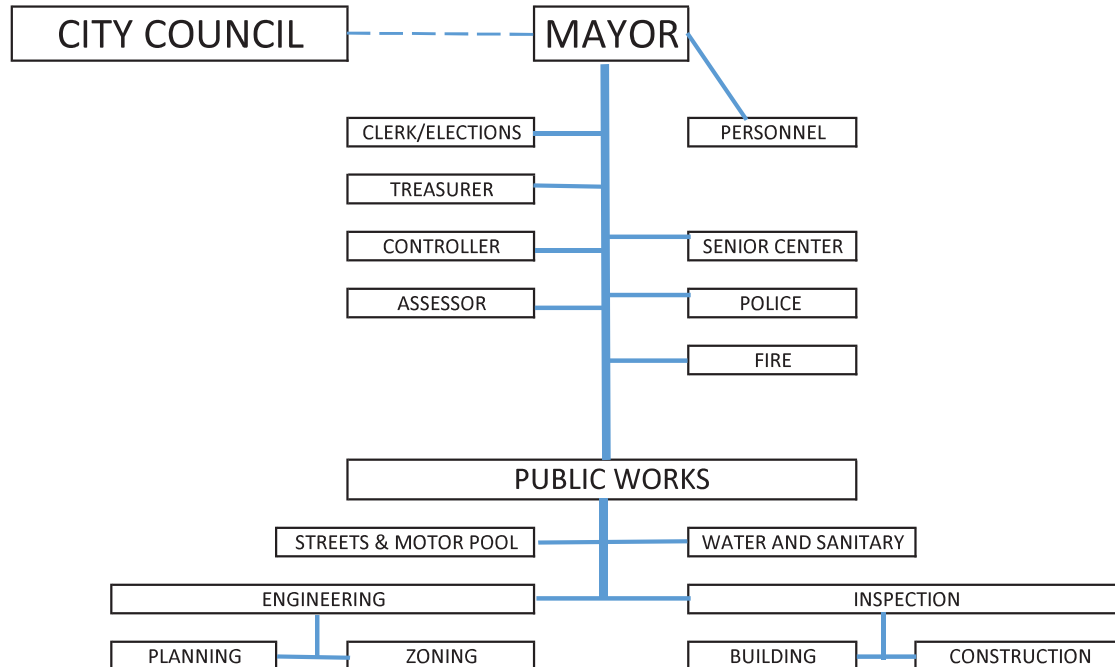
**City of Burton  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morrell*

Executive Director/CEO



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## List of Elected and Appointed Officials

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### **Elected Officials**

Duane Haskins ..... Mayor  
Greg Fenner..... City Council - President  
Greg Hull..... City Council - Vice President  
Candice Miller ..... City Council - Member  
Steve Heffner ..... City Council - Member  
Gary Wines ..... City Council - Member  
Vaughn Smith..... City Council - Member  
Christina Fitchett-Hickson..... City Council - Member

### **Appointed Officials**

Alice Bryce..... Treasurer  
Racheal Ervin-Boggs ..... City Clerk  
Ann Abbey ..... Assessor  
Kirk Wilkinson..... Fire Chief  
Brian Ross ..... Police Chief



## **Independent Auditor's Report**

To the City Council  
City of Burton, Michigan

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

To the City Council  
City of Burton, Michigan

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Other Supplementary Information***

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

To the City Council  
City of Burton, Michigan

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

November 27, 2023

Our discussion and analysis of the City of Burton, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter and the City's financial statements.

### ***Financial Highlights***

- The total of assets and deferred outflows of resources for the City of Burton, Michigan is \$167,085,328, composed of \$103,929,781 in capital assets, \$53,587,840 in other assets, and \$9,567,707 in deferred outflows. The total of liabilities and deferred inflows is \$69,881,937, composed of \$64,898,784 in long-term debt, \$3,450,225 in other debt, and \$1,532,928 in deferred inflows.
- The total net position for the City is \$97,203,391. Of this amount, \$7,893,937 is unrestricted, of which \$(16,308,136) relates to the governmental activities and \$24,292,073 relates to the business-type activities. The net position increased by \$8,429,131 from the prior year, an increase of \$4,692,367 in the governmental activities and an increase of \$3,736,764 in the business-type activities.
- Revenue, including taxes, other revenue, and net other financing sources for the primary government's governmental funds, amounted to \$23,058,927. Expenditures amounted to \$21,445,792. Revenue exceeded expenditures and other financing sources (uses) by \$1,613,135.
- The combined fund balance at June 30, 2023 for the City's governmental funds was \$21,340,055. This was an increase of \$1,613,135 from the prior year, mainly attributed to significantly lower investment losses and an approximate 5 percent increase in property tax revenue.
- General Fund revenue and other financing sources were below expenditures and other financing uses by \$2,413,171, causing the General Fund's fund balance to decrease accordingly to \$4,441,086. This is greatly due to the interfund transfers for investment into major street and local street construction projects and a new fire truck.

### ***Using This Annual Report***

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year and how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.



Management's Discussion and Analysis (Continued)

**Government-wide Overall Financial Analysis**

The following table shows, in a condensed format, the current year's net position and changes in net position compared to the prior year:

**The City's Net Position**

	Governmental Activities			
	2022	2023	Change	Percent Change
<b>Assets</b>				
Other assets	\$ 22,398,957	\$ 23,904,553	\$ 1,505,596	6.7
Capital assets	33,885,441	34,869,050	983,609	2.9
Total assets	56,284,398	58,773,603	2,489,205	4.4
<b>Deferred Outflows of Resources</b>	5,319,610	8,504,559	3,184,949	59.9
<b>Liabilities</b>				
Current liabilities	1,431,943	1,028,281	(403,662)	(28.2)
Long-term liabilities	30,849,202	36,073,549	5,224,347	16.9
Total liabilities	32,281,145	37,101,830	4,820,685	14.9
<b>Deferred Inflows of Resources</b>	5,098,377	1,259,479	(3,838,898)	(75.3)
<b>Net Position</b>				
Net investment in capital assets	29,963,161	31,410,333	1,447,172	4.8
Restricted	9,786,128	13,814,656	4,028,528	41.2
Unrestricted	(15,524,803)	(16,308,136)	(783,333)	5.0
Total net position	<u>\$ 24,224,486</u>	<u>\$ 28,916,853</u>	<u>\$ 4,692,367</u>	19.4
	Business-type Activities			
	2022	2023	Change	Percent Change
<b>Assets</b>				
Other assets	\$ 24,895,460	\$ 29,683,287	\$ 4,787,827	19.2
Capital assets	68,445,291	69,060,731	615,440	0.9
Total assets	93,340,751	98,744,018	5,403,267	5.8
<b>Deferred Outflows of Resources</b>	548,374	1,063,148	514,774	93.9
<b>Liabilities</b>				
Current liabilities	2,779,650	2,421,944	(357,706)	(12.9)
Long-term liabilities	25,873,373	28,825,235	2,951,862	11.4
Total liabilities	28,653,023	31,247,179	2,594,156	9.1
<b>Deferred Inflows of Resources</b>	686,328	273,449	(412,879)	(60.2)
<b>Net Position</b>				
Net investment in capital assets	45,276,443	43,994,465	(1,281,978)	(2.8)
Unrestricted	19,273,331	24,292,073	5,018,742	26.0
Total net position	<u>\$ 64,549,774</u>	<u>\$ 68,286,538</u>	<u>\$ 3,736,764</u>	5.8

Management's Discussion and Analysis (Continued)

**The City's Changes in Net Position**

	Governmental Activities			
	2022	2023	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 4,011,827	\$ 4,182,991	\$ 171,164	4.3
Operating grants	8,417,306	5,844,974	(2,572,332)	(30.6)
Capital grants	1,867,026	2,456,686	589,660	31.6
General revenue:				
Property taxes	8,935,712	9,410,677	474,965	5.3
Intergovernmental	3,674,997	3,706,554	31,557	0.9
Investment loss	(1,840,152)	(11,020)	1,829,132	(99.4)
Other revenue	202,437	307,024	104,587	51.7
Total revenue	25,269,153	25,897,886	628,733	2.5
<b>Expenses</b>				
General government	2,769,472	3,296,937	527,465	19.0
Public service	2,274,873	2,238,551	(36,322)	(1.6)
Public safety	6,767,079	7,467,109	700,030	10.3
Public works	5,692,040	6,991,477	1,299,437	22.8
Health and welfare	357,456	499,076	141,620	39.6
Planning	102,699	132,066	29,367	28.6
Parks and recreation	290,789	165,823	(124,966)	(43.0)
Debt service	169,947	80,480	(89,467)	(52.6)
Total expenses	18,424,355	20,871,519	2,447,164	13.3
<b>Transfers</b>	-	(334,000)	(334,000)	-
<b>Change in Net Position</b>	6,844,798	4,692,367	(2,152,431)	(31.4)
<b>Net Position - Beginning of year</b>	17,379,688	24,224,486	6,844,798	39.4
<b>Net Position - End of year</b>	<b>\$ 24,224,486</b>	<b>\$ 28,916,853</b>	<b>\$ 4,692,367</b>	19.4
	Business-type Activities			
	2022	2023	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 14,476,048	\$ 14,616,756	\$ 140,708	1.0
Capital contributions	168,383	1,322,967	1,154,584	685.7
General revenue:				
Investment (loss) earnings	(953,824)	117,706	1,071,530	(112.3)
Gain on sale of capital assets	-	450	450	-
Total revenue	13,690,607	16,057,879	2,367,272	17.3
<b>Expenses</b>	11,099,032	12,655,115	1,556,083	14.0
<b>Transfers</b>	-	334,000	334,000	-
<b>Change in Net Position</b>	2,591,575	3,736,764	1,145,189	44.2
<b>Net Position - Beginning of year</b>	61,958,199	64,549,774	2,591,575	4.2
<b>Net Position - End of year</b>	<b>\$ 64,549,774</b>	<b>\$ 68,286,538</b>	<b>\$ 3,736,764</b>	5.8

#### *Governmental Activities*

The governmental net position increased by 19.4 percent from a year ago - increasing from \$24,224,486 to \$28,916,853. This is mostly due to the reduction in investment loss. In comparison, last year's net position increased by 39.4 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - was in a deficit, and the deficit increased by \$783,333 for governmental activities. This represents an increase of approximately 5.0 percent. The current level of unrestricted net position for governmental activities stands at a deficit of \$(16,308,136). This deficit is due to the recording of the net pension and OPEB liabilities on the financial statements as a result of implementing GASB 68 and 75 in past years.

The City's total governmental revenue increased by \$628,733, primarily due to a decrease in investment loss of \$1,829,132 and an increase in capital grants of \$589,660, related primarily to the receipt and spending of Community Development Block Grant dollars.

Expenses increased by \$2,447,164 during the year. This is primarily due to an increase in public works expenses related to road projects.

#### *Business-type Activities*

The City's business-type activities consist of the Water Fund and Sewer Fund.

The net position of business-type activities increased by 5.8 percent from a year ago - increasing from \$64,549,774 to \$68,286,538. In comparison, last year's net position increased by 4.2 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$5,018,742. This represents an increase of approximately 26.0 percent. This increase is due to an increase in capital contributions and investment earnings during the year. The current level of unrestricted net position stands at \$24,292,073, or about 229 percent of operating expenses other than depreciation.

The operating revenue increased by \$140,708, primarily due to an increase in water billing and sewer disposal revenue.

Operating expenses, other than depreciation, increased by \$1,556,083, or 14.0 percent, primarily due to an increase in the cost of sewage treatment and personnel services.

#### ***The City's Funds***

Our analysis of the City's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes and to show accountability for certain activities, such as special property tax millages. The City's major funds for 2023 include the General Fund, Major Street Fund, Police Fund, and Fire Fund.

Within these governmental funds, the General Fund is the most significant to understanding the City's financial activities. In addition, the Water and Sewer funds are significant enterprise activity for the City. A brief analysis of each of those funds is presented below:

#### **General Fund Highlights**

General Fund financial changes from prior year are mainly a result of a few specific items. General Fund revenue decreased from prior year due to American Rescue Plan Act (ARPA) grant funds not awarded for 2023, and investments had a significantly lower loss at \$(11,020) compared to the 2022 loss of \$(1,840,152). Expenditures remained relatively flat from prior year, while transfers out increased by \$1,868,000 for a total transfer out of \$6,025,200 due to the funding of special capital projects, including roads and other projects approved by the City Council.

#### **General Fund Budget Highlights**

Over the year, the City amended the budget to allow for the events that occurred during the year. City departments stayed below budget, resulting in total expenditures being approximately \$648,000 under budget. This was a direct result of further cost-reduction measures implemented in all departments. The roof replacement at city hall was completed at 20 percent lower than budget, and delayed city hall maintenance projects are part of these cost reductions as well. Revenue collections exceeded the budget by approximately \$677,000 due to an increase in our state revenue share. Continued cost-saving methods are implemented to ensure streamlined services and efficiencies gained in operations. These changes resulted in an overall decrease in General Fund fund balance of approximately \$2,413,171 to \$4,441,086, which is less than the amended budgeted decrease of approximately 3,738,000.

#### **Capital Assets and Debt Administration**

At June 30, 2023, the City of Burton, Michigan's net investment in capital assets for the governmental activities amounted to \$31,410,333 and for the business-type activities amounted to \$43,994,465. The investment in capital assets covers a broad variety of buildings, the sewer and water system, machinery, equipment, roads, highways, bridges, and box culverts.

Additional information regarding the City's capital assets can be found in Note 4 to the financial statements, with the main increases in capital additions in the current year being road improvements, vehicles, and water and sewer infrastructure improvements.

At June 30, 2023, the City had \$28,617,600 of long-term debt and \$594,049 of compensated absences. The net pension liability was \$28,863,634 and \$2,986,252 for governmental and business-type activities, respectively. The net OPEB liability was \$3,147,311 and 689,938 for governmental and business-type activities, respectively.

Additional information regarding the City's long-term debt can be found in Note 6 to the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

The City's tax rates for 2023 were subject to a Headlee millage reduction. Maximum allowable millage levies are 4.681 for the General Fund, 0.9945 for the Fire Fund, and 8.4408 for the Police Fund. This is the sixth consecutive year that the City Council has reduced the General Fund tax levy to 4.000 mills to fund the 2022-2023 fiscal year budget.

The City continues to pay down its pension and OPEB obligation by budgeting an additional \$1,000,000 to the pension plan and \$400,000 to the OPEB liability. The fund balance calculation created a floor of \$779,136. The City Council approved a 2023-2024 General Fund budget with an ending fund balance of \$2,415,618. The reduction in the balance includes an additional allocation of \$1,050,000 to local streets for road pavement, \$879,200 for a new fire truck, and \$220,000 to motor pool to replace the dump truck, purchase an AC charging unit, and a woodchipper. These capital investments will increase service reliability and operations within the organization as well as create efficiencies in service delivery.

#### **Requests for Further Information**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.



## Statement of Net Position

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 22,002,906	\$ 24,012,996	\$ 46,015,902	\$ 251,320
Receivables:				
Special assessments receivable	331,977	-	331,977	-
Customer receivables	-	4,115,705	4,115,705	-
Accrued interest receivable	-	1,774	1,774	-
Other receivables	267,803	166,371	434,174	-
Due from other governments	1,571,498	295,000	1,866,498	-
Internal balances	(978,514)	978,514	-	-
Inventory	101,524	112,419	213,943	-
Prepaid expenses and other assets	484,643	508	485,151	-
Land held for resale	122,716	-	122,716	-
Capital assets: (Note 4)				
Assets not subject to depreciation	191,901	1,178,341	1,370,242	-
Assets subject to depreciation - Net	34,677,149	67,882,390	102,559,539	-
<b>Total assets</b>	<b>58,773,603</b>	<b>98,744,018</b>	<b>157,517,621</b>	<b>251,320</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding	92,617	-	92,617	-
Deferred pension costs (Note 10)	6,745,981	697,944	7,443,925	-
Deferred OPEB costs (Note 12)	1,665,961	365,204	2,031,165	-
<b>Total deferred outflows of resources</b>	<b>8,504,559</b>	<b>1,063,148</b>	<b>9,567,707</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	421,744	1,687,651	2,109,395	-
Due to other governmental units	-	342,553	342,553	-
Refundable deposits, bonds, etc.	298,467	76,250	374,717	-
Accrued liabilities and other	308,070	315,490	623,560	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	236,923	82,779	319,702	-
Current portion of long-term debt (Note 6)	410,390	1,191,000	1,601,390	-
Due in more than one year:				
Compensated absences	274,347	-	274,347	-
Net pension liability (Note 10)	28,863,634	2,986,252	31,849,886	-
Net OPEB liability (Note 12)	3,147,311	689,938	3,837,249	-
Long-term debt - Net of current portion (Note 6)	3,140,944	23,875,266	27,016,210	-
<b>Total liabilities</b>	<b>37,101,830</b>	<b>31,247,179</b>	<b>68,349,009</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 10)	22,867	2,366	25,233	-
Deferred OPEB cost reductions (Note 12)	1,236,612	271,083	1,507,695	-
<b>Total deferred inflows of resources</b>	<b>1,259,479</b>	<b>273,449</b>	<b>1,532,928</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	31,410,333	43,994,465	75,404,798	-
Restricted:				
Streets and highways	12,934,408	-	12,934,408	-
Youth league	9,385	-	9,385	-
Debt service	42,527	-	42,527	-
Police and fire operations	90,169	-	90,169	-
Rubbish	147,474	-	147,474	-
Senior activities	523,532	-	523,532	-
Parks	7,273	-	7,273	-
Opioid settlement	59,888	-	59,888	-
Unrestricted	(16,308,136)	24,292,073	7,983,937	251,320
<b>Total net position</b>	<b>\$ 28,916,853</b>	<b>\$ 68,286,538</b>	<b>\$ 97,203,391</b>	<b>\$ 251,320</b>

## City of Burton, Michigan

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 3,296,937	\$ 1,565,398	\$ -	\$ -
Public service	2,238,551	1,789,942	-	-
Public safety	7,467,109	357,665	188,324	-
Public works	6,991,477	347,725	5,414,261	2,456,686
Health and welfare	499,076	122,261	242,389	-
Planning	132,066	-	-	-
Parks and recreation	165,823	-	-	-
Interest on long-term debt	80,480	-	-	-
Total governmental activities	20,871,519	4,182,991	5,844,974	2,456,686
Business-type activities:				
Sewer Fund	6,258,096	7,024,692	-	295,000
Water Fund	6,397,019	7,592,064	-	1,027,967
Total business-type activities	12,655,115	14,616,756	-	1,322,967
Total primary government	<u><u>\$ 33,526,634</u></u>	<u><u>\$ 18,799,747</u></u>	<u><u>\$ 5,844,974</u></u>	<u><u>\$ 3,779,653</u></u>
Component units:				
Downtown Development Authority	\$ 21,117	\$ -	\$ -	\$ -
Economic Development Corporation	-	-	-	-
Total component units	<u><u>\$ 21,117</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
General revenue (expense):				
Property taxes				
Unrestricted state-shared revenue:				
State-shared revenue				
Local Community Stabilization Authority				
Unrestricted investment (loss) income				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
<b>Transfers</b>				
<b>Change in Net Position</b>				
<b>Net Position</b> - Beginning of year				
<b>Net Position</b> - End of year				

## Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,731,539)	\$ -	\$ (1,731,539)	\$ -
(448,609)	-	(448,609)	-
(6,921,120)	-	(6,921,120)	-
1,227,195	-	1,227,195	-
(134,426)	-	(134,426)	-
(132,066)	-	(132,066)	-
(165,823)	-	(165,823)	-
(80,480)	-	(80,480)	-
(8,386,868)	-	(8,386,868)	-
-	1,061,596	1,061,596	-
-	2,223,012	2,223,012	-
-	3,284,608	3,284,608	-
(8,386,868)	3,284,608	(5,102,260)	-
-	-	-	(21,117)
-	-	-	-
-	-	-	(21,117)
9,410,677	-	9,410,677	38,933
3,446,848	-	3,446,848	-
259,706	-	259,706	-
(11,020)	117,706	106,686	(221)
11,361	450	11,811	-
295,663	-	295,663	-
13,413,235	118,156	13,531,391	38,712
(334,000)	334,000	-	-
4,692,367	3,736,764	8,429,131	17,595
24,224,486	64,549,774	88,774,260	233,725
<b>\$ 28,916,853</b>	<b>\$ 68,286,538</b>	<b>\$ 97,203,391</b>	<b>\$ 251,320</b>

Governmental Funds  
Balance Sheet

June 30, 2023

	General Fund	Major Street Fund	Police Fund	Fire Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments (Note 3)	\$ 3,637,928	\$ 9,086,460	\$ 1,461,282	\$ 773,566	\$ 5,868,497	\$ 20,827,733
Receivables:						
Special assessments receivable	-	-	-	-	331,977	331,977
Other receivables	116,563	944	6,546	11,906	131,844	267,803
Due from other governments	545,298	789,674	29,886	-	206,640	1,571,498
Due from other funds (Note 5)	-	-	-	-	27,173	27,173
Advances to other funds	-	-	-	-	449,782	449,782
Inventory	-	-	6,556	-	-	6,556
Prepays and other assets	399,465	9,045	1,432	54,284	346	464,572
Land held for resale	122,716	-	-	-	-	122,716
<b>Total assets</b>	<b>\$ 4,821,970</b>	<b>\$ 9,886,123</b>	<b>\$ 1,505,702</b>	<b>\$ 839,756</b>	<b>\$ 7,016,259</b>	<b>\$ 24,069,810</b>
<b>Liabilities</b>						
Accounts payable	\$ 51,263	\$ 74,853	\$ 30,163	\$ 19,852	\$ 200,778	\$ 376,909
Due to other funds (Note 5)	-	-	-	-	27,173	27,173
Advances from other funds (Note 5)	-	874,873	-	-	553,423	1,428,296
Refundable deposits, bonds, etc.	298,467	-	-	-	-	298,467
Accrued liabilities and other	31,154	26,842	109,884	21,076	29,686	218,642
<b>Total liabilities</b>	<b>380,884</b>	<b>976,568</b>	<b>140,047</b>	<b>40,928</b>	<b>811,060</b>	<b>2,349,487</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	-	-	-	380,268	380,268
<b>Total liabilities and deferred inflows of resources</b>	<b>380,884</b>	<b>976,568</b>	<b>140,047</b>	<b>40,928</b>	<b>1,191,328</b>	<b>2,729,755</b>
<b>Fund Balances</b>						
Nonspendable:						
Assets held for resale	122,716	-	-	-	-	122,716
Prepays	399,465	9,045	1,432	54,284	346	464,572
Inventory	-	-	6,556	-	-	6,556
Restricted:						
Roads	-	8,900,510	-	-	4,024,677	12,925,187
Police and fire	-	-	-	-	90,169	90,169
Debt service	-	-	-	-	1,758	1,758
Senior activities	-	-	-	-	523,431	523,431
Rubbish	-	-	-	-	147,474	147,474
Parks	-	-	-	-	7,273	7,273
Youth league	-	-	-	-	9,385	9,385
Opioid settlement	-	-	-	-	11,596	11,596
Committed - Building department	-	-	-	-	1,150,166	1,150,166
Assigned:						
Subsequent year's budget	752,931	-	-	-	-	752,931
Capital projects	-	-	-	-	202,316	202,316
Debt service	-	-	-	-	3,644	3,644
Police	-	-	1,357,667	-	-	1,357,667
Fire	-	-	-	744,544	-	744,544
Unassigned (deficit)	3,165,974	-	-	-	(347,304)	2,818,670
<b>Total fund balances</b>	<b>4,441,086</b>	<b>8,909,555</b>	<b>1,365,655</b>	<b>798,828</b>	<b>5,824,931</b>	<b>21,340,055</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,821,970</b>	<b>\$ 9,886,123</b>	<b>\$ 1,505,702</b>	<b>\$ 839,756</b>	<b>\$ 7,016,259</b>	<b>\$ 24,069,810</b>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 21,340,055</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	33,543,609
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	380,268
Bonds payable, purchase obligations, and deferred charge on bond refunding are not due and payable in the current period and are not reported in the funds	(3,458,717)
Accrued interest is not due and payable in the current period and is not reported in the funds	(76,455)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(488,521)
Net pension liability does not present a claim on current financial resources and is not reported as a fund liability	(28,863,634)
Other postemployment benefit liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(3,147,311)
Deferred outflows of resources related to pensions	6,745,981
Deferred outflows of resources related to OPEB	1,665,961
Deferred inflows of resources related to pensions	(22,867)
Deferred inflows of resources related to OPEB	(1,236,612)
Internal service funds are included as part of governmental activities	2,535,096
<b>Net Position of Governmental Activities</b>	<b><u>\$ 28,916,853</u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Major Street Fund	Police Fund	Fire Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes	\$ 2,907,180	\$ -	\$ 5,818,040	\$ 685,457	\$ -	\$ 9,410,677
Special assessments	-	-	-	-	1,974,863	1,974,863
Intergovernmental:						
Federal grants	-	323,130	21,811	-	486,408	831,349
State sources:						
State-shared revenue	3,444,278	-	-	-	-	3,444,278
Act 51 gas and weight tax	-	3,912,591	-	-	1,178,540	5,091,131
Local Community Stabilization Authority	101,207	-	141,793	16,706	-	259,706
Local grants and contributions	-	-	170,051	-	197,675	367,726
Charges for services	419,484	-	-	-	283,033	702,517
Fines and forfeitures	-	-	86,751	-	-	86,751
Licenses and permits:						
Cable franchise fees	386,449	-	-	-	-	386,449
Other licenses and permits	9,007	-	-	14,775	127,684	151,466
Net (decrease) increase in fair value of investments	(2,859)	(7,811)	(3,283)	(2,091)	5,530	(10,514)
Other revenue	615,420	2,390	28,564	26,346	237,419	910,139
<b>Total revenue</b>	<b>7,880,166</b>	<b>4,230,300</b>	<b>6,263,727</b>	<b>741,193</b>	<b>4,491,152</b>	<b>23,606,538</b>
<b>Expenditures</b>						
Current services:						
General government	3,530,599	-	-	-	-	3,530,599
Public service	458,315	-	-	-	1,759,887	2,218,202
Public safety	-	-	6,570,121	985,770	450,857	8,006,748
Public works	-	2,772,454	-	-	2,654,089	5,426,543
Health and welfare	-	-	-	-	523,782	523,782
Planning	158,767	-	-	-	-	158,767
Parks and recreation	125,484	-	-	-	18,483	143,967
Capital outlay	-	-	-	900,055	-	900,055
Debt service	-	-	-	421,429	115,700	537,129
<b>Total expenditures</b>	<b>4,273,165</b>	<b>2,772,454</b>	<b>6,570,121</b>	<b>2,307,254</b>	<b>5,522,798</b>	<b>21,445,792</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>3,607,001</b>	<b>1,457,846</b>	<b>(306,394)</b>	<b>(1,566,061)</b>	<b>(1,031,646)</b>	<b>2,160,746</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in (Note 5)	-	1,835,000	647,000	1,754,200	1,560,748	5,796,948
Transfers out (Note 5)	(6,025,200)	-	-	(150,000)	(185,748)	(6,360,948)
Sale of capital assets	5,028	-	9,061	2,300	-	16,389
<b>Total other financing (uses) sources</b>	<b>(6,020,172)</b>	<b>1,835,000</b>	<b>656,061</b>	<b>1,606,500</b>	<b>1,375,000</b>	<b>(547,611)</b>
<b>Net Change in Fund Balances</b>	<b>(2,413,171)</b>	<b>3,292,846</b>	<b>349,667</b>	<b>40,439</b>	<b>343,354</b>	<b>1,613,135</b>
<b>Fund Balances - Beginning of year</b>	<b>6,854,257</b>	<b>5,616,709</b>	<b>1,015,988</b>	<b>758,389</b>	<b>5,481,577</b>	<b>19,726,920</b>
<b>Fund Balances - End of year</b>	<b>\$ 4,441,086</b>	<b>\$ 8,909,555</b>	<b>\$ 1,365,655</b>	<b>\$ 798,828</b>	<b>\$ 5,824,931</b>	<b>\$ 21,340,055</b>



Governmental Funds

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

Year Ended June 30, 2023

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 1,613,135</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	2,351,491
Capital contributions	1,549,243
Depreciation	(2,987,412)
Net book value of assets disposed of	(15,889)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	328,152
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	476,338
Interest expense is recognized in the government-wide statements as it accrues	(19,689)
Change in compensated absences reported in the statement of activities does not require the use of current resources and, therefore, is not reported in the fund statements until it comes due for payment	44,321
The change in the net pension liability is recorded when incurred in the statement of activities	(4,732,372)
The change in the net OPEB liability is recorded when incurred in the statement of activities	(1,009,146)
Change in deferred outflows of resources related to pensions are recorded in the statement of activities	2,328,626
Change in deferred outflows of resources related to OPEB are recorded in the statement of activities	869,098
Change in deferred inflows of resources related to pensions are recorded in the statement of activities	2,114,584
Change in deferred inflows of resources related to OPEB are recorded in the statement of activities	1,724,314
Internal service funds are included as part of governmental activities	57,573
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 4,692,367</b>

# Proprietary Funds Statement of Net Position

June 30, 2023

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Proprietary Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 5,874,160	\$ 18,138,836	\$ 24,012,996	\$ 1,175,173
Receivables:				
Customer receivables	1,795,702	2,320,003	4,115,705	-
Accrued interest receivable	-	1,774	1,774	-
Other receivables	54,806	111,565	166,371	-
Due from other governments	-	295,000	295,000	-
Inventory	103,107	9,312	112,419	94,968
Prepaid expenses and other assets	230	278	508	20,071
<b>Total current assets</b>	<b>7,828,005</b>	<b>20,876,768</b>	<b>28,704,773</b>	<b>1,290,212</b>
Noncurrent assets:				
Advances to other funds	-	978,514	978,514	-
Capital assets: (Note 4)				
Assets not subject to depreciation	685	1,177,656	1,178,341	-
Assets subject to depreciation - Net	33,624,282	34,258,108	67,882,390	1,325,441
<b>Total noncurrent assets</b>	<b>33,624,967</b>	<b>36,414,278</b>	<b>70,039,245</b>	<b>1,325,441</b>
<b>Total assets</b>	<b>41,452,972</b>	<b>57,291,046</b>	<b>98,744,018</b>	<b>2,615,653</b>
<b>Deferred Outflows of Resources</b>				
Deferred pension costs (Note 10)	301,346	396,598	697,944	-
Deferred OPEB costs (Note 12)	160,869	204,335	365,204	-
<b>Total deferred outflows of resources</b>	<b>462,215</b>	<b>600,933</b>	<b>1,063,148</b>	<b>-</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	389,953	1,297,698	1,687,651	44,835
Due to other governmental units	-	342,553	342,553	-
Refundable deposits, bonds, etc.	76,235	15	76,250	-
Accrued liabilities and other	231,987	83,503	315,490	12,973
Compensated absences	37,726	45,053	82,779	22,749
Current portion of long-term debt (Note 6)	721,000	470,000	1,191,000	-
<b>Total current liabilities</b>	<b>1,456,901</b>	<b>2,238,822</b>	<b>3,695,723</b>	<b>80,557</b>
Noncurrent liabilities:				
Net pension liability (Note 10)	1,289,353	1,696,899	2,986,252	-
Net OPEB liability (Note 12)	303,911	386,027	689,938	-
Long-term debt - Net of current portion (Note 6)	13,682,490	10,192,776	23,875,266	-
<b>Total noncurrent liabilities</b>	<b>15,275,754</b>	<b>12,275,702</b>	<b>27,551,456</b>	<b>-</b>
<b>Total liabilities</b>	<b>16,732,655</b>	<b>14,514,524</b>	<b>31,247,179</b>	<b>80,557</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 10)	1,021	1,345	2,366	-
Deferred OPEB cost reductions (Note 12)	119,409	151,674	271,083	-
<b>Total deferred inflows of resources</b>	<b>120,430</b>	<b>153,019</b>	<b>273,449</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	19,221,477	24,772,988	43,994,465	1,325,441
Unrestricted	5,840,625	18,451,448	24,292,073	1,209,655
<b>Total net position</b>	<b>\$ 25,062,102</b>	<b>\$ 43,224,436</b>	<b>\$ 68,286,538</b>	<b>\$ 2,535,096</b>

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

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Proprietary Internal Service Funds
<b>Operating Revenue</b>				
Sale of water	\$ 7,398,017	\$ -	\$ 7,398,017	\$ -
Sewage disposal charges	-	6,774,190	6,774,190	-
Other sales to customers	38,964	-	38,964	237,482
Interest and penalty charges	143,528	219,561	363,089	-
Miscellaneous	11,555	30,941	42,496	2,304
Charges to other funds	-	-	-	2,802,031
Total operating revenue	7,592,064	7,024,692	14,616,756	3,041,817
<b>Operating Expenses</b>				
Cost of water - Purchased from the county	4,157,759	-	4,157,759	-
Cost of sewage treatment	-	4,146,547	4,146,547	-
Personnel services - Net of retirement adjustments	774,337	848,589	1,622,926	541,138
Equipment rental and repairs	97,291	82,262	179,553	110,162
Contractual services	105,267	158,038	263,305	203,581
Supplies and materials	148,046	59,247	207,293	476,135
Insurance	-	-	-	1,597,997
Miscellaneous	32,979	9,485	42,464	18,487
Depreciation	652,783	721,493	1,374,276	264,877
Total operating expenses	5,968,462	6,025,661	11,994,123	3,212,377
<b>Operating Income (Loss)</b>	1,623,602	999,031	2,622,633	(170,560)
<b>Nonoperating (Expense) Income</b>				
Investment interest and FMV changes	(3,582)	121,288	117,706	(506)
Interest expense	(374,922)	(232,435)	(607,357)	-
Other nonoperating expenses	(53,635)	-	(53,635)	-
Loss on sale of assets	-	450	450	(1,361)
Total nonoperating expense	(432,139)	(110,697)	(542,836)	(1,867)
<b>Income (Loss) - Before capital contributions</b>	1,191,463	888,334	2,079,797	(172,427)
<b>Capital Contributions</b>				
Capital grants	1,000,000	295,000	1,295,000	-
Benefit fees	27,967	-	27,967	-
Total capital contributions	1,027,967	295,000	1,322,967	-
<b>Transfers In</b>	334,000	-	334,000	230,000
<b>Change in Net Position</b>	2,553,430	1,183,334	3,736,764	57,573
<b>Net Position - Beginning of year</b>	22,508,672	42,041,102	64,549,774	2,477,523
<b>Net Position - End of year</b>	<u>\$ 25,062,102</u>	<u>\$ 43,224,436</u>	<u>\$ 68,286,538</u>	<u>\$ 2,535,096</u>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Proprietary Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 7,464,320	\$ 6,990,490	\$ 14,454,810	\$ -
Receipts/payments related to interfund services - Net	-	-	-	3,055,172
Payments to suppliers	(4,879,520)	(5,510,587)	(10,390,107)	(1,701,601)
Payments to employees and fringes	(279,931)	(230,406)	(510,337)	(1,251,934)
Other payments	-	(77,146)	(77,146)	-
Net cash, cash equivalents, and investments provided by operating activities	2,304,869	1,172,351	3,477,220	101,637
<b>Cash Flows from Noncapital Financing Activities -</b>				
Repayments of loans made to other funds	-	134,040	134,040	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Receipt of capital grants	1,000,000	-	1,000,000	-
Benefit fees	27,967	-	27,967	-
Proceeds from sale of capital assets	45,409	-	45,409	-
Purchase of capital assets	-	(2,034,675)	(2,034,675)	(352,414)
Principal and interest paid on capital debt	(1,067,078)	(608,838)	(1,675,916)	-
Proceeds from issuance of long-term debt	-	2,980,418	2,980,418	-
Transfers from other funds	334,000	-	334,000	230,000
Net cash, cash equivalents, and investments provided by (used in) capital and related financing activities	340,298	336,905	677,203	(122,414)
<b>Cash Flows (Used in) Provided by Investing Activities - (Decrease) increase in fair value of investments</b>	<u>(3,582)</u>	<u>121,288</u>	<u>117,706</u>	<u>(506)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,641,585	1,764,584	4,406,169	(21,283)
<b>Cash, Cash Equivalents, and Investments - Beginning of year</b>	<u>3,232,575</u>	<u>16,374,252</u>	<u>19,606,827</u>	<u>1,196,456</u>
<b>Cash, Cash Equivalents, and Investments - End of year</b>	<u><u>\$ 5,874,160</u></u>	<u><u>\$ 18,138,836</u></u>	<u><u>\$ 24,012,996</u></u>	<u><u>\$ 1,175,173</u></u>
<b>Classification of Cash, Cash Equivalents, and Investments - Cash, cash equivalents, and investments</b>	<u><u>\$ 5,874,160</u></u>	<u><u>\$ 18,138,836</u></u>	<u><u>\$ 24,012,996</u></u>	<u><u>\$ 1,175,173</u></u>

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Proprietary Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 1,623,602	\$ 999,031	\$ 2,622,633	\$ (170,560)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	652,783	721,493	1,374,276	264,877
Changes in assets and liabilities:				
Receivables	(181,379)	(111,348)	(292,727)	-
Due to and from other funds	-	-	-	13,355
Inventories	12,147	(1,001)	11,146	51,792
Prepaid and other assets	(5)	(8)	(13)	8,436
Net pension or OPEB liability and related deferrals	228,379	78,626	307,005	6,692
Accounts payable	(30,658)	(514,442)	(545,100)	(72,955)
Net cash, cash equivalents, and investments provided by operating activities	<u>\$ 2,304,869</u>	<u>\$ 1,172,351</u>	<u>\$ 3,477,220</u>	<u>\$ 101,637</u>

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2023

	Retiree Health Care Benefits Trust Fund	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 175,399	\$ 70,147
Investments:		
Equity securities (Note 3)	2,463,760	-
Debt securities (Note 3)	1,644,307	-
Receivables	19,528	4,600
Prepaid expenses and other assets	13,026	-
Total assets	4,316,020	74,747
<b>Liabilities</b>		
Accounts payable	526,523	71,198
Due to other governmental units	-	3,549
Total liabilities	526,523	74,747
<b>Net Position Restricted for Other Postemployment Health Benefits</b>	<b>\$ 3,789,497</b>	<b>\$ -</b>



Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Retiree Health Care Benefits Trust Fund	Custodial Funds
<b>Additions</b>		
Investment income (loss):		
Interest and dividends	\$ 88,659	\$ -
Net increase in fair value of investments	142,787	-
Investment-related expenses	(76,586)	-
Net investment income	154,860	-
Contributions:		
Employer contributions	774,939	-
Employee contributions	176,174	-
Total contributions	951,113	-
Property tax collections	-	25,613,548
Total additions	1,105,973	25,613,548
<b>Deductions</b>		
Benefit payments	634,201	-
Administrative expenses	10,704	-
Property tax distributions to other governments	-	25,613,548
Total deductions	644,905	25,613,548
<b>Net Increase in Net Position</b>	461,068	-
<b>Net Position Restricted for Other Postemployment Health Benefits -</b> Beginning of year	3,328,429	-
<b>Net Position Restricted for Other Postemployment Health Benefits - End</b> of year	<u><u>\$ 3,789,497</u></u>	<u><u>\$ -</u></u>

Component Units  
Statement of Net Position

June 30, 2023

	Downtown Development Authority	Economic Development Corporation	Total
<b>Assets</b> - Cash and investments	\$ 247,483	\$ 3,837	\$ 251,320
<b>Liabilities</b> - Accounts payable	-	-	-
<b>Net Position</b> - Unrestricted	<u>\$ 247,483</u>	<u>\$ 3,837</u>	<u>\$ 251,320</u>

**Component Units  
Statement of Activities**

**Year Ended June 30, 2023**

	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Downtown Development Authority	Economic Development Corporation
Expenses						Total
Downtown Development Authority	\$ 21,117	\$ -	\$ -	\$ -	(21,117) \$	- \$
Economic Development Corporation	-	-	-	-	-	-
Total component units	<u>\$ 21,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(21,117)</u>	<u>-</u>
<b>Functions/Programs</b>						
Downtown Development Authority	\$ 21,117	\$ -	\$ -	\$ -	(21,117) \$	- \$
Economic Development Corporation	-	-	-	-	-	-
Total component units	<u>\$ 21,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(21,117)</u>	<u>-</u>
General revenue (expense):						
Property taxes					38,933	-
Unrestricted investment (loss) income					(256)	35
Total general revenue					<u>38,677</u>	<u>35</u>
<b>Change in Net Position</b>					<u>17,560</u>	<u>35</u>
<b>Net Position - Beginning of year</b>					<u>229,923</u>	<u>3,802</u>
<b>Net Position - End of year</b>					<u>\$ 247,483</u>	<u>\$ 3,837</u>
					<u>\$ 247,483</u>	<u>\$ 251,320</u>

## Note 1 - Significant Accounting Policies

### ***Accounting and Reporting Principles***

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

### ***Reporting Entity***

The City of Burton, Michigan (the "City") was incorporated on April 6, 1972 under the provisions of Act 279, P.A. 1980, as amended (Home Rule City Act). The City operates a council-mayor form of government and provides the following services, as authorized by its charter: public safety (police, fire, and inspections), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the City's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

### **Blended Component Unit**

#### *City of Burton Building Authority*

The City of Burton Building Authority (the "Building Authority") serves all citizens. The governing board is appointed by the City. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

### **Discretely Presented Component Units**

#### *City of Burton Downtown Development Authority (the "DDA")*

The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The DDA's governing body is appointed by the City. In addition, the DDA's budget and any tax levy are subject to approval by the City. Complete financial reports can be obtained at the administrative offices located at 4303 South Center Road, Burton, MI 48519.

#### *City of Burton Economic Development Corporation (the "EDC")*

The Economic Development Corporation was created under state law to provide financing and development opportunities for businesses. The governing board and management are appointed by the City. The City provides in-kind contributions to the EDC. Any surplus of funds that exists at termination of the EDC vests to the City. Complete financial statements may be obtained at the entity's administrative office located at 4303 South Center Road, Burton, MI 48519.

#### *Retiree Health Care Benefits Trust Fund*

The Retiree Health Care Benefits Trust Fund is governed by the City's board. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the board and the plan imposes a financial burden on the City. There are no separately issued financial statements.

## Note 1 - Significant Accounting Policies (Continued)

### *Report Presentation*

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

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

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

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

### *Basis of Accounting*

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

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

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

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and, as such, have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

## Note 1 - Significant Accounting Policies (Continued)

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

### ***Fund Accounting***

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

### **Governmental Funds**

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Major Street special revenue fund accounts for the operations of the City's major street maintenance department. Financing for its activities is provided primarily by state gasoline taxes (Act 51 funds). Use of Act 51 funds is restricted, with certain exceptions, to defraying the cost of maintaining major streets in the City.
- The Police special revenue fund accounts for revenue generated by the extra-voted police millage. An additional 1 mill was levied, beginning in 1984 and 2007, and 6.50 mills in 2015, against the real and personal property in the City of Burton, Michigan for the purpose of providing funds for the operation of the City of Burton police department.
- The Fire special revenue fund accounts for revenue generated by the extra-voted fire millage. An additional 1 mill was levied, beginning in 2010, against the real and personal property in the City of Burton, Michigan for the purpose of providing funds for the operation of the City of Burton fire department.

### **Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as major enterprise funds:

- The Water enterprise fund is managed by the City's department of public works and accounts for the operations of the water distribution system. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.
- The Sewer enterprise fund is managed by the City's department of public works and accounts for the operations of the sewer system, including the collection, pumping, and distribution. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.



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

The City's internal service funds are used to allocate insurance costs and machinery and equipment purchases and maintenance to the various funds on a full accrual basis so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

**Fiduciary Funds**

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

- Retiree Health Care Benefits Trust Fund is used to account for the segregation of resources to pay for retiree health care benefits.
- The custodial funds consist of the Current Tax Fund and Delinquent Personal Property Tax Fund and are used to account for the collection and payment to the county, school districts, and other city funds of property taxes, delinquent property taxes, and trailer park fees collected by the City on their behalf.

**Interfund Activity**

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

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

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

**Investments**

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

**Land Held for Resale**

Land held for resale in governmental funds is valued at the lower of cost or market.

**Inventories and Prepaid Items**

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

**Capital Assets**

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

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

	Depreciable Life - Years
Land improvements	10-30
Buildings and improvements	15-50
Furniture and equipment	3-15
Sewer and water system	50-75
Vehicles	5-20
Infrastructure	15-30

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value, and a current charge to income is recognized.

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

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

The City reports deferred outflows of resources related to deferred charges on bond refunding. The City also reports deferred outflows of resources related to the defined benefit pension plan and the OPEB plan. The deferred outflows of resources related to pension and OPEB are reported in the government-wide financial statements and the Water and Sewer funds. More detailed information can be found in Notes 10 and 12.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows of resources for unavailable revenue in the governmental funds related to miscellaneous receivables and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources in the government-wide and proprietary funds for the defined benefit pension plan and the OPEB plan. More detailed information can be found in Notes 10 and 12.

**Net Position**

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position consists of amounts required to be set aside as a bond reserve. Restricted net position also consists of net position that is restricted by outside parties or by law through constitutional provisions or enabling legislation. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

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

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Unassigned fund balance is the residual classification for the General Fund.

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

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

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed, assigned, and finally unassigned.

The City has a minimum fund balance policy for the General Fund. The budget shall be prepared and activities managed to result in an ending unassigned fund balance of at least 20 percent of the average of the past three fiscal years' General Fund expenditures, except in the case of an emergency or financial distress. Circumstances of emergency or financial distress shall be reported to the City Council at the earliest practical time.

When fund balance approaches its minimum threshold, the following measures, in priority order, may be used to build up fund balance:

1. Cut or delay pay-as-you-go capital improvements.
2. Cut general operating expenditures.
3. Increase rates and charges funding specific services to make them self-sufficient where possible.
4. Increase millage.

**Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all city departments and funds as transfers or operating revenue. All city funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

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

**Property Tax Revenue**

Property taxes attach an enforceable lien on property as of December 31. City taxes are levied on the following July 1 and are payable without penalty through September 30. The City bills and collects its own property taxes and also taxes for the county and several school districts within its jurisdiction. Collections and remittances of the county and school taxes are accounted for in the Current Tax custodial fund. City property tax revenue is recognized as revenue in the fiscal year levied to the extent that it is measurable and available.

Property taxes are levied based on assessed values of property located in the City. Assessed values are established and equalized by the State at an estimated 50 percent of current market value.

The City is permitted by charter to levy up to \$5.00 (5 mills) per \$1,000 of taxable value for general governmental services and \$2.00 (2 mills) per \$1,000 for development of the downtown district (DDA - a component unit). For the year ended June 30, 2023, the City and the DDA levied 4.000 mills for general government services and 1.8673 mills for development of the downtown district.

Beginning in 1984, the voters approved an additional levy of \$1.00 (1 mill) per \$1,000 of taxable value to be levied for police services. The police millage was approved in November 2004 for another 20 years starting with the 2005 tax levy. In July 2007, an additional levy of \$1.00 (1 mill) per \$1,000 of taxable value was approved to be levied for police services starting with the 2007 levy. In November 2013, an additional levy of \$6.50 (6.5 mills) per \$1,000 of taxable value was approved to be levied for police services starting with the 2014 levy. For the year ended June 30, 2023, the City levied a total of 8.4408 mills for police services.

In August 2010, an additional levy of \$1.00 (1 mill) per \$1,000 of taxable value is to be levied for fire services starting with the 2010 levy. For the year ended June 30, 2023, the City levied 0.9945 mills for fire services.

These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

**Pension**

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

**Other Postemployment Benefit Costs**

The City offers retiree health care benefits to retirees. The City records an OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund, major and nonmajor governmental funds, Water Fund, and Sewer Fund are used to liquidate the OPEB liability.



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

**Compensated Absences**

All city employees are paid for unused sick days on an annual basis. Employees are required to take a minimum number of vacation days by December 31. The remaining available days are paid to the employee the following January.

Accumulated vested unpaid sick and vacation pay at June 30, 2023 is recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund, major and nonmajor governmental funds, Water Fund, Sewer Fund, and internal service funds are used to liquidate the obligation.

**Proprietary Funds Operating Classification**

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

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

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



June 30, 2023

**Note 2 - Stewardship, Compliance, and Accountability**

***Construction Code Fees***

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that act require that a local unit's fees collected from construction code permits be accounted for in a method that shows that all of these fees were used for expenditures related to the operation of the enforcing agency. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed revenue. The City chose to include the revenue and expenditures in a separate fund. The activity related to construction code activity for the fiscal year ended June 30, 2023 is as follows:

Cumulative shortfall at July 1, 2022	\$ (1,596,264)
Current year permit revenue	155,374
Less related expenses - Professional services	<u>(282,450)</u>
Current year shortfall	<u>(127,076)</u>
Cumulative shortfall at June 30, 2023	<u><u>\$ (1,723,340)</u></u>

***Fund Deficits***

The Amy Street Capital Projects Fund had a deficit of \$59,281.

The Maplewood Meadows Capital Projects Fund had a deficit of \$288,023.

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Retiree Health Care Benefits Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated several banks for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in all investment instruments, as listed above. The City's deposits and investment policies are in accordance with statutory authority.

June 30, 2023

**Note 3 - Deposits and Investments (Continued)**

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of \$18,766,256 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

The City's total component unit bank deposits are \$251,277, of which \$250,000 is insured and collateralized.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

Investment Type	Carrying Value	How Held
Debt securities (retiree health care)	\$ 1,644,307	Counterparty's trust dept.
Equity securities (retiree health care)	2,463,760	Counterparty's trust dept.
Total	<u>\$ 4,108,067</u>	

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper and banker's acceptances, which can only be purchased with up to a 270-day maturity, and repurchase agreements, which can have up to a 90-day maturity.

At year end, the City had the following investments and maturities:

Primary Government	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Negotiable certificates of deposit	\$ 5,738,373	\$ 945,091	\$ 2,628,762	\$ 1,455,898	\$ 708,622
U.S. government bonds	11,071,156	-	7,712,092	2,895,065	463,999
U.S. federal agencies	1,977,020	1,977,020	-	-	-
Municipal bonds	7,296,917	-	2,534,267	1,783,851	2,978,799
Total	<u>\$ 26,083,466</u>	<u>\$ 2,922,111</u>	<u>\$ 12,875,121</u>	<u>\$ 6,134,814</u>	<u>\$ 4,151,420</u>

Fiduciary Funds	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	\$ 491,904	\$ -	\$ 176,980	\$ 219,973	\$ 94,951
U.S. government bonds	1,152,404	61,666	528,220	213,387	349,131
Total	<u>\$ 1,644,308</u>	<u>\$ 61,666</u>	<u>\$ 705,200</u>	<u>\$ 433,360</u>	<u>\$ 444,082</u>

June 30, 2023

**Note 3 - Deposits and Investments (Continued)*****Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Carrying Value	Rating
<b>Primary Government</b>		
Negotiable certificates of deposit	\$ 5,738,373	Unavailable
U.S. government bonds	11,071,156	AA+
Michigan CLASS investment pool	13,763,834	AAA
U.S. federal agencies	1,977,020	AAA
Municipal bonds	7,296,917	AA1, AA, AA-, A+, A, and AA2
Total	<u>\$ 39,847,300</u>	
Investment	Carrying Value	Rating
<b>Fiduciary Funds</b>		
Corporate bonds	\$ 491,904	AA-
U.S. government bonds	1,152,404	AAA
Total	<u>\$ 1,644,308</u>	

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk, as identified in the list of authorized investments in the summary of significant accounting policies. With the exception of U.S. Treasury securities and authorized pools, no more than 50 percent of the total investment portfolio will be invested in a single security type or with a single financial institution. At June 30, 2023, the City had no investment in a single issuer that exceeded 5 percent of total investments.

***Fair Value Measurements***

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

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

June 30, 2023

### Note 3 - Deposits and Investments (Continued)

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
<b>Assets</b>				
Fixed income - Debt securities:				
Negotiable certificates of deposit	\$ -	\$ 5,738,373	\$ -	\$ 5,738,373
Corporate bonds	-	491,904	-	491,904
U.S. government bonds	-	12,223,560	-	12,223,560
U.S. federal agencies	-	1,977,020	-	1,977,020
Municipal bonds	-	7,296,917	-	7,296,917
Total fixed income	-	27,727,774	-	27,727,774
Equity securities:				
Corporate stock	2,279,324	-	-	2,279,324
Foreign stock	133,289	-	-	133,289
Other	51,147	-	-	51,147
Total equity securities	2,463,760	-	-	2,463,760
Total investments at fair value	\$ 2,463,760	\$ 27,727,774	\$ -	\$ 30,191,534

The following is a description of the valuation methodology used for assets recorded at fair value. There have been no changes from the prior year in the methodologies used.

Equity and other securities are classified in Level 1 of the fair value hierarchy and are valued based on quoted market prices in active markets.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

#### Investments in Entities that Calculate Net Asset Value per Share

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

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

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS investment pool	\$ 13,763,834	\$ -	N/A	None

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

June 30, 2023

**Note 4 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated - Land	\$ 191,901	\$ -	\$ -	\$ 191,901
Capital assets being depreciated:				
Infrastructure	50,528,432	2,816,585	(249,572)	53,095,445
Buildings and improvements	10,859,804	10,350	-	10,870,154
Furniture and equipment	3,631,012	60,660	(78,800)	3,612,872
Vehicles	7,733,076	1,384,154	(280,883)	8,836,347
Land improvements	1,795,936	-	(54,642)	1,741,294
Subtotal	74,548,260	4,271,749	(663,897)	78,156,112
Accumulated depreciation:				
Infrastructure	25,830,556	2,349,274	(250,986)	27,928,844
Buildings and improvements	6,654,289	228,838	5,105	6,888,232
Furniture and equipment	2,322,686	185,553	(86,267)	2,421,972
Vehicles	4,894,168	430,676	(241,552)	5,083,292
Land improvements	1,153,021	57,948	(54,346)	1,156,623
Subtotal	40,854,720	3,252,289	(628,046)	43,478,963
Net capital assets being depreciated	33,693,540	1,019,460	(35,851)	34,677,149
Net governmental activities capital assets	<u>\$ 33,885,441</u>	<u>\$ 1,019,460</u>	<u>\$ (35,851)</u>	<u>\$ 34,869,050</u>

June 30, 2023

**Note 4 - Capital Assets (Continued)*****Business-type Activities***

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 2,324	\$ -	\$ -	\$ -	\$ 2,324
Construction in progress	4,263,003	(4,263,003)	1,176,017	-	1,176,017
Subtotal	4,265,327	(4,263,003)	1,176,017	-	1,178,341
Capital assets being depreciated:					
Furniture and equipment	787,295	-	41,321	(7,880)	820,736
Vehicles	417,609	-	-	-	417,609
Sewer and water system	92,402,116	4,263,003	826,693	(69,869)	97,421,943
Subtotal	93,607,020	4,263,003	868,014	(77,749)	98,660,288
Accumulated depreciation:					
Furniture and equipment	660,766	-	20,636	(7,199)	674,203
Vehicles	73,082	-	20,880	-	93,962
Sewer and water system	28,693,208	-	1,332,760	(16,235)	30,009,733
Subtotal	29,427,056	-	1,374,276	(23,434)	30,777,898
Net capital assets being depreciated	64,179,964	4,263,003	(506,262)	(54,315)	67,882,390
Net business-type activities capital assets	<u>\$ 68,445,291</u>	<u>\$ -</u>	<u>\$ 669,755</u>	<u>\$ (54,315)</u>	<u>\$ 69,060,731</u>

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

Governmental activities:	
General government	\$ 103,775
Public safety	482,056
Public works	2,353,179
Health and welfare	28,776
Parks and recreation	19,626
Internal service funds	264,877
Total governmental activities	<u>\$ 3,252,289</u>
Business-type activities:	
Water	\$ 652,783
Sewer	721,493
Total business-type activities	<u>\$ 1,374,276</u>

***Construction Commitments***

At June 30, 2023, the City's business-type activities had outstanding commitments through construction contracts of approximately \$2,346,794 related to the State Revolving Fund.

June 30, 2023

## Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental funds	Nonmajor governmental funds	\$ 27,173

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
Nonmajor governmental funds	Nonmajor governmental funds	\$ 449,782
Sewer Fund	Major Street Fund	874,873
	Nonmajor governmental funds	103,641
	Total Sewer Fund	978,514
	Total	\$ 1,428,296

Advances from the Local Street Fund (nonmajor fund) to the Maplewood Meadows Capital Projects Fund (nonmajor) in the amount of \$449,782 relate to an advance to fund the special assessment paving project for Maplewood Meadows. The balance will be paid back to the Local Street Fund from the Maplewood Meadows Capital Projects Fund over 10 years at an interest rate of 2.5 percent.

Advances from the Sewer Fund to the Major Street Fund in the amount of \$874,873 relate to road projects. The balance will be paid back to the Sewer Fund from the Major Street Fund over 15 years at an interest rate of 1.33 percent.

Advances from the Sewer Fund to the Amy Street Capital Projects Fund (nonmajor fund) in the amount of \$103,641 relate to the special assessment project for Amy Street. The balance will be paid back over 15 years at an interest rate of 3 percent.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Fire Fund	\$ 1,754,200
	Police Fund	647,000
	Major Street Fund	1,835,000
	Nonmajor funds	1,225,000
	Internal service funds	230,000
	Water Fund	334,000
	Total General Fund	6,025,200
Fire Fund	Nonmajor funds	150,000
Nonmajor funds	Nonmajor funds	185,748
	Total	\$ 6,360,948

The transfers from the General Fund to the Police Fund, Fire Fund, Major Street Fund, and nonmajor funds represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations.



June 30, 2023

**Note 5 - Interfund Receivables, Payables, and Transfers (Continued)**

The transfers from the General Fund to the internal service fund and Water Fund represent the use of unrestricted resources to finance future capital purchases in accordance with budgetary authorizations.

The transfers from the Fire Fund to the nonmajor funds represent the use of unrestricted resources to finance that program in accordance with budgetary authorizations.

The transfers from the Local Street Fund (nonmajor fund) to the Maplewood Meadows Capital Projects Fund (nonmajor fund) represent the use of local street resources to finance costs of a local street capital project.

Transfers are used to: (1) move revenue from the fund that is required to collect it to the fund that is required or allowed to expend it, (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6 - Long-term Debt**

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

***Governmental Activities***

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements:					
Capital financing activities	\$ 636,990	\$ -	\$ (195,036)	\$ 441,954	\$ 131,921
2019 ladder truck term loan	735,682	-	(51,302)	684,380	48,469
Total direct borrowings and direct placements principal outstanding	1,372,672	-	(246,338)	1,126,334	180,390
Other debt - General obligation bonds -					
Limited tax general obligation bonds -					
2017 Fire Hall bond	2,655,000	-	(230,000)	2,425,000	230,000
Total direct borrowings and other debt	4,027,672	-	(476,338)	3,551,334	410,390
Accumulated compensated absences	552,103	492,162	(532,995)	511,270	236,923
Total governmental activities long-term debt	<u>\$ 4,579,775</u>	<u>\$ 492,162</u>	<u>\$ (1,009,333)</u>	<u>\$ 4,062,604</u>	<u>\$ 647,313</u>

June 30, 2023

**Note 6 - Long-term Debt (Continued)*****Business-type Activities***

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements - Installment debt:					
Drinking water revolving fund loans	\$ 14,851,490	\$ -	\$ (663,000)	\$ 14,188,490	\$ 696,000
Sewer revolving fund loan	8,077,358	2,980,418	(395,000)	10,662,776	470,000
Total direct borrowings and direct placements principal outstanding	22,928,848	2,980,418	(1,058,000)	24,851,266	1,166,000
Other debt - Revenue and other obligation bonds - Limited tax general obligation bonds -	240,000	-	(25,000)	215,000	25,000
Total direct borrowings and other debt	23,168,848	2,980,418	(1,083,000)	25,066,266	1,191,000
Accumulated compensated absences	70,929	108,226	(96,376)	82,779	82,779
Total business-type activities long-term debt	<u>\$ 23,239,777</u>	<u>\$ 3,088,644</u>	<u>\$ (1,179,376)</u>	<u>\$ 25,149,045</u>	<u>\$ 1,273,779</u>

***General Obligation Bonds and Contracts***

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the City.

***Revenue Bonds***

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. Business-type activities utilize revenue bonds to finance the water and sewer system. The City has pledged substantially all revenue of the Water and Sewer funds, net of operating expenses, to repay the water and sewer revenue bonds and DWRF and SRF debt. Proceeds from the bonds provided financing for the construction of water and sewer system improvements. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total approximately \$31,125,000. During the current year, net revenue of the system was \$3,996,909 compared to the annual debt requirements of approximately \$1,631,524.

June 30, 2023

**Note 6 - Long-term Debt (Continued)*****Debt Service Requirements to Maturity***

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 180,390	\$ 42,811	\$ 230,000	\$ 73,227	\$ 526,428
2025	126,979	36,059	275,000	65,223	503,261
2026	81,283	31,005	275,000	56,505	443,793
2027	84,402	27,885	270,000	47,867	430,154
2028	87,643	24,645	315,000	38,595	465,883
2029-2033	452,057	70,126	1,060,000	49,927	1,632,110
Thereafter	113,580	5,681	-	-	119,261
Total	<u>\$ 1,126,334</u>	<u>\$ 238,212</u>	<u>\$ 2,425,000</u>	<u>\$ 331,344</u>	<u>\$ 4,120,890</u>
Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,166,000	\$ 585,318	\$ 25,000	\$ 5,375	\$ 1,781,693
2025	1,196,000	556,340	25,000	4,750	1,782,090
2026	1,231,000	526,898	25,000	4,125	1,787,023
2027	1,261,000	496,663	27,500	3,500	1,788,663
2028	1,291,000	465,762	27,500	2,813	1,787,075
2029-2033	6,935,000	1,837,586	85,000	4,312	8,861,898
Thereafter	11,771,266	1,805,611	-	-	13,576,877
Total	<u>\$ 24,851,266</u>	<u>\$ 6,274,178</u>	<u>\$ 215,000</u>	<u>\$ 24,875</u>	<u>\$ 31,365,319</u>

Governmental activities compensated absences are generally liquidated by the General Fund and certain special revenue funds.

Act 279, Public Acts of Michigan 1909, as amended, provides that net indebtedness of cities cannot exceed 10 percent of the assessed real and personal property in the City. As of June 30, 2023, the City had a total debt limit of approximately \$75,307,000. According to Act 279, the general obligation bonds are included in the 10 percent debt limit computation, and all other debt of the City at June 30, 2023 is specifically exempt from the computation.

***Assets Pledged as Collateral*****Direct Borrowings and Direct Placements**

The City's outstanding installment purchase agreement and capital financing debt from direct borrowings related to governmental activities of \$441,954 are secured with collateral of equipment, including dump trucks, a fire truck, five pickup trucks, a pumper truck, and SCBA equipment.

**Note 7 - Capital Financing Activities**

The City has capital financing for a fire truck, a pumper truck, and SCBA equipment under long-term financing arrangements at a cost of \$582,961, \$575,000, and \$354,430, respectively. The right-of-use asset and related liability have been calculated at the present value of the future minimum payments as of the inception date.

June 30, 2023

### Note 7 - Capital Financing Activities (Continued)

The future minimum lease payments under the long-term capital financing arrangements are as follows:

Years Ending June 30	Amount
2024	\$ 150,168
2025	90,009
2026	39,256
2027	39,256
2028	39,256
2029-2033	<u>157,024</u>
Total	514,969
Less amount representing interest	<u>73,015</u>
Present value of net minimum lease payments	<u>\$ 441,954</u>

### Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League self-insurance pool for general liability, property loss, professional, public officials, and errors and omissions liabilities. In addition, the City participates in a separate pool that provides coverage for workers' compensation claims. The City is self-insured for medical benefits provided to employees. The City is on the reimbursement method of payment for unemployment compensation claims. Settled claims for insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The City currently has a \$1,000 deductible for each and every loss on all lines of coverage. The risk pool's normal coverage will pay losses up to \$1,000,000, and the pool's reinsurance will cover losses from \$1,000,000 to \$5,000,000. Any liability for losses that exceeds this amount would remain with the City. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years; therefore, an adjustment for incurred but not reported claims has not been accrued.

June 30, 2023

**Note 8 - Risk Management (Continued)**

The City is a member of the Michigan Municipal Workers' Compensation Self-Insurer's Fund. Premiums from participants are combined to provide all members with coverage for claims. The premiums and interest thereon are used to pay claims and administrative expenses and to purchase reinsurance to protect the fund from exceptionally large losses. In the event of a deficit in a fund year, assessments could be made against the members. The City has never incurred any losses that exceeded the insured amount.

During the year ended June 30, 2023, the City continued a self-insurance health care plan. Under the plan, the City self-funds the cost of claims of each employee for the first \$30,000 of annual cumulative claims at an estimated cost of \$438,614. The City has purchased specific stop-loss insurance for claims in excess of this stop-loss amount. The City's plan has not recorded any liability for incurred but not reported claims due to the fact that any such claims have historically been insignificant. Changes in the estimated liability for the past two fiscal years were as follows:

	2023	2022
Unpaid claims - Beginning of year	\$ -	\$ -
Incurred claims, including claims incurred but not reported	1,555,490	1,352,126
Claim payments	(1,555,490)	(1,352,126)
Unpaid claims - End of year	<u>\$ -</u>	<u>\$ -</u>

**Note 9 - Contingent Liabilities**

The City is subject to various legal proceedings and claims that arise in the ordinary course of its business. The City believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

**Note 10 - Defined Benefit Pension Plan*****Plan Description***

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

Effective dates for participation in the plan differ by employee bargaining group. The effective dates are as follows:

March 1, 1992 - AFSCME Hourly Employees and Administrative/Nonunion

July 1, 1996 - Police Union (POLC) and Supervisors Union (SEIU)

Upon the effective date for each respective bargaining group, all full-time employees of the City are eligible to participate in the plan.

***Benefits Provided***

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City has no fiduciary responsibility for the plan. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

**Note 10 - Defined Benefit Pension Plan (Continued)**

Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3- or 5-year period depending on division) and multipliers at 2.5 percent and 1.5 percent. Participants are considered to be fully vested in the plan after 6 years for AFSCME hourly employees hired prior to March 1, 2017 and administrative and after 10 years for POLC, SEIU, and AFSCME hourly employees hired on or after March 1, 2017. Normal retirement age is 60 with a variety of early retirement options available, varied by division.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	103
Inactive plan members entitled to but not yet receiving benefits	29
Active plan members	83
	<hr/>
Total employees covered by the plan	215
	<hr/>

***Contributions***

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

The employer contributions ranged from \$14,924 to \$130,165. The employee contributions were 10.00 percent of covered payroll.

***Net Pension Liability***

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

June 30, 2023

**Note 10 - Defined Benefit Pension Plan (Continued)**

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2021</b>	\$ 60,021,130	\$ 33,605,792	\$ 26,415,338
Changes for the year:			
Service cost	455,339	-	455,339
Interest	4,220,883	-	4,220,883
Differences between expected and actual experience	141,143	-	141,143
Contributions - Employer	-	2,653,524	(2,653,524)
Contributions - Employee	-	480,903	(480,903)
Net investment loss	-	(3,690,720)	3,690,720
Benefit payments	(4,059,446)	(4,059,446)	-
Administrative expenses	-	(60,890)	60,890
Net changes	757,919	(4,676,629)	5,434,548
<b>Balance at December 31, 2022</b>	<u>\$ 60,779,049</u>	<u>\$ 28,929,163</u>	<u>\$ 31,849,886</u>

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

For the year ended June 30, 2023, the City recognized pension expense of \$4,267,741.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 221,809	\$ (25,233)
Changes in assumptions	1,905,086	-
Net difference between projected and actual earnings on pension plan investments	2,938,996	-
Employer contributions to the plan subsequent to the measurement date	2,378,034	-
Total	<u>\$ 7,443,925</u>	<u>\$ (25,233)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date of \$2,378,034 will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2024	\$ 1,765,760
2025	1,144,874
2026	911,744
2027	1,218,280
Total	<u>\$ 5,040,658</u>



June 30, 2023

**Note 10 - Defined Benefit Pension Plan (Continued)*****Actuarial Assumptions***

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.00%	In the long term, including inflation
Investment rate of return	7.25%	Net of investment expense but gross of administrative expenses

Mortality rates were based on the following tables:

1. The Pub-2010 Juvenile Mortality Tables
2. The PubG-2010 Employee Mortality Tables
3. The PubG-2010 Healthy Retiree Tables

For disabled retirees, the mortality rates were based on a blend of the Pub-2010 Juvenile Mortality Tables and the PubNS-2010 Disabled Retiree Tables.

***Discount Rate***

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

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

***Investment Rate of Return***

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

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

**Note 10 - Defined Benefit Pension Plan (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the City	\$ 38,748,207	\$ 31,849,886	\$ 26,119,678

***Pension Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting.

Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

***Subsequent Event***

Under its fiscal year 2022-2023 budget, the Michigan Department of Treasury was appropriated funds to establish and operate a local unit municipal pension principal payment program (the "Protecting Michigan Pension Grant Program") for qualified retirement systems with a funded ratio below 60 percent, as defined in the Protecting Local Government Retirement and Benefits Act, Public Act 202 of 2017. As part of this grant program, the union and supervisors plan of the City received approximately \$4.5 million subsequent to June 30, 2023.

**Note 11 - Defined Contribution Retirement Plan**

The City sponsors a 401(a) defined contribution plan (the "Plan") for the City Council and the newly elected mayor by choice. The Plan is administered by the ICMA Retirement Corporation. Participating employees are considered 100 percent vested after completing two years of service. The City contributes 15 percent to 17.5 percent of each participant's compensation to the Plan.

The City also sponsors a 401(a) defined contribution plan for employees that is administered by the ICMA Retirement Corporation. Participating employees are considered 100 percent vested after completing six years of service. The City contributes 3 percent of each participant's compensation to the plan.

The City's contributions to both plans totaled \$152,908 for eligible employees during fiscal year 2023. City employees also made pretax voluntary contributions to the plans totaling \$7,854.

The City also sponsors a 457 plan that is administered by the ICMA Retirement Corporation. Participating employees are considered 100 percent vested upon entering the plan. The City contributes 3 percent of each participant's compensation to the plan.

The City's contributions totaled \$76,211 for eligible employees during fiscal year 2023. City employees also made pretax voluntary contributions to the plan totaling \$173,042.

Note 12 - Other Postemployment Benefit Plan

Plan Description

The City administers the City of Burton OPEB Plan (the “OPEB Plan”), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for various classes of employees.

Benefits Provided

The City provides retiree health care benefits to eligible employees and their spouses. Substantially all full-time employees of the AFSCME, SEIU, POLC, and administrative group are eligible for postemployment health care benefits. To be eligible, employees at the time of retirement must have obtained a predetermined number of years of service, as detailed in the labor contracts. The number of years varies by union.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	75
Active plan members	82
Total plan members	157

Contributions

The board retains an independent actuary to determine the annual contribution. For the year ended June 30, 2023, the City contributed \$774,939. Active participants are required to make contributions to the OPEB Plan. For the year ended June 30, 2023, employee contributions were \$42,755 as well as retiree contributions of \$133,419.

Net OPEB Liability

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

June 30, 2023

## Note 12 - Other Postemployment Benefit Plan (Continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2022</b>	\$ 5,780,360	\$ 3,292,675	\$ 2,487,685
Changes for the year:			
Service cost	30,161	-	30,161
Interest	486,427	-	486,427
Differences between expected and actual experience	190,060	-	190,060
Changes in assumptions	1,653,501	-	1,653,501
Contributions - Employer	-	774,939	(774,939)
Contributions - Employee	-	42,755	(42,755)
Net investment income	-	230,798	(230,798)
Benefit payments, including refunds	(515,404)	(515,404)	-
Administrative expenses	-	(76,586)	76,586
Miscellaneous other charges	-	38,679	(38,679)
Net changes	1,844,745	495,181	1,349,564
<b>Balance at June 30, 2023</b>	<u>\$ 7,625,105</u>	<u>\$ 3,787,856</u>	<u>\$ 3,837,249</u>

The OPEB Plan's fiduciary net position represents 49.7 percent of the total OPEB liability.

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

For the year ended June 30, 2023, the City recognized OPEB recovery of \$916,783.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 153,908	\$ (723,493)
Changes in assumptions	1,625,328	(784,202)
Net difference between projected and actual earnings on OPEB plan investments	251,929	-
Total	<u>\$ 2,031,165</u>	<u>\$ (1,507,695)</u>

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

Years Ending June 30	Amount
2024	\$ (414,237)
2025	142,534
2026	558,483
2027	236,690
Total	<u>\$ 523,470</u>

June 30, 2023

**Note 12 - Other Postemployment Benefit Plan (Continued)****Actuarial Assumptions**

Inflation	2.90 percent
Salary increases	3.25 percent
Health care cost trend rates	Pre-65: 7.25 percent in 2023 graded down to 4.5 percent by 0.25 percent per year Post-65: 5.50 percent in 2023 graded down to 4.5 percent by 0.25 percent per year
Mortality	Public Safety and Public General 2010 Employee and Healthy Retiree, Headcount weighted (MP-2021 Improvement Scale)

The investment rate of return was assumed to be 5.85 percent, net of OPEB plan investment expense, including inflation.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the OPEB Plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.69 %
Global fixed income	40.00	0.33

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City, calculated using the discount rate of 5.85 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (4.85%)	Current Discount Rate (5.85%)	1 Percentage Point Increase (6.85%)
Net OPEB liability of the City of Burton OPEB Plan	\$ 4,526,724	\$ 3,837,249	\$ 3,230,310

Note 12 - Other Postemployment Benefit Plan (Continued)

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

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

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the City of Burton OPEB Plan	\$ 3,176,880	\$ 3,837,249	\$ 4,603,354

*OPEB Plan Fiduciary Net Position*

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

*Assumption Changes*

The discount rate was decreased from 8.76 percent at June 30, 2022 to 5.85 percent at June 30, 2023, which resulted in a increase to the total OPEB liability. Additionally, the inflation assumption decreased from 3.00 percent at June 30, 2022 to 2.90 percent at June 30, 2023. The assumed salary increases decreased from 3.50 percent at June 30, 2022 to 3.25 percent at June 30, 2023. Mortality assumptions were also updated to use the MP-2021 Improvement Scale.

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## Required Supplementary Information

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Required Supplementary Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 2,858,856	\$ 2,858,856	\$ 2,907,180	\$ 48,324
Intergovernmental - State sources:				
Federal grants	1,501,385	-	-	-
State-shared revenue	2,871,564	2,871,564	3,444,278	572,714
Local Community Stabilization Authority	90,194	90,194	101,207	11,013
Charges for services	363,322	363,322	419,484	56,162
Licenses and permits:				
Cable franchise fees	414,000	414,000	386,449	(27,551)
Other licenses and permits	10,000	10,000	9,007	(993)
Net increase (decrease) in fair value of investments	40,200	40,200	(2,859)	(43,059)
Other revenue	556,900	554,900	615,420	60,520
<b>Total revenue</b>	<b>8,706,421</b>	<b>7,203,036</b>	<b>7,880,166</b>	<b>677,130</b>
<b>Expenditures</b>				
Current:				
General government:				
City Council	494,558	564,558	505,555	59,003
Mayor's office	294,584	294,583	289,248	5,335
Controller's department	250,938	250,938	222,037	28,901
Treasurer's department	111,128	111,128	98,347	12,781
Assessor's department	513,313	513,313	469,099	44,214
Clerk's department	182,536	182,536	174,979	7,557
City hall and grounds	1,712,021	1,712,021	1,539,245	172,776
Elections	289,417	289,417	232,089	57,328
Public service	629,750	629,750	458,315	171,435
Planning	207,992	207,992	158,767	49,225
Parks and recreation	164,966	164,966	125,484	39,482
<b>Total expenditures</b>	<b>4,851,203</b>	<b>4,921,202</b>	<b>4,273,165</b>	<b>648,037</b>
<b>Excess of Revenue Over Expenditures</b>	<b>3,855,218</b>	<b>2,281,834</b>	<b>3,607,001</b>	<b>1,325,167</b>
<b>Other Financing (Uses) Sources</b>				
Transfers out	(6,025,200)	(6,025,200)	(6,025,200)	-
Sale of capital assets	5,800	5,800	5,028	(772)
<b>Total other financing uses</b>	<b>(6,019,400)</b>	<b>(6,019,400)</b>	<b>(6,020,172)</b>	<b>(772)</b>
<b>Net Change in Fund Balance</b>	<b>(2,164,182)</b>	<b>(3,737,566)</b>	<b>(2,413,171)</b>	<b>1,324,395</b>
<b>Fund Balance - Beginning of year</b>	<b>6,854,257</b>	<b>6,854,257</b>	<b>6,854,257</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 4,690,075</b>	<b>\$ 3,116,691</b>	<b>\$ 4,441,086</b>	<b>\$ 1,324,395</b>

Required Supplementary Information  
Budgetary Comparison Schedule - Major Special Revenue Funds  
Major Street Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Intergovernmental	\$ 4,018,020	\$ 4,018,020	\$ 4,235,721	\$ 217,701
Net increase (decrease) in fair value of investments	30,000	30,000	(7,811)	(37,811)
Other revenue	9,600	9,600	2,390	(7,210)
Total revenue	4,057,620	4,057,620	4,230,300	172,680
<b>Expenditures</b>				
Current services - Public works:				
Construction	7,280,063	7,520,548	2,621,950	4,898,598
Surface maintenance	525,271	525,271	150,504	374,767
Total expenditures	7,805,334	8,045,819	2,772,454	5,273,365
<b>Other Financing Sources - Transfers in</b>	1,835,000	1,835,000	1,835,000	-
<b>Net Change in Fund Balance</b>	(1,912,714)	(2,153,199)	3,292,846	5,446,045
<b>Fund Balance - Beginning of year</b>	5,616,709	5,616,709	5,616,709	-
<b>Fund Balance - End of year</b>	<u><u>\$ 3,703,995</u></u>	<u><u>\$ 3,463,510</u></u>	<u><u>\$ 8,909,555</u></u>	<u><u>\$ 5,446,045</u></u>

## City of Burton, Michigan

### Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Police Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 5,792,291	\$ 5,792,291	\$ 5,818,040	\$ 25,749
Intergovernmental	267,600	267,600	333,655	66,055
Fines and forfeitures	87,500	92,500	86,751	(5,749)
Net increase (decrease) in fair value of investments	10,000	10,000	(3,283)	(13,283)
Other revenue	30,000	30,000	28,564	(1,436)
Total revenue	6,187,391	6,192,391	6,263,727	71,336
<b>Expenditures</b> - Current services - Public safety	7,060,088	7,060,088	6,570,121	489,967
<b>Excess of Expenditures Over Revenue</b>	(872,697)	(867,697)	(306,394)	561,303
<b>Other Financing Sources</b>				
Transfers in	647,000	647,000	647,000	-
Sale of capital assets	30,000	30,000	9,061	(20,939)
Total other financing sources	677,000	677,000	656,061	(20,939)
<b>Net Change in Fund Balance</b>	(195,697)	(190,697)	349,667	540,364
<b>Fund Balance</b> - Beginning of year	1,015,988	1,015,988	1,015,988	-
<b>Fund Balance</b> - End of year	<u>\$ 820,291</u>	<u>\$ 825,291</u>	<u>\$ 1,365,655</u>	<u>\$ 540,364</u>

## City of Burton, Michigan

### Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Fire Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 684,766	\$ 684,766	\$ 685,457	\$ 691
Intergovernmental	25,187	25,187	16,706	(8,481)
Licenses and permits	5,000	5,000	14,775	9,775
Net increase (decrease) in fair value of investments	5,000	5,000	(2,091)	(7,091)
Other revenue	29,500	29,500	26,346	(3,154)
Total revenue	749,453	749,453	741,193	(8,260)
<b>Expenditures</b>				
Current services - Fire department expenditures	1,133,606	1,133,606	985,770	147,836
Capital outlay	900,000	900,000	900,055	(55)
Debt service	422,350	422,350	421,429	921
Total expenditures	2,455,956	2,455,956	2,307,254	148,702
<b>Excess of Expenditures Over Revenue</b>	(1,706,503)	(1,706,503)	(1,566,061)	140,442
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,754,200	1,754,200	1,754,200	-
Transfers out	(150,000)	(150,000)	(150,000)	-
Sale of capital assets	-	-	2,300	2,300
Total other financing sources	1,604,200	1,604,200	1,606,500	2,300
<b>Net Change in Fund Balance</b>	(102,303)	(102,303)	40,439	142,742
<b>Fund Balance - Beginning of year</b>	758,389	758,389	758,389	-
<b>Fund Balance - End of year</b>	<u>\$ 656,086</u>	<u>\$ 656,086</u>	<u>\$ 798,828</u>	<u>\$ 142,742</u>

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

Last Nine Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 455,339	\$ 415,768	\$ 376,856	\$ 347,638	\$ 472,350	\$ 633,622	\$ 676,022	\$ 798,718	\$ 769,033
Interest	4,220,883	4,206,893	4,018,130	4,013,641	3,981,380	4,109,618	3,991,331	3,786,917	3,665,852
Changes in benefit terms	-	-	-	-	(880,814)	(1,000,189)	(38,912)	287,239	-
Differences between expected and actual experience	141,143	85,170	293,468	(126,163)	386,049	(1,988,575)	53,938	(86,983)	-
Changes in assumptions	-	2,151,592	1,646,783	2,087,971	(65,471)	-	-	2,354,665	-
Benefit payments	(4,059,446)	(3,968,538)	(3,773,396)	(3,502,764)	(3,352,964)	(3,182,602)	(3,129,204)	(3,049,986)	(2,914,562)
Employee refunds	-	-	-	-	-	(53,382)	-	-	-
Miscellaneous other charges	-	-	2	(2)	(2)	(2,344)	-	-	-
<b>Net Change in Total Pension Liability</b>	757,919	2,890,885	2,561,843	2,820,323	540,528	(1,463,852)	1,553,175	4,090,570	1,520,323
<b>Total Pension Liability - Beginning of year</b>	60,021,130	57,130,245	54,568,402	51,748,079	51,207,551	52,671,403	51,118,228	47,027,658	45,507,335
<b>Total Pension Liability - End of year</b>	<b>\$ 60,779,049</b>	<b>\$ 60,021,130</b>	<b>\$ 57,130,245</b>	<b>\$ 54,568,402</b>	<b>\$ 51,748,079</b>	<b>\$ 51,207,551</b>	<b>\$ 52,671,403</b>	<b>\$ 51,118,228</b>	<b>\$ 47,027,658</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 2,653,524	\$ 3,403,246	\$ 3,068,544	\$ 2,867,394	\$ 2,683,708	\$ 2,820,876	\$ 3,250,052	\$ 3,318,031	\$ 3,079,855
Contributions - Member	480,903	445,137	459,896	491,270	594,276	438,787	558,985	561,652	720,655
Net investment (loss) income	(3,690,720)	3,967,939	3,630,837	3,155,867	(949,718)	2,828,872	2,159,081	(276,154)	1,042,694
Administrative expenses	(60,890)	(46,998)	(52,356)	(47,035)	(47,035)	(44,838)	(42,625)	(40,528)	(38,340)
Benefit payments	(4,059,446)	(3,968,538)	(3,773,396)	(3,502,764)	(3,352,964)	(3,182,602)	(3,129,204)	(3,049,986)	(2,914,562)
Employee refunds	-	-	-	-	-	(53,382)	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	(4,676,629)	3,800,786	3,333,525	2,957,516	(1,071,733)	2,807,713	2,796,289	513,015	1,890,302
<b>Plan Fiduciary Net Position - Beginning of year</b>	33,605,792	29,805,006	26,471,481	23,513,965	24,585,698	21,777,985	18,981,696	18,468,681	16,578,379
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 28,929,163</b>	<b>\$ 33,605,792</b>	<b>\$ 29,805,006</b>	<b>\$ 26,471,481</b>	<b>\$ 23,513,965</b>	<b>\$ 24,585,698</b>	<b>\$ 21,777,985</b>	<b>\$ 18,981,696</b>	<b>\$ 18,468,681</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 31,849,886</b>	<b>\$ 26,415,338</b>	<b>\$ 27,325,239</b>	<b>\$ 28,096,921</b>	<b>\$ 28,234,114</b>	<b>\$ 26,621,853</b>	<b>\$ 30,893,418</b>	<b>\$ 32,136,532</b>	<b>\$ 28,558,977</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	47.60 %	55.99 %	52.17 %	48.51 %	45.44 %	48.01 %	41.35 %	37.13 %	39.27 %
<b>Covered Payroll</b>	\$ 4,800,550	\$ 4,605,296	\$ 4,016,125	\$ 3,984,348	\$ 4,221,843	\$ 4,534,987	\$ 4,841,511	\$ 5,107,453	\$ 4,923,918
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	663.46 %	573.59 %	680.39 %	705.18 %	668.76 %	587.03 %	638.09 %	629.21 %	580.01 %

The amounts presented for each fiscal year were determined as of December 31 of the preceding year. GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Required Supplementary Information  
Schedule of Pension Contributions

	Last Ten Fiscal Years									
	Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,653,524	\$ 2,403,246	\$ 2,068,543	\$ 1,863,316	\$ 1,670,896	\$ 1,844,876	\$ 2,248,097	\$ 2,442,938	\$ 2,418,198	\$ 1,645,555
Contributions in relation to the actuarially determined contribution	3,756,186	3,555,352	3,246,532	2,904,727	2,726,338	2,706,115	2,990,644	3,442,938	3,418,198	1,645,555
<b>Contribution Excess</b>	<b>\$ 1,102,662</b>	<b>\$ 1,152,106</b>	<b>\$ 1,177,989</b>	<b>\$ 1,041,411</b>	<b>\$ 1,055,442</b>	<b>\$ 861,239</b>	<b>\$ 742,547</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 5,972,058</b>	<b>\$ 4,717,355</b>	<b>\$ 3,801,099</b>	<b>\$ 4,204,934</b>	<b>\$ 4,253,326</b>	<b>\$ 4,544,566</b>	<b>\$ 4,943,799</b>	<b>\$ 5,401,588</b>	<b>\$ 5,110,932</b>	<b>\$ 4,210,872</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>62.90 %</b>	<b>75.37 %</b>	<b>85.41 %</b>	<b>69.08 %</b>	<b>64.10 %</b>	<b>62.20 %</b>	<b>67.13 %</b>	<b>67.41 %</b>	<b>69.42 %</b>	<b>39.08 %</b>

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, 18 months prior to the end of the fiscal year in which the contributions are reported. Contributions for the City's fiscal year ended June 30, 2023 were determined based on the actuarial valuation as of December 31, 2020. The most recent valuation is as of December 31, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	18 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50 percent
Salary increase	3.00 percent
Investment rate of return	7.60 percent - Gross of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates are specific to the type of eligibility condition
Mortality	Pub-2010 Mortality Tables with margin for future mortality improvements using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010

Required Supplementary Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 30,161	\$ 32,432	\$ 78,265	\$ 122,500	\$ 90,319	\$ 79,897	\$ 76,884
Interest	486,427	483,907	509,563	396,687	428,103	489,875	482,769
Changes in benefit terms	-	-	-	-	(99,961)	-	(37,812)
Differences between expected and actual experience	190,060	13,476	(2,052,119)	(61,897)	(1,884,989)	(224,654)	-
Changes in assumptions	1,653,501	(69,828)	(2,339,194)	(2,588,802)	1,134,917	1,233,181	-
Benefit payments, including refunds	(515,404)	(548,042)	(600,785)	(539,280)	(536,916)	(366,398)	(320,766)
<b>Net Change in Total OPEB Liability</b>	1,844,745	(88,055)	(4,404,270)	(2,670,792)	(868,527)	1,211,901	201,075
<b>Total OPEB Liability - Beginning of year</b>	5,780,360	5,868,415	10,272,685	12,943,477	13,812,004	12,600,103	12,399,028
<b>Total OPEB Liability - End of year</b>	<u>\$ 7,625,105</u>	<u>\$ 5,780,360</u>	<u>\$ 5,868,415</u>	<u>\$ 10,272,685</u>	<u>\$ 12,943,477</u>	<u>\$ 13,812,004</u>	<u>\$ 12,600,103</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 774,939	\$ 780,632	\$ 750,820	\$ 395,562	\$ 493,496	\$ 268,573	\$ 285,245
Contributions - Employee	42,755	40,857	25,556	25,576	26,723	33,086	35,521
Net investment income (loss)	230,798	(253,137)	576,274	63,278	197,218	136,201	160,809
Administrative expenses	(76,586)	(9,425)	(7,190)	(6,881)	(14,088)	(18,461)	(17,539)
Benefit payments, including refunds	(515,404)	(548,042)	(600,785)	(539,280)	(536,916)	(366,398)	(320,766)
Miscellaneous other charges	38,679	40,099	137,563	178,906	(152,710)	(63,601)	-
<b>Net Change in Plan Fiduciary Net Position</b>	495,181	50,984	882,238	117,161	13,723	(10,600)	143,270
<b>Plan Fiduciary Net Position - Beginning of year</b>	3,292,675	3,241,691	2,359,453	2,242,292	2,228,569	2,239,169	2,095,899
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$ 3,787,856</u>	<u>\$ 3,292,675</u>	<u>\$ 3,241,691</u>	<u>\$ 2,359,453</u>	<u>\$ 2,242,292</u>	<u>\$ 2,228,569</u>	<u>\$ 2,239,169</u>
<b>Net OPEB Liability - Ending</b>	<u>\$ 3,837,249</u>	<u>\$ 2,487,685</u>	<u>\$ 2,626,724</u>	<u>\$ 7,913,232</u>	<u>\$ 10,701,185</u>	<u>\$ 11,583,435</u>	<u>\$ 10,360,934</u>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	49.68 %	56.96 %	55.24 %	22.97 %	17.32 %	16.14 %	17.77 %
<b>Covered-employee Payroll - N/A</b>	\$ 5,972,059	\$ 5,907,974	\$ 5,609,724	\$ 5,458,476	\$ 4,370,661	\$ 4,645,526	\$ 4,944,437
<b>Net OPEB Liability as a Percentage of Covered-employee Payroll - N/A</b>	64.25 %	42.11 %	46.82 %	144.97 %	244.84 %	249.35 %	209.55 %

GASB 74 and 75 were implemented in fiscal years 2017 and 2018, respectively. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.



**Required Supplementary Information  
Schedule of OPEB Contributions**

	<b>Last Ten Fiscal Years</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 432,497	\$ 284,779	\$ 735,972	\$ 842,056	\$ 962,939	\$ 973,448	\$ 847,619	\$ 818,955	\$ 1,587,116	\$ 1,533,445
Contributions in relation to the actuarially determined contribution	774,939	780,632	750,820	395,562	493,496	301,659	285,245	326,827	309,402	267,145
<b>Contribution Excess (Deficiency)</b>	<b>\$ 342,442</b>	<b>\$ 495,853</b>	<b>\$ 14,848</b>	<b>\$ (446,494)</b>	<b>\$ (469,443)</b>	<b>\$ (671,789)</b>	<b>\$ (562,374)</b>	<b>\$ (492,128)</b>	<b>\$ (1,277,714)</b>	<b>\$ (1,266,300)</b>
<b>Covered-employee Payroll</b>	<b>\$ 5,972,059</b>	<b>\$ 5,907,974</b>	<b>\$ 5,609,724</b>	<b>\$ 5,458,476</b>	<b>\$ 4,370,661</b>	<b>\$ 4,645,526</b>	<b>\$ 4,944,437</b>	<b>\$ 5,401,588</b>	<b>\$ 5,110,932</b>	<b>\$ 4,210,872</b>
<b>Contributions as a Percentage of Covered-employee Payroll</b>	<b>12.98 %</b>	<b>13.21 %</b>	<b>13.38 %</b>	<b>7.25 %</b>	<b>6.05 %</b>	<b>6.05 %</b>	<b>6.05 %</b>	<b>6.05 %</b>	<b>6.05 %</b>	<b>6.34 %</b>

**Notes to Schedule of Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of compensation)
Asset valuation method	Equal to fair value of assets
Inflation	3.00 percent
Health care cost trend rates	Pre-65: 7.5 percent in 2022 graded down to 4.5 percent by 0.25 percent per year; Post-65: 5.75 percent in 2022 graded down to 4.5 percent by 0.25 percent per year
Salary increase	3.5 percent
Investment rate of return	8.76 percent (net of investment expense, including inflation)
Mortality	Public Safety and Public General 2010 Employee and Healthy Retiree, Headcount weighted (MP-2020 Improvement Scale)

***Budgetary Information***

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. However, for the fiscal year ended June 30, 2023, the City did not adopt a budget for the Opioid Settlement special revenue fund. Debt service and capital project funds are not included in the budgetary process, as state statutes do not require legally adopted budgets for such funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first council meeting in April, the mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget proposal of the mayor together with the mayor's recommendations and the budget's supporting schedules and information shall be available for public inspection in the office of the clerk but shall not be removed therefrom.
3. A public hearing is conducted to obtain taxpayer comments.
4. Prior to the first day of the following fiscal year, the budget is legally enacted through passage of a resolution.
5. Formal budgetary integration is employed for the governmental fund types as a management control device.
6. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budgets are adopted and are authorized by resolution on a department basis by the City Council. This is the local legal level of budgetary control. All unexpended and unobligated appropriations lapse at year end.
8. Adoption and amendments of all budgets used by the City are governed by Public Act 621, which was followed during the year. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

**Excess of Expenditures over Appropriations in Budgeted Funds**

The City had budget overruns in the Fire Fund, Rubbish Collection and Disposal Fund, Senior Activity Fund, Police K-9 Unit Fund. These overruns relate to the overall timing of expenditures that came in subsequent to year end that pertained to the fiscal year ended June 30, 2023.

***Pension Information***

**Changes in Assumptions**

In the fiscal year ended June 30, 2022 (December 31, 2021 valuation), there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to a change in the investment rate of return.

In the fiscal year ended June 30, 2021 (December 31, 2020 valuation), there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to a change in mortality tables used.

In the fiscal year ended June 30, 2020 (December 31, 2019 valuation), there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to the investment rate of return.

In the fiscal year ended June 30, 2019 (December 31, 2018 valuation), there were assumption changes that resulted in a decrease in the calculated total pension liability. The assumptions changed during the year related to the final average compensation.

June 30, 2023

In the fiscal year ended June 30, 2016 (December 31, 2015 valuation), there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to the investment rate of return, discount rate, and mortality tables.

***OPEB Information***

**Changes in Assumptions**

In the fiscal year ended June 30, 2023, there were assumption changes that resulted in an increase in the calculated total OPEB liability. The assumptions changed related to a change in the discount rate, inflation assumption, assumed salary increase, and mortality improvement scale.

In the fiscal year ended June 30, 2022, there were assumption changes that resulted in a decrease in the calculated total OPEB liability. The assumptions changed related to a change in the discount rate.

In the fiscal year ended June 30, 2021, there were assumption changes that resulted in a decrease in the calculated total OPEB liability. The assumptions changed related to a change in the discount rate.

In the fiscal year ended June 30, 2020, there were assumption changes that resulted in a decrease in the calculated total OPEB liability. The assumptions changed related to a change in the discount rate.

In the fiscal year ended June 30, 2019, there were assumption changes that resulted in an increase in the calculated total OPEB liability. The assumptions changed related to a change in the discount rate.

In the fiscal year ended June 30, 2018, there were assumption changes that resulted in an increase in the calculated total OPEB liability. The assumptions changed related to a change in the discount rate.

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## Other Supplementary Information

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#### ***Special Revenue Funds***

##### **Local Street Fund**

To account for the operations of the City's local street maintenance department. Financing for its activities is provided primarily by State Gasoline Taxes (Act 51 funds). Use of Act 51 funds is restricted, with certain exceptions, to defraying the cost of maintaining local streets in the City.

##### **Rubbish Collection and Disposal Fund**

To account for the customer charges that are to be used to pay contracted services for rubbish collection.

##### **Senior Activity Fund**

To account for revenue earned and expenditures incurred by the City as a grantee of the senior citizens millage program and to account for the revenue collected by the senior center for the purpose of providing organized trips for the local senior citizens to regional attractions and center activities.

##### **Building Department Fund**

To account for revenue and expenditures related to the building department activities.

##### **Drug Law Enforcement Fund**

To account for the money forfeited by drug dealers and the police department's use of those funds to further drug law enforcement efforts.

##### **Police and Fire Sculpture Fund**

To account for the donations made to and expenditures related to the police and fire sculpture living memorial for actively serving police and fire men and women.

##### **Police K-9 Unit Fund**

To account for donations and expenditures related to the City of Burton, Michigan K-9 unit.

##### **Veteran's Memorial Park Fund**

To account for donations and expenditures for the upkeep of the City of Burton, Michigan Veteran's Memorial Park.

##### **Cancer Survivor Park Fund**

To account for donations and expenditures related to the City of Burton, Michigan Cancer Survivor Park.

##### **Youth League Fund**

To account for the pay-to-play fees and expenditures related to the City of Burton, Michigan youth baseball.

##### **Opioid Settlement Fund**

To account for opioid settlement funds received and set aside for health projects in the community.

#### ***Debt Service Funds***

##### **Major Street Construction Debt Service Fund**

To accumulate moneys for payment of the Act 51 of Michigan Transportation Fund debt, which are serial bonds. Financing will be provided from the proceeds of state-collected taxes returned to the City of Burton, Michigan as Act 51 moneys or, in the case of insufficiency of the state-collected funds, out of the General Fund of the City.

**Building Authority Debt Service Fund**

To accumulate moneys for the payment of the Building Authority's debt, which are two separate serial bonds: one for the police-fire facility and the other for the 2004 city hall addition and renovation. Financing for the debt service is provided through lease contracts with the City.

**Amy Street Debt Service Fund**

To accumulate moneys from installment payments made by residents of Amy Street via tax bills and loan payments made back to the Sewer Fund.

**Maplewood Meadows Debt Service Fund**

To accumulate moneys from installment payments made by residents of Maplewood Meadows via tax bills and loan payments made back to the Local Street Fund.

**Capital Project Funds**

**Capital Improvement Fund**

To account for nontax revenue set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases. Expenditures include, but are not limited to, municipal buildings, public safety vehicles, and equipment.

**Amy Street Capital Projects Fund**

To account for loan proceeds from the Sewer Fund to construct a paved street for Amy Street residents.

**Fire Capital Projects Fund**

To account for funds set aside for and the purchase of capital-intensive fire vehicles.

**Maplewood Meadows Capital Projects Fund**

To account for funds set aside for the construction of a local street for Maplewood Meadows residents.

# City of Burton, Michigan

Special Revenue Funds								
	Local Street	Rubbish Collection and Disposal	Senior Activity	Building Department	Drug Law Enforcement	Police and Fire Sculpture	Police K-9 Unit	Veteran's Memorial Park
<b>Assets</b>								
Cash and investments	\$ 3,428,547	\$ 294,156	\$ 521,883	\$ 1,084,428	\$ 48,017	\$ 37,558	\$ 4,594	\$ 6,473
Receivables:								
Special assessments receivable	-	-	-	-	-	-	-	-
Other receivables	66	446	-	83,040	-	-	-	-
Due from other governments	188,987	-	17,653	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advances to other funds	449,782	-	-	-	-	-	-	-
Prepaid expenses and other assets	176	-	101	69	-	-	-	-
<b>Total assets</b>	<b>\$ 4,067,558</b>	<b>\$ 294,602</b>	<b>\$ 539,637</b>	<b>\$ 1,167,537</b>	<b>\$ 48,017</b>	<b>\$ 37,558</b>	<b>\$ 4,594</b>	<b>\$ 6,473</b>
<b>Liabilities</b>								
Accounts payable	\$ 34,563	\$ 147,128	\$ 8,103	\$ 8,820	\$ -	\$ -	\$ -	\$ 488
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Accrued liabilities and other	8,142	-	8,002	8,482	-	-	-	-
<b>Total liabilities</b>	<b>42,705</b>	<b>147,128</b>	<b>16,105</b>	<b>17,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>488</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>42,705</b>	<b>147,128</b>	<b>16,105</b>	<b>17,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>488</b>
<b>Fund Balances (Deficit)</b>								
Nonspendable - Prepays	176	-	101	69	-	-	-	-
Restricted:								
Roads	4,024,677	-	-	-	-	-	-	-
Police and fire	-	-	-	-	48,017	37,558	4,594	-
Debt service	-	-	-	-	-	-	-	-
Senior activities	-	-	523,431	-	-	-	-	-
Rubbish	-	147,474	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	5,985
Youth league	-	-	-	-	-	-	-	-
Opioid settlement	-	-	-	-	-	-	-	-
Committed - Building department	-	-	-	1,150,166	-	-	-	-
Assigned:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>4,024,853</b>	<b>147,474</b>	<b>523,532</b>	<b>1,150,235</b>	<b>48,017</b>	<b>37,558</b>	<b>4,594</b>	<b>5,985</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 4,067,558</b>	<b>\$ 294,602</b>	<b>\$ 539,637</b>	<b>\$ 1,167,537</b>	<b>\$ 48,017</b>	<b>\$ 37,558</b>	<b>\$ 4,594</b>	<b>\$ 6,473</b>



# Other Supplementary Information

## Combining Balance Sheet

### Nonmajor Governmental Funds

June 30, 2023

Special Revenue Funds			Debt Service Funds				Capital Project Funds					
Cancer Survivor Park	Youth League	Opioid Settlement	Major Street Construction Debt Service	Building Authority Debt Service	Amy Street Debt Service	Maplewood Meadows Debt Service	Capital Improvement	Amy Street Capital Projects	Fire Capital Projects	Maplewood Meadows Capital Projects	Total	
\$ 1,288	\$ 16,121	\$ 11,596	\$ 567	\$ 3,077	\$ 28,930	\$ -	\$ 50,388	\$ 17,187	\$ 151,928	\$ 161,759	\$ 5,868,497	
-	-	-	-	-	40,770	291,207	-	-	-	-	331,977	
-	-	48,292	-	-	-	-	-	-	-	-	131,844	
-	-	-	-	-	-	-	-	-	-	-	206,640	
-	-	-	-	-	-	-	-	27,173	-	-	27,173	
-	-	-	-	-	-	-	-	-	-	-	449,782	
-	-	-	-	-	-	-	-	-	-	-	346	
<b>\$ 1,288</b>	<b>\$ 16,121</b>	<b>\$ 59,888</b>	<b>\$ 567</b>	<b>\$ 3,077</b>	<b>\$ 69,700</b>	<b>\$ 291,207</b>	<b>\$ 50,388</b>	<b>\$ 44,360</b>	<b>\$ 151,928</b>	<b>\$ 161,759</b>	<b>\$ 7,016,259</b>	
\$ -	\$ 1,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,778	
-	-	-	-	-	27,173	-	-	-	-	-	27,173	
-	5,060	-	-	-	-	-	-	103,641	-	449,782	553,423	
-	-	-	-	-	-	-	-	-	-	-	29,686	
-	6,736	-	-	-	27,173	-	-	103,641	-	449,782	811,060	
-	-	48,292	-	-	40,769	291,207	-	-	-	-	380,268	
-	6,736	48,292	-	-	67,942	291,207	-	103,641	-	449,782	1,191,328	
-	-	-	-	-	-	-	-	-	-	-	346	
-	-	-	-	-	-	-	-	-	-	-	4,024,677	
-	-	-	-	-	-	-	-	-	-	-	90,169	
-	-	-	-	-	1,758	-	-	-	-	-	1,758	
-	-	-	-	-	-	-	-	-	-	-	523,431	
-	-	-	-	-	-	-	-	-	-	-	147,474	
1,288	-	-	-	-	-	-	-	-	-	-	7,273	
-	9,385	-	-	-	-	-	-	-	-	-	9,385	
-	-	11,596	-	-	-	-	-	-	-	-	11,596	
-	-	-	-	-	-	-	-	-	-	-	1,150,166	
-	-	-	-	-	-	-	50,388	-	151,928	-	202,316	
-	-	-	567	3,077	-	-	-	-	-	-	3,644	
-	-	-	-	-	-	-	-	(59,281)	-	(288,023)	(347,304)	
1,288	9,385	11,596	567	3,077	1,758	-	50,388	(59,281)	151,928	(288,023)	5,824,931	
<b>\$ 1,288</b>	<b>\$ 16,121</b>	<b>\$ 59,888</b>	<b>\$ 567</b>	<b>\$ 3,077</b>	<b>\$ 69,700</b>	<b>\$ 291,207</b>	<b>\$ 50,388</b>	<b>\$ 44,360</b>	<b>\$ 151,928</b>	<b>\$ 161,759</b>	<b>\$ 7,016,259</b>	

## City of Burton, Michigan

	Special Revenue Funds							
	Local Street	Rubbish Collection and Disposal	Senior Activity	Building Department	Drug Law Enforcement	Police and Fire Sculpture	Police K-9 Unit	Veteran's Memorial Park
<b>Revenue</b>								
Special assessments	\$ -	\$ 1,789,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:								
Federal grants	442,662	-	43,746	-	-	-	-	-
State sources	1,178,540	-	-	-	-	-	-	-
Local grants and contributions	-	-	197,675	-	-	-	-	-
Charges for services	-	-	122,261	143,230	-	-	-	-
Licenses and permits	-	-	-	127,684	-	-	-	-
Net increase (decrease) in fair value of investments	1,154	(1,203)	(676)	(1,124)	(60)	90	(4)	4
Other revenue	2,124	-	25,350	163,000	23,380	-	4,108	5,000
<b>Total revenue</b>	<b>1,624,480</b>	<b>1,788,739</b>	<b>388,356</b>	<b>432,790</b>	<b>23,320</b>	<b>90</b>	<b>4,104</b>	<b>5,004</b>
<b>Expenditures</b>								
Current services:								
Public service	-	1,759,887	-	-	-	-	-	-
Public safety	-	-	-	448,575	800	-	1,482	-
Public works	2,085,056	-	-	-	-	-	-	-
Health and welfare	-	-	523,782	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,085,056</b>	<b>1,759,887</b>	<b>523,782</b>	<b>448,575</b>	<b>800</b>	<b>-</b>	<b>1,482</b>	<b>-</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(460,576)</b>	<b>28,852</b>	<b>(135,426)</b>	<b>(15,785)</b>	<b>22,520</b>	<b>90</b>	<b>2,622</b>	<b>5,004</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	1,030,000	-	195,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,030,000</b>	<b>-</b>	<b>195,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>569,424</b>	<b>28,852</b>	<b>59,574</b>	<b>(15,785)</b>	<b>22,520</b>	<b>90</b>	<b>2,622</b>	<b>5,004</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>3,455,429</b>	<b>118,622</b>	<b>463,958</b>	<b>1,166,020</b>	<b>25,497</b>	<b>37,468</b>	<b>1,972</b>	<b>981</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 4,024,853</b>	<b>\$ 147,474</b>	<b>\$ 523,532</b>	<b>\$ 1,150,235</b>	<b>\$ 48,017</b>	<b>\$ 37,558</b>	<b>\$ 4,594</b>	<b>\$ 5,985</b>

# Other Supplementary Information

## Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

### Nonmajor Governmental Funds

**Year Ended June 30, 2023**

Special Revenue Funds			Debt Service Funds				Capital Project Funds				
Cancer Survivor Park	Youth League	Opioid Settlement	Major Street Construction Debt Service	Building Authority Debt Service	Amy Street Debt Service	Maplewood Meadows Debt Service	Capital Improvement	Amy Street Capital Projects	Fire Capital Projects	Maplewood Meadows Capital Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,396	\$ 158,525	\$ -	\$ -	\$ -	\$ -	\$ 1,974,863
-	-	-	-	-	-	-	-	-	-	-	486,408
-	-	-	-	-	-	-	-	-	-	-	1,178,540
-	17,542	-	-	-	-	-	-	-	-	-	197,675
-	-	-	-	-	-	-	-	-	-	-	283,033
-	-	-	-	-	-	-	-	-	-	-	127,684
(1)	(4)	139	(8)	36	778	50	578	181	5,600	-	5,530
-	-	11,457	-	-	-	-	3,000	-	-	-	237,419
(1)	17,538	11,596	(8)	36	27,174	158,575	3,578	181	5,600	-	4,491,152
-	-	-	-	-	-	-	-	-	-	-	1,759,887
-	-	-	-	-	-	-	-	-	-	-	450,857
-	-	-	-	-	-	-	-	-	-	569,033	2,654,089
-	-	-	-	-	-	-	-	-	-	-	523,782
-	18,483	-	-	-	-	-	-	-	-	-	18,483
-	-	-	-	-	-	-	-	-	69,415	-	69,415
-	-	-	-	-	-	-	-	3,363	42,873	49	46,285
-	18,483	-	-	-	-	-	-	3,363	112,288	569,082	5,522,798
(1)	(945)	11,596	(8)	36	27,174	158,575	3,578	(3,182)	(106,688)	(569,082)	(1,031,646)
-	-	-	-	-	-	-	-	27,173	150,000	158,575	1,560,748
-	-	-	-	-	(27,173)	(158,575)	-	-	-	-	(185,748)
-	-	-	-	-	(27,173)	(158,575)	-	27,173	150,000	158,575	1,375,000
(1)	(945)	11,596	(8)	36	1	-	3,578	23,991	43,312	(410,507)	343,354
1,289	10,330	-	575	3,041	1,757	-	46,810	(83,272)	108,616	122,484	5,481,577
<b>\$ 1,288</b>	<b>\$ 9,385</b>	<b>\$ 11,596</b>	<b>\$ 567</b>	<b>\$ 3,077</b>	<b>\$ 1,758</b>	<b>\$ -</b>	<b>\$ 50,388</b>	<b>\$ (59,281)</b>	<b>\$ 151,928</b>	<b>\$ (288,023)</b>	<b>\$ 5,824,931</b>

**Other Supplementary Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Local Street Fund**

**Year Ended June 30, 2023**

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b>				
Intergovernmental	\$ 1,522,702	\$ 1,522,702	\$ 1,621,202	\$ 98,500
Net increase in fair value of investments	15,000	15,000	1,154	(13,846)
Other revenue	900	900	2,124	1,224
Total revenue	1,538,602	1,538,602	1,624,480	85,878
<b>Expenditures - Current services - Public works</b>	4,052,565	4,052,565	2,085,056	1,967,509
<b>Excess of Expenditures Over Revenue</b>	(2,513,963)	(2,513,963)	(460,576)	2,053,387
<b>Other Financing Sources - Transfers in</b>	1,030,000	1,030,000	1,030,000	-
<b>Net Change in Fund Balance</b>	(1,483,963)	(1,483,963)	569,424	2,053,387
<b>Fund Balance - Beginning of year</b>	3,455,429	3,455,429	3,455,429	-
<b>Fund Balance - End of year</b>	<u><u>\$ 1,971,466</u></u>	<u><u>\$ 1,971,466</u></u>	<u><u>\$ 4,024,853</u></u>	<u><u>\$ 2,053,387</u></u>

Other Supplementary Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Rubbish Collection and Disposal Fund

**Year Ended June 30, 2023**

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b>				
Special assessments	\$ 1,759,759	\$ 1,759,759	\$ 1,789,942	\$ 30,183
Net increase (decrease) in fair value of investments	<u>8,000</u>	<u>8,000</u>	<u>(1,203)</u>	<u>(9,203)</u>
Total revenue	1,767,759	1,767,759	1,788,739	20,980
<b>Expenditures</b> - Current services - Public service	<u>1,758,759</u>	<u>1,758,759</u>	<u>1,759,887</u>	<u>(1,128)</u>
<b>Net Change in Fund Balance</b>	9,000	9,000	28,852	19,852
<b>Fund Balance</b> - Beginning of year	<u>118,622</u>	<u>118,622</u>	<u>118,622</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 127,622</u></u>	<u><u>\$ 127,622</u></u>	<u><u>\$ 147,474</u></u>	<u><u>\$ 19,852</u></u>

## City of Burton, Michigan

### Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Senior Activity Fund

Year Ended June 30, 2023

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b>				
Intergovernmental	\$ 214,605	\$ 214,605	\$ 241,421	\$ 26,816
Charges for services	6,000	6,000	122,261	116,261
Net increase (decrease) in fair value of investments	3,000	3,000	(676)	(3,676)
Other revenue	13,800	13,800	25,350	11,550
Total revenue	237,405	237,405	388,356	150,951
<b>Expenditures</b> - Current services - Health and welfare	488,452	500,452	523,782	(23,330)
<b>Excess of Expenditures Over Revenue</b>	(251,047)	(263,047)	(135,426)	127,621
<b>Other Financing Sources</b> - Transfers in	195,000	195,000	195,000	-
<b>Net Change in Fund Balance</b>	(56,047)	(68,047)	59,574	127,621
<b>Fund Balance</b> - Beginning of year	463,958	463,958	463,958	-
<b>Fund Balance</b> - End of year	<u>\$ 407,911</u>	<u>\$ 395,911</u>	<u>\$ 523,532</u>	<u>\$ 127,621</u>

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

Year Ended June 30, 2023

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b>				
Charges for services	\$ 111,500	\$ 111,500	\$ 143,230	\$ 31,730
Licenses and permits	160,000	160,000	127,684	(32,316)
Net increase (decrease) in fair value of investments	9,000	9,000	(1,124)	(10,124)
Other revenue	130,100	130,100	163,000	32,900
Total revenue	410,600	410,600	432,790	22,190
<b>Expenditures</b> - Current services - Public safety	673,405	673,405	448,575	224,830
<b>Net Change in Fund Balance</b>	(262,805)	(262,805)	(15,785)	247,020
<b>Fund Balance</b> - Beginning of year	1,166,020	1,166,020	1,166,020	-
<b>Fund Balance</b> - End of year	<u><u>\$ 903,215</u></u>	<u><u>\$ 903,215</u></u>	<u><u>\$ 1,150,235</u></u>	<u><u>\$ 247,020</u></u>



## City of Burton, Michigan

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

Year Ended June 30, 2023

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b>				
Net increase (decrease) in fair value of investments	\$ 125	\$ 125	\$ (60)	\$ (185)
Other revenue	4,000	4,000	23,380	19,380
Total revenue	4,125	4,125	23,320	19,195
<b>Expenditures</b> - Current services - Public safety	3,500	3,500	800	2,700
<b>Net Change in Fund Balance</b>	625	625	22,520	21,895
<b>Fund Balance</b> - Beginning of year	25,497	25,497	25,497	-
<b>Fund Balance</b> - End of year	<u>\$ 26,122</u>	<u>\$ 26,122</u>	<u>\$ 48,017</u>	<u>\$ 21,895</u>

## City of Burton, Michigan

### Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Police and Fire Sculpture Fund

Year Ended June 30, 2023

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b> - Interest and rentals	\$ 27	\$ 27	\$ 90	\$ 63
<b>Expenditures</b> - Current services - Public safety	-	-	-	-
<b>Net Change in Fund Balance</b>	27	27	90	63
<b>Fund Balance</b> - Beginning of year	37,468	37,468	37,468	-
<b>Fund Balance</b> - End of year	<u><u>\$ 37,495</u></u>	<u><u>\$ 37,495</u></u>	<u><u>\$ 37,558</u></u>	<u><u>\$ 63</u></u>

Other Supplementary Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Police K-9 Unit Fund

**Year Ended June 30, 2023**

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b>				
Net decrease in fair value of investments	\$ -	\$ -	\$ (4)	\$ (4)
Other revenue	-	-	4,108	4,108
Total revenue	-	-	4,104	4,104
<b>Expenditures</b> - Current services - Public safety	1,155	1,155	1,482	(327)
<b>Net Change in Fund Balance</b>	(1,155)	(1,155)	2,622	3,777
<b>Fund Balance</b> - Beginning of year	1,972	1,972	1,972	-
<b>Fund Balance</b> - End of year	<u><u>\$ 817</u></u>	<u><u>\$ 817</u></u>	<u><u>\$ 4,594</u></u>	<u><u>\$ 3,777</u></u>

## City of Burton, Michigan

### Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Veteran's Memorial Park Fund

Year Ended June 30, 2023

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b> - Interest and rentals	\$ 5,200	\$ 5,200	\$ 5,004	\$ (196)
<b>Expenditures</b> - Current services - Recreation and culture	500	500	-	500
<b>Net Change in Fund Balance</b>	4,700	4,700	5,004	304
<b>Fund Balance</b> - Beginning of year	981	981	981	-
<b>Fund Balance</b> - End of year	<u>\$ 5,681</u>	<u>\$ 5,681</u>	<u>\$ 5,985</u>	<u>\$ 304</u>

## City of Burton, Michigan

### Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Cancer Survivor Park Fund

Year Ended June 30, 2023

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b> - Interest and rentals	\$ 25	\$ 25	\$ (1)	\$ (26)
<b>Expenditures</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	25	25	(1)	(26)
<b>Fund Balance</b> - Beginning of year	1,289	1,289	1,289	-
<b>Fund Balance</b> - End of year	<u><u>\$ 1,314</u></u>	<u><u>\$ 1,314</u></u>	<u><u>\$ 1,288</u></u>	<u><u>\$ (26)</u></u>

## City of Burton, Michigan

### Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Youth League Fund

Year Ended June 30, 2023

	Unaudited Original Budget	Unaudited Amended Budget	Actual	Variance with Unaudited Amended Budget
<b>Revenue</b>				
Charges for services	\$ 31,200	\$ 31,200	\$ 17,542	\$ (13,658)
Net decrease in fair value of investments	-	-	(4)	(4)
Total revenue	31,200	31,200	17,538	(13,662)
<b>Expenditures</b> - Current services - Recreation and culture	29,575	29,575	18,483	11,092
<b>Net Change in Fund Balance</b>	1,625	1,625	(945)	(2,570)
<b>Fund Balance</b> - Beginning of year	10,330	10,330	10,330	-
<b>Fund Balance</b> - End of year	<u>\$ 11,955</u>	<u>\$ 11,955</u>	<u>\$ 9,385</u>	<u>\$ (2,570)</u>

## City of Burton, Michigan

### Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Opioid Settlement Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Net increase in fair value of investments	\$ -	\$ -	\$ 139	\$ 139
Other revenue	-	-	11,457	11,457
Total revenue	-	-	11,596	11,596
<b>Expenditures</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	-	-	11,596	11,596
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,596</u>	<u>\$ 11,596</u>



***Motor Pool Fund***

To account for the costs of operating and maintaining certain automotive and street maintenance equipment used by other city departments. Such costs are billed to the other departments based on rental rates established by the State of Michigan Department of Highways and Transportation. Actual costs include depreciation on the machinery and equipment used to provide the service. The majority of the machinery and equipment maintained in this fund was purchased by other city departments. Replacement of the assets will be financed by Motor Pool Fund resources and continued contributions from other funds.

***Self-Insurance Health Care Fund***

To initiate and oversee a self-insured health insurance plan and to account for all related premiums and claims. Under the plan, the City provides health insurance coverage to each employee for the first \$30,000 of annual cumulative claims per employee, after which reinsurance covers the balance.

***Technology Fund***

To account for the costs of operating and maintaining the information technology services and equipment used by other city departments. Such costs are billed to the other departments based on based on number of computers in each department.

Other Supplementary Information  
Combining Statement of Net Position  
Internal Service Funds

**June 30, 2023**

	Motor Pool Fund	Self-Insurance Health Care Fund	Technology Fund	Total Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,108,646	\$ 2,573	\$ 63,954	\$ 1,175,173
Inventory	94,968	-	-	94,968
Prepaid expenses and other assets	132	-	19,939	20,071
Total current assets	1,203,746	2,573	83,893	1,290,212
Noncurrent assets - Capital assets - Net	1,260,234	-	65,207	1,325,441
Total assets	2,463,980	2,573	149,100	2,615,653
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	43,663	-	1,172	44,835
Accrued liabilities and other	8,033	-	4,940	12,973
Compensated absences	17,092	-	5,657	22,749
Total liabilities	68,788	-	11,769	80,557
<b>Net Position</b>				
Net investment in capital assets	1,260,234	-	65,207	1,325,441
Unrestricted	1,134,958	2,573	72,124	1,209,655
Total net position	<u>\$ 2,395,192</u>	<u>\$ 2,573</u>	<u>\$ 137,331</u>	<u>\$ 2,535,096</u>

**Other Supplementary Information**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Internal Service Funds**

**Year Ended June 30, 2023**

	Motor Pool Fund	Self-Insurance Health Care Fund	Technology Fund	Total Internal Service Funds
<b>Operating Revenue</b>				
Other sales to customers	\$ 237,482	\$ -	\$ -	\$ 237,482
Miscellaneous	2,226	-	78	2,304
Charges to other funds	719,651	1,555,490	526,890	2,802,031
Total operating revenue	959,359	1,555,490	526,968	3,041,817
<b>Operating Expenses</b>				
Personnel services - Net of retirement adjustments	277,359	-	263,779	541,138
Equipment rental and repairs	108,115	-	2,047	110,162
Contractual services	6,462	-	197,119	203,581
Supplies and materials	421,321	-	54,814	476,135
Insurance	41,707	1,555,490	800	1,597,997
Miscellaneous	17,371	-	1,116	18,487
Depreciation	241,483	-	23,394	264,877
Total operating expenses	1,113,818	1,555,490	543,069	3,212,377
<b>Operating Loss</b>	(154,459)	-	(16,101)	(170,560)
<b>Nonoperating (Expense) Income</b>				
Investment interest and FMV changes	(1,414)	-	908	(506)
Loss on sale of assets	(1,361)	-	-	(1,361)
Total nonoperating (expense) income	(2,775)	-	908	(1,867)
<b>Transfers In</b>	230,000	-	-	230,000
<b>Change in Net Position</b>	72,766	-	(15,193)	57,573
<b>Net Position - Beginning of year</b>	2,322,426	2,573	152,524	2,477,523
<b>Net Position - End of year</b>	<u>\$ 2,395,192</u>	<u>\$ 2,573</u>	<u>\$ 137,331</u>	<u>\$ 2,535,096</u>

Other Supplementary Information  
Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2023

	Motor Pool Fund	Self-Insurance Health Care Fund	Technology Fund	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from interfund services and reimbursements	\$ 972,714	\$ 1,555,490	\$ 526,968	\$ 3,055,172
Payments to suppliers	(607,313)	(834,106)	(260,182)	(1,701,601)
Payments to employees and fringes	(269,779)	(721,998)	(260,157)	(1,251,934)
Net cash and cash equivalents provided by (used in) operating activities	95,622	(614)	6,629	101,637
<b>Cash Flows Provided by Noncapital Financing Activities</b> - Transfers from other funds	230,000	-	-	230,000
<b>Cash Flows Used in Capital and Related Financing Activities</b> - Purchase of capital assets	(352,414)	-	-	(352,414)
<b>Cash Flows (Used in) Provided by Investing Activities</b> - Interest on investments	(1,414)	-	908	(506)
<b>Net (Decrease) increase in Cash and Cash Equivalents</b>	(28,206)	(614)	7,537	(21,283)
<b>Cash and Cash Equivalents</b> - Beginning of year	1,136,852	3,187	56,417	1,196,456
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 1,108,646</u>	<u>\$ 2,573</u>	<u>\$ 63,954</u>	<u>\$ 1,175,173</u>
<b>Classification of Cash and Cash Equivalents</b>	<u>\$ 1,108,646</u>	<u>\$ 2,573</u>	<u>\$ 63,954</u>	<u>\$ 1,175,173</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>				
Operating loss	\$ (154,459)	\$ -	\$ (16,101)	\$ (170,560)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	241,483	-	23,394	264,877
Changes in assets and liabilities:				
Due to and from other funds	13,355	-	-	13,355
Inventories	51,792	-	-	51,792
Prepaid and other assets	(19)	-	8,455	8,436
Net pension or OPEB liability	3,070	-	3,622	6,692
Accounts payable	(59,600)	(614)	(12,741)	(72,955)
Total adjustments	250,081	(614)	22,730	272,197
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 95,622</u>	<u>\$ (614)</u>	<u>\$ 6,629</u>	<u>\$ 101,637</u>

***Custodial Funds***

**Current Tax Fund**

To account for the collection and payment to the county, school districts, and other city funds of property taxes collected by the City on their behalf.

**Delinquent Personal Property Tax Fund**

To account for the collection and payment to the county, school districts, and other city funds of delinquent property taxes and trailer park fees collected by the City on their behalf.

**Other Supplementary Information**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**

**June 30, 2023**

	Current Tax Fund	Delinquent Personal Property Tax Fund	Total Custodial Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 3,549	\$ 66,598	\$ 70,147
Receivables	4,600	-	4,600
Total assets	8,149	66,598	74,747
<b>Liabilities</b>			
Accounts payable	4,600	66,598	71,198
Due to other governmental units	3,549	-	3,549
Total liabilities	8,149	66,598	74,747
<b>Net Position Restricted for OPEB</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Other Supplementary Information**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**

**Year Ended June 30, 2023**

	Current Tax Fund	Delinquent Personal Property Tax Fund	Total Custodial Funds
<b>Additions</b> - Property tax collections	\$ 24,749,648	\$ 863,900	\$ 25,613,548
<b>Deductions</b> - Property tax distributions to other governments	<u>24,749,648</u>	<u>863,900</u>	<u>25,613,548</u>
<b>Net Increase in Fiduciary Net Position</b>	-	-	-
<b>Net Position</b> - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b> - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



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## **Debt Service Requirements to Maturity Schedule**

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**June 30, 2023**

To account for long-term liabilities expected to be financed from governmental funds and the governmental activities internal service fund other than special assessment funds.

# Annual Debt Service Requirements on Governmental Activity Debt

June 30, 2023

<u>Year Ending</u>	<u>Debt Service Requirements</u>
June 30, 2024	410,390
June 30, 2025	401,979
June 30, 2026	356,283
June 30, 2027	354,402
June 30, 2028	402,643
June 30, 2029	450,966
June 30, 2030	449,502
June 30, 2031	443,134
June 30, 2032	101,905
June 30, 2033	66,549
June 30, 2034	68,955
June 30, 2035	44,626
	<u><b>\$ 3,551,334</b></u>
Principal	\$ 3,551,334
Interest	<u>569,557</u>
Total	<u><b>\$ 4,120,891</b></u>

## Schedule of Debt Service Requirements – 2017 General Obligation (Fire Hall)

June 30, 2023

<u>Year Ending</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal April 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						2,425,000
June 30, 2024	4.900%	303,227	36,614	36,613	230,000	2,195,000
June 30, 2025	5.000%	340,223	32,612	32,611	275,000	1,920,000
June 30, 2026	5.000%	331,505	28,253	28,252	275,000	1,645,000
June 30, 2027	5.050%	317,867	23,934	23,933	270,000	1,375,000
June 30, 2028	5.050%	353,595	19,298	19,297	315,000	1,060,000
June 30, 2029	5.100%	387,896	13,948	13,948	360,000	700,000
June 30, 2030	5.100%	371,563	8,282	8,281	355,000	345,000
June 30, 2031	5.100%	350,468	2,734	2,734	345,000	-
		<b>\$ 2,756,344</b>	<b>\$ 165,675</b>	<b>\$ 165,669</b>	<b>\$ 2,425,000</b>	

Original amount - \$3,160,000

Purpose - Fire hall addition and renovation

Bonds of this series are dated December 28, 2017

Schedule of Debt Service Requirements –  
Capital Financing - Fire Trucks

June 30, 2023

<u>Year Ending</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest July 1</u>	<u>Principal July 1</u>	<u>Balance</u>
June 30, 2024	3.45%	60,159	2,007	58,152	58,152
					-
		<u>\$ 60,159</u>	<u>\$ 2,007</u>	<u>\$ 58,152</u>	

Date of issue: July 6, 2012

Interest Rate: 3.45%

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## Schedule of Debt Service Requirements – Capital Financing - SCBA Equipment

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**June 30, 2023**

<u>Year Ending</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest July 1</u>	<u>Principal July 1</u>	<u>Balance</u>
					95,609
June 30, 2024	4.08%	50,753	3,905	46,848	48,761
June 30, 2025	4.08%	50,752	1,991	48,761	-
		<u><b>\$ 101,505</b></u>	<u><b>\$ 5,896</b></u>	<u><b>\$ 95,609</b></u>	

Date of issue: July 1, 2018

Interest rate: 4.08%

## Schedule of Debt Service Requirements – Capital Financing - Pumper Truck

June 30, 2023

<u>Year Ending</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest June 20</u>	<u>Principal June 20</u>	<u>Balance</u>
					288,193
June 30, 2024	4.28%	39,256	12,335	26,921	261,272
June 30, 2025	4.28%	39,255	11,182	28,073	233,199
June 30, 2026	4.28%	39,256	9,981	29,275	203,924
June 30, 2027	4.28%	39,256	8,728	30,528	173,396
June 30, 2028	4.28%	39,256	7,421	31,835	141,561
June 30, 2029	4.28%	39,256	6,059	33,197	108,364
June 30, 2030	4.28%	39,256	4,638	34,618	73,746
June 30, 2031	4.28%	39,256	3,156	36,100	37,646
June 30, 2032	4.28%	39,256	1,611	37,646	-
		<b>\$ 353,303</b>	<b>\$ 65,111</b>	<b>\$ 288,193</b>	

Date of issue: June 20, 2017

Interest rate: 4.28-5.03%

## Schedule of Debt Service Requirements – Fire Truck Term Loan

June 30, 2023

<u>Year Ending</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest July 22</u>	<u>Principal July 22</u>	<u>Balance</u>
					684,380
June 30, 2024	3.80%	73,032	24,564	48,469	635,911
June 30, 2025	3.80%	73,032	22,886	50,145	585,766
June 30, 2026	3.80%	73,032	21,024	52,008	533,758
June 30, 2027	3.80%	73,031	19,157	53,874	479,884
June 30, 2028	3.80%	73,032	17,224	55,808	424,076
June 30, 2029	3.80%	73,032	15,263	57,769	366,307
June 30, 2030	3.80%	73,032	13,147	59,884	306,423
June 30, 2031	3.80%	73,032	10,998	62,034	244,389
June 30, 2032	3.80%	73,032	8,772	64,260	180,129
June 30, 2033	3.80%	73,032	6,483	66,549	113,580
June 30, 2034	3.80%	73,032	4,077	68,955	44,625
June 30, 2035	3.80%	46,229	1,605	44,625	-
		<b>\$ 849,580</b>	<b>\$ 165,200</b>	<b>\$ 684,380</b>	

Date of issue: July, 22, 2019

Interest rate: 3.80%

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## Statistical Section

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## Statistical Section Table of Contents

This part of the City's Annual Comprehensive Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the City of Burton.

		<u>Page</u>
Financial Trend	These schedules contain trend information to help the reader understand and evaluate how the City's financial condition, performance and well-being have changed over time.	98-102
Revenue Capacity	These schedules contain information to help the reader assess the City's ability to generate its most significant local revenue source, the property tax.	103-106
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	107-111
Demographic and Economic Information	These schedules present various demographic and economic indicators to help the reader understand the environment within which the City operates and how they affect the City's financial activities.	112-113
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	114-116

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

# Net Position by Component

Last Ten Fiscal Years  
June 30, 2023

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 20,798,821	\$ 24,811,511	\$ 24,525,290	\$ 26,280,823	\$ 26,523,290	\$ 26,748,214	\$ 30,356,793	\$ 29,528,381	\$ 29,963,161	\$ 31,410,333
Restricted	5,043,085	2,397,453	5,523,182	3,778,363	5,946,880	7,483,673	6,674,652	8,891,547	9,786,128	13,814,656
Unrestricted	(2,665,452)	(29,597,834)	(28,699,906)	(28,858,090)	(27,923,372)	(26,664,656)	(25,486,311)	(21,040,240)	(15,524,803)	(16,308,136)
Total net position	<u>\$ 23,176,454</u>	<u>\$ (2,388,870)</u>	<u>\$ 1,348,566</u>	<u>\$ 1,201,096</u>	<u>\$ 4,546,798</u>	<u>\$ 7,567,231</u>	<u>\$ 11,545,134</u>	<u>\$ 17,379,688</u>	<u>\$ 24,224,486</u>	<u>\$ 28,916,853</u>
<b>Business Type Activities:</b>										
Net investment in capital assets	\$ 38,726,619	\$ 39,106,270	\$ 40,139,529	\$ 40,088,945	\$ 42,507,113	\$ 43,226,691	\$ 43,235,835	\$ 43,307,928	\$ 45,276,443	\$ 43,994,465
Restricted	221,000	201,200	178,970	139,000	139,000	139,000	-	-	-	-
Unrestricted	13,147,598	9,046,516	9,595,914	10,027,527	10,538,143	12,074,318	15,572,194	18,650,271	19,273,331	24,292,073
Total net position	<u>\$ 52,095,217</u>	<u>\$ 48,353,986</u>	<u>\$ 49,914,413</u>	<u>\$ 50,255,472</u>	<u>\$ 53,184,256</u>	<u>\$ 55,440,009</u>	<u>\$ 58,808,029</u>	<u>\$ 61,958,199</u>	<u>\$ 64,549,774</u>	<u>\$ 68,286,538</u>
<b>Primary government in total:</b>										
Net investment in capital assets	\$ 59,525,440	\$ 63,917,781	\$ 64,664,819	\$ 66,369,768	\$ 69,030,403	\$ 69,974,905	\$ 73,592,628	\$ 72,836,309	\$ 75,239,604	\$ 75,404,798
Restricted	5,264,085	2,598,653	5,702,152	3,917,363	6,085,880	7,622,673	6,674,652	8,891,547	9,786,128	13,814,656
Unrestricted	10,482,146	(20,551,318)	(19,103,992)	(18,830,563)	(17,385,229)	(14,590,338)	(9,914,117)	(2,389,969)	3,748,528	7,983,937
Total net position	<u>\$ 75,271,671</u>	<u>\$ 45,965,116</u>	<u>\$ 51,262,979</u>	<u>\$ 51,456,568</u>	<u>\$ 57,731,054</u>	<u>\$ 63,007,240</u>	<u>\$ 70,353,163</u>	<u>\$ 79,337,887</u>	<u>\$ 88,774,260</u>	<u>\$ 97,203,391</u>

Source: City of Burton Basic Financial Statements

Note: The City implemented GASB Statement No. 68 in fiscal year 2015. Previous years were not restated.

Note: The City implemented GASB Statement No. 75 in fiscal year 2018. Previous years were not restated.

## Changes in Governmental Net Position

	Fiscal Years Ended, June 30,										Last Ten Fiscal Years	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	June 30, 2023	
<b>Expenses</b>												
General Government	\$ 1,642,303	\$ 2,089,394	\$ 2,808,971	\$ 3,134,640	\$ 3,033,253	\$ 3,051,172	\$ 2,852,113	\$ 2,776,073	\$ 2,769,472	\$ 3,296,937		
Public Service	3,889,306	3,987,583	1,752,047	1,790,474	1,821,902	1,896,710	1,934,979	2,166,216	2,274,873	2,238,551		
Public Safety	6,815,379	7,756,744	7,225,821	7,344,011	7,729,845	7,315,026	6,633,383	6,404,368	6,767,079	7,467,109		
Public Works	2,198,006	2,608,602	4,273,615	5,230,703	4,333,334	5,059,528	4,901,890	5,206,789	5,692,040	6,991,477		
Parks and recreation	146,603	309,986	189,084	200,163	188,580	153,793	98,940	126,918	357,456	165,823		
Planning and zoning	93,331	98,202	279,160	96,684	98,940	135,650	180,909	102,727	132,066	132,066		
Health and welfare	395,102	447,537	456,514	376,889	360,352	358,548	326,532	374,755	290,789	499,076		
Interest on long-term debt	375,037	329,942	324,404	324,914	282,086	271,009	235,797	185,728	169,947	80,480		
Total governmental activities	15,555,067	17,627,990	17,309,616	18,498,478	17,848,292	18,241,436	17,164,543	17,343,574	18,424,355	20,871,519		
<b>Program revenue</b>												
Charges for services:												
General Government	258,600	311,210	317,926	451,021	403,754	484,967	407,372	714,974	1,090,286	1,178,949		
Public Service	1,618,847	1,632,168	1,328,986	1,343,137	1,387,804	1,437,445	1,482,171	1,707,547	1,745,609	1,789,942		
Public Safety	442,843	530,560	512,341	371,407	474,787	535,765	359,690	438,626	400,788	357,665		
Public Works	47,658	32,045	22,460	345,987	401,113	331,213	305,720	318,045	364,369	347,725		
Health and welfare	-	-	-	-	-	-	-	-	-	122,261		
Cable franchise fees	536,989	543,446	466,134	457,946	462,406	423,085	-	417,236	410,775	386,449		
Total charges for services	2,904,937	3,049,429	2,647,847	2,969,498	3,129,864	3,212,475	2,554,953	3,596,428	4,011,827	4,182,991		
Operating grants and contributions	3,815,762	3,912,341	5,403,933	4,209,056	6,003,566	5,000,159	6,389,511	5,854,048	8,417,306	5,844,974		
Capital grants and contributions	1,323,394	818,630	3,018,654	860,051	469,949	1,160,233	360,175	886,504	1,867,026	2,456,686		
Total program revenue	8,044,093	7,780,400	11,070,434	8,038,605	9,603,379	9,372,867	9,304,639	10,336,980	14,296,159	12,484,651		
Net (expense) revenue	\$ (7,510,974)	\$ (9,847,590)	\$ (6,239,182)	\$ (10,459,873)	\$ (8,244,913)	\$ (8,868,569)	\$ (7,859,904)	\$ (7,006,594)	\$ (4,128,196)	\$ (8,386,868)		
<b>General Revenues</b>												
Property taxes	4,741,596	7,463,659	7,615,375	7,181,310	7,454,330	7,920,143	8,272,621	8,629,057	8,935,712	9,410,677		
State shared revenue	2,473,951	2,518,617	2,527,285	2,706,763	3,556,944	2,994,169	3,015,094	3,403,060	3,674,997	3,706,554		
Unrestricted investment earnings	14,712	50,685	92,388	51,579	89,547	276,317	389,201	221,439	(1,840,152)	(11,020)		
Unrestricted grants and contributions	100,106	152,501	149,730	-	-	-	-	-	-	-		
Gain (loss) on disposal of capital assets	-	-	-	10,536	-	322,326	105,589	136,400	-	11,361		
Special item- fair market value adjustment for land held for resale	-	(1,529,724)	(485,715)	-	-	-	-	-	-	-		
Other miscellaneous income	-	-	-	324,518	371,714	350,322	767,758	339,811	202,437	295,663		
Total general revenues	7,330,365	8,655,738	9,899,063	10,274,706	11,472,535	11,863,277	12,550,263	12,729,767	10,972,994	13,413,235		
Transfers in (out)	83,484	79,983	77,555	37,697	36,138	25,725	(712,456)	(99,134)	-	(334,000)		
<b>Changes in Net Position</b>	\$ (97,125)	\$ (1,111,869)	\$ 3,737,436	\$ (147,470)	\$ 3,263,760	\$ 3,020,433	\$ 3,977,903	\$ 5,624,039	\$ 6,844,798	\$ 4,692,367		

Changes in Business Type Net Position

Last Ten Fiscal Years  
June 30, 2023

	Fiscal Years Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating Revenue</b>										
Sale of water	3,908,921	4,019,546	4,897,721	5,455,091	5,923,309	6,065,863	6,837,884	6,828,864	7,372,312	7,398,017
Sewage disposal charges	4,270,313	5,011,418	5,663,293	5,891,746	6,183,582	6,123,868	6,024,952	6,158,142	6,711,638	6,774,190
Interest and penalty charges	254,243	284,757	301,504	287,882	294,110	305,202	291,111	344,522	338,089	363,089
Other charges for services	83,367	50,571	47,512	50,541	77,495	112,173	77,184	47,658	53,489	81,460
Total operating revenue	8,516,844	9,376,292	10,910,030	11,685,260	12,478,496	12,607,106	13,231,131	13,378,986	14,476,048	14,616,756
<b>Operating Expenses</b>										
Cost of water produced/purchased	2,508,432	2,996,264	3,035,994	3,104,997	3,618,254	4,064,677	4,069,341	4,566,319	4,264,196	4,157,759
Cost of sewage treatment	3,067,300	3,436,537	3,418,486	3,420,100	3,385,344	3,387,896	3,384,980	3,458,110	3,633,048	4,146,547
Other operation and maintenance costs	2,692,674	2,610,194	4,310,112	3,510,575	1,526,818	1,816,062	1,606,636	904,102	1,302,349	2,273,077
Billing and administrative costs	29,078	44,518	58,647	253,605	53,990	36,840	28,803	17,518	31,141	42,464
Depreciation	883,956	885,856	1,080,617	1,233,374	1,268,098	1,293,342	1,310,690	1,292,631	1,304,656	1,374,276
Total operating expenses	9,181,440	9,973,369	11,903,856	11,522,651	9,852,504	10,598,817	10,400,450	10,238,680	10,535,390	11,994,123
Net (expense) revenue	<b>\$ (664,596)</b>	<b>\$ (597,077)</b>	<b>\$ (993,826)</b>	<b>\$ 162,609</b>	<b>\$ 2,625,992</b>	<b>\$ 2,008,289</b>	<b>\$ 2,830,681</b>	<b>\$ 3,140,306</b>	<b>\$ 3,940,658</b>	<b>\$ 2,622,633</b>
<b>Nonoperating Revenue (Expenses)</b>										
Interest income	11,824	123,475	162,726	70,841	97,126	248,726	326,739	75,597	-	-
Investment gain (loss)	77,858	-	-	-	-	-	-	-	(953,824)	117,706
Interest expense	(43,867)	(64,020)	(200,896)	(440,445)	(543,214)	(576,807)	(572,933)	(547,727)	(531,751)	(607,357)
Gain (loss) on disposal of assets	-	(43,011)	-	(674)	252	15,671	(4,642)	2,704	(31,891)	(53,185)
Grant revenue	485,820	583,519	2,590,837	-	-	-	-	-	-	-
Income (Loss) - Before contributions and other items	(132,961)	2,886	1,558,841	(207,669)	2,180,156	1,695,879	2,579,845	2,670,880	2,423,192	2,079,797
Capital Contributions	15,882	35,134	79,141	586,424	1,118,850	585,599	75,719	380,156	168,383	1,322,967
Transfers from other funds	52,002	-	-	-	-	-	712,456	99,134	-	334,000
Transfers to other funds	(135,486)	(79,983)	(77,555)	(37,697)	(36,138)	(25,725)	-	-	-	-
<b>Changes in Net Position</b>	<b>\$ (200,563)</b>	<b>\$ (41,963)</b>	<b>\$ 1,560,427</b>	<b>\$ 341,058</b>	<b>\$ 3,262,868</b>	<b>\$ 2,255,753</b>	<b>\$ 3,368,020</b>	<b>\$ 3,150,170</b>	<b>\$ 2,591,575</b>	<b>\$ 3,736,764</b>

Fund Balances, Governmental Funds

Last Ten Fiscal Years											
June 30, 2023											
As of June 30,											
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
General Fund:											
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-	-
Nonspendable	\$ 150,216	\$ 512,331	\$ 584,392	\$ 605,967	\$ 549,928	\$ 660,195	\$ 750,686	\$ 502,017	\$ 204,569	\$ 522,181	\$
Assigned	-	-	-	-	1,201	-	-	2,059,256	2,164,882	752,931	\$
Unassigned	2,020,434	2,933,397	1,137,617	467,895	1,056,511	1,589,384	2,219,922	2,280,836	4,484,806	3,165,974	\$
Total general fund	\$ 2,170,650	\$ 3,445,728	\$ 1,722,009	\$ 1,073,862	\$ 1,607,640	\$ 2,249,579	\$ 2,970,608	\$ 4,842,109	\$ 6,854,257	\$ 4,441,086	\$
All other governmental funds:											
Nonspendable	14,508	20,502	610,442	987,998	412,450	511,371	10,192	126,524	75,117	71,663	
Restricted	5,121,627	2,463,513	4,282,078	2,936,035	5,314,033	6,877,626	6,665,855	8,485,436	9,724,682	13,716,273	
Committed	122,954	34,968	-	309,169	524,935	1,138,096	1,197,728	1,158,960	1,165,949	1,150,166	
Assigned	199,685	148,378	239,080	1,080,354	1,608,321	1,729,188	1,872,127	2,624,593	1,990,127	2,308,171	
Unassigned (deficit)	(117,986)	(1,026,563)	(160,966)	(146,885)	(132,409)	(117,384)	(103,022)	(91,275)	(83,272)	(347,304)	
Total all other governmental funds	5,340,788	1,640,798	4,970,634	5,166,671	7,727,330	10,138,897	9,642,880	12,304,238	12,872,603	16,898,969	

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years  
June 30, 2023

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenue</b>										
Property taxes	\$ 4,796,286	\$ 7,547,127	\$ 7,615,375	\$ 7,181,310	\$ 7,454,330	\$ 7,920,143	\$ 8,272,621	\$ 8,629,057	\$ 8,935,712	\$ 9,410,677
Special assessments	51,930	126,413	226,274	1,474,454	1,577,205	1,580,664	1,570,874	1,707,547	1,745,609	1,974,863
Licenses and permits	9,082	9,493	153,762	608,594	580,600	736,252	594,020	862,968	617,807	537,915
Federal grants	362,928	429,739	457,379	837,973	1,656,377	239,208	1,921,378	889,986	3,249,083	831,349
State shared revenue and local grants	5,421,297	5,902,734	6,825,727	6,077,846	7,139,044	7,752,676	7,483,227	8,367,122	8,843,220	9,162,841
Charges for services	1,981,158	2,057,701	1,713,964	441,826	586,237	494,013	440,630	602,380	546,719	702,517
Fines and forfeitures	196,290	278,004	265,221	124,231	101,496	99,810	100,546	91,603	84,906	86,751
Interest	18,489	45,166	87,567	47,962	84,635	264,271	384,823	217,928	(1,729,289)	(10,514)
Miscellaneous	978,308	997,710	1,075,687	305,916	346,702	325,186	343,801	243,571	812,402	910,139
Total revenue	13,815,748	17,394,087	18,420,956	17,100,112	19,526,626	19,412,223	21,111,920	21,612,162	23,106,169	23,606,538
<b>Expenditures</b>										
Current:										
General government	1,423,043	2,695,259	2,677,911	2,808,875	2,684,360	2,902,054	2,908,777	3,159,091	3,114,794	3,530,599
Public service	2,071,265	2,091,121	1,620,462	1,787,880	1,821,042	1,895,850	1,934,979	2,166,216	2,242,525	2,218,202
Public safety:										
Police and fire	5,134,771	6,383,641	6,350,690	6,256,678	6,040,997	6,275,103	6,139,252	6,916,099	7,706,790	7,555,891
Building inspections	299,202	283,328	295,287	534,014	341,154	387,829	343,935	417,860	401,657	450,857
Public works:										
Streets	2,208,090	2,353,048	2,149,721	2,095,653	2,500,904	2,969,650	2,205,208	3,457,263	4,484,014	5,426,543
Parks and recreation	105,421	294,940	161,316	177,030	165,883	131,741	77,873	107,471	269,519	143,967
Planning	80,774	86,328	90,647	92,601	92,275	147,676	183,609	141,427	148,816	158,767
Health and welfare	360,148	494,180	340,727	333,923	320,884	325,201	350,697	404,127	373,917	523,782
Debt service:										
Principal	1,104,526	860,217	923,135	1,095,485	947,934	2,942,163	3,074,131	698,149	651,181	398,869
Interest	370,656	340,170	324,404	529,116	257,887	242,740	236,321	-	-	138,260
Capital outlay	1,047,078	2,585,296	3,485,276	2,485,808	1,460,528	1,339,374	3,672,948	-	-	900,055
Total expenditures	14,204,974	18,467,528	18,419,576	18,197,063	16,633,848	19,559,381	21,127,730	17,467,703	19,393,213	21,445,792
<b>Excess of Revenue (Under) Over</b>	(389,226)	(1,073,441)	1,380	(1,096,951)	2,892,778	(147,158)	(15,810)	4,144,459	3,712,956	2,160,746
<b>Expenditures</b>										
Other Financing Sources (Uses)										
Debt issuance	-	83,112	1,993,067	575,000	3,160,000	2,798,686	820,000	-	-	-
Sale of capital assets	9,350	-	-	12,700	49,896	358,673	116,625	275,282	(86,383)	16,389
Transfers in	5,314,053	2,011,312	5,482,720	3,441,454	2,834,075	2,150,548	2,075,276	1,836,131	3,722,750	5,796,948
Transfers out	(5,215,146)	(1,916,171)	(5,385,335)	(3,384,314)	(2,779,432)	(2,107,243)	(2,771,079)	(1,933,528)	(4,768,750)	(6,360,948)
Payment to bond refunding escrow agent	-	-	-	-	(3,062,879)	-	-	-	-	-
Total other financing sources (uses)	108,257	178,253	2,090,452	644,840	201,660	3,200,664	240,822	177,885	(1,132,383)	(547,611)
<b>Special Item</b>										
Fair market value adjustment - land held for resale	-	(1,529,724)	(485,715)	-	-	-	-	4,322,344	2,580,573	1,613,135
<b>Net change in fund balances</b>	(280,969)	(2,424,912)	1,606,117	(452,111)	3,094,438	3,053,506	225,012	12,824,003	17,146,347	19,726,920
<b>Fund Balances - Beginning of year</b>	7,792,407	7,511,438	5,086,526	6,692,643	6,240,532	9,334,970	12,388,476	\$ 17,146,347	\$ 19,726,920	\$ 21,340,055
<b>Fund Balances - End of year</b>	<b>\$ 7,511,438</b>	<b>\$ 5,086,526</b>	<b>\$ 6,692,643</b>	<b>\$ 6,240,532</b>	<b>\$ 9,334,970</b>	<b>\$ 12,388,476</b>	<b>\$ 12,613,488</b>	<b>\$ 17,146,347</b>	<b>\$ 19,726,920</b>	<b>\$ 21,340,055</b>
<b>Debt service as a percentage of noncapital expenditures</b>	11.21%	7.56%	8.35%	10.34%	7.95%	17.60%	19.14%	5.12%	4.18%	3.05%

# Taxable Value by Property Type and Actual Value

Last Ten Fiscal Years

Tax Year	Taxable Value by Property Type:					Total Direct Tax Rate (mills)	Estimated Actual Value	As a Percent of Actual Value
	Real Property			Personal Property	Total Taxable Value			
	Residential	Commercial	Industrial					
2014	339,931,005	128,286,400	27,315,200	58,584,400	554,117,005	7.70	1,104,177,010	50.18%
2015	333,745,740	120,708,785	25,368,857	50,959,600	530,782,982	14.20	1,105,749,998	48.00%
2016	340,415,355	120,886,768	24,961,299	49,662,100	535,925,522	14.20	1,149,930,800	46.61%
2017	346,055,441	114,360,366	24,813,588	50,098,588	535,327,983	13.49	1,214,777,376	44.07%
2018	357,639,635	115,511,052	24,744,724	52,687,800	550,583,211	13.49	1,302,245,500	42.28%
2019	373,470,907	121,865,338	25,018,939	53,560,200	573,915,384	13.48	1,149,010,020	49.95%
2020	392,808,758	123,235,429	41,214,174	56,634,295	613,892,656	13.48	1,195,588,594	51.35%
2021	409,471,265	126,827,633	26,577,063	60,045,000	622,920,961	13.44	1,245,841,922	50.00%
2022	426,087,522	128,401,476	29,566,640	65,938,500	649,994,138	13.44	1,299,988,276	50.00%
2023	491,474,755	139,426,597	51,971,027	70,196,400	753,068,779	13.44	2,081,487,600	36.18%

Source: City of Burton Assessor

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

## Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Tax Year	Fiscal Year	Millage Rates - Direct City					Overlapping taxes					Millage Rate - Total			
		General	Debt	Police	Fire	Total direct taxes	DDA	County	Airport	MTA	Community College	Intermediate School District	School Homestead	School Non-homestead	Non-homestead
2014	2015	4.71	-	1.99	1.00	7.70	1.87	14.28	0.48	0.80	2.86	3.53	3.72	21.64	35.24
2015	2016	4.71	-	8.49	1.00	14.20	1.87	15.78	0.48	0.80	2.86	3.53	4.22	22.14	43.74
2016	2017	4.71	-	8.49	1.00	14.20	1.87	15.78	0.48	1.23	2.86	3.53	3.74	21.66	43.69
2017	2018	4.00	-	8.49	1.00	13.49	1.87	15.78	0.48	1.23	2.81	3.78	3.58	21.50	43.02
2018	2019	4.00	-	8.49	1.00	13.49	1.87	15.78	0.48	1.23	2.81	3.78	3.70	21.62	43.14
2019	2020	4.00	-	8.48	1.00	13.48	1.87	16.72	0.48	1.22	2.80	3.77	3.70	21.62	44.04
2020	2021	4.00	-	8.48	1.00	13.48	1.87	16.71	0.48	1.22	2.80	3.77	3.34	21.26	43.67
2021	2022	4.00	-	8.44	0.99	13.44	1.87	15.66	0.48	1.23	2.76	3.75	3.34	21.26	42.52
2022	2023	4.00	-	8.44	0.99	13.44	1.87	11.52	0.48	1.22	2.75	3.72	6.00	24.00	40.98
2023	2024	4.00	-	8.44	0.99	13.44	1.87	17.50	0.47	1.21	2.66	3.70	3.34	23.26	44.18

Source: Genesee County Apportionment Report

Note: Michigan law restricts the maximum millage that may be levied by the City without vote of our residents, as follows:

General	Debt	Police	Fire
4.68	-	8.44	0.99



Principal Property Taxpayers

	Taxpayer	2023 Taxable Value	Percentage of Total	2013 Taxable Value	Percentage of Total	2013 Rank
1	Consumers Energy	\$ 33,026,100	4.39%	\$ 15,977,200	2.12%	1
2	General Motors LLC	17,433,700	2.32%		0.00%	
3	Mich Electric Transmission Company	10,556,600	1.40%		0.00%	
4	Kings Lane Burton LLC	3,065,500	0.41%		0.00%	
5	General Warehouse Corp.	3,897,831	0.52%	3,656,800	0.49%	6
6	Meijer, Inc.	3,788,011	0.50%	3,579,600	0.48%	9
7	Blackberry Creek Investments, LLC	3,676,400	0.49%	3,594,100	0.48%	8
8	Comcast of Flint Inc	3,444,900	0.46%	3,565,300	0.47%	10
9	Walmart Real Estate Business Trust	3,372,827	0.45%	4,307,200	0.57%	4
10	Ascension Medical Group Genesys	3,408,044	0.45%		0.00%	

Total	\$ 85,669,913	\$ 34,680,200
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Total Taxable Value of All Properties 753,068,779

Source: City Assessor

## Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Fiscal Year	Total Tax Levy	Current Collections	Percent Collected	Amount Collected in Subsequent Years	Total Tax Collections	Percent Collected
2013	2014	3,739,706	3,486,507	93.23%	240,564	3,727,071	99.66%
2014	2015	7,542,020	6,921,899	91.78%	585,119	7,507,018	99.54%
2015	2016	7,601,106	7,557,264	99.42%	11,626	7,568,890	99.58%
2016	2017	7,211,587	7,191,590	99.72%	4,291	7,195,881	99.78%
2017	2018	7,417,417	7,399,066	99.75%	4,738	7,403,804	99.82%
2018	2019	7,722,815	7,716,024	99.91%	3,187	7,719,211	99.95%
2019	2020	8,157,771	8,151,274	99.92%	-	8,151,274	99.92%
2020	2021	8,517,052	8,494,638	99.74%	-	8,494,638	99.74%
2021	2022	8,927,041	8,838,456	99.01%	-	8,838,456	99.01%
2022	2023	9,336,071	9,284,024	99.44%	-	9,284,024	99.44%

Source: City of Burton Assessor's Warrant

Note: Beginning with the 2016 fiscal year, delinquent collections received prior to June 30 are included in current collections. Prior to this they were included under the subsequent year collections.

Ratios of Outstanding Debt  
Last Ten Fiscal Years

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
General obligation bonds	\$ 5,332,197	\$ 5,028,274	\$ 4,679,351	\$ 4,285,428	\$ 4,151,505	\$ 3,762,582	\$ 3,343,658	\$ 2,929,734	\$ 2,655,000	\$ 2,425,000
Installment purchase agreements	-	-	321,209	584,185	425,459	260,810	90,016	-	-	-
Advances	-	-	1,993,067	1,993,067	1,993,067	2,444,256	-	-	-	-
Special assessment bonds	2,515,000	2,020,000	1,505,000	1,015,000	525,000	100,000	-	-	-	-
Term loans	-	-	-	-	-	-	820,000	778,681	735,682	684,380
Leases	550,617	626,614	542,953	1,022,228	898,585	1,055,961	909,088	756,612	636,990	441,953
Total	8,397,814	7,674,888	9,041,580	8,899,908	7,993,616	7,623,609	5,162,762	4,465,027	4,027,672	3,551,333
<b>Business Type Activities:</b>										
Revenue bonds	1,085,000	890,000	700,000	515,000	335,000	165,000	-	-	-	-
Limited tax general obligation bonds	412,500	392,500	372,500	352,500	330,000	307,500	285,000	262,500	240,000	215,000
Drinking water revolving fund loan	-	4,511,782	9,853,854	12,839,454	15,529,190	16,829,067	16,181,490	15,526,490	14,851,490	14,188,490
Sewer revolving fund loan	-	-	3,618,323	7,625,000	7,212,435	6,907,435	6,597,435	6,529,043	8,077,358	10,662,776
Total	1,497,500	5,794,282	14,544,677	21,331,954	23,406,625	24,209,002	23,063,925	22,318,033	23,168,848	25,066,266
Total debt of the government	<b>\$ 9,895,314</b>	<b>\$ 13,469,170</b>	<b>\$ 23,586,257</b>	<b>\$ 30,231,862</b>	<b>\$ 31,400,241</b>	<b>\$ 31,832,611</b>	<b>\$ 28,226,687</b>	<b>\$ 26,783,060</b>	<b>\$ 27,196,520</b>	<b>\$ 28,617,599</b>
<b>Personal Income (in thousands)</b>										
Ratio of total debt to personal income	646,778	669,398	646,526	665,915	670,648	660,679	681,947	722,722	778,535	801,633
	1.53%	2.01%	3.65%	4.54%	4.68%	4.82%	4.14%	3.71%	3.49%	3.57%
<b>Total Population</b>										
Ratio of total debt to population	29,999	29,999	28,974	28,870	28,681	28,643	28,574	28,574	28,574	29,499
Total debt per capita	329.85	448.99	814.05	1,047.17	1,094.81	1,111.36	987.85	937.32	951.79	970.12

# Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	Population	Taxable Value (7)	General Obligation Bonds (1) (2)	Bonded Debt Service Funds Available (1) (3)	Net General Bonded Debt	Debt as a Percentage of Taxable Value	Debt per Capita
2014	29,999 (4)	554,117,005	5,332,197	3,752	\$ 5,328,445	0.96%	178
2015	29,999 (4)	530,782,982	5,028,274	3,757	\$ 5,024,517	0.95%	167
2016	28,974 (5)	535,925,522	4,679,351	3,762	\$ 4,675,589	0.87%	161
2017	28,870 (5)	535,327,983	4,285,428	3,765	\$ 4,281,663	0.80%	148
2018	28,681 (5)	550,583,211	4,151,505	3,770	\$ 4,147,735	0.75%	145
2019	28,643 (5)	573,915,384	3,762,582	3,783	\$ 3,758,799	0.65%	131
2020	28,574 (6)	613,892,656	3,343,658	3,801	\$ 3,339,857	0.54%	117
2021	28,574 (7)	622,920,961	2,929,734	3,799	\$ 2,925,935	0.47%	102
2022	28,574 (7)	649,994,138	2,655,000	3,616	\$ 2,651,384	0.41%	93
2023	29,499 (6)	753,068,779	2,425,000	3,644	\$ 2,421,356	0.32%	82

(1) Source: City of Burton basic financial statements

(2) Amount does not include special assessment debt

(3) Amount does not include funds available for retirement of special assessment debt.

(4) Source: 2020 Census report.

(5) Source: [www.city-data.com/city/Burton-Michigan.html](http://www.city-data.com/city/Burton-Michigan.html)

(6) Source: <https://www.census.gov/quickfacts/fact/table/US/PST045219>

(7) Source: City of Burton Assessor.

(8) Source: 2020 Census report.

## City of Burton, Michigan

### Direct and Overlapping Governmental Activities Debt

June 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percent Applicable (1)	Direct and Estimated Overlapping Debt
Mott Community College	\$ 52,340,000	5.73%	\$ 2,999,082
Genesee County	251,783,236	6.11%	15,383,956
School districts	235,688,638	18.56%	43,745,015
Genesee Intermediate School District	6,635,000	5.73%	380,186
Bishop Airport Authority	1,690,000	6.11%	103,259
Total overlapping debt	548,136,874		62,611,498
Direct Debt - City of Burton	3,551,333	100.00%	3,551,333
Total direct and overlapping debt	\$ 551,688,207		\$ 66,162,831

(1) The overlapping debt is debt of all jurisdictions that overlap the City's boundaries.

The residents of the City are responsible for a portion of that debt based on the percentage of the City's SEV as compared to the SEV of the overlapping jurisdictions. Updated as of 6/30/21

## Legal Debt Margin

June 30, 2023

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Calculation of debt limit</b>										
Assessed value	\$ 552,088,505	\$ 552,874,999	\$ 574,965,400	\$ 607,388,688	\$ 651,122,750	\$ 677,230,687	\$ 738,058,545	\$ 838,419,500	\$ 702,361,368	\$ 753,068,779
10% of assessed value	55,208,851	55,287,500	57,496,540	60,738,869	65,112,275	67,723,069	73,805,855	83,841,950	70,236,137	75,306,878
<b>Calculation of debt subject to limit</b>										
Total debt	9,895,314	13,469,170	23,586,257	30,231,862	31,400,241	31,832,611	28,226,687	26,783,060	27,196,520	28,617,599
Less debt not subject to limit:										
Special assessment bonds	2,515,000	2,020,000	1,505,000	1,015,000	525,000	100,000	-	-	-	-
Revenue bonds	1,085,000	890,000	700,000	515,000	335,000	165,000	-	-	-	-
Drinking water revolving fund revenue bond		4,511,782	9,853,854	12,839,454	15,529,190	16,829,067	16,181,490	15,526,490	14,851,490	14,188,490
Sewer revolving fund revenue bond			3,618,323	7,625,000	7,212,435	6,907,435	6,597,435	8,737,435	8,077,358	10,662,776
Terms loans							820,000	778,681	735,682	684,380
Leases	550,617	626,614	542,953	1,022,228	898,585	1,055,961	909,088	756,612	636,990	441,953
Exempt general obligation debt	-	-	-	-	-	-	-	-	-	-
Net debt subject to limit	5,744,697	5,420,774	7,366,127	7,215,180	6,900,031	6,775,148	3,718,674	983,842	2,895,000	2,640,000
Legal debt margin	49,464,154	49,866,726	50,130,413	53,523,689	58,212,244	60,947,921	70,087,181	82,858,108	67,341,137	72,666,878
Net debt subject to limit as a percentage of debt limit	10.41%	9.80%	12.81%	11.88%	10.60%	10.00%	5.04%	1.17%	4.12%	3.51%

Source: City of Burton Controller's Office

Pledged-Revenue Coverage

Last Ten Fiscal Years

Water and Sewer Revenue Bonds, DWRF and SRF Debt					Special Assessment Bonds					
Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service			Special Assessments			
				Principal	Interest	Coverage	Principal	Interest	Coverage	
2014	8,544,550	8,297,484	247,066	150,000	20,880	1.45	51,930	760,000	108,799	0.06
2015	9,534,901	9,087,513	447,388	195,000	32,356	1.97	126,413	495,000	97,454	0.21
2016	11,151,897	10,823,239	328,658	425,000	139,813	0.58	226,274	515,000	67,104	0.39
2017	11,756,101	10,289,277	1,466,824	581,437	377,909	1.53	131,317	490,000	48,707	0.24
2018	12,575,622	8,584,406	3,991,216	965,000	517,775	2.69	189,401	490,000	30,183	0.36
2019	12,607,106	9,305,475	3,301,631	1,100,000	563,694	1.98	142,379	425,000	12,431	0.33
2020	13,231,131	9,089,760	4,141,371	1,125,000	570,335	2.44	88,704	100,000	2,050	0.87
2021	13,378,986	10,238,680	3,140,306	1,022,500	547,727	2.00	-	-	-	-
2022	14,476,048	10,535,390	3,940,658	1,101,000	562,679	2.37	-	-	-	-
2023	14,616,756	11,994,123	2,622,633	1,191,000	706,730	1.38	-	-	-	-

## Demographic and Economic Statistics

June 30, 2023

Fiscal Year	Population		Personal Income (in thousands)	Per Capita Personal Income (2) (4)	Unemployment Rate (3)
2014	29,999	(1)	646,778	21,560	8.30%
2015	29,999	(1)	669,398	22,314	5.90%
2016	28,974	(2)	646,526	22,314	5.20%
2017	28,870	(2)	665,915	23,066	5.00%
2018	28,681	(2)	670,648	23,383	5.10%
2019	28,643	(2)	660,679	23,066	5.50%
2020	28,574	(4)	681,947	23,866	16.20%
2021	28,574	(5)	722,722	25,293	7.50%
2022	29,500	(4)	778,535	26,391	5.80%
2023	29,500	(4)	801,633	27,174	5.40%

Data Sources:

(1) Source: 2010 Census report

(2) Source: <http://www.city-data.com/city/Burton-Michigan.html>

(3) Source: <https://data.bls.gov/pdq/SurveyOutputServlet>

(4) Source: <https://www.census.gov/quickfacts/fact/table/US/PST045219>

(5) Source: 2020 Census report



## Principal Employment Industries

	2023			2013		
	Number of Jobs (1)	Rank	Percentage of Workforce	Number of Jobs (1)	Rank	Percentage of Workforce
Trade, Transportation and Utilities	29,100	1	20.68%	28,900	1	21.14%
Education and Health Services	26,100	2	18.55%	27,200	2	19.90%
Professional and Business Services	18,700	3	13.29%	15,900	4	11.63%
Government	17,700	4	12.58%	19,200	3	14.05%
Leisure and Hospitality	15,300	5	10.87%	15,400	5	11.27%
Manufacturing	13,800	6	9.81%	12,500	6	9.14%
Mining, Logging and Construction	6,900	7	4.90%	4,100	9	3.00%
Financial Activities	6,600	8	4.69%	6,700	7	4.90%
Other services	5,400	9	3.84%	5,300	8	3.88%
Information	1,100	10	0.78%	1,500	10	1.10%
Totals	140,700			136,700		

(1) Source: <http://milmi.org/datasetsearch> Source: <https://milmi.org/datasetsearch/CES>

# Full-time Equivalent Government Employees

**Last Ten Fiscal Years  
June 30, 2023**

Function/ program:	As of June 30, 2023									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General government:</b>										
Mayor	4	4	4	4	5	5	4	4	4	4
Clerk	3	4	4	3	3	3	3	3	3	3
Treasurer	3	3	3	3	3	3	3	3	3	3
Controller	3	4	4	4	4	4	2	4	4	4
Assessor	3	3	4	4	4	4	3	3	3	3
City Hall	1	1	1	1	-	-	1	1	1	1
Information Technology	1	1	1	2	2	2	2	2	2	2
Senior Citizens	2	2	2	2	2	2	2	2	2	2
<b>Public Safety</b>										
Police	39	40	43	41	39	39	35	34	36	38
Fire	2	3	3	3	3	3	3	3	3	2
Building	2	2	2	2	3	3	2	3	2	2
<b>Public Works</b>										
DPW	2	5	5	6	6	6	6	6	6	7
Streets	12	12	11	7	8	8	7	9	9	8
Water and Sewer	10	11	14	10	10	10	9	7	8	9
<b>Total</b>	<b>87</b>	<b>95</b>	<b>101</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>82</b>	<b>84</b>	<b>86</b>	<b>88</b>

Source: City of Burton

Function/ program	As of June 30, 2023									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Election data (1)										
Registered voters	23,420	23,553	23,105	23,727	23,377	23,608	23,859	25,211	24,815	25,616
Voters (at polls or absentee)	4,592	10,487	4,431	16,204	3,245	14,076	5,712	15,364	2,630	16,485
Percent voting	19.61%	44.53%	19.18%	68.29%	13.88%	59.62%	23.94%	60.94%	10.60%	64.35%
Police (2)										
Physical Arrests	1,765	4,916	4,230	3,435	1,319	2,166	800	2,919	2,300	2,186
Traffic violations	2,142	4,138	4,775	4,665	1,576	1,313	1,216	816	3,027	2,473
Investigations	3,474	3,468	3,673	3,418	3,118	3,431	3,432	3,712	3,803	3,691
Fire (3)										
Fire runs	640	459	494	511	405	435	429	496	633	663
Inspections	110	139	90	52	59	54	176	366	185	523
Public Works (4)										
Miles of street resurfaced	6.50	9.50	6.80	6.78	3.85	0.53	5.00	4.00	8.97	5.10
Potholes repaired	71,005	72,425	73,874	81,261	84,511	82,821	80,336	73,909	53,258	47,932
Refuse collected (tons)	12,303	12,432	12,356	12,386	12,386	12,386	12,386	13,458	13,500	13,625
Parks and recreation (5)										
Recreation program attendance	2,144	3,927	5,292	8,155	7,034	5,985	3,531	6,850	6,750	7,705
Library (6)										
Circulation (books borrowed)	156,738	149,537	144,427	133,139	118,326	105,234	107,314	41,324	52,535	94,519
Collection volume	79,201	95,910	114,508	125,598	138,830	135,359	135,608	135,608	123,485	170,505
Water (4)										
Number of customers billed	6,324	6,289	6,374	6,460	6,537	6,643	6,945	7,035	7,161	7,107
Total consumption (1,000 of gallons)	444,841	419,283	404,824	435,102	422,087	415,410	402,023	520,049	434,800	424,162
Average consumption per year (1,000 of gallons)	70	67	64	67	65	63	58	74	61	60
Sewer (4)										
Number of customers billed	11,360	11,321	11,351	11,429	11,471	11,547	11,815	11,875	11,926	11,955
Average daily sewage consumption (thousands of gallons)	1,164	1,112	1,078	1,130	1,117	1,095	1,063	1,168	1,144	1,116

(1) Source: City of Burton Clerk's Office

(2) Source: City of Burton Police Department

(3) Source: City of Burton Fire Department

(4) Source: City of Burton Department of Public Works

(5) Source: City of Burton Parks &amp; Recreation Department

(6) Source: Genesee District Library

Capital Asset Statistics

Function/ program	As of June 30,										Last Ten Fiscal Years	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	June 30, 2023	
Police												
Stations	1	1	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	12	12	12	12	13	13	13	12	12
Fire												
Stations	3	3	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	15	13	15	12	12	12	13	11	11	11	11	11
Public works												
Streets (miles):												
Major streets	71.5	71.5	71.5	71.5	71.5	71.5	71.5	71.5	71.5	71.5	71.5	71.5
Local streets	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4
Street lights	2,792	2,619	2,619	2,619	2,623	2,623	2,620	2,620	2,620	2,620	2,620	2,620
Traffic signals	55	55	55	55	55	55	55	55	55	55	55	55
Parks and recreation												
Acreage	102	102	102	102	102	102	102	102	102	102	102	102
Developed parks/playgrounds	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4	4	4	4	4
Libraries												
Branches	2	2	2	2	2	2	2	2	2	2	2	2
Water												
Mains (miles)	111.0	120.1	120.1	122.0	122.0	122.0	122.0	122	122	122	122	122
Fire hydrants	1,288	1,307	1,329	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358
Storage capacity (gallons)	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sewer												
Sanitary sewer (miles)	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2	166.2
Storm sewers (miles)	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21	21	21	21	21
Consumption (thousands of gallons)	424,964	405,942	393,616	412,618	407,839	399,509	388,885	426,488	426,488	426,488	426,488	426,488

- (1) Source: City of Burton Police Department  
(2) Source: City of Burton Fire Department  
(3) Source: City of Burton Department of Public Works  
(4) Source: City of Burton Parks & Recreation Department  
(5) Source: Genesee District Library