

BRIGHTON AREA FIRE AUTHORITY

Report on Financial Statements
(with required and other supplementary information)

For the Year Ended June 30, 2024

BRIGHTON AREA FIRE AUTHORITY

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Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

PAGE NUMBER

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

8

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

14

Statement of Activities

15

FUND FINANCIAL STATEMENTS

Balance Sheet

17

Reconciliation of Fund Balances to Net Position

18

Statement of Revenues, Expenditures, and Changes in Fund Balances

19

Reconciliation of Changes in Fund Balances to the Changes in Net Position

20

Statement of Fiduciary Net Position (Fiduciary Funds)

21

Statement of Changes in Fiduciary Net Position (Fiduciary Funds)

22

NOTES TO THE FINANCIAL STATEMENTS

24

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(General Fund)

44

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Capital Reserve Equipment Fund)

45

Defined Benefit Pension Plan (Schedule of Employer Contributions)

46

Defined Benefit Pension Plan (Schedule of Changes in Net Pension Liability and Related Ratios)

47

Other Post Employment Benefit Plans (Schedule of Employer Contributions)

48

Other Post Employment Benefit Plans (Schedule of Changes in Net OPEB Liability and Related
Ratios)

50

SUPPLEMENTARY INFORMATION

Combining Balance Sheet (Funds Included in GASB 54 General Fund Consolidation)

52

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
(Funds Included in GASB 54 General Fund Consolidation)

53

INDIVIDUAL FUNDS

Balance Sheet (General Fund – Pre GASB 54 Consolidation)

56

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (General
Fund – Pre GASB 54 Consolidation)

57

Statement of Expenditures - Budget and Actual (General Fund – Pre GASB 54 Consolidation)

58



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INDEPENDENT AUDITOR'S REPORT

November 18, 2024

To the Board of Trustees
Brighton Area Fire Authority
615 W. Grand River
Brighton, Michigan 48116

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund, for the Brighton Area Fire Authority, Michigan as of and for the year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Brighton Area Fire Authority, Michigan as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. 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 for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary information

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

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

June 30, 2024

Within this section of the Brighton Area Fire Authority's annual financial report, the Authority's management is providing a narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Authority's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both government-wide financial statements distinguish governmental activities of the Authority that are intended to recover all or a significant portion of their costs through user fees and charges or by taxes collected. The Authority's financial reporting includes all the funds of the Authority and, additionally, organizations for which the Authority is accountable.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Authority uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The Authority has two kinds of funds:

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

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

The Authority maintains a Private Purpose Trust Fiduciary Fund. This is reported in the fund financial statements and is used to account for operations that (a) are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the costs of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges) or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

In 2015, the Authority approved an OPEB Trust Fiduciary Fund to account for overall contributions made to fund future other post-employment benefit obligations.

Notes to the financial statements

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

Other information

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

Financial Analysis of the Authority as a Whole

The Authority's net position at the end of the fiscal year was \$23,510,145 This is an increase of \$3,020,897 over last year's net position of \$20,489,248. The following reports provide a summary of the Authority's financial activities and changes in net position:

Summary of Net Position

	Governmental Activities	
	6/30/2024	6/30/2023
Assets:		
Current and other assets	\$ 9,343,299	\$ 6,989,379
Capital assets	14,435,557	13,772,681
Other non-current assets		
Net OPEB asset	461,303	399,900
Total assets	24,240,159	21,161,960
Deferred outflows of resources		
Pension and OPEB activities, net	304,588	66,055
Liabilities:		
Accounts payable	31,088	44,807
Other current liabilities	354,325	282,398
Long term liabilities		
Net pension liability	88,449	100,779
Total liabilities	473,862	427,984
Deferred inflows of resources		
Pension and OPEB activities, net	560,740	310,783
Net position:		
Invested in capital assets	14,435,557	13,772,681
Unrestricted	9,074,588	6,716,567
Total net position	\$ 23,510,145	\$ 20,489,248

Summary of Changes in Net Position

	Governmental Activities	
	6/30/2024	6/30/2023
Revenues:		
Program revenues		
Charges for services	\$ 273,819	\$ 135,242
Operating grants and contributions	24,286	95,522
General revenues		
Property taxes	8,072,844	7,519,673
State grants	137,619	98,441
Investment income	248,524	132,274
Gain on sale of assets	116,728	
Other revenues	57,449	107,011
Total revenues	8,931,269	8,088,163
Expenses for fire protection	5,910,372	5,909,852
Change in net position	3,020,897	2,178,311
Beginning net position	20,489,248	18,310,937
Ending net position	\$ 23,510,145	\$ 20,489,248

Changes in Financial Status

The increase in net position of \$3,020,897 in the current year was mostly due to increased property tax revenues, gains on the sale of multiple vehicles and an increase in investment income from rising interest rates.

Financial Analysis of the Authority's Funds

The Authority's General Fund had revenues over expenditures from current year operations totaling \$482,970. Since there were no transfers to other funds in the current year, the General Fund had a net increase in fund balance of \$482,970.

For internal accounting purposes, the Authority maintains three separate funds which, when combined, make up the General Fund. See pages 52 and 53 which show the three separate funds individually and combined under GASB 54 to make up the total General Fund.

General Fund Budgetary Highlights

The original General Fund budget adopted by the Authority was created prior to the beginning of the fiscal year and outlined the Authority's anticipated financial operations. Amendments were made to the original budget to reflect changes in economic reality. Actual expenditures exceeded appropriations in six activities in immaterial amounts.

Capital Asset and Debt Administration

The Authority made significant capital purchases during the year which included multiple vehicles to replace old vehicles sold during the year, totaling \$1,319,862. The Authority also acquired \$113,097 in various other capital assets such as operating and transportation equipment and a surveillance system.

The Authority sold two 2005 Ford F-550s, a 2015 Ford Expedition, a 2017 Ford expedition and related equipment, and a Spartan E-1 Pumper. The Authority also sold various operating equipment for \$125,425 in proceeds with a net book value of \$6,392 for a net gain on sale of assets of \$116,728.

The Authority's unwritten policy is to fully pay for all capital items and not to finance capital purchases. Keeping with its policy, the Authority has no long term debt for capital assets.

Economic Conditions and Future Activities

The Authority's operations are primarily funded via tax millage. The operating tax millage was approved at 1.5 mills and runs 2021 through 2025. Taxable value increased a reasonable amount from 2023 to 2024. Management believes tax revenues for next year will increase approximately 7% after the annual "Headlee adjustment." The Authority's residents approved a second millage for capital which runs for 13 years at .8900 mills. The millage started in December 2019, and runs through December 2031.

Contacting the Authority's Financial Management

This report is designed to provide a general overview of the Authority's financial position and comply with finance-related regulations. If there are any further questions about this report, please contact the Brighton Area Fire Authority at 615 W. Grand River Ave., Brighton, MI 48116.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BRIGHTON AREA FIRE AUTHORITY**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
ASSETS	
Cash	\$ 9,207,544
Accounts receivable	23,314
Prepaid expenditures	112,441
Net OPEB asset	461,303
Non-depreciable capital assets	673,440
Depreciable capital assets - net of depreciation	13,762,117
Total assets	24,240,159
DEFERRED OUTFLOW OF RESOURCES	
Pension related activities	36,498
OPEB related activities	268,090
Total deferred outflow of resources	304,588
LIABILITIES	
Accounts payable	31,088
Accrued expenditures	354,325
Net pension liability	88,449
Total liabilities	473,862
DEFERRED INFLOWS OF RESOURCES	
OPEB related activities	560,740
NET POSITION	
Invested in capital assets	14,435,557
Unrestricted	9,074,588
Total net position	\$ 23,510,145

The notes are an integral part of the financial statements.

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenues</u>
GOVERNMENTAL ACTIVITIES		<u>Services</u>	<u>and Contributions</u>	<u>and Changes</u>
				<u>in Net Position</u>
Fire protection services	\$ (5,910,372)	\$ 226,853	\$ 24,286	\$ (5,659,233)
General Revenues:				
Property taxes				8,072,844
State grants				137,619
Investment income				248,524
Gain on disposal of assets				116,728
Licenses and Permits				46,966
Other revenues				57,449
Total general revenues				<u>8,680,130</u>
Change in net position				3,020,897
Net position, July 1, 2023				<u>20,489,248</u>
Net position, June 30, 2024				<u>23,510,145</u>

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

BRIGHTON AREA FIRE AUTHORITY

**BALANCE SHEET
JUNE 30, 2024**

	Major Funds		
	General	Capital Reserve Equipment	
	Fund	Fund	Total
ASSETS			
Cash	\$ 5,227,799	\$ 3,979,745	\$ 9,207,544
Accounts receivable	3,835	18,807	22,642
Due from other funds	784	45,981	46,765
Prepaid expenditures	112,441		112,441
Total assets	\$ 5,344,859	\$ 4,044,533	\$ 9,389,392
LIABILITIES			
Accounts payable	\$ 31,088	\$	\$ 31,088
Due to other funds	45,981	112	46,093
Accrued wages	110,049		110,049
Accrued compensated absences	28,724		28,724
Total liabilities	215,842	112	215,954
FUND BALANCES			
Non-spendable:			
Prepaid expenditures	112,441		112,441
Committed to:			
Compensated absences	73,020		73,020
Chargeback reserves	96,729		96,729
Capital outlay		4,044,421	4,044,421
Assigned:			
Future budget deficits	135,309		135,309
Unassigned	4,711,518		4,711,518
Total fund balances	5,129,017	4,044,421	9,173,438
Total liabilities and fund balances	\$ 5,344,859	\$ 4,044,533	\$ 9,389,392

The notes are an integral part of the financial statements.

BRIGHTON AREA FIRE AUTHORITY

**RECONCILIATION OF FUND BALANCES TO NET POSITION
JUNE 30, 2024**

Fund balance - governmental funds		\$ 9,173,438
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet:		
Historical cost	\$ 20,760,896	
Accumulated depreciation	<u>(6,325,339)</u>	
Net book value of capital assets		14,435,557
Certain pension and OPEB related activities are not a consumption of current resources and therefore are reported as deferred outflows (inflows) of resources in the Statement of Net Position:		
Net deferred outflows (inflows) related to pension activities	(524,242)	
Net deferred outflows (inflows) related to OPEB activities	<u>268,090</u>	
Total		(256,152)
Pension liabilities, net of pension plan fiduciary net position, are not payable in the current period and are not reported in the fund financial statements:		
Net pension (liability)		(88,449)
Other post-employment benefit (OPEB) liabilities, net of plan fiduciary net position, are an asset or (liability) for governmental activities, but are not reported in the fund financial statements:		
Net OPEB asset		461,303
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds financial statements. These include:		
Accrued compensated absences		<u>(215,552)</u>
Net position of governmental activities		<u><u>\$ 23,510,145</u></u>

The notes are an integral part of the financial statements.

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	Major Funds		
	General	Capital Reserve Equipment	
	Fund	Fund	Total
REVENUES			
Taxes	\$ 5,101,206	\$ 2,971,638	\$ 8,072,844
Licenses and permits	46,966		46,966
Federal grants	24,286		24,286
State grants	107,619	30,000	137,619
Charges for services	133,918	92,935	226,853
Interest and rent	127,313	121,211	248,524
Other income	49,069	8,380	57,449
Total revenues	5,590,377	3,224,164	8,814,541
EXPENDITURES			
Personnel and benefits	3,735,957		3,735,957
Contracted services	57,678		57,678
General fire protection	1,238,002	173,588	1,411,590
Chargebacks	11,997		11,997
OPEB contributions	56,000		56,000
Capital outlay	7,773	1,312,089	1,319,862
Total expenditures	5,107,407	1,485,677	6,593,084
Excess of revenues over (under) expenditures	482,970	1,738,487	2,221,457
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets		125,425	125,425
Net changes in fund balances	482,970	1,863,912	2,346,882
FUND BALANCE, JULY 1, 2023	4,646,047	2,180,509	6,826,556
FUND BALANCE, JUNE 30, 2024	\$ 5,129,017	\$ 4,044,421	\$ 9,173,438

The notes are an integral part of the financial statements.

BRIGHTON AREA FIRE AUTHORITY

**RECONCILIATION OF CHANGES IN FUND
BALANCES TO THE CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balances \$ 2,346,882

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

Capital asset acquisitions are reported in the governmental funds as
expenditures. However, for governmental activities, these costs are
shown as capital assets in the Statement of Net Position and allocated
over their useful lives as depreciation expense in the Statement of
Activities:

Capital outlay purchases	\$ 1,319,862	
Gain on sale of assets	(8,697)	
Depreciation expense	<u>(648,289)</u>	
Total		662,876

Certain pension and OPEB activities are not recorded in the governmental
funds. However, for governmental activities, the activities are recorded
as deferred outflows and inflows of resources:

Change in deferred outflows (inflows) of resources:

Pension related activities	(580,613)	
OPEB related activities	<u>569,189</u>	
Total		(11,424)

In the Statement of Activities, the cost of pension benefits is measured
by the change in Net Pension Liability or Asset during the year, while the
expenditures are recognized in the governmental funds based on the
actual pension contributions paid:

Change in net pension liability or asset	12,330
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In the Statement of Activities, the cost of other post-employment benefits (OPEB)
is measured by the change in the net OPEB liability or asset during the year,
while in the governmental funds, expenditures are recognized based on
the amounts actually paid for the OPEB contributions.

Change in net OPEB asset	61,403
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Change in the balance of long term compensated absences for personal time off
for employees is recorded in the Statement of Net Position:

Change in compensated absences	<u>(51,170)</u>
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Change in net position of governmental activities	<u><u>\$ 3,020,897</u></u>
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The notes are an integral part of the financial statements.

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

	OPEB Trust Fund	Private- Purpose Trust Fund
ASSETS		
Cash	\$	\$ 77,285
Due from others		1,750
Due from other funds		112
Investment in OPEB Trust	<u>1,054,031</u>	
Total assets	<u><u>\$ 1,054,031</u></u>	<u><u>\$ 79,147</u></u>
LIABILITIES		
Due to others	\$	\$ 78,363
Due to other funds		<u>784</u>
Total liabilities		79,147
NET POSITION	<u>1,054,031</u>	
Total liabilities and net position	<u><u>\$ 1,054,031</u></u>	<u><u>\$ 79,147</u></u>

The notes are an integral part of the financial statements.

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	OPEB Trust Fund	Private- Purpose Trust Fund
ADDITIONS		
Public contributions	\$	\$ 4,113
OPEB Contributions	56,000	
Investment income, net of fees	<u>137,813</u>	
Total additions	193,813	4,113
DEDUCTIONS		
Public safety		<u>4,113</u>
Net change in net position	193,813	
NET POSITION, JULY 1, 2023	<u>860,218</u>	
NET POSITION, JUNE 30, 2024	<u><u>\$ 1,054,031</u></u>	<u><u>\$</u></u>

The notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

BRIGHTON AREA FIRE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Brighton Area Fire Authority was organized on May 4, 2000 to provide fire protection services under Public Act No. 57, of the Public Acts of 1988, as amended, as a joint venture by its members; The Charter Township of Genoa, the City of Brighton, and Brighton Charter Township. The Brighton Area Fire Authority Board is appointed by each member municipality. Each member municipality appoints two members to the Brighton Area Fire Authority Board, with one additional Member at Large selected by these six appointed members.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statements, these financial statements present all activities of the Authority. There are no component units of the Authority using the criteria established by GASB standards for determining the reporting entity.

B. BASIC FINANCIAL STATEMENTS

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

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Authority as a whole. All activities are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Net Position reports all financial and capital resources of the Authority. It is displayed in a format of assets plus deferred outflows less liabilities and deferred inflows equals net position, with the assets and liabilities shown in order of their relative liquidity.

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

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Standards. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Authority reports the following major governmental funds:

- The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund is supported mostly by an operating tax millage.
- The Capital Reserve Equipment Fund accounts for the activity associated with the acquisition of capital assets. This fund is supported by the General Fund, cost recovery revenues, and a separate capital millage.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. CAPITAL ASSETS

Under GASB Standards, all capital assets are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

E. MANAGEMENT ESTIMATES

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

F. BUDGETS

An annual operating budget on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America is formally adopted for the General Fund and all Special Revenue funds. The budget can be amended by approval from the Authority Board. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. All annual appropriations lapse at the fiscal year end.

G. RISK MANAGEMENT

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

H. ACCRUED COMPENSATED ABSENCES

The Authority has recorded a liability for compensated absences of the fire department. The policies regarding compensated absences are outlined in the Authority's "Employee Handbook".

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FUND EQUITY

Under GASB Standards in the fund financial statements, governmental funds report the following components of fund balance:

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

J. NET POSITION

In the government-wide financial statements, net positions are classified into the following categories:

- Invested in Capital Assets - This category presents capital assets net of depreciation and reduced by debt applicable to the acquisition or construction of these assets.
- Restricted Net Position - This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
- Unrestricted Net Position - This category presents the net position of the Authority which is not restricted.

K. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

Under GASB standards, the Authority reports two sections in the Statement of Net Position (Government Wide Statements) and in the Balance Sheet (Fund Statements) which are called *deferred outflows* (previously called *assets*) and *deferred inflows* (previously called *liabilities*).

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

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. DEFINED BENEFIT PENSION PLANS

For purposes of measuring the Net Pension Liability or Asset, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to and deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. DEFINED BENEFIT OPEB PLANS

For purposes of measuring the net OPEB liability or asset, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Brighton Area Fire Authority Employee OPEB Plan and additions to and deductions from the Authority's fiduciary net position have been determined on the same basis as they are reported by the Brighton Area Fire Authority. For these purposes, 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.

NOTE 2 - PROPERTY TAXES

The Authority's property taxes are levied and become a lien on December 1st based on the taxable valuation of property located in the Authority as of the preceding December 31st. These taxes are due on February 14th, with the final collection date of February 28th before they are added to the county delinquent tax rolls.

For the year ended June 30, 2024, the Authority recognized the property taxes levied December 1, 2023, as revenue. The total taxable value was \$3,428,935,883 and the millage rate was set at 1.4892 mills for operations. Also, a capital millage rate is in place at 0.8670 mills.

NOTE 3 - INTERFUND BALANCES

As of June 30, 2024, The Authority had the following interfund balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
Compensated Absences Fund	General Fund	\$ 12,479	Reimburse expenditures
General Fund	Capital Reserve Equipment Fund	45,981	Various Reimbursements
Capital Reserve Equipment Fund	Private Purpose Trust Fund	112	Reimburse expenditures
Private Purpose Trust Fund	General Fund	784	Interest income reimbursement
Total		<u>\$ 59,356</u>	

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balances			Balances
	7/1/2023	Additions	Deletions	6/30/2024
Capital assets not being depreciated:				
Land	\$ 673,440	\$	\$	\$ 673,440
Depreciable capital assets:				
Buildings	11,066,961			11,066,961
Operating equipment	860,161	113,097	(46,524)	926,734
Leasehold improvements	142,846		(8,755)	134,091
Transportation equipment	7,432,866	1,206,765	(679,961)	7,959,670
Total depreciable capital assets	19,502,834	1,319,862	(735,240)	20,087,456
Accumulated depreciation	(6,403,593)	(648,289)	726,543	(6,325,339)
Depreciable capital assets, net	13,099,241	671,573	(8,697)	13,762,117
Total governmental activities capital assets	\$ 13,772,681	\$ 671,573	\$ (8,697)	\$ 14,435,557

Depreciation expense is being recorded solely for fire protection services. The Authority utilizes the straight-line method to depreciate capital assets over their estimated useful lives. No debt is associated with capital assets.

The Authority had capital outlay expenditures totaling \$1,319,862, of which a significant portion was the purchase of fire vehicles to replace five vehicles that were sold during the fiscal year. The remaining capital expenditures were for various operating equipment, power cots and a camera surveillance system.

NOTE 5 - DEFINED CONTRIBUTION PLUS PENSION PLAN

The Authority established a MERS Defined Contribution Plus Pension plan, which combines a 401(a) and 457 plan, effective October 1, 2017. The Authority contributes 7% of eligible compensation (Medicare wages) for full-time employees into the 401(a) plan. In addition, the Authority will match full-time employees' Section 457 contributions \$1 for \$1 up to 5% of the employees' total compensation. The Authority will match paid on call and part time employees' Section 457 contributions, \$1 for \$1 up to 7% of the employees' total compensation. Matching contributions will be invested in the 401(a) plan while employee contributions will be invested in the 457 plan.

Total Authority contributions for the year were \$64,226 for part time and paid on call employees and \$258,509 for full time employees for the fiscal year ended June 30, 2024.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

Description of Benefits

Benefits Provided

Benefits provided include plans with a multiplier of 2.25% for each year of service, with a maximum of 80%, and a vesting period of 6 years. Normal retirement is available at age 60. Early retirement is available at age 50 with 25 years of service with normal benefits, or at age 55 with 15 years of continuous service with reduced benefits. Final average compensation is calculated based on the employee's final 3 years wages.

Employees covered by benefit terms

At the December 31, 2023, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active employees	0
	<hr/>
	2
	<hr/>

Contributions

The Brighton Area Fire Authority is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer made contributions of \$11,140 for the year ended June 30, 2024.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Discount Rate

The discount rate used to measure the total pension liability is 7.18% for 2023. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Actuarial assumptions

The total pension liability in the December 31, 2023, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.00% in the long term

Investment rate of return: 6.93%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

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

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study performed between 2014 and 2018.

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

Asset Class	Target Allocation		Target Allocation Gross Rate of Return		Long-Term Expected Real Rate of Return
Global Equity	60.00%	x	7.00%	=	4.20%
Global Fixed Income	20.00%	x	4.15%	=	0.83%
Private Investments	20.00%	x	9.50%	=	1.90%
Total					6.93%

The sum of the target allocations is 6.93%, which matches the assumed rate of return used in the actuarial valuation.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2022	\$ 588,477	\$ 487,698	\$ 100,779
Changes for the year			
Interest on total pension liability	40,390		40,390
Difference between expected and actual experience	6,067		6,067
Changes in assumptions	3,102		3,102
Employer contributions		11,140	(11,140)
Net investment income		52,254	(52,254)
Benefit payments, including employee refunds	(51,910)	(51,910)	
Administrative expense		(1,112)	1,112
Other changes	393		393
Net Changes	(1,958)	10,372	(12,330)
Balance at December 31, 2023	\$ 586,519	\$ 498,070	\$ 88,449

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1% higher (8.18%) than the current rate.

	1% Decrease 6.18%	Current Discount Rate 7.18%	1% Increase 8.18%
Net Pension Liability (Asset) at 12/31/2023	\$ 88,449	\$ 88,449	\$ 88,449
Change in Net Pension Liability (Asset) from change in discount rate	47,599		(41,763)
Calculated Net Pension Liability (Asset)	\$ 136,048	\$ 88,449	\$ 46,686

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

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the fiscal year ended June 30, 2024, the Brighton Area Fire Authority recognized pension expense of \$18,683. The Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows (Inflows) of Resources
Deferred outflows (inflows) to be amortized	
Excess (deficit) of investment returns	\$ 29,814
Other deferred outflows (inflows)	
Contributions subsequent to the measurement date	6,684
Total deferred outflows (inflows)	<u>\$ 36,498</u>

The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Expense
2024	\$ 6,235
2025	10,619
2026	16,709
2027	(3,749)
Total	<u>\$ 29,814</u>

NOTE 7 - LEASES

The Authority previously implemented the Governmental Accounting Standards Board (GASB) Standard No. 87, *Leases*, which is intended to improve the accounting and financial reporting of leases for the Authority.

This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard requires a lessee to recognize a lease liability and right-to-use lease asset and requires a lessor to recognize a lease receivable and a deferred inflow of resources. The Authority does not recognize leases with a term of 12 months or less ("short term leases") on the Statement of Net Position.

The Authority has determined that this standard has no material impact on the Authority's financial statement.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 8 - LEASE AGREEMENTS - FIRE STATIONS

The Authority maintains five fire stations, of which three are owned and two are leased. The following summarizes these locations:

<u>Address</u>	<u>Member Municipality</u>	<u>Station #</u>	<u>Owned or Leased</u>
615 W. Grand River	City of Brighton	31	Leased
1580 Old U.S. 23	Charter Twp. of Brighton	32	Leased
9955 Webber	Charter Twp. of Brighton	33	Owned
2755 Dorr Road	Genoa Charter Twp.	34	Owned
1315 Chilson Road	Genoa Charter Twp.	35	Owned

The agreement for Station 31 (with the City of Brighton) went through September 2020. The agreement calls for annual rent payments of \$1 and the Authority is responsible for all general upkeep, repairs and utilities. The member municipality is responsible for any structural repairs. This lease agreement expired, however both parties agreed for the Authority to continue to use the building as they work on an agreement to transfer ownership of the building or complete an agreement to extend the lease.

The Authority had signed a lease agreement for the period May 1, 2017, through April 30, 2022, for Station 32, which has been extended through April 30, 2027. The agreement calls for an annual rent payment of \$1. The Authority is responsible for 80% of electricity, heat, water, refuse disposal, pest control, operation and maintenance portion of sewer service, and other utilities serving the entire building. The Authority is also responsible for limited repairs and maintenance, while the member municipality is responsible for any structural repairs.

NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in all of the investments mentioned in the preceding paragraph. As of June 30, 2024, deposits consist of the following:

Deposits and investments:

	Cash and Cash Equivalents	Investments	Total
Deposits			
Checking accounts	\$ 924,912	\$	\$ 924,912
Savings account	8,234,261		8,234,261
Money market accounts	228,742		228,742
Total deposits	9,387,914		9,387,914
Mutual funds			
CLS investments		1,054,031	1,054,031
Total deposits and investments	<u>\$ 9,387,914</u>	<u>\$ 1,054,031</u>	<u>\$ 10,441,945</u>

The carrying amount of deposits and investments is stated at \$10,338,860 as of June 30, 2024, in the Statement of Net Position and Statement of Fiduciary Funds Net Position. The difference between the carrying amounts and the amounts mentioned above stem from cash on hand and outstanding items.

Deposits - Custodial Credit Risk

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

As of June 30, 2024, deposits in banks totaled \$9,387,914, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 9,157,766
Uninsured and uncollateralized	<u>230,148</u>
	<u>\$ 9,387,914</u>

According to the FDIC insurance for Government accounts, up to \$250,000 is insured for the combined amount of all time and savings accounts, and up to \$250,000 is insured for the combined amount of all demand deposit accounts.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 10 - FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities to be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritized the inputs and valuation techniques used to measure fair value.

The standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the standards require the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs for which there is little or no market data, which requires the use of the reporting entity's own assumptions.

The Authority's deposits of \$9,387,914 measured at fair value are Level 1.

The Authority's investments of \$1,054,031 held in an external investment pool measured at net asset value per share are Level 2. See table below for the fair value of these funds at June 30, 2024.

The Authority's accounts receivable and accounts payable are financial instruments which have fair values at June 30, 2024 that approximate their stated carrying amounts at those dates.

Investments in Entities that Calculate Net Asset Value per Share

The Authority holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments Held at June 30, 2024

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
CLS Investments	\$ 1,054,031	\$	None	None
Total	<u>\$ 1,054,031</u>	<u>\$</u>		

The CLS Investment fund invests in U.S. Treasury obligations, domestic, international and fixed income securities, and approved money market funds. The program is designed to meet the needs of 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.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Brighton Area Fire Authority Retiree Medical Plan is a single employer plan established and administered by *Brighton Area Fire Authority* and can be amended at its discretion. The plan provides lifetime and date-certain healthcare insurance for eligible retirees through the Authority's group health insurance plan, which covers both active and retired members. Benefit provisions are established through policies outlined in the Brighton Area Fire Authority Regular Full-Time Employee Benefit Summary.

Benefits Provided

Employees hired on or before December 11, 2008, must have a minimum of twenty-five (25) years of full-time service to qualify for benefits. Benefits for this group include medical, dental, and vision coverage for the retiree and his or her spouse. Coverage extends to the later of the death of the retiree or surviving spouse only. The quality of the coverage provided shall not exceed that provided to the currently active employees with the same cost-sharing responsibilities.

Employees hired after December 11, 2008, must have a minimum of twenty-eight (28) years of full-time service to qualify for benefits. Benefits for this group include medical, dental, and vision coverage for the retiree only. The quality of the coverage provided shall not exceed that provided to the currently active employees with the same cost-sharing responsibilities. Effective April 14, 2022, the Authority modified this provision to permit employees hired after December 11, 2008, to receive benefits as described after twenty-five (25) years of service.

Summary of Plan Participants

Retirement Plan membership for the June 30, 2024, fiscal year consisted of the following:

Inactive plan members receiving benefits	0
Active plan members	<u>20</u>
Total participants	<u><u>20</u></u>

Contributions

The Brighton Area Fire Authority Employee OPEB Plan was established and is being funded under the Authority. The plan's funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation. The plan has no legally required reserves.

BRIGHTON AREA FIRE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Assumptions and Methods

The Authority's OPEB liability was measured as of June 30, 2024.

Actuarial Assumptions

The actuarial values are based on June 30, 2024 results. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	Included in investment rate of return
Salary increases	5.0%
Investment rate of return	6.9% including inflation
20-year Aa Municipal bond rate	4.21% (S&P Municipal Bond 20-Year High Grade Rate Index
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted
Improvement scale	IRS 2024 Adjusted Scale MP-2021

The long-term expected rate of return on retirement 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 retirement 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected			Expected Investment
			Rate of Return		Rate of Return
Global Equity	64.00%	x	7.80%	=	4.99%
Global Fixed Income	26.00%	x	4.80%	=	1.25%
Real Assets	5.00%	x	6.90%	=	0.35%
Diversifying Strategies	5.00%	x	6.30%	=	0.32%
					<u>6.90%</u>

The sum of the target allocations is 6.9%, which matches the assumed rate of return used in the actuarial valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.9%. The employer was assumed to make annual contributions of at least \$56,000 and up to the actuarially determined contribution. Given this assumption, the assets are projected to be sufficient to satisfy projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets, projected benefits must be discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield (not expected to be applicable to this plan based on assumed contributions). As such, a single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. Prior year valuations used a discount rate of 7.45%.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Net OPEB Liability

Changes in the Net OPEB Liability (Asset):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (asset) (a)-(b)
Balance at June 30, 2023	<u>\$ 460,318</u>	<u>\$ 860,218</u>	<u>\$ (399,900)</u>
Changes during the year			
Service cost	40,103		40,103
Interest	37,282		37,282
Change in actuarial assumptions	55,025		55,025
Contributions to OPEB trust		56,000	(56,000)
Net investment income		142,720	(142,720)
Administrative expenses		(4,907)	4,907
Total Changes	<u>132,410</u>	<u>193,813</u>	<u>(61,403)</u>
Balance at June 30, 2024	<u><u>\$ 592,728</u></u>	<u><u>\$ 1,054,031</u></u>	<u><u>\$ (461,303)</u></u>

Net OPEB Liability (Asset) – Discount and Trend Rate Sensitivities:

The following tables present the Net OPEB Liability (NOL) calculated using the healthcare claims trend assumption and the discount rate assumption at a rate 1% higher or 1% lower than the base assumptions, as described in the significant assumptions section of the required supplementary information:

Trend	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 704,510	\$ 592,728	\$ 501,544
Plan Fiduciary Net Position	1,054,031	1,054,031	1,054,031
Net OPEB Liability (asset)	<u>\$ (349,521)</u>	<u>\$ (461,303)</u>	<u>\$ (552,487)</u>

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 469,471	\$ 592,728	\$ 754,216
Plan Fiduciary Net Position	1,054,031	1,054,031	1,054,031
Net OPEB Liability (asset)	<u>\$ (584,560)</u>	<u>\$ (461,303)</u>	<u>\$ (299,815)</u>

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB Expense

Components of the Authority's OPEB Expense under GASB 75 for the Fiscal Year Ended June 30, 2024:

	Fiscal Year Ending June 30, 2024
Service cost	\$ 40,103
Interest on total OPEB liability	37,282
Experience (gains)/losses	(19,576)
Changes of assumptions	3,243
Projected earnings on OPEB plan investments	(67,032)
Investment earnings (gains)/losses	(12,779)
Administrative expenses	4,907
Total OPEB expense	<u>\$ (13,852)</u>

Deferred outflows and inflows of resources related to OPEB Plan:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Total
Differences in experience	\$ 10,967	\$ (290,167)	\$ (279,200)
Differences in assumptions	257,123	(217,348)	39,775
Excess (deficit) of investment returns		(53,225)	(53,225)
Total deferred outflows (inflows) to be amortized	<u>\$ 268,090</u>	<u>\$ (560,740)</u>	<u>\$ (292,650)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended	Expense
2025	\$ (34,930)
2026	(10,358)
2027	(41,800)
2028	(31,469)
2029	(16,333)
Thereafter	(157,760)
Total	<u>\$ (292,650)</u>

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report. The fiduciary net position as of June 30, 2024, is \$1,054,031.

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability (Asset) June 30, 2023	\$ (399,900)
Total OPEB Expense	(13,852)
Contributions	(56,000)
Change in deferred outflows of resources	28,522
Change in deferred inflows of resources	(20,073)
Net OPEB Liability (Asset) June 30, 2024	<u>\$ (461,303)</u>

Total OPEB Liability by Participant Status

	2024	2023	2022	2021	2020
Active participants	\$ 592,728	\$ 460,318	\$ 721,561	\$ 424,255	\$ 352,982
Inactive participants receiving benefits					
Total	<u>\$ 592,728</u>	<u>\$ 460,318</u>	<u>\$ 721,561</u>	<u>\$ 424,255</u>	<u>\$ 352,982</u>

NOTE 12 – GASB 77 – PROPERTY TAX ABATEMENTS

The Authority received reduced property tax revenues during the year ending June 30, 2024, as a result of industrial facilities tax (IFT) exemption (PA 198 of 1974) in the City of Brighton. The Authority also has some reduced property tax revenues as a result of the Michigan State Housing Development Authority Act of 1966 which enables the creation of PILOT's for the provision of affordable housing for low-income persons, also in the City of Brighton.

For the fiscal year ending June 30, 2024, tax losses amounted to \$6,026 for IFT exemptions and \$261 for PILOT exemptions. There are no other commitments made by the City to these affected taxpayers.

The Authority does not have any other significant tax abatements in the member municipalities or other governments that reduce the Authority's tax revenue.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 18, 2024, which is the date the financial statements were available to be issued.

Management has determined that the Authority does not have any materially recognizable or nonrecognizable subsequent events.

BRIGHTON AREA FIRE AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 14 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Authority previously implemented the Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-based Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based technology arrangements (SBITAs) for government end users (governments). This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The Authority has determined that this standard has no material impact on the Authority's financial statement.

NOTE 15 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

In June 2022, the GASB Issued Statement No. 100, *Accounting Changes and Error Corrections amending of GASB Statement No. 62*. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

The Authority adopted this standard on July 1, 2023. The adoption did not have a significant impact on the Authority's financial statements for the year ended June 30, 2024.

NOTE 16 – UPCOMING GASB STANDARDS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted in the 2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement established new accounting and financial reporting requirements – or modified existing requirements – related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses and changes in fund net position, information about major component units and budgetary comparison information. The Authority is currently evaluating the impact this standard will have on the financial statements when it is adopted for the year ending June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 5,106,371	\$ 5,106,371	\$ 5,101,206	\$ (5,165)
Permit/Plan review	25,000	25,000	46,966	21,966
Federal grants	136,000	136,000	24,286	(111,714)
State grants - PPT reimbursement	100,000	100,000	107,619	7,619
Charges for services	65,500	65,500	133,918	68,418
Interest income	2,300	2,300	127,313	125,013
Other income	20,000	20,000	49,069	29,069
Total revenues	5,455,171	5,455,171	5,590,377	135,206
EXPENDITURES				
Personnel	3,744,218	3,744,218	3,090,501	653,717
Benefits	746,500	746,500	645,456	101,044
Contracted services	63,500	63,500	57,678	5,822
Insurance	215,000	215,000	213,855	1,145
Equipment and supplies	317,500	317,500	320,215	(2,715)
Repairs and maintenance	183,500	183,500	195,137	(11,637)
Utilities	128,000	128,000	102,034	25,966
Dues and subscriptions	19,000	19,000	14,877	4,123
Physicals and vaccines	30,000	30,000	23,448	6,552
Training and instructions	128,500	128,500	135,975	(7,475)
Telephone and communications	50,000	50,000	59,015	(9,015)
Buildings	145,000	145,000	154,002	(9,002)
Emergency funds	5,000	5,000		5,000
Fire investigation services	3,000	3,000	1,677	1,323
Contingency	20,000	20,000		20,000
Chargebacks	40,000	40,000	11,997	28,003
OPEB contributions	67,000	67,000	56,000	11,000
Miscellaneous	20,000	20,000	25,540	(5,540)
Total expenditures	5,925,718	5,925,718	5,107,407	818,311
Net change in fund balance	(470,547)	(470,547)	482,970	953,517
FUND BALANCE, JULY 1, 2023	4,646,047	4,646,047	4,646,047	
FUND BALANCE, JUNE 30, 2024	\$ 4,175,500	\$ 4,175,500	\$ 5,129,017	\$ 953,517

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE EQUIPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 2,972,887	\$ 2,972,887	\$ 2,971,638	\$ (1,249)
State grants			30,000	30,000
Charges for services	21,000	21,000	92,935	71,935
Interest income	20,000	20,000	121,211	101,211
Other income			8,380	8,380
Total revenues	3,013,887	3,013,887	3,224,164	210,277
EXPENDITURES				
Fire protection	1,645,000	1,645,000	1,485,677	159,323
Excess of revenues over (under) expenditures	1,368,887	1,368,887	1,738,487	369,600
OTHER FINANCING SOURCES				
Proceeds from sale of assets	55,000	55,000	125,425	70,425
Net change in fund balance	1,423,887	1,423,887	1,863,912	440,025
FUND BALANCE, JULY 1, 2023	2,180,509	2,180,509	2,180,509	
FUND BALANCE, JUNE 30, 2024	\$ 3,604,396	\$ 3,604,396	\$ 4,044,421	\$ 440,025

BRIGHTON AREA FIRE AUTHORITY

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2024

Schedule of Employer Contributions

	For the Plan Year Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	\$ 6,684	\$ 12,708	\$ 8,352	\$ 4,872	\$ 6,198	\$ 7,614	\$ 7,704	\$ 7,632	\$ 8,310	\$ 9,222
Contributions in relation to the actuarial determined contribution	11,140	12,708	64,370	6,048	7,398	8,574	7,944	32,932	8,310	9,222
Contribution deficiency (excess)	\$ (4,456)	\$	\$ (56,018)	\$ (1,176)	\$ (1,200)	\$ (960)	\$ (240)	\$ (25,300)	\$	\$
Covered employee payroll	\$	\$	\$	\$	\$	\$ 56,300	\$ 68,712	\$ 73,714	\$ 67,066	\$ 68,886
Contributions as a percentage of covered payroll	100.00%	100.00%	100.00%	100.00%	100.00%	15.23%	11.56%	44.68%	12.39%	13.39%

Notes to the Schedule of Employer Contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	Initial unfunded accrued liability - 10 years
	Gain/(loss) on investments - 10 years
	Experience - 10 years
Asset valuation method	5 Years smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.93%
Retirement age	Age 60, with early retirement at age 55 with 15 years of service with reduced benefits or at age 50 with 25 years of service with unreduced benefits.
Mortality	Rates used were based on a version of Pub-2010 and fully generational MP-2019.

Previous Actuarial Methods and Assumptions

An investment rate of return of 7.00% and discount rate of 7.25% were used in previous valuations.

BRIGHTON AREA FIRE AUTHORITY

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	For the Plan Year Ended									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service Cost	\$	\$	\$	\$	\$	\$ 8,811	\$ 10,753	\$ 11,536	\$ 10,127	\$ 10,402
Interest	40,784	41,125	42,122	41,542	34,910	36,481	36,294	34,683	33,076	31,100
actual experience	6,067	5,530	4,890	4,530	68,743	(16,273)	(25,234)	(7,559)	(15,269)	
Changes of assumptions	3,102		16,274	10,740	18,042				21,764	
of employee contributions	(51,910)	(50,820)	(49,730)	(48,639)	(23,910)	(18,676)	(18,317)	(17,958)	(17,599)	(17,239)
Other changes	(1)	(1)		(1)	1,838					
Net change in total pension liability	(1,958)	(4,166)	13,556	8,172	99,623	10,343	3,496	20,702	32,099	24,263
TOTAL PENSION LIABILITY - BEGINNING	588,477	592,643	579,087	570,915	471,292	460,949	457,453	436,751	404,652	380,389
TOTAL PENSION LIABILITY - ENDING	\$ 586,519	\$ 588,477	\$ 592,643	\$ 579,087	\$ 570,915	\$ 471,292	\$ 460,949	\$ 457,453	\$ 436,751	\$ 404,652
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 11,140	\$ 12,708	\$ 64,370	\$ 6,048	\$ 7,398	\$ 8,574	\$ 7,944	\$ 32,932	\$ 8,310	\$ 9,222
Net investment income	52,254	(61,078)	69,334	57,563	60,626	(18,634)	56,976	42,606	(5,857)	23,710
Benefit payments, including refunds										
of employee contributions	(51,910)	(50,820)	(49,730)	(48,639)	(23,910)	(18,676)	(18,317)	(17,958)	(17,599)	(17,239)
Administrative expenses	(1,112)	(1,057)	(703)	(1,045)	(1,045)	(925)	(902)	(842)	(854)	(871)
Net change in plan fiduciary net position	10,372	(100,247)	83,271	13,927	43,069	(29,661)	45,701	56,738	(16,000)	14,822
PLAN FIDUCIARY NET POSITION, BEGINNING	487,698	587,945	504,674	490,747	447,678	477,339	431,638	374,900	390,900	376,078
PLAN FIDUCIARY NET POSITION, ENDING	\$ 498,070	\$ 487,698	\$ 587,945	\$ 504,674	\$ 490,747	\$ 447,678	\$ 477,339	\$ 431,638	\$ 374,900	\$ 390,900
NET PENSION LIABILITY (ASSET)										
(TOTAL PENSION LIABILITY - PLAN FIDUCIARY NET POSITION)	\$ 88,449	\$ 100,779	\$ 4,698	\$ 74,413	\$ 80,168	\$ 23,614	\$ (16,390)	\$ 25,815	\$ 61,851	\$ 13,752
Plan fiduciary net position as a percentage of the total pension liability	84.92%	82.87%	99.21%	87.15%	85.96%	94.99%	103.56%	94.36%	85.84%	96.60%
Covered employee payroll	\$	\$	\$	\$	\$	\$ 56,300	\$ 68,712	\$ 73,714	\$ 67,066	\$ 68,886
Net pension liability (asset) as a percentage of covered employee payroll	100.00%	100.00%	100.00%	100.00%	100.00%	41.94%	-23.85%	35.02%	92.22%	19.96%

The Authority closed the plan during the December 31, 2019, plan year as the last remaining member of the plan retired. As such, the Authority no longer has any covered employee payroll relating to the plan, as noted in the above schedules with no reported figures beginning with the year then ended.

BRIGHTON AREA FIRE AUTHORITY

OTHER POST EMPLOYMENT BENEFIT PLANS SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2024

Schedule of Employer Contributions

	For the Fiscal							
	Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined employer contribution								
Service cost with interest to June 30	\$ 40,103	\$ 68,257	\$ 38,593	\$ 27,859	\$ 26,618	\$ 27,659	\$ 26,618	\$ 32,072
Amortization of unfunded liability with interest to June 30	(24,625)	4,242	(25,802)	(15,196)	(13,743)	(2,312)	(14,799)	4,633
Actuarially determined employer contribution	15,478	72,499	12,791	12,663	12,875	25,347	11,819	36,705
Employer contribution	56,000	56,000	25,000	48,000	48,000	48,000	48,000	84,000
Contribution deficiency/(excess)	\$ (40,522)	\$ 16,499	\$ (12,209)	\$ (35,337)	\$ (35,125)	\$ (22,653)	\$ (36,181)	\$ (47,295)
Covered employee payroll	\$1,743,268	\$1,646,430	\$1,572,884	\$1,525,735	\$1,356,148	\$ 748,292	\$ 756,796	\$ 812,656
Employer contributions as a percentage of covered payroll	3.2%	3.4%	1.6%	3.1%	3.5%	6.4%	6.3%	10.3%

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

Notes to the Schedule of Employer Contributions

Significant Assumptions:

Valuation Date:	6/30/2024
Actuarial methods:	Cost method: Entry Age Normal (level percentage of compensation. Amortization period: 19 years Asset valuation method: Equal to market value of assets.
Actuarial assumptions:	Discount rate: 6.9%; rationale: Matches expected return on assets. Payroll inflation: 5.00%; rationale: Per information provided by Authority. Return on plan assets: 6.9%; rationale: Weighted average of long term real rate of return per asset advisor increased with inflation. Mortality rates: Public General and Public Safety 2010 Employee and Healthy Retiree, headcount weighted
Improvement Scale:	IRS 2024 Adjusted scale MP-2021

BRIGHTON AREA FIRE AUTHORITY

OTHER POST EMPLOYMENT BENEFIT PLANS SCHEDULE OF EMPLOYER CONTRIBUTIONS (continued) FOR THE YEAR ENDED JUNE 30, 2024

Notes to the Schedule of Employer Contributions (continued)

Employee share of monthly premiums:

	Single	Double
Medical	\$90.00	\$190.00

Annual per capita employer costs (Dental and Vision are composite):

<u>Age</u>	<u>Health Insurance</u>	<u>Dental</u>	<u>Vision</u>	<u>Age</u>	<u>Health Insurance</u>	<u>Dental</u>	<u>Vision</u>
55	\$ 8,613	\$ 1,231	\$ 162	61	\$ 10,854	\$ 1,231	\$ 162
56	9,011	1,231	162	62	11,097	1,231	162
57	9,413	1,231	162	63	11,402	1,231	162
58	9,842	1,231	162	64	11,588	1,231	162
59	10,054	1,231	162	65	2,926	1,231	162
60	10,483	1,231	162				

Other assumptions:

Trend rates:

- Pre-Medicare - 7.25% graded down by 0.25% per year to 4.5%.
- Medicare eligible - 5.5% graded down by 0.25% per year to a rate of 4.5%
- Dental and vision - 3% per annum
- Rationale - Based on State of Michigan and National trend surveys

Termination rates:

<u>Age</u>	<u>Rate</u>
20	7.8%
25	6.8
30	4.7
35	3.2
40	2.2
45	1.5
50	0.0

Rationale - based on alternative assumptions provided by Governmental Accounting Standards Board (GASB)

Marital assumption:

- Current marital status assumed to continue to retirement
- Rationale - based on actual census data

Utilization:

- Current coverage assumed to continue to retirement, actual covered used for retirees
- Rationale - Based on employer experience

Implicit Subsidy:

- Age-weighted costs valued

Stipend in lieu of coverage

- Half of age-graded premium for single coverage
- Rationale - Consistent with current coverage

Data Collection

- Date and form of data - all personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross, except as noted below.

Changes since prior valuation

- Utilization changed from current coverage continuing to retirement
- Mortality improvement updated from MP-2020 to MP-2021
- Salary scale updated from 2.0% to 5.0%
- Medical trend updated
- Retiree contribution trend removed

BRIGHTON AREA FIRE AUTHORITY

**OTHER POST EMPLOYMENT BENEFIT PLANS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	For the Plan Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY								
Service Cost	\$ 40,103	\$ 68,257	\$ 38,593	\$ 27,029	\$ 26,618	\$ 27,659	\$ 27,474	\$ 29,973
Interest	37,282	43,755	32,400	26,639	23,248	30,309	26,517	28,987
Changes in plan terms		(32,377)	41,636					(17,401)
Differences between expected and actual experience		(97,608)		13,427		(211,612)		(90,333)
Changes of assumptions	55,025	(243,270)	184,677	4,178	1,372	50,053		15,988
Net change in total OPEB liability	132,410	(261,243)	297,306	71,273	51,238	(103,591)	53,991	(32,786)
TOTAL OPEB LIABILITY - BEGINNING	460,318	721,561	424,255	352,982	301,744	405,335	351,344	384,130
TOTAL OPEB LIABILITY - ENDING	\$ 592,728	\$ 460,318	\$ 721,561	\$ 424,255	\$ 352,982	\$ 301,744	\$ 405,335	\$ 351,344
PLAN FIDUCIARY NET POSITION								
Contributions to OPEB trust	\$ 56,000	\$ 56,000	\$ 25,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 84,000
Net investment income	142,720	92,719	(101,220)	164,672	9,302	22,220	35,723	31,771
Administrative expenses	(4,907)	(3,848)	(3,832)	(3,556)	(2,713)	(2,351)	(2,211)	(1,610)
Net change in fiduciary net position	193,813	144,871	(80,052)	209,116	54,589	67,869	81,512	114,161
PLAN FIDUCIARY NET POSITION, BEGINNING	860,218	715,347	795,399	586,283	531,694	463,825	382,701	264,136
PLAN FIDUCIARY NET POSITION, ENDING	\$1,054,031	\$ 860,218	\$ 715,347	\$ 795,399	\$ 586,283	\$ 531,694	\$ 464,213	\$ 378,297
NET OPEB LIABILITY (ASSET)								
(TOTAL OPEB LIABILITY - PLAN FIDUCIARY NET POSITION)	\$ (461,303)	\$ (399,900)	\$ 6,214	\$ (371,144)	\$ (233,301)	\$ (229,950)	\$ (58,878)	\$ (26,953)
Plan fiduciary net position as a percentage of total OPEB liability	177.83%	186.87%	99.14%	187.48%	166.09%	176.21%	114.53%	107.67%
Covered employee payroll	\$1,743,268	\$1,646,430	\$1,572,884	\$1,525,735	\$1,356,148	\$ 748,292	\$ 756,796	\$ 812,656
Net OPEB liability (asset) as a percentage of covered employee payroll	-26.46%	-24.29%	0.40%	-24.33%	-17.20%	-30.73%	-7.78%	-3.32%

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

SUPPLEMENTARY INFORMATION

BRIGHTON AREA FIRE AUTHORITY

**COMBINING BALANCE SHEET
FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
JUNE 30, 2024**

	General Fund Pre GASB 54 Consolidation	Compensated Absences Reserve Fund	Chargeback Reserve Fund	Total Restated General Fund
ASSETS				
Cash and investments	\$ 4,980,871	\$ 110,299	\$ 136,629	\$ 5,227,799
Accounts receivable	3,835			3,835
Due to other funds	13,263			13,263
Prepaid expenditures	112,441			112,441
Total assets	\$ 5,110,410	\$ 110,299	\$ 136,629	\$ 5,357,338
LIABILITIES				
Accounts payable	\$ 31,088	\$	\$	\$ 31,088
Due to other funds	45,981	12,479		58,460
Accrued wages	110,049			110,049
Accrued compensated absences	28,724			28,724
Total liabilities	215,842	12,479		228,321
FUND BALANCES				
Non-spendable:				
Prepaid expenditures	112,441			112,441
Committed - future expenditures:				
Compensated absences		73,020		73,020
Chargeback			96,729	96,729
Assigned - future budget deficit:				
General	70,609			70,609
Compensated absences		24,800		24,800
Chargebacks			39,900	39,900
Unassigned	4,711,518			4,711,518
Total fund balance	4,894,568	97,820	136,629	5,129,017
Total liabilities and fund balance	\$ 5,110,410	\$ 110,299	\$ 136,629	\$ 5,357,338

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

BRIGHTON AREA FIRE AUTHORITY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund Pre GASB 54 Consolidation	Compensated Absences Reserve Fund	Chargeback Reserve Fund	Total Restated General Fund
REVENUES				
Property taxes	\$ 5,101,206	\$	\$	\$ 5,101,206
Permit/Plan review	46,966			46,966
Federal grants	24,286			24,286
State grants - PPT reimbursement	107,619			107,619
Charges for services	133,918			133,918
Interest income	125,497	439	1,377	127,313
Other income	49,069			49,069
Total revenues	5,588,561	439	1,377	5,590,377
EXPENDITURES				
Current:				
Personnel and benefits	3,723,478	12,479		3,735,957
Professional services	57,678			57,678
General fire protection	1,238,002			1,238,002
Chargebacks			11,997	11,997
Capital Outlay - Fire	7,773			7,773
OPEB contributions	56,000			56,000
Total expenditures	5,082,931	12,479	11,997	5,107,407
Net changes in fund balances	505,630	(12,040)	(10,620)	482,970
FUND BALANCE, JULY 1, 2023	4,388,938	109,860	147,249	4,646,047
FUND BALANCE, JUNE 30, 2024	\$ 4,894,568	\$ 97,820	\$ 136,629	\$ 5,129,017

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

INDIVIDUAL FUND

GENERAL FUND (PRE GASB 54 CONSOLIDATION)

BRIGHTON AREA FIRE AUTHORITY

BALANCE SHEET

GENERAL FUND (PRE GASB 54 CONSOLIDATION)

JUNE 30, 2024

ASSETS

Cash and investments	\$ 4,980,871
Accounts receivable	3,835
Due from other funds	13,263
Prepaid expenditures	<u>112,441</u>
Total assets	<u>\$ 5,110,410</u>

LIABILITIES

Accounts payable	\$ 31,088
Due to other funds	45,981
Accrued wages	110,049
Accrued compensated absences	<u>28,724</u>
Total liabilities	<u>215,842</u>

FUND BALANCE

Non-spendable - prepaid expenditures	112,441
Assigned - future budget deficits	70,609
Unassigned	<u>4,711,518</u>
Total fund balance	<u>4,894,568</u>
Total liabilities and fund balance	<u>\$ 5,110,410</u>

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

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (PRE GASB 54 CONSOLIDATION)
FOR THE YEAR ENDED JUNE 30, 2024**

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 5,106,371	\$ 5,101,206	\$ (5,165)
Permit/Plan review	25,000	46,966	21,966
Federal grants	136,000	24,286	(111,714)
State grants - PPT reimbursement	100,000	107,619	7,619
Charges for services	65,500	133,918	68,418
Interest income	2,000	125,497	123,497
Other income	20,000	49,069	29,069
Total revenues	5,454,871	5,588,561	133,690
EXPENDITURES			
Personnel	3,719,218	3,078,022	641,196
Benefits	746,500	645,456	101,044
Professional services	63,500	57,678	5,822
Insurance	215,000	213,855	1,145
Equipment and supplies	317,500	320,215	(2,715)
Repairs and maintenance	183,500	195,137	(11,637)
Utilities	128,000	102,034	25,966
Dues and subscriptions	19,000	14,877	4,123
Physicals and vaccines	30,000	23,448	6,552
Training and instructors	128,500	135,975	(7,475)
Telephone and communications	50,000	59,015	(9,015)
Buildings	145,000	154,002	(9,002)
Emergency funds	5,000		5,000
Fire investigation services	3,000	1,677	1,323
Contingency	20,000		20,000
Contribution to OPEB Trust	67,000	56,000	11,000
Miscellaneous	20,000	25,540	(5,540)
Total expenditures	5,860,718	5,082,931	777,787
Net change in fund balance	(405,847)	505,630	911,477
FUND BALANCE, JULY 1, 2023	4,388,938	4,388,938	
FUND BALANCE, JUNE 30, 2024	\$ 3,983,091	\$ 4,894,568	\$ 911,477

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

BRIGHTON AREA FIRE AUTHORITY

**STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (PRE GASB 54 CONSOLIDATION)
FOR THE YEAR ENDED JUNE 30, 2024**

	Final Budget	Actual	Variance Favorable (Unfavorable)
PERSONNEL			
Wages - Chief	\$	\$ 138,105	\$
Wages - Fire Marshall		109,733	
Wages - Deputy Chief		116,684	
Wages - Chief of training		113,152	
Wages - Assistant Chiefs		80,677	
Wages - Captains		242,789	
Wages - Lieutenants		256,294	
Wages - Fire protection specialist		608,868	
Wages - Sergeants		166,581	
Wages - Firefighters		461,522	
Wages - Fire board (per diems)		11,621	
Wages - Academy instructor		67,204	
Wages - Inspectors		161,883	
Wages - Clerical		107,172	
Wages - Human resources		82,132	
Wages - Firefighters part time		11,187	
Wages - Consultant		3,585	
Wages - Battalion Chief		102,877	
Wages - Bonuses		11,678	
Wages - Compensated absences		8,443	
Payroll taxes		215,835	
Total personnel	3,719,218	3,078,022	641,196
BENEFITS			
Healthcare, life and disability insurance		284,808	
Pension		316,398	
HSA contributions		44,250	
Total benefits	746,500	645,456	101,044
PROFESSIONAL SERVICES			
Accounting and audit		42,513	
Legal fees		3,947	
Other		11,218	
Total professional services	63,500	57,678	5,822
INSURANCE	215,000	213,855	1,145

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

BRIGHTON AREA FIRE AUTHORITY

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
GENERAL FUND (PRE GASB 54 CONSOLIDATION)
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Favorable (Unfavorable)
EQUIPMENT AND SUPPLIES			
Equipment and supplies		5,628	
Medical supplies		29,240	
Office supplies		27,992	
Uniforms and turn-out gear		54,163	
Equipment reimbursement		6,954	
Computers and records management		113,640	
Fuel		82,598	
Total equipment and supplies	317,500	320,215	(2,715)
REPAIRS AND MAINTENANCE			
Vehicles		151,098	
Small equipment		23,865	
Apparatus		8,826	
Radios/batteries		10,339	
Other		1,009	
Total repairs and maintenance	183,500	195,137	(11,637)
UTILITIES			
Water/sewer		13,810	
Electricity		64,037	
Gas - natural		23,825	
Gas - propane		362	
Total utilities	128,000	102,034	25,966
DUES AND SUBSCRIPTIONS			
Hazmat		4,000	
Memberships		10,877	
Total dues and subscriptions	19,000	14,877	4,123

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

BRIGHTON AREA FIRE AUTHORITY

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
GENERAL FUND (PRE GASB 54 CONSOLIDATION)
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance Favorable (Unfavorable)
PHYSICALS AND VACCINES	<u>30,000</u>	<u>23,448</u>	<u>6,552</u>
TRAINING AND INSTRUCTORS			
Training supplies		39,521	
BAFA Fire Academy		17,265	
Howell schools fire inspectors		1,055	
Incident management team		28,409	
Recertification costs		5,537	
Youth Camp		3,075	
Conferences and public education		22,892	
Tuition reimbursement		8,251	
Fitness reimbursement		9,970	
Total training and instructors	<u>128,500</u>	<u>135,975</u>	<u>(7,475)</u>
TELEPHONE AND COMMUNICATIONS	<u>50,000</u>	<u>59,015</u>	<u>(9,015)</u>
BUILDINGS			
Cleaning supplies		9,655	
Upgrades and maintenance		144,347	
Total buildings	<u>145,000</u>	<u>154,002</u>	<u>(9,002)</u>
EMERGENCY FUNDS	<u>5,000</u>		<u>5,000</u>
FIRE INVESTIGATION SERVICES	<u>3,000</u>	<u>1,677</u>	<u>1,323</u>
CONTINGENCY	<u>20,000</u>		<u>20,000</u>
CONTRIBUTION TO OPEB TRUST	<u>67,000</u>	<u>56,000</u>	<u>11,000</u>
MISCELLANEOUS	<u>20,000</u>	<u>25,540</u>	<u>(5,540)</u>
Total expenditures	<u>\$ 5,860,718</u>	<u>\$ 5,082,931</u>	<u>\$ 777,787</u>

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



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November 18, 2024

Board of Trustees
Brighton Area Fire Authority
615 W. Grand River
Brighton, MI 48116

Dear Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brighton Area Fire Authority as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies in the Authority's internal control to be material weaknesses:

Establish Control over the Financial Reporting Process: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the Authority. Management is as responsible for outsourced functions performed by a service provider as it would be if your personnel performed such functions. Specifically, management is responsible for management decisions and functions: for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management has reviewed and approved the financial statements and accepted responsibility for the financial statements. However, there is not anyone on staff of management with the technical expertise to do a detailed review. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Authority's internal control.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

Response by Management

Management believes the cost of hiring additional personnel exceeds the benefits of more control over the financial reporting process. Therefore, management has chosen to continue to request the auditors to prepare the financial statements. Management has read, reviewed, understands and accepts responsibility for the financial statements.

Segregate Accounting Duties: A good system of internal control provides for a proper segregation of the accounting functions. The Authority does not have the proper segregation of duties over cash disbursements and accounts payable. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. We recommend that management review the current assignment of accounting functions. Where possible, duties should be segregated to reduce the risk of errors or fraud.

Response by Management

Management has reviewed and continues to review the current assignment of accounting functions. Management believes that the cost of hiring additional personnel will not substantiate the conceived benefits. However, management will continue to review methods of segregating duties without hiring additional personnel with the current staff.

Conclusion

We want to thank the staff, management, and board members for the assistance and hospitality we received during our audit fieldwork.

This communication is intended solely for the information and use of management, Board of Trustees, and others with the organization, and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

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November 18, 2024

To the Authority Board
Brighton Area Fire Authority
615 West Grand River
Brighton, MI 48116-2322

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of Brighton Area Fire Authority for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023/2024, except for the adoption of GASB 100, *Accounting Changes and Error Corrections*, as described in the notes to the financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 Authority's financial statements were:

Depreciation

Management's estimate of the depreciation expense is based on estimated useful lives and salvage values of capital assets. We evaluated the methods, assumptions, and data used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Pension and OPEB – Net Pension and OPEB Liability (Asset)

Management's estimates for the various components of the defined benefit pension and OPEB plans, including the total pension and OPEB liability, net pension and OPEB liability, deferred inflow of resources and deferred outflow of resources, are based on experience studies performed by certified actuarial specialists. We have reviewed the estimates provided and summaries of the related experience studies used to develop the net pension liability and related components in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2024.

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 the Authority'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 Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We applied certain limited procedures to the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund and Capital Reserve Equipment Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements and individual fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Authority and management of Brighton Area Fire Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants