CITY OF BURTON

BURTON CITY COUNCIL MEETING

DECEMBER 19, 2022

MINUTES

Council Chambers	**Council Audit Workshop**	**6:00 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Steven Heffner at 6:00 PM.

A. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Tom Martinbianco	Vice President	Present	
Steven Heffner	President	Present	
Vaughn Smith	Councilman	Present	
Gregory Fenner	Councilman	Present	
Christina Conley	Councilwoman	Present	
Greg Hull	Councilman	Present	
Christina Hickson	Councilwoman	Late	6:10 PM

B. STAFF PRESENT

Duane Haskins, Mayor
Racheal Boggs, City Clerk
Charles Abbey, DPW Director/HR
Jodi Holbrook, Controller

Others present:

Pam Hill, Plante Moran

C. AUDIENCE PARTICIPATION

None.

D. ADMINISTRATIVE REPORT

Ms. Holbrook deferred to Pam Hill, Plante Moran.

E. PRESENTATION

1. 2022 Audit Presentation

   Pam Hill gave an overview of the financial statement audit, single audit, and financial highlights:

- GASB 87 lease changes
- Sewer fund net position comparison
- Water fund net position comparison
- Legacy costs
- Governmental fund revenue

- Governmental fund expenditures
- Components of governmental fund balance
- General fund balance

Mr. Fenner asked about a house bill that is due to be passed. Is it smart to wait to pay the $1 million until we see if it passes?

Ms. Hill stated we are not sure if it will go through, but it is something to watch. We cannot tell you what to do, this is a management decision.

Mr. Smith expressed concern about a drop in value. He stated the market isn't earning much on investments right now. The legislature is supposed to bring us up to 60%. The question becomes, do we wait to pay the $1 million? Do we know the MERS deadline?

Mayor Haskins stated they are saying April. This is why the Controller didn't put this on the last agenda. We weren't sure of the timing.

Mr. Smith asked Ms. Hill to account for the substantial increase in water.

Ms. Hill stated there was a rate increase and consumption was up as well.

Mr. Martinbianco stated the general fund loaned the water fund $670,000. He asked if it would be wise to add that as part of a net debt that the water fund has accrued on the balance sheet? Is this more logical?

Ms. Hill stated there would have to be supporting records to show the transfer and cash position would have to be stable.

Discussion ensued regarding surplus in water fund and paying back the general fund for the loan of $670,000.

Mr. Fenner asked if there are formulas or guidelines that can give us a number that is healthy?

Ms. Hill stated water and sewer is not as straight forward as general fund due to emergency reserves and water and sewer ordinances. It is capital intensive and it depends on the infrastructure you have.

Mr. Abbey stated we buy water wholesale from Genesee County and we don't have control over that. Keep in mind there will be additional needs. We are not up to full staff and they are charged off to the work they actually do. Two thirds of our system is aging. We have had four water main breaks in the last three months. My suggestion is take this slow and monitor it for awhile until we know we are healthy.

Mr. Martinbianco stated why don't we lump together the Amy Street fund deficit elimination plan and the 50/50 re-pavement program.

Ms. Hill stated we talked about this during our post audit meetings. There are different ways to account for some of these special assessment projects so that you don't have to have a deficit elimination plan every year for every project. We can talk more about this at a later time.

Mr. Smith stated the Controller has done something that is very rare. There were no corrections on this audit, at all. Thank you, Jodi for all your hard work.

Mayor Haskins stated this is just a standard practice we initiated with this administration so, it is no surprise to us that our great administrative staff does this well.

Meeting was adjourned at 6:55 PM.

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2022 Audit Presentation

COMMENTS - Current Meeting:

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ATTACHMENTS:

- 2022 City of Burton Graph Presentation (PPTX)

City of Burton
Audit Presentation to the City Council

For Year Ended June 30, 2022

City of Burton Deliverables

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

City of Burton
Audit Results

- Financial Statement Audit
  - Unmodified Opinion
  - GASB 87 *Leases* implemented during FY22
- Single Audit
  - No Federal Program Audit Findings
- Financial Highlights
  - Covered in later slides

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
  - Cybersecurity
  - Upcoming Accounting Pronouncements
    - § GASB Statement No. 96 – Subscription Based Information Technology Arrangements

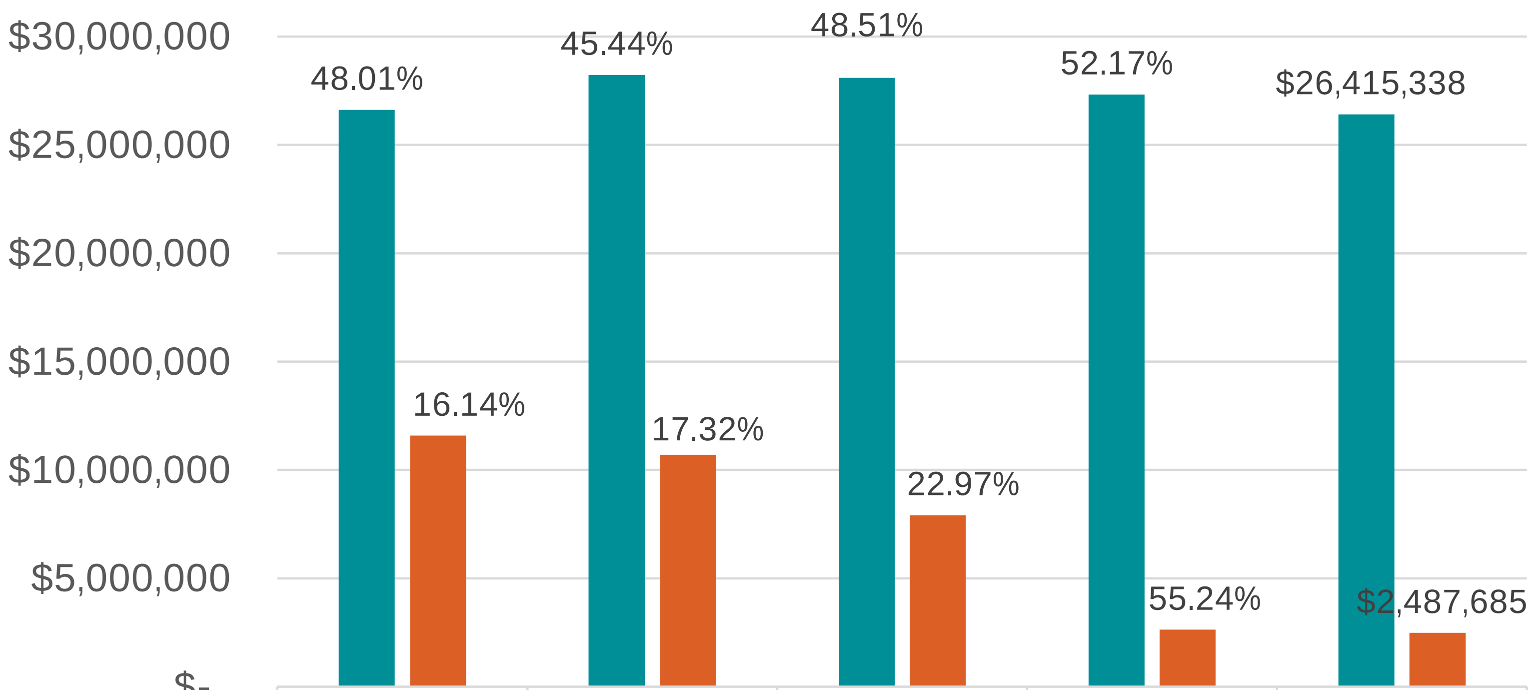
City of Burton
Sewer Fund
Components of Net Position Comparison

Components of Net Position	2018	2019	2020	2021	2022
Net Investment in Capital Assets	$24,391,743	24,331,425	$24,169,481	$24,228,803	$26,044,774
Unrestricted	$11,885,113	$13,478,062	$15,152,644	$16,756,257	$15,996,328
Total Net Position	36,276,856	$37,809,487	$39,322,125	$40,985,060	$42,041,102

City of Burton
Water Fund
Components of Net Position Comparison

Components of Net Position	2018	2019	2020	2021	2022
Net Investment in Capital Assets	$18,115,370	$18,895,266	$19,066,354	$19,079,125	$19,231,669
Restricted – Revenue Bond Reserve	$139,000	$139,000	$0	$0	$0
Unrestricted	($1,346,970)	($1,403,744)	($419,550)	$1,894,014	$3,277,003
Total Net Position	$17,630,522	$19,485,904	$20,973,139	$20,973,139	$22,508,672

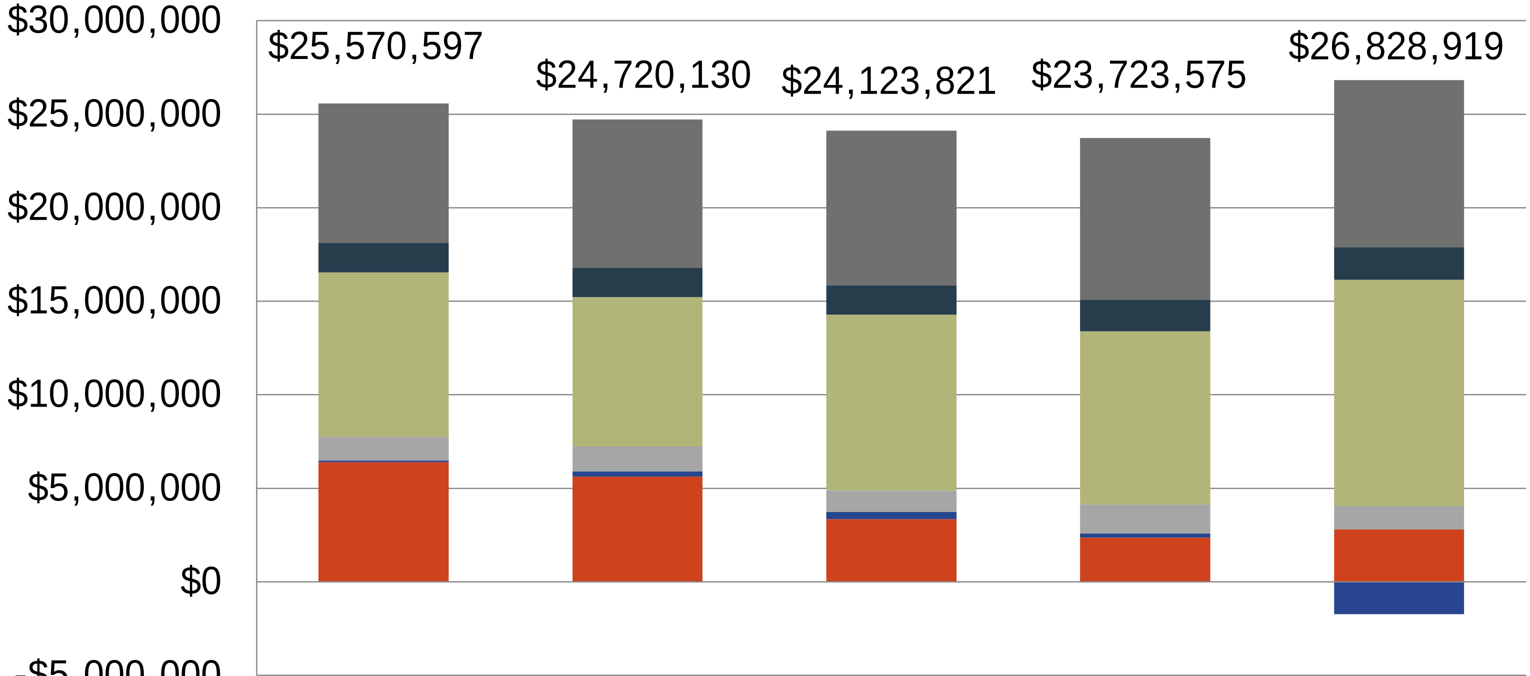
City of Burton Legacy Costs



	2018	2019	2020	2021	2022
Net Pension Liability	$26,621,853	$28,234,114	$28,096,921	$27,325,239	$26,415,338
Net OPEB Liability	$11,583,435	$10,701,185	$7,913,232	$2,626,724	$2,487,685

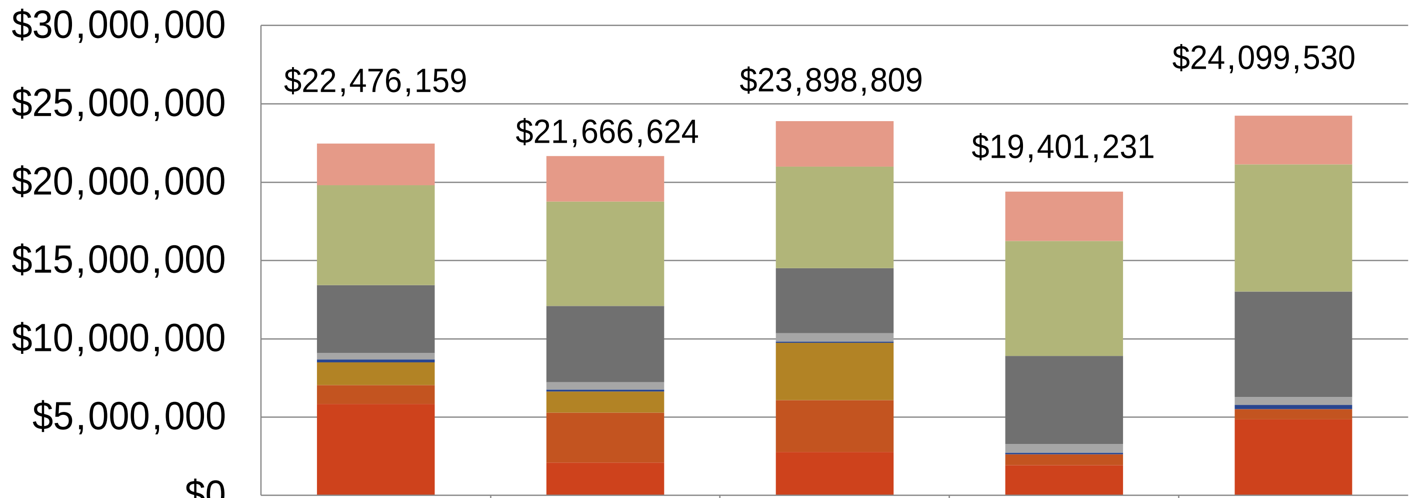
Net Pension Liability ■ Net OPEB Liability

City of Burton
Governmental Fund Revenue
Years Ended June 30



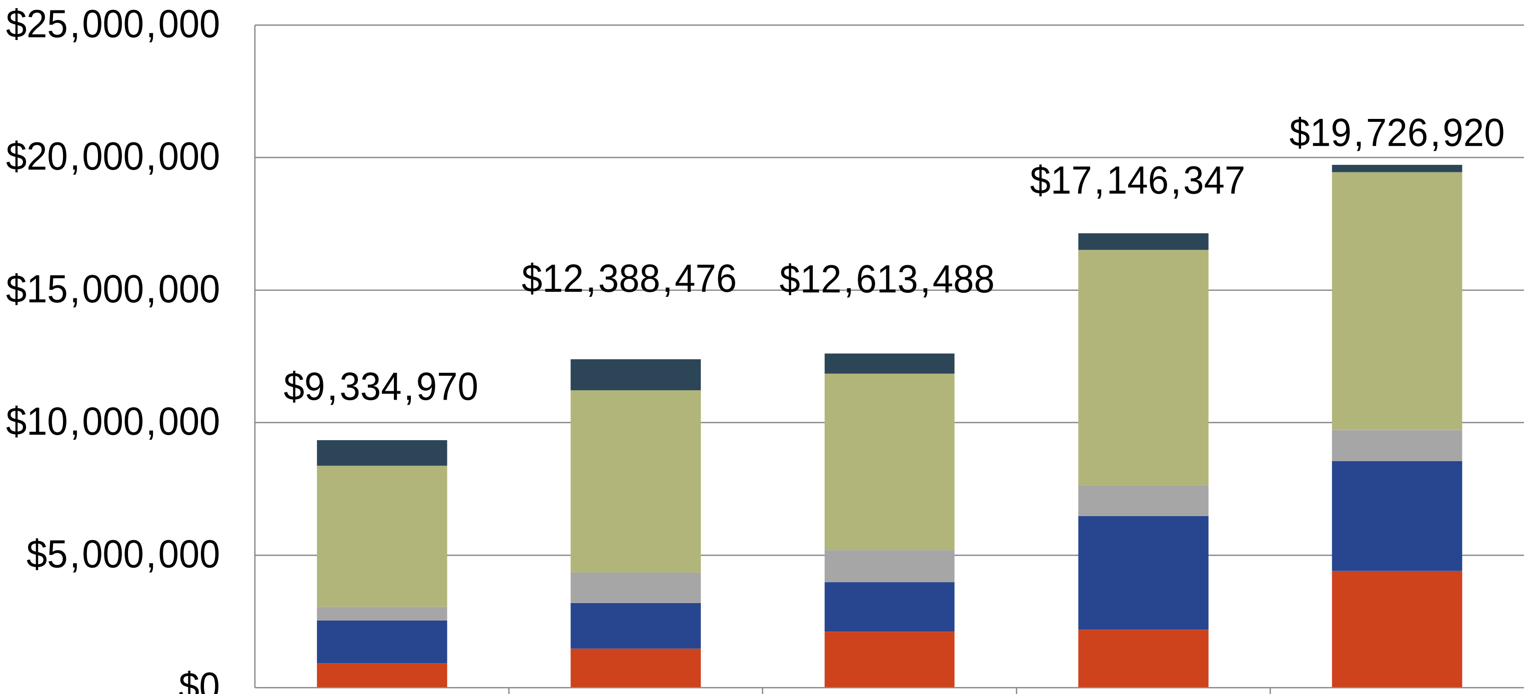
	2018	2019	2020	2021	2022
Property Taxes	$7,454,330	$7,920,143	$8,272,621	$8,629,057	$8,935,712
Special Assessments	$1,577,205	$1,580,664	$1,570,874	$1,707,547	$1,745,609
Intergovernmental	$8,795,421	$7,991,884	$9,404,605	$9,257,108	$12,092,303
Locally Raised	$1,268,333	$1,330,075	$1,135,196	$1,556,951	$1,249,432
Interest	$84,635	$264,271	$384,823	$217,928	-$1,729,289
Other & Transfers In	$6,390,673	$5,633,093	$3,355,702	$2,354,984	$2,805,863

City of Burton
Governmental Fund Expenditures
Years Ended June 30



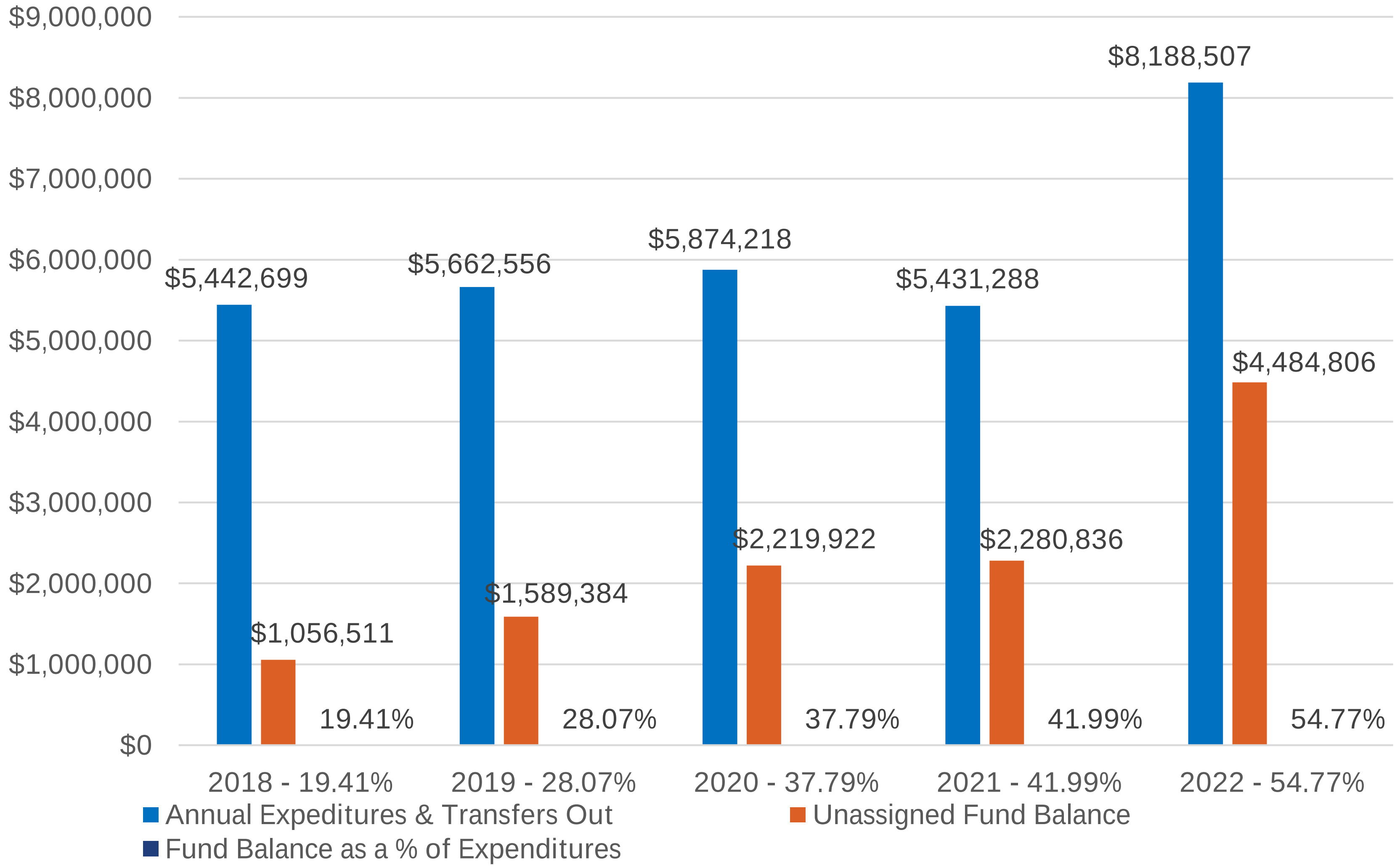
	2018	2019	2020	2021	2022
General Government	$2,673,060	$2,902,054	$2,908,777	$3,159,091	$3,114,794
Public Safety	$6,382,151	$6,662,932	$6,483,187	$7,333,959	$8,108,447
Public Works & Public Service	$4,324,946	$4,865,500	$4,140,187	$5,623,479	$6,726,539
Health and Welfare & Planning	$413,159	$472,877	$534,306	$545,554	$522,733
Rec and Culture	$174,183	$131,741	$77,873	$107,471	$269,519
Capital Outlay	$1,460,528	$1,339,374	$3,672,948	$0	$0
Debt Service	$1,205,821	$3,184,903	$3,310,452	$698,149	$651,181
Transfers Out & Other	$5,842,311	$2,107,243	$2,771,079	$1,933,528	$4,855,133

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



	2018	2019	2020	2021	2022
Nonspendable	$962,378	$1,171,566	$760,878	$628,541	$279,746
Restricted	$5,314,033	$6,877,626	$6,665,855	$8,882,152	$9,724,682
Committed	$524,935	$1,138,096	$1,197,728	$1,158,960	$1,165,949
Assigned	$1,609,522	$1,729,188	$1,872,127	$4,287,133	$4,155,009
Unassigned	$924,102	$1,472,000	$2,116,900	$2,189,561	$4,401,534

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



Thank You

For more information contact:

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