

**STANDARD  
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**RATINGS DIRECT**

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**Summary:**  
**Brighton, Michigan; General  
Obligation**

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**Table Of Contents**

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Rationale

Outlook

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**Summary:**

# Brighton, Michigan; General Obligation

Credit Profile		
<b>Brighton GO</b>		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Brighton GO unlt'd tax rfdg bnds scr 2004		
<i>Long Term Rating</i>	A+/Stable	Affirmed
<b>Brighton GO</b>		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

## Rationale

The 'A+' standard long-term rating and Standard & Poor's underlying rating (SPUR) on Brighton, Mich.'s general obligation (GO) bonds is based on the city's:

- Access to employment within the larger Detroit metropolitan area;
- Economic indicators that compare well with national averages; and
- Very strong general fund balance, but pressured by dropping revenues.

An offsetting factor is a continuing operating imbalance in the general fund.

Brighton is 40 miles northwest of Detroit, Mich. in Livingston County ('AA' GO rating), near the intersection of Interstate 96 and U.S. Highway 23. Residents enjoy easy access to employment throughout the Detroit area. The city's population has increased by 8% since 2000 to its current level of 7,206. Major employers within the city include the local school district, manufacturing firms, and retailers. The city's 2007 unemployment level of 5.7% compared favorably with the state level of 7.2%, but was above the national average of 4.6%. Income and tax base indicators for the city compare well with national averages. Median household and per capita effective buying income equal 102% and 129% of national averages, respectively. The city's tax base is valued at more than \$1 billion of estimated true value, which equates to an extremely strong \$138,245 per capita. Taxable value is dropping, however, as the city faces the effect of a statewide softening in the housing market. The city is also dealing with the loss of Brighton Interior Systems, previously a major taxpayer.

The city's general fund reserve levels remain healthy, with a very strong unreserved fund balance of \$1.53 million, or 20.1% of expenditures, at fiscal year-end 2008 (June 30). Structural imbalance in the general fund continues, however. Fiscals 2007 and 2008 produced deficits of \$173,000 and \$628,000, respectively. The budget for fiscal 2009 also shows a slight draw, but management is formulating a plan to ensure that fund balance reserves remain strong. These actions include reducing labor costs, cutting operating expenditures, and pursuing regional cost-sharing and intergovernmental agreements.

Brighton's financial management policies have been raised to "strong" under Standard & Poor's Financial Management Assessment (FMA) methodology. An FMA of strong indicates that practices are strong,

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well-embedded, and likely sustainable. Highlights of the city's policies include quarterly reports to the city council on budget-to-actual results as well as investment holdings and earnings. The city also uses a six-year capital improvement plan. A formal general fund balance policy establishes that the general fund balance should not fall below 20%-25% of expenditures, which the city has historically met.

Overall debt levels per capita are high at \$5,131, but considered moderate as a percentage of market value at 3.7%. Carrying charges of 12.4% are also deemed moderate. The city has no immediate plans for additional debt.

## Outlook

The stable outlook reflects Standard & Poor's Ratings Services' expectation that the city's financial profile will remain healthy. Maintenance of the rating depends on the maintenance of adequate reserve levels combined with a return to balanced operations.

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