# CITY OF BURTON

**BURTON CITY COUNCIL MEETING**

**DECEMBER 6, 2021**

**AGENDA**

| Council Chambers | Workshop | 5:30 PM |
|---|---|---|

**4303 S. CENTER ROAD**
**BURTON, MI 48519**

**A. CALL TO ORDER**

**B. STAFF PRESENT**

**C. ADMINISTRATIVE REPORT**

**D. PRESENTATION**

1. Presentation of the 2020-2021 Audit By Plante Moran.

**E. COUNCIL DISCUSSION**

# Presentation of the 2020-2021 Audit By Plante Moran.

**ATTACHMENTS:**

- 2021 City of Burton Annual Comprehensive Financial Report (PDF)
- 2021 City of Burton Graph Presentation (PDF)
- 2021 City of Burton Single Audit Report (PDF)
- 2021 City of Burton AU260 Letter (PDF)

# City of Burton
# Michigan

# Comprehensive
# Annual Financial Report

## For
## Fiscal Year Ended June 30, 2021

**Duane Haskins, Mayor**
**Jodi Holbrook, Controller**
**City of Burton Controller's Department**

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

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Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Burton**
**Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

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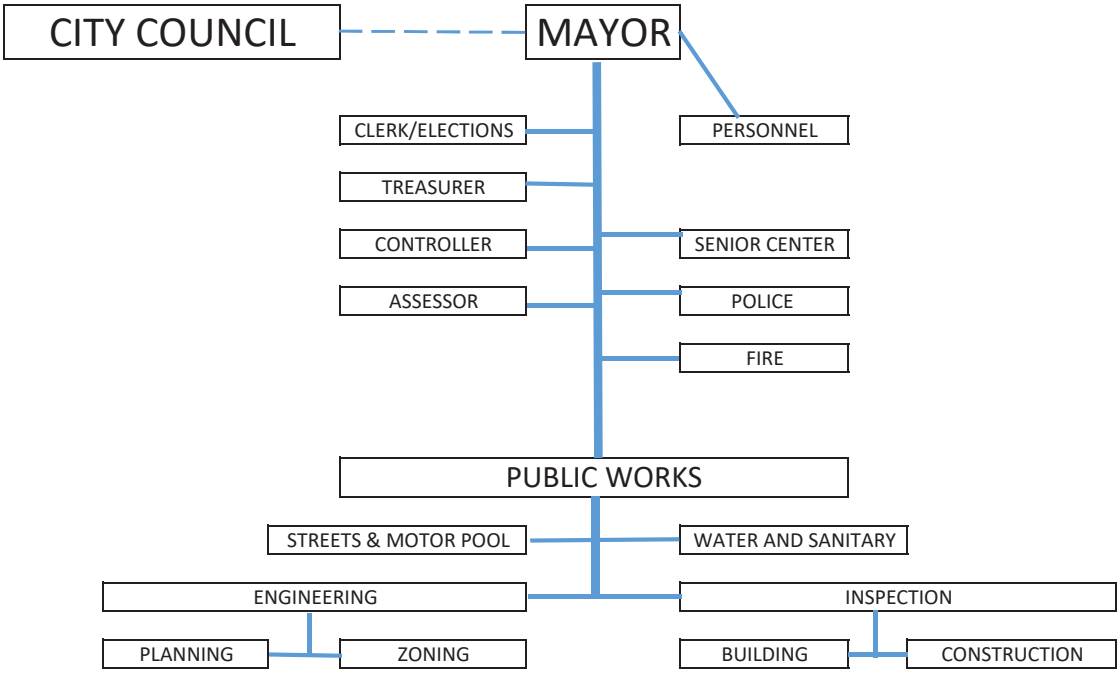


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## City of Burton

# List of Elected and Appointed Officials

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### Elected Officials

| | |
|---|---|
| Duane Haskins | Mayor |
| Steve Heffner | City Council - President |
| Gregory Fenner | City Council - Vice President |
| Christina Conley | City Council - Member |
| Thomas Martinbianco | City Council - Member |
| Deborah Walton | City Council - Member |
| Vaughn Smith | City Council - Member |
| Danny Wells | 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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2021 and the related notes to the financial statements, which collectively comprise the City of Burton, Michigan's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 14 to the basic financial statements, during the year ended June 30, 2021, the City adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which provides guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

To the City Council
City of Burton, Michigan

***Other Matters***

*Required Supplemental Information*

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

*Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the City of Burton, Michigan'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 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 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 of Burton, Michigan's internal control over financial reporting and compliance.

November 30, 2021

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

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, 2021. Please read it in conjunction with the transmittal letter and the City's financial statements.

***Financial Highlights***

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2021:

- The total assets for the City of Burton, Michigan are $143,003,083, composed of $99,553,723 in capital assets and $43,449,360 in other assets. Total liabilities are $61,446,355, composed of $57,358,254 in long-term debt and $4,088,101 in other debt.
- The total net position for the City is $79,337,887. Of this amount, $(1,993,383) is unrestricted, of which $(20,643,654) relates to the governmental activities and $18,650,271 relates to the business-type activities. The net position increased by $8,774,209 from the prior year, an increase of $5,624,039 in the governmental activities and an increase of $3,150,170 in the business-type activities.
- Revenue, including taxes, other revenue, and net other financing sources for the primary government’s governmental funds, amounted to $21,790,047. Expenditures amounted to $17,467,703. Revenue and other sources exceeded expenditures by $4,322,344.
- The combined fund balance at June 30, 2021 for the City’s governmental funds was $17,154,972. This was an increase of $4,322,344 from the prior year.
- General Fund revenue was above expenditures and other sources by $1,871,501, causing the General Fund’s fund balance to increase accordingly to stand at $4,842,109.

***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, as well as 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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

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### *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 | | | |
|---|---|---|---|---|
| | 2020 | 2021 | Change | Percent Change |
| **Assets** | | | | |
| Other assets | $ 13,866,915 | $ 19,147,534 | $ 5,280,619 | 38.1 % |
| Capital assets | 35,388,613 | 33,927,762 | (1,460,851) | (4.1) |
| Total assets | 49,255,528 | 53,075,296 | 3,819,768 | 7.8 |
| **Deferred Outflows of Resources** | 4,058,304 | 4,650,240 | 591,936 | 14.6 |
| **Liabilities** | | | | |
| Current liabilities | 1,013,997 | 1,825,625 | 811,628 | 80.0 |
| Long-term liabilities | 37,280,680 | 32,159,644 | (5,121,036) | (13.7) |
| Total liabilities | 38,294,677 | 33,985,269 | (4,309,408) | (11.3) |
| **Deferred Inflows of Resources** | 3,474,021 | 6,360,579 | 2,886,558 | 83.1 |
| **Net Position** | | | | |
| Net investment in capital assets | 30,356,793 | 29,528,381 | (828,412) | (2.7) |
| Restricted | 6,674,652 | 8,494,831 | 1,820,179 | 27.3 |
| Unrestricted | (25,486,311) | (20,643,524) | 4,842,787 | (19.0) |
| Total net position | **$ 11,545,134** | **$ 17,379,688** | **$ 5,834,554** | **50.5 %** |

| | Business-type Activities | | | |
|---|---|---|---|---|
| | 2020 | 2021 | Change | Percent Change |
| **Assets** | | | | |
| Other assets | $ 21,638,036 | $ 24,301,826 | $ 2,663,790 | 12.3 % |
| Capital assets | 66,299,760 | 65,625,961 | (673,799) | (1.0) |
| Total assets | 87,937,796 | 89,927,787 | 1,989,991 | 2.3 |
| **Deferred Outflows of Resources** | 586,561 | 518,132 | (68,429) | (11.7) |
| **Liabilities** | | | | |
| Current liabilities | 1,542,971 | 2,262,476 | 719,505 | 46.6 |
| Long-term liabilities | 27,513,807 | 25,198,610 | (2,315,197) | (8.4) |
| Total liabilities | 29,056,778 | 27,461,086 | (1,595,692) | (5.5) |
| **Deferred Inflows of Resources** | 659,550 | 1,026,634 | 367,084 | 55.7 |
| **Net Position** | | | | |
| Net investment in capital assets | 43,235,835 | 43,307,928 | 72,093 | 0.2 |
| Unrestricted | 15,572,194 | 18,650,271 | 3,078,077 | 19.8 |
| Total net position | **$ 58,808,029** | **$ 61,958,199** | **$ 3,150,170** | **5.4 %** |

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

| | Governmental Activities | | | |
|---|---|---|---|---|
| | 2020 | 2021 | Change | Percent Change |
| **Revenue** | | | | |
| Program revenue: | | | | |
| Charges for services | $ 2,554,953 | $ 3,179,192 | $ 624,239 | 24.4 % |
| Operating grants | 6,389,511 | 5,854,048 | (535,463) | (8.4) |
| Capital grants | 360,175 | 886,504 | 526,329 | 146.1 |
| General revenue: | | | | |
| Property taxes | 8,272,621 | 8,629,057 | 356,436 | 4.3 |
| Intergovernmental | 3,015,094 | 3,403,060 | 387,966 | 12.9 |
| Investment earnings | 389,201 | 221,439 | (167,762) | (43.1) |
| Other revenue | 873,347 | 893,447 | 20,100 | 2.3 |
| Total revenue | 21,854,902 | 23,066,747 | 1,211,845 | 5.5 |
| **Expenses** | | | | |
| General government | 2,852,113 | 2,776,073 | (76,040) | (2.7) |
| Public service | 1,934,979 | 2,166,216 | 231,237 | 12.0 |
| Public safety | 6,633,383 | 6,404,368 | (229,015) | (3.5) |
| Public works | 4,901,890 | 5,206,789 | 304,899 | 6.2 |
| Health and welfare | 326,532 | 374,755 | 48,223 | 14.8 |
| Planning | 180,909 | 102,727 | (78,182) | (43.2) |
| Parks and recreation | 98,940 | 126,918 | 27,978 | 28.3 |
| Debt service | 235,797 | 185,728 | (50,069) | (21.2) |
| Total expenses | 17,164,543 | 17,343,574 | 179,031 | 1.0 |
| **Excess of Revenue Over Expenses before Transfers** | 4,690,359 | 5,723,173 | 1,032,814 | 22.0 |
| **Transfers** | (712,456) | (99,134) | 613,322 | (86.1) |
| **Change in Net Position** | 3,977,903 | 5,624,039 | 1,646,136 | 41.4 |
| **Net Position** - Beginning of year, as previously reported | 7,567,231 | 11,545,134 | 7,567,231 | 100.0 |
| **Impact of GASB Statement No. 84*** | - | 210,515 | 111,942 | - |
| **Net Position** - Beginning of year (Note 14) | 7,567,231 | 11,755,649 | 4,188,418 | 55.3 |
| **Net Position** - End of year | **$ 11,545,134** | **$ 17,379,688** | **$ 5,834,554** | **50.5 %** |

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| | Business-type Activities | | | |
|---|---|---|---|---|
| | 2020 | 2021 | Change | Percent Change |
| **Revenue** | | | | |
| Program revenue: | | | | |
| Charges for services | $ 13,231,131 | $ 13,378,986 | $ 147,855 | 1.1 % |
| Capital contributions | 75,719 | 380,156 | 304,437 | 402.1 |
| General revenue: | | | | |
| Investment earnings | 326,739 | 75,597 | (251,142) | (76.9) |
| Gain (loss) on sale of capital assets | (4,642) | 2,704 | 7,346 | (158.3) |
| Total revenue | 13,628,947 | 13,837,443 | 208,496 | 1.5 |
| **Expenses** | 10,973,383 | 10,786,407 | (186,976) | (1.7) |
| **Excess of Revenue Over Expenses before Transfers** | 2,655,564 | 3,051,036 | 395,472 | 14.9 |
| **Transfers** | 712,456 | 99,134 | (613,322) | (86.1) |
| **Change in Net Position** | 3,368,020 | 3,150,170 | (217,850) | (6.5) |
| **Net Position** - Beginning of year (Note 14) | 55,440,009 | 58,808,029 | 3,368,020 | 6.1 |
| **Net Position** - End of year | **$ 58,808,029** | **$ 61,958,199** | **$ 3,150,170** | **5.4 %** |

***Governmental Activities***

The governmental net position increased by 50.5 percent from a year ago - increasing from $11,545,134 to $17,379,688. This is mostly due to the City increasing the OPEB funding rate, which reduced the net OPEB obligation. In comparison, last year's net position increased by 53 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - was in a deficit and increased by $4,842,657 for the governmental activities. This represents an increase of approximately 19.0 percent. The current level of unrestricted net position for our governmental activities stands at deficit of $(20,643,654). This deficit is due to the recording of the net pension and OPEB obligations on the financial statements.

The City's total governmental revenue increased by approximately $1,212,000, primarily due to increases in capital grants and property tax revenue of $526,329 and $356,436, respectively.

Expenses decreased by approximately $179,000 during the year. This is primarily due to a decrease in public safety expenses related to the reduction in OPEB obligation.

***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 5.4 percent from a year ago - increasing from $58,808,029 to $61,958,199. In comparison, last year's net position increased by 6.1 percent.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by $3,078,077. This represents an increase of approximately 19.8 percent. This increase is due to an increase in capital contributions received during the year. The current level of unrestricted net position stands at $18,650,271, or about 208 percent of operating expenses other than depreciation.

The operating revenue increased by $147,855 or 1.1 percent primarily due to an increase in water billing revenue.

Operating expenses, other than depreciation, decreased by $143,711 or 1.6 percent primarily due to a decrease in contractual services.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

***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, as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for 2021 include the General Fund, Major Street Fund, Police Fund, and Fire Fund.

***General Fund Highlights***

Over the course of the year, the City amended the budget to take into account events during the year. City departments overall stayed below budget, resulting in total expenditures being approximately $391,000 under budget. This was mostly due to a reduction in city council and election costs. Revenue collections exceeded the budget by approximately $675,000 due to higher than expected state-shared revenue. These resulted in an overall increase in General Fund fund balance of approximately $1,872,000 to $4,842,109, which is higher than the amended budgeted increase of approximately $524,000.

***Major Street Fund Highlights***

The major street fund balance increased $1,389,283. The increase in fund balance is due to the decrease in expenditures of $3,810,942 from prior year. Decrease in expenditures was mostly due to the postponement of the planned construction and maintenance work because of the COVID-19 pandemic shutdown. Those projects were not cancelled, only carried over to the 2021-2022 fiscal year.

***Police Fund Highlights***

The police fund balance increased $648,716. The increase in fund balance is due to the increase in federal grants revenue of $608,259 from prior year. The increase in federal grant revenue was due to the Coronavirus Relief Fund grant received.

***Fire Fund Highlights***

The fire fund balance increased $172,237. The increase in fund balance is due to the decrease in expenditures of $95,554 from prior year. Decrease in expenditures was mostly due to the decrease in debt service of $68,438. Debt service was less than prior year as the July 2021 debt payment that is normally paid in June was not paid until July 2021.

***Capital Assets and Debt Administration***

At June 30, 2021, the City of Burton, Michigan's net investment in capital assets for the governmental activities amounted to $29,528,381 and for the business-type activities amounted to $43,307,928. The investment in capital assets covers a broad variety of buildings, 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.

At June 30, 2021, the City had $26,835,581 of long-term debt and $570,710 of compensated absences. The net pension liability was $24,889,643 and $2,435,596 for governmental activities and business-type activities, respectively. The net OPEB liability was $2,224,835 and $401,889 for governmental activities 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 2021 were subject to a Headlee millage reduction. Maximum allowable millage levies are 4.6872 for the General Fund, 0.9947 for the Fire Fund, and 8.4425 for the Police Fund. This is the fifth consecutive year that the City Council has reduced the General Fund tax levy to 4.000 mills to fund the 2021-2022 fiscal year budget.



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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 $730,434. The City Council approved a 2021-2022 General Fund budget with an ending fund balance of $1,537,131. The reduction in the balance includes an additional allocation of $1,500,000 to local streets, $400,000 for a DPW equipment storage facility, $20,000 for holiday decorations, $25,000 for Burton Memorial Library building repairs, $155,000 for police body cameras and new radars, new dump trucks with plows, and an excavator for DPW.

The COVID-19 pandemic has continued throughout this year, yet the finances of the City have remained stable. A reduction in water rates happened in the 2020-2021 fiscal year. The fund remains closely monitored and is positive, at this time. The sewer rates have remained the same and the replacement of many aged sewer lines began. This is a 5-phase plan with phase 1 beginning in the 2020-2021 fiscal year and phase 2 began early in the 2021-2022 fiscal year.

***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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Statement of Net Position

**June 30, 2021**

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **Assets** | | | | |
| Cash and investments | $ 17,751,502 | $ 19,176,536 | $ 36,928,038 | $ 269,113 |
| Receivables: | | | | |
| Special assessments receivable | 92,219 | - | 92,219 | - |
| Customer receivables | - | 3,651,186 | 3,651,186 | - |
| Accrued interest receivable | 51,879 | 10,738 | 62,617 | - |
| Other receivables | 262,800 | 93,672 | 356,472 | - |
| Due from other governments | 1,438,753 | - | 1,438,753 | - |
| Internal balances | (1,244,882) | 1,244,882 | - | - |
| Inventory | 135,847 | 124,194 | 260,041 | - |
| Prepaid expenses and other assets | 585,766 | 618 | 586,384 | - |
| Land held for resale | 73,650 | - | 73,650 | - |
| Capital assets: (Note 4) | | | | |
| Assets not subject to depreciation | 191,901 | 618,453 | 810,354 | - |
| Assets subject to depreciation - Net | 33,735,861 | 65,007,508 | 98,743,369 | - |
| Total assets | 53,075,296 | 89,927,787 | 143,003,083 | 269,113 |
| **Deferred Outflows of Resources** | | | | |
| Deferred charges on bond refunding | 118,167 | - | 118,167 | - |
| Deferred pension costs (Note 10) | 3,630,401 | 355,256 | 3,985,657 | - |
| Deferred OPEB costs (Note 12) | 901,672 | 162,876 | 1,064,548 | - |
| Total deferred outflows of resources | 4,650,240 | 518,132 | 5,168,372 | - |
| **Liabilities** | | | | |
| Accounts payable | 967,624 | 1,774,362 | 2,741,986 | - |
| Due to other governmental units | - | 205,554 | 205,554 | - |
| Refundable deposits, bonds, etc. | 173,097 | 87,550 | 260,647 | - |
| Accrued liabilities and other | 684,904 | 195,010 | 879,914 | - |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Compensated absences | 215,699 | 43,092 | 258,791 | - |
| Current portion of long-term debt (Note 6) | 489,876 | 1,022,500 | 1,512,376 | - |
| Due in more than one year: | | | | |
| Compensated absences | 311,919 | - | 311,919 | - |
| Net pension liability (Note 10) | 24,889,643 | 2,435,596 | 27,325,239 | - |
| Net OPEB obligation (Note 12) | 2,224,835 | 401,889 | 2,626,724 | - |
| Long-term debt- Net of current portion (Note 6) | 4,027,672 | 21,295,533 | 25,323,205 | - |
| Total liabilities | 33,985,269 | 27,461,086 | 61,446,355 | - |
| **Deferred Inflows of Resources** | | | | |
| Deferred pension cost reductions (Note 10) | 1,477,674 | 144,599 | 1,622,273 | - |
| Deferred OPEB cost reductions (Note 12) | 4,882,905 | 882,035 | 5,764,940 | - |
| Total deferred inflows of resources | 6,360,579 | 1,026,634 | 7,387,213 | - |
| **Net Position** | | | | |
| Net investment in capital assets | 29,528,381 | 43,307,928 | 72,836,309 | - |
| Restricted: | | | | |
| Streets and highways | 7,800,124 | - | 7,800,124 | - |
| Youth league | 14,281 | - | 14,281 | - |
| Debt service | 1,758 | - | 1,758 | - |
| Police and fire operations | 73,573 | - | 73,573 | - |
| Rubbish | 159,122 | - | 159,122 | - |
| Senior activities | 418,737 | - | 418,737 | - |
| Parks | 27,236 | - | 27,236 | - |
| Unrestricted | (20,643,524) | 18,650,271 | (1,993,253) | 269,113 |
| Total net position | **$ 17,379,688** | **$ 61,958,199** | **$ 79,337,887** | **$ 269,113** |

See notes to financial statements.





Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

| Functions/Programs | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants and Contributions | Program Revenue: Capital Grants and Contributions |
|---|---|---|---|---|
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | $ 2,776,073 | $ 714,974 | $ - | $ - |
| Public service | 2,166,216 | 1,707,547 | - | - |
| Public safety | 6,404,368 | 438,626 | 779,171 | - |
| Public works | 5,206,789 | 318,045 | 4,881,851 | 886,504 |
| Health and welfare | 374,755 | - | 193,026 | - |
| Planning | 102,727 | - | - | - |
| Parks and recreation | 126,918 | - | - | - |
| Interest on long-term debt | 185,728 | - | - | - |
| Total governmental activities | 17,343,574 | 3,179,192 | 5,854,048 | 886,504 |
| Business-type activities: | | | | |
| Sewer Fund | 4,816,328 | 6,364,315 | - | - |
| Water Fund | 5,970,079 | 7,014,671 | - | 380,156 |
| Total business-type activities | 10,786,407 | 13,378,986 | - | 380,156 |
| Total primary government | **$ 28,129,981** | **$ 16,558,178** | **$ 5,854,048** | **$ 1,266,660** |
| Component units: | | | | |
| Downtown Development Authority | $ 13,733 | $ - | $ - | $ - |
| Economic Development Corporation | - | - | - | - |
| Total component units | **$ 13,733** | **$ -** | **$ -** | **$ -** |
| General revenue: | | | | |
| Property taxes | | | | |
| Unrestricted state-shared revenue: | | | | |
| State-shared revenue | | | | |
| Local Community Stabilization Authority | | | | |
| Unrestricted investment income | | | | |
| Gain on sale of capital assets | | | | |
| Other miscellaneous income | | | | |
| Total general revenue | | | | |
| Transfers | | | | |
| **Change in Net Position** | | | | |
| **Net Position** - Beginning of year, as restated (Note 14) | | | | |
| **Net Position** - End of year | | | | |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# Statement of Activities

**Year Ended June 30, 2021**

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| $ (2,061,099) | $ - | $ (2,061,099) | $ - |
| (458,669) | - | (458,669) | - |
| (5,186,571) | - | (5,186,571) | - |
| 879,611 | - | 879,611 | - |
| (181,729) | - | (181,729) | - |
| (102,727) | - | (102,727) | - |
| (126,918) | - | (126,918) | - |
| (185,728) | - | (185,728) | - |
| (7,423,830) | - | (7,423,830) | - |
| - | 1,547,987 | 1,547,987 | - |
| - | 1,424,748 | 1,424,748 | - |
| - | 2,972,735 | 2,972,735 | - |
| (7,423,830) | 2,972,735 | (4,451,095) | - |
| - | - | - | (13,733) |
| - | - | - | - |
| - | - | - | (13,733) |
| 8,629,057 | - | 8,629,057 | 38,265 |
| 3,162,461 | - | 3,162,461 | - |
| 240,599 | - | 240,599 | - |
| 221,439 | 75,597 | 297,036 | 3,294 |
| 215,085 | 2,704 | 217,789 | - |
| 678,362 | - | 678,362 | - |
| 13,147,003 | 78,301 | 13,225,304 | 41,559 |
| (99,134) | 99,134 | - | - |
| 5,624,039 | 3,150,170 | 8,774,209 | 27,826 |
| 11,755,649 | 58,808,029 | 70,563,678 | 241,287 |
| **$ 17,379,688** | **$ 61,958,199** | **$ 79,337,887** | **$ 269,113** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Governmental Funds Balance Sheet

**June 30, 2021**

| | General Fund | Major Street Fund | Police Fund | Fire Fund | Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and investments (Note 3) | $ 4,049,569 | $ 6,137,478 | $ 1,993,752 | $ 730,098 | $ 4,654,363 | $ 17,565,260 |
| Receivables: | | | | | | |
| Special assessments receivable | - | - | - | - | 92,219 | 92,219 |
| Accrued interest receivable | 49,651 | - | - | - | 2,228 | 51,879 |
| Other receivables | 131,465 | 2,153 | 870 | 3,250 | 123,982 | 261,720 |
| Due from other governments | 594,814 | 638,894 | 25,408 | - | 179,637 | 1,438,753 |
| Due from other funds (Note 5) | 32,322 | 77 | 1,056 | 492 | 76 | 34,023 |
| Inventory | - | - | 3,982 | - | - | 3,982 |
| Prepaids and other assets | 428,367 | 9,073 | 1,909 | 111,149 | 411 | 550,909 |
| Land held for resale | 73,650 | - | - | - | - | 73,650 |
| Total assets | **$ 5,359,838** | **$ 6,787,675** | **$ 2,026,977** | **$ 844,989** | **$ 5,052,916** | **$ 20,072,395** |
| **Liabilities** | | | | | | |
| Accounts payable | $ 76,409 | $ 307,741 | $ 111,500 | $ 7,416 | $ 446,234 | $ 949,300 |
| Due to other funds (Note 5) | 2,002 | - | - | - | 32,814 | 34,816 |
| Advances from other funds (Note 5) | - | 1,110,332 | - | - | 134,249 | 1,244,581 |
| Refundable deposits, bonds, etc. | 173,097 | - | - | - | - | 173,097 |
| Accrued liabilities and other | 266,221 | 15,664 | 117,485 | 12,166 | 20,499 | 432,035 |
| Total liabilities | 517,729 | 1,433,737 | 228,985 | 19,582 | 633,796 | 2,833,829 |
| **Deferred Inflows of Resources** - Unavailable revenue | - | - | - | - | 92,219 | 92,219 |
| Total liabilities and deferred inflows of resources | 517,729 | 1,433,737 | 228,985 | 19,582 | 726,015 | 2,926,048 |
| **Fund Balances** | | | | | | |
| Nonspendable: | | | | | | |
| Assets held for resale | 73,650 | - | - | - | - | 73,650 |
| Prepaids | 428,367 | 9,073 | 1,909 | 111,149 | 411 | 550,909 |
| Inventory | - | - | 3,982 | - | - | 3,982 |
| Restricted: | | | | | | |
| Roads | - | 5,344,865 | - | - | 2,445,994 | 7,790,859 |
| Police and fire | - | - | 396,716 | - | 73,573 | 470,289 |
| Debt service | - | - | - | - | 1,758 | 1,758 |
| Senior activities | - | - | - | - | 418,607 | 418,607 |
| Rubbish | - | - | - | - | 159,122 | 159,122 |
| Parks | - | - | - | - | 27,236 | 27,236 |
| Youth league | - | - | - | - | 14,281 | 14,281 |
| Committed - Building department | - | - | - | - | 1,158,960 | 1,158,960 |
| Assigned: | | | | | | |
| Subsequent year's budget | 2,059,256 | - | - | - | - | 2,059,256 |
| Capital projects | - | - | - | - | 114,435 | 114,435 |
| Debt service | - | - | - | - | 3,799 | 3,799 |
| Police | - | - | 1,395,385 | - | - | 1,395,385 |
| Fire | - | - | - | 714,258 | - | 714,258 |
| Unassigned (deficit) | 2,280,836 | - | - | - | (91,275) | 2,189,561 |
| Total fund balances | 4,842,109 | 5,353,938 | 1,797,992 | 825,407 | 4,326,901 | 17,146,347 |
| Total liabilities, deferred inflows of resources, and fund balances | **$ 5,359,838** | **$ 6,787,675** | **$ 2,026,977** | **$ 844,989** | **$ 5,052,916** | **$ 20,072,395** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# City of Burton, Michigan

## Governmental Funds
## Reconciliation of the Balance Sheet to the Statement of Net Position

**June 30, 2021**

| | | |
|---|---|---|
| **Fund Balances Reported in Governmental Funds** | $ | 17,146,347 |
| 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 | | 32,463,271 |
| 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 | | 92,219 |
| Bonds payable, capital lease obligations, and deferred charge on bond refunding are not due and payable in the current period and are not reported in the funds | | (4,399,381) |
| Accrued interest is not due and payable in the current period and is not reported in the funds | | (73,675) |
| 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 | | (516,941) |
| Net pension liability does not present a claim on current financial resources and is not reported as a fund liability | | (24,889,643) |
| Other postemployment benefit obligations do not present a claim on current financial resources and are not reported as fund liabilities | | (2,224,835) |
| Deferred outflows of resources related to pensions | | 3,630,401 |
| Deferred outflows of resources related to OPEB | | 901,672 |
| Deferred inflows of resources related to pensions | | (1,477,674) |
| Deferred inflows of resources related to OPEB | | (4,882,905) |
| Internal service funds are included as part of governmental activities | | 1,610,832 |
| **Net Position of Governmental Activities** | **$** | **17,379,688** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# City of Burton, Michigan

## Governmental Funds
## Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2021**

| | General Fund | Major Street Fund | Police Fund | Fire Fund | Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Property taxes | $ 2,637,693 | $ - | $ 5,344,085 | $ 629,615 | $ 17,664 | $ 8,629,057 |
| Special assessments | - | - | - | - | 1,707,547 | 1,707,547 |
| Intergovernmental: | | | | | | |
| Federal grants | - | 215,457 | 611,199 | 45,282 | 18,048 | 889,986 |
| State sources: | | | | | | |
| State-shared revenue | 3,162,461 | - | - | - | - | 3,162,461 |
| Act 51 gas and weight tax | - | 3,583,776 | - | - | 1,082,618 | 4,666,394 |
| Local Community Stabilization Authority | 90,194 | - | 134,552 | 15,853 | - | 240,599 |
| Local grants and contributions | - | - | 115,940 | 6,750 | 174,978 | 297,668 |
| Charges for services | 395,906 | - | - | - | 206,474 | 602,380 |
| Fines and forfeitures | - | - | 91,603 | - | - | 91,603 |
| Licenses and permits: | | | | | | |
| Cable franchise fees | 417,236 | - | - | - | - | 417,236 |
| Other licenses and permits | 277,464 | - | - | 8,164 | 160,104 | 445,732 |
| Interest and rentals | 44,247 | 66,845 | 41,680 | 11,473 | 53,683 | 217,928 |
| Other revenue | 141,188 | 14,524 | 10,477 | 26,402 | 50,980 | 243,571 |
| Total revenue | 7,166,389 | 3,880,602 | 6,349,536 | 743,539 | 3,472,096 | 21,612,162 |
| **Expenditures** | | | | | | |
| Current services: | | | | | | |
| General government | 3,159,091 | - | - | - | - | 3,159,091 |
| Public service | 475,504 | - | - | - | 1,690,712 | 2,166,216 |
| Public safety | - | - | 5,996,688 | 919,411 | 417,860 | 7,333,959 |
| Public works | 39,924 | 2,475,016 | - | - | 942,323 | 3,457,263 |
| Health and welfare | - | - | - | - | 404,127 | 404,127 |
| Planning | 141,427 | - | - | - | - | 141,427 |
| Parks and recreation | 91,687 | - | - | - | 15,784 | 107,471 |
| Debt service | 40,862 | 16,303 | - | 381,091 | 259,893 | 698,149 |
| Total expenditures | 3,948,495 | 2,491,319 | 5,996,688 | 1,300,502 | 3,730,699 | 17,467,703 |
| **Excess of Revenue Over (Under) Expenditures** | 3,217,894 | 1,389,283 | 352,848 | (556,963) | (258,603) | 4,144,459 |
| **Other Financing Sources (Uses)** | | | | | | |
| Transfers in (Note 5) | - | - | 252,000 | 879,200 | 704,931 | 1,836,131 |
| Transfers out (Note 5) | (1,482,793) | - | - | (150,000) | (300,735) | (1,933,528) |
| Sale of capital assets | 136,400 | - | 43,868 | - | 95,014 | 275,282 |
| Total other financing (uses) sources | (1,346,393) | - | 295,868 | 729,200 | 499,210 | 177,885 |
| **Net Change in Fund Balances** | 1,871,501 | 1,389,283 | 648,716 | 172,237 | 240,607 | 4,322,344 |
| **Fund Balances** - Beginning of year, as restated (Note 14) | 2,970,608 | 3,964,655 | 1,149,276 | 653,170 | 4,086,294 | 12,824,003 |
| **Fund Balances** - End of year | **$ 4,842,109** | **$ 5,353,938** | **$ 1,797,992** | **$ 825,407** | **$ 4,326,901** | **$ 17,146,347** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | | |
|---|---|---|
| **Net Change in Fund Balances Reported in Governmental Funds** | $ | 4,322,344 |
| 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 | | 805,504 |
| Capital contributions | | 901,548 |
| Depreciation | | (2,891,217) |
| Net book value of assets disposed of | | (58,262) |
| 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 | | (15,044) |
| Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) | | 517,844 |
| Interest expense is recognized in the government-wide statements as it accrues | | (5,423) |
| 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 | | (4,451) |
| The change in the net pension liability is recorded when incurred in the statement of activities | | 174,906 |
| The change in the net OPEB liability is recorded when incurred in the statement of activities | | 4,307,538 |
| Change in deferred outflows of resources related to pensions are recorded in the statement of activities | | 935,500 |
| Change in deferred outflows of resources related to OPEB are recorded in the statement of activities | | (330,789) |
| Change in deferred inflows of resources related to pensions are recorded in the statement of activities | | (650,147) |
| Change in deferred inflows of resources related to OPEB are recorded in the statement of activities | | (2,236,411) |
| Internal service funds are included as part of governmental activities | | (149,401) |
| **Change in Net Position of Governmental Activities** | **$** | **5,624,039** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# City of Burton, Michigan

## Proprietary Funds
## Statement of Net Position

**June 30, 2021**

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water Fund | Sewer Fund | Total Enterprise Funds | Proprietary Internal Service Funds |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and investments | $ 2,175,889 | $ 17,000,647 | $ 19,176,536 | $ 186,242 |
| Receivables: | | | | |
| Customer receivables | 1,641,317 | 2,009,869 | 3,651,186 | - |
| Accrued interest receivable | - | 10,738 | 10,738 | - |
| Other receivables | 93,672 | - | 93,672 | 1,080 |
| Due from other funds | 156 | 145 | 301 | 492 |
| Inventory | 116,503 | 7,691 | 124,194 | 131,865 |
| Prepaid expenses and other assets | 284 | 334 | 618 | 34,857 |
| Total current assets | 4,027,821 | 19,029,424 | 23,057,245 | 354,536 |
| Noncurrent assets: | | | | |
| Advances to other funds | - | 1,244,581 | 1,244,581 | - |
| Capital assets: (Note 4) | | | | |
| Assets not subject to depreciation | - | 618,453 | 618,453 | - |
| Assets subject to depreciation - Net | 34,868,115 | 30,139,393 | 65,007,508 | 1,464,491 |
| Total noncurrent assets | 34,868,115 | 32,002,427 | 66,870,542 | 1,464,491 |
| Total assets | 38,895,936 | 51,031,851 | 89,927,787 | 1,819,027 |
| **Deferred Outflows of Resources** | | | | |
| Deferred pension costs (Note 10) | 162,157 | 193,099 | 355,256 | - |
| Deferred OPEB costs (Note 12) | 80,267 | 82,609 | 162,876 | - |
| Total deferred outflows of resources | 242,424 | 275,708 | 518,132 | - |
| **Liabilities** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 349,143 | 1,425,219 | 1,774,362 | 18,324 |
| Due to other governmental units | - | 205,554 | 205,554 | - |
| Refundable deposits, bonds, etc. | 87,535 | 15 | 87,550 | - |
| Accrued liabilities and other | 108,044 | 86,966 | 195,010 | 179,194 |
| Compensated absences | 21,047 | 22,045 | 43,092 | 10,677 |
| Current portion of long-term debt (Note 6) | 697,500 | 325,000 | 1,022,500 | - |
| Total current liabilities | 1,263,269 | 2,064,799 | 3,328,068 | 208,195 |
| Noncurrent liabilities: | | | | |
| Net pension liability (Note 10) | 1,111,729 | 1,323,867 | 2,435,596 | - |
| Net OPEB obligation (Note 12) | 198,055 | 203,834 | 401,889 | - |
| Long-term debt- Net of current portion (Note 6) | 15,091,490 | 6,204,043 | 21,295,533 | - |
| Total noncurrent liabilities | 16,401,274 | 7,731,744 | 24,133,018 | - |
| Total liabilities | 17,664,543 | 9,796,543 | 27,461,086 | 208,195 |
| **Deferred Inflows of Resources** | | | | |
| Deferred pension cost reductions (Note 10) | 66,002 | 78,597 | 144,599 | - |
| Deferred OPEB cost reductions (Note 12) | 434,676 | 447,359 | 882,035 | - |
| Total deferred inflows of resources | 500,678 | 525,956 | 1,026,634 | - |
| **Net Position** | | | | |
| Net investment in capital assets | 19,079,125 | 24,228,803 | 43,307,928 | 1,464,491 |
| Unrestricted | 1,894,014 | 16,756,257 | 18,650,271 | 146,341 |
| Total net position | **$ 20,973,139** | **$ 40,985,060** | **$ 61,958,199** | **$ 1,610,832** |

See notes to financial statements.





Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water Fund | Sewer Fund | Total Enterprise Funds | Proprietary Internal Service Funds |
| **Operating Revenue** | | | | |
| Sale of water | $ 6,828,664 | $ - | $ 6,828,664 | $ - |
| Sewage disposal charges | - | 6,158,142 | 6,158,142 | - |
| Other sales to customers | 35,679 | - | 35,679 | 146,406 |
| Interest and penalty charges | 139,393 | 205,129 | 344,522 | - |
| Miscellaneous | 10,935 | 1,044 | 11,979 | - |
| Charges to other funds | - | - | - | 2,445,943 |
| Total operating revenue | 7,014,671 | 6,364,315 | 13,378,986 | 2,592,349 |
| **Operating Expenses** | | | | |
| Cost of water - Purchased from the county | 4,566,319 | - | 4,566,319 | - |
| Cost of sewage treatment | - | 3,458,110 | 3,458,110 | - |
| Personnel services- Net of retirement adjustments | (41,697) | 211,528 | 169,831 | 429,250 |
| Cost of insurance claims | - | - | - | 348,533 |
| Equipment rental and repairs | 99,841 | 139,208 | 239,049 | 67,256 |
| Contractual services | 115,381 | 173,129 | 288,510 | 157,703 |
| Supplies and materials | 160,203 | 46,509 | 206,712 | 324,414 |
| Insurance | - | - | - | 1,092,355 |
| Miscellaneous | 16,917 | 601 | 17,518 | 17,791 |
| Depreciation | 664,470 | 628,161 | 1,292,631 | 304,484 |
| Total operating expenses | 5,581,434 | 4,657,246 | 10,238,680 | 2,741,786 |
| **Operating Income (Loss)** | 1,433,237 | 1,707,069 | 3,140,306 | (149,437) |
| **Nonoperating Revenue (Expense)** | | | | |
| Investment interest and FMV changes | 20,307 | 55,290 | 75,597 | 3,511 |
| Interest expense | (388,645) | (159,082) | (547,727) | - |
| (Loss) gain on sale of assets | (258) | 2,962 | 2,704 | (1,738) |
| Total nonoperating (expense) revenue | (368,596) | (100,830) | (469,426) | 1,773 |
| **Income (Loss)** - Before capital contributions | 1,064,641 | 1,606,239 | 2,670,880 | (147,664) |
| **Capital Contributions** | | | | |
| Capital grants | 250,000 | - | 250,000 | - |
| Benefit fees | 130,156 | - | 130,156 | - |
| Total capital contributions | 380,156 | - | 380,156 | - |
| **Transfers In** | 42,438 | 56,696 | 99,134 | - |
| **Transfers Out** | - | - | - | (1,737) |
| **Change in Net Position** | 1,487,235 | 1,662,935 | 3,150,170 | (149,401) |
| **Net Position** - Beginning of year | 19,485,904 | 39,322,125 | 58,808,029 | 1,760,233 |
| **Net Position** - End of year | **$ 20,973,139** | **$ 40,985,060** | **$ 61,958,199** | **$ 1,610,832** |

See notes to financial statements.





Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Proprietary Funds
## Statement of Cash Flows

**Year Ended June 30, 2021**

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water Fund | Sewer Fund | Total Enterprise Funds | Proprietary Internal Service Funds |
| **Cash Flows from Operating Activities** | | | | |
| Receipts from customers | $ 7,207,937 | $ 6,468,153 | $ 13,676,090 | $ - |
| Receipts/payments related to interfund services - Net | (156) | 27,381 | 27,225 | 2,594,448 |
| Payments to suppliers | (4,928,839) | (2,881,178) | (7,810,017) | (2,148,068) |
| Payments to employees and fringes | (803,375) | (739,030) | (1,542,405) | (248,080) |
| Other receipts (payments) | (33,049) | - | (33,049) | - |
| Net cash and cash equivalents provided by operating activities | 1,442,518 | 2,875,326 | 4,317,844 | 198,300 |
| **Cash Flows from Noncapital Financing Activities** | | | | |
| Transfers from other funds | 42,438 | 56,696 | 99,134 | - |
| Repayments of loans made to other funds | - | 130,046 | 130,046 | - |
| Transfers to other funds | - | - | - | (1,737) |
| Net cash and cash equivalents provided by (used in) noncapital financing activities | 42,438 | 186,742 | 229,180 | (1,737) |
| **Cash Flows from Capital and Related Financing Activities** | | | | |
| Receipt of capital grants | 250,000 | - | 250,000 | - |
| Benefit fees | 130,156 | - | 130,156 | - |
| Purchase of capital assets | - | (616,129) | (616,129) | (87,798) |
| Principal and interest paid on capital debt | (1,072,010) | (475,998) | (1,548,008) | (127,288) |
| Proceeds from issuance of long-term debt | - | 246,608 | 246,608 | - |
| Net cash and cash equivalents used in capital and related financing activities | (691,854) | (845,519) | (1,537,373) | (215,086) |
| **Cash Flows Provided by Investing Activities** - Interest received on investments | 20,307 | 55,290 | 75,597 | 3,511 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 813,409 | 2,271,839 | 3,085,248 | (15,012) |
| **Cash and Cash Equivalents** - Beginning of year | 1,362,480 | 14,728,808 | 16,091,288 | 201,254 |
| **Cash and Cash Equivalents** - End of year | **$ 2,175,889** | **$ 17,000,647** | **$ 19,176,536** | **$ 186,242** |
| **Classification of Cash and Cash Equivalents** - Cash and investments | **$ 2,175,889** | **$ 17,000,647** | **$ 19,176,536** | **$ 186,242** |

See notes to financial statements.





Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Proprietary Funds
## Statement of Cash Flows (Continued)

**Year Ended June 30, 2021**

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water Fund | Sewer Fund | Total Enterprise Funds | Proprietary Internal Service Funds |
| **Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities** | | | | |
| Operating income (loss) | $ 1,433,237 | $ 1,707,069 | $ 3,140,306 | $ (149,437) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | |
| Depreciation and amortization | 664,470 | 628,161 | 1,292,631 | 304,484 |
| Changes in assets and liabilities: | | | | |
| Receivables | 160,217 | 103,838 | 264,055 | - |
| Due to and from other funds | (156) | 27,381 | 27,225 | 2,099 |
| Inventories | 17,524 | 1,471 | 18,995 | 36,157 |
| Prepaid and other assets | (284) | (334) | (618) | (34,857) |
| Net pension or OPEB liability and related deferrals | (734,209) | (379,583) | (1,113,792) | 175,598 |
| Accounts payable | (98,281) | 787,323 | 689,042 | (135,744) |
| Net cash and cash equivalents provided by operating activities | **$ 1,442,518** | **$ 2,875,326** | **$ 4,317,844** | **$ 198,300** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# City of Burton, Michigan

## Fiduciary Funds
## Statement of Fiduciary Net Position

**June 30, 2021**

| | Retiree Health Care Benefits Trust Fund | Custodial Funds |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 201,580 | $ 53,389 |
| Investments: | | |
| Equity securities (Note 3) | 2,026,796 | - |
| Debt securities (Note 3) | 1,465,353 | - |
| Receivables | 18,346 | - |
| Prepaid expenses and other assets | 12,752 | - |
| Total assets | 3,724,827 | **$ 53,389** |
| **Liabilities** | | |
| Accounts payable | 479,557 | $ 42,558 |
| Due to other governmental units | - | 10,831 |
| Total liabilities | 479,557 | **$ 53,389** |
| **Net Position Restricted for Postemployment Benefits** | **$ 3,245,270** | |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# City of Burton, Michigan

## Fiduciary Funds
## Statement of Changes in Fiduciary Net Position

**Year Ended June 30, 2021**

| | Retiree Health Care Benefits Trust Fund | Custodial Funds |
|---|---|---|
| **Additions** | | |
| Investment income (loss): | | |
| Interest and dividends | $ 66,189 | $ - |
| Net increase in fair value of investments | 510,234 | - |
| Investment-related expenses | (7,190) | - |
| Net investment income | 569,233 | - |
| Contributions: | | |
| Employer contributions | 750,820 | - |
| Employee contributions | 148,616 | - |
| Total contributions | 899,436 | - |
| Property tax collections | - | 22,087,833 |
| Total additions | 1,468,669 | 22,087,833 |
| **Deductions** | | |
| Benefit payments | 655,064 | - |
| Administrative expenses | 11,026 | - |
| Propery tax distributions to other governments | - | 22,087,833 |
| Total deductions | 666,090 | 22,087,833 |
| **Net Increase in Net Position** | 802,579 | - |
| **Net Position Held in Trust for Other Employee Benefits** - Beginning of year | 2,442,691 | - |
| **Net Position Held in Trust for Other Employee Benefits** - End of year | **$ 3,245,270** | **$ -** |

See notes to financial statements.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Component Units
# Statement of Net Position

**June 30, 2021**

| | Downtown Development Authority | Economic Development Corporation | Total |
|---|---|---|---|
| **Assets** - Cash and investments | $ 264,951 | $ 4,162 | $ 269,113 |
| **Liabilities** - Accounts payable | - | - | - |
| **Net Position** - Unrestricted | **$ 264,951** | **$ 4,162** | **$ 269,113** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

See notes to financial statements.

# City of Burton, Michigan

## Component Units
## Statement of Activities

**Year Ended June 30, 2021**

| | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants and Contributions | Program Revenue: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Downtown Development Authority | Net (Expense) Revenue and Changes in Net Position: Economic Development Corporation | Net (Expense) Revenue and Changes in Net Position: Total |
|---|---|---|---|---|---|---|---|
| **Functions/Programs** | | | | | | | |
| Downtown Development Authority | $ 13,733 | $ - | $ - | $ - | $ (13,733) | $ - | $ (13,733) |
| Economic Development Corporation | - | - | - | - | - | - | - |
| Total component units | **$ 13,733** | **$ -** | **$ -** | **$ -** | (13,733) | - | (13,733) |
| General revenue: | | | | | | | |
| Property taxes | | | | | 38,265 | - | 38,265 |
| Unrestricted investment income | | | | | 3,242 | 52 | 3,294 |
| Total general revenue | | | | | 41,507 | 52 | 41,559 |
| **Change in Net Position** | | | | | 27,774 | 52 | 27,826 |
| **Net Position** - Beginning of year | | | | | 237,177 | 4,110 | 241,287 |
| **Net Position** - End of year | | | | | **$ 264,951** | **$ 4,162** | **$ 269,113** |

See notes to financial statements.





Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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 are used to account for assets that the government holds for others in a trustee capacity (such as taxes collected for other governments).

***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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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.

***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 bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as 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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to 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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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 only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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 agency 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, 2021, 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, 2021, the City levied a total of 8.4519 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, 2021, the City levied 0.9958 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 a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position 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 obligation.

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## 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, 2021 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 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance.*

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## Note 1 - Significant Accounting Policies (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.

## 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, 2021 is as follows:

| | |
|---|---|
| Cumulative shortfall at July 1, 2020 | $ (1,556,829) |
| Current year permit revenue | 206,494 |
| Less related expenses - Professional services | (223,999) |
| Current year shortfall | (17,505) |
| Cumulative shortfall at June 30, 2021 | $ (1,574,334) |

### *Fund Deficits*

The Amy Street Capital Projects Fund had a deficit of $91,275.



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## 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 not 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.

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 $16,081,798 of bank deposits (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. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The City's total component unit bank deposits are $269,090, all of which 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) | $ 1,465,353 | Counterparty's trust dept. |
| Equity securities (retiree health care) | 2,026,796 | Counterparty's trust dept. |
| Total | $ 3,492,149 | |

## Note 3 - Deposits and Investments (Continued)

***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 | $ 6,552,528 | $ - | $ 1,803,468 | $ 3,213,595 | $ 1,535,466 |
| U.S. government bonds | 3,542,358 | - | 829,925 | 2,221,023 | 491,410 |
| Michigan CLASS investment pool | 7,248,922 | 7,248,922 | - | - | - |
| Municipal bonds | 8,812,324 | - | 2,199,951 | 2,975,793 | 3,636,580 |
| Total | $ 26,156,133 | $ 7,248,922 | $ 4,833,344 | $ 8,410,411 | $ 5,663,456 |

| Fiduciary Funds | Carrying Value | Less Than 1 Year | 1-5 Years | 6-10 Years | More Than 10 Years |
|---|---|---|---|---|---|
| Corporate bonds | $ 521,547 | $ 68,886 | $ 153,465 | $ 235,633 | $ 63,563 |
| U.S. government bonds | 829,357 | - | 478,983 | 111,028 | 239,346 |
| U.S. federal agencies | 57,691 | - | 57,691 | - | - |
| Foreign bonds and notes | 56,758 | - | 56,758 | - | - |
| Total | $ 1,465,353 | $ 68,886 | $ 746,897 | $ 346,661 | $ 302,909 |

***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 |
|---|---|---|
| **Primary Government** | | |
| Negotiable certificates of deposit | $ 6,552,528 | Unavailable |
| U.S. government bonds | 3,542,358 | AA+ |
| Michigan CLASS investment pool | 7,248,922 | AAA |
| Municipal bonds | 8,812,324 | AA, AA-, A+, A, and A- |
| Total | $ 26,156,132 | |

| Investment | Carrying Value | Rating |
|---|---|---|
| **Fiduciary Funds** | | |
| Corporate bonds | $ 521,547 | AA- |
| U.S. government bonds | 829,357 | AAA |
| U.S. federal agencies | 57,691 | AAA |
| Foreign bonds and notes | 56,758 | A1 |
| Total | $ 1,465,353 | |

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## Note 3 - Deposits and Investments (Continued)

***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, 2021, 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; 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 or liability.

The City has the following recurring fair value measurements as of June 30, 2021:

| | 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, 2021 |
|---|---|---|---|---|
| **Assets** | | | | |
| Fixed income - Debt securities: | | | | |
| Negotiable certificates of deposit | $ - | $ 6,552,528 | $ - | $ 6,552,528 |
| Corporate bonds | - | 521,547 | - | 521,547 |
| U.S. government bonds | - | 4,371,715 | - | 4,371,715 |
| U.S. federal agencies | - | 57,691 | - | 57,691 |
| Foreign bonds and notes | - | 56,759 | - | 56,759 |
| Municipal bonds | - | 8,812,324 | - | 8,812,324 |
| Total fixed income | - | 20,372,564 | - | 20,372,564 |
| Equity securities: | | | | |
| Corporate stock | 1,696,450 | - | - | 1,696,450 |
| Foreign stock | 69,750 | - | - | 69,750 |
| Other | 260,596 | - | - | 260,596 |
| Total equity securities | 2,026,796 | - | - | 2,026,796 |
| Total investments at fair value | $ 2,026,796 | $ 20,372,564 | $ - | $ 22,399,360 |

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 as Level 1 of the fair value hierarchy and are valued based on quoted market prices in active markets.



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## Note 3 - Deposits and Investments (Continued)

Debt securities classified as 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 whereby 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, 2021, 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 | $ 7,248,922 | $ - | 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 "A 1" 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.

## Note 4 - Capital Assets

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

***Governmental Activities***

| | Balance July 1, 2020 | Additions | Disposals and Adjustments | Balance June 30, 2021 |
|---|---|---|---|---|
| Capital assets not being depreciated - Land | $ 192,859 | $ - | $ (958) | $ 191,901 |
| Capital assets being depreciated: | | | | |
| Infrastructure | 49,963,173 | 1,292,915 | (2,957,565) | 48,298,523 |
| Buildings and improvements | 10,923,976 | - | (12,658) | 10,911,318 |
| Furniture and equipment | 3,252,311 | 167,685 | (266,030) | 3,153,966 |
| Vehicles | 8,533,672 | 207,840 | (634,091) | 8,107,421 |
| Land improvements | 1,354,118 | 144,665 | (11,129) | 1,487,654 |
| Subtotal | 74,027,250 | 1,813,105 | (3,881,473) | 71,958,882 |
| Accumulated depreciation: | | | | |
| Infrastructure | 24,503,179 | 2,249,493 | (2,957,566) | 23,795,106 |
| Buildings and improvements | 6,254,642 | 232,196 | (12,658) | 6,474,180 |
| Furniture and equipment | 2,286,741 | 195,885 | (250,889) | 2,231,737 |
| Vehicles | 4,711,465 | 478,418 | (572,083) | 4,617,800 |
| Land improvements | 1,075,469 | 39,709 | (10,980) | 1,104,198 |
| Subtotal | 38,831,496 | 3,195,701 | (3,804,176) | 38,223,021 |
| Net capital assets being depreciated | 35,195,754 | (1,382,596) | (77,297) | 33,735,861 |
| Net governmental activities capital assets | $ 35,388,613 | $ (1,382,596) | $ (78,255) | $ 33,927,762 |

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## Note 4 - Capital Assets (Continued)

***Business-type Activities***

| | Balance July 1, 2020 | Additions | Disposals and Adjustments | Balance June 30, 2021 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 3,454 | $ - | $ (1,130) | $ 2,324 |
| Construction in progress | - | 616,129 | - | 616,129 |
| Subtotal | 3,454 | 616,129 | (1,130) | 618,453 |
| Capital assets being depreciated: | | | | |
| Furniture and equipment | 809,328 | - | (22,033) | 787,295 |
| Sewer and water system | 92,369,608 | - | (4,784) | 92,364,824 |
| Subtotal | 93,178,936 | - | (26,817) | 93,152,119 |
| Accumulated depreciation: | | | | |
| Furniture and equipment | 634,383 | 27,265 | (21,343) | 640,305 |
| Sewer and water system | 26,248,247 | 1,265,366 | (9,307) | 27,504,306 |
| Subtotal | 26,882,630 | 1,292,631 | (30,650) | 28,144,611 |
| Net capital assets being depreciated | 66,296,306 | (1,292,631) | 3,833 | 65,007,508 |
| Net business-type activities capital assets | $ 66,299,760 | $ (676,502) | $ 2,703 | $ 65,625,961 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 88,375 |
| Public safety | 501,042 |
| Public works | 2,253,398 |
| Health and welfare | 28,776 |
| Parks and recreation | 19,626 |
| Internal service funds | 304,484 |
| Total governmental activities | $ 3,195,701 |
| Business-type activities: | |
| Water | $ 664,470 |
| Sewer | 628,161 |
| Total business-type activities | $ 1,292,631 |

***Construction Commitments***

At June 30, 2021, the City's business-type activities had outstanding commitments through construction contracts of approximately $1,632,268 related to the State Revolving Fund.

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

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Nonmajor funds | $ 32,322 |
| Major Street Fund | General Fund | 77 |
| Police Fund | General Fund | 1,056 |
| Fire Fund | General Fund | 492 |
| Nonmajor Funds | General Fund | 76 |
| Water Fund | General Fund | 156 |
| Sewer Fund | General Fund | 145 |
| Internal service funds | Nonmajor funds | 492 |
| | Total | $ 34,816 |

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 |
|---|---|---|
| Sewer Fund | Major Street Fund | $ 1,110,332 |
| | Nonmajor governmental funds | 134,249 |
| | Total | $ 1,244,581 |

Advances from the Sewer Fund to the Major Street Fund in the amount of $1,110,332 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 $134,249 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.

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

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 | $ 879,200 |
| | Police Fund | 252,000 |
| | Nonmajor funds | 351,593 |
| | Total General Fund | 1,482,793 |
| Fire Fund | Nonmajor funds | 150,000 |
| Nonmajor funds | Water Fund | 42,438 |
| | Sewer Fund | 56,696 |
| | Nonmajor funds | 201,601 |
| | Total nonmajor funds | 300,735 |
| Internal service funds | Nonmajor funds | 1,737 |
| | Total | $ 1,935,265 |

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

The transfers from the internal service funds to the nonmajor funds and the transfers between the nonmajor funds represent the use of unrestricted resources to finance that program in accordance with budgetary authorizations.

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.

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## Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

***Governmental Activities***

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Direct borrowings and direct placements: | | | | | |
| 2017 two dump trucks | $ 90,016 | $ - | $ (90,016) | $ - | $ - |
| Capital leases | 909,088 | - | (99,955) | 809,133 | 172,143 |
| 2019 ladder truck term loan | 820,000 | - | (41,319) | 778,681 | 42,999 |
| Total direct borrowings and direct placements principal outstanding | 1,819,104 | - | (231,290) | 1,587,814 | 215,142 |
| Other debt - General obligation bonds: | | | | | |
| Building authority bonds - Series 2002 refunded | 140,000 | - | (140,000) | - | - |
| 2011 Gilkey Creek bond | 78,658 | - | (38,924) | 39,734 | 39,734 |
| 2017 Fire hall bond | 3,125,000 | - | (235,000) | 2,890,000 | 235,000 |
| Total other debt principal outstanding | 3,343,658 | - | (413,924) | 2,929,734 | 274,734 |
| Total direct borrowings and other debt | 5,162,762 | - | (645,214) | 4,517,548 | 489,876 |
| Accumulated compensated absences | 520,996 | 610,689 | (604,067) | 527,618 | 215,699 |
| Total governmental activities long-term debt | $ 5,683,758 | $ 610,689 | $ (1,249,281) | $ 5,045,166 | $ 705,575 |

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## 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 | $ 16,181,490 | $ - | $ (655,000) | $ 15,526,490 | $ 675,000 |
| Sewer revolving fund loan | 6,597,435 | 246,608 | (315,000) | 6,529,043 | 325,000 |
| Total direct borrowings and direct placements principal outstanding | 22,778,925 | 246,608 | (970,000) | 22,055,533 | 1,000,000 |
| Other debt - Revenue and other obligation bonds: | | | | | |
| Limited tax general obligation bonds | 285,000 | - | (22,500) | 262,500 | 22,500 |
| Total other debt principal outstanding | 285,000 | - | (22,500) | 262,500 | 22,500 |
| Total direct borrowings and other debt | 23,063,925 | 246,608 | (992,500) | 22,318,033 | 1,022,500 |
| Accumulated compensated absences | 36,651 | 94,879 | (88,438) | 43,092 | 43,092 |
| Total business-type activities long-term debt | $ 23,100,576 | $ 341,487 | $ (1,080,938) | $ 22,361,125 | $ 1,065,592 |

***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 $27,557,000. During the current year, net revenue of the system was $4,432,937 compared to the annual debt requirements of approximately $1,518,000.

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## 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:

| | Governmental Activities | | | | |
|---|---|---|---|---|---|
| | Direct Borrowings and Direct Placements | | Other Debt | | |
| Years Ending June 30 | Principal | Interest | Principal | Interest | Total |
| 2022 | $ 215,142 | $ 68,215 | $ 274,734 | $ 89,140 | $ 647,231 |
| 2023 | 168,869 | 54,330 | 230,000 | 80,518 | 533,717 |
| 2024 | 175,358 | 47,842 | 230,000 | 73,227 | 526,427 |
| 2025 | 121,870 | 41,171 | 275,000 | 65,223 | 503,264 |
| 2026 | 126,858 | 36,181 | 275,000 | 56,505 | 494,544 |
| 2027-2031 | 439,995 | 121,443 | 1,645,000 | 136,389 | 2,342,827 |
| 2032-2036 | 339,722 | 30,920 | - | - | 370,642 |
| 2037-2041 | - | - | - | - | - |
| 2042-2046 | - | - | - | - | - |
| 2047-2051 | - | - | - | - | - |
| Total | $ 1,587,814 | $ 400,102 | $ 2,929,734 | $ 501,002 | $ 5,418,652 |

| | Business-type Activities | | | | |
|---|---|---|---|---|---|
| | Direct Borrowings and Direct Placements | | Other Debt | | |
| Years Ending June 30 | Principal | Interest | Principal | Interest | Total |
| 2022 | $ 1,000,000 | $ 528,786 | $ 22,500 | $ 6,563 | $ 1,557,849 |
| 2023 | 1,025,000 | 499,537 | 25,000 | 6,000 | 1,555,537 |
| 2024 | 1,045,000 | 473,964 | 25,000 | 5,375 | 1,549,339 |
| 2025 | 1,070,000 | 447,825 | 25,000 | 4,750 | 1,547,575 |
| 2026 | 1,100,000 | 421,000 | 25,000 | 4,125 | 1,550,125 |
| 2027-2031 | 5,920,000 | 1,678,749 | 140,000 | 10,625 | 7,749,374 |
| 2032-2036 | 6,308,892 | 905,555 | - | - | 7,214,447 |
| 2037-2041 | 2,127,435 | 376,952 | - | - | 2,504,387 |
| 2042-2046 | 1,830,000 | 164,160 | - | - | 1,994,160 |
| 2047-2051 | 629,206 | 4,854 | - | - | 634,060 |
| Total | $ 22,055,533 | $ 5,501,382 | $ 262,500 | $ 37,438 | $ 27,856,853 |

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, 2021, the City had a total debt limit of approximately $83,800,000. 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, 2021 is specifically exempt from the computation.

***Assets Pledged as Collateral***

***Direct Borrowings and Direct Placements***

The City's outstanding installment purchase agreement and capital lease debt from direct borrowings related to governmental activities of $809,133 are secured with collateral of equipment, including dump trucks, a fire truck, five pickup trucks, a pumper truck, and SCBA equipment.



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## Note 7 - Capital Leases

The City has entered into lease agreements for financing the purchase of a fire truck, five pickup trucks, a pumper truck, and SCBA equipment at a cost of $582,961, $141,179, $425,000, and $303,677, respectively. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease payments under capital leases are as follows:

| Years Ending June 30 | Amount |
|---|---|
| 2022 | $ 210,326 |
| 2023 | 150,167 |
| 2024 | 150,168 |
| 2025 | 90,009 |
| 2026 | 90,009 |
| 2027-2031 | 196,279 |
| 2032-2036 | 78,511 |
| Total | 965,469 |
| Less amount representing interest | 156,336 |
| Present value of net minimum lease payments | $ 809,133 |

## 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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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, 2021, 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 $570,137. 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:

| | 2021 | 2020 |
|---|---|---|
| Unpaid claims - Beginning of year | $ - | $ - |
| Incurred claims, including claims incurred but not reported | 1,392,692 | 1,381,178 |
| Claim payments | (1,392,692) | (1,381,178) |
| Unpaid claims - End of year | $ - | $ - |

## 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 supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

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

Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a three- or five-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 six 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 | 100 |
| Inactive plan members entitled to but not yet receiving benefits | 23 |
| Active plan members | 79 |
| Total employees covered by the plan | 202 |

***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 5.15 percent to 81.28 percent of covered payroll. The employee contributions were 10.00 percent of covered payroll.

***Net Pension Liability***

The City has chosen to use the December 31, 2020 measurement date as its measurement date for the net pension liability. The June 30, 2021 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, 2020 measurement date. The December 31, 2020 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## 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 |
|---|---|---|---|
| **Balance at December 31, 2019** | $ 54,568,402 | $ 26,471,481 | $ 28,096,921 |
| Changes for the year: | | | |
| Service cost | 376,856 | - | 376,856 |
| Interest | 4,018,130 | - | 4,018,130 |
| Differences between expected and actual experience | 293,468 | - | 293,468 |
| Changes in assumptions | 1,646,783 | - | 1,646,783 |
| Contributions - Employer | - | 3,068,544 | (3,068,544) |
| Contributions - Employee | - | 459,896 | (459,896) |
| Net investment income | - | 3,630,837 | (3,630,837) |
| Benefit payments | (3,773,396) | (3,773,396) | - |
| Administrative expenses | - | (52,356) | 52,356 |
| Miscellaneous other charges | 2 | - | 2 |
| Net changes | 2,561,843 | 3,333,525 | (771,682) |
| **Balance at December 31, 2020** | $ 57,130,245 | $ 29,805,006 | $ 27,325,239 |

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

For the year ended June 30, 2021, the City recognized pension expense of $2,204,760.

At June 30, 2021, 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 | $ 374,521 | $ (469,413) |
| Changes in assumptions | 2,487,870 | (26,188) |
| Net difference between projected and actual earnings on pension plan investments | - | (1,126,672) |
| Employer contributions to the plan subsequent to the measurement date | 1,123,266 | - |
| Total | $ 3,985,657 | $ (1,622,273) |

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 $1,123,266 will reduce the net pension liability and, therefore, will not be included in future pension expense):

| Years Ending June 30 | Amount |
|---|---|
| 2022 | $ 330,070 |
| 2023 | 941,281 |
| 2024 | 294,827 |
| 2025 | (326,060) |
| Total | $ 1,240,118 |



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

***Actuarial Assumptions***

The total pension liability in the December 31, 2020 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 | 7.60% | 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 7.60 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, 2020, 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 % | 5.25 % |
| Global fixed income | 20.00 | 1.25 |
| Private investments | 20.00 | 7.25 |

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## 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 7.60 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 (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

| | 1 Percentage Point Decrease (6.60%) | Current Discount Rate (7.60%) | 1 Percentage Point Increase (8.60%) |
|---|---|---|---|
| Net pension liability of the City | $ 33,878,919 | $ 27,325,239 | $ 21,883,643 |

***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.

***Assumption Changes***

Assumption changes are the result of a change in mortality tables used from the RP-2014 tables to the Pub-2010 mortality tables.

## 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 $72,608 for eligible employees during fiscal year 2021. City employees also made pretax voluntary contributions to the plans totaling $23,569.

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 $130,596 for eligible employees during fiscal year 2021. City employees also made pretax voluntary contributions to the plan totaling $153,044.

## 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.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

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

***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, 2021 |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 73 |
| Active plan members | 75 |
| Total plan members | 148 |

***Contributions***

The board retains an independent actuary to determine the annual contribution. For the year ended June 30, 2021, the City contributed $750,820. Active participants are required to make contributions to the OPEB Plan. For the year ended June 30, 2021, employee contributions were $25,556.

***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, 2021 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, 2021 measurement date. The June 30, 2021 measurement date total OPEB liability was determined by an actuarial valuation performed as of June 30, 2021.

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

| | Increase (Decrease) | | |
|---|---|---|---|
| Changes in Net OPEB Liability | Total OPEB Liability | Plan Net Position | Net OPEB Liability |
| **Balance at July 1, 2020** | $ 10,272,685 | $ 2,359,453 | $ 7,913,232 |
| Changes for the year: | | | |
| Service cost | 78,265 | - | 78,265 |
| Interest | 509,563 | - | 509,563 |
| Differences between expected and actual experience | (2,052,119) | - | (2,052,119) |
| Changes in assumptions | (2,339,194) | - | (2,339,194) |
| Contributions - Employer | - | 750,820 | (750,820) |
| Contributions - Employee | - | 25,556 | (25,556) |
| Net investment income | - | 576,274 | (576,274) |
| Benefit payments, including refunds | (600,785) | (600,785) | - |
| Administrative expenses | - | (7,190) | 7,190 |
| Miscellaneous other charges | - | 137,563 | (137,563) |
| Net changes | (4,404,270) | 882,238 | (5,286,508) |
| **Balance at June 30, 2021** | $ 5,868,415 | $ 3,241,691 | $ 2,626,724 |

The OPEB Plan's fiduciary net position represents 55 percent of the total OPEB liability.



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

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

For the year ended June 30, 2021, the City recognized OPEB expense of $(1,548,237).

At June 30, 2021, 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 | $ - | $ (2,448,249) |
| Changes in assumptions | 1,064,548 | (3,048,106) |
| Net difference between projected and actual earnings on OPEB plan investments | - | (268,585) |
| Total | $ 1,064,548 | $ (5,764,940) |

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 |
|---|---|
| 2022 | $ (1,782,157) |
| 2023 | (1,641,183) |
| 2024 | (926,916) |
| 2025 | (379,510) |
| 2026 | 29,374 |
| Total | $ (4,700,392) |

***Actuarial Assumptions***

| | |
|---|---|
| Inflation | 3.00 percent |
| Salary increases | 3.50 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<br>Post-65: 5.75 percent in 2022 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-2020 Improvement Scale) |

The investment rate of return was assumed to be 8.60 percent, net of OPEB plan investment expense, including inflation.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 8.60 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.



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

***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, 2021 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 % | 7.28 % |
| Global fixed income | 40.00 | 3.07 |

***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 8.60 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 (7.60%) | Current Discount Rate (8.60%) | 1 Percentage Point Increase (9.60%) |
|---|---|---|---|
| Net OPEB liability of the City of Burton OPEB Plan | $ 3,107,377 | $ 2,626,724 | $ 2,206,783 |

***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 | $ 2,166,374 | $ 2,626,724 | $ 3,155,793 |

***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 increased from 5.07 percent at June 30, 2020 to 8.60 percent at June 30, 2021, which resulted in a decrease to the total OPEB liability.



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## Note 13 - Commitments and Contingencies

***Special Assessment Projects***

The City is also involved in many special assessment improvement projects, whereby property owners benefiting from the improvement are assessed their fair share of the project cost. In accordance with state law, project assessments that exceed total actual costs by more than 5 percent are required to be adjusted downward to actual cost. Property owners who may have paid the assessment in full are refunded their pro rata share of the overassessment. Management believes that the potential liability to the City for repayment of overassessments, if any, would not materially affect the operations or financial condition of the City.

## Note 14 - Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the accounting for fiduciary component units, custodial funds, and senior center activity has changed. Beginning fund balance/net position for the Senior Activity Fund and Governmental Activities were adjusted to account for the impact of now recording the senior center activity within the governmental funds. The impact of adoption is included below.

The following financial statement line items for fiscal year 2021 were affected by the change in accounting principle:

| | Nonmajor Governmental Funds (Senior Activity Fund) | Governmental Activities |
|---|---|---|
| Fund balance/Net position - Beginning of year, as previously reported | $ 229,455 | $ 11,545,134 |
| Adjustment for GASB Statement No. 84 | 210,515 | 210,515 |
| Fund balance/Net position - Beginning of year, as restated | $ 439,970 | $ 11,755,649 |

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# Required Supplemental Information

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Required Supplemental Information
## Budgetary Comparison Schedule - General Fund

**Year Ended June 30, 2021**

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Property taxes | $ 2,578,300 | $ 2,578,300 | $ 2,637,693 | $ 59,393 |
| Intergovernmental - State sources: | | | | |
| State-shared revenue | 2,646,700 | 2,646,700 | 3,162,461 | 515,761 |
| Local Community Stabilization Authority | 63,400 | 63,400 | 90,194 | 26,794 |
| Charges for services | 346,900 | 365,800 | 395,906 | 30,106 |
| Licenses and permits: | | | | |
| Cable franchise fees | 400,000 | 400,000 | 417,236 | 17,236 |
| Other licenses and permits | 277,600 | 277,600 | 277,464 | (136) |
| Interest and rentals | 26,200 | 26,200 | 44,247 | 18,047 |
| Other revenue | 133,200 | 133,200 | 141,188 | 7,988 |
| Total revenue | 6,472,300 | 6,491,200 | 7,166,389 | 675,189 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government: | | | | |
| City Council | 459,000 | 459,000 | 387,163 | 71,837 |
| Mayor's office | 251,200 | 251,200 | 230,599 | 20,601 |
| Controller's department | 196,600 | 201,600 | 201,125 | 475 |
| Treasurer's department | 94,900 | 94,900 | 85,665 | 9,235 |
| Assessor's department | 429,600 | 429,600 | 409,838 | 19,762 |
| Clerk's department | 180,600 | 180,600 | 169,449 | 11,151 |
| City hall and grounds | 1,411,600 | 1,505,300 | 1,462,610 | 42,690 |
| Elections | 222,500 | 281,400 | 212,642 | 68,758 |
| Public service | 522,500 | 522,500 | 475,504 | 46,996 |
| Public works | 46,000 | 46,000 | 39,924 | 6,076 |
| Planning | 189,000 | 189,000 | 141,427 | 47,573 |
| Parks and recreation | 136,700 | 136,700 | 91,687 | 45,013 |
| Debt service: | | | | |
| Principal | 39,000 | 39,000 | 38,842 | 158 |
| Interest and fiscal charges | 2,500 | 2,500 | 2,020 | 480 |
| Total expenditures | 4,181,700 | 4,339,300 | 3,948,495 | 390,805 |
| **Excess of Revenue Over Expenditures** | 2,290,600 | 2,151,900 | 3,217,894 | 1,065,994 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers out | (1,633,600) | (1,633,600) | (1,482,793) | 150,807 |
| Sale of capital assets | 5,800 | 5,800 | 136,400 | 130,600 |
| Total other financing uses | (1,627,800) | (1,627,800) | (1,346,393) | 281,407 |
| **Net Change in Fund Balance** | 662,800 | 524,100 | 1,871,501 | 1,347,401 |
| **Fund Balance** - Beginning of year | 2,970,608 | 2,970,608 | 2,970,608 | - |
| **Fund Balance** - End of year | **$ 3,633,408** | **$ 3,494,708** | **$ 4,842,109** | **$ 1,347,401** |

See notes to required supplemental information.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Intergovernmental | $ 3,629,800 | $ 3,629,800 | $ 3,799,233 | $ 169,433 |
| Interest and rentals | 25,000 | 25,000 | 66,845 | 41,845 |
| Other revenue | 9,600 | 9,600 | 14,524 | 4,924 |
| Total revenue | 3,664,400 | 3,664,400 | 3,880,602 | 216,202 |
| **Expenditures** | | | | |
| Current services - | | | | |
| Public works: | | | | |
| Construction | 3,339,800 | 3,369,854 | 2,353,121 | 1,016,733 |
| Surface maintenance | 203,200 | 203,200 | 121,895 | 81,305 |
| Debt service - Interest and fiscal charges | 16,400 | 16,400 | 16,303 | 97 |
| Total expenditures | 3,559,400 | 3,589,454 | 2,491,319 | 1,098,135 |
| **Net Change in Fund Balance** | 105,000 | 74,946 | 1,389,283 | 1,314,337 |
| **Fund Balance** - Beginning of year | 3,964,655 | 3,964,655 | 3,964,655 | - |
| **Fund Balance** - End of year | **$ 4,069,655** | **$ 4,039,601** | **$ 5,353,938** | **$ 1,314,337** |

See notes to required supplemental information.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Property taxes | $ 5,297,600 | $ 5,297,600 | $ 5,344,085 | $ 46,485 |
| Intergovernmental | 261,800 | 745,113 | 861,691 | 116,578 |
| Charges for services | 18,500 | 18,500 | - | (18,500) |
| Fines and forfeitures | 87,000 | 87,000 | 91,603 | 4,603 |
| Interest and rentals | 3,000 | 3,000 | 41,680 | 38,680 |
| Other revenue | 40,000 | 40,000 | 10,477 | (29,523) |
| Total revenue | 5,707,900 | 6,191,213 | 6,349,536 | 158,323 |
| **Expenditures** - Current services - Public safety | 6,097,500 | 6,742,900 | 5,996,688 | 746,212 |
| **Excess of Revenue Over (Under) Expenditures** | (389,600) | (551,687) | 352,848 | 904,535 |
| **Other Financing Sources** | | | | |
| Transfers in | 252,000 | 252,000 | 252,000 | - |
| Sale of capital assets | - | 30,000 | 43,868 | 13,868 |
| Total other financing sources | 252,000 | 282,000 | 295,868 | 13,868 |
| **Net Change in Fund Balance** | (137,600) | (269,687) | 648,716 | 918,403 |
| **Fund Balance** - Beginning of year | 1,149,276 | 1,149,276 | 1,149,276 | - |
| **Fund Balance** - End of year | **$ 1,011,676** | **$ 879,589** | **$ 1,797,992** | **$ 918,403** |

See notes to required supplemental information.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Original Budget | Amended Budget | Actual | Variance with Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Property taxes | $ 625,800 | $ 625,800 | $ 629,615 | $ 3,815 |
| Intergovernmental | 15,800 | 49,200 | 67,885 | 18,685 |
| Licenses and permits | 5,000 | 5,000 | 8,164 | 3,164 |
| Interest and rentals | 3,000 | 3,000 | 11,473 | 8,473 |
| Other revenue | 33,700 | 35,600 | 26,402 | (9,198) |
| Total revenue | 683,300 | 718,600 | 743,539 | 24,939 |
| **Expenditures** | | | | |
| Current services - Fire department expenditures | 1,044,475 | 1,079,775 | 919,411 | 160,364 |
| Debt service | 441,900 | 441,900 | 381,091 | 60,809 |
| Total expenditures | 1,486,375 | 1,521,675 | 1,300,502 | 221,173 |
| **Excess of Expenditures Over Revenue** | (803,075) | (803,075) | (556,963) | 246,112 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 879,200 | 879,200 | 879,200 | - |
| Transfers out | (150,000) | (150,000) | (150,000) | - |
| Sale of capital assets | 100 | 100 | - | (100) |
| Total other financing sources | 729,300 | 729,300 | 729,200 | (100) |
| **Net Change in Fund Balance** | (73,775) | (73,775) | 172,237 | 246,012 |
| **Fund Balance** - Beginning of year | 653,170 | 653,170 | 653,170 | - |
| **Fund Balance** - End of year | **$ 579,395** | **$ 579,395** | **$ 825,407** | **$ 246,012** |

See notes to required supplemental information.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

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

**Last Seven Years Ended December 31**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | |
| Service cost | $ 376,856 | $ 347,638 | $ 472,350 | $ 633,622 | $ 676,022 | $ 798,718 | $ 769,033 |
| Interest | 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 | 293,468 | (126,163) | 386,049 | (1,968,575) | 53,938 | (86,983) | - |
| Changes in assumptions | 1,646,783 | 2,087,971 | (65,471) | - | - | 2,354,665 | - |
| Benefit payments | (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) | (2,344) | - | - | - |
| **Net Change in Total Pension Liability** | 2,561,843 | 2,820,323 | 540,528 | (1,463,852) | 1,553,175 | 4,090,570 | 1,520,323 |
| **Total Pension Liability** - Beginning of year | 54,568,402 | 51,748,079 | 51,207,551 | 52,671,403 | 51,118,228 | 47,027,658 | 45,507,335 |
| **Total Pension Liability** - End of year | **$ 57,130,245** | **$ 54,568,402** | **$ 51,748,079** | **$ 51,207,551** | **$ 52,671,403** | **$ 51,118,228** | **$ 47,027,658** |
| **Plan Fiduciary Net Position** | | | | | | | |
| Contributions - Employer | $ 3,068,544 | $ 2,867,394 | $ 2,683,708 | $ 2,820,876 | $ 3,250,052 | $ 3,318,031 | $ 3,079,855 |
| Contributions - Member | 459,896 | 491,270 | 594,276 | 438,787 | 558,985 | 561,652 | 720,655 |
| Net investment income (loss) | 3,630,837 | 3,155,867 | (949,718) | 2,828,872 | 2,159,081 | (276,154) | 1,042,694 |
| Administrative expenses | (52,356) | (54,251) | (47,035) | (44,838) | (42,625) | (40,528) | (38,340) |
| Benefit payments | (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) | - | - | - |
| **Net Change in Plan Fiduciary Net Position** | 3,333,525 | 2,957,516 | (1,071,733) | 2,807,713 | 2,796,289 | 513,015 | 1,890,302 |
| **Plan Fiduciary Net Position** - Beginning of year | 26,471,481 | 23,513,965 | 24,585,698 | 21,777,985 | 18,981,696 | 18,468,681 | 16,578,379 |
| **Plan Fiduciary Net Position** - End of year | **$ 29,805,006** | **$ 26,471,481** | **$ 23,513,965** | **$ 24,585,698** | **$ 21,777,985** | **$ 18,981,696** | **$ 18,468,681** |
| **City's Net Pension Liability** - Ending | **$ 27,325,239** | **$ 28,096,921** | **$ 28,234,114** | **$ 26,621,853** | **$ 30,893,418** | **$ 32,136,532** | **$ 28,558,977** |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | 52.17 % | 48.51 % | 45.44 % | 48.01 % | 41.35 % | 37.13 % | 39.27 % |
| **Covered Payroll** | $ 4,016,125 | $ 3,984,348 | $ 4,221,843 | $ 4,534,987 | $ 4,841,511 | $ 5,107,453 | $ 4,923,918 |
| **City's Net Pension Liability as a Percentage of Covered Payroll** | 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.

See notes to required supplemental information.



Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

# City of Burton, Michigan

## Required Supplemental Information
## Schedule of Pension Contributions

**Last Ten Fiscal Years**

**Years Ended June 30**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 2,068,543 | $ 1,863,316 | $ 1,670,896 | $ 1,844,876 | $ 2,248,097 | $ 2,442,938 | $ 2,418,198 | $ 1,645,555 | $ 1,220,905 | $ 800,758 |
| Contributions in relation to the actuarially determined contribution | 3,246,532 | 2,904,727 | 2,726,338 | 2,706,115 | 2,990,644 | 3,442,938 | 3,418,198 | 1,645,555 | 1,220,905 | 800,758 |
| **Contribution Excess** | **$ 1,177,989** | **$ 1,041,411** | **$ 1,055,442** | **$ 861,239** | **$ 742,547** | **$ 1,000,000** | **$ 1,000,000** | **$ -** | **$ -** | **$ -** |
| **Covered Payroll** | $ 3,801,099 | $ 4,204,934 | $ 4,253,326 | $ 4,544,566 | $ 4,943,799 | $ 5,401,588 | $ 5,110,932 | $ 4,210,872 | $ 4,166,481 | $ 3,831,646 |
| **Contributions as a Percentage of Covered Payroll** | 85.41 % | 69.08 % | 64.10 % | 62.20 % | 67.13 % | 67.41 % | 69.42 % | 39.08 % | 29.30 % | 20.90 % |

**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, 2021 were determined based on the actuarial valuation as of December 31, 2018. The most recent valuation is as of December 31, 2020.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percent |
| Remaining amortization period | 20 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.50 percent |
| Salary increase | 3.75 percent |
| Investment rate of return | 8.00 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 | Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

# City of Burton, Michigan

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

**Last Five Fiscal Years**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | |
| Service cost | $ 78,265 | $ 122,500 | $ 90,319 | $ 79,897 | $ 76,884 |
| Interest | 509,563 | 396,687 | 428,103 | 489,875 | 482,769 |
| Changes in benefit terms | - | - | (99,961) | - | (37,812) |
| Differences between expected and actual experience | (2,052,119) | (61,897) | (1,884,989) | (224,654) | - |
| Changes in assumptions | (2,339,194) | (2,588,802) | 1,134,917 | 1,233,181 | - |
| Benefit payments, including refunds | (600,785) | (539,280) | (536,916) | (366,398) | (320,766) |
| **Net Change in Total OPEB Liability** | (4,404,270) | (2,670,792) | (868,527) | 1,211,901 | 201,075 |
| **Total OPEB Liability** - Beginning of year | 10,272,685 | 12,943,477 | 13,812,004 | 12,600,103 | 12,399,028 |
| **Total OPEB Liability** - End of year | **$ 5,868,415** | **$ 10,272,685** | **$ 12,943,477** | **$ 13,812,004** | **$ 12,600,103** |
| **Plan Fiduciary Net Position** | | | | | |
| Contributions - Employer | $ 750,820 | $ 395,562 | $ 493,496 | $ 268,573 | $ 285,245 |
| Contributions - Employee | 25,556 | 25,576 | 26,723 | 33,086 | 35,521 |
| Net investment income | 576,274 | 63,278 | 197,218 | 136,201 | 160,809 |
| Administrative expenses | (7,190) | (6,881) | (14,088) | (18,461) | (17,539) |
| Benefit payments, including refunds | (600,785) | (539,280) | (536,916) | (366,398) | (320,766) |
| Miscellaneous other charges | 137,563 | 178,906 | (152,710) | (63,601) | - |
| **Net Change in Plan Fiduciary Net Position** | 882,238 | 117,161 | 13,723 | (10,600) | 143,270 |
| **Plan Fiduciary Net Position** - Beginning of year | 2,359,453 | 2,242,292 | 2,228,569 | 2,239,169 | 2,095,899 |
| **Plan Fiduciary Net Position** - End of year | **$ 3,241,691** | **$ 2,359,453** | **$ 2,242,292** | **$ 2,228,569** | **$ 2,239,169** |
| **Net OPEB Liability** - Ending | **$ 2,626,724** | **$ 7,913,232** | **$ 10,701,185** | **$ 11,583,435** | **$ 10,360,934** |
| **Plan Fiduciary Net Position as a Percentage of Total OPEB Liability** | 55.24 % | 22.97 % | 17.32 % | 16.14 % | 17.77 % |
| **Covered-employee Payroll** | $ 5,609,724 | $ 5,458,476 | $ 4,370,661 | $ 4,645,526 | $ 4,944,437 |
| **Net OPEB Liability as a Percentage of Covered-employee Payroll** | 46.82 % | 144.97 % | 244.84 % | 249.35 % | 209.55 % |

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

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Required Supplemental Information
## Schedule of OPEB Contributions

**Last Ten Fiscal Years**

**Years Ended June 30**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 735,972 | $ 842,056 | $ 962,939 | $ 973,448 | $ 847,619 | $ 818,955 | $ 1,587,116 | $ 1,533,445 | $ 1,481,589 | $ 1,529,451 |
| Contributions in relation to the actuarially determined contribution | 750,820 | 395,562 | 493,496 | 301,659 | 285,245 | 326,827 | 309,402 | 267,145 | 283,234 | 267,611 |
| **Contribution Excess (Deficiency)** | **$ 14,848** | **$ (446,494)** | **$ (469,443)** | **$ (671,789)** | **$ (562,374)** | **$ (492,128)** | **$ (1,277,714)** | **$ (1,266,300)** | **$ (1,198,355)** | **$ (1,261,840)** |
| **Covered-employee Payroll** | $ 5,609,724 | $ 5,458,476 | $ 4,370,661 | $ 4,645,526 | $ 4,944,437 | $ 5,401,588 | $ 5,110,932 | $ 4,210,872 | $ 4,166,481 | $ 3,831,646 |
| **Contributions as a Percentage of Covered-employee Payroll** | 13.38 % | 7.25 % | 11.29 % | 6.49 % | 6.05 % | 6.05 % | 6.05 % | 6.34 % | 6.80 % | 6.98 % |

**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, 2021 |

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry age normal (level percentage of compensation) |
| Asset valuation method | Equal to market value of assets |
| Inflation | 3.00% |
| Health care cost trend rates | Pre-65: 7.5% in 2022 graded down to 4.5% by 0.25% per year; Post-65: 5.75% in 2022 graded down to 4.5% by 0.25% per year |
| Salary increase | 3.5% |
| Investment rate of return | 8.60% (net of investment expense, including inflation) |
| Mortality | Public Safety and Public General 2010 Employee and Healthy Retiree, Headcount weighted (MP-2020 Improvement Scale) |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

***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. Debt service 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.

***Pension Information***

***Changes in Assumptions***

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.

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, 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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# Other Supplemental Information

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Other Supplemental Information
## Nonmajor Governmental Funds
## Fund Descriptions

***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.

***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.

***Rubbish Collection and Disposal Fund***

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

***Debt Service Funds***

***Special Assessment Debt Service Fund***

Accounts for money accumulated for the repayment of special assessment debt with governmental commitment. The debt is paid with collections of special assessments levied on specific properties. The City has pledged its limited tax full faith and credit for repayment of the bonds should any defaults on the collections occur. There are five types of special assessment activities, which are paving improvements, water main improvements, storm drainage improvements, sanitary sewer improvements, and sidewalk improvements.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# Other Supplemental Information
# Nonmajor Governmental Funds
# Fund Descriptions (Continued)

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

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

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# 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 |
| **Assets** | | | | | | | | |
| Cash and investments | $ 2,548,512 | $ 299,806 | $ 422,569 | $ 1,068,715 | $ 33,659 | $ 37,559 | $ 2,355 | $ 25,825 |
| Receivables: | | | | | | | | |
| Special assessments receivable | - | - | - | - | - | - | - | - |
| Accrued interest receivable | 2,228 | - | - | - | - | - | - | - |
| Other receivables | 66 | 209 | - | 123,707 | - | - | - | - |
| Due from other governments | 167,252 | - | 12,385 | - | - | - | - | - |
| Due from other funds | 23 | - | 53 | - | - | - | - | - |
| Prepaid expenses and other assets | 192 | - | 130 | 89 | - | - | - | - |
| Total assets | **$ 2,718,273** | **$ 300,015** | **$ 435,137** | **$ 1,192,511** | **$ 33,659** | **$ 37,559** | **$ 2,355** | **$ 25,825** |
| **Liabilities** | | | | | | | | |
| Accounts payable | $ 260,820 | $ 140,893 | $ 11,884 | $ 30,038 | $ - | $ - | $ - | $ - |
| Due to other funds | - | - | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - | - | - |
| Accrued liabilities and other | 11,267 | - | 4,516 | 3,424 | - | - | - | - |
| Total liabilities | 272,087 | 140,893 | 16,400 | 33,462 | - | - | - | - |
| **Deferred Inflows of Resources** - | | | | | | | | |
| Unavailable revenue | - | - | - | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | 272,087 | 140,893 | 16,400 | 33,462 | - | - | - | - |
| **Fund Balances (Deficit)** | | | | | | | | |
| Nonspendable- prepaids | 192 | - | 130 | 89 | - | - | - | - |
| Restricted: | | | | | | | | |
| Roads | 2,445,994 | - | - | - | - | - | - | - |
| Police and fire | - | - | - | - | 33,659 | 37,559 | 2,355 | - |
| Debt service | - | - | - | - | - | - | - | - |
| Senior activities | - | - | 418,607 | - | - | - | - | - |
| Rubbish | - | 159,122 | - | - | - | - | - | - |
| Parks | - | - | - | - | - | - | - | 25,825 |
| Youth league | - | - | - | - | - | - | - | - |
| Committed - Building department | - | - | - | 1,158,960 | - | - | - | - |
| Assigned: | | | | | | | | |
| Capital projects | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Unassigned (deficit) | - | - | - | - | - | - | - | - |
| Total fund balances (deficit) | 2,446,186 | 159,122 | 418,737 | 1,159,049 | 33,659 | 37,559 | 2,355 | 25,825 |
| Total liabilities, deferred inflows of resources, and fund balances (deficit) | **$ 2,718,273** | **$ 300,015** | **$ 435,137** | **$ 1,192,511** | **$ 33,659** | **$ 37,559** | **$ 2,355** | **$ 25,825** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# Other Supplemental Information
# Combining Balance Sheet
# Nonmajor Governmental Funds

**June 30, 2021**

| Special Revenue Funds | | Debt Service Funds | | | | Capital Project Funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| Cancer Survivor Park | Youth League | Special Assessment Debt Service | Major Street Construction Debt Service | Building Authority Debt Service | Amy Street Debt Service | Capital Improvement | Amy Street Capital Projects | Fire Capital Projects | Total |
| $ 1,411 | $ 18,172 | $ - | $ 630 | $ 3,169 | $ 1,758 | $ 43,793 | $ 42,974 | $ 103,456 | $ 4,654,363 |
| - | - | - | - | - | 92,219 | - | - | - | 92,219 |
| - | - | - | - | - | - | - | - | - | 2,228 |
| - | - | - | - | - | - | - | - | - | 123,982 |
| - | - | - | - | - | - | - | - | - | 179,637 |
| - | - | - | - | - | - | - | - | - | 76 |
| - | - | - | - | - | - | - | - | - | 411 |
| **$ 1,411** | **$ 18,172** | **$ -** | **$ 630** | **$ 3,169** | **$ 93,977** | **$ 43,793** | **$ 42,974** | **$ 103,456** | **$ 5,052,916** |
| $ - | $ 2,599 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 446,234 |
| - | - | - | - | - | - | - | - | 32,814 | 32,814 |
| - | - | - | - | - | - | - | 134,249 | - | 134,249 |
| - | 1,292 | - | - | - | - | - | - | - | 20,499 |
| - | 3,891 | - | - | - | - | - | 134,249 | 32,814 | 633,796 |
| - | - | - | - | - | 92,219 | - | - | - | 92,219 |
| - | 3,891 | - | - | - | 92,219 | - | 134,249 | 32,814 | 726,015 |
| - | - | - | - | - | - | - | - | - | 411 |
| - | - | - | - | - | - | - | - | - | 2,445,994 |
| - | - | - | - | - | - | - | - | - | 73,573 |
| - | - | - | - | - | 1,758 | - | - | - | 1,758 |
| - | - | - | - | - | - | - | - | - | 418,607 |
| - | - | - | - | - | - | - | - | - | 159,122 |
| 1,411 | - | - | - | - | - | - | - | - | 27,236 |
| - | 14,281 | - | - | - | - | - | - | - | 14,281 |
| - | - | - | - | - | - | - | - | - | 1,158,960 |
| - | - | - | - | - | - | 43,793 | - | 70,642 | 114,435 |
| - | - | - | 630 | 3,169 | - | - | - | - | 3,799 |
| - | - | - | - | - | - | - | (91,275) | - | (91,275) |
| 1,411 | 14,281 | - | 630 | 3,169 | 1,758 | 43,793 | (91,275) | 70,642 | 4,326,901 |
| **$ 1,411** | **$ 18,172** | **$ -** | **$ 630** | **$ 3,169** | **$ 93,977** | **$ 43,793** | **$ 42,974** | **$ 103,456** | **$ 5,052,916** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# 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 |
| **Revenue** | | | | | | | | |
| Property taxes | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Special assessments | - | 1,707,547 | - | - | - | - | - | - |
| Intergovernmental: | | | | | | | | |
| Federal grants | - | - | 18,048 | - | - | - | - | - |
| State sources | 1,082,618 | - | - | - | - | - | - | - |
| Local grants and contributions | - | - | 174,978 | - | - | - | - | - |
| Charges for services | - | - | - | 186,919 | - | - | - | - |
| Licenses and permits | - | - | - | 160,104 | - | - | - | - |
| Interest and rentals | 27,989 | 9,519 | 2,730 | 12,483 | 294 | 24 | 28 | 318 |
| Other revenue | 124 | - | 7,138 | 16,931 | 16,761 | - | 585 | - |
| Total revenue | 1,110,731 | 1,717,066 | 202,894 | 376,437 | 17,055 | 24 | 613 | 318 |
| **Expenditures** | | | | | | | | |
| Current services: | | | | | | | | |
| Public service | - | 1,690,712 | - | - | - | - | - | - |
| Public safety | - | - | - | 415,116 | 871 | - | 1,873 | - |
| Public works | 942,323 | - | - | - | - | - | - | - |
| Health and welfare | - | - | 404,127 | - | - | - | - | - |
| Parks and recreation | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - |
| Total expenditures | 942,323 | 1,690,712 | 404,127 | 415,116 | 871 | - | 1,873 | - |
| **Excess of Revenue Over (Under) Expenditures** | 168,408 | 26,354 | (201,233) | (38,679) | 16,184 | 24 | (1,260) | 318 |
| **Other Financing Sources (Uses)** | | | | | | | | |
| Transfers in | 215,601 | - | 180,000 | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 215,601 | - | 180,000 | - | - | - | - | - |
| **Net Change in Fund Balances** | 384,009 | 26,354 | (21,233) | (38,679) | 16,184 | 24 | (1,260) | 318 |
| **Fund Balances (Deficit)** - Beginning of year, as restated (Note 14) | 2,062,177 | 132,768 | 439,970 | 1,197,728 | 17,475 | 37,535 | 3,615 | 25,507 |
| **Fund Balances (Deficit)** - End of year | **$ 2,446,186** | **$ 159,122** | **$ 418,737** | **$ 1,159,049** | **$ 33,659** | **$ 37,559** | **$ 2,355** | **$ 25,825** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

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

**Year Ended June 30, 2021**

| Special Revenue Funds | | Debt Service Funds | | | | Capital Project Funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| Cancer Survivor Park | Youth League | Special Assessment Debt Service | Major Street Construction Debt Service | Building Authority Debt Service | Amy Street Debt Service | Capital Improvement | Amy Street Capital Projects | Fire Capital Projects | Total |
| $ - | $ - | $ - | $ - | $ - | $ 17,664 | $ - | $ - | $ - | $ 17,664 |
| - | - | - | - | - | - | - | - | - | 1,707,547 |
| - | - | - | - | - | - | - | - | - | 18,048 |
| - | - | - | - | - | - | - | - | - | 1,082,618 |
| - | - | - | - | - | - | - | - | - | 174,978 |
| - | 19,555 | - | - | - | - | - | - | - | 206,474 |
| - | - | - | - | - | - | - | - | - | 160,104 |
| 16 | 161 | - | 8 | - | 14 | 1 | 13 | 85 | 53,683 |
| - | - | - | - | - | - | 3,000 | - | 6,441 | 50,980 |
| 16 | 19,716 | - | 8 | - | 17,678 | 3,001 | 13 | 6,526 | 3,472,096 |
| - | - | - | - | - | - | - | - | - | 1,690,712 |
| - | - | - | - | - | - | - | - | - | 417,860 |
| - | - | - | - | - | - | - | - | - | 942,323 |
| - | - | - | - | - | - | - | - | - | 404,127 |
| - | 15,784 | - | - | - | - | - | - | - | 15,784 |
| - | - | - | - | 140,000 | - | - | - | 64,085 | 204,085 |
| - | - | - | - | 3,340 | - | - | 4,266 | 48,202 | 55,808 |
| - | 15,784 | - | - | 143,340 | - | - | 4,266 | 112,287 | 3,730,699 |
| 16 | 3,932 | - | 8 | (143,340) | 17,678 | 3,001 | (4,253) | (105,761) | (258,603) |
| - | - | - | - | 143,330 | - | - | 16,000 | 150,000 | 704,931 |
| - | - | (284,735) | - | - | (16,000) | - | - | - | (300,735) |
| - | - | 95,014 | - | - | - | - | - | - | 95,014 |
| - | - | (189,721) | - | 143,330 | (16,000) | - | 16,000 | 150,000 | 499,210 |
| 16 | 3,932 | (189,721) | 8 | (10) | 1,678 | 3,001 | 11,747 | 44,239 | 240,607 |
| 1,395 | 10,349 | 189,721 | 622 | 3,179 | 80 | 40,792 | (103,022) | 26,403 | 4,086,294 |
| **$ 1,411** | **$ 14,281** | **$ -** | **$ 630** | **$ 3,169** | **$ 1,758** | **$ 43,793** | **$ (91,275)** | **$ 70,642** | **$ 4,326,901** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Other Supplemental Information
# Budgetary Comparison Schedule - Nonmajor Governmental Funds
# Local Street Fund

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Intergovernmental | $ 894,500 | $ 894,500 | $ 1,082,618 | $ 188,118 |
| Interest and rentals | 10,000 | 10,000 | 27,989 | 17,989 |
| Other revenue | 800 | 800 | 124 | (676) |
| Total revenue | 905,300 | 905,300 | 1,110,731 | 205,431 |
| **Expenditures** - Current services - Public works | 1,055,500 | 1,218,087 | 942,323 | 275,764 |
| **Excess of Revenue (Under) Over Expenditures** | (150,200) | (312,787) | 168,408 | 481,195 |
| **Other Financing Sources** | | | | |
| Transfers in | 30,000 | 170,007 | 215,601 | 45,594 |
| Total other financing sources | 30,000 | 170,007 | 215,601 | 45,594 |
| **Net Change in Fund Balance** | (120,200) | (142,780) | 384,009 | 526,789 |
| **Fund Balance** - Beginning of year | 2,062,177 | 2,062,177 | 2,062,177 | - |
| **Fund Balance** - End of year | **$ 1,941,977** | **$ 1,919,397** | **$ 2,446,186** | **$ 526,789** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Special assessments | $ 1,509,200 | $ 1,690,425 | $ 1,707,547 | $ 17,122 |
| Interest and rentals | 5,000 | 5,000 | 9,519 | 4,519 |
| Total revenue | 1,514,200 | 1,695,425 | 1,717,066 | 21,641 |
| **Expenditures** - Current services - Public service | 1,509,500 | 1,690,725 | 1,690,712 | 13 |
| **Net Change in Fund Balance** | 4,700 | 4,700 | 26,354 | 21,654 |
| **Fund Balance** - Beginning of year | 132,768 | 132,768 | 132,768 | - |
| **Fund Balance** - End of year | **$ 137,468** | **$ 137,468** | **$ 159,122** | **$ 21,654** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Intergovernmental | $ 188,400 | $ 188,400 | $ 193,026 | $ 4,626 |
| Interest and rentals | 300 | 300 | 2,730 | 2,430 |
| Other revenue | 21,800 | 21,800 | 7,138 | (14,662) |
| Total revenue | 210,500 | 210,500 | 202,894 | (7,606) |
| **Expenditures** | | | | |
| Current services - Health and welfare | 391,800 | 452,900 | 404,127 | 48,773 |
| Total expenditures | 391,800 | 452,900 | 404,127 | 48,773 |
| **Excess of Expenditures Over Revenue** | (181,300) | (242,400) | (201,233) | 41,167 |
| **Other Financing Sources** | | | | |
| Transfers in | 180,000 | 180,000 | 180,000 | - |
| Sale of capital assets | 1,000 | 1,000 | - | (1,000) |
| Total other financing sources | 181,000 | 181,000 | 180,000 | (1,000) |
| **Net Change in Fund Balance** | (300) | (61,400) | (21,233) | 40,167 |
| **Fund Balances** - Beginning of year, as previously reported | 229,455 | 229,455 | 229,455 | - |
| **Cumulative Effect of Change in Accounting** | - | - | 210,515 | 210,515 |
| **Fund Balance** - Beginning of year, as restated | 229,455 | 229,455 | 439,970 | 210,515 |
| **Fund Balance** - End of year | **$ 229,155** | **$ 168,055** | **$ 418,737** | **$ 250,682** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Charges for services | $ 90,300 | $ 90,300 | $ 186,919 | $ 96,619 |
| Licenses and permits | 150,000 | 150,000 | 160,104 | 10,104 |
| Interest and rentals | 6,000 | 6,000 | 12,483 | 6,483 |
| Other revenue | (193,600) | (193,600) | 16,931 | 210,531 |
| Total revenue | 52,700 | 52,700 | 376,437 | 323,737 |
| **Expenditures** - Current services - Public safety | 639,000 | 639,000 | 415,116 | 223,884 |
| **Excess of Revenue (Under) Over Expenditures** | (586,300) | (586,300) | (38,679) | 547,621 |
| **Other Financing Sources** - Transfers out | - | 140,007 | - | (140,007) |
| **Net Change in Fund Balance** | (586,300) | (446,293) | (38,679) | 407,614 |
| **Fund Balance** - Beginning of year | 1,197,728 | 1,197,728 | 1,197,728 | - |
| **Fund Balance** - End of year | **$ 611,428** | **$ 751,435** | **$ 1,159,049** | **$ 407,614** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Interest and rentals | $ - | $ - | $ 294 | $ 294 |
| Other revenue | 5,000 | 5,000 | 16,761 | 11,761 |
| Total revenue | 5,000 | 5,000 | 17,055 | 12,055 |
| **Expenditures** - Current services - Public safety | 5,000 | 5,000 | 871 | 4,129 |
| **Net Change in Fund Balance** | - | - | 16,184 | 16,184 |
| **Fund Balance** - Beginning of year | 17,475 | 17,475 | 17,475 | - |
| **Fund Balance** - End of year | **$ 17,475** | **$ 17,475** | **$ 33,659** | **$ 16,184** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** - Interest and rentals | $ - | $ - | $ 24 | $ 24 |
| **Expenditures** - Current services - Public safety | - | - | - | - |
| **Net Change in Fund Balance** | - | - | 24 | 24 |
| **Fund Balance** - Beginning of year | 37,535 | 37,535 | 37,535 | - |
| **Fund Balance** - End of year | **$ 37,535** | **$ 37,535** | **$ 37,559** | **$ 24** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Interest and rentals | $ - | $ - | $ 28 | $ 28 |
| Other revenue | 100 | 100 | 585 | 485 |
| Total revenue | 100 | 100 | 613 | 513 |
| **Expenditures** - Current services - Public safety | 1,300 | 1,900 | 1,873 | 27 |
| **Net Change in Fund Balance** | (1,200) | (1,800) | (1,260) | 540 |
| **Fund Balance** - Beginning of year | 3,615 | 3,615 | 3,615 | - |
| **Fund Balance** - End of year | **$ 2,415** | **$ 1,815** | **$ 2,355** | **$ 540** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** - Interest and rentals | $ 5,200 | $ 5,200 | $ 318 | $ (4,882) |
| **Expenditures** - Current services - Recreation and culture | 500 | 500 | - | 500 |
| **Net Change in Fund Balance** | 4,700 | 4,700 | 318 | (4,382) |
| **Fund Balance** - Beginning of year | 25,507 | 25,507 | 25,507 | - |
| **Fund Balance** - End of year | **$ 30,207** | **$ 30,207** | **$ 25,825** | **$ (4,382)** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** - Interest and rentals | $ - | $ - | $ 16 | $ 16 |
| **Expenditures** | - | - | - | - |
| **Net Change in Fund Balance** | - | - | 16 | 16 |
| **Fund Balance** - Beginning of year | 1,395 | 1,395 | 1,395 | - |
| **Fund Balance** - End of year | **$ 1,395** | **$ 1,395** | **$ 1,411** | **$ 16** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Unaudited Original Budget | Unaudited Amended Budget | Actual | Variance with Unaudited Amended Budget |
|---|---|---|---|---|
| **Revenue** | | | | |
| Charges for services | $ 31,200 | $ 31,200 | $ 19,555 | $ (11,645) |
| Interest and rentals | - | - | 161 | 161 |
| Total revenue | 31,200 | 31,200 | 19,716 | (11,484) |
| **Expenditures** - Current services - Recreation and culture | 29,500 | 29,500 | 15,784 | 13,716 |
| **Net Change in Fund Balance** | 1,700 | 1,700 | 3,932 | 2,232 |
| **Fund Balance** - Beginning of year | 10,349 | 10,349 | 10,349 | - |
| **Fund Balance** - End of year | **$ 12,049** | **$ 12,049** | **$ 14,281** | **$ 2,232** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# Other Supplemental Information
# Internal Service Funds
# Fund Descriptions

***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 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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Other Supplemental Information
## Combining Statement of Net Position
## Internal Service Funds

**June 30, 2021**

| | Motor Pool Fund | Self-Insurance Health Care Fund | Technology Fund | Total Internal Service Funds |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ - | $ 3,041 | $ 183,201 | $ 186,242 |
| Receivables - Other receivables - Net | 1,080 | - | - | 1,080 |
| Due from other funds | 483 | - | 9 | 492 |
| Inventory | 131,865 | - | - | 131,865 |
| Prepaid expenses and other assets | 26,752 | - | 8,105 | 34,857 |
| Total current assets | 160,180 | 3,041 | 191,315 | 354,536 |
| Noncurrent assets - Capital assets - Net | 1,447,464 | - | 17,027 | 1,464,491 |
| Total assets | 1,607,644 | 3,041 | 208,342 | 1,819,027 |
| **Liabilities** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 17,126 | 468 | 730 | 18,324 |
| Accrued liabilities and other | 177,273 | - | 1,921 | 179,194 |
| Compensated absences | 6,955 | - | 3,722 | 10,677 |
| Total current liabilities | 201,354 | 468 | 6,373 | 208,195 |
| **Net Position** | | | | |
| Net investment in capital assets | 1,447,464 | - | 17,027 | 1,464,491 |
| Unrestricted | (41,174) | 2,573 | 184,942 | 146,341 |
| Total net position | **$ 1,406,290** | **$ 2,573** | **$ 201,969** | **$ 1,610,832** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

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

**Year Ended June 30, 2021**

| | Motor Pool Fund | Self-Insurance Health Care Fund | Technology Fund | Total Internal Service Funds |
|---|---|---|---|---|
| **Operating Revenue** | | | | |
| Other sales to customers | $ 146,406 | $ - | $ - | $ 146,406 |
| Charges to other funds | 692,851 | 1,392,692 | 360,400 | 2,445,943 |
| Total operating revenue | 839,257 | 1,392,692 | 360,400 | 2,592,349 |
| **Operating Expenses** | | | | |
| Personnel services- Net of retirement adjustments | 271,374 | - | 157,876 | 429,250 |
| Cost of insurance claims | - | 348,533 | - | 348,533 |
| Equipment rental and repairs | 66,474 | - | 782 | 67,256 |
| Contractual services | 4,829 | - | 152,874 | 157,703 |
| Supplies and materials | 267,910 | - | 56,504 | 324,414 |
| Insurance | 46,944 | 1,044,627 | 784 | 1,092,355 |
| Miscellaneous | 17,791 | - | - | 17,791 |
| Depreciation | 295,176 | - | 9,308 | 304,484 |
| Total operating expenses | 970,498 | 1,393,160 | 378,128 | 2,741,786 |
| **Operating (Loss) Income** | (131,241) | (468) | (17,728) | (149,437) |
| **Nonoperating Revenue (Expense)** | | | | |
| Investment interest and FMV changes | - | - | 3,511 | 3,511 |
| (Loss) gain on sale of assets | (1,738) | - | - | (1,738) |
| Total nonoperating revenue (expense) | (1,738) | - | 3,511 | 1,773 |
| **Transfers Out** | (1,737) | - | - | (1,737) |
| **Change in Net Position** | (134,716) | (468) | (14,217) | (149,401) |
| **Net Position** - Beginning of year | 1,541,006 | 3,041 | 216,186 | 1,760,233 |
| **Net Position** - End of year | **$ 1,406,290** | **$ 2,573** | **$ 201,969** | **$ 1,610,832** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Other Supplemental Information
## Combining Statement of Cash Flows
## Internal Service Funds

**Year Ended June 30, 2021**

| | Motor Pool Fund | Self-Insurance Health Care Fund | Technology Fund | Total Internal Service Funds |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| Receipts from interfund services and reimbursements | $ 841,365 | $ 1,392,692 | $ 360,391 | $ 2,594,448 |
| Payments to suppliers | (533,136) | (1,392,692) | (222,240) | (2,148,068) |
| Payments to employees and fringes | (91,406) | - | (156,674) | (248,080) |
| Net cash and cash equivalents provided by (used in) operating activities | 216,823 | - | (18,523) | 198,300 |
| **Cash Flows Used in Noncapital Financing Activities** - Transfers to other funds | (1,737) | - | - | (1,737) |
| **Cash Flows from Capital and Related Financing Activities** | | | | |
| Purchase of capital assets | (87,798) | - | - | (87,798) |
| Principal and interest paid on capital debt | (127,288) | - | - | (127,288) |
| Net cash and cash equivalents used in capital and related financing activities | (215,086) | - | - | (215,086) |
| **Cash Flows Provided by Investing Activities** - Interest received on investments | - | - | 3,511 | 3,511 |
| **Net Decrease in Cash and Cash Equivalents** | - | - | (15,012) | (15,012) |
| **Cash and Cash Equivalents** - Beginning of year | - | 3,041 | 198,213 | 201,254 |
| **Cash and Cash Equivalents** - End of year | **$ -** | **$ 3,041** | **$ 183,201** | **$ 186,242** |
| **Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities** | | | | |
| Operating (loss) income | $ (131,241) | $ (468) | $ (17,728) | $ (149,437) |
| Adjustments to reconcile operating (loss) income to net cash from operating activities: | | | | |
| Depreciation and amortization | 295,176 | - | 9,308 | 304,484 |
| Changes in assets and liabilities: | | | | |
| Due to and from other funds | 2,108 | - | (9) | 2,099 |
| Inventories | 36,157 | - | - | 36,157 |
| Prepaid and other assets | (26,752) | - | (8,105) | (34,857) |
| Net pension or OPEB obligation | 174,147 | - | 1,451 | 175,598 |
| Accounts payable | (132,772) | 468 | (3,440) | (135,744) |
| Total adjustments | 348,064 | 468 | (795) | 347,737 |
| Net cash and cash equivalents provided by operating activities | **$ 216,823** | **$ -** | **$ (18,523)** | **$ 198,300** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Other Supplemental Information
## Custodial Funds
## Fund Descriptions

***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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Other Supplemental Information
## Combining Statement of Fiduciary Net Position
## Fiduciary Funds

**June 30, 2021**

| | Other Employee Benefit Trust Funds | Custodial Funds | | |
|---|---|---|---|---|
| | Retiree Health Care Benefits Trust Fund | Current Tax Fund | Delinquent Personal Property Tax Fund | Total Fiduciary Funds |
| **Assets** | | | | $ 3,778,216 |
| Cash and cash equivalents | 201,580 | 10,831 | 42,558 | 254,969 |
| Investments: | | | | 3,492,149 |
| Equity securities | 2,026,796 | - | - | 2,026,796 |
| Debt securities | 1,465,353 | - | - | 1,465,353 |
| Receivables | 18,346 | - | - | 18,346 |
| Prepaid expenses and other assets | 12,752 | - | - | 12,752 |
| Total assets | 3,724,827 | 10,831 | 42,558 | 3,778,216 |
| **Liabilities** | | | | |
| Accounts payable | 479,557 | - | 42,558 | 522,115 |
| Due to other governmental units | - | 10,831 | - | 10,831 |
| Total liabilities | 479,557 | 10,831 | 42,558 | 532,946 |
| **Deferred Inflows of Resources** | - | - | - | - |
| Total liabilities and deferred inflows of resources | 479,557 | 10,831 | 42,558 | 532,946 |
| **Net Position Restricted for Postemployment Benefits** | **$ 3,245,270** | **$ -** | **$ -** | **$ 3,245,270** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Other Supplemental Information
## Combining Statement of Changes in Fiduciary Net Position
## Fiduciary Funds

**Year Ended June 30, 2021**

| | Other Employee Benefit Trust Funds | Custodial Funds | | |
|---|---|---|---|---|
| | Retiree Health Care Benefits Trust Fund | Current Tax Fund | Delinquent Personal Property Tax Fund | Total Fiduciary Funds |
| **Additions** | | | | |
| Investment income (loss): | | | | |
| Interest and dividends | $ 66,189 | $ - | $ - | $ 66,189 |
| Net increase in fair value of investments | 510,234 | - | - | 510,234 |
| Investment-related expenses | (7,190) | - | - | (7,190) |
| Net investment income | 569,233 | - | - | 569,233 |
| Contributions: | | | | |
| Employer contributions | 750,820 | - | - | 750,820 |
| Employee contributions | 148,616 | - | - | 148,616 |
| Total contributions | 899,436 | - | - | 899,436 |
| Property tax collections | - | 22,087,833 | - | 22,087,833 |
| Total additions | 1,468,669 | 22,087,833 | - | 23,556,502 |
| **Deductions** | | | | |
| Benefit payments | 655,064 | - | - | 655,064 |
| Administrative expenses | 11,026 | - | - | 11,026 |
| Propery tax distributions to other governments | - | 22,087,833 | - | 22,087,833 |
| Total deductions | 666,090 | 22,087,833 | - | 22,753,923 |
| **Net Increase (Decrease) in Fiduciary Net Position** | 802,579 | - | - | 802,579 |
| **Net Position Held in Trust for Other Employee Benefits** - Beginning of year | 2,442,691 | - | - | 2,442,691 |
| **Net Position Held in Trust for Other Employee Benefits** - End of year | **$ 3,245,270** | **$ -** | **$ -** | **$ 3,245,270** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

# Debt Service Requirements to Maturity Schedule

**June 30, 2021**

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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

# Annual Debt Service Requirements on Governmental Activity Debt

**June 30, 2021**

| Year Ending | Debt Service Requirements |
|---|---|
| June 30, 2022 | 489,876 |
| June 30, 2023 | 398,869 |
| June 30, 2024 | 405,358 |
| June 30, 2025 | 396,870 |
| June 30, 2026 | 401,858 |
| June 30, 2027 | 351,228 |
| June 30, 2028 | 399,485 |
| June 30, 2029 | 447,827 |
| June 30, 2030 | 446,395 |
| June 30, 2031 | 440,060 |
| June 30, 2032 | 98,874 |
| June 30, 2033 | 102,818 |
| June 30, 2034 | 67,708 |
| June 30, 2035 | 70,322 |
| | **$ 4,517,548** |
| Principal | $ 4,517,548 |
| Interest | 901,104 |
| Total | **$ 5,418,652** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

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

**June 30, 2021**

| Year Ending | Interest Rate | Annual Debt Service | Interest October 1 | Interest April 1 | Principal April 1 | Balance |
|---|---|---|---|---|---|---|
| | | | | | | $ 2,890,000 |
| June 30, 2022 | 4.550% | 322,888 | 43,944 | 43,944 | 235,000 | 2,655,000 |
| June 30, 2023 | 4.750% | 310,518 | 40,259 | 40,259 | 230,000 | 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 | - |
| | | **$ 3,389,750** | **$ 249,878** | **$ 249,872** | **$ 2,890,000** | |

Original amount - $3,160,000
Purpose - Fire hall addition and renovation

Bonds of this series are dated December 28, 2017

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

# Schedule of Debt Service Requirements – Gilkey Creek and Branch Drainage District

**June 30, 2021**

| Year Ending | Interest Rate | Annual Debt Service | Interest December 1 | Interest June 1 | Principal April 1 | Balance |
|---|---|---|---|---|---|---|
| | | | | | | $ 39,734 |
| June 30, 2022 | 2.15% | 40,986 | 626 | 626 | 39,734 | - |
| | | **$ 40,986** | **$ 626** | **$ 626** | **$ 39,734** | |

Original amount - $388,421
Purpose - City's portion of debt related to the cost of improvements to the Gilkey Creek and Branch Drain

Bonds of this series are dated December 1, 2011.

Bonds Mature on June 1, 2022

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

# Schedule of Debt Service Requirements – Capital Lease - Fire Trucks

**June 30, 2021**

| Year Ending | Interest Rate | Annual Debt Service | Interest July 1 | Principal July 1 | Balance |
|---|---|---|---|---|---|
| | | | | | $ 221,217 |
| June 30, 2022 | 3.45% | 120,317 | 13,462 | 106,855 | 114,362 |
| June 30, 2023 | 3.45% | 60,158 | 3,948 | 56,210 | 58,152 |
| June 30, 2024 | 3.45% | 60,159 | 2,007 | 58,152 | - |
| | | **$ 240,634** | **$ 19,417** | **$ 221,217** | |

Date of issue: July 6, 2012
Interest Rate: 3.45%

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

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

**June 30, 2021**

| Year Ending | Interest Rate | Annual Debt Service | Interest July 1 | Principal July 1 | Balance |
|---|---|---|---|---|---|
| | | | | | $ 225,410 |
| June 30, 2022 | 4.08% | 50,753 | 9,206 | 41,547 | 183,863 |
| June 30, 2023 | 4.08% | 50,753 | 7,509 | 43,244 | 140,619 |
| June 30, 2024 | 4.08% | 50,753 | 5,743 | 45,010 | 95,609 |
| June 30, 2025 | 4.08% | 50,753 | 3,905 | 46,848 | 48,761 |
| June 30, 2026 | 4.08% | 50,752 | 1,991 | 48,761 | - |
| | | **$ 253,764** | **$ 28,354** | **$ 225,410** | |

Date of issue: July 1, 2018
Interest rate: 4.08%

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

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

**June 30, 2021**

| Year Ending | Interest Rate | Annual Debt Service | Interest June 20 | Principal June 20 | Balance |
|---|---|---|---|---|---|
| | | | | | $ 362,506 |
| June 30, 2022 | 4.28% | 39,256 | 15,515 | 23,741 | 338,765 |
| June 30, 2023 | 4.28% | 39,256 | 14,499 | 24,757 | 314,008 |
| June 30, 2024 | 4.28% | 39,256 | 13,440 | 25,816 | 288,192 |
| June 30, 2025 | 4.28% | 39,256 | 12,335 | 26,921 | 261,271 |
| June 30, 2026 | 4.28% | 39,255 | 11,182 | 28,073 | 233,198 |
| June 30, 2027 | 4.28% | 39,256 | 9,981 | 29,275 | 203,923 |
| June 30, 2028 | 4.28% | 39,256 | 8,728 | 30,528 | 173,395 |
| June 30, 2029 | 4.28% | 39,256 | 7,421 | 31,835 | 141,560 |
| June 30, 2030 | 4.28% | 39,256 | 6,059 | 33,197 | 108,363 |
| June 30, 2031 | 4.28% | 39,256 | 4,638 | 34,618 | 73,745 |
| June 30, 2032 | 4.28% | 39,256 | 3,156 | 36,100 | 37,645 |
| June 30, 2033 | 4.28% | 39,256 | 1,611 | 37,645 | - |
| | | **$ 471,071** | **$ 108,565** | **$ 362,506** | |

Date of issue: June 20, 2017
Interest rate: 4.28-5.03%

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton

# Schedule of Debt Service Requirements – Fire Truck Term Loan

**June 30, 2021**

| Year Ending | Interest Rate | Annual Debt Service | Interest July 22 | Principal July 22 | Balance |
|---|---|---|---|---|---|
| | | | | | $ 778,681 |
| June 30, 2022 | 3.80% | 73,031 | 30,032 | 42,999 | 735,682 |
| June 30, 2023 | 3.80% | 73,032 | 28,374 | 44,658 | 691,024 |
| June 30, 2024 | 3.80% | 73,032 | 26,652 | 46,380 | 644,644 |
| June 30, 2025 | 3.80% | 73,032 | 24,931 | 48,101 | 596,543 |
| June 30, 2026 | 3.80% | 73,032 | 23,008 | 50,024 | 546,519 |
| June 30, 2027 | 3.80% | 73,031 | 21,078 | 51,953 | 494,566 |
| June 30, 2028 | 3.80% | 73,032 | 19,075 | 53,957 | 440,609 |
| June 30, 2029 | 3.80% | 73,032 | 17,040 | 55,992 | 384,617 |
| June 30, 2030 | 3.80% | 73,032 | 14,834 | 58,198 | 326,419 |
| June 30, 2031 | 3.80% | 73,031 | 12,589 | 60,442 | 265,977 |
| June 30, 2032 | 3.80% | 73,032 | 10,258 | 62,774 | 203,203 |
| June 30, 2033 | 3.80% | 73,032 | 7,859 | 65,173 | 138,030 |
| June 30, 2034 | 3.80% | 73,032 | 5,324 | 67,708 | 70,322 |
| June 30, 2035 | 3.80% | 73,034 | 2,712 | 70,322 | - |
| | | **$ 1,022,447** | **$ 243,766** | **$ 778,681** | |

Date of issue: July, 22, 2019
Interest rate: 3.80%

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

# Statistical Section

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# 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.


| | | Page |
|---|---|---|
| Financial Trends | 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. | 99-103 |
| 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. | 104-107 |
| 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. | 108-112 |
| 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. | 113-114 |
| 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. | 115-117 |


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

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Net Position by Component

**Last Ten Fiscal Years**

**June 30, 2021**

| | As of June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Governmental Activities:** | | | | | | | | | | |
| Net investment in capital assets | $ 22,098,441 | $ 19,811,739 | $ 20,798,821 | $ 24,811,511 | $ 24,525,290 | $ 26,280,823 | $ 26,523,290 | $ 26,748,214 | $ 30,356,793 | $ 29,528,381 |
| Restricted | 2,587,687 | 5,017,018 | 5,043,085 | 2,397,453 | 5,523,182 | 3,778,363 | 5,946,880 | 7,483,673 | 6,674,652 | 8,494,961 |
| Unrestricted | 600,531 | (1,555,178) | (2,665,452) | (29,597,834) | (28,699,906) | (28,858,090) | (27,923,372) | (26,664,656) | (25,486,311) | (20,643,654) |
| Total net position | **$ 25,286,659** | **$ 23,273,579** | **$ 23,176,454** | **$ (2,388,870)** | **$ 1,348,566** | **$ 1,201,096** | **$ 4,546,798** | **$ 7,567,231** | **$ 11,545,134** | **$ 17,379,688** |
| **Business Type Activities:** | | | | | | | | | | |
| Net investment in capital assets | $ 39,853,409 | $ 38,741,020 | $ 38,726,619 | $ 39,106,270 | $ 40,139,529 | $ 40,088,945 | $ 42,507,113 | $ 43,226,691 | $ 43,235,835 | $ 43,307,928 |
| Restricted | 231,502 | 228,353 | 221,000 | 201,200 | 178,970 | 139,000 | 139,000 | 139,000 | - | - |
| Unrestricted | 13,157,835 | 13,326,407 | 13,147,598 | 9,046,516 | 9,595,914 | 10,027,527 | 10,538,143 | 12,074,318 | 15,572,194 | 18,650,271 |
| Total net position | **$ 53,242,746** | **$ 52,295,780** | **$ 52,095,217** | **$ 48,353,986** | **$ 49,914,413** | **$ 50,255,472** | **$ 53,184,256** | **$ 55,440,009** | **$ 58,808,029** | **$ 61,958,199** |
| **Primary government in total:** | | | | | | | | | | |
| Net investment in capital assets | $ 61,951,850 | $ 58,552,759 | $ 59,525,440 | $ 63,917,781 | $ 64,664,819 | $ 66,369,768 | $ 69,030,403 | $ 69,974,905 | $ 73,592,628 | $ 72,836,309 |
| Restricted | 2,819,189 | 5,245,371 | 5,264,085 | 2,598,653 | 5,702,152 | 3,917,363 | 6,085,880 | 7,622,673 | 6,674,652 | 8,494,961 |
| Unrestricted | 13,758,366 | 11,771,229 | 10,482,146 | (20,551,318) | (19,103,992) | (18,830,563) | (17,385,229) | (14,590,338) | (9,914,117) | (1,993,383) |
| Total net position | **$ 78,529,405** | **$ 75,569,359** | **$ 75,271,671** | **$ 45,965,116** | **$ 51,262,979** | **$ 51,456,568** | **$ 57,731,054** | **$ 63,007,240** | **$ 70,353,163** | **$ 79,337,887** |

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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

# Changes in Governmental Net Position

**Last Ten Fiscal Years**
**June 30, 2021**

| | Fiscal Years Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Expenses** | | | | | | | | | | |
| General Government | $ 1,948,283 | $ 2,581,806 | $ 1,642,303 | $ 2,089,394 | $ 2,808,971 | $ 3,134,640 | $ 3,033,253 | $ 3,051,172 | $ 2,852,113 | $ 2,776,073 |
| Public Service | 3,273,514 | 3,249,033 | 3,889,306 | 3,987,583 | 1,752,047 | 1,790,474 | 1,821,902 | 1,896,710 | 1,934,979 | 2,166,216 |
| Public Safety | 5,724,835 | 6,036,204 | 6,815,379 | 7,756,744 | 7,225,821 | 7,344,011 | 7,729,845 | 7,315,026 | 6,633,383 | 6,404,368 |
| Public Works | 2,705,358 | 3,822,822 | 2,198,006 | 2,608,602 | 4,273,615 | 5,230,703 | 4,333,334 | 5,059,528 | 4,901,890 | 5,206,789 |
| Parks and recreation | 73,766 | 48,609 | 146,603 | 309,986 | 189,084 | 200,163 | 188,580 | 153,793 | 98,940 | 126,918 |
| Planning and zoning | 85,360 | 86,418 | 93,331 | 98,202 | 279,160 | 96,684 | 98,940 | 135,650 | 180,909 | 102,727 |
| Health and welfare | 421,936 | 423,769 | 395,102 | 447,537 | 456,514 | 376,889 | 360,352 | 358,548 | 326,532 | 374,755 |
| Interest on long-term debt | 271,754 | 1,298,869 | 375,037 | 329,942 | 324,404 | 324,914 | 282,086 | 271,009 | 235,797 | 185,728 |
| Total governmental activities | 14,504,806 | 17,547,530 | 15,555,067 | 17,627,990 | 17,309,616 | 18,498,478 | 17,848,292 | 18,241,436 | 17,164,543 | 17,343,574 |
| **Program revenue** | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | 816,745 | 483,471 | 258,600 | 311,210 | 317,926 | 451,021 | 403,754 | 484,967 | 407,372 | 714,974 |
| Public Service | 1,509,516 | 1,516,101 | 1,618,847 | 1,632,168 | 1,328,986 | 1,343,137 | 1,387,804 | 1,437,445 | 1,482,171 | 1,707,547 |
| Public Safety | 251,795 | 292,223 | 442,843 | 530,560 | 512,341 | 371,407 | 474,787 | 535,765 | 359,690 | 438,626 |
| Public Works | 332,480 | 340,105 | 47,658 | 32,045 | 22,460 | 345,987 | 401,113 | 331,213 | 305,720 | 318,045 |
| Total charges for services | 2,910,536 | 2,631,900 | 2,367,948 | 2,505,983 | 2,181,713 | 2,511,552 | 2,667,458 | 2,789,390 | 2,554,953 | 3,179,192 |
| Operating grants and contributions | 3,090,538 | 3,096,119 | 3,815,762 | 3,912,341 | 5,403,933 | 4,209,056 | 6,003,566 | 5,000,159 | 6,389,511 | 5,854,048 |
| Capital grants and contributions | 2,145,009 | 2,388,237 | 1,323,394 | 818,630 | 3,018,654 | 860,051 | 469,949 | 1,160,233 | 360,175 | 886,504 |
| Total program revenue | 8,146,083 | 8,116,256 | 7,507,104 | 7,236,954 | 10,604,300 | 7,580,659 | 9,140,973 | 8,949,782 | 9,304,639 | 9,919,744 |
| Net (expense) revenue | **$ (6,358,723)** | **$ (9,431,274)** | **$ (8,047,963)** | **$ (10,391,036)** | **$ (6,705,316)** | **$ (10,917,819)** | **$ (8,707,319)** | **$ (9,291,654)** | **$ (7,859,904)** | **$ (7,423,830)** |
| **General Revenues** | | | | | | | | | | |
| Property taxes | 3,562,627 | 3,875,352 | 4,741,596 | 7,463,659 | 7,615,375 | 7,181,310 | 7,454,330 | 7,920,143 | 8,272,621 | 8,629,057 |
| State shared revenue | 2,388,492 | 2,531,140 | 2,473,951 | 2,518,617 | 2,527,285 | 2,706,763 | 3,556,944 | 2,994,169 | 3,015,094 | 3,403,060 |
| Unrestricted investment earnings | 58,324 | 14,292 | 14,712 | 50,685 | 92,388 | 51,579 | 89,547 | 276,317 | 389,201 | 221,439 |
| Unrestricted grants and contributions | 136,930 | 127,253 | 100,106 | 152,501 | 149,730 | - | - | - | - | |
| Cable franchise fees | - | 316,465 | 536,989 | 543,446 | 466,134 | 457,946 | 432,406 | 423,085 | - | 417,236 |
| Gain (loss) on disposal of capital assets | 34,051 | 5,390 | - | - | - | 10,536 | - | 322,326 | 105,589 | 215,085 |
| Special item- fair market value adjustment for land held for resale | - | - | - | (1,529,724) | (485,715) | - | - | - | - | |
| Other miscellaneous income | 398,458 | 388,479 | - | - | - | 324,518 | 371,714 | 350,322 | 767,758 | 261,126 |
| Total general revenues | 6,578,882 | 7,258,371 | 7,867,354 | 9,199,184 | 10,365,197 | 10,732,652 | 11,904,941 | 12,286,362 | 12,550,263 | 13,147,003 |
| Transfers in (out) | 166,984 | 159,823 | 83,484 | 79,983 | 77,555 | 37,697 | 36,138 | 25,725 | (712,456) | (99,134) |
| **Changes in Net Position** | **$ 387,143** | **$ (2,013,080)** | **$ (97,125)** | **$ (1,111,869)** | **$ 3,737,436** | **$ (147,470)** | **$ 3,233,760** | **$ 3,020,433** | **$ 3,977,903** | **$ 5,624,039** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

City of Burton, Michigan

# Changes in Business Type Net Position

**Last Ten Fiscal Years**
**June 30, 2021**

| | Fiscal Years Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Operating Revenue** | | | | | | | | | | |
| Sale of water | 3,533,276 | 3,575,499 | 3,908,921 | 4,019,546 | 4,897,721 | 5,455,091 | 5,923,309 | 6,065,863 | 6,837,884 | 6,828,664 |
| Sewage disposal charges | 4,203,769 | 4,273,357 | 4,270,313 | 5,011,418 | 5,663,293 | 5,891,746 | 6,183,582 | 6,123,868 | 6,024,952 | 6,158,142 |
| Interest and penalty charges | 161,992 | 225,628 | 254,243 | 294,757 | 301,504 | 287,882 | 294,110 | 305,202 | 291,111 | 344,522 |
| Other charges for services | 172,055 | 49,791 | 83,367 | 50,571 | 47,512 | 50,541 | 77,495 | 112,173 | 77,184 | 47,658 |
| Total operating revenue | 8,071,092 | 8,124,275 | 8,516,844 | 9,376,292 | 10,910,030 | 11,685,260 | 12,478,496 | 12,607,106 | 13,231,131 | 13,378,986 |
| **Operating Expenses** | | | | | | | | | | |
| Cost of water produced/purchased | 2,100,253 | 2,235,069 | 2,508,432 | 2,996,264 | 3,035,994 | 3,104,997 | 3,618,254 | 4,064,677 | 4,069,341 | 4,566,319 |
| Cost of sewage treatment | 3,052,392 | 3,038,740 | 3,067,300 | 3,436,537 | 3,418,486 | 3,420,100 | 3,385,344 | 3,387,896 | 3,384,980 | 3,458,110 |
| Other operation and maintenance costs | 1,916,893 | 2,229,678 | 2,692,674 | 2,610,194 | 4,310,112 | 3,510,575 | 1,526,818 | 1,816,062 | 1,606,636 | 904,102 |
| Billing and administrative costs | 44,216 | 96,691 | 29,078 | 44,518 | 58,647 | 253,605 | 53,990 | 36,840 | 28,803 | 17,518 |
| Depreciation | 770,061 | 890,105 | 883,956 | 885,856 | 1,080,617 | 1,233,374 | 1,268,098 | 1,293,342 | 1,310,690 | 1,292,631 |
| Total operating expenses | 7,883,815 | 8,490,283 | 9,181,440 | 9,973,369 | 11,903,856 | 11,522,651 | 9,852,504 | 10,598,817 | 10,400,450 | 10,238,680 |
| Net (expense) revenue | **$ 187,277** | **$ (366,008)** | **$ (664,596)** | **$ (597,077)** | **$ (993,826)** | **$ 162,609** | **$ 2,625,992** | **$ 2,008,289** | **$ 2,830,681** | **$ 3,140,306** |
| **Nonoperating Revenue (Expenses)** | | | | | | | | | | |
| Interest income | 1,648 | 35,742 | 11,824 | 123,475 | 162,726 | 70,841 | 97,126 | 248,726 | 326,739 | 75,597 |
| Investment gain (loss) | 29,358 | (57,909) | 77,858 | - | - | - | - | - | - | |
| Interest expense | (103,020) | (36,458) | (43,867) | (64,020) | (200,896) | (440,445) | (543,214) | (576,807) | (572,933) | (547,727) |
| Gain (loss) on disposal of assets | - | (540,006) | - | (43,011) | - | (674) | 252 | 15,671 | (4,642) | 2,704 |
| Grant revenue | - | 149,783 | 485,820 | 583,519 | 2,590,837 | - | - | - | - | - |
| Income (Loss) - Before contributions and other items | 115,263 | (814,856) | (132,961) | 2,886 | 1,558,841 | (207,669) | 2,180,156 | 1,695,879 | 2,579,845 | 2,670,880 |
| Capital Contributions | 228,380 | 27,713 | 15,882 | 35,134 | 79,141 | 586,424 | 1,118,850 | 585,599 | 75,719 | 380,156 |
| Transfers from other funds | - | - | 52,002 | - | - | - | - | - | 712,456 | 99,134 |
| Transfers to other funds | (166,984) | (159,823) | (135,486) | (79,983) | (77,555) | (37,697) | (36,138) | (25,725) | - | - |
| **Changes in Net Position** | **$ 176,659** | **$ (946,966)** | **$ (200,563)** | **$ (41,963)** | **$ 1,560,427** | **$ 341,058** | **$ 3,262,868** | **$ 2,255,753** | **$ 3,368,020** | **$ 3,150,170** |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Fund Balances, Governmental Funds

**Last Ten Fiscal Years**

**June 30, 2021**

| | As of June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General Fund: | | | | | | | | | | |
| Reserved | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Unreserved | - | - | - | - | - | - | - | - | - | - |
| Nonspendable* | 618,392 | 335,535 | 150,216 | 512,331 | 584,392 | 605,967 | 549,928 | 660,195 | 750,686 | 502,017 |
| Assigned* | 528,783 | 1,092,680 | - | - | - | - | 1,201 | - | - | 2,059,256 |
| Unassigned* | 1,533,409 | 806,030 | 2,020,434 | 2,933,397 | 1,137,617 | 467,895 | 1,056,511 | 1,589,384 | 2,219,922 | 2,280,836 |
| Total general fund | $ 2,680,584 | $ 2,234,245 | $ 2,170,650 | $ 3,445,728 | $ 1,722,009 | $ 1,073,862 | $ 1,607,640 | $ 2,249,579 | $ 2,970,608 | $ 4,842,109 |
| All other governmental funds: | | | | | | | | | | |
| Reserved | - | - | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | - | - | - |
| Debt service funds | - | - | - | - | - | - | - | - | - | - |
| Nonspendable* | 4,265,627 | 3,166,141 | 14,508 | 20,502 | 610,442 | 987,998 | 412,450 | 511,371 | 10,192 | 126,524 |
| Restricted* | 2,345,862 | 1,821,353 | 5,121,627 | 2,463,513 | 4,282,078 | 2,936,035 | 5,314,033 | 6,877,626 | 6,665,855 | 8,485,436 |
| Committed* | 224,512 | 217,696 | 122,954 | 34,968 | - | 309,169 | 524,935 | 1,138,096 | 1,197,728 | 1,158,960 |
| Assigned* | 219,830 | 352,972 | 199,685 | 148,378 | 239,080 | 1,080,354 | 1,608,321 | 1,729,188 | 1,872,127 | 2,624,593 |
| Unassigned (deficit)* | (45,889) | - | (117,986) | (1,026,563) | (160,966) | (146,885) | (132,409) | (117,384) | (103,022) | (91,275) |
| **Total all other governmental funds** | 7,009,942 | 5,558,162 | 5,340,788 | 1,640,798 | 4,970,634 | 5,166,671 | 7,727,330 | 10,138,897 | 9,642,880 | 12,304,238 |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years**
**June 30, 2021**

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Revenue** | | | | | | | | | | |
| Property taxes | $ 3,848,702 | $ 3,876,169 | $ 4,796,286 | $ 7,547,127 | $ 7,615,375 | $ 7,181,310 | $ 7,454,330 | $ 7,920,143 | $ 8,272,621 | $ 8,629,057 |
| Special assessments | 991,572 | - | 51,930 | 126,413 | 226,274 | 1,474,454 | 1,577,205 | 1,580,664 | 1,570,874 | 1,707,547 |
| Licenses and permits | 462,082 | 78,103 | 9,082 | 9,493 | 153,762 | 608,594 | 580,600 | 736,252 | 594,020 | 862,968 |
| Federal grants | 350,718 | 381,343 | 362,928 | 429,739 | 457,379 | 837,973 | 1,656,377 | 239,208 | 1,921,378 | 889,986 |
| State shared revenue and local grants | 5,113,734 | 5,088,708 | 5,421,297 | 5,902,734 | 6,825,727 | 6,077,846 | 7,139,044 | 7,752,676 | 7,483,227 | 8,367,122 |
| Charges for services | 1,889,939 | 2,003,682 | 1,981,158 | 2,057,701 | 1,713,964 | 441,826 | 586,237 | 494,013 | 440,630 | 602,380 |
| Fines and forfeitures | 302,318 | 262,668 | 196,290 | 278,004 | 265,221 | 124,231 | 101,496 | 99,810 | 100,546 | 91,603 |
| Interest | 57,797 | 16,134 | 18,469 | 45,166 | 87,567 | 47,962 | 84,635 | 264,271 | 384,823 | 217,928 |
| Miscellaneous | 357,657 | 699,120 | 978,308 | 997,710 | 1,075,687 | 305,916 | 346,702 | 325,186 | 343,801 | 243,571 |
| Total revenue | 13,374,519 | 12,405,927 | 13,815,748 | 17,394,087 | 18,420,956 | 17,100,112 | 19,526,626 | 19,412,223 | 21,111,920 | 21,612,162 |
| **Expenditures** | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 1,405,863 | 1,610,884 | 1,423,043 | 2,695,259 | 2,677,911 | 2,808,875 | 2,684,360 | 2,902,054 | 2,908,777 | 3,159,091 |
| Public service | 2,173,540 | 2,062,593 | 2,071,265 | 2,091,121 | 1,620,462 | 1,787,880 | 1,821,042 | 1,895,850 | 1,934,979 | 2,166,216 |
| Public safety: | | | | | | | | | | |
| Police and fire | 4,682,739 | 5,179,773 | 5,134,771 | 6,383,641 | 6,350,690 | 6,256,678 | 6,040,997 | 6,275,103 | 6,139,252 | 6,916,099 |
| Building inspections | 238,919 | 234,195 | 299,202 | 283,328 | 295,287 | 534,014 | 341,154 | 387,829 | 343,935 | 417,860 |
| Public works: | | | | | | | | | | |
| Streets | 1,697,262 | 1,747,855 | 2,208,090 | 2,353,048 | 2,149,721 | 2,095,653 | 2,500,904 | 2,969,650 | 2,205,208 | 3,457,263 |
| Parks and recreation | 35,226 | 45,299 | 105,421 | 294,940 | 161,316 | 177,030 | 165,883 | 131,741 | 77,873 | 107,471 |
| Planning | 68,306 | 72,430 | 80,774 | 86,328 | 90,647 | 92,601 | 92,275 | 147,676 | 183,609 | 141,427 |
| Health and welfare | 367,432 | 367,269 | 360,148 | 494,180 | 340,727 | 333,923 | 320,884 | 325,201 | 350,697 | 404,127 |
| Debt service: | | | | | | | | | | |
| Principal | 1,125,002 | 1,388,143 | 1,104,526 | 860,217 | 923,135 | 1,095,485 | 947,934 | 2,942,163 | 3,074,131 | 517,844 |
| Interest | 268,611 | 1,141,493 | 370,656 | 340,170 | 324,404 | 529,116 | 257,887 | 242,740 | 236,321 | 180,305 |
| Capital outlay | 3,359,546 | 1,330,007 | 1,047,078 | 2,585,296 | 3,485,276 | 2,485,808 | 1,460,528 | 1,339,374 | 3,672,948 | - |
| Total expenditures | 15,422,446 | 15,179,941 | 14,204,974 | 18,467,528 | 18,419,576 | 18,197,063 | 16,633,848 | 19,559,381 | 21,127,730 | 17,467,703 |
| **Excess of Revenue (Under) Over Expenditures** | (2,047,927) | (2,774,014) | (389,226) | (1,073,441) | 1,380 | (1,096,951) | 2,892,778 | (147,158) | (15,810) | 4,144,459 |
| **Other Financing Sources (Uses)** | | | | | | | | | | |
| Debt issuance | 1,260,000 | 582,961 | - | 83,112 | 1,993,067 | 575,000 | 3,160,000 | 2,798,686 | 820,000 | - |
| Sale of capital assets | 33,101 | 48,818 | 9,350 | - | - | 12,700 | 49,896 | 358,673 | 116,625 | 275,282 |
| Transfers in | 4,754,359 | 5,056,211 | 5,314,053 | 2,011,312 | 5,482,720 | 3,441,454 | 2,834,075 | 2,150,548 | 2,075,276 | 1,836,131 |
| Transfers out | (4,436,235) | (4,812,095) | (5,215,146) | (1,916,171) | (5,385,335) | (3,384,314) | (2,779,432) | (2,107,243) | (2,771,079) | (1,933,528) |
| Payment to bond refunding escrow agent | (1,228,211) | - | - | - | - | - | (3,062,879) | - | - | - |
| Total other financing sources (uses) | 383,014 | 875,895 | 108,257 | 178,253 | 2,090,452 | 644,840 | 201,660 | 3,200,664 | 240,822 | 177,885 |
| **Special Item** | | | | | | | | | | |
| Fair market value adjustment - land held for resale | - | - | - | (1,529,724) | (485,715) | - | - | | - | |
| **Net change in fund balances** | (1,664,913) | (1,898,119) | (280,969) | (2,424,912) | 1,606,117 | (452,111) | 3,094,438 | 3,053,506 | 225,012 | 4,322,344 |
| **Fund Balances - Beginning of year, as restated** | 11,355,439 | 9,690,526 | 7,792,407 | 7,511,438 | 5,086,526 | 6,692,643 | 6,240,532 | 9,334,970 | 12,388,476 | 12,824,003 |
| **Fund Balances - End of year** | **$ 9,690,526** | **$ 7,792,407** | **$ 7,511,438** | **$ 5,086,526** | **$ 6,692,643** | **$ 6,240,532** | **$ 9,334,970** | **$ 12,388,476** | **$ 12,613,488** | **$ 17,146,347** |
| **Debt service as a percentage of noncapital expenditures** | 11.55% | 18.26% | 11.21% | 7.56% | 8.35% | 10.34% | 7.95% | 17.60% | 19.14% | 4.19% |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Taxable Value by Property Type and Actual Value

**Last Ten Fiscal Years**

| | Taxable Value by Property Type: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Real Property | | | | | Total Direct | | As a Percent |
| Tax Year | Residential | Commercial | Industrial | Personal Property | Total Taxable Value | Tax Rate (mills) | Estimated Actual Value | of Actual Value |
| 2012 | 382,243,424 | 150,498,570 | 32,683,772 | 57,775,700 | 623,201,466 | 7.70 | 1,269,370,200 | 49.10% |
| 2013 | 339,082,918 | 137,261,700 | 30,749,100 | 59,305,000 | 566,398,718 | 7.70 | 1,132,797,436 | 50.00% |
| 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 | 1,354,461,374 | 42.37% |
| 2020 | 392,808,758 | 123,235,429 | 41,214,174 | 56,634,295 | 613,892,656 | 13.48 | 1,476,117,090 | 41.59% |
| 2021 | 426,087,522 | 128,401,476 | 29,566,640 | 65,938,500 | 649,994,138 | 13.44 | 1,573,080,600 | 41.32% |

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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Direct and Overlapping Property Tax Rates

**Last Ten Fiscal Years**

| | | Millage Rates - Direct City | | | | | Overlapping taxes | | | | | | | | Millage Rate - Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tax Year | Fiscal Year | General | Debt | Police | Fire | Total direct taxes | DDA | County | Airport | MTA | Community College | Intermediate School District | School Homestead | School Non-homestead | Homestead | Non-homestead |
| 2012 | 2013 | 4.71 | - | 1.99 | 1.00 | 7.70 | 1.83 | 14.92 | 0.48 | 0.80 | 2.86 | 3.53 | 3.30 | 21.22 | 35.42 | 53.34 |
| 2013 | 2014 | 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 | 53.16 |
| 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 | 53.16 |
| 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 | 61.66 |
| 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 | 61.61 |
| 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 | 60.94 |
| 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 | 61.06 |
| 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 | 61.96 |
| 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 | 61.59 |
| 2021 | 2022 | 4.00 | | 8.44 | 1.00 | 13.44 | 1.87 | 15.66 | 0.48 | 1.23 | 2.76 | 3.75 | 3.34 | 21.26 | 42.52 | 60.44 |

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 |
|---|---|---|---|
| 4.69 | - | 8.44 | 1.00 |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Principal Property Taxpayers

| | Taxpayer | 2020 Taxable Value | Percentage of Total | 2011 Taxable Value | Percentage of Total | 2011 Rank |
|---|---|---|---|---|---|---|
| 1 | Consumers Energy | $ 31,904,900 | 4.91% | $ 14,477,700 | 2.15% | 1 |
| 2 | General Motors LLC | 21,369,000 | 3.29% | 3,772,700 | 0.56% | 8 |
| 3 | Mich Electric Transmission Company | 10,694,200 | 1.65% | | | |
| 4 | Meijer, Inc. | 4,226,299 | 0.65% | 4,323,800 | 0.64% | 4 |
| 5 | Blackberry Creek Investments, LLC | 3,832,900 | 0.59% | | | |
| 6 | General Warehouse Corp. | 3,775,660 | 0.58% | 3,899,867 | 0.58% | 5 |
| 7 | Comcast of Flint, Inc. | 3,404,600 | 0.52% | 3,862,600 | 0.57% | 7 |
| 8 | Ascension Medical Group Genesys | 3,404,106 | 0.52% | | | |
| 9 | Walmart Real Estate Business Trust | 3,265,080 | 0.50% | 5,711,300 | 0.85% | 3 |
| 10 | Kings Lane Burton LLC | 3,046,800 | 0.47% | | | |
| | TDC Courtland Leaseco, L.L.C. | | | 7,296,800 | 1.09% | 2 |
| | Lowes Home Centers, Inc. | | | 3,873,300 | 0.58% | 6 |
| | Gateway Jackson Inc | | | 3,750,000 | 0.56% | 9 |
| | National Amusements | | | 3,413,915 | 0.51% | 10 |
| | Total | $ 88,923,545 | | $ 54,381,982 | | |
| | Total Taxable Value of All Properties | 649,431,358 | | | | |

Source: City Assessor

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# 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 |
|---|---|---|---|---|---|---|---|
| 2011 | 2012 | 4,323,571 | 3,937,692 | 91.07% | 315,800 | 4,253,492 | 98.38% |
| 2012 | 2013 | 3,913,680 | 3,591,492 | 91.77% | 321,792 | 3,913,284 | 99.99% |
| 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% |

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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Ratios of Outstanding Debt

**Last Ten Fiscal Years**

| | As of June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Governmental Activities:** | | | | | | | | | | |
| General obligation bonds | $ 5,887,500 | $ 5,635,309 | $ 5,332,197 | $ 5,028,274 | $ 4,679,351 | $ 4,285,428 | $ 4,151,505 | $ 3,762,582 | $ 3,343,658 | $ 2,929,734 |
| 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 | 4,458,421 | 3,275,000 | 2,515,000 | 2,020,000 | 1,505,000 | 1,015,000 | 525,000 | 100,000 | - | - |
| Term loans | - | - | - | - | - | - | - | - | 820,000 | 778,681 |
| Capital leases | 36,694 | 641,133 | 550,617 | 626,614 | 542,953 | 1,022,228 | 898,585 | 1,055,961 | 909,088 | 809,133 |
| Total | 10,382,615 | 9,551,442 | 8,397,814 | 7,674,888 | 9,041,580 | 8,899,908 | 7,993,616 | 7,623,609 | 5,162,762 | 4,517,548 |
| **Business Type Activities:** | | | | | | | | | | |
| Revenue bonds | 1,640,000 | 1,235,000 | 1,085,000 | 890,000 | 700,000 | 515,000 | 335,000 | 165,000 | - | - |
| Limited tax general obligation bonds | - | 432,500 | 412,500 | 392,500 | 372,500 | 352,500 | 330,000 | 307,500 | 285,000 | 262,500 |
| 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 |
| Sewer revolving fund loan | - | - | - | - | 3,618,323 | 7,625,000 | 7,212,435 | 6,907,435 | 6,597,435 | 6,529,043 |
| Total | 1,640,000 | 1,667,500 | 1,497,500 | 5,794,282 | 14,544,677 | 21,331,954 | 23,406,625 | 24,209,002 | 23,063,925 | 22,318,033 |
| Total debt of the government | **$ 12,022,615** | **$ 11,218,942** | **$ 9,895,314** | **$ 13,469,170** | **$ 23,586,257** | **$ 30,231,862** | **$ 31,400,241** | **$ 31,832,611** | **$ 28,226,687** | **$ 26,835,581** |
| **Personal Income (in thousands)** | 810,028 | 644,409 | 646,778 | 669,398 | 646,526 | 665,915 | 670,648 | 660,679 | 681,947 | 722,722 |
| Ratio of total debt to personal income | 1.48% | 1.74% | 1.53% | 2.01% | 3.65% | 4.54% | 4.68% | 4.82% | 4.14% | 3.71% |
| **Total Population** | 29,999 | 29,999 | 29,999 | 29,999 | 28,974 | 28,870 | 28,681 | 28,643 | 28,574 | 28,574 |
| Total debt per capita | 400.77 | 373.98 | 329.85 | 448.99 | 814.05 | 1,047.17 | 1,094.81 | 1,111.36 | 987.85 | 939.16 |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# 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 |
|---|---|---|---|---|---|---|---|---|
| 2012 | 29,999 | (4) | 623,201,466 | 5,887,500 | 38,875 | $ 5,848,625 | 0.94% | 195 |
| 2013 | 29,999 | (4) | 566,398,718 | 5,635,309 | 49,889 | $ 5,585,420 | 0.99% | 186 |
| 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) | 649,994,138 | 2,929,734 | 3,799 | $ 2,925,935 | 0.45% | 102 |

(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: 2010 Census report.
(5) Source: 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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Direct and Overlapping Governmental Activities Debt

**June 30, 2021**

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable (1) | Direct and Estimated Overlapping Debt |
|---|---|---|---|
| Mott Community College | $ 65,900,000 | 5.77% | $ 3,802,430 |
| Genesee County | 60,128,117 | 6.15% | 3,697,879 |
| School districts | 210,218,242 | 19.84% | 41,707,300 |
| Genesee Intermediate School District | 8,263,507 | 5.77% | 476,804 |
| Bishop Airport Authority | 4,895,000 | 6.15% | 301,043 |
| Total overlapping debt | 349,404,866 | | 49,985,456 |
| Direct Debt - City of Burton | 4,517,548 | 100.00% | 4,517,548 |
| Total direct and overlapping debt | $ 353,922,414 | | $ 54,503,004 |

(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.

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Legal Debt Margin

**June 30, 2021**

| | As of June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Calculation of debt limit** | | | | | | | | | | |
| Assessed value | $ 634,685,100 | $ 566,398,718 | $ 552,088,505 | $ 552,874,999 | $ 574,965,400 | $ 607,388,688 | $ 651,122,750 | $ 677,230,687 | $ 738,058,545 | $ 838,419,500 |
| 10% of assessed value | 63,468,510 | 56,639,872 | 55,208,851 | 55,287,500 | 57,496,540 | 60,738,869 | 65,112,275 | 67,723,069 | 73,805,855 | 83,841,950 |
| **Calculation of debt subject to limit** | | | | | | | | | | |
| Total debt | 12,022,615 | 10,786,442 | 9,895,314 | 13,469,170 | 23,586,257 | 30,231,862 | 31,400,241 | 31,832,611 | 28,226,687 | 26,835,581 |
| Less debt not subject to limit: | | | | | | | | | | |
| Special assessment bonds | 4,458,421 | 3,275,000 | 2,515,000 | 2,020,000 | 1,505,000 | 1,015,000 | 525,000 | 100,000 | - | - |
| Revenue bonds | 1,640,000 | 1,235,000 | 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 |
| Sewer revolving fund revenue bond | | | | | 3,618,323 | 7,625,000 | 7,212,435 | 6,907,435 | 6,597,435 | 6,529,043 |
| Terms loans | | | | | | | | | 820,000 | 778,681 |
| Capital leases | 36,694 | 641,133 | 550,617 | 626,614 | 542,953 | 1,022,228 | 898,585 | 1,055,961 | 909,088 | 809,133 |
| Exempt general obligation debt | 750,000 | - | - | - | - | - | - | - | - | - |
| Net debt subject to limit | 5,137,500 | 5,635,309 | 5,744,697 | 5,420,774 | 7,366,127 | 7,215,180 | 6,900,031 | 6,775,148 | 3,718,674 | 3,192,234 |
| Legal debt margin | 58,331,010 | 51,004,563 | 49,464,154 | 49,866,726 | 50,130,413 | 53,523,689 | 58,212,244 | 60,947,921 | 70,087,181 | 80,649,716 |
| Net debt subject to limit as a percentage of debt limit | 8.09% | 9.95% | 10.41% | 9.80% | 12.81% | 11.88% | 10.60% | 10.00% | 5.04% | 3.81% |

Source: City of Burton Controller's Office

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Pledged-Revenue Coverage

**Last Ten Fiscal Years**

| | Water and Sewer Revenue Bonds, DWRF and SRF Debt | | | | | | Special Assessment Bonds | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Debt Service | | | | Debt Service | | |
| Fiscal Year | Gross Revenues | Applicable Expenses | Net Revenues | Principal | Interest | Coverage | Special Assessment Collections | Principal | Interest | Coverage |
| 2012 | 7,670,856 | 7,593,487 | 77,369 | 150,000 | 78,325 | 0.34 | 991,572 | 795,000 | 138,340 | 1.06 |
| 2013 | 8,169,115 | 7,663,967 | 505,148 | 155,000 | 23,625 | 2.83 | - | 798,112 | 118,014 | - |
| 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 | 8,946,049 | 4,432,937 | 970,000 | 547,727 | 2.92 | - | - | - | - |

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Demographic and Economic Statistics

**June 30, 2021**

| Fiscal Year | Population | | Personal Income (in thousands) | Per Capita Personal Income (2) (4) | Unemployment Rate (3) |
|---|---|---|---|---|---|
| 2012 | 29,999 | (1) | 810,028 | 27,002 | 10.80% |
| 2013 | 29,999 | (1) | 644,409 | 21,481 | 11.20% |
| 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% |

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

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Principal Employment Industries

| | 2021 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Number of Jobs (1) | Rank | Percentage of Workforce | Number of Jobs (1) | Rank | Percentage of Workforce |
| Trade, Transportation and Utilities | 26,400 | 1 | 19.82% | 35,200 | 1 | 25.51% |
| Education and Health Services | 25,100 | 2 | 18.84% | 25,900 | 2 | 18.77% |
| Government | 17,700 | 3 | 13.29% | 20,700 | 4 | 15.00% |
| Professional and Business Services | 17,800 | 4 | 13.36% | 22,700 | 3 | 16.45% |
| Leisure and Hospitality | 14,200 | 5 | 10.66% | 14,600 | 6 | 10.58% |
| Manufacturing | 14,000 | 6 | 10.51% | - | | 0.00% |
| Financial Activities | 6,000 | 7 | 4.50% | - | | 0.00% |
| Mining, Logging and Construction | 6,100 | 8 | 4.58% | - | | 0.00% |
| Other services | 4,900 | 9 | 3.68% | 18,900 | 5 | 13.70% |
| Information | 1,000 | 10 | 0.75% | - | | 0.00% |
| Totals | 133,200 | | | 138,000 | | |

(1) Source: http://milmi.org/datasearch

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Full-time Equivalent Government Employees

**Last Ten Fiscal Years**

**June 30, 2021**

| Function/ program: | As of June 30, 2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **General government:** | | | | | | | | | | |
| Mayor | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 4 | 4 |
| Clerk | 3 | 3 | 3 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| Treasurer | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Controller | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 2 | 4 |
| Assessor | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 3 | 3 |
| City Hall | 1 | 1 | 1 | 1 | 1 | 1 | - | - | 1 | 1 |
| Information Technology | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Senior Citizens | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **Public Safety** | | | | | | | | | | |
| Police | 35 | 34 | 39 | 40 | 43 | 41 | 39 | 39 | 35 | 34 |
| Fire | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Building | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 2 | 3 |
| **Public Works** | | | | | | | | | | |
| DPW | 2 | 2 | 2 | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Streets | 10 | 9 | 12 | 12 | 11 | 7 | 8 | 8 | 7 | 9 |
| Water and Sewer | 10 | 10 | 10 | 11 | 14 | 10 | 10 | 10 | 9 | 7 |
| Total | 81 | 79 | 87 | 95 | 101 | 92 | 92 | 92 | 82 | 84 |

Source: City of Burton

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Operating Indicators

**Last Ten Fiscal Years**
**June 30, 2021**

| Function/ program | As of June 30, 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Election data (1) | | | | | | | | | | |
| Registered voters | 23,042 | 23,490 | 23,420 | 23,553 | 23,105 | 23,727 | 23,377 | 23,608 | 23,859 | 25,211 |
| Voters (at polls or absentee) | 2,706 | 13,467 | 4,592 | 10,487 | 4,431 | 16,204 | 3,245 | 14,076 | 5,712 | 15,364 |
| Percent voting | 11.74% | 57.33% | 19.61% | 44.53% | 19.18% | 68.29% | 13.88% | 59.62% | 23.94% | 60.94% |
| Police (2) | | | | | | | | | | |
| Physical Arrests | 1,724 | 1,654 | 1,765 | 4,916 | 4,230 | 3,435 | 1,319 | 2,166 | 800 | 2,919 |
| Traffic violations | 1,693 | 2,020 | 2,142 | 4,138 | 4,775 | 4,665 | 1,576 | 1,313 | 1,216 | 816 |
| Investigations | 3,937 | 3,914 | 3,474 | 3,468 | 3,673 | 3,418 | 3,118 | 3,431 | 3,432 | 3,712 |
| Fire (3) | | | | | | | | | | |
| Fire runs | 583 | 521 | 640 | 459 | 494 | 511 | 405 | 435 | 429 | 496 |
| Inspections | 52 | 65 | 110 | 139 | 90 | 52 | 59 | 54 | 176 | 366 |
| Public Works (4) | | | | | | | | | | |
| Miles of street resurfaced | 2.28 | 1.00 | 6.50 | 9.50 | 6.80 | 6.78 | 3.85 | 0.53 | 5.00 | 4.00 |
| Potholes repaired | 47,130 | 47,258 | 71,005 | 72,425 | 73,874 | 81,261 | 84,511 | 82,821 | 80,336 | 73,909 |
| Refuse collected (tons) | 12,321 | 12,311 | 12,303 | 12,432 | 12,356 | 12,386 | 12,386 | 12,386 | 12,386 | 13,458 |
| Parks and recreation (5) | | | | | | | | | | |
| Recreation program attendance | 750 | 3,500 | 2,144 | 3,927 | 5,292 | 8,155 | 7,034 | 5,985 | 3,531 | 6850 |
| Library (6) | | | | | | | | | | |
| Circulation (books borrowed) | 191,125 | 194,431 | 156,738 | 149,537 | 144,427 | 133,139 | 118,326 | 105,234 | 107,314 | 41,324 |
| Collection volume | 75,650 | 75,090 | 79,201 | 95,910 | 114,508 | 125,598 | 138,830 | 135,359 | 135,608 | 135,608 |
| Water (4) | | | | | | | | | | |
| Number of customers billed | 6,345 | 6,455 | 6,324 | 6,289 | 6,374 | 6,460 | 6,537 | 6,643 | 6,945 | 7,035 |
| Total consumption (1,000 of gallons) | 600,792 | 454,414 | 444,841 | 419,283 | 404,824 | 435,102 | 422,087 | 415,410 | 402,023 | 520,049 |
| Average consumption per year (1,000 of gallons) | 95 | 70 | 70 | 67 | 64 | 67 | 65 | 63 | 58 | 74 |
| Sewer (4) | | | | | | | | | | |
| Number of customers billed | 11,311 | 11,349 | 11,360 | 11,321 | 11,351 | 11,429 | 11,471 | 11,547 | 11,815 | 11,875 |
| Average daily sewage consumption (thousands of gallons) | 1,278 | 1,161 | 1,164 | 1,112 | 1,078 | 1,130 | 1,117 | 1,095 | 1,063 | 1,168 |

(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 & Recreation Department
(6) Source: Genesee District Library

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

## City of Burton, Michigan

# Capital Asset Statistics

**Last Ten Fiscal Years**

**June 30, 2021**

| Function/ program | As of June 30, 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 13 |
| Fire | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire response vehicles | 13 | 15 | 15 | 13 | 15 | 12 | 12 | 12 | 13 | 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 |
| Local streets | 106.4 | 106.4 | 106.4 | 106.4 | 106.4 | 106.4 | 106.4 | 106.4 | 106.4 | 106.4 |
| Street lights | 2,792 | 2,792 | 2,792 | 2,619 | 2,619 | 2,619 | 2,623 | 2,623 | 2,620 | 2620 |
| Traffic signals | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 | 55 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 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 | 4.00 | 4.00 | 4 |
| Libraries | | | | | | | | | | |
| Branches | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water | | | | | | | | | | |
| Mains (miles) | 111.0 | 111.0 | 111.0 | 120.1 | 120.1 | 122.0 | 122.0 | 122.0 | 122.0 | 122 |
| Fire hydrants | 1,288 | 1,288 | 1,288 | 1,307 | 1,329 | 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 |
| Sewer | | | | | | | | | | |
| Sanitary sewer (miles) | 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 | 21.0 | 21.0 | 21 |
| Consumption (thousands of gallons) | 466,456 | 423,830 | 424,964 | 405,942 | 393,616 | 412,618 | 407,839 | 399,509 | 388,885 | 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

Attachment: 2021 City of Burton Annual Comprehensive Financial Report (5253 : Presentation of the

# City of Burton
# Audit Presentation to the City Council

## For Year Ended June 30, 2021

Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton Deliverables

- Financial Statements (ACFR)
- Single Audit Report
- Required Audit Communications (End of Audit Letter)

Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton
# Audit Results

- **Financial Statement Audit**
  - Unmodified Opinion
  - GASB 84 *Fiduciary Activities* implemented during FY21
- **Single Audit**
  - No Federal Program Audit Findings
- **Financial Highlights**
  - Covered in later slides

Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton
# End of Audit Letter

- Internal Control Related Matters Identified
- Required Audit Communications
- Recommendations and Other Items
  - Fund Deficit Elimination Plan for Amy Street Capital Projects
  - Legislative updates
  - Upcoming Accounting Pronouncements
    - GASB Statement No. 87 – Leases

Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton
# Sewer Fund
# Components of Net Position Comparison

| Components of Net Position | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Net Investment in Capital Assets | $23,986,792 | $24,391,743 | $24,331,425 | $24,169,481 | $24,228,803 |
| Unrestricted | $11,060,895 | $11,885,113 | $13,478,062 | $15,152,644 | $16,756,257 |
| Total Net Position | 35,047,687 | $36,276,856 | $37,809,487 | $39,322,125 | $40,985,060 |

Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

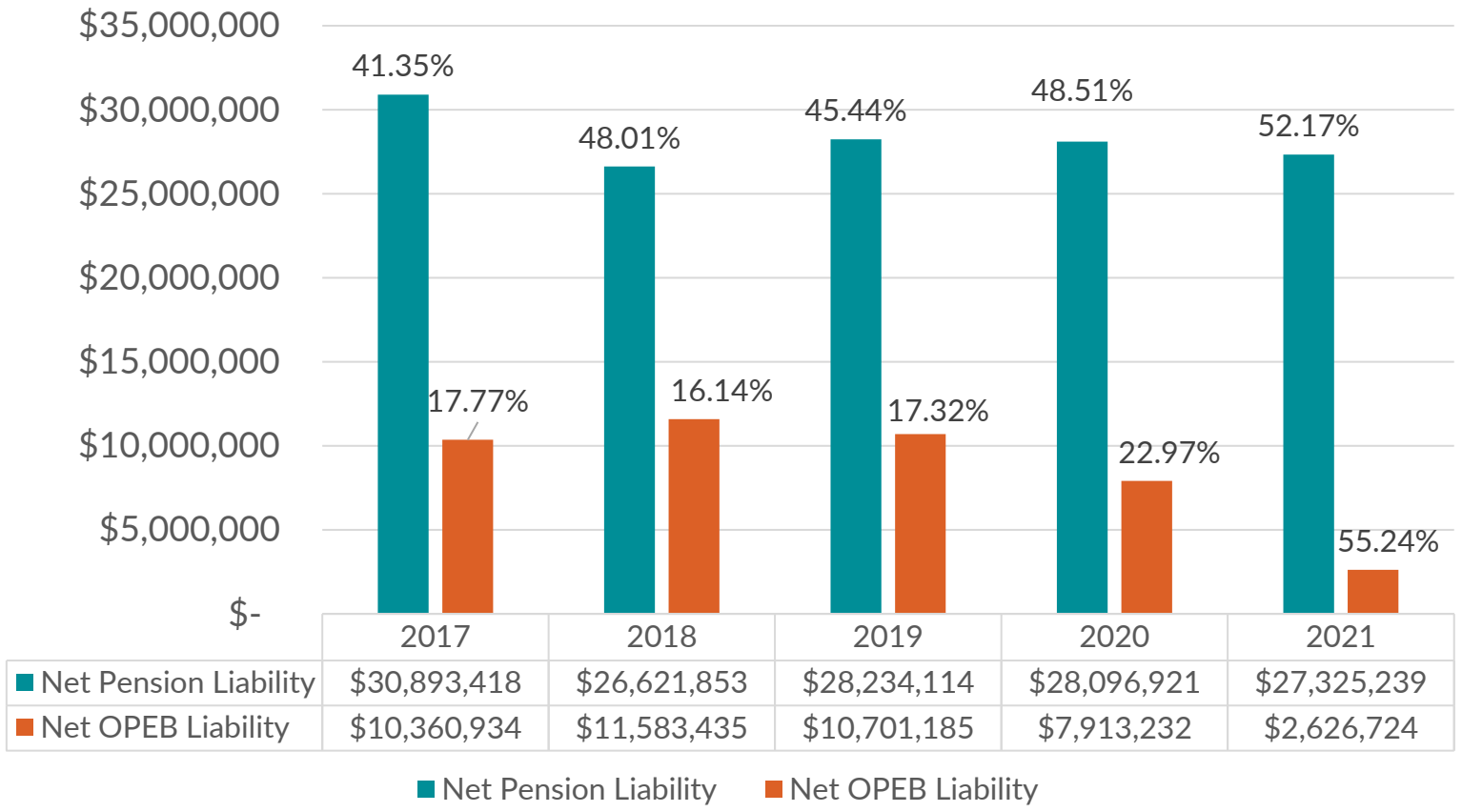
# City of Burton
# Water Fund
# Components of Net Position Comparison

| Components of Net Position | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Net Investment in Capital Assets | $16,102,153 | $18,115,370 | $18,895,266 | $19,066,354 | $19,079,125 |
| Restricted – Revenue Bond Reserve | $139,000 | $139,000 | $139,000 | $0 | $0 |
| Unrestricted | ($1,033,368) | ($1,346,970) | ($1,403,744) | $419,550 | $1,894,014 |
| Total Net Position | $15,207,785 | $16,907,400 | $17,630,522 | $19,485,904 | $20,973,139 |



Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton Legacy Costs

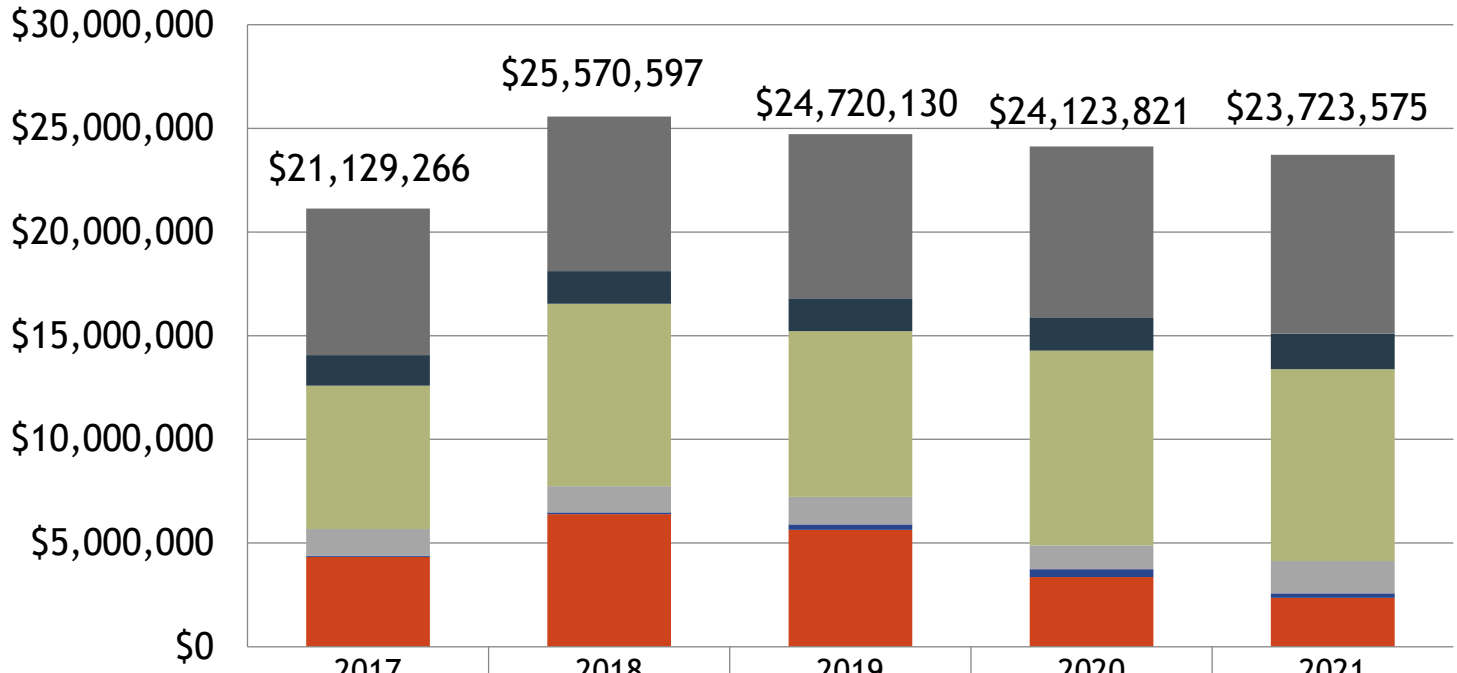



| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Net Pension Liability | $30,893,418 | $26,621,853 | $28,234,114 | $28,096,921 | $27,325,239 |
| Net OPEB Liability | $10,360,934 | $11,583,435 | $10,701,185 | $7,913,232 | $2,626,724 |



Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton
# Governmental Fund Revenue
# Years Ended June 30

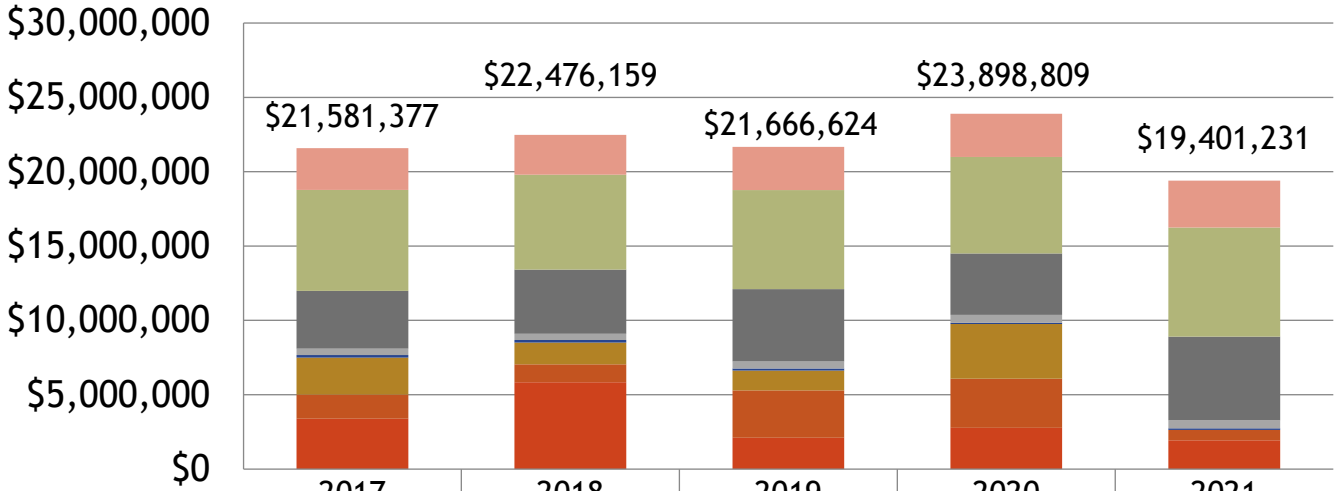



| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Property Taxes | $7,063,156 | $7,454,330 | $7,920,143 | $8,272,621 | $8,629,057 |
| Special Assessments | $1,479,465 | $1,577,205 | $1,580,664 | $1,570,874 | $1,707,547 |
| Intergovernmental | $6,915,819 | $8,795,421 | $7,991,884 | $9,404,605 | $9,257,108 |
| Locally Raised | $1,287,794 | $1,268,333 | $1,330,075 | $1,135,196 | $1,556,951 |
| Interest | $47,962 | $84,635 | $264,271 | $384,823 | $217,928 |
| Other & Transfers In | $4,335,070 | $6,390,673 | $5,633,093 | $3,355,702 | $2,354,984 |



Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton
# Governmental Fund Expenditures
# Years Ended June 30

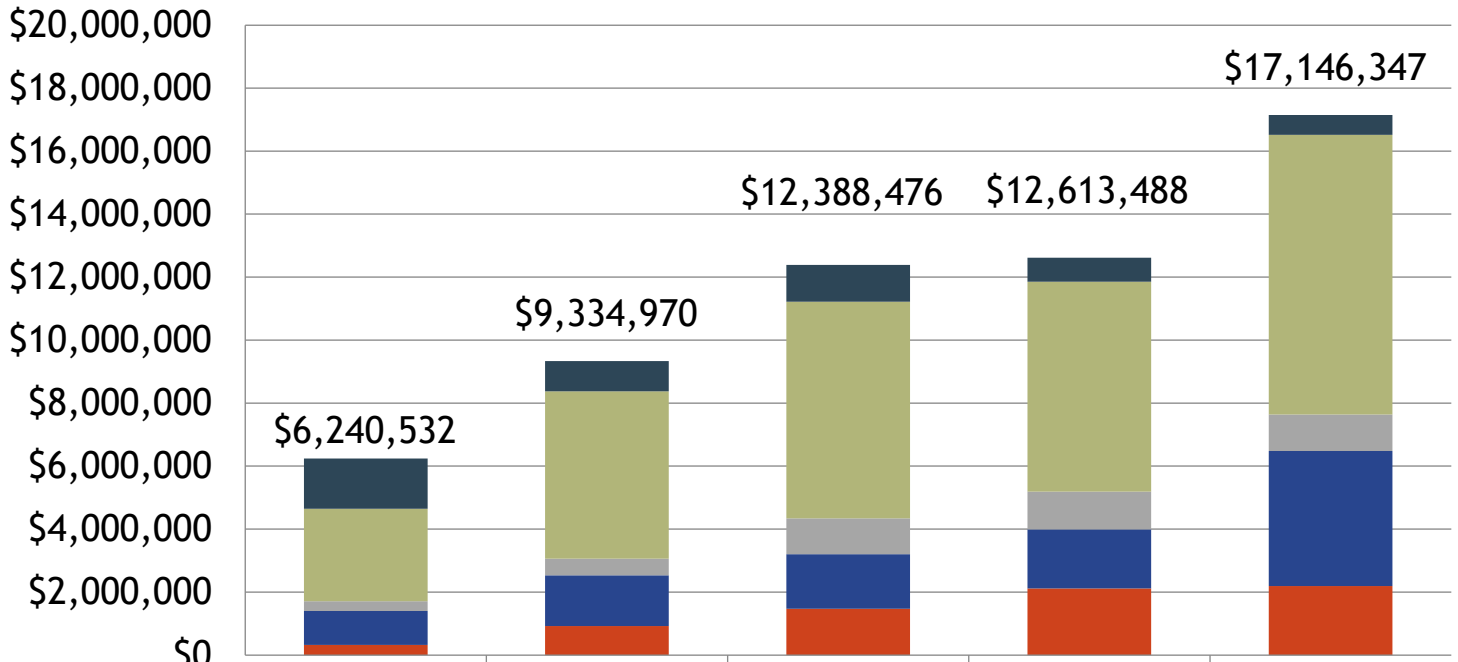



| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| General Government | $2,808,875 | $2,673,060 | $2,902,054 | $2,908,777 | $3,159,091 |
| Public Safety | $6,790,692 | $6,382,151 | $6,662,932 | $6,483,187 | $7,333,959 |
| Public Works & Public Service | $3,883,533 | $4,324,946 | $4,865,500 | $4,140,187 | $5,623,479 |
| Health and Welfare & Planning | $426,524 | $413,159 | $472,877 | $534,306 | $545,554 |
| Rec and Culture | $177,030 | $174,183 | $131,741 | $77,873 | $107,471 |
| Capital Outlay | $2,485,808 | $1,460,528 | $1,339,374 | $3,672,948 | $0 |
| Debt Service | $1,624,601 | $1,205,821 | $3,184,903 | $3,310,452 | $698,149 |
| Transfers Out & Other | $3,384,314 | $5,842,311 | $2,107,243 | $2,771,079 | $1,933,528 |



Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton
# Components of Governmental Fund Balance
# Years Ended June 30

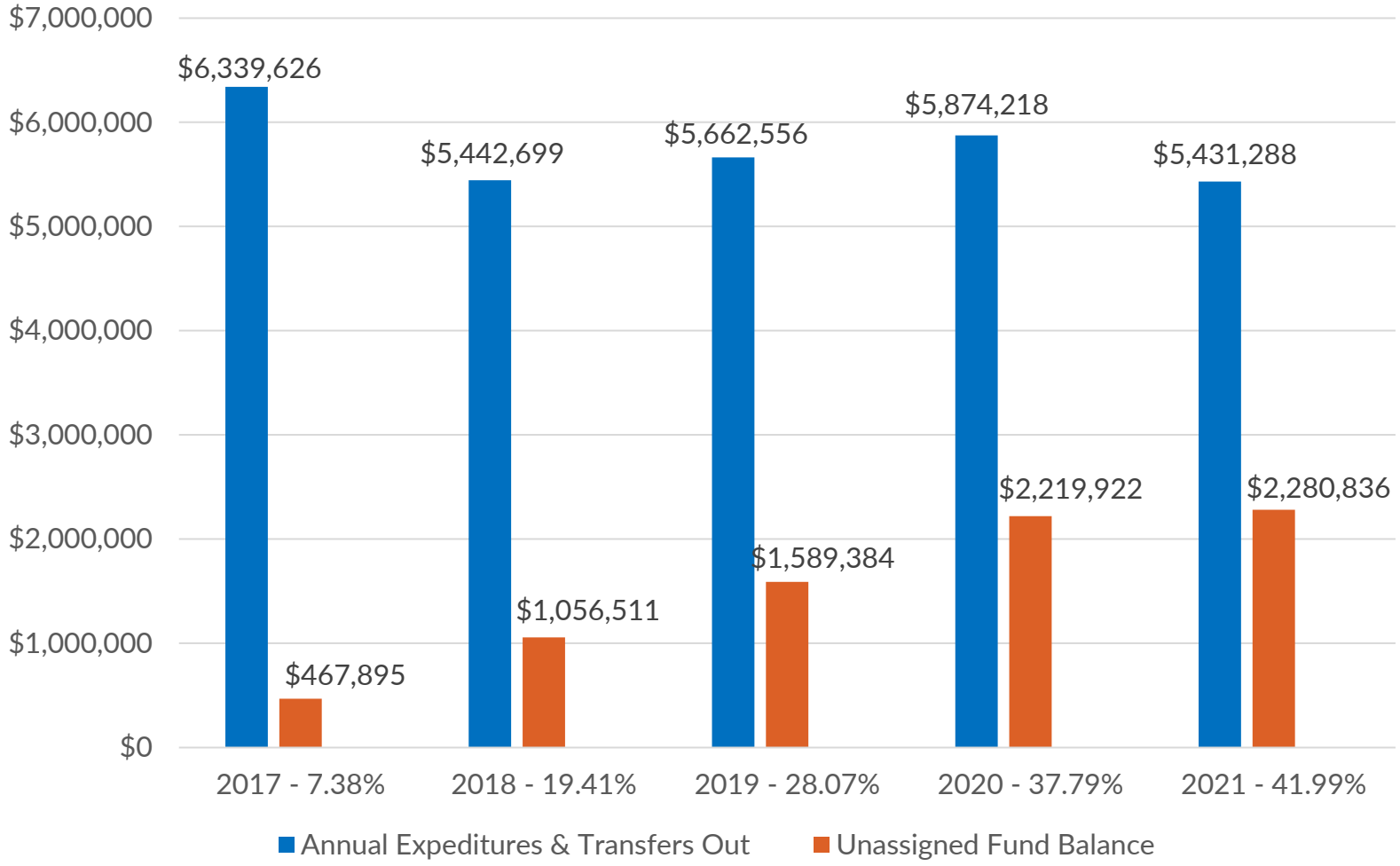



| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Nonspendable | $1,593,965 | $962,378 | $1,171,566 | $760,878 | $628,541 |
| Restricted | $2,936,034 | $5,314,033 | $6,877,626 | $6,665,855 | $8,882,152 |
| Committed | $309,169 | $524,935 | $1,138,096 | $1,197,728 | $1,158,960 |
| Assigned | $1,080,354 | $1,609,522 | $1,729,188 | $1,872,127 | $4,287,133 |
| Unassigned | $321,010 | $924,102 | $1,472,000 | $2,116,900 | $2,189,561 |



Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton
# General Fund—Fund Balance
# Years Ended June 30






Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# Thank You

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Attachment: 2021 City of Burton Graph Presentation (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Federal Awards Supplemental Information
## June 30, 2021

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

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Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

**Independent Auditor's Report**

To the City Council
City of Burton, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Burton, Michigan (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 30, 2021,which contained unmodified opinions on those financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

November 30, 2021

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

# Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management and the City Council
City of Burton, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Burton, Michigan (the "City") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

**The City's Response to the Findings**

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

To Management and the City Council
City of Burton, Michigan

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 30, 2021

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

# Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

## Independent Auditor's Report

To the City Council
City of Burton, Michigan

### Report on Compliance for Each Major Federal Program

We have audited City of Burton, Michigan's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended June 30, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

To the City Council
City of Burton, Michigan

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

November 30, 2021

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2021**

| Federal Agency/Pass-through Agency/Program Title | CFDA Number | Pass-through Entity Identifying Number | Provided to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| U.S. Department of Homeland Security: | | | | |
| Assistance to Firefighters Grants | 97.044 | | $ - | $ 26,514 |
| U.S. Department of Housing and Urban Development - Passed through Genesee County: | | | | |
| Community Development Block Grant Entitlement Grants Cluster | 14.218 | B-20-UC-26-0001 | - | 18,048 |
| Community Development Block Grant Entitlement Grants Cluster | 14.218 | B-19-UC-26-0001 | - | 1,858 |
| Total U.S. Department of Housing and Urban Development - Passed through Genesee County | | | - | 19,906 |
| U.S. Department of Transportation- Passed through MDOT - Highway Planning and Construction Cluster: | | | | |
| Center Rd CMAQ | 20.205 | 16-5418 | - | 17,886 |
| Maple Rd (Fenton-Sandalwood) | 20.205 | 20-5530 | - | 33,456 |
| Maple Rd (Sandalwood-Saginaw) | 20.205 | 20-5530 | - | 21,699 |
| Saginaw St (Bristol-Hemphill) | 20.205 | 18-5560 | - | 2,239 |
| Saginaw St (Judd-Bristol) | 20.205 | 19-5617 | - | 15,516 |
| Saginaw St (Judd-Bristol) | 20.205 | 20-5491 | - | 19,645 |
| Saginaw St (Maple-Judd) | 20.205 | 19-5617 | - | 25,823 |
| Saginaw St (Maple-Judd) | 20.205 | 20-5491 | - | 36,057 |
| SB Grand Traverse | 20.205 | 21-5063 | - | 43,135 |
| Total U.S. Department of Transportation- Passed through MDOT-Highway Planning and Construction Cluster | | | - | 215,456 |
| U.S. Environmental Protection Agency - Passed through MDEQ - Clean Water State Revolving Fund Cluster: | | | | |
| Capitalization Grants for Clean Water State Revolving Fund 1 | 66.458 | 7398-01 | - | 205,498 |

See notes to schedule of expenditures of federal awards.



Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Schedule of Expenditures of Federal Awards (Continued)

**Year Ended June 30, 2021**

| Federal Agency/Pass-through Agency/Program Title | CFDA Number | Pass-through Entity Identifying Number | Provided to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| U.S. Department of Justice:: | | | | |
| Passed through Michigan State Police - COVID-19- Coronavirus Emergency Supplemental Funding | 16.034 | 2020-VD-BX-0434 | $ - | $ 15,580 |
| Passed through Flint Township - Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2017-DJ-BX-0917 | - | 8,771 |
| Passed through DEA - Law Enforcement Assistance Narcotics and Dangerous Drugs Training | 16.004 | GL-MIE-0577 | - | 462 |
| Total U.S. Department of Justice | | | - | 24,813 |
| Executive Office of the President - Passed through Flint Area Narcotics Group: | | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | G17SM0002A | - | 10,311 |
| U.S Department of Treasury: | | | | |
| Passed through the State of Michigan- COVID-19 - Coronavirus Relief Fund | 21.019 | 25-2005-CRLGG | - | 58,627 |
| Passed through the State of Michigan- COVID-19 - Coronavirus Relief Fund | 21.019 | FRHPPP 09-20 25-2005 | - | 43,750 |
| Passed through the State of Michigan- COVID-19 - Coronavirus Relief Fund | 21.019 | PSPHPR 09-20 25-2005 | - | 492,466 |
| Total Passed through the State of Michigan- COVID-19- Coronavirus Relief Fund | | | - | 594,843 |
| Equitable Sharing | 21.016 | | - | 1,692 |
| Total U.S Department of Treasury | | | - | 596,535 |
| Total | | | **$ -** | **$ 1,099,033** |

See notes to schedule of expenditures of federal awards.





Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Notes to Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2021**

## Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of City of Burton (the "City") under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

## Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for expenditures related to CFDA 21.019, Coronavirus Relief Fund (CRF) and CFDA 66.458, Capitalization Grants for Clean Water State Revolving Fund (SRF). CRF does not apply the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, but rather applies the U.S. Department of Treasury's guidance and frequently asked questions as outlined in the 2021 Compliance Supplement. The pass-through entity identifying numbers are presented where available. The SRF expenditures are reported on cash basis in accordance with the subrecipient reporting guidelines outlined in the 2021 Compliance Supplement.

The City has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

# Schedule of Findings and Questioned Costs

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

# City of Burton, Michigan

## Schedule of Findings and Questioned Costs

**Year Ended June 30, 2021**

## Section I - Summary of Auditor's Results

### Financial Statements

| | | | |
|---|---|---|---|
| Type of auditor's report issued: | Unmodified | | |
| Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | X Yes | ____ No | |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | ____ Yes | X None reported | |
| Noncompliance material to financial statements noted? | ____ Yes | X None reported | |

### Federal Awards

| | | | |
|---|---|---|---|
| Internal control over major programs: | | | |
| • Material weakness(es) identified? | ____ Yes | X No | |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | ____ Yes | X None reported | |
| Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? | ____ Yes | X No | |

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster | Opinion |
|---|---|---|
| 21.019 | Coronavirus Relief Fund | Unmodified |

| | | | |
|---|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 | | |
| Auditee qualified as low-risk auditee? | ____ Yes | X No | |

Attachment: 2021 City of Burton Single Audit Report (5253 : Presentation of the 2020-2021 Audit)

## City of Burton, Michigan

# Schedule of Findings and Questioned Costs (Continued)

**Year Ended June 30, 2021**

## Section II - Financial Statement Audit Findings

| Reference Number | Finding |
|---|---|
| 2021-001 | **Finding Type** - Material weakness<br><br>**Criteria** - There should be a procedure in place to perform a second review of all accruals and supporting workpapers in order to ensure the propriety of the year-end balances.<br><br>**Condition** - Various accrual adjustments to the accounting records were identified during the audit which included pooled cash, accounts payable, debt, capital assets, and intergovernmental revenue. The effects of these adjustments were aggregately material to the financial statements.<br><br>**Context** - The City was working through significant turnover during the fiscal year and as a result, this had an impact on year-end schedules and accrual adjustments.<br><br>**Cause** - The City was working through significant turnover and a second review of year-end balances was not able to completed in a proper time before the audit began.<br><br>**Effect** - The normal second review procedures were not able to be completed in a proper time before the audit began.<br><br>**Recommendation** - We recommend that the City perform a second review of all year-end accruals and supporting workpapers in order to ensure the propriety of the year-end balances.<br><br>**Views of Responsible Officials and Planned Corrective Actions** - We will be implementing a more robust process to ensure there is a second review of all year-end accruals and supporting workpapers. |

## Section III - Federal Program Audit Findings

None

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November 30, 2021

To the City Council and Management
City of Burton, Michigan

We have audited the financial statements of the City of Burton (the "City") as of and for the year ended June 30, 2021 and have issued our report thereon dated November 30, 2021. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Legislative Items

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the City Council of the City of Burton, Michigan.

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping the City in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness. This section also contains updated legislative and informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the City's staff, especially Jodi Holbrook and her entire department, for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of management, the City Council, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these and any other questions that you might have at your convenience.

Very truly yours,

**Plante & Moran, PLLC**

Pam Hill, CPA
Partner

Christopher Gilbert, CPA
Manager



Attachment: 2021 City of Burton AU260 Letter (5253 : Presentation of the 2020-2021 Audit)

## Section I - Required Communications with Those Charged with Governance

### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 28, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the City's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the City, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated November 30, 2021 regarding 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, and grant agreements.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 26, 2021.

### Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements.

As described in Note 14, the City changed accounting policies related to GASB Statement No.84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.



Attachment: 2021 City of Burton AU260 Letter (5253 : Presentation of the 2020-2021 Audit)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimated useful lives of capital assets, liabilities related to retiree health care and pension obligations, and the lower of cost or market for the land held for resale.

Management's estimates of the useful lives of capital assets are based on the history of useful lives of similar capital assets. We evaluated the key factors and assumptions used to develop the estimated useful lives of depreciable assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimates of the liabilities related to retiree health care and pension obligations are based on actuarial calculations. We evaluated the key factors and assumptions used in that report in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the lower of cost or market for the land held for resale is based on market value estimates provided by the assessor. We evaluated the key factors and assumptions used to develop the lower of cost or market estimate for the land held for resale in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Disagreements with Management*

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The required footnote documentation and supplemental information for the annual money-weighted rate of return for the OPEB plan is not present, as the investment advisor was unable to provide this information. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, Management has corrected all misstatements referenced in section I.

*Significant Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the City's auditors.



Attachment: 2021 City of Burton AU260 Letter (5253 : Presentation of the 2020-2021 Audit)

However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 30, 2921.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in documents containing the City's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the Annual Comprehensive Financial Report, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Attachment: 2021 City of Burton AU260 Letter (5253 : Presentation of the 2020-2021 Audit)

## Section II - Other Recommendations and Legislative Items

### *Other Recommendations*

**Fund Deficit**

The Amy Street Capital Projects Fund had a fund deficit of $91,275. As a reminder, the City will once again be required to file an update to its deficit elimination plan with the State.

### *Legislative Items*

**COVID-19 Resource Center**

Plante & Moran, PLLC has assembled a COVID-19 task force of leaders across the firm to monitor, address, and mitigate risks presented by the virus. We understand the unique challenges our local governments are facing in providing essential services to protect communities during the COVID-19 crisis while, going forward, they face seemingly impossible choices around staffing, capital projects, pension obligations, and dozens of other items in the face of an uncertain revenue outlook. We are sharing our insights within our government COVID-19 resource center at https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center. We will keep you updated with relevant economic analyses, crisis management guidelines, notices of changing regulations, and more to keep the City running as smoothly as possible amidst uncertainty and unprecedented disruption.

Have questions about the CARES Act? Submit them at https://www.plantemoran.com/campaigns/firm/cares-act by simply providing your contact information and agreeing to our terms and conditions, and an expert from our task force will contact you within the next 24 hours.

**Cybersecurity and Information Technology Controls**

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

### *Michigan's Virtual Meeting Legislation (PA 228 of 2020)*

Public Act 228 of 2020 was adopted on October 16, 2020 by Governor Whitmer, providing authorization for virtual meetings for certain circumstances. For virtual meetings, each member of the public body that is meeting remotely must announce the county, city, township, or village and state from which the member is attending remotely, and this must be included in the meeting minutes. Specifically, this legislation provides the following circumstances for virtual meetings:

- March 31, 2021 - December 31, 2021 - For only those circumstances requiring accommodation of members absent due to military duty, a medical condition, or a statewide or local state of emergency (SOE) or state of disaster. If absence is due to military duty or a medical condition, the accommodation only applies to that individual, and the other members must be physically present at the meeting.

- After December 31, 2021, only for reason of military duty

On April 19, 2021, the Michigan Department of Health and Human Services amended its Gatherings and Face Mask Order, continuing the exemption subject to certain limitations for gatherings of public bodies



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and attendees of meetings held by public bodies in compliance with the Open Meetings Act from the indoor and outdoor gatherings limits on number of persons through May 24, 2021.

The City should ensure it is familiar with this legislation to ensure compliance.

**Updated Uniform Chart of Accounts**

In April 2017, the State released an updated Uniform Chart of Accounts. Originally, local units of government were expected to comply with the changes beginning with June 30, 2018 year ends. However, the State has extended the deadline for compliance. On April 20, 2020, the State issued a memo that sets an implementation date for fiscal years ending on October 31, 2022 and thereafter. The State has committed to releasing various tools to help local units with implementation, including FAQs and clarification on which accounts should be used when implementing GASB 84. A significant revision to the current version of the chart of accounts will be issued in the future that will incorporate feedback that the Treasury has received. This revision will include significant changes to the expenditure accounts 700-999, which will now mirror the old approach that allowed for various numbers within certain ranges. Going forward, the Treasury will issue the following three documents for any future revisions: a revised chart of accounts, a marked-up version of the chart showing the changes, and a summary of the revisions report. Local units can sign up for alerts at this link: https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp=MITREAS_1.

***Revenue Sharing***

The fiscal year 2021 governor's budget recommendation includes $1.4 billion for revenue sharing. Further details of the breakdown of this amount are available at https://www.michigan.gov/treasury/0,,7-121-1751_2197---,00.html.

In order to receive the City, Village, and Township Revenue Sharing (CVTRS) payments in FY 2021, qualified local units will once again need to comply with the same best practices as they did last year as follows:

- A citizen's guide to local finances with disclosure of unfunded liabilities
- Performance dashboard
- Debt service report
- Two-year budget projection

**Legacy Cost Reporting**

Legacy costs and the challenge of funding them continue to be topics of discussion. GASB pronouncements of late have placed even more focus on the net long-term liability arising from these benefit promises by requiring governmental financial statements to now reflect the net pension and OPEB liability. For many governments, these net liabilities are significant. In addition, Public Act 202 of 2017 has brought further focus on the funding level of these plans.

The following are the funding levels per the funding valuations for the last three years for both pension and OPEB:

| | Pension | OPEB |
|---|---|---|
| 2020 (2021 OPEB) | 52.2 percent | 55.2 percent |
| 2019 (2020 OPEB) | 48.5 percent | 23.0 percent |



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| | | |
|---|---|---|
| 2018 (2019 OPEB) | 45.4 percent | 17.3 percent |

Maintaining or even improving the funded status of the plans is dependent upon a number of factors, including the government's contribution policies, its amortization policy for funding the unfunded actuarial accrued liability, its benefit levels, and the ability to make future changes to the plan.

That said, the challenge here is significant. We are happy to assist you in thinking through alternative ways to manage this liability.

***Public Act 530 of 2016***

On December 31, 2016, the governor signed Public Act 530 of 2016, which amends Public Act 314 of 1965, also known as Public Employee Retirement System Investment Act (PERSIA). This act was effective on March 29, 2017.

Under the prior act, communities were required to publish a summary annual report setting forth key information related to pension and retiree health care plans. The amendment requires that this summary annual report also be submitted to the Michigan Department of Treasury within 30 days of publication.

In addition, for any system (either pension or retiree health care) that is not funded at a level of at least 60 percent, the community must now post a report to its website indicating steps that are being undertaken to address the liability. In addition, this report must be submitted to the Department of Treasury within a reasonable time frame.

The legislation calls for the Department of Treasury to accumulate all of the reports and publish a summary of funding levels throughout the state.

***Public Act 202 of 2017***

On January 5, 2018, the Michigan Department of Treasury released initial reporting requirements under Public Act 202 of 2017 (the "Act"), which were primary components of the Act. These reporting requirements apply to all local units of government that offer or provide defined benefit pension and/or defined benefit OPEB retirement benefits.

Local units began reporting funded ratios and contributions in accordance with these uniform assumptions, starting with their fiscal year 2019 if their audited financial statements were based on an actuarial valuation issued after December 31, 2018. If their fiscal year 2019 audited financial statements were based on an actuarial valuation issued prior to December 31, 2018, the local units will begin reporting on these uniform assumptions starting with their fiscal year 2020.

On October 21, 2019, the Michigan Department of Treasury released the updated uniform assumptions to be used for fiscal year 2020. Beginning with fiscal year 2020 reporting, all local governments must utilize the updated fiscal year 2020 uniform assumptions. Each year moving forward, the annual uniform assumptions will be updated and are expected to be utilized within Form 5572, where indicated, for that fiscal year. Local governments may utilize roll-forward procedures in nonvaluation years utilizing any updates to the uniform assumptions to calculate the data.

This means that the local unit potentially may need three calculations: a funding valuation (if the local unit chooses to have different assumptions for funding purposes), a valuation that complies with GAAP to be used for financial statement reporting, and a calculation that complies with the State's new uniform assumptions.

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The releases by the Department of Treasury include the letters titled "Public Act 202: Selection of the Uniform Assumptions" and "Public Act 202: Selection of the Uniform Assumptions for Fiscal Year 2020," Numbered Letter 2018-1, Form 5572, detailed instructions for completion of Form 5572, and a listing of frequently asked questions. All documents can be located at http://www.michigan.gov/treasury/0,4679,7-121-1751_51556_84499---,00.html.

Form 5572 is due annually for both pension and OPEB plans provided by an employer no later than six months after the end of the fiscal year.

In addition to submitting this new form to the Department of Treasury, a local unit must also post this information either on its website or in a public place if it does not have a website. The governing body of a local unit will also need to receive a copy of this form, in accordance with the Act, but the Act does not require approval by the governing body before submission to the Treasury.

Public Act 202 defines that a local unit of government is in underfunded status if any of the following apply:

1. OPEB - Total plan assets are less than 40 percent of total plan liabilities according to the most recent annual report, and, for primary units of government*, the annual required contribution for all of the retirement health systems of the local unit is greater than 12 percent of the local unit of government's governmental funds operations revenue.

2. Retirement pension plans - Total plan assets are less than 60 percent of total plan liabilities according to the most recent annual report, and, for primary units of government, the annual required contribution for all of the retirement pension systems of the local unit is greater than 10 percent of the local unit of government's governmental funds operations revenue.

*Primary units of government are cities, villages, townships, and counties.

If, after submission of Form 5572, the Treasury determines your community to have underfunded status, you will have the opportunity to file a waiver under Section 6 of the Act. The waiver needs to provide a plan for how the underfunding is being addressed. This waiver will then be submitted to the Treasury.

In the event that a local unit has underfunded plans and does not submit a waiver or the waiver is not approved, the Treasury will perform an internal review. The local unit will also need to submit a corrective action plan to the newly created Municipal Stability Board (under Section 7 of the Act). The local unit will be responsible for creating the corrective action plan.

For governments with OPEB plans, Section 4(l)(a)(i)(ii) of Public Act 202 of 2017 requires the local unit to pay retiree insurance premiums for the year, as well as the normal costs for the new employees hired after June 30, 2018. The actuary will likely need to calculate this number in order for governments to comply. In addition, if communities must essentially prefund this additional cost, those communities without a qualifying OPEB trust will need to consider where these contributions will go.

Questions should be directed via email to the Treasury offices at LocalRetirementReporting@michigan.gov or by visiting its website at www.Michigan.gov/LocalRetirementReporting.

***Numbered Letter 2018-3***

On March 13, 2020, the Treasury issued Numbered Letter 2018-3 (Revised) as a revision to Numbered Letter 2018-3 that was first issued in September 2018. This revised numbered letter provides additional clarity and guidance for compliance with Public Act 202 related to the calculation and reporting of the actuarial determined contribution (ADC) for other postemployment benefit (OPEB) systems. The revision emphasized the following two key points:

1. The ADC, regardless of funding policy, must be calculated as the normal cost plus the amortization of the unfunded liability.



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2. The ADC, calculated in accordance with the Act, must be reported in the audited financial statements. Note that OPEB plans that are not administrated through a trust are not required by GAAP to disclose the ADC in the required supplemental information section of the audited financial statements, but those plans should disclose this information in the footnotes to the financial statements, as required by this revised numbered letter.

Failure to calculate the ADC in compliance with this Numbered Letter 2018-3 (Revised) will be considered statutory noncompliance and shall be reported in the notes to the financial statements and result in an auditor finding for statutory noncompliance. Failure to report a compliance ADC in audited financial statements may result in the rejection of Form 5572 submissions and noncompliance with the Act and/or rejection of the local government's audited financial statements.

**Upcoming Accounting Standards Requiring Preparation**

***GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance***

This new pronouncement was adopted in May 2020 and is effective immediately. This statement postpones the effective dates of the following pronouncements and implementation guides by one year:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update - 2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update - 2019*
- Implementation Guide No. 2019-2*, Fiduciary Activities*

The effective dates of the following pronouncement and implementation guide are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

***GASB Statement No. 87 - Leases***

This new accounting pronouncement will be effective for reporting periods beginning after December 15, 2019 (June 15, 2021 after extension within GASB Statement No. 95). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

We recommend beginning to accumulate information now related to all significant lease agreements in order to more efficiently implement this new standard once it becomes effective.

Plante & Moran, PLLC will be providing trainings and other resources to our clients in the coming months to help prepare for the implementation of all these new standards. In the interim, please reach out to your engagement team for assistance in getting started.



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***GASB Statement No. 89 - Interest Incurred during Construction***

This new accounting pronouncement will be effective for reporting periods beginning after December 15, 2019 (December 15, 2020 after extension within GASB Statement No. 95). This statement eliminates capitalized interest and instead requires all interest expense, including the portion incurred during construction of a capital asset, to be expensed. Early adoption is encouraged.

***GASB Statement No. 92 - Omnibus 2020***

This new accounting pronouncement has various effective dates that were postponed by one year after extension within GASB Statement No. 95. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instrument.

***GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***

This new accounting pronouncement will be effective for reporting periods beginning after June 15, 2021. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans.

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