

# **City of Flat Rock, Michigan**

## **Financial Report**

### **with Supplemental Information**

**June 30, 2009**

# CITY OF FLAT ROCK, MICHIGAN

## TABLE OF CONTENTS

	Contents
<b>Report Letter</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	12
Reconciliation of Fund Balance of Governmental Funds to	
Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund	
Statement of Net Assets	16
Statement of Revenues, Expenses, and Changes in Fund Balance	17
Statement of Cash Flows	18
Fiduciary Funds - Statement of Assets and Liabilities	19
Notes to Financial Statements	20-35
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule - General Fund	36-47
Budgetary Comparison Schedule - Major Special Revenue Funds	48-49
<b>Other Supplemental Information</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	50
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances	51
Nonmajor Special Revenue Funds	
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	53
Nonmajor Debt Service Funds	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	55
Nonmajor Capital Projects Funds	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	57

**CITY OF FLAT ROCK, MICHIGAN**

**TABLE OF CONTENTS**

<b>Other Supplemental Information (Continued)</b>	<b>Contents</b>
General Obligation Bonds Payable	58-67
Taxes Levies in Millage – Last Twenty-Five Years	68
Water and Sewer Rates – Last Twenty-Five Years	69
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	70-71

A Professional Corporation

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Flat Rock, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Flat Rock, Michigan, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Flat Rock, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Flat Rock, Michigan, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2009 on our consideration of the City of Flat Rock, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 9 and 36 through 49 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Flat Rock, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford & Co.*

December 14, 2009

Our discussion and analysis of the City of Flat Rock's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The City's total net assets increased by \$403,474 (or 1.82%). The governmental net assets decreased by \$375,156 (or 2.63%) and the business-type net assets increased by \$778,630 (or 9.9%).
- Of the \$22,545,438 reported in net assets, \$19,159,841 is the investment in capital assets net of related debt, \$538,460 is reserved for debt service and capital projects and \$2,847,137 may be used to meet the ongoing obligations to citizens and creditors.
- At the end of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$3,731,300 an increase of \$287,304 from the previous year.
- At the end of the current fiscal year the fund balance for the General Fund increased \$84,868 to a final balance of \$972,919. The increase was, in part, due to a decrease in expenditures of \$167,944 and an increase in revenues of \$152,134.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow users to address relevant questions, broaden a basis for comparison (interperiod or intergovernmental) and enhance the City's accountability. This report also contains supplementary information in addition to the basic financial statements which further explains and supports the information presented in these statements.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. The Statement of Net Assets and the Statement of Activities are designed to be corporate-like in that all the governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. These statements should help the reader to answer the question: Is the City, as a whole, better off or worse off as a result of this year's activities. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are recognized regardless of when cash is received or paid.

The focus of the Statement of Net Assets is designed to be similar to the bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the City's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases and decreases in net assets may indicate whether the City's financial position is improving or deteriorating. However, in order to assess the overall health of the City, non-financial factors such as the City's property tax base and condition of the City's infrastructure may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental, business-type, and component unit) which are supported by the City's general tax and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and/or the subsidy to various business-type activities and/or component units. This statement shows how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying events occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report two activities:

1. *Governmental Activities:* Most of the City's basic services (i.e., police, fire, public works, parks, etc) are reported under this category. Taxes and intergovernmental revenues generally fund these services. The City's governmental activities include general government, police, fire, building and safety, public works, recreation and culture, library, community enrichment and development, road maintenance and repair and tax refund.
2. *Business-type Activities:* The City charges fees to customers to help cover all or most of the cost of certain services it provides. The City operates one business-type activity that reflects private sector type operations: Water and Sewer service.

### FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the City's most significant funds (Major Funds), not the city as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to maintain control over resources that have been segregated for specific activities or objectives. In addition to major funds, the City presents individual fund data for non-major funds in the supplementary information section. All of the funds of the City can be divided in three categories: governmental, proprietary, and fiduciary. Each category uses different accounting approaches.

#### *Governmental Funds:*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and use of available resources. This is the manner in which the budget is typically developed. The City establishes Funds for various purposes, and the Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith. Governmental Funds include the General Fund, special revenue funds, capital project funds, and debt service funds.

The focus of governmental funds (current financial resources) is narrower than that of the government-wide financial statements (total economic resources). Therefore, the reader may better understand the long-term impact of the City's near-term financing decision by comparing information presented for governmental funds with the information presented for the governmental activities in the government-wide financial statements. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison.

### *Proprietary Funds:*

Proprietary funds are used to account for services provided by the City where the City charges customers (whether external or internal) for the services it provides. These funds use accrual accounting; the same method used by private sector businesses. The City maintains one type of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer service.

### *Fiduciary Funds:*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. While these funds represent trust responsibilities of the City, these assets are restricted in purpose and do not represent discretionary assets of the City. Therefore, these assets are not reflected in the government-wide financial statements. The City acts as a trustee or fiduciary for its employee deferred compensation plan. It is a trustee/agent for the other governmental units for which it collects tax payments. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in separate statements of fiduciary net assets. These funds are reported using accrual accounting.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION**

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes budgetary comparison schedules.

## **NON-MAJOR GOVERNMENTAL FUNDS**

Following the required supplementary information is combining financial statements for non-major governmental funds. These funds are added together and presented in a single column in the basic financial statements, but are not reported individually, as with major funds, on the governmental fund financial statements.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the City's case, assets exceeded its liabilities at the end of the fiscal year by \$22,545,438. However, 85% of the City's net assets represent its investment in capital assets (e.g., land, roads, storm sewers, water and sewer systems, building, and equipment) less any related debt used to acquire or construct these assets that is still outstanding. The City uses these capital assets to provide essential services to citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.



# CITY OF FLAT ROCK, MICHIGAN

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE (Continued)

#### CITY OF FLAT ROCK'S NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets	\$ 4,551,024	\$ 1,201,244	\$ 5,752,268
Capital Assets, Net of Accumulated Depreciation	<u>27,846,756</u>	<u>12,332,457</u>	<u>40,179,213</u>
TOTAL ASSETS	<u>\$32,397,780</u>	<u>\$13,533,701</u>	<u>\$45,931,481</u>
Long-Term Liabilities Outstanding	\$16,520,661	\$ 4,086,158	\$20,606,819
Other Liabilities	<u>1,977,780</u>	<u>801,444</u>	<u>2,779,224</u>
Total Liabilities	<u>18,498,441</u>	<u>4,887,602</u>	<u>23,386,043</u>
Net Assets			
Invested in Capital, Net of Related Debt	11,441,172	7,718,669	19,159,841
Restricted	538,460	-	538,460
Unrestricted	<u>1,919,707</u>	<u>927,430</u>	<u>2,847,137</u>
Total Net Assets	<u>13,899,339</u>	<u>8,646,099</u>	<u>22,545,438</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$32,397,780</u>	<u>\$13,533,701</u>	<u>\$45,931,481</u>

#### CITY OF FLAT ROCK'S CHANGE IN NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues			
Charges for Services	\$ 3,218,058	\$3,765,181	\$ 6,983,239
Operating Grants	1,471,571	-	1,471,571
General Revenues			
Taxes and Special Assessments	10,328,880	-	10,328,880
Investment Earnings	<u>246,553</u>	<u>2,486</u>	<u>249,039</u>
Total Revenues	<u>15,265,062</u>	<u>3,767,667</u>	<u>19,032,729</u>
Expenses			
General Government	2,058,862	-	2,058,862
Police	3,368,067	-	3,368,067
Fire	1,057,779	-	1,057,779
Building and Safety	287,720	-	287,720
Public Works	1,786,391	-	1,786,391
Recreation and Culture	2,295,698	-	2,295,698
Library	502,253	-	502,253
Community Enrichment and Development	316,293	-	316,293
Road Maintenance and Repair	1,453,288	-	1,453,288
Tax Refund	1,591,377	-	1,591,377
Interest on Long-Term Debt	873,142	-	873,142
Miscellaneous	49,348	-	49,348
Water and Sewer	-	<u>2,989,037</u>	<u>2,989,037</u>
Total Expenses	<u>15,640,218</u>	<u>2,989,037</u>	<u>18,629,255</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE (Continued)****CITY OF FLAT ROCK'S CHANGE IN NET ASSETS**  
**(Continued)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Changes in Net Assets	\$ (375,156)	\$ 778,630	\$ 403,474
Net Assets, July 1, 2008	<u>14,274,495</u>	<u>7,867,469</u>	<u>22,141,964</u>
Net Assets, June 30, 2009	<u>\$13,899,339</u>	<u>\$8,646,099</u>	<u>\$22,545,438</u>

*Governmental Activities*

Governmental activities decreased the City's net assets by \$375,156.

*Business-Type Activities*

Business-type activities increased the City's net assets by \$778,630. Key factors of this increase are as follows:

- Operating revenues increased by 27% due to an increase in the service charges.

*General Fund*

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance was \$972,919. Total fund balance increased by \$84,868 during the fiscal year.

*Tax Increment Finance Authority*

The Tax Increment Finance Authority has fund balance of \$325,333.

*Recreation Center Operating Fund*

The Recreation Center Operating Fund has a fund balance of \$177

*Other Governmental Funds*

Other Governmental Funds had the following fund balances:

Special Revenue Funds	\$462,730
Debt Service Funds	\$324,913
Capital Project Funds	\$213,547

# CITY OF FLAT ROCK, MICHIGAN

## Management's Discussion and Analysis

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$39,663,098 (net of accumulated depreciation). This investment includes a broad range of capital assets, which are detailed in the table below. The total decrease in the City's net investment in capital assets for the current fiscal year was \$1,799,199. The following table is a comparison of the City's net capital assets as of June 30, 2009 compared to June 30, 2008:

#### NET CAPITAL ASSETS AT YEAR END (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Capital Assets Not Depreciated						
Land	\$ 1,213	\$1,249	\$ -	\$ -	\$ 1,213	\$ 1,249
Capital Assets Being Depreciated						
Infrastructure	6,988	6,191	-	-	6,988	6,191
Buildings	18,706	18,395	5,145	5,031	23,851	23,426
Machinery and Equipment	1,613	1,402	171	162	1,784	1,564
Water and Sewer Mains	-	-	7,452	7,124	7,452	7,124
Vehicles	151	93	23	16	175	109
Net Capital Assets	<u>\$28,671</u>	<u>\$27,330</u>	<u>\$12,791</u>	<u>\$12,333</u>	<u>\$41,463</u>	<u>\$39,663</u>

Additional information regarding the City's capital assets can be located in the Note 5 of the notes to basic financial statements.

#### Long-Term Debt

At the end of the fiscal year, the City had total long-term bonds and notes outstanding of \$21,019,372.

#### OUTSTANDING DEBT AT YEAR END

	Governmental Activities	Business-Type Activities	Total Primary Government
General Obligation Bonds (Backed by the City)	\$16,380,000	\$4,613,788	\$20,993,788
Equipment Loans	<u>25,584</u>	<u>-</u>	<u>25,584</u>
	<u>\$16,405,584</u>	<u>\$4,613,788</u>	<u>\$21,019,372</u>

State statutes limit the amount of general obligation debt the City can issue to 10% of its total state equalized assessed value of property. The City's total general obligation debt (\$21,019,372) is significantly lower than the current state-imposed limit of \$43,347,630

### **ECONOMIC CONDITION AND OUTLOOK**

The City of Flat Rock's budget for year ending 2010 is not recommending any change to the millage rate. The water and sewer rates are \$5.00 residential and \$5.50 for commercial and \$6.75 for industrial per thousand gallons. The increase in the water and sewer rates in 2009 is attributable to several rate increases levied by the City of Detroit, which supplies the city's water.

The City's 2010 budgeted revenue consists of 68.9% tax revenues, 23.1% local sources and 8.0% from other sources. The City's tax base is projected to have a decrease of \$450,000. Local revenues are projected to increase by \$380,000 for the fiscal year ended June 30, 2010. The major contributing factor to this increase is Federal grants for the purchase of fire equipment and gear of over \$550,000. State revenue sharing was budgeted with a 10% decrease from anticipated revenues, due to changes in the distribution formula used by the State and the current fiscal situation of the State.

The City's General Fund expenditures are allocated 51.4% to public safety, police, fire, and building and safety. The department of public services amounts to 25.5% and the general operations, which include the clerk's and treasurer's departments, total 16.3% and other departments total 6.8%. In addition, it is recommended that expenditures will increase by \$838,000 over the previous year's budget, which can be attributed to the purchase of new fire equipment under a Federal grant. The General Fund is projecting the fund balance to decrease by \$488,158, leaving an approximate ending fund balance of \$867,488.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions regarding any information provided in this report or request for additional financial information should be addressed to the following:

City of Flat Rock  
25500 Gibraltar Road  
Flat Rock, Michigan 48134-1399

## CITY OF FLAT ROCK, MICHIGAN

## STATEMENT OF NET ASSETS

JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 3,773,442	\$ 662,045	\$ 4,435,487
Accounts Receivable	400,928	403,528	804,456
Due From Business-Type Activities	5,323	-	5,323
Due From Trust and Agency Fund	41,172	-	41,172
Due From Other Governmental Units	270,971	-	270,971
Inventories	15,685	20,572	36,257
Prepaid Expenses	43,503	115,099	158,602
Total Current Assets	4,551,024	1,201,244	5,752,268
Noncurrent Assets			
Bond Issuance Cost and Discounts, Net of Accumulated Amortization	516,115	-	516,115
Capital Assets, Net of Accumulated Depreciation	27,330,641	12,332,457	39,663,098
Total Noncurrent Assets	27,846,756	12,332,457	40,179,213
<b>TOTAL ASSETS</b>	<b>\$ 32,397,780</b>	<b>\$ 13,533,701</b>	<b>\$45,931,481</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 430,822	\$ 164,230	\$ 595,052
Accrued Expenses	209,325	47,942	257,267
Due to Governmental Activities	-	5,323	5,323
Compensated Absences, Current	179,577	5,064	184,641
Current Portion of Long-Term Obligations	1,158,056	578,885	1,736,941
Total Current Liabilities	1,977,780	801,444	2,779,224
Noncurrent Liabilities			
Compensated Absences, Long-Term	665,437	51,255	716,692
Net Other Post Employment Benefit Obligations	607,696	-	607,696
Noncurrent Portion of Long-Term Obligations	15,247,528	4,034,903	19,282,431
Total Noncurrent Liabilities	16,520,661	4,086,158	20,606,819
Total Liabilities	18,498,441	4,887,602	23,386,043
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt Restricted for	11,441,172	7,718,669	19,159,841
Debt Service	324,913	-	324,913
Capital Projects	213,547	-	213,547
Unrestricted	1,919,707	927,430	2,847,137
Total Net Assets	13,899,339	8,646,099	22,545,438
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 32,397,780</b>	<b>\$ 13,533,701</b>	<b>\$45,931,481</b>

See notes to financial statements.

## CITY OF FLAT ROCK, MICHIGAN

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary Government</b>						
Governmental Activities						
General Government	\$ 2,058,862	\$ 104,990	\$ 921,129	\$ (1,032,743)	\$ -	\$ (1,032,743)
Police	3,368,067	565,710	29,923	(2,772,434)	-	(2,772,434)
Fire	1,057,779	373,074	-	(684,705)	-	(684,705)
Building and Safety	287,720	187,381	-	(100,339)	-	(100,339)
Public Works	1,786,391	293,088	-	(1,493,303)	-	(1,493,303)
Recreation and Culture	2,295,698	1,393,603	-	(902,095)	-	(902,095)
Library	502,253	49,438	7,803	(445,012)	-	(445,012)
Community Enrichment and Development	316,293	222,744	12,883	(80,666)	-	(80,666)
Road Maintenance and Repair	1,453,288	-	499,833	(953,455)	-	(953,455)
Tax Refund	1,591,377	-	-	(1,591,377)	-	(1,591,377)
Interest on Long-Term Debt	873,142	-	-	(873,142)	-	(873,142)
Miscellaneous	49,348	28,030	-	(21,318)	-	(21,318)
Total Governmental Activities	15,640,218	3,218,058	1,471,571	(10,950,589)	-	(10,950,589)
Business-Type Activities						
Water and Sewer	2,989,037	3,765,181	-	-	776,144	776,144
Total Primary Government	\$ 18,629,255	\$ 6,983,239	\$ 1,471,571	(10,950,589)	776,144	(10,174,445)
<b>General Revenues</b>						
Taxes						
Property Taxes, Levied for General Purposes				9,656,510	-	9,656,510
Property Taxes, Levied for Special Services				582,026	-	582,026
Special Assessments for Debt Service				90,344	-	90,344
Investment Earnings				246,553	2,486	249,039
Total General Revenues				10,575,433	2,486	10,577,919
<b>CHANGES IN NET ASSETS</b>				(375,156)	778,630	403,474
<b>NET ASSETS, BEGINNING</b>				14,274,495	7,867,469	22,141,964
<b>NET ASSETS, ENDING</b>				\$ 13,899,339	\$ 8,646,099	\$ 22,545,438

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**GOVERNMENTAL FUNDS - BALANCE SHEET**

**JUNE 30, 2009**

	<u>General Fund</u>	<u>Tax Increment Finance Authority</u>	<u>Downtown Development Authority</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 984,702	\$ 326,693	\$ 1,436,787	\$ 1,025,260	\$ 3,773,442
Receivables					
Taxes	366,321	-	-	29,096	395,417
Accrued Interest and Other	5,511	-	-	-	5,511
Due From Other Funds	46,373	-	-	23,165	69,538
Due From Enterprise Funds	5,323	-	-	-	5,323
Due From Trust and Agency Funds	41,172	-	-	-	41,172
Due From Other Governmental Units	189,112	-	-	81,859	270,971
Inventory	15,685	-	-	-	15,685
Prepaid Expenses	36,792	-	-	6,711	43,503
<b>TOTAL ASSETS</b>	<u>\$1,690,991</u>	<u>\$ 326,693</u>	<u>\$ 1,436,787</u>	<u>\$ 1,166,091</u>	<u>\$ 4,620,562</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 397,387	\$ -	\$ -	\$ 33,435	\$ 430,822
Accrued Expenses	138,532	-	-	70,793	209,325
Compensated Absences, Current	171,153	-	-	8,424	179,577
Due to Other Funds	11,000	1,360	5,106	52,072	69,538
<b>Total Liabilities</b>	<u>718,072</u>	<u>1,360</u>	<u>5,106</u>	<u>164,724</u>	<u>889,262</u>
<b>FUND BALANCE</b>					
Reserved for Debt Service	-	-	-	324,913	324,913
Reserved for Capital Projects	-	-	-	213,547	213,547
Undesignated, Reported in					
General Fund	972,919	-	-	-	972,919
Special Revenue Funds	-	325,333	1,431,681	462,907	2,219,921
<b>Total Fund Balance</b>	<u>972,919</u>	<u>325,333</u>	<u>1,431,681</u>	<u>1,001,367</u>	<u>3,731,300</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$1,690,991</u>	<u>\$ 326,693</u>	<u>\$ 1,436,787</u>	<u>\$ 1,166,091</u>	<u>\$ 4,620,562</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**JUNE 30, 2009**

Total Fund Balances for Governmental Funds	\$ 3,731,300
Amounts reported for governmental activities in the Statement of Net Assets are different because	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	27,330,641
Compensated absences are not due and payable in the current period and are not reported in the funds.	(665,437)
Other post employment benefit obligations are recognized for the Statement of Activities	(607,696)
Long-term liabilities are not due and payable in the current period and are not reported in the Funds.	(16,405,584)
Unamortized bond issue costs not recorded in the funds	<u>516,115</u>
Net Assets of Governmental Activities	<u>\$ 13,899,339</u>

**See notes to financial statements.**



## CITY OF FLAT ROCK, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Tax Increment Finance Authority	Downtown Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$6,670,110	\$ 4,768,877	\$ 617,805	\$ 582,026	\$ 12,638,818
General Government	104,990	-	-	-	104,990
Police Department	554,725	-	-	-	554,725
Fire Department	300,634	-	-	-	300,634
Building and Safety	187,381	-	-	-	187,381
Public Works	266,620	-	-	-	266,620
Recreation and Culture	151,435	-	-	1,242,168	1,393,603
Community Enrichment and Development	118,044	-	-	-	118,044
Special Assessments	-	-	-	90,344	90,344
State Shared Revenue	921,129	-	-	507,636	1,428,765
Federal Shared Revenue	-	-	-	12,883	12,883
Rental Income	-	-	-	568,353	568,353
Other	-	20,060	-	87,331	107,391
Interest	178,184	43,792	10,199	14,378	246,553
Total Revenues	<u>9,453,252</u>	<u>4,832,729</u>	<u>628,004</u>	<u>3,105,119</u>	<u>18,019,104</u>
<b>EXPENDITURES</b>					
General Government	1,941,682	-	-	-	1,941,682
Police	3,176,248	-	-	-	3,176,248
Fire	974,496	-	-	-	974,496
Building and Safety	253,127	-	-	-	253,127
Public Works	1,600,834	-	-	-	1,600,834
Recreation and Culture	828,105	-	-	1,395,476	2,223,581
Library	-	-	-	601,073	601,073
Community Enrichment and Development	23,744	-	132,032	119,922	275,698
Road Maintenance and Repair	-	84,208	-	571,704	655,912
Tax Refund	-	3,576,659	415,000	-	3,991,659
Debt Service	-	-	-	-	-
Principal	-	-	-	1,115,000	1,115,000
Interest	-	-	-	873,142	873,142
Miscellaneous	-	36,000	-	13,348	49,348
Total Expenditures	<u>8,798,236</u>	<u>3,696,867</u>	<u>547,032</u>	<u>4,689,665</u>	<u>17,731,800</u>
Excess Revenues (Expenditures)	<u>655,016</u>	<u>1,135,862</u>	<u>80,972</u>	<u>(1,584,546)</u>	<u>287,304</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	-	-	-	2,140,035	2,140,035
Operating Transfers Out	(570,148)	(1,087,491)	-	(482,396)	(2,140,035)
Total Other Financing Sources (Uses)	<u>(570,148)</u>	<u>(1,087,491)</u>	<u>-</u>	<u>1,657,639</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	84,868	48,371	80,972	73,093	287,304
<b>FUND BALANCE, JULY 1, 2008</b>	<u>888,051</u>	<u>276,962</u>	<u>1,350,709</u>	<u>928,274</u>	<u>3,443,996</u>
<b>FUND BALANCE, JUNE 30, 2009</b>	<u>\$ 972,919</u>	<u>\$ 325,333</u>	<u>\$ 1,431,681</u>	<u>\$ 1,001,367</u>	<u>\$ 3,731,300</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balance - Total Governmental Funds	\$ 287,304
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Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlays and construction in progress as expenditures. However in the Statement of Activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays and construction in progress	(1,341,040)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which payments exceeded proceeds.	1,141,468
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Other post employment benefit obligations are recognized for the Statement of Activities	(607,696)	
Amortization of current year bond issuance costs and discounts	(40,595)	
Change in long-term compensated absences	<u>185,403</u>	<u>(462,888)</u>
Change in Net Assets of Governmental Activities		<u>\$ (375,156)</u>

**See notes to financial statements.**

**CITY OF FLAT ROCK, MICHIGAN**

**PROPRIETARY FUND**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2009**

	<u><b>Enterprise Fund Water and Sewer</b></u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 662,045
Accounts Receivable, Customers	403,528
Prepaid Expenditures	115,099
Inventories	<u>20,572</u>
Total Current Assets	1,201,244
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	<u>12,332,457</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 13,533,701</b></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 164,230
Accrued Expenses and Other Liabilities	47,942
Due to Other Funds	5,323
Current Portion of Accumulated Compensated Absences	5,064
Current Portion of Long-Term Obligations	<u>578,885</u>
Total Current Liabilities	<u>801,444</u>
Noncurrent Liabilities	
Accumulated Compensated Absences	51,255
General Obligation Bonds Payable	4,613,788
Less Current Portion Shown in Current Liabilities	<u>(578,885)</u>
Total Noncurrent Liabilities	<u>4,086,158</u>
Total Liabilities	<u>4,887,602</u>
<b>NET ASSETS</b>	
Investment in Capital	
Assets, Net of Related Debt	7,718,669
Unrestricted	<u>927,430</u>
Total Net Assets	<u>8,646,099</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 13,533,701</b></u>

**See notes to financial statements.**

**CITY OF FLAT ROCK, MICHIGAN**

**PROPRIETARY FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u><b>Enterprise Fund Water and Sewer</b></u>
<b>OPERATING REVENUES</b>	
Customer Billings	\$ 3,554,366
Capital Charges	59,695
Service Connections	66,295
Service Charges	55,270
Other Revenue	<u>29,555</u>
Total Operating Revenues	<u>3,765,181</u>
<b>OPERATING EXPENSES</b>	
Cost of Water Purchases	869,443
Cost of Sewage Disposal	785,252
System Maintenance and Repairs	543,843
General and Administrative	215,692
Depreciation	458,159
Amortization	<u>(3,688)</u>
Total Operating Expenses	<u>2,868,701</u>
Operating Income	<u>896,480</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	2,486
Interest Expense	<u>(120,336)</u>
Total Net Non-Operating Revenues (Expenses)	<u>(117,850)</u>
Change in Net Assets	778,630
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>7,867,469</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$ 8,646,099</u>

**See notes to financial statements.**

**CITY OF FLAT ROCK, MICHIGAN**  
**PROPRIETARY FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u><b>Enterprise Fund Water and Sewer</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Customers	\$ 3,369,829
Other Operating Revenues	29,555
Cash Payments for Goods and Services	(2,127,732)
Cash to Employees	<u>(317,150)</u>
Net Cash Provided by Operating Activities	<u>954,502</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Due to Other Funds	5,323
Collection of Note Receivable	38,333
Principal Paid on Revenue and General Obligations	(571,030)
Interest Paid on Revenue and General Obligations	<u>(120,336)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(647,710)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	<u>2,486</u>
Net Increase in Cash	309,278
<b>CASH BALANCE - JULY 1, 2008</b>	<u>352,767</u>
<b>CASH BALANCE - JUNE 30, 2009</b>	<u>\$ 662,045</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 896,480
Depreciation	458,159
Amortization	(3,688)
Change in Assets and Liabilities	
Increase in Accounts Receivable	(365,796)
Increase in Prepaid Expenditures	(115,099)
Increase in Accounts Payable	89,923
Decrease in Accrued Expenses and Other Liabilities	<u>(5,477)</u>
Net Cash Provided By Operating Activities	<u>\$ 954,502</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2009**

	<u>Tax Collection</u>	<u>Trust and Agency</u>	<u>Crime Prevention</u>	<u>Deferred Compensation</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,185,843	\$ 246,439	\$ 1,028	\$ -	\$ 4,433,310
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,432,164</u>	<u>1,432,164</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,185,843</u>	<u>\$ 246,439</u>	<u>\$ 1,028</u>	<u>\$ 1,432,164</u>	<u>\$ 5,865,474</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 6,739	\$ 18,805	\$ -	\$ -	\$ 25,544
Due to Other Governments	4,179,104	1,601	-	-	4,180,705
Payments Received in Advance	-	226,033	1,028	-	227,061
Deferred Compensation Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,432,164</u>	<u>1,432,164</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 4,185,843</u>	<u>\$ 246,439</u>	<u>\$ 1,028</u>	<u>\$ 1,432,164</u>	<u>\$ 5,865,474</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Flat Rock, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

**Reporting Entity**

The City operates as a Home Rule City under the laws of the State of Michigan. The City is governed by an elected Mayor and a six-member Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations.

**Blended Component Units**

The City of Flat Rock Building Authority (the "Authority") is a separate legal entity from the City, the Authority is reported as if it were a part of the primary government because its sole purpose is to finance and construct the City's public buildings. The intended purpose is the acquisition, furnishing, equipping, owning, improving, enlarging, operating, and maintaining a building or buildings, automobile parking lots or structures, recreational facilities, stadiums and the necessary site or sites thereof, together with appurtenant properties and facilities necessary or convenient use thereof, for use for any legitimate public purpose of the City.

The Downtown Development Authority (the "Authority") was created under Act No. 197 of the Michigan State statutes to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic development within the downtown district. In addition, the Authority budget is subject to approval by the City Council. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the City. Funding for the Authority is provided from the increased property tax revenues from any benefited property.

The Tax Increment Finance Authority (the "Authority") was created under Act No. 450 of the Michigan State statutes with the purpose to bolster the declining value of the lands located within the district. The Authority has a targeted development area which will be developed and ultimately lead to increasing the values of the properties located within the targeted area. Funding for the Authority is provided by capturing the increased property tax revenues from the increase in valuations of the benefited properties. In addition, the Authority's budget is subject to approval by the City Council.

Separate financial statements of Building Authority, Downtown Development Authority and Tax Increment Finance Authority may be obtained from the City offices.

**Jointly Governed Organizations**

Jointly governed organizations are discussed in Note 13.

**Major Taxpayer**

Approximately 47 percent of property tax revenue is from one Company located in the City of Flat Rock, and 35 percent of water, sewer and industrial charge revenue are from the same company.

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state shared revenue, district court fines, and interest associated with the current fiscal period. All other revenue items are considered to be available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.



**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tax Increment Finance Authority (TIFA)** - TIFA is a special revenue fund used to develop and increase the value of properties located within the targeted area.

**Downtown Development Authority (DDA)** - DDA is a special revenue fund created to prevent deterioration, encourage historical preservation and promote economic growth within the downtown district.

The City reports the following major proprietary fund:

**Water and Sewer Fund** - The Water and Sewer Fund is an Enterprise Fund. The City operates an Enterprise Fund, which accounts for the operation of the Water and Sewer Systems. The fund is financed and operated in a manner similar to a private enterprise. The intent is that costs (expenses, including depreciation) of providing water and sewer services to the general public are recovered through user charges.

Additionally, the City reports the following fund types:

**Agency Funds** - Agency Funds account for assets held by the City in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Capital Project Funds** - Capital Project Funds are used to account for the construction of major capital facilities and City infrastructure other than those financed by proprietary and trust funds.

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

**Special Revenue Funds** - Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes or designated by management to be accounted for in another fund. These funds are classified as Special Revenue Funds due to the limited usage of their assets.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Tax Revenue**

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on August 31 of the current year, at which time penalties and interest are assessed.

The City's 2008 tax is levied and collectible on July 1, 2008 and is recognized as revenue in the year ended June 30, 2009, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2008 taxable valuation of the City totaled \$465.6 million (a portion of which is abated and a portion of which is captured by the Tax Increment Finance Authority and Downtown Development Authority), on which taxes levied consisted of 16.00 mills for general operating purposes, 1.00 mill for library use, and .25 mills for use in the historical district. This resulted in approximately \$6,670,000 for general operating, \$465,000 for library use, and \$115,000 for the historical district. These amounts are recognized in the respective General Fund, Library Fund, and Historical District Fund.

**Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average method. The Statement of Cash Flows includes both restricted and unrestricted cash and cash equivalents.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Roads and Infrastructure	10 to 30 Years
Water and Sewer Mains	50 Years
Buildings	50 Years
Vehicles	5 to 12 Years
Equipment and Meters	7 to 30 Years

**Compensated Absences (Vacation and Sick Leave)** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds where appropriate except in the General Fund, where it is only reported for employee terminations as of year end.

**Long-Term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face value of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information** - The annual budget is prepared by the Mayor and adopted by the City Council; subsequent amendments are approved by the City Council. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)". The last amendment to the budget was adopted on June 15, 2009.

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

Annual budgets are adopted for all governmental funds. The budget represents a complete financial plan for all activities of the City for the ensuing fiscal year. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Expenditures at this level in excess of amounts budgeted are a violation of State law.

A comparison of actual results of operations to the General Fund and Major Special Revenue Funds budgets adopted by the City Council is included as required supplemental information. The comparison includes expenditure budget overruns. A comparison of actual results of operations, including budget overruns to all the fund budgets as adopted by the City Council, is available at the Treasurer's office for inspection.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City incurred expenditures in governmental funds that were in excess of the amounts budgeted, as follows:

The unfavorable expenditure variances were caused by unanticipated expenditures that became necessary during the year.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
General Government	\$ 1,464,585	\$ 1,941,682	\$ (477,097)
Fire Department	812,526	974,496	(161,970)
Building and Safety	244,048	253,127	(9,079)
Public Works	1,495,357	1,600,834	(105,477)
<b>Special Revenue Funds</b>			
TIFA	2,903,361	3,696,867	(793,506)
Major Roads	289,993	313,290	(23,297)
Concession Stand	-	4,387	(4,387)
Library	581,677	601,073	(19,396)

**Fund Deficits** - The City has not accumulated any fund deficits.

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the Council is in accordance with Public Act 196 of 1997.

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the City's deposits is \$248,835 of which \$248,835 is covered by federal depository insurance and \$ -0- is uninsured and uncollateralized. The City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the City had no investment subjected to interest rate risk.

**Credit Risk**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Money Market Funds	\$ 5,739,655	Not Rated	
FNMA, 4.25% due 02/20/24	2,513,275	Aaa	Moody's

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 4 – RECEIVABLES**

Receivables as of year-end for individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Primary Government</u>
Receivables			
Taxes	\$ 366,321	\$ 28,561	\$ 394,882
Special Assessments	-	535	535
Accounts	<u>5,511</u>	<u>-</u>	<u>5,511</u>
Net Receivables	<u>\$ 371,832</u>	<u>\$ 29,096</u>	<u>\$ 400,928</u>

**NOTE 5 – CAPITAL ASSETS**

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

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2009</u>
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,213,229	\$ 36,000	\$ -	\$ 1,249,229
Capital Assets Being Depreciated				
Infrastructure	21,433,880	-	-	21,433,880
Buildings and Improvements	22,505,953	141,140	-	22,647,093
Vehicles	830,765	-	-	830,765
Machinery and Equipment	<u>4,358,433</u>	<u>10,985</u>	<u>-</u>	<u>4,369,418</u>
Subtotal	<u>49,129,031</u>	<u>152,125</u>	<u>-</u>	<u>49,281,156</u>
Accumulated Depreciation				
Infrastructure	14,445,486	797,376	-	15,242,862
Buildings and Improvements	3,799,640	452,177	-	4,251,817
Vehicles	679,674	57,509	-	737,183
Machinery and Equipment	<u>2,745,779</u>	<u>222,103</u>	<u>-</u>	<u>2,967,882</u>
Subtotal	<u>21,670,579</u>	<u>1,529,165</u>	<u>-</u>	<u>23,199,744</u>
Net Capital Assets Being Depreciated	<u>27,458,452</u>	<u>(1,377,040)</u>	<u>-</u>	<u>26,081,412</u>
Net Capital Assets	<u>\$ 28,671,681</u>	<u>\$ (1,341,040)</u>	<u>\$ -</u>	<u>\$ 27,330,641</u>

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5 – CAPITAL ASSETS (Continued)**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Business-Type Activities</b>				
Capital Assets Being Depreciated				
Water and Sewer Mains	\$ 16,103,851	\$ -	\$ -	\$ 16,103,851
Buildings	6,516,962	-	-	6,516,962
Equipment and Meters	443,233	-	-	443,233
Vehicles	285,396	-	-	285,396
Subtotal	<u>23,349,442</u>	<u>-</u>	<u>-</u>	<u>23,349,442</u>
Accumulated Depreciation				
Water and Sewer Mains	8,651,610	328,568	-	8,980,178
Buildings	1,372,356	113,673	-	1,486,029
Equipment and Meters	272,690	8,382	-	281,072
Vehicles	262,170	7,536	-	269,706
Subtotal	<u>10,558,826</u>	<u>458,159</u>	<u>-</u>	<u>11,016,985</u>
Net Capital Assets	<u>\$ 12,790,616</u>	<u>\$ (458,159)</u>	<u>\$ -</u>	<u>\$ 12,332,457</u>

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

<b>Governmental Activities</b>	
Road Maintenance and Repair	\$ 797,376
Recreational Culture	433,322
Public Works	84,747
Police	62,557
Library	48,846
Fire	66,145
General Government	25,638
Building and Safety	<u>10,534</u>
Total Governmental Activities	<u>\$ 1,529,165</u>
<b>Business-Type Activities</b>	
Water and Sewer Mains	\$ 328,568
Buildings	113,673
Equipment and Meters	8,382
Vehicles	<u>7,536</u>
Total Business-Type Activities	<u>\$ 458,159</u>

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Due to/from Other Funds</b>		
General Fund	Nonmajor Governmental Funds	\$ 39,907
	TIFA Fund	1,360
	DDA Fund	5,106
	Water and Sewer	<u>5,323</u>
	Total General Fund	<u>\$ 51,696</u>
Nonmajor Governmental Funds	General Fund	\$ 11,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>12,165</u>
	Total Nonmajor Governmental Funds	<u>\$ 23,165</u>

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

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 570,148
Nonmajor Governmental Funds	Nonmajor Governmental Funds	482,396
TIFA Fund	Nonmajor Governmental Funds	<u>1,087,491</u>
	Total	<u>\$ 2,140,035</u>

The transfers from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations; the transfers from nonmajor governmental funds and the TIFA Fund to nonmajor governmental funds represent transfers to Debt Service Funds.

**NOTE 7 – LONG-TERM DEBT**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. State and county contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties that benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the Special Assessment District) are received.



**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 7 - LONG-TERM DEBT (Continued)**

Long-term obligation activity can be summarized as follows:

	<u>Number of Issues</u>	<u>Interest Rate Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>							
Special Assessment (LTGO) Bonds, Series B Amount of Issue: \$170,000 Maturing Through 2010	1	6.75% - 7.75%	\$ 40,000	\$ -	\$ (20,000)	\$ 20,000	\$ 20,000
Special Assessment (LTGO) Bonds, Series A Amount of Issue: \$505,000 Maturing Through 2010	1	4.80% - 5.70%	125,000	-	(60,000)	65,000	65,000
Michigan Transportation Fund Bonds Amount of Issue: \$260,000 Maturing Through 2009	1	3.00% - 5.40%	25,000	-	(25,000)	-	-
Michigan Transportation Fund Bonds Amount of Issue: \$340,000 Maturing Through 2013	1	4.00% - 5.20%	340,000	-	(60,000)	280,000	65,000
Certificate of Participation - Installment Purchase Amount of Issue: \$1,500,000 Maturing Through 2013	1	4.90% - 7.07%	665,000	-	(115,000)	550,000	125,000
Building Authority Refunding Bonds Amount of Issue: \$1,720,000 Maturing Through 2018	1	2.00% - 4.40%	1,320,000	-	(115,000)	1,205,000	115,000
Building Authority Bonds Amount of Issue: \$5,000,000 Maturing Through 2011	1	5.92% -	655,000	-	(205,000)	450,000	220,000
Building Authority Refunding Bonds Amount of Issue: \$3,415,000 Maturing Through 2021	1	3.90% - 4.60%	3,375,000	-	(25,000)	3,350,000	30,000
Tax Increment Finance Authority - Limited Tax Development Bonds Amount of Issue: \$1,750,000 Maturing Through 2026	1	5.375% - 5.875%	1,645,000	-	(55,000)	1,590,000	60,000
Tax Increment Finance Authority - Limited Tax Development Bonds Amount of Issue: \$4,270,000 Maturing Through 2024	1	6.75% - 7.00%	4,110,000	-	(150,000)	3,960,000	160,000
Tax Increment Finance Authority - Limited Tax Development Bonds Amount of Issue: \$5,675,000 Maturing Through 2024	1	4.00% - 4.80%	5,195,000	-	(285,000)	4,910,000	290,000
Equipment Lease Purchase Agreement Amount of Issue: \$40,375 Maturing Through 2010	1	5.75%	33,201	-	(7,617)	25,584	8,056
Equipment Lease Purchase Agreement Amount of Issue: \$69,140 Maturing Through 2009	1	6.10%	18,850	-	(18,850)	-	-
			<u>\$ 17,547,051</u>	<u>\$ -</u>	<u>\$ (1,141,487)</u>	<u>\$ 16,405,564</u>	<u>\$ 1,158,056</u>
<b>BUSINESS TYPE ACTIVITIES</b>							
Wayne County Sewage Disposal System Amount of Issue: \$400,000 Maturing Through 2010	1	6.00%	\$ 400,000	\$ -	\$ (200,000)	\$ 200,000	\$ 200,000
South Huron Valley Utility Authority Amount of Issue: \$1,901,130 Maturing Through 2011	1	2.00%	365,802	-	(119,704)	246,098	121,934
South Huron Valley Utility Authority Amount of Issue: \$3,271,516 Maturing Through 2021	1	2.25%	2,258,917	-	(151,806)	2,107,111	154,879
South Huron Valley Utility Authority Amount of Issue: \$2,352,760 Maturing Through 2026	1	2.125%	2,160,099	-	(99,520)	2,060,579	102,072
			<u>\$ 5,184,818</u>	<u>\$ -</u>	<u>\$ (571,030)</u>	<u>\$ 4,613,788</u>	<u>\$ 578,885</u>

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 7 – LONG-TERM DEBT (Continued)**

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

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,158,056	\$ 818,141	\$ 1,976,197	\$ 578,885	\$ 100,376	\$ 679,261
2111	1,113,519	761,567	1,875,086	386,079	86,244	472,323
2112	1,164,009	646,855	1,810,864	268,154	77,954	346,108
2113	1,200,000	650,776	1,850,776	274,393	72,014	346,407
2114	1,015,000	598,081	1,613,081	280,018	65,940	345,958
2015-2019	5,560,000	2,187,274	7,747,274	1,494,157	233,840	1,727,997
2020-2024	4,925,000	745,799	5,670,799	1,048,852	81,397	1,130,249
2025-2026	<u>270,000</u>	<u>16,157</u>	<u>286,157</u>	<u>283,250</u>	<u>9,056</u>	<u>292,306</u>
	<u>\$ 16,405,584</u>	<u>\$ 6,424,650</u>	<u>\$ 22,830,234</u>	<u>\$ 4,613,788</u>	<u>\$ 726,821</u>	<u>\$ 5,340,609</u>

**Advance Refundings** In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the general purpose financial statements. At June 30, 2009, \$200,000 of bonds outstanding are considered defeased.

**NOTE 8 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. The City has purchased commercial insurance for property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The City participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Trend information is as follows:

	<b>Fiscal Year Ended June 30</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
Annual Pension Costs (APC)	\$ 574,000	\$ 601,000	\$ 571,000
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -

  

	<b>Actuarial Valuation as of December 31</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
Actuarial Value of Assets	\$ 10,454,562	\$ 11,172,960	\$ 11,427,268
Actuarial Accrued Liability (AAL)	\$ 17,205,222	\$ 17,909,581	\$ 18,959,513
Unfunded AAL (UAAL)	\$ 6,750,660	\$ 6,736,621	\$ 7,532,245
Funded Ratio	60.8%	62.4%	60.3%
Covered Payroll	\$ 4,263,917	\$ 4,100,932	\$ 3,603,933
UAAL as a percentage of covered payroll	158%	164%	209%

At December 31, 2008, the total participants of 109 consisted of 67 active employees, 2 vested former employees and 40 retired employees.

**Funding Policy** - Each member contributes a percent of annual compensation, as selected by the City. Any percentage from 0% to 10% (in .1% increments) may be selected. A 3% to 5% contribution program was available prior to 1985 and may be continued, but not adopted, after 1984. Under this program the member contributes 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200.

The funding method used in the actuarial valuation - the entry age normal cost method - is intended to meet this objective and result in a relatively level long-term contribution requirement as a percentage of salary.

**Annual Pension Cost** - For the year ended June 30, 2009, the City's annual pension cost of \$571,000 for the plan was equal to the City's required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2008, using the entry age actuarial cost method. Significant actuarial assumptions used include: (a) an 8 percent investment rate of return and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets is determined on the basis of a method that calculates expected investment income at the valuation rate of return and adds a portion of the difference between the expected investment income and actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 10-year period at the rate of 10% per year. This asset valuation method was first adopted for the December 31, 2005 valuation. The unfunded actuarial liability is being amortized over 28 years.

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 10 – RESERVED AND DESIGNATED FUND BALANCES**

Net assets of governmental activities have been reserved for the following:

Restricted Net Assets	
Debt Service	\$ 324,913
Capital Projects	<u>213,547</u>
Restricted Net Assets	<u>\$ 538,460</u>

**NOTE 11 – CONTINGENT LIABILITIES**

During the ordinary course of its operation, the City is a party to various claims, legal actions, and complaints. These actions are not anticipated to have a significant effect on the financial condition of the City.

Currently the City of Flat Rock has numerous matters pending before the State of Michigan Tax Tribunal requesting the lowering of local real and personal property taxes. No single matter taken alone would significantly affect the tax base of the City.

**NOTE 12 – JOINT VENTURES**

The City is a member of the 33rd District Court (the "Court"), which provides judicial services to the member communities. The City appoints one member to the joint venture's governing board, who then approves the annual budget. The Court receives its operating revenue principally from fines and fees, in addition to annual funding contributions from member communities. During the current year, the City contributed \$501,580 to the Court, representing the City's share of the Court's net activity. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating communities in the near future, other than the fluctuation of case loads, which impacts the City's share of the Court debt. Complete financial statements for the Court can be obtained from the administrative offices at: 19000 Van Horn Road, Woodhaven, MI 48183.

The City is a member of the South Huron Valley Utility Authority, which provides sanitary sewage disposal services. Each of the eight member communities appoints one member to the Board. The Authority receives its operating revenue through charges to the communities. The City's share of the debt of the joint venture is being financed by the City through debt service charges. During the year ended June 30, 2009, the City incurred operating costs of \$785,000. In addition, the City paid \$371,030 in principal payments and \$120,000 in interest expense. Complete financial statements for the Authority can be obtained from the administrative offices at 34001 West Jefferson, Brownstown, MI 48173

**NOTE 13 – DEFERRED COMPENSATION PLAN**

The City has a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by an independent plan administrator. The Plan is available to all City employees. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The Deferred Compensation Plan is recorded in the Agency Fund. The Plan's assets are presented at fair market value and captioned as "investments" with corresponding liabilities captioned "deferred compensation benefits".

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

**New Accounting Pronouncement** - The Government Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, in 2004.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) and related liabilities and note disclosure in other plans in which the City participates. GASB No. 45 was effective for the City for the year beginning July 1, 2008. The changes in financial reporting as a result of this statement are outlined below.

**Plan Description** - The City provides postemployment health, dental and vision benefits to all eligible full-time retired employees and their beneficiaries. The City pays the full cost of coverage for these benefits. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant (other than specific co-pays). The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Currently, 31 retirees are eligible for post-employment health benefits. The government obtains health care coverage through private insurers.

This is a single employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

**Funding Policy** - The collective bargaining agreements do not require a contribution from employees. Retiree health care costs are recognized when paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums due for payment.

**Funding Progress** - For the year ended beginning in July 1, 2008, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual Required Contribution (Recommended)	\$ 971,991
Interest on the Prior Year's Net OPEB Obligation	-
Less Adjustment to the Annual Required Contribution	<u>-</u>
Annual OPEB cost	971,991
Amounts Contributed	
Payments of Current Premiums	364,295
Advance Funding	<u>-</u>
Increase in net OPEB Obligation	607,696
OPEB Obligation - Beginning of Year	<u>-</u>
OPEB Obligation - End of year	<u>\$ 607,696</u>

**CITY OF FLAT ROCK, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The schedule of employer contributions and the net OPEB obligation for the fiscal year ended June 30, 2009 is as follows (three-year trend is not available because this is the initial year of reporting):

Annual OPEB Costs	\$ 971,991
Percentage Contributed	37.479%
Net OPEB Obligation	607,696

The Funding Progress of the Plan as of the Most Recent Valuation Date is as follows:

Valuation as of December 31, 2008

Actuarial Value of Assets	\$ -
Actuarial Accrued Liability (AAL)	14,510,603
Unfunded AAL	14,510,603
Funded Ratio	0%

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets, and an annual healthcare cost trend for medical and drugs costs of 10.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten years, with an annual healthcare cost trend rate for dental and vision costs of 5.0 percent, which remains unchanged. Both rates included a 4.0 percent inflation assumption. The UAAL is being amortized as a level percent of payroll if the divisions are open to new hires and as a level dollar if the divisions are closed to new hires.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>REVENUES</b>				
Property Taxes	\$ 6,325,738	\$ 6,325,738	\$ 6,670,110	\$ 344,372
Elections	5,000	5,000	-	(5,000)
General Government	70,850	70,850	104,990	34,140
Police Department	531,435	531,435	554,725	23,290
Fire Department	221,150	221,150	300,634	79,484
Building and Safety				
Building Permits	79,300	79,300	110,383	31,083
Electrical Permits	18,000	18,000	23,258	5,258
Plumbing Permits	10,000	10,000	26,770	16,770
Mechanical Permits	10,000	10,000	20,635	10,635
Other Revenues	7,700	7,700	6,335	(1,365)
Public Works	198,950	198,950	266,620	67,670
Recreation and Culture	114,100	114,100	151,435	37,335
Community Enrichment and Development	117,510	117,510	118,044	534
State Shared Revenues	725,037	725,037	921,129	196,092
Interest	305,000	305,000	178,184	(126,816)
 Total Revenues	<u>8,739,770</u>	<u>8,739,770</u>	<u>9,453,252</u>	<u>713,482</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Legislative				
Elected Officials Wages	10,000	10,000	10,000	-
Consultant Fees	-	-	4,488	(4,488)
Engineering Fees	-	-	3,431	(3,431)
 Total Legislative	<u>10,000</u>	<u>10,000</u>	<u>17,919</u>	<u>(7,919)</u>
Judicial				
Legal Fees	50,000	50,000	65,681	(15,681)
District Court	420,000	420,000	501,580	(81,580)
 Total Judicial	<u>470,000</u>	<u>470,000</u>	<u>567,261</u>	<u>(97,261)</u>
Elections				
Supervisory	4,000	4,000	4,000	-
Clerical	15,000	15,000	15,000	-
Overtime	5,000	2,000	1,885	115
Payroll Tax	1,836	1,836	1,379	457
Fees and Per Diem	7,500	11,600	11,531	69
Office Supplies	3,000	3,000	3,442	(442)
Operating Supplies	4,000	7,650	8,733	(1,083)
Meal Allowance	300	300	220	80
Advertising	3,000	1,250	594	656

**See notes to financial statements.**



**CITY OF FLAT ROCK, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>GENERAL GOVERNMENT (Continued)</b>				
Elections (Continued)				
Insurance and Bond	\$ 839	\$ 839	\$ 823	\$ 16
Equipment Maintenance	5,000	2,000	1,818	182
Total Elections	49,475	49,475	49,425	50
City Clerk and Treasurer				
Supervisory	94,449	94,449	93,463	986
Mechanic	100	100	109	(9)
Janitor	57,503	56,003	50,490	5,513
Clerical	140,298	138,398	156,545	(18,147)
Temporary	2,000	3,900	3,382	518
Overtime	1,500	1,500	1,054	446
Overtime Custodian	3,000	4,500	3,331	1,169
Overtime Park Maintenance	2,500	2,500	1,438	1,062
Payroll Taxes	23,696	23,696	23,899	(203)
Hospitalization	70,525	70,525	94,360	(23,835)
Employee Life Insurance	1,138	1,438	1,217	221
Longevity Pay	700	700	700	-
Retirement Contribution	30,634	30,634	30,675	(41)
Sick and Vacation Pay	500	500	(2,507)	3,007
Fees and Per Diem	200	200	-	200
Office Supplies	9,000	12,000	7,744	4,256
Bank Charges	500	2,450	2,446	4
Gasoline and Oil, etc.	1,500	2,100	2,006	94
Operating Supplies	1,000	1,500	1,136	364
Medical Expense	500	500	60	440
Computer Expense	20,000	13,949	8,992	4,957
Clothing	1,500	1,200	828	372
Custodian Supplies	4,000	3,400	2,597	803
Pond Sprinklers	6,997	6,997	2,771	4,226
Audit Fee	12,150	12,150	12,150	-
Tax Roll Preparation	12,500	11,951	18,181	(6,230)
Property Engineering Fees	1,000	1,000	700	300
Membership and Dues	16,000	18,720	18,868	(148)
Telephone	11,500	12,500	12,713	(213)
Meal Allowance	500	500	305	195
Public Relations	2,500	1,000	791	209
Reimburse Employee's Blue Cross	7,200	7,200	6,641	559
Advertising	2,000	3,500	3,131	369
Reading Building	5,000	5,000	5,257	(257)
Education and Training	500	2,000	1,467	533

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

**(Continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>GENERAL GOVERNMENT (Continued)</b>				
City Clerk and Treasurer (Continued)				
Insurance and Bonds	\$ 36,737	\$ 34,217	\$ 34,039	\$ 178
Insurance Claims Deductible	500	700	700	-
Utilities	50,575	50,575	47,433	3,142
Building Maintenance	125,000	125,000	43,769	81,231
Equipment Maintenance	7,500	6,500	6,237	263
Equipment Lease	6,657	6,657	6,358	299
Civil Defense	575	575	244	331
Miscellaneous	2,000	2,000	1,518	482
Taxes Refunded and Written Off	1,500	1,500	367,518	(366,018)
Interest	750	750	-	750
Total City Clerk and Treasurer	<u>776,384</u>	<u>777,134</u>	<u>1,074,756</u>	<u>(297,622)</u>
City Assessor				
Assessor Salary	11,500	11,500	11,500	-
Clerical	5,000	5,000	5,436	(436)
Overtime	500	750	702	48
Payroll Taxes	421	421	447	(26)
Fees and Per Diem	1,500	1,250	1,250	-
Office Supplies	100	500	436	64
Computer Expense	1,000	600	249	351
Tax Roll Preparation	15,000	14,250	19,329	(5,079)
Membership and Dues	200	200	75	125
Meal Allowance	100	100	-	100
Advertising	300	300	92	208
Education and Training	500	500	412	88
Insurance & Bond	779	779	762	17
Miscellaneous	100	100	-	100
Total City Assessor	<u>37,000</u>	<u>36,250</u>	<u>40,690</u>	<u>(4,440)</u>
City Attorney				
Retainer	22,000	22,000	22,000	-
Labor	25,000	25,000	84,686	(59,686)
Other Matters	500	500	9,230	(8,730)
Total City Attorney	<u>47,500</u>	<u>47,500</u>	<u>115,916</u>	<u>(68,416)</u>
Economic Development				
Supervisory	44,412	44,412	44,900	(488)
Clerical	13,312	13,312	13,312	-
Payroll Taxes	5,203	5,203	4,573	630

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

**(Continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>GENERAL GOVERNMENT (Continued)</b>				
Economic Development (Continued)				
Employee Life Insurance	\$ 190	\$ 190	\$ 174	\$ 16
Sick and Vacation Pay	100	100	(643)	743
Office Supplies	500	1,165	1,181	(16)
Operating Supplies	1,000	335	335	-
Membership and Dues	150	150	-	150
Telephone	780	780	500	280
Public Relations	500	700	671	29
Reimburse Employee's Blue Cross	1,800	1,800	1,800	-
Insurance and Bond	779	779	762	17
Miscellaneous	500	300	246	54
Total Economic Development	<u>69,226</u>	<u>69,226</u>	<u>67,811</u>	<u>1,415</u>
City Engineer				
Consulting Fees	<u>5,000</u>	<u>5,000</u>	<u>7,904</u>	<u>(2,904)</u>
Total General Government	<u>1,464,585</u>	<u>1,464,585</u>	<u>1,941,682</u>	<u>(477,097)</u>
<b>POLICE DEPARTMENT</b>				
Supervisory	78,978	78,978	79,281	(303)
Lieutenants	280,381	370,381	369,325	1,056
Sergeants	373,429	323,429	329,282	(5,853)
Patrolmen	730,797	730,797	725,324	5,473
Dispatch	34,232	34,232	37,366	(3,134)
Ordinance Officer	20,539	20,539	19,989	550
Administrative Assistant	36,023	36,023	36,163	(140)
Downriver Mutual Aid	2,000	5,500	6,476	(976)
Mechanic Wages	35,000	35,000	41,247	(6,247)
Custodian Wages	30,000	23,000	21,640	1,360
Temporary Wages	26,775	26,775	25,920	855
Shift Differential	14,000	11,000	10,588	412
Overtime	100,000	100,000	82,721	17,279
Payroll Taxes	151,413	151,413	149,344	2,069
Holiday Pay Premium	55,000	50,010	46,716	3,294
Hospitalization	372,843	372,843	427,692	(54,849)
Employee Life Insurance	4,740	4,740	4,440	300
Longevity Pay	14,500	14,928	14,914	14
Retirement Contribution	273,054	273,054	281,026	(7,972)
Sick and Vacation Pay	1,000	1,000	(7,577)	8,577
Office Supplies	5,200	5,700	5,519	181
Postage	1,500	1,500	1,207	293
Dog Expenses	6,000	5,500	5,735	(235)

**See notes to financial statements.**

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

**(Continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>POLICE DEPARTMENT (Continued)</b>				
Canine Expenses	\$ 2,000	\$ 2,000	\$ 501	\$ 1,499
Gas and Oil	45,000	45,000	40,883	4,117
Operating Supplies	6,000	6,000	4,591	1,409
Photographic Supplies	2,000	2,000	1,066	934
Medical Expenses	8,000	8,000	6,930	1,070
Jail Expenses	35,000	21,000	20,946	54
Computer Expense	16,000	16,000	12,337	3,663
Prisoner Medical	1,000	-	-	-
Clothing	40,000	40,000	34,938	5,062
Custodial Supplies	4,500	4,500	3,292	1,208
Membership Dues	1,000	1,000	1,870	(870)
Legal Fees	5,000	5,000	4,752	248
Telephone	16,500	21,000	21,114	(114)
Meal Allowance	1,500	1,500	1,124	376
Gun Allowance	7,800	7,592	7,200	392
Gun Range	10,000	10,000	10,078	(78)
Public Relations	1,000	270	54	216
Reimburse Employee's Blue Cross	100,800	86,800	88,583	(1,783)
Advertising	1,000	238	40	198
Education and Training	14,000	5,510	4,970	540
Insurance and Bonds	78,412	84,912	84,867	45
Insurance Claims Deductible	500	1,262	1,260	2
Utilities	40,982	40,982	37,700	3,282
Building Maintenance	8,000	6,490	6,230	260
Equipment Maintenance	20,000	20,000	15,767	4,233
Equipment Lease	12,000	12,000	11,299	701
Auto Maintenance	30,000	25,000	20,207	4,793
Equipment Rental	5,000	5,000	1,876	3,124
Mutual Aid	4,500	4,500	4,083	417
Miscellaneous	2,500	2,500	1,974	526
Capital Outlay	10,000	15,000	10,985	4,015
Interest	1,000	1,000	393	607
Total Police Department	<u>3,178,398</u>	<u>3,178,398</u>	<u>3,176,248</u>	<u>2,150</u>
<b>FIRE DEPARTMENT</b>				
Chief Salary	56,225	56,225	56,440	(215)
Assistant Chief Salary	3,537	3,537	3,622	(85)
Mechanic	5,500	5,500	5,773	(273)
Custodian	7,000	7,000	7,691	(691)

**See notes to financial statements.**

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>FIRE DEPARTMENT (Continued)</b>				
Overtime	\$ 60,000	\$ 60,000	\$ 90,569	\$ (30,569)
Full Time Employees	222,482	222,482	248,207	(25,725)
Part Time Employees	138,000	138,000	120,802	17,198
Payroll Taxes	39,138	39,138	42,874	(3,736)
Holiday Pay Premium	15,000	11,600	10,941	659
Hospitalization	47,395	47,395	62,285	(14,890)
Employee Life Insurance	1,138	1,138	1,059	79
Longevity Pay	1,500	1,500	1,575	(75)
Retirement Contribution	45,602	45,602	49,501	(3,899)
Sick and Vacation Pay	-	-	(1,284)	1,284
Office Supplies	2,000	2,000	2,813	(813)
Bank Charges	-	-	1,446	(1,446)
Operating Supplies	7,000	9,400	10,240	(840)
Gas and Oil	7,000	7,000	6,172	828
Operating Supplies	4,000	4,000	2,610	1,390
Medical Expenses	4,000	4,000	2,756	1,244
Clothing	4,000	4,000	3,512	488
Custodial Supplies	600	600	490	110
Ambulance Billing Service	16,000	16,000	23,451	(7,451)
Membership and Dues	2,500	1,500	3,094	(1,594)
Legal Fees	1,000	1,000	-	1,000
Telephone	4,600	4,600	5,967	(1,367)
Meal Allowance	300	300	105	195
Public Relation	1,000	70	58	12
Reimbursement Blue Cross	17,358	17,358	20,134	(2,776)
Advertising	500	500	327	173
Education and Training	4,000	4,000	18,898	(14,898)
Educational Services	4,000	4,000	1,073	2,927
Insurance and Bond	40,325	40,325	42,474	(2,149)
Utilities	27,826	26,826	26,028	798
Building Maintenance	5,000	8,930	8,863	67
Equipment Maintenance	15,000	15,000	19,830	(4,830)
Mutual Aid	2,000	2,000	1,660	340
Capital Outlay	-	-	72,440	(72,440)
Total Fire Department	<u>812,526</u>	<u>812,526</u>	<u>974,496</u>	<u>(161,970)</u>
<b>BUILDING AND SAFETY</b>				
Supervisory	56,225	56,225	56,656	(431)
Ordinance Officer	13,693	13,193	10,405	2,788
Mechanic	500	500	291	209
Clerical	36,682	36,682	36,953	(271)

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>BUILDING AND SAFETY (Continued)</b>				
Inspector	\$ 32,710	\$ 32,710	\$ 31,365	\$ 1,345
Overtime	1,200	200	40	160
Payroll Taxes	11,063	11,063	10,512	551
Hospitalization	18,050	18,050	21,256	(3,206)
Employee Life Insurance	379	379	348	31
Longevity Pay	300	300	300	-
Retirement Contribution	24,362	24,362	24,531	(169)
Sick and Vacation Pay	500	500	329	171
Fee Per Diem	500	-	-	-
Office Supplies	2,000	2,000	2,045	(45)
Gas and Oil	1,500	2,100	2,193	(93)
Operating Supplies	1,000	1,000	134	866
Computer Expense	3,500	2,450	1,886	564
Clothing	300	-	-	-
Membership and Dues	1,000	1,000	679	321
Consultant Fees	1,000	1,000	1,034	(34)
Inspections				
Mechanical	5,200	5,200	7,602	(2,402)
Electrical	5,600	5,600	7,449	(1,849)
Plumbing	2,600	2,600	7,108	(4,508)
Telephone	5,600	5,600	5,933	(333)
Auto Expense	2,000	1,400	701	699
Meal Allowance	400	400	-	400
Reimburse Employee's Blue Cross	3,600	3,600	3,600	-
Advertising	150	150	128	22
Education and Training	1,500	200	25	175
Insurance and Bond	5,375	10,025	14,527	(4,502)
Utilities	5,059	5,059	5,018	41
Miscellaneous	500	500	79	421
Total Building and Safety	<u>244,048</u>	<u>244,048</u>	<u>253,127</u>	<u>(9,079)</u>
<b>PUBLIC WORKS</b>				
Supervisory	56,903	56,903	57,516	(613)
Labor	189,187	210,187	226,488	(16,301)
Mechanic	46,294	46,294	50,241	(3,947)
Temporary	38,000	38,000	23,908	14,092
Overtime	20,000	15,000	6,724	8,276
Overtime Department Heads	2,000	2,000	1,652	348
Payroll Taxes	29,757	29,757	33,771	(4,014)
Hospitalization	182,625	182,625	255,941	(73,316)
Employee Life Insurance	3,413	3,413	3,097	316

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

**(Continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>PUBLIC WORKS (Continued)</b>				
Longevity Pay	\$ 7,500	\$ 7,500	\$ 7,397	\$ 103
Retirement Contribution	107,706	107,706	109,059	(1,353)
Sick and Vacation Pay	-	-	5,638	(5,638)
Office Supplies	1,000	1,600	1,717	(117)
Gas and Oil	32,000	32,000	30,375	1,625
Operating Supplies	12,000	8,000	5,377	2,623
Medical Expenses	2,000	2,000	1,028	972
Clothing	12,100	12,100	12,196	(96)
Custodial Supplies	1,000	500	229	271
Brick Pavers War Memorial	180	180	108	72
Membership and Dues	200	200	200	-
Consulting Fees	500	500	587	(87)
Garbage Pick Up	338,645	350,645	386,833	(36,188)
Street Lighting	180,000	180,000	170,028	9,972
Telephone	4,000	5,900	6,374	(474)
Meal Allowance	500	500	201	299
Reimburse Employee's Blue Cross	18,000	18,000	22,193	(4,193)
Advertising	500	100	39	61
Education and Training	1,000	735	735	-
Safety Training	1,000	-	-	-
Insurance and Bond	32,082	32,082	41,460	(9,378)
Utilities	24,465	20,465	19,981	484
Building Maintenance	10,000	9,000	8,299	701
Cemetery Maintenance	1,500	1,500	1,500	-
Equipment Maintenance	55,000	55,000	45,813	9,187
Equipment Lease	67,000	48,665	48,106	559
Park Maintenance	10,000	11,500	12,024	(524)
Miscellaneous	500	500	498	2
Interest	6,800	4,300	3,501	799
<b>Total Public Works</b>	<u>1,495,357</u>	<u>1,495,357</u>	<u>1,600,834</u>	<u>(105,477)</u>
<b>RECREATION AND CULTURE</b>				
Recreation Committee				
Consulting Fees	-	-	235	(235)
Park Improvement	3,500	3,500	2,346	1,154
<b>Total Recreation Committee</b>	<u>3,500</u>	<u>3,500</u>	<u>2,581</u>	<u>919</u>
Recreation				
Supervisory	28,112	28,112	29,033	(921)
Contracted Instructors	1,000	1,000	423	577
Mechanic	1,000	2,000	1,840	160

**See notes to financial statements.**

**CITY OF FLAT ROCK, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>RECREATION AND CULTURE (Continued)</b>				
Recreation (Continued)				
Temporary	\$ 32,000	\$ 32,000	\$ 23,783	\$ 8,217
Bus Transportation	16,500	16,500	15,071	1,429
Programmers	49,224	49,224	53,413	(4,189)
Overtime	200	200	-	200
Payroll Taxes	10,070	10,070	9,550	520
Hospitalization	9,564	9,564	14,012	(4,448)
Employee Life Insurance	379	379	348	31
Longevity Pay	350	350	350	-
Retirement Contribution	25,056	25,056	25,530	(474)
Sick and Vacation Pay	500	500	(607)	1,107
Office Supplies	2,000	2,000	1,720	280
Postage	1,000	1,000	1,271	(271)
Gas and Oil	5,000	5,000	5,376	(376)
Operating Supplies	1,200	1,200	931	269
Playground Equipment	500	500	-	500
Computer Expense	3,000	3,000	2,629	371
Clothing	250	350	331	19
Membership and Dues	750	750	685	65
Consulting Fees	500	500	6,000	(5,500)
Telephone	4,200	4,200	3,417	783
Travel Expense	40,000	40,000	33,824	6,176
Adult Softball	5,000	5,000	5,988	(988)
Safety Town	300	200	206	(6)
Youth Programs	10,000	10,000	9,655	345
Senior Programs	1,500	1,500	947	553
Adult Programs	7,000	7,000	2,570	4,430
Concession Stand	-	-	40	(40)
MRPA Programs	8,000	8,000	10,229	(2,229)
Meal Allowance	200	200	74	126
Public Relations	500	500	487	13
Reimburse Employee's Blue Cross	3,600	3,600	3,600	-
Advertising	3,000	3,000	1,854	1,146
Education and Training	1,000	1,000	-	1,000
Insurance and Bond	6,960	8,760	8,756	4
Equipment Maintenance	2,000	2,000	2,387	(387)
Miscellaneous	1,500	1,200	1,246	(46)
Arts Council	2,000	500	440	60
Capital Outlay	-	-	12,000	(12,000)
Total Recreation	<u>284,915</u>	<u>285,915</u>	<u>289,409</u>	<u>(3,494)</u>

See notes to financial statements.



**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

**(Continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>RECREATION AND CULTURE (Continued)</b>				
Senior Citizens				
Custodian	\$ 100	\$ 100	\$ -	\$ 100
Payroll Taxes	8	8	-	8
Custodial Supplies	100	100	-	100
Telephone	1,400	1,400	879	521
Meals on Wheels	3,500	3,500	3,435	65
Advertising	-	-	66	(66)
Insurance and Bond	1,456	1,456	1,427	29
Utilities	4,000	3,000	2,899	101
Building Maintenance	500	500	2,258	(1,758)
Miscellaneous	100	100	-	100
Total Senior Citizens	<u>11,164</u>	<u>10,164</u>	<u>10,964</u>	<u>(800)</u>
Youth Center				
Telephone	200	200	-	200
Insurance and Bond	1,343	1,343	1,261	82
Building Maintenance	100	100	-	100
Miscellaneous	100	100	-	100
Total Youth Center	<u>1,743</u>	<u>1,743</u>	<u>1,261</u>	<u>482</u>
Ball Field, Fountain and Ice Rink				
Ball Field Maintenance	42,000	54,000	54,286	(286)
Ice Rink Maintenance	32,000	20,000	17,646	2,354
Payroll Taxes	5,661	5,661	5,207	454
Ball Field Material and Supplies	10,000	10,000	9,833	167
Ice Rink Material and Supplies	6,000	6,000	2,943	3,057
Meal Allowance	100	100	100	-
Insurance and Bonds	2,648	3,418	3,416	2
Ball Field Utilities	13,000	13,000	10,522	2,478
Ice Rink Utilities	25,000	23,729	14,121	9,608
Rent	405,316	405,817	405,816	1
Total Ball Field, Fountain and Ice Rink	<u>541,725</u>	<u>541,725</u>	<u>523,890</u>	<u>17,835</u>
Total Recreation and Culture	<u>843,047</u>	<u>843,047</u>	<u>828,105</u>	<u>14,942</u>

**See notes to financial statements.**

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>COMMUNITY ENRICHMENT AND DEVELOPMENT</b>				
Planning Commission				
Clerical	\$ 500	\$ 250	\$ -	\$ 250
Overtime	750	750	553	197
Payroll Taxes	96	96	42	54
Fees and Per Diem	1,500	1,885	1,885	-
Special Meetings	1,000	115	-	115
Office Supplies	250	250	177	73
Consultant Fees	5,000	7,000	7,128	(128)
Master Plan	2,000	2,500	2,110	390
Advertising	1,500	500	365	135
Revision of Ordinances	2,500	1,500	147	1,353
Education and Training	250	-	-	-
Insurance and Bond	252	752	752	-
Total Planning Commission	<u>15,598</u>	<u>15,598</u>	<u>13,159</u>	<u>2,439</u>
Zoning Board of Appeals				
Clerical	500	300	79	221
Overtime	100	100	-	100
Payroll Taxes	107	107	6	101
Fees and Per Diem	500	500	330	170
Office Supplies	100	300	158	142
Consultant	500	700	665	35
Advertising	2,000	2,000	532	1,468
Education and Training	150	150	-	150
Insurance and Bond	958	758	752	6
Total Zoning Board of Appeals	<u>4,915</u>	<u>4,915</u>	<u>2,522</u>	<u>2,393</u>
Beautification				
Clerical	500	500	500	-
Payroll Taxes	38	38	38	-
Fees and Per Diem	1,200	1,100	960	140
Office Supplies	100	100	76	24
Seeding and Planting	-	1,100	1,098	2
Public Relations	1,500	1,500	961	539
Advertising	-	100	36	64
Insurance and Bond	735	735	710	25
Maintenance Fee	4,500	3,400	2,606	794
Miscellaneous	1,000	1,000	109	891
Total Beautification	<u>9,573</u>	<u>9,573</u>	<u>7,094</u>	<u>2,479</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2009**

**(Continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>COMMUNITY ENRICHMENT AND DEVELOPMENT (Continued)</b>				
Cable Commission				
Fees and Per Diem	\$ 800	\$ 1,000	\$ 763	\$ 237
Insurance and Bond	850	650	206	444
Equipment Maintenance	500	500	-	500
Miscellaneous	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
 Total Cable Commission	 <u>2,650</u>	 <u>2,650</u>	 <u>969</u>	 <u>1,681</u>
 Total Community Enrichment and Development	 <u>32,736</u>	 <u>32,736</u>	 <u>23,744</u>	 <u>8,992</u>
 Total Expenditures	 <u>8,070,697</u>	 <u>8,070,697</u>	 <u>8,798,236</u>	 <u>(727,539)</u>
 Excess Revenues	 <u>669,073</u>	 <u>669,073</u>	 <u>655,016</u>	 <u>(14,057)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers				
Special Revenue Funds	(560,000)	(560,000)	(416,000)	144,000
Debt Service Funds	<u>(140,828)</u>	<u>(140,828)</u>	<u>(154,148)</u>	<u>(13,320)</u>
 Total Other Financing Sources (Uses)	 <u>(700,828)</u>	 <u>(700,828)</u>	 <u>(570,148)</u>	 <u>130,680</u>
 Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	 <u>(31,755)</u>	 <u>(31,755)</u>	 <u>84,868</u>	 <u>116,623</u>
 <b>FUND BALANCE, JULY 1, 2008</b>	 <u>888,051</u>	 <u>888,051</u>	 <u>888,051</u>	 <u>-</u>
 <b>FUND BALANCE, JUNE 30, 2009</b>	 <u>\$ 856,296</u>	 <u>\$ 856,296</u>	 <u>\$ 972,919</u>	 <u>\$ 116,623</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - MAJOR SPECIAL REVENUE FUNDS**

**TAX INCREMENT FINANCE AUTHORITY**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>REVENUES</b>				
Taxes Captured	\$ 3,800,681	\$ 3,800,681	\$ 4,768,877	\$ 968,196
Other	21,500	21,500	20,060	(1,440)
Interest	100,000	100,000	43,792	(56,208)
Total Revenues	<u>3,922,181</u>	<u>3,922,181</u>	<u>4,832,729</u>	<u>910,548</u>
<b>EXPENDITURES</b>				
Secretary	600	600	600	-
Bank Charges	500	500	869	(369)
Audit	2,000	2,000	2,000	-
Street Lighting	9,000	9,000	8,294	706
Maintenance Gateway	15,000	15,000	8,434	6,566
Landscaping and Signs	5,000	5,000	46,791	(41,791)
Engineering Fees	10,000	10,000	-	10,000
Legal	9,000	9,000	7,997	1,003
Advertising	500	500	47	453
Insurance and Bond	750	750	597	153
Miscellaneous	500	500	8,579	(8,079)
Tax Refund	2,850,511	2,850,511	3,576,659	(726,148)
Land Acquisition	-	-	36,000	(36,000)
Total Expenditures	<u>2,903,361</u>	<u>2,903,361</u>	<u>3,696,867</u>	<u>(793,506)</u>
Excess Revenues	1,018,820	1,018,820	1,135,862	117,042
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers				
Debt Service Funds	<u>(1,082,825)</u>	<u>(1,082,825)</u>	<u>(1,087,491)</u>	<u>(4,666)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(64,005)	(64,005)	48,371	112,376
<b>FUND BALANCE, JULY 1, 2008</b>	<u>276,962</u>	<u>276,962</u>	<u>276,962</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30, 2009</b>	<u>\$ 212,957</u>	<u>\$ 212,957</u>	<u>\$ 325,333</u>	<u>\$ 112,376</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - MAJOR SPECIAL REVENUE FUNDS**

**DOWNTOWN DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>REVENUES</b>				
Property Taxes Captured	\$ 615,477	\$ 615,477	\$ 617,805	\$ 2,328
Interest Income	<u>20,000</u>	<u>20,000</u>	<u>10,199</u>	<u>(9,801)</u>
Total Revenues	<u>635,477</u>	<u>635,477</u>	<u>628,004</u>	<u>(7,473)</u>
<b>EXPENDITURES</b>				
Audit	1,000	1,000	900	100
Consultant	35,000	35,000	33,542	1,458
Construction	1,326,000	1,326,000	1,400	1,324,600
Landscaping	15,000	15,000	15,021	(21)
Engineering	45,000	45,000	57,205	(12,205)
Legal	15,000	15,000	21,380	(6,380)
Advertising	3,500	3,500	239	3,261
Utilities	15,000	15,000	1,315	13,685
Maintenance and Utilities	-	-	1,030	(1,030)
Tax Refunds	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>	<u>-</u>
Total Expenditures	<u>1,870,500</u>	<u>1,870,500</u>	<u>547,032</u>	<u>1,323,468</u>
Excess Revenues (Expenditures)	(1,235,023)	(1,235,023)	80,972	1,315,995
<b>FUND BALANCE, JULY 1, 2008</b>	<u>1,350,709</u>	<u>1,350,709</u>	<u>1,350,709</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30, 2009</b>	<u>\$ 115,686</u>	<u>\$ 115,686</u>	<u>\$ 1,431,681</u>	<u>\$ 1,315,995</u>

**See notes to financial statements.**

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF FLAT ROCK, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 487,335	\$ 324,378	\$ 213,547	\$ 1,025,260
Accounts Receivable	28,561	535	-	29,096
Due From Other Funds	23,165	-	-	23,165
Prepaid Expenditures	6,711	-	-	6,711
Due From Other Governmental Units	81,859	-	-	81,859
<b>TOTAL ASSETS</b>	<b>\$ 627,631</b>	<b>\$ 324,913</b>	<b>\$ 213,547</b>	<b>\$ 1,166,091</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 33,435	\$ -	\$ -	\$ 33,435
Accrued Expenses	70,793	-	-	70,793
Compensated Absences, Current	8,424	-	-	8,424
Due to Other Funds	52,072	-	-	52,072
<b>Total Liabilities</b>	<b>164,724</b>	<b>-</b>	<b>-</b>	<b>164,724</b>
<b>FUND BALANCE</b>				
Reserved for Debt Service	-	324,913	-	324,913
Reserved for Capital Projects	-	-	213,547	213,547
Unreserved	462,907	-	-	462,907
<b>Total Fund Balance</b>	<b>462,907</b>	<b>324,913</b>	<b>213,547</b>	<b>1,001,367</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 627,631</b>	<b>\$ 324,913</b>	<b>\$ 213,547</b>	<b>\$ 1,166,091</b>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>REVENUES</b>				
Property Taxes	\$ 582,026	\$ -	\$ -	\$ 582,026
Recreation and Culture	1,242,168	-	-	1,242,168
Federal Shared Revenue	12,883	-	-	12,883
State Shared Revenue	507,636	-	-	507,636
Rental Income	-	568,353	-	568,353
Special Assessments	-	90,344	-	90,344
Other	87,331	-	-	87,331
Interest	6,434	3,798	4,146	14,378
	<u>2,438,478</u>	<u>662,495</u>	<u>4,146</u>	<u>3,105,119</u>
Total Revenues				
<b>EXPENDITURES</b>				
Road Maintenance and Repair	571,704	-	-	571,704
Recreation and Culture	1,395,476	-	-	1,395,476
Community Enrichment and Development	117,860	-	2,062	119,922
Library	601,073	-	-	601,073
Debt Service				
Principal	-	1,115,000	-	1,115,000
Interest	-	873,142	-	873,142
Miscellaneous	-	13,348	-	13,348
	<u>2,686,113</u>	<u>2,001,490</u>	<u>2,062</u>	<u>4,689,665</u>
Total Expenditures				
Excess Revenues (Expenditures)	<u>(247,635)</u>	<u>(1,338,995)</u>	<u>2,084</u>	<u>(1,584,546)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	506,813	1,633,222	-	2,140,035
Operating Transfers Out	<u>(192,422)</u>	<u>-</u>	<u>(289,974)</u>	<u>(482,396)</u>
Total Other Financing Sources	<u>314,391</u>	<u>1,633,222</u>	<u>(289,974)</u>	<u>1,657,639</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	66,756	294,227	(287,890)	73,093
<b>FUND BALANCE, JULY 1, 2008</b>	<u>396,151</u>	<u>30,686</u>	<u>501,437</u>	<u>928,274</u>
<b>FUND BALANCE, JUNE 30, 2009</b>	<u>\$ 462,907</u>	<u>\$ 324,913</u>	<u>\$213,547</u>	<u>\$ 1,001,367</u>

See notes to financial statements.



## CITY OF FLAT ROCK, MICHIGAN

## COMBINING BALANCE SHEET

## NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2009

	<u>Recreation Center Operating Fund</u>	<u>Block Grant Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Historical District Fund</u>	<u>Concession Stand Fund</u>	<u>Library Fund</u>	<u>Other Funds</u>	<u>Total</u>
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 79,902	\$ -	\$ 41,323	\$ 32,348	\$ 33,182	\$ 22,869	\$ 228,155	\$ 49,556	\$ 487,335
Accounts Receivable	-	-	-	-	5,713	-	22,848	-	28,561
Due From Other Funds	11,000	-	-	12,165	-	-	-	-	23,165
Prepaid Expenditures	1,488	-	1,686	3,373	41	-	123	-	6,711
Due From Other Governmental Units	-	12,883	48,658	20,318	-	-	-	-	81,859
<b>TOTAL ASSETS</b>	<u>\$ 92,390</u>	<u>\$ 12,883</u>	<u>\$ 91,667</u>	<u>\$ 68,204</u>	<u>\$ 38,936</u>	<u>\$ 22,869</u>	<u>\$ 251,126</u>	<u>\$ 49,556</u>	<u>\$ 627,631</u>
<b>LIABILITIES</b>									
Accounts Payable	\$ 25,268	\$ -	\$ 1,394	\$ 209	\$ 113	\$ -	\$ 6,451	\$ -	\$ 33,435
Accrued Expenses	62,699	-	873	1,095	-	-	6,126	-	70,793
Compensated Absences, Current	4,246	-	-	-	-	-	4,178	-	8,424
Due to Other Funds	-	12,883	26,314	12,875	-	-	-	-	52,072
<b>Total Liabilities</b>	92,213	12,883	28,581	14,179	113	-	16,755	-	164,724
<b>FUND BALANCE</b>	<u>177</u>	<u>-</u>	<u>63,086</u>	<u>54,025</u>	<u>38,823</u>	<u>22,869</u>	<u>234,371</u>	<u>49,556</u>	<u>462,907</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 92,390</u>	<u>\$ 12,883</u>	<u>\$ 91,667</u>	<u>\$ 68,204</u>	<u>\$ 38,936</u>	<u>\$ 22,869</u>	<u>\$ 251,126</u>	<u>\$ 49,556</u>	<u>\$ 627,631</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**NONMAJOR SPECIAL REVENUE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Recreation Center Operating Fund</b>	<b>Block Grant Fund</b>	<b>Major Street Fund</b>	<b>Local Street Fund</b>	<b>Historical District Fund</b>	<b>Concession Stand Fund</b>	<b>Library Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>REVENUES</b>									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 114,851	\$ -	\$ 467,175	\$ -	\$ 582,026
Recreation and Culture	1,242,168	-	-	-	-	-	-	-	1,242,168
Federal Shared Revenue	-	12,883	-	-	-	-	-	-	12,883
State Shared Revenue	-	-	352,609	147,224	-	-	7,803	-	507,636
Other	-	-	-	-	-	7,970	49,438	29,923	87,331
Interest	343	-	430	425	1,145	262	3,052	777	6,434
<b>Total Revenues</b>	<b>1,242,511</b>	<b>12,883</b>	<b>353,039</b>	<b>147,649</b>	<b>115,996</b>	<b>8,232</b>	<b>527,468</b>	<b>30,700</b>	<b>2,438,478</b>
<b>EXPENDITURES</b>									
Road Maintenance and Repair	-	-	222,477	349,227	-	-	-	-	571,704
Recreation and Culture	1,395,476	-	-	-	-	-	-	-	1,395,476
Community Enrichment and Development	-	12,883	-	-	87,927	4,387	-	12,663	117,860
Library	-	-	-	-	-	-	601,073	-	601,073
<b>Total Expenditures</b>	<b>1,395,476</b>	<b>12,883</b>	<b>222,477</b>	<b>349,227</b>	<b>87,927</b>	<b>4,387</b>	<b>601,073</b>	<b>12,663</b>	<b>2,686,113</b>
Excess Revenues (Expenditures)	(152,965)	-	130,562	(201,578)	28,069	3,845	(73,605)	18,037	(247,635)
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating Transfers In	151,000	-	-	355,813	-	-	-	-	506,813
Operating Transfers Out	-	-	(90,813)	(101,609)	-	-	-	-	(192,422)
<b>Total Other Financing Sources (Uses)</b>	<b>151,000</b>	<b>-</b>	<b>(90,813)</b>	<b>254,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>314,391</b>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,965)	-	39,749	52,626	28,069	3,845	(73,605)	18,037	66,756
<b>FUND BALANCE, JULY 1, 2008</b>	<b>2,142</b>	<b>-</b>	<b>23,337</b>	<b>1,399</b>	<b>10,754</b>	<b>19,024</b>	<b>307,976</b>	<b>31,519</b>	<b>396,151</b>
<b>FUND BALANCE, JUNE 30, 2009</b>	<b>\$ 177</b>	<b>\$ -</b>	<b>\$ 63,086</b>	<b>\$ 54,025</b>	<b>\$ 38,823</b>	<b>\$ 22,869</b>	<b>\$ 234,371</b>	<b>\$ 49,556</b>	<b>\$ 462,907</b>

See notes to financial statements.

## CITY OF FLAT ROCK, MICHIGAN

## COMBINING BALANCE SHEET

## NONMAJOR DEBT SERVICE FUNDS

JUNE 30, 2009

	Aspen Drive Debt Service Fund	Building Authority Debt Service Fund	Transportation Bond General Obligation	Building Authority Ballfield Debt Service Fund	Huron Woods Series A Retirement Fund	Huron Woods Series B Retirement Fund	Special Assessment Sidewalk Fund	TIFA Debt Service Fund	Total
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 22	\$ 293,008	\$ -	\$ 130	\$ 13,781	\$ 3,782	\$ 13,429	\$ 226	\$ 324,378
Accounts Receivable	-	-	-	-	-	-	535	-	535
<b>TOTAL ASSETS</b>	<u>\$ 22</u>	<u>\$ 293,008</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ 13,781</u>	<u>\$ 3,782</u>	<u>\$ 13,964</u>	<u>\$ 226</u>	<u>\$ 324,913</u>
<b>FUND BALANCE</b>	<u>\$ 22</u>	<u>\$ 293,008</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ 13,781</u>	<u>\$ 3,782</u>	<u>\$ 13,964</u>	<u>\$ 226</u>	<u>\$ 324,913</u>

See notes to financial statements.

## CITY OF FLAT ROCK, MICHIGAN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## NONMAJOR DEBT SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Aspen Drive Debt Service Fund	Building Authority Debt Service Fund	Transportation Bond General Obligation	Building Authority Ballfield Debt Service Fund	Huron Woods Series A Retirement Fund	Huron Woods Series B Retirement Fund	Special Assessment Sidewalk Fund	TIFA Debt Service Fund	Total
<b>REVENUES</b>									
Rental Income	\$ -	\$ 162,537	\$ -	\$ 405,816	\$ -	\$ -	\$ -	\$ -	\$ 568,353
Special Assessments	-	-	-	-	65,151	21,717	3,476	-	90,344
Interest and Other	3	2,823	3	7	465	247	246	4	3,798
Total Revenues	3	165,360	3	405,823	65,616	21,964	3,722	4	662,495
<b>EXPENDITURES</b>									
Debt Service									
Principal	175,000	115,000	25,000	230,000	60,000	20,000	-	490,000	1,115,000
Interest	48,231	47,538	676	175,316	5,385	2,320	-	593,676	873,142
Miscellaneous	6,988	226	300	902	224	150	27	4,531	13,348
Total Expenditures	230,219	162,764	25,976	406,218	65,609	22,470	27	1,088,207	2,001,490
Excess Revenues (Expenditures)	(230,216)	2,596	(25,973)	(395)	7	(506)	3,695	(1,088,203)	(1,338,995)
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating Transfers In	229,918	289,974	25,839	-	-	-	-	1,087,491	1,633,222
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(298)	292,570	(134)	(395)	7	(506)	3,695	(712)	294,227
<b>FUND BALANCE, JULY 1, 2008</b>	320	438	134	525	13,774	4,288	10,269	938	30,686
<b>FUND BALANCE, JUNE 30, 2009</b>	\$ 22	\$ 293,008	\$ -	\$ 130	\$ 13,781	\$ 3,782	\$ 13,964	\$ 226	\$ 324,913

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**JUNE 30, 2009**

	<u>Playscape Fund</u>	<u>Building Authority</u>	<u>Sidewalk Fund</u>	<u>Road Improvement Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ 766	\$ 212,781	\$ 213,547
<b>FUND BALANCE</b>	\$ -	\$ -	\$ 766	\$ 212,781	\$ 213,547

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**NONMAJOR CAPITAL PROJECT FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Playscape Fund</u>	<u>Building Authority</u>	<u>Sidewalk Fund</u>	<u>Road Improvement Fund</u>	<u>Total</u>
<b>REVENUES</b>					
Interest	\$ 3	\$ -	\$ 17	\$ 4,126	\$ 4,146
<b>EXPENDITURES</b>					
Community Enrichment and Development	<u>1,238</u>	<u>-</u>	<u>236</u>	<u>588</u>	<u>2,062</u>
Excess Revenues (Expenditures)	(1,235)	-	(219)	3,538	2,084
<b>OTHER FINANCING SOURCES</b>					
Operating Transfers Out	<u>-</u>	<u>(289,974)</u>	<u>-</u>	<u>-</u>	<u>(289,974)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,235)	(289,974)	(219)	3,538	(287,890)
<b>FUND BALANCE, JULY 1, 2008</b>	<u>1,235</u>	<u>289,974</u>	<u>985</u>	<u>209,243</u>	<u>501,437</u>
<b>FUND BALANCE, JUNE 30, 2009</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766</u>	<u>\$ 212,781</u>	<u>\$ 213,547</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

2000 Special Assessment (LTGO) Bonds, Series B  
Dated March 1, 2000  
Amount of Bond - \$170,000  
Principal Due August 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 775	\$ -	\$ 775	\$ 20,000	\$ 20,775

2000 Special Assessment (LTGO) Bonds, Series A  
Dated March 1, 2000  
Amount of Bond - \$505,000  
Principal Due August 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 1,852	\$ -	\$ 1,852	\$ 65,000	\$ 66,852

1997 Michigan Transportation Fund Bonds  
Dated August 1, 1997  
Amount of Bond - \$800,000  
Principal Due August 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 7,127	\$ 5,503	\$ 12,630	\$ 65,000	\$ 77,630
10-11	5,503	3,735	9,238	70,000	79,238
11-12	3,735	1,950	5,685	70,000	75,685
12-13	1,950	-	1,950	75,000	76,950
	<u>\$ 18,315</u>	<u>\$ 11,188</u>	<u>\$ 29,503</u>	<u>\$ 280,000</u>	<u>\$ 309,503</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

City of Flat Rock, County of Wayne, State of Michigan, Certificates of Participation, Series 1997  
(City of Flat Rock Installment Purchase)  
Dated May 8, 1998  
Amount of Bond - \$1,500,000  
Principal Due September 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 14,674	\$ 11,093	\$ 25,767	\$ 125,000	\$ 150,767
10-11	11,093	7,569	18,662	135,000	153,662
11-12	7,569	3,915	11,484	140,000	151,484
12-13	<u>3,915</u>	<u>-</u>	<u>3,915</u>	<u>150,000</u>	<u>153,915</u>
	<u>\$ 37,251</u>	<u>\$ 22,577</u>	<u>\$ 59,828</u>	<u>\$ 550,000</u>	<u>\$ 609,828</u>

Building Authority Bond Series 2004  
Authority Refunding Bond  
Dated January 2004  
Amount of Bond - \$1,720,000  
Principal Due September 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 23,021	\$ 21,354	\$ 44,375	\$ 115,000	\$ 159,375
10-11	21,354	19,571	40,925	115,000	155,925
11-12	19,571	17,446	37,017	125,000	162,017
12-13	17,446	15,074	32,520	130,000	162,520
13-14	15,074	12,571	27,645	130,000	157,645
14-15	12,571	9,736	22,307	140,000	162,307
15-16	9,736	6,691	16,427	145,000	161,427
16-17	6,691	3,410	10,101	150,000	160,101
17-18	<u>3,410</u>	<u>-</u>	<u>3,410</u>	<u>155,000</u>	<u>158,410</u>
	<u>\$ 128,874</u>	<u>\$ 105,853</u>	<u>\$ 234,727</u>	<u>\$ 1,205,000</u>	<u>\$ 1,439,727</u>

See notes to financial statements.



**CITY OF FLAT ROCK, MICHIGAN**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

Building Authority Bond Series 2000  
Dated September 1, 2000  
Amount of Bond - \$5,000,000  
Principal Due August 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 12,039	\$ 6,190	\$ 18,229	\$ 220,000	\$ 238,229
10-11	<u>6,189</u>	<u>-</u>	<u>6,189</u>	<u>230,000</u>	<u>236,189</u>
	<u>\$ 18,228</u>	<u>\$ 6,190</u>	<u>\$ 24,418</u>	<u>\$ 450,000</u>	<u>\$ 474,418</u>

Building Authority Bond Series 2006  
Dated September 6, 2006  
Amount of Bond - \$3,415,000  
Principal Due August 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 72,703	\$ 72,103	\$ 144,806	\$ 30,000	\$ 174,806
10-11	72,103	71,503	143,606	30,000	173,606
11-12	71,503	66,003	137,506	275,000	412,506
12-13	66,003	60,403	126,406	280,000	406,406
13-14	60,403	54,282	114,685	295,000	409,685
14-15	54,282	47,801	102,083	305,000	407,083
15-16	47,801	40,921	88,722	320,000	408,722
16-17	40,921	33,593	74,514	335,000	409,514
17-18	33,593	25,830	59,423	345,000	404,423
18-19	25,830	17,730	43,560	360,000	403,560
19-20	17,730	9,085	26,815	380,000	406,815
20-21	<u>9,085</u>	<u>-</u>	<u>9,085</u>	<u>395,000</u>	<u>404,085</u>
	<u>\$ 571,957</u>	<u>\$ 499,254</u>	<u>\$ 1,071,211</u>	<u>\$ 3,350,000</u>	<u>\$ 4,421,211</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

City of Flat Rock Tax Increment Finance Authority  
2005 Limited Tax Development Bonds  
Dated March 1, 2005  
Amount of Bond - \$1,750,000  
Principal Due October 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 45,578	\$ 43,966	\$ 89,544	\$ 60,000	\$ 149,544
10-11	43,965	42,219	86,184	65,000	151,184
11-12	42,219	40,472	82,691	65,000	147,691
12-13	40,472	38,591	79,063	70,000	149,063
13-14	38,591	36,575	75,166	75,000	150,166
14-15	36,575	34,513	71,088	75,000	146,088
15-16	34,512	32,313	66,825	80,000	146,825
16-17	32,312	29,816	62,128	85,000	147,128
17-18	29,816	27,172	56,988	90,000	146,988
18-19	27,172	24,381	51,553	95,000	146,553
19-20	24,381	21,444	45,825	100,000	145,825
20-21	21,444	18,359	39,803	105,000	144,803
21-22	18,359	15,128	33,487	110,000	143,487
22-23	15,128	11,603	26,731	120,000	146,731
23-24	11,603	7,931	19,534	125,000	144,534
24-25	7,931	4,113	12,044	130,000	142,044
25-26	<u>4,113</u>	<u>-</u>	<u>4,113</u>	<u>140,000</u>	<u>144,113</u>
	<u>\$ 474,171</u>	<u>\$ 428,596</u>	<u>\$ 902,767</u>	<u>\$ 1,590,000</u>	<u>\$ 2,492,767</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

City of Flat Rock Tax Increment Finance Authority  
 Limited Tax Development Bonds Series 2006A (Taxable Obligation)  
 Dated August 3, 2006  
 Amount of Bond - \$4,270,000  
 Principal Due October 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 136,185	\$ 130,585	\$ 266,770	\$ 160,000	\$ 426,770
10-11	130,585	124,848	255,433	170,000	425,433
11-12	124,848	118,772	243,620	180,000	423,620
12-13	118,772	112,191	230,963	195,000	425,963
13-14	112,191	105,104	217,295	210,000	427,295
14-15	105,104	97,678	202,782	220,000	422,782
15-16	97,678	89,748	187,426	235,000	422,426
16-17	89,748	81,141	170,889	255,000	425,889
17-18	81,141	71,759	152,900	270,000	422,900
18-19	71,759	61,681	133,440	290,000	423,440
19-20	61,681	50,909	112,590	310,000	422,590
20-21	50,909	39,441	90,350	330,000	420,350
21-22	39,441	27,105	66,546	355,000	421,546
22-23	27,105	14,074	41,179	375,000	416,179
23-24	<u>14,074</u>	<u>-</u>	<u>14,074</u>	<u>405,000</u>	<u>419,074</u>
	<u>\$ 1,261,221</u>	<u>\$ 1,125,036</u>	<u>\$ 2,386,257</u>	<u>\$ 3,960,000</u>	<u>\$ 6,346,257</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

City of Flat Rock Tax Increment Finance Authority  
 Limited Tax Development Bonds Series 2006B (Taxable Obligation)  
 Dated August 3, 2006  
 Amount of Bond - \$5,675,000  
 Principal Due October 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 108,861	\$ 103,061	\$ 211,922	\$ 290,000	\$ 501,922
10-11	103,061	97,261	200,322	290,000	490,322
11-12	97,261	91,073	188,334	300,000	488,334
12-13	91,073	84,886	175,959	300,000	475,959
13-14	84,886	78,404	163,290	305,000	468,290
14-15	78,404	71,817	150,221	310,000	460,221
15-16	71,817	64,926	136,743	315,000	451,743
16-17	64,926	57,726	122,652	320,000	442,652
17-18	57,726	50,301	108,027	330,000	438,027
18-19	50,301	42,764	93,065	335,000	428,065
19-20	42,764	34,786	77,550	345,000	422,550
20-21	34,786	26,576	61,362	355,000	416,362
21-22	26,576	18,026	44,602	360,000	404,602
22-23	18,026	9,120	27,146	375,000	402,146
23-24	<u>9,120</u>	<u>-</u>	<u>9,120</u>	<u>380,000</u>	<u>389,120</u>
	<u>\$ 939,588</u>	<u>\$ 830,727</u>	<u>\$ 1,770,315</u>	<u>\$ 4,910,000</u>	<u>\$ 6,680,315</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**WATER AND SEWER FUND**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

Wayne County - Flat Rock  
Dated July 1, 1970  
Amount Issued - \$4,020,000  
Principal Due October 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE OCT 1</u>	<u>INTEREST DUE APR 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 6,000	\$ -	\$ 6,000	\$ 200,000	\$ 206,000
	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 200,000</u>	<u>\$ 206,000</u>

South Huron Valley Utility Authority  
Substitution Bonds, 1991 Series (Limited Tax Obligation Bond)  
Amount of Bond - \$1,901,130; Flat Rock Share of \$12,785,000  
Principal Due April 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE APR 1</u>	<u>INTEREST DUE OCT 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 2,461	\$ 2,461	\$ 4,922	\$ 121,934	\$ 126,856
10-11	<u>1,242</u>	<u>1,242</u>	<u>2,484</u>	<u>124,164</u>	<u>126,648</u>
	<u>\$ 3,703</u>	<u>\$ 3,703</u>	<u>\$ 7,406</u>	<u>\$ 246,098</u>	<u>\$ 253,504</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**WATER AND SEWER FUND**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

South Huron Valley Utility Authority  
Sewer System Plant Acquisition Bonds  
Dated September 29, 1998  
Amount Issued - \$3,271,516; Flat Rock Share of \$26,615,000

<u>FISCAL YEAR</u>	<u>INTEREST DUE OCT 1</u>	<u>INTEREST DUE APR 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 23,705	\$ 21,963	\$ 45,668	\$ 154,879	\$ 200,547
10-11	21,963	20,179	42,142	158,567	200,709
11-12	20,179	18,353	38,532	162,254	200,786
12-13	18,353	16,487	34,840	165,942	200,782
13-14	16,487	14,585	31,072	169,015	200,087
14-15	14,585	12,642	27,227	172,702	199,929
15-16	12,642	10,651	23,293	177,005	200,298
16-17	10,651	8,618	19,269	180,692	199,961
17-18	8,618	6,537	15,155	184,995	200,150
18-19	6,537	4,407	10,944	189,297	200,241
19-20	4,407	2,229	6,636	193,599	200,235
20-21	<u>2,229</u>	<u>-</u>	<u>2,229</u>	<u>198,164</u>	<u>200,393</u>
	<u>\$ 160,356</u>	<u>\$ 136,651</u>	<u>\$ 297,007</u>	<u>\$ 2,107,111</u>	<u>\$ 2,404,118</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**WATER AND SEWER FUND**  
**GENERAL OBLIGATION BONDS PAYABLE**  
**AS OF JUNE 30, 2009**

South Huron Valley Utility Authority  
2004 Sewer System Plant Expansion  
Amount Issued - \$2,352,760; Flat Rock Share of \$9,220,000

<u>FISCAL YEAR</u>	<u>INTEREST DUE AUG 1</u>	<u>INTEREST DUE FEB 1</u>	<u>TOTAL INTEREST</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 21,893	\$ 21,893	\$ 43,786	\$ 102,072	\$ 145,858
10-11	20,809	20,809	41,618	103,348	144,966
11-12	19,711	19,711	39,422	105,900	145,322
12-13	18,587	18,587	37,174	108,451	145,625
13-14	17,434	17,434	34,868	111,003	145,871
14-15	16,254	16,254	32,508	113,555	146,063
15-16	15,048	15,048	30,096	116,107	146,203
16-17	13,814	13,814	27,628	117,383	145,011
17-18	12,567	12,567	25,134	119,935	145,069
18-19	11,293	11,293	22,586	122,486	145,072
19-20	9,994	9,994	19,988	126,314	146,302
20-21	8,649	8,649	17,298	128,866	146,164
21-22	7,280	7,280	14,560	131,418	145,978
22-23	5,883	5,883	11,766	133,970	145,736
23-24	4,460	4,460	8,920	136,521	145,441
24-25	3,010	3,010	6,020	140,349	146,369
25-26	<u>1,518</u>	<u>1,518</u>	<u>3,036</u>	<u>142,901</u>	<u>145,937</u>
	<u>\$ 208,204</u>	<u>\$ 208,204</u>	<u>\$ 416,408</u>	<u>\$ 2,060,579</u>	<u>\$ 2,476,987</u>

See notes to financial statements.

**CITY OF FLAT ROCK, MICHIGAN**  
**GENERAL OBLIGATION EQUIPMENT LOANS PAYABLE**  
**AS OF JUNE 30, 2009**

Equipment Loan  
Dated September 26, 2006  
Amount of Loan - \$40,375  
Principal Due: October 1

<u>FISCAL YEAR</u>	<u>INTEREST DUE ANNUALLY</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL REQUIREMENT</u>
09-10	\$ 1,471	\$ 8,056	\$ 9,527
10-11	1,008	8,519	9,527
11-12	<u>518</u>	<u>9,009</u>	<u>9,527</u>
	<u>\$ 2,997</u>	<u>\$ 25,584</u>	<u>\$ 28,581</u>

See notes to financial statements.



**CITY OF FLAT ROCK, MICHIGAN**  
**TAX LEVIES IN MILLAGE**  
**LAST TWENTY-FIVE YEARS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>FISCAL YEAR</u>	<u>GENERAL FUND</u>	<u>MUNICIPAL BUILDING FUND</u>	<u>LIBRARY FUND</u>	<u>SEWER DEBT</u>	<u>HISTORICAL DISTRICT</u>	<u>TOTAL MILLAGE</u>
1985	11.08	2.07	-	3.60	-	16.75
1986	11.50	2.25	-	4.00	-	17.75
1987	11.50	2.25	-	4.00	-	17.75
1988	11.50	2.20	-	4.05	-	17.75
1989	15.50	2.25	-	-	-	17.75
1990	15.50	1.75	-	-	-	17.25
1991	15.25	1.65	-	-	-	16.90
1992	14.48	2.10	-	-	-	16.58
1993	14.30	2.00	-	-	-	16.30
1994	13.14	-	-	2.86	-	16.00
1995	13.14	-	-	2.86	-	16.00
1996	13.15	-	1.00	2.85	-	17.00
1997	13.15	-	1.00	2.85	-	17.00
1998	13.15	-	1.00	2.85	-	17.00
1999	13.15	-	1.00	2.85	-	17.00
2000	13.15	-	1.00	2.85	-	17.00
2001	16.00	-	1.00	-	-	17.00
2002	16.00	-	1.00	-	0.25	17.25
2003	16.00	-	1.00	-	0.25	17.25
2004	16.00	-	1.00	-	0.25	17.25
2005	16.00	-	1.00	-	0.25	17.25
2006	16.00	-	1.00	-	0.25	17.25
2007	16.00	-	1.00	-	0.25	17.25
2008	16.00	-	1.00	-	0.25	17.25
2009	16.00	-	1.00	-	0.25	17.25

See accountant's report.

**CITY OF FLAT ROCK, MICHIGAN**  
**WATER AND SEWER RATES**  
**LAST TWENTY-FIVE YEARS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<b>FISCAL YEAR</b>	<b>RESIDENTIAL RATE</b>	<b>NON-RESIDENTIAL RATE</b>
1985	3.80	3.80
1986	4.29	4.29
1987	4.29	4.29
1988	4.29	4.29
1989	4.29	4.29
1990	4.01	4.01
1991	4.01	4.01
1992	4.01	4.01
1993	4.01	4.01
1994	4.00	4.00
1995	4.00	4.00
1996	4.00	4.00
1997	4.00	4.00
1998	4.00	4.50
1999	4.00	4.50
2000	4.00	4.50
2001	3.60	4.25
2002	4.00	4.50
2003	4.00	4.50
2004	4.00	4.50
2005	4.00	4.50
2006	4.50	5.00
2007	4.50	5.00
2008	4.50	5.00
2009	5.00	5.50

**See accountant's report.**

A Professional Corporation

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the City Council  
City of Flat Rock, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Flat Rock, Michigan as of and for the year ended June 30, 2009, which collectively comprise the City of Flat Rock, Michigan's basic financial statements and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Flat Rock, Michigan'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 City of Flat Rock, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Flat Rock, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Flat Rock, Michigan's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Flat Rock, Michigan's financial statements, that is more than inconsequential, will not be prevented or detected by the City of Flat Rock, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Flat Rock, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

**Compliance and Other Matters**

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

We noted certain matters that we reported to the management of the City of Flat Rock, Michigan, in a separate letter.

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

*Hungerford & Co.*

December 14, 2009