

**City of Flat Rock,
Michigan**

Financial Statements

June 30, 2022



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Independent Auditors' Report

Mayor and City Council
City of Flat Rock
Flat Rock, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flat Rock, Michigan as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the 33rd District Court, a joint venture, which represents 52.25 percent of the total assets and deferred inflows of the governmental activities as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the 33rd District Court, is based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the City of Flat Rock, Michigan adopted new accounting guidance, GASBS No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Flat Rock, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness the City of Flat Rock, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Flat Rock, Michigan's basic financial statements. The other supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Ann Arbor, MI
December 20, 2022

Our discussion and analysis of the City of Flat Rock, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements.

Financial Highlights

- The City's total assets and deferred outflows of resources increased by \$1,764,532 (or 5%). The governmental total assets and deferred outflows increased by \$1,958,497 (or 12%) and the business-type total assets and deferred outflows decreased by \$193,965 (or 1%). Component Unit total assets and deferred outflows of resources decreased by \$428,425 (or 3%).
- Total net position of \$(7,995,608) reflects an increase of \$4,261,083 from last fiscal year.
- At the end of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$3,086,486, an increase of \$303,564.
- At the end of the current fiscal year the fund balance for the General Fund increased \$311,559 to a final balance of \$1,803,192

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 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 position 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 position 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 position." Over time, increases and decreases in net position 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 three 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.
3. *Component Units:* Downtown Development Authority and Tax Increment Financial Authority.

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 a separate statement of net position. These funds are reported using accrual accounting.

Component Unit Funds:

Included in the component units for the City are the Downtown Development Authority and the Tax Increment Financial Authority. Although the component units are separate legal entities, the City is financially responsible for them.

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 are 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.

| | Governmental Activities | | Business-type Activities | | Total | | Component Unit Activities | |
|--|-------------------------|-----------------|--------------------------|--------------|----------------|-----------------|---------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets | | | | | | | | |
| Current and other assets | \$ 5,781,973 | \$ 4,034,913 | \$ 2,925,775 | \$ 2,519,804 | \$ 8,707,748 | \$ 6,554,717 | \$ 1,013,152 | \$ 1,149,993 |
| Capital assets | 10,625,461 | 10,824,342 | 15,836,543 | 16,478,194 | 26,462,004 | 27,302,536 | 11,232,305 | 11,523,889 |
| Total assets | 16,407,434 | 14,859,255 | 18,762,318 | 18,997,998 | 35,169,752 | 33,857,253 | 12,245,457 | 12,673,882 |
| Deferred Outflows of Resources | | | | | | | | |
| Deferred Charges | 1,685,937 | 1,275,619 | 228,821 | 187,106 | 1,914,758 | 1,462,725 | - | - |
| Total assets and deferred outflows | 18,093,371 | 16,134,874 | 18,991,139 | 19,185,104 | 37,084,510 | 35,319,978 | 12,245,457 | 12,673,882 |
| Liabilities | | | | | | | | |
| Current | 1,784,623 | 874,869 | 469,791 | 227,011 | 2,254,414 | 1,101,880 | 62,446 | 175,133 |
| Noncurrent | 29,004,935 | 33,467,804 | 10,946,862 | 12,585,106 | 39,951,797 | 46,052,910 | 2,053,270 | 2,886,587 |
| Total liabilities | 30,789,558 | 34,342,673 | 11,416,653 | 12,812,117 | 42,206,211 | 47,154,790 | 2,115,716 | 3,061,720 |
| Deferred Inflows of Resources | | | | | | | | |
| Deferred inflows | 2,446,462 | 377,482 | 427,445 | 44,397 | 2,873,907 | 421,879 | - | - |
| Total liabilities and deferred inflows | 33,236,020 | 34,720,155 | 11,844,098 | 12,856,514 | 45,080,118 | 47,576,669 | 2,115,716 | 3,061,720 |
| Net Position | | | | | | | | |
| Net investment in capital assets | 7,247,073 | 7,073,752 | 9,916,469 | 10,193,971 | 17,163,542 | 17,267,723 | 9,179,035 | 8,637,302 |
| Restricted | 516,796 | 552,730 | - | - | 516,796 | 552,730 | 950,706 | 974,860 |
| Unrestricted (deficit) | (22,906,518) | (26,211,763) | (2,769,428) | (3,865,381) | (25,675,946) | (30,077,144) | - | - |
| Total net position | \$ (15,142,649) | \$ (18,585,281) | \$ 7,147,041 | \$ 6,328,590 | \$ (7,995,608) | \$ (12,256,691) | \$ 10,129,741 | \$ 9,612,162 |

Financial Analysis of the Government as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the City's case, liabilities exceeded its assets at the end of the fiscal year by \$7,036,459. However, included in the City's net position represents 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.

| | Governmental Activities | | Business-type Activities | | Total | | Component Unit Activities | |
|--|-------------------------|------------------------|--------------------------|---------------------|-----------------------|------------------------|---------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | | | |
| Program revenue: | | | | | | | | |
| Charges for services | \$ 2,787,950 | \$ 2,462,000 | \$ 4,678,188 | \$ 4,537,871 | \$ 7,466,138 | \$ 6,999,871 | \$ 597 | \$ 3,802 |
| Operating grants and contributions | 1,230,533 | 1,469,673 | - | - | 1,230,533 | 1,469,673 | 2,307 | 80,000 |
| General revenues: | | | | | | | | |
| Property taxes | 7,153,956 | 6,978,275 | - | - | 7,153,956 | 6,978,275 | 1,752,752 | 1,858,059 |
| State-shared revenue | 1,313,672 | 1,113,221 | - | - | 1,313,672 | 1,113,221 | 2,629,967 | 2,530,275 |
| Investment and rent earnings | 7,357 | 9,473 | 61,518 | 2,382 | 68,875 | 11,855 | 992 | 1,321 |
| Miscellaneous | 250,551 | 420,607 | 150 | 50 | 250,701 | 420,657 | - | 15,000 |
| Total revenues | 12,744,019 | 12,453,249 | 4,739,856 | 4,540,303 | 17,483,875 | 16,993,552 | 4,386,615 | 4,488,457 |
| Expenses | | | | | | | | |
| General government | 2,577,231 | 2,079,192 | - | - | 2,577,231 | 2,079,192 | - | - |
| Public safety | 3,062,425 | 2,406,831 | - | - | 3,062,425 | 2,406,831 | - | - |
| Public works | 1,975,748 | 1,929,526 | - | - | 1,975,748 | 1,929,526 | - | - |
| Community and economic development | 76,664 | 109,405 | - | - | 76,664 | 109,405 | 3,869,036 | 4,018,651 |
| Recreation and cultural | 1,479,303 | 1,321,713 | - | - | 1,479,303 | 1,321,713 | - | - |
| Water and sewer | - | - | 3,921,405 | 2,934,467 | 3,921,405 | 2,934,467 | - | - |
| Interest on long-term debt | 130,016 | 145,956 | - | - | 130,016 | 145,956 | - | - |
| Total expenses | 9,301,387 | 7,992,623 | 3,921,405 | 2,934,467 | 13,222,792 | 10,927,090 | 3,869,036 | 4,018,651 |
| Excess revenues over (under) expenses | 3,442,632 | 4,460,626 | 818,451 | 1,605,836 | 4,261,083 | 6,066,462 | 517,579 | 469,806 |
| Net position (deficit), beginning of year | (18,585,281) | (23,489,825) | 6,328,590 | 4,095,867 | (12,256,691) | (19,393,958) | 9,612,162 | 9,142,356 |
| Prior period adjustment | - | 443,918 | - | 626,887 | - | 1,070,805 | - | - |
| Net position (deficit), end of year | \$ (15,142,649) | \$ (18,585,281) | \$ 7,147,041 | \$ 6,328,590 | \$ (7,995,608) | \$ (12,256,691) | \$ 10,129,741 | \$ 9,612,162 |

Governmental Activities

Governmental activities net position increased \$3,442,632 from (\$18,585,281) to (\$15,142,649). This does not include the change in net position of the component units by \$517,579.

Business-Type Activities

Business-type activities increased the City's net position by \$818,451 mostly relating to pension and OPEB actuarial adjustments.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year its total fund balance was \$1,803,192 or 18% of general fund expenditures. Total fund balance increased by \$311,559 during the fiscal year.

Community Center

The Community Center Fund has a fund balance of \$203,598, which is an increase of \$82,240 due to a transfer from the General Fund.

Nonmajor Governmental Funds

Nonmajor Governmental Funds had a total fund balance of \$1,079,696, a total decrease of \$90,235 from the prior fiscal year.

Component Units

Tax Increment Finance Authority

The Tax Increment Finance Authority has a net position of \$7,514,843, which is an increase of \$551,288 from the prior fiscal year, primarily due to state grants.

Downtown Development Authority

The Downtown Development Authority has a net position of \$2,614,898, which is a decrease of \$33,709 from the prior fiscal year, primarily due tax receipts.

Capital Assets and Debt Administration

Capital Assets

The City investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$26,462,004 (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 capital assets for the current fiscal year was \$840,532, mainly due to current year depreciation in excess of additions. The following table is a comparison of the City's net capital assets as of June 30, 2022 compared to June 30, 2021:

| | Net Capital Assets at Year End | | | | | | | |
|---------------------------------|---------------------------------------|---|-----------------------------|-----------------------------|------------------------------------|---|-----------------------------|-----------------------------|
| | 2022 | | | | 2021 | | | |
| | Governmental Activities | Business Type Activities | Total | Component Units | Governmental Activities | Business Type Activities | Total | Component Units |
| Land | \$ 767,428 | \$ - | \$ 767,428 | \$ 807,327 | \$ 767,428 | \$ - | \$ 767,428 | \$ 807,327 |
| Infrastructure, net | 2,982,554 | - | 2,982,554 | 2,281,914 | 3,144,847 | - | 3,144,847 | 2,304,184 |
| Buildings and Improvements, net | 5,881,496 | 8,286,169 | 14,167,665 | 8,070,135 | 5,810,384 | 8,498,062 | 14,308,446 | 8,321,735 |
| Machinery and Equipment, net | 806,194 | 231,819 | 1,038,013 | 72,929 | 920,384 | 326,157 | 1,246,541 | 90,643 |
| Water and Sewer System, net | - | 7,230,837 | 7,230,837 | - | - | 7,541,295 | 7,541,295 | - |
| Vehicles, net | 187,789 | 87,718 | 275,507 | - | 181,299 | 112,680 | 293,979 | - |
| Capital assets, net | <u>\$ 10,625,461</u> | <u>\$ 15,836,543</u> | <u>\$ 26,462,004</u> | <u>\$ 11,232,305</u> | <u>\$ 10,824,342</u> | <u>\$ 16,478,194</u> | <u>\$ 27,302,536</u> | <u>\$ 11,523,889</u> |

Additional information regarding the City's capital assets can be located in Note 7 of the notes to the financial statements.

Long-Term Debt

At the end of the fiscal year, the City had total long-term bonds and notes outstanding of \$11,151,850, which included component units.

| | Outstanding Debt at Year End | | | |
|----------------------------|------------------------------|--------------------------------|---------------------|---------------------|
| | Governmental Activities | Business Type Activities | Total | Component Units |
| Bonds and note | \$ 3,321,951 | \$ 5,776,629 | \$ 9,098,580 | \$ 2,053,270 |
| Other | 606,694 | 171,858 | 778,552 | - |
| Capital assets, net | \$ 3,928,645 | \$ 5,948,487 | \$ 9,877,132 | \$ 2,053,270 |

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 \$11,151,850 is lower than the current state-imposed limit of \$38,602,720.

Economic Condition and Outlook

The City of Flat Rock's budget for year ending June 30, 2022 included a slight increase in permit fees and taxable values and a Water and Sewer rate increase of \$1.00 per 1,000 gallons.

The City's 2023 budgeted revenue consists of 57.8% tax revenues, 30.8% local sources and 11.4% from other sources. The City's tax base is projected to have an increase of \$126,161.

The City's General Fund expenditures are allocated 51.7% to public safety (police, fire, building & safety). The department of public works amounts to 25% and the general operations, which include clerk's and treasurer's departments, total 20.3%. All other areas total 3%. The General Fund is projecting the fund balance to increase which will project a General Fund balance of \$1,551,318 or 15.02% of the General Fund budget.

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
Statement of Net Position
June 30, 2022

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 4,189,899 | \$ 1,968,457 | \$ 6,158,356 | \$ 1,011,652 |
| Receivables | | | | |
| Taxes | 18,181 | - | 18,181 | - |
| Customers | - | 716,495 | 716,495 | - |
| Accrued interest and other | 2,913 | - | 2,913 | - |
| Leases receivable | 523,407 | - | 523,407 | - |
| Due from other units of government | 566,426 | - | 566,426 | - |
| Due from component unit | 35,666 | - | 35,666 | - |
| Inventories | 15,014 | 20,572 | 35,586 | - |
| Prepaid items | 23,553 | 3,890 | 27,443 | 1,500 |
| Investment in joint venture | 406,914 | 216,361 | 623,275 | - |
| Capital assets not being depreciated | 767,428 | - | 767,428 | 807,327 |
| Capital assets, net of accumulated depreciation | <u>9,858,033</u> | <u>15,836,543</u> | <u>25,694,576</u> | <u>10,424,978</u> |
| Total assets | <u>16,407,434</u> | <u>18,762,318</u> | <u>35,169,752</u> | <u>12,245,457</u> |
| Deferred outflows of resources | | | | |
| Deferred amount relating to net pension liability | 1,667,417 | 222,902 | 1,890,319 | - |
| Deferred amount relating to total OPEB liability | <u>18,520</u> | <u>5,919</u> | <u>24,439</u> | - |
| Total deferred outflows of resources | <u>1,685,937</u> | <u>228,821</u> | <u>1,914,758</u> | - |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Statement of Net Position
June 30, 2022

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Liabilities | | | | |
| Accounts payable | \$ 398,090 | \$ 388,396 | \$ 786,486 | \$ 2,880 |
| Accrued and other liabilities | 519,652 | 81,395 | 601,047 | 23,900 |
| Due to primary government | - | - | - | 35,666 |
| Unearned revenue | 866,881 | - | 866,881 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 402,768 | 431,555 | 834,323 | 870,000 |
| Due in more than one year | 3,525,877 | 5,516,932 | 9,042,809 | 1,183,270 |
| Net pension liability | 14,580,588 | 2,083,137 | 16,663,725 | - |
| Net OPEB liability | 10,495,702 | 2,915,238 | 13,410,940 | - |
| Total liabilities | <u>30,789,558</u> | <u>11,416,653</u> | <u>42,206,211</u> | <u>2,115,716</u> |
| Deferred inflows of resources | | | | |
| Deferred amount relating to leases receivable | 523,407 | - | 523,407 | - |
| Deferred amount relating to net pension liability | 851,100 | 88,801 | 939,901 | - |
| Deferred amount relating to total OPEB liability | 1,071,955 | 338,644 | 1,410,599 | - |
| Total deferred inflows of resources | <u>2,446,462</u> | <u>427,445</u> | <u>2,873,907</u> | <u>-</u> |
| Net position | | | | |
| Net investment in capital assets | 7,247,073 | 9,916,469 | 17,163,542 | 9,179,035 |
| Restricted for | | | | |
| TIFA | - | - | - | 269,940 |
| Downtown development authority | - | - | - | 680,766 |
| Community center | 28,208 | - | 28,208 | - |
| Historical district | 206,157 | - | 206,157 | - |
| Library | 264,486 | - | 264,486 | - |
| Other special revenue projects | 17,945 | - | 17,945 | - |
| Unrestricted (deficit) | <u>(22,906,518)</u> | <u>(2,769,428)</u> | <u>(25,675,946)</u> | <u>-</u> |
| Total net position | <u>\$ (15,142,649)</u> | <u>\$ 7,147,041</u> | <u>\$ (7,995,608)</u> | <u>\$ 10,129,741</u> |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Statement of Activities
For the Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|---------------------------------------|---------------|-------------------------|--|--|--|-----------------------------|-----------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total | |
| | | | | | Governmental Activities | Business-type Activities | | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 2,577,231 | \$ 96,092 | \$ 31,058 | \$ - | \$ (2,450,081) | \$ - | \$ (2,450,081) | \$ - |
| Public safety | 3,062,425 | 856,261 | 4,045 | - | (2,202,119) | - | (2,202,119) | - |
| Public works | 1,975,748 | 911,655 | 1,165,425 | - | 101,332 | - | 101,332 | - |
| Community and economic development | 76,664 | 13,186 | - | - | (63,478) | - | (63,478) | - |
| Recreation and culture | 1,479,303 | 910,756 | 30,005 | - | (538,542) | - | (538,542) | - |
| Interest on long-term debt | 130,016 | - | - | - | (130,016) | - | (130,016) | - |
| Total governmental activities | 9,301,387 | 2,787,950 | 1,230,533 | - | (5,282,904) | - | (5,282,904) | - |
| Business-type activities | | | | | | | | |
| Water and sewer | 3,921,405 | 4,678,188 | - | - | - | 756,783 | 756,783 | - |
| Total primary government | \$ 13,222,792 | \$ 7,466,138 | \$ 1,230,533 | \$ - | (5,282,904) | 756,783 | (4,526,121) | - |
| Component units | | | | | | | | |
| Tax Increment Financing Authority | \$ 3,138,654 | \$ 597 | \$ 2,307 | \$ - | | | | (3,135,750) |
| Downtown Development Authority | 730,382 | - | - | - | | | | (730,382) |
| Total component units | \$ 3,869,036 | \$ 597 | \$ 2,307 | \$ - | | | | (3,866,132) |
| General revenues | | | | | | | | |
| Property taxes | | | | | 7,153,956 | - | 7,153,956 | 1,752,752 |
| State shared revenue | | | | | 1,313,672 | - | 1,313,672 | 2,629,967 |
| Unrestricted investment earnings | | | | | 7,357 | 61,518 | 68,875 | 992 |
| Miscellaneous | | | | | 250,551 | 150 | 250,701 | - |
| Total general revenues | | | | | 8,725,536 | 61,668 | 8,787,204 | 4,383,711 |
| Change in net position | | | | | 3,442,632 | 818,451 | 4,261,083 | 517,579 |
| Net position - beginning of year | | | | | (18,585,281) | 6,328,590 | (12,256,691) | 9,612,162 |
| Net position - end of year | | | | | \$ (15,142,649) | \$ 7,147,041 | \$ (7,995,608) | \$ 10,129,741 |

See Accompanying Notes to the Financial Statements

**City of Flat Rock
Governmental Funds
Balance Sheet
June 30, 2022**

| | <u>Special Revenue Fund</u> | | | Total Governmental Funds |
|------------------------------------|---------------------------------|-----------------------------|--|--------------------------------|
| | <u>General</u> | <u>Community Center</u> | <u>Nonmajor Governmental Funds</u> | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,804,419 | \$ 286,269 | \$ 1,099,211 | \$ 4,189,899 |
| Receivables | | | | |
| Taxes | 16,959 | - | 1,222 | 18,181 |
| Accrued interest and other | 2,913 | - | - | 2,913 |
| Leases receivable | 523,407 | - | - | 523,407 |
| Due from other units of government | 389,154 | 884 | 176,388 | 566,426 |
| Due from other funds | - | - | 51,248 | 51,248 |
| Due from component unit | 35,666 | - | - | 35,666 |
| Inventories | 15,014 | - | - | 15,014 |
| Prepaid items | 17,673 | 728 | 5,152 | 23,553 |
| | <u>17,673</u> | <u>728</u> | <u>5,152</u> | <u>23,553</u> |
| Total assets | <u>\$ 3,805,205</u> | <u>\$ 287,881</u> | <u>\$ 1,333,221</u> | <u>\$ 5,426,307</u> |
| Liabilities | | | | |
| Accounts payable | \$ 192,921 | \$ 16,499 | \$ 188,670 | \$ 398,090 |
| Accrued and other liabilities | 396,472 | 67,784 | 13,607 | 477,863 |
| Due to other funds | - | - | 51,248 | 51,248 |
| Unearned revenue | 866,881 | - | - | 866,881 |
| | <u>866,881</u> | <u>-</u> | <u>-</u> | <u>866,881</u> |
| Total liabilities | <u>1,456,274</u> | <u>84,283</u> | <u>253,525</u> | <u>1,794,082</u> |

See Accompanying Notes to the Financial Statements

**City of Flat Rock
Governmental Funds
Balance Sheet
June 30, 2022**

| | <u>Special Revenue Fund</u> | | | <u>Total Governmental Funds</u> |
|--------------------------------------|-----------------------------|-------------------------|------------------------------------|---------------------------------|
| | <u>General</u> | <u>Community Center</u> | <u>Nonmajor Governmental Funds</u> | |
| Deferred inflows of resources | | | | |
| Leases | \$ 523,407 | \$ - | \$ - | \$ 523,407 |
| Grants | <u>22,332</u> | <u>-</u> | <u>-</u> | <u>22,332</u> |
| Total deferred inflows of resources | <u>545,739</u> | <u>-</u> | <u>-</u> | <u>545,739</u> |
| Fund balances | | | | |
| Non-spendable | | | | |
| Inventories | 15,014 | - | - | 15,014 |
| Prepaid items | 17,673 | 728 | 5,152 | 23,553 |
| Restricted for | | | | |
| Community center | - | 202,870 | - | 202,870 |
| Streets | - | - | 540,466 | 540,466 |
| Historical district | - | - | 206,154 | 206,154 |
| Library | - | - | 309,979 | 309,979 |
| Other special revenue projects | - | - | 17,945 | 17,945 |
| Unassigned | <u>1,770,505</u> | <u>-</u> | <u>-</u> | <u>1,770,505</u> |
| Total fund balances | <u>1,803,192</u> | <u>203,598</u> | <u>1,079,696</u> | <u>3,086,486</u> |
| Total liabilities and fund balances | <u>\$ 3,805,205</u> | <u>\$ 287,881</u> | <u>\$ 1,333,221</u> | <u>\$ 5,426,307</u> |

See Accompanying Notes to the Financial Statements

**City of Flat Rock
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2022**

| | |
|---|-------------------------------|
| Total fund balances for governmental funds | \$ 3,086,486 |
| Total net position for governmental activities in the statement of net position is different because: | |
| Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds. | 9,858,033 |
| Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds. | 767,428 |
| Investments in joint ventures are not financial resources and are not reported in the funds. | 406,914 |
| Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 22,332 |
| Certain liabilities are not due and payable in the current period and are not reported in the funds. | |
| Accrued interest | (41,789) |
| Compensated absences | (550,257) |
| Deferred outflows (inflows) of resources relating to pension and OPEB liabilities | |
| Deferred inflows of resources resulting from net pension liability | (851,100) |
| Deferred inflows of resources resulting from net OPEB liability | (1,071,955) |
| Deferred outflows of resources from resulting from net pension liability | 1,667,417 |
| Deferred outflows of resources from resulting from total OPEB liability | 18,520 |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. | |
| Bonds payable | (3,366,437) |
| Bond premium | (11,951) |
| Net pension liability | (14,580,588) |
| Net OPEB liability | <u>(10,495,702)</u> |
| Net position of governmental activities | <u>\$ (15,142,649)</u> |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

| | <u>Special Revenue Fund</u> | | | <u>Total Governmental Funds</u> |
|-----------------------|-----------------------------|-------------------------|------------------------------------|---------------------------------|
| | <u>General</u> | <u>Community Center</u> | <u>Nonmajor Governmental Funds</u> | |
| Revenues | | | | |
| Taxes | \$ 6,725,520 | \$ - | \$ 428,436 | \$ 7,153,956 |
| Licenses and permits | 186,847 | - | - | 186,847 |
| Federal grants | 43,097 | 200,000 | 7,472 | 250,569 |
| State shared revenue | 1,276,556 | - | 1,148,951 | 2,425,507 |
| Other state grants | 38,726 | 6,710 | - | 45,436 |
| Local contributions | 535,158 | 13,186 | 154,406 | 702,750 |
| Charges for services | 350,798 | 600,258 | - | 951,056 |
| Fines and forfeitures | 336,138 | - | - | 336,138 |
| Interest income | 5,916 | 206 | 1,235 | 7,357 |
| Rental income | 204,576 | - | - | 204,576 |
| Other revenue | 429,616 | 707 | 27,172 | 457,495 |
| Total revenues | <u>10,132,948</u> | <u>821,067</u> | <u>1,767,672</u> | <u>12,721,687</u> |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

| | Special Revenue Fund | | | Total Governmental Funds |
|---|-------------------------|---------------------|-----------------------------------|--------------------------------|
| | General | Community Center | Nonmajor Governmental Funds | |
| Expenditures | | | | |
| Current | | | | |
| General government | \$ 2,701,446 | \$ - | \$ - | \$ 2,701,446 |
| Public safety | 4,839,277 | - | - | 4,839,277 |
| Public works | 1,647,228 | - | 825,939 | 2,473,167 |
| Community and economic development | 13,147 | - | 63,178 | 76,325 |
| Recreation and culture | 117,216 | 788,827 | - | 906,043 |
| Library | - | - | 405,174 | 405,174 |
| Capital outlay | 443,787 | - | 139,261 | 583,048 |
| Debt service | | | | |
| Principal retirement | 26,536 | - | 360,000 | 386,536 |
| Interest and fiscal charges | - | - | 137,032 | 137,032 |
| Total expenditures | <u>9,788,637</u> | <u>788,827</u> | <u>1,930,584</u> | <u>12,508,048</u> |
| Excess (deficiency) of revenues over expenditures | <u>344,311</u> | <u>32,240</u> | <u>(162,912)</u> | <u>213,639</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | 50,000 | 822,581 | 872,581 |
| Transfers out | (122,677) | - | (749,904) | (872,581) |
| Proceeds from sale of capital assets | 89,925 | - | - | 89,925 |
| Total other financing sources (uses) | <u>(32,752)</u> | <u>50,000</u> | <u>72,677</u> | <u>89,925</u> |
| Net change in fund balances | 311,559 | 82,240 | (90,235) | 303,564 |
| Fund balances - beginning of year | <u>1,491,633</u> | <u>121,358</u> | <u>1,169,931</u> | <u>2,782,922</u> |
| Fund balances - end of year | <u>\$ 1,803,192</u> | <u>\$ 203,598</u> | <u>\$ 1,079,696</u> | <u>\$ 3,086,486</u> |

See Accompanying Notes to the Financial Statements

**City of Flat Rock
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022**

| | |
|---|----------------------------|
| Net change in fund balances - Total governmental funds | \$ 303,564 |
| Total change in net position reported for governmental activities in the statement of activities is different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Depreciation expense | (925,645) |
| Capital outlay | 816,774 |
| Sale of capital assets (net book value) | (90,010) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | |
| Change in equity in joint venture | (16,026) |
| Grants | 22,332 |
| Expenses are recorded when incurred in the statement of activities. | |
| Accrued interest | 4,029 |
| Compensated absences | 20,478 |
| Claims and judgments | 85,992 |
| The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions. | |
| Net change in net pension liability | 74,705 |
| Net change in the deferred inflow of resources related to the net pension liability | (486,019) |
| Net change in the deferred outflow of resources related to the net pension liability | 391,798 |
| The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions. | |
| Net change in net OPEB liability | 3,892,171 |
| Net change in the deferred inflow of resources related to the net OPEB liability | (1,059,554) |
| Net change in the deferred outflow of resources related to the net OPEB liability | 18,520 |
| Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. | |
| Repayments of long-term debt | 386,536 |
| Amortization of premiums | 2,987 |
| Change in net position of governmental activities | \$ <u>3,442,632</u> |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Net Position
June 30, 2022

| | Enterprise Fund Water and Sewer |
|---|---------------------------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 1,968,457 |
| Receivables | |
| Customers | 716,495 |
| Inventories | 20,572 |
| Prepaid items | 3,890 |
| Total current assets | 2,709,414 |
| Noncurrent assets | |
| Investment in joint venture | 216,361 |
| Capital assets, net of accumulated depreciation | 15,836,543 |
| Total noncurrent assets | 16,052,904 |
| Total assets | 18,762,318 |
| Deferred outflows of resources | |
| Deferred amount relating to net pension liability | 222,902 |
| Deferred amount relating to total OPEB liability | 5,919 |
| Total deferred outflows of resources | 228,821 |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Net Position
June 30, 2022

| | Enterprise Fund Water and Sewer |
|---|---------------------------------------|
| Liabilities | |
| Current liabilities | |
| Accounts payable | \$ 388,396 |
| Accrued and other liabilities | 81,395 |
| Current portion of noncurrent liabilities | 431,555 |
| Total current liabilities | 901,346 |
| Noncurrent liabilities | |
| Net pension liability | 2,083,137 |
| Total OPEB liability | 2,915,238 |
| Noncurrent liabilities due in more than one year | 5,516,932 |
| Total noncurrent liabilities | 10,515,307 |
| Total liabilities | 11,416,653 |
| Deferred inflows of resources | |
| Deferred amount relating to net pension liability | 88,801 |
| Deferred amount relating to total OPEB liability | 338,644 |
| Total deferred inflows of resources | 427,445 |
| Net position | |
| Net investment in capital assets | 9,916,469 |
| Unrestricted (deficit) | (2,769,428) |
| Total net position | \$ 7,147,041 |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

| | Enterprise Fund |
|--|--------------------|
| | Water and Sewer |
| Operating revenue | |
| Customer fees | \$ 4,616,130 |
| Connection fees | 2,800 |
| Other revenue | 59,408 |
| Total operating revenue | 4,678,338 |
| Operating expenses | |
| Personnel services | (224,405) |
| Supplies | 22,334 |
| Contractual services | 372,181 |
| Utilities | 5,478 |
| Repairs and maintenance | 314,600 |
| Other expenses | 2,598,071 |
| Depreciation | 654,663 |
| Total operating expenses | 3,742,922 |
| Operating income | 935,416 |
| Nonoperating revenue (expenses) | |
| Interest income | 61,518 |
| Interest expense | (178,483) |
| Total nonoperating revenue (expenses) | (116,965) |
| Change in net position | 818,451 |
| Net position - beginning of year | 6,328,590 |
| Net position - end of year | \$ 7,147,041 |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2022

| | Enterprise Fund |
|---|--------------------|
| | Water and Sewer |
| Cash flows from operating activities | |
| Receipts from customers | \$ 4,629,813 |
| Payments to suppliers | (4,362,377) |
| Payments to employees | 584,157 |
| | 851,593 |
| Cash flows from capital and related financing activities | |
| Purchases/construction of capital assets | (13,012) |
| Principal and interest paid on long-term debt | (485,875) |
| | (498,887) |
| Cash flows from investing activities | |
| Purchases of investments | (116,232) |
| Interest received | 61,518 |
| | (54,714) |
| Net change in cash and cash equivalents | 297,992 |
| Cash and cash equivalents - beginning of year | 1,670,465 |
| Cash and cash equivalents - end of year | \$ 1,968,457 |

City of Flat Rock
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2022

| | Enterprise Fund |
|--|--------------------|
| | Water and Sewer |
| | |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | \$ 935,416 |
| Adjustments to reconcile operating income to net cash provided by operating activities | |
| Depreciation expense | 654,663 |
| Noncash portion related to net pension and net OPEB liability | (1,250,799) |
| Changes in assets and liabilities | |
| Receivables (net) | (48,525) |
| Prepaid items | 21 |
| Deferred outflows of resources | (41,715) |
| Accounts payable | 243,350 |
| Accrued and other liabilities | (570) |
| Compensated absences | (23,296) |
| Deferred inflows of resources | 383,048 |
| | 851,593 |
| Net cash provided by operating activities | \$ 851,593 |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

| | <u>Custodial Funds</u> | <u>Other Employee Benefit Trust Fund</u> |
|------------------------------------|----------------------------|--|
| Assets | | |
| Cash and cash equivalents | \$ 6,995 | \$ - |
| Investments - MERS RHFV | - | 331,364 |
| Due from other units of government | <u>1,542</u> | <u>-</u> |
| Total assets | <u>8,537</u> | <u>331,364</u> |
| Liabilities | | |
| Accounts payable | <u>8,537</u> | <u>-</u> |
| Net Position | | |
| Held in trust for OPEB benefits | <u>\$ -</u> | <u>\$ 331,364</u> |

City of Flat Rock
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

| | <u>Custodial Funds</u> | <u>Other Employee Benefit Trust Fund</u> |
|--|----------------------------|--|
| Additions | | |
| Contributions | | |
| Employer | \$ - | \$ 170,000 |
| Investment earnings (loss) | | |
| Investment (loss) | - | (31,127) |
| Less investment expense | - | 621 |
| Net investment earnings | - | (31,748) |
| Property tax collections for other governments | <u>12,481,664</u> | <u>-</u> |
| Total additions | <u>12,481,664</u> | <u>138,252</u> |
| Deductions | | |
| Administrative expenses | 123,865 | - |
| Payments of property tax to other governments | <u>12,357,799</u> | <u>-</u> |
| Total deductions | 12,481,664 | - |
| Change in net position | - | 138,252 |
| Net position - beginning of year | <u>-</u> | <u>193,112</u> |
| Net position - end of year | <u><u>\$ -</u></u> | <u><u>\$ 331,364</u></u> |

See Accompanying Notes to Financial Statements

**City of Flat Rock
Component Units
Statement of Net Position
June 30, 2022**

| | <u>Tax Increment Financing Authority</u> | <u>Downtown Development Authority</u> | <u>Total</u> |
|---------------------------------------|--|---|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 316,902 | \$ 694,750 | \$ 1,011,652 |
| Prepaid items | 1,500 | - | 1,500 |
| Capital assets not being depreciated | 615,529 | 191,798 | 807,327 |
| Capital assets being depreciated, net | <u>8,682,644</u> | <u>1,742,334</u> | <u>10,424,978</u> |
| Total assets | <u>9,616,575</u> | <u>2,628,882</u> | <u>12,245,457</u> |
| Liabilities | | | |
| Accounts payable | 2,880 | - | 2,880 |
| Accrued and other liabilities | 23,900 | - | 23,900 |
| Due to primary unit | 21,682 | 13,984 | 35,666 |
| Long-term debt: | | | |
| Due within one year | 870,000 | - | 870,000 |
| Due in more than one year | <u>1,183,270</u> | <u>-</u> | <u>1,183,270</u> |
| Total liabilities | <u>2,101,732</u> | <u>13,984</u> | <u>2,115,716</u> |
| Net Position | | | |
| Net investment in capital assets | 7,244,903 | 1,934,132 | 9,179,035 |
| Restricted | <u>269,940</u> | <u>680,766</u> | <u>950,706</u> |
| Total net position | <u>\$ 7,514,843</u> | <u>\$ 2,614,898</u> | <u>\$ 10,129,741</u> |

See Accompanying Notes to the Financial Statements

City of Flat Rock
Component Units
Statement of Changes in Component Unit Net Position
For the Year Ended June 30, 2022

| | <u>Tax Increment Financing Authority</u> | <u>Downtown Development Authority</u> | <u>Total</u> |
|------------------------------------|--|---|----------------------|
| Revenues | | | |
| Taxes | \$ 1,140,784 | \$ 611,968 | \$ 1,752,752 |
| Other state grants | 2,548,372 | 81,595 | 2,629,967 |
| Interest income | 786 | 206 | 992 |
| Other revenue | <u>-</u> | <u>2,904</u> | <u>2,904</u> |
| Total revenues | <u>3,689,942</u> | <u>696,673</u> | <u>4,386,615</u> |
| Expenses | | | |
| Community and economic development | 272,609 | 466,027 | 738,636 |
| Tax refunds | 2,458,768 | - | 2,458,768 |
| Depreciation | 307,632 | 264,355 | 571,987 |
| Debt service | | | |
| Interest and fiscal charges | 99,645 | - | 99,645 |
| Total expenses | <u>3,138,654</u> | <u>730,382</u> | <u>3,869,036</u> |
| Change in net position | 551,288 | (33,709) | 517,579 |
| Net position - beginning of year | <u>6,963,555</u> | <u>2,648,607</u> | <u>9,612,162</u> |
| Net position - end of year | <u>\$ 7,514,843</u> | <u>\$ 2,614,898</u> | <u>\$ 10,129,741</u> |

See Accompanying Notes to the Financial Statements

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Flat Rock, Michigan (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.

Discretely Presented Component Units

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.

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 City Council. Funding for the Authority is provided from the increased property tax revenues from any benefited property.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are 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. Likewise, the *primary government* is reported

separately from certain legally separate *component units* for which the primary government is financially accountable.

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 revenues*.

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 and fiduciary fund financial statements. Revenues are 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 revenues 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Community Center Fund is treated as a special revenue fund and is used to account for the operations of the community center.

The City reports the following major proprietary funds:

The Water and Sewer Fund is an Enterprise Fund. 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:

The nonmajor special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The capital project fund accounts for the construction of major capital facilities and City infrastructure other than those financed by proprietary and trust funds.

The debt service funds account for the accumulation of resources for, and payment of, governmental activities principal, interest, and related costs.

The fiduciary funds account for assets held by the City in a trustee capacity. The custodial funds account for property taxes and other deposits collected on behalf of other units and individuals. Other Employee Benefit Trust Fund accounts for the accumulation of resources to be used for retirement payments to eligible employees and certain healthcare costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and sewer fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Equity

Deposits and investments – Cash and cash equivalents are considered to be 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 based on quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds”. Activity between funds that is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances 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 net of an allowance for uncollectible amounts of \$0. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2021 taxable valuation of the government totaled \$313,539,893, on which ad valorem taxes consisted of 16.00 mills for operating purposes. This resulted in \$4,118,822 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review

adjustments. Approximately 10.08% of the City's property tax revenue is from one company located in the City of Flat Rock.

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. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated acquisition cost of the item at the date of its donation.

Property, plant and equipment, and infrastructure 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 |

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The City also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce net pension and OPEB liability in the following year.

Changes in assumptions and experience differences relating to the net pension liability and the total OPEB liability are deferred and amortized over the expected remaining service lives of the plan members.

Compensated absences – It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes

unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. The City reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension or OPEB expense. Assumption and experience differences relating to the net pension liability and total OPEB liability are deferred and amortized over the expected remaining service lives of the plan members.

Pensions – The City offers pension benefits to retirees. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS fiduciary net position have been determined on the same basis as they are reported to the systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City receives actuarial-based calculations to compute the actuarially determined contribution (ADC) necessary to fund the obligations over the remaining amortization periods. In the governmental funds, pension costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost.

Other Postemployment Benefits (OPEB) – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the City of Flat Rock Retiree Medical Plan (CFRRMP) and additions to/deductions from CFRRMP have been determined on the same basis as they are reported by CFRRMP. For this purpose, CFRRMP recognizes benefit payments when due and payable in accordance with the benefit terms. The City receives actuarial-based

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

calculations to compute the actuarially determined contribution (ADC) necessary to fund the obligations over the remaining amortization periods. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost.

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 amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government’s highest level of decision-making, its City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

Assigned – amounts intended to be used for specific purposes, as determined by City Council or by an official or body to which the City Council delegates the authority. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted

and unrestricted fund balance is available, the government’s policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City’s policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, deferred outflows, liabilities, deferred inflows 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.

Adoption of New Accounting Standards

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Upcoming Accounting and Reporting Changes

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other

than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The City is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). 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. All annual appropriations lapse at fiscal year end.

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

Prior to July 1st, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. Public hearings are scheduled to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to July 1st.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Excess of Expenditures Over Appropriations

| | <u>Appropriations</u> | <u>Actual</u> | <u>Budget Variance</u> |
|--------------------|-----------------------|---------------|----------------------------|
| General Fund | | | |
| General government | \$ 2,686,224 | \$ 2,701,446 | \$ 15,222 |
| Debt service | 26,500 | 26,536 | 36 |
| Transfers out | 122,530 | 122,677 | 147 |

Note 3 - Deposits and Investments

At year end the government's deposits and investments were reported in the financial statements in the following categories:

| | <u>Cash and Cash Equivalents</u> | <u>Investments</u> | <u>Total</u> |
|--------------------------|--------------------------------------|--------------------|---------------------|
| Governmental activities | \$ 4,189,899 | \$ - | \$ 4,189,899 |
| Business-type activities | <u>1,968,457</u> | <u>-</u> | <u>1,968,457</u> |
| Total primary government | 6,158,356 | - | 6,158,356 |
| Fiduciary funds | 6,995 | 331,364 | 338,359 |
| Component units | <u>1,011,652</u> | <u>-</u> | <u>1,011,652</u> |
| Total | <u>\$ 7,177,003</u> | <u>\$ 331,364</u> | <u>\$ 7,508,367</u> |

The breakdown between deposits and investments is as follows:

| | <u>Primary Government</u> | <u>Fiduciary Funds</u> | <u>Component Units</u> | <u>Total</u> |
|--|-------------------------------|----------------------------|----------------------------|---------------------|
| Bank deposits (checking and savings accounts, money markets and certificates of deposit) | \$ 6,156,856 | \$ 6,995 | \$ 1,011,652 | \$ 7,175,503 |
| Investments in securities, mutual funds and similar vehicles | - | 331,364 | - | 331,364 |
| Petty cash and cash on hand | <u>1,500</u> | <u>-</u> | <u>-</u> | <u>1,500</u> |
| | <u>\$ 6,158,356</u> | <u>\$ 338,359</u> | <u>\$ 1,011,652</u> | <u>\$ 7,508,367</u> |

Credit risk – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of 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.

Concentration of credit risk – The City has no policy that would limit the amount that may be invested in any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of year end, \$445,508 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Far Value Measurements

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the net asset value of the City’s investment in the MERS Retiree Health Funding Vehicle Total Market Fund (“the Fund”) was \$331,364. The Fund is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity and commodities and is carried at net asset value. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers. There is no redemption period and no unfunded commitments.

Note 5 - Capital Assets

Capital assets activity of the primary government for the current year was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|-----------|-------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 767,428 | \$ - | \$ - | \$ 767,428 |
| Capital assets being depreciated | | | | |
| Infrastructure | 23,979,819 | 249,980 | - | 24,229,799 |
| Buildings, additions and improvements | 11,566,747 | 428,585 | 157,067 | 11,838,265 |
| Machinery and equipment | 6,276,741 | 85,666 | 3,950 | 6,358,457 |
| Vehicles | 1,230,163 | 52,543 | - | 1,282,706 |
| Total capital assets being depreciated | 43,053,470 | 816,774 | 161,017 | 43,709,227 |
| Less accumulated depreciation for | | | | |
| Infrastructure | 20,834,972 | 412,273 | - | 21,247,245 |
| Buildings, additions and improvements | 5,756,363 | 267,463 | 67,057 | 5,956,769 |
| Machinery and equipment | 5,356,357 | 199,856 | 3,950 | 5,552,263 |
| Vehicles | 1,048,864 | 46,053 | - | 1,094,917 |
| Total accumulated depreciation | 32,996,556 | 925,645 | 71,007 | 33,851,194 |
| Net capital assets being depreciated | 10,056,914 | (108,871) | 90,010 | 9,858,033 |
| Governmental activities capital assets, net | \$ 10,824,342 | \$ (108,871) | \$ 90,010 | \$ 10,625,461 |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business-type activities | | | | |
| Capital assets being depreciated | | | | |
| Buildings, additions and improvements | \$ 11,427,968 | \$ - | \$ - | \$ 11,427,968 |
| Machinery and equipment | 872,111 | 13,012 | - | 885,123 |
| Vehicles | 547,112 | - | - | 547,112 |
| Water and sewer system | 20,868,053 | - | - | 20,868,053 |
| Total capital assets being depreciated | 33,715,244 | 13,012 | - | 33,728,256 |
| Less accumulated depreciation for | | | | |
| Buildings, additions and improvements | 2,929,906 | 211,893 | - | 3,141,799 |
| Machinery and equipment | 545,954 | 107,350 | - | 653,304 |
| Vehicles | 434,432 | 24,962 | - | 459,394 |
| Water and sewer system | 13,326,758 | 310,458 | - | 13,637,216 |
| Total accumulated depreciation | 17,237,050 | 654,663 | - | 17,891,713 |
| Net capital assets being depreciated | 16,478,194 | (641,651) | - | 15,836,543 |
| Business-type capital assets, net | \$ 16,478,194 | \$ (641,651) | \$ - | \$ 15,836,543 |

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|-----------|-------------------|
| Component Units | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 807,327 | \$ - | \$ - | \$ 807,327 |
| Capital assets being depreciated | | | | |
| Infrastructure | 6,154,449 | 280,403 | - | 6,434,852 |
| Buildings, additions and improvements | 12,579,988 | - | - | 12,579,988 |
| Machinery and equipment | 93,018 | - | - | 93,018 |
| Total capital assets being depreciated | 18,827,455 | 280,403 | - | 19,107,858 |
| Less accumulated depreciation for | | | | |
| Infrastructure | 3,850,265 | 302,673 | - | 4,152,938 |
| Buildings, additions and improvements | 4,258,253 | 251,600 | - | 4,509,853 |
| Machinery and equipment | 2,375 | 17,714 | - | 20,089 |
| Total accumulated depreciation | 8,110,893 | 571,987 | - | 8,682,880 |
| Net capital assets being depreciated | 10,716,562 | (291,584) | - | 10,424,978 |
| Component unit capital assets, net | \$ 11,523,889 | \$ (291,584) | \$ - | \$ 11,232,305 |

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

Governmental Activities

| | |
|------------------------|-----------|
| General government | \$ 91,111 |
| Public safety | 398,897 |
| Public works | 47,609 |
| Recreation and culture | 217,489 |
| Other functions | 170,539 |

Total governmental activities 925,645

Business-type Activities

Water and Sewer 654,663

Total primary government \$ 1,580,308

Component Units \$ 571,987

Note 6 - Unearned revenue

At year end the various components of unearned revenue are as follows:

Primary government

| | |
|-----------------------------------|------------|
| Block Grant | \$ 15,573 |
| American Rescue Recovery Plan Act | 851,308 |
| | \$ 866,881 |

Note 7 - Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|-----------|
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | \$ 51,248 |

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The balance of amounts due to/from the discretely presented component units is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|---------------------------------|-----------|
| General Fund | Tax Increment Finance Authority | \$ 21,682 |
| General Fund | Downtown Development Authority | 13,984 |
| | | \$ 35,666 |

City of Flat Rock, Michigan
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The details for interfund transfers are as follows:

| <u>Funds Transferred From</u> | <u>Funds Transferred To</u> | <u>Amount</u> |
|-------------------------------|-----------------------------|-------------------|
| General Fund | Community Center Fund | \$ 50,000 |
| General Fund | Nonmajor Governmental Funds | 72,677 |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | 749,904 |
| | | <u>\$ 872,581</u> |

Transfers are used to move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Transfers from Nonmajor Governmental Funds to other Nonmajor Governmental Funds were reimbursements made in accordance with budgetary authorizations.

City of Flat Rock, Michigan
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Note 8 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Installment purchase agreements are also general obligations of the City. Claims and judgements are payments resulting from prior Michigan tax tribunal settlements. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General Fund and the Water and Sewer Fund.

Long-term obligation activity is summarized as follows:

| | Amount of Issue | Maturity Date | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|--------------------|------------------|----------------------------|---------------------------------|----------------------|------------------|-------------------|---------------------|------------------------|
| Governmental activities | | | | | | | | | |
| Bonds payable | | | | | | | | | |
| General obligation bonds | | | | | | | | | |
| Capital Improvement Bonds - 2010 Limited Tax General Obligation | 2,500,000 | 8/1/24 | 3.75% - 5.00% | \$225,000 - \$250,000 | \$ 920,000 | \$ - | \$ 210,000 | \$ 710,000 | \$ 225,000 |
| Capital Improvement Bonds - 2015 Limited Tax General Obligation | 2,500,000 | 10/1/34 | 2.13% - 4.00% | \$150,000 - \$250,000 | <u>2,750,000</u> | <u>-</u> | <u>150,000</u> | <u>2,600,000</u> | <u>150,000</u> |
| Total bonds payable | | | | | <u>3,670,000</u> | <u>-</u> | <u>360,000</u> | <u>3,310,000</u> | <u>375,000</u> |
| Premium on bond issues | | | | | <u>14,938</u> | <u>-</u> | <u>2,987</u> | <u>11,951</u> | <u>-</u> |
| Claims and judgments | | | | | | | | | |
| Auto Alliance, Inc. - Refundable 2009 - 2011 Real Property Tax | 859,887 | 10/31/21 | N/A | \$0 | <u>85,992</u> | <u>-</u> | <u>85,992</u> | <u>-</u> | <u>-</u> |
| Direct Borrowings | | | | | | | | | |
| Ambulance, 2018 | 132,665 | 9/14/23 | 4.74% | \$27,768 - \$28,669 | <u>82,973</u> | <u>-</u> | <u>26,536</u> | <u>56,437</u> | <u>27,768</u> |
| Other | | | | | | | | | |
| Compensated absences | | | | | <u>570,735</u> | <u>95,948</u> | <u>116,426</u> | <u>550,257</u> | <u>-</u> |
| Total governmental activities | | | | | <u>\$ 4,424,638</u> | <u>\$ 95,948</u> | <u>\$ 591,941</u> | <u>\$ 3,928,645</u> | <u>\$ 402,768</u> |

City of Flat Rock, Michigan
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| | Amount of Issue | Maturity Date | Interest Rate Ranges | Principal Maturity Ranges | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|--------------------|------------------|----------------------------|---------------------------------|----------------------|-----------------|-------------------|---------------------|------------------------|
| Business-type activities | | | | | | | | | |
| Bonds payable | | | | | | | | | |
| General obligation bonds | | | | | | | | | |
| South Huron Valley Utility Authority - 2004 Sewer System Plant Expansion | 2,352,760 | 4/1/26 | 2.13% | \$133,970 - \$142,900 | \$ 685,158 | \$ - | \$ 131,418 | \$ 553,740 | \$ 133,970 |
| South Huron Valley Utility Authority - 2011 Sewer System Improvements | 557,073 | 4/1/31 | 2.50% | \$28,611 - \$35,440 | 313,980 | - | 27,771 | 286,209 | 28,611 |
| South Huron Valley Utility Authority - 2016 Sewer System Improvements | 592,954 | 5/1/26 | 2.75% | \$59,295 - \$59,297 | 296,477 | - | 59,295 | 237,182 | 59,295 |
| South Huron Valley Utility Authority - Plant Renovations | 4,107,306 | 11/1/42 | 3.00% - 5.00% | \$66,234 - \$317,604 | 4,045,062 | - | 63,840 | 3,981,222 | 66,234 |
| Total bonds payable | | | | | <u>5,340,677</u> | <u>-</u> | <u>282,324</u> | <u>5,058,353</u> | <u>288,110</u> |
| Premium on bond refunding | | | | | <u>775,034</u> | <u>-</u> | <u>56,758</u> | <u>718,276</u> | <u>-</u> |
| Direct Borrowings | | | | | | | | | |
| Equipment purchase agreement - 2017 Vector Truck | 269,596 | 11/13/22 | 3.16% | \$143,445 | 168,513 | - | 25,068 | 143,445 | 143,445 |
| Other | | | | | | | | | |
| Compensated absences | | | | | 51,709 | 3,962 | 27,258 | 28,413 | - |
| Total business-type activities | | | | | <u>\$ 6,335,933</u> | <u>\$ 3,962</u> | <u>\$ 391,408</u> | <u>\$ 5,948,487</u> | <u>\$ 431,555</u> |
| Component units | | | | | | | | | |
| Bonds payable | | | | | | | | | |
| General obligation bonds | | | | | | | | | |
| Tax Increment Finance Authority - Limited Tax Development Bonds Series 2006A | \$ 4,270,000 | 10/1/23 | 6.95% | \$375,000 - \$405,000 | \$ 1,135,000 | \$ - | \$ 355,000 | \$ 780,000 | \$ 375,000 |
| Tax Increment Finance Authority - Limited Tax Development Bonds Series 2006B | 5,675,000 | 10/1/23 | 4.625% - 4.80% | \$375,000 - \$380,000 | 1,115,000 | - | 360,000 | 755,000 | 375,000 |
| Tax Increment Finance Authority - 2015 Limited Tax Development Bonds | 1,750,000 | 10/1/25 | 2.00% - 3.00% | \$120,000 - \$125,000 | 595,000 | - | 110,000 | 485,000 | 120,000 |
| Total bonds payable | | | | | <u>2,845,000</u> | <u>-</u> | <u>825,000</u> | <u>2,020,000</u> | <u>870,000</u> |
| Premium on bond issues | | | | | <u>41,587</u> | <u>-</u> | <u>8,317</u> | <u>33,270</u> | <u>-</u> |
| Total component unit activities | | | | | <u>\$ 2,886,587</u> | <u>\$ -</u> | <u>\$ 833,317</u> | <u>\$ 2,053,270</u> | <u>\$ 870,000</u> |

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Annual debt service requirements to maturity for the bonds and notes payable, and installment purchase agreement are as follows:

| Year Ending June 30, | Governmental Activities | | | |
|-------------------------|-------------------------|-------------------|------------------------------|-----------------|
| | Bonds Payable | | Notes from Direct Borrowings | |
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 375,000 | \$ 121,061 | \$ 27,768 | \$ 2,713 |
| 2024 | 385,000 | 105,061 | 28,669 | 1,399 |
| 2025 | 425,000 | 88,061 | - | - |
| 2026 | 175,000 | 76,561 | - | - |
| 2027 | 175,000 | 70,436 | - | - |
| 2028 - 2032 | 1,050,000 | 234,931 | - | - |
| 2033 - 2035 | 725,000 | 41,717 | - | - |
| | <u>\$ 3,310,000</u> | <u>\$ 737,828</u> | <u>\$ 56,437</u> | <u>\$ 4,112</u> |

| Year Ending June 30, | Business-type Activities | | | |
|-------------------------|--------------------------|---------------------|------------------------------|-----------------|
| | Bonds Payable | | Notes from Direct Borrowings | |
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 288,110 | \$ 202,181 | \$ 143,445 | \$ 4,533 |
| 2024 | 294,695 | 196,402 | - | - |
| 2025 | 300,960 | 189,755 | - | - |
| 2026 | 308,345 | 182,946 | - | - |
| 2027 | 192,375 | 175,148 | - | - |
| 2028 - 2032 | 1,063,610 | 736,723 | - | - |
| 2033 - 2037 | 1,154,706 | 507,498 | - | - |
| 2038 - 2042 | 1,455,552 | 210,153 | - | - |
| | <u>\$ 5,058,353</u> | <u>\$ 2,400,806</u> | <u>\$ 143,445</u> | <u>\$ 4,533</u> |

| Year Ending June 30, | Component Units | |
|-------------------------|---------------------|-------------------|
| | Bonds Payable | |
| | Principal | Interest |
| 2023 | \$ 870,000 | \$ 81,075 |
| 2024 | 905,000 | 32,344 |
| 2025 | 120,000 | 5,550 |
| 2026 | 125,000 | 1,875 |
| | <u>\$ 2,020,000</u> | <u>\$ 120,844</u> |

Pledged Revenue

The contractual obligations to the South Huron Valley Authority (SHVUA) are the result of SHVUA's issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from SHVUA's bonds provided financing for the improvement of the utility system. During the current year, net revenue of the system was \$782,146 compared to the annual debt service requirements of \$498,164.

Note 9 - Net Investment in Capital Assets

The composition of net investment in capital assets as of June 30, 2022, was as follows:

| | Governmental Activities | Business-type Activities | Component Unit |
|---|----------------------------|-----------------------------|---------------------|
| Capital assets | | | |
| Capital assets not being depreciated | \$ 767,428 | \$ - | \$ 807,327 |
| Capital assets, net of accumulated depreciation | <u>9,858,033</u> | <u>15,836,543</u> | <u>10,424,978</u> |
| Total capital assets | <u>10,625,461</u> | <u>15,836,543</u> | <u>11,232,305</u> |
| Related debt | | | |
| General obligation bonds | 3,310,000 | - | - |
| Other bonds | - | 5,058,353 | 2,020,000 |
| Notes from direct borrowing and direct placements | 56,437 | 143,445 | - |
| Unamortized bond premiums | <u>11,951</u> | <u>718,276</u> | <u>33,270</u> |
| Total related debt | <u>3,378,388</u> | <u>5,920,074</u> | <u>2,053,270</u> |
| Net investment in capital assets | <u>\$ 7,247,073</u> | <u>\$ 9,916,469</u> | <u>\$ 9,179,035</u> |

Note 10 - Leases

Lease Receivable

The City has two significant agreements, leasing land for cell phone tower space. The first lease commenced in September 1996 and expired in August 2021. Payments for the current year were \$1,000 per month. The second cell phone tower commenced in July 2021 and expires in May 2047. Payments range from \$1,000 to \$3,470 per month over the term of the agreement.

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The City collected \$14,500 from the tenants for the year ended June 30, 2022, which includes \$3,754 in lease revenue and \$10,746 in lease interest revenue.

A lease receivable and deferred inflows have been recorded to reflect future expected payments. Future minimum lease payments are as follows:

| Year Ending June 30, | Governmental Activities | |
|-------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2023 | \$ 7,339 | \$ 10,661 |
| 2024 | 7,491 | 10,509 |
| 2025 | 7,646 | 10,354 |
| 2026 | 7,804 | 10,196 |
| 2027 | 8,190 | 10,035 |
| 2028-2032 | 56,856 | 46,903 |
| 2033-2037 | 80,110 | 39,963 |
| 2038-2042 | 153,379 | 28,094 |
| 2043-2047 | 194,592 | 10,137 |
| | <u>\$ 523,407</u> | <u>\$ 176,852</u> |

Note 11 - 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 has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 12 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS 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 MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging from 1.3% to 2.5%. Vesting periods are 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service for police personnel and department heads employed prior to September 2011. Final average compensation is calculated based on 3 to 5 years. Member contributions range from 3% to 5%.

Employees covered by benefit terms – At the December 31, 2021 valuation date, the following employees were covered by benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries | |
| currently receiving benefits | 67 |
| Inactive employees entitled to but not | |
| yet receiving benefits | 44 |
| Active employees | <u>53</u> |
| | <u>164</u> |

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded

City of Flat Rock, Michigan
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accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 5.77% to 59.25% based on annual payroll for open divisions. Divisions that are closed to new employees have an annual employer contribution amount of 5.77% to 59.25%.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: 1) Inflation 2.5%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.00%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

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

| Asset Class | Target Allocation | Target Gross Rate Of Return | Long-Term Expected Gross Rate of Return | Inflation Assumption | Long-term Expected Real Rate of Return |
|---------------------|-------------------|-----------------------------|---|----------------------|--|
| Global equity | 60.00% | 7.75% | 4.65% | 2.50% | 3.15% |
| Global fixed income | 20.00% | 3.75% | 0.75% | 2.50% | 0.25% |
| Private investments | 20.00% | 9.75% | 1.95% | 2.50% | 1.45% |
| | <u>100%</u> | | <u>7.35%</u> | | <u>4.85%</u> |

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Flat Rock, Michigan
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Changes in the net pension liability during the measurement year were as follows:

| | |
|--|----------------------|
| Total Pension Liability | |
| Service cost | \$ 278,379 |
| Interest on the total pension liability | 2,197,540 |
| Experience differences | (107,157) |
| Changes in actuarial assumptions | 1,052,648 |
| Benefit payments and refunds | <u>(2,173,185)</u> |
| Net change in total pension liability | 1,248,225 |
| Total pension liability - beginning | <u>29,862,400</u> |
| Total pension liability - ending (a) | <u>\$ 31,110,625</u> |
| Plan Fiduciary Net Position | |
| Employer contributions | \$ 1,439,074 |
| Employee contributions | 173,080 |
| Pension plan net investment gain | 1,809,451 |
| Benefit payments and refunds | (2,173,185) |
| Pension plan administrative expense | (20,755) |
| Other | <u>102,090</u> |
| Net change in plan fiduciary net position | 1,329,755 |
| Plan fiduciary net position - beginning | <u>13,117,145</u> |
| Plan fiduciary net position - ending (b) | <u>14,446,900</u> |
| Net pension liability (a-b) | <u>\$ 16,663,725</u> |
| Plan fiduciary net position as a percentage of total pension liability | 46.44% |
| Covered payroll | \$ 3,455,084 |
| Net pension liability as a percentage of covered payroll | 482.30% |

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer’s net pension liability would be using a discount rate that is

1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

| | |
|-----------------------|--|
| | Current |
| | 1% Decrease Discount Rate 1% Increase |
| Net pension liability | <u>\$ 20,053,140</u> <u>\$ 16,663,725</u> <u>\$ 13,813,881</u> |

Pension expense and deferred outflows of resources related to pensions – For the year ended June 30, 2022, the employer recognized pension expense of \$1,887,245. The employer reported deferred outflows of resources related to pensions from the following sources:

| | | | |
|---|---------------------|---------------------|-------------------|
| | Deferred | Deferred | Total to |
| | Outflows of | Inflows of | Amortize |
| | <u>Resources</u> | <u>Resources</u> | <u></u> |
| Differences in experience | \$ 208,836 | \$ (80,368) | \$ 128,468 |
| Differences in assumptions | 993,620 | - | 993,620 |
| Net difference between projected and actual earning on plan investments | - | (859,533) | (859,533) |
| Contributions subsequent to the measurement date* | <u>687,863</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 1,890,319</u> | <u>\$ (939,901)</u> | <u>\$ 262,555</u> |

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2023.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|-----------------|-------------------|
| Year Ending | |
| <u>June 30,</u> | |
| 2023 | \$ 514,300 |
| 2024 | (195,522) |
| 2025 | <u>(56,223)</u> |
| | <u>\$ 262,555</u> |

City of Flat Rock, Michigan
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Note 13 - Other Postemployment Benefits

Plan description – The City of Flat Rock Retiree Medical Plan (the Plan) is a single employer defined benefit plan that is administered by the City and provides postemployment health, dental and vision benefits to all eligible full-time retired employees and their beneficiaries hired prior to September 2011. 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. The City obtains health care coverage through private insurers.

Benefit provided – 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. The City Council has the authority to establish and amend benefit terms.

Contributions – The City Council has the authority to establish and amend the contribution requirements of the City and the plan members. The City is on the pay-as-you-go method and does not pre-fund the plan. For the year ended June 30, 2022, the City had benefit payments of \$771,379. Plan members are not required to contribute to the Plan.

Employees covered by benefit terms – At June 30, 2022, the plan membership consisted of the following:

| | |
|----------------------------|------------------|
| Retirees and beneficiaries | 47 |
| Active plan members | <u>10</u> |
| | <u><u>57</u></u> |

The OPEB plan is closed to new members.

Total OPEB liability – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.50%.
- Salary increases: 2.00%.
- Investment rate of return: 7.00%
- 20-year Aa Municipal bond rate: 4.09%
- Mortality: Police and Fire: Public Safety 2010 Employee and Healthy Retiree, headcount weighted Others: Public General 2010 Employee and Healthy Retiree, headcount weighted MP-2021 mortality improvement
- Medical Inflation Rates:
 - Pre-65: 7.25% graded down ultimately to 4.5%
 - Post-65: 5.5% graded down ultimately to 5.75%

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 – June 30, 2022.

Discount rate – The discount rate used to measure the total OPEB liability was 5.72%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

Net OPEB Liability

| | |
|--------------------------------------|----------------------|
| Service cost | \$ 68,373 |
| Interest on the total OPEB liability | 937,724 |
| Experience differences | (2,496,163) |
| Changes in actuarial assumptions | (2,049,100) |
| Other charges | (687,348) |
| Benefit payments and refunds | <u>(771,379)</u> |
| Net change in total OPEB liability | (4,997,893) |
| Total OPEB liability - beginning | <u>18,740,197</u> |
| Total OPEB liability - ending | <u>\$ 13,742,304</u> |

Plan Fiduciary Net Position

| | |
|---|----------------------|
| Employer contributions | 941,379 |
| OPEB plan net investment gain | (31,128) |
| Benefit payments and refunds | (771,379) |
| OPEB plan administrative expense | <u>(620)</u> |
| Net change in plan fiduciary net position | 138,252 |
| Plan fiduciary net position - beginning | <u>193,112</u> |
| Plan fiduciary net position - ending (b) | <u>331,364</u> |
| Net OPEB liability (a-b) | <u>\$ 13,410,940</u> |

| | |
|---|------------|
| Plan fiduciary net position as a percentage of total OPEB liability | 2.41% |
| Covered payroll | \$ 996,055 |
| Net OPEB liability as a percentage of covered payroll | 1,346.41% |

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.72%) or 1% higher (6.72%) than the current discount rate.

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|----------------------|--------------------|----------------------------------|--------------------|
| Total OPEB liability | \$ 15,141,172 | \$ 13,410,940 | \$ 12,006,067 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower (7.25%/5.50%) or 1% higher (9.25%/7.50%) than the current healthcare cost trend rates:

| | <u>1% Decrease</u> | <u>Current Healthcare Trend Rates</u> | <u>1% Increase</u> |
|----------------------|--------------------|---|--------------------|
| Total OPEB liability | \$ 11,883,649 | \$ 13,410,940 | \$ 15,269,012 |

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended June 30, 2022 the employer recognized OPEB expense of (\$2,832,253). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Total to Amortize</u> |
|---|---|--|------------------------------|
| Differences in experience | \$ - | \$ (774,671) | \$ (774,671) |
| Differences in assumptions | - | (635,928) | (635,928) |
| Net difference between projected and actual earning on plan investments | <u>24,439</u> | <u>-</u> | <u>24,439</u> |
| Total | <u>\$ 24,439</u> | <u>\$ (1,410,599)</u> | <u>\$ (1,386,160)</u> |

City of Flat Rock, Michigan
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June 30, 2022

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

| <u>June 30,</u> | |
|-----------------|-----------------------|
| 2023 | (1,402,453) |
| 2024 | 8,146 |
| 2025 | <u>8,147</u> |
| | <u>\$ (1,386,160)</u> |

Note 14 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Note 15 - Tax Abatements

The Government enters into property tax abatement agreements with local businesses under several programs as authorized under Public Act 328 of 1998 (PA 328) and Public Act 198 of 1974, as amended (PA 198).

PA 198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plans, expand existing plans, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT), instead of property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not exempt. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new

plant and non-industrial personal property is computed at half the local property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill.

For the fiscal year ended June 30, 2022, the government abated property taxes totaling \$830,005 under this program.

Note 16 - Joint Ventures

South Huron Valley Utility Authority

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. SHVUA receives its operating revenue through charges to the communities. The City's share of the debt of the joint venture, which is recorded in the Water and Sewer Fund is being financed by the City through debt service charges.

During the year ended June 30, 2022, the City paid operating costs of \$3,145,843. In addition, the City paid \$282,323 in principal and \$215,841 in interest expense. Complete financial statements for SHVUA can be obtained from the administrative offices at 46425 Tyler Road, Belleville, MI 48111. The City's equity interest at June 30, 2022 is \$216,361.

33rd District Court

The City is a member of the 33rd District Court System (the "District Court"), which provides judicial services to the City and various other surrounding communities. The City appoints one member to the joint venture's governing board, which then approves the annual budget.

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2022

The District Court receives its operating revenue principally through contributions from member communities. During the current year, the City paid approximately \$469,018 to the District Court, representing the City's share of the District Court's net activity. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future, other than the fluctuation of caseloads, which impacts the government's share of the District Court's expenses. Complete financial statements for the District Court can be obtained from the administrative offices at 19000 Van Horn Rd., Woodhaven MI 48183. The City's equity interest at June 30, 2021 is \$406,914.

Note 17 - Change in Accounting Principle

As indicated in Note 1, The City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the City's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The financial statements include a prior period adjustment for the lease receivable and deferred inflows of resources related to a lessor agreement. This adjustment had no effect on the beginning fund balance of the General Fund or beginning net position of the governmental activities since the deferred inflows of resources equal the amount of the lease receivable.

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Actual Over (Under) |
|--------------------------|------------------|-------------------|-------------------|------------------------|
| | Original | Final | | Final Budget |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 6,629,100 | \$ 6,633,100 | \$ 6,643,634 | \$ 10,534 |
| Penalties and interest | 30,000 | 80,000 | 81,886 | 1,886 |
| Licenses and permits | 160,500 | 179,000 | 186,847 | 7,847 |
| Federal grants | 22,400 | 43,495 | 43,097 | (398) |
| State shared revenue | 1,008,750 | 1,193,750 | 1,276,556 | 82,806 |
| State grants | 72,000 | 37,000 | 38,726 | 1,726 |
| Local contributions | 537,800 | 537,800 | 535,158 | (2,642) |
| Charges for services | 350,900 | 352,100 | 350,798 | (1,302) |
| Fines and forfeitures | 486,000 | 283,000 | 336,138 | 53,138 |
| Interest income | 9,500 | 6,500 | 5,916 | (584) |
| Rental income | 197,750 | 208,750 | 204,576 | (4,174) |
| Other revenue | 359,000 | 390,391 | 429,616 | 39,225 |
| Sale of capital assets | 101,000 | 89,362 | 89,925 | 563 |
| | <u>9,964,700</u> | <u>10,034,248</u> | <u>10,222,873</u> | <u>188,625</u> |
| Total revenues | | | | |
| Expenditures | | | | |
| General government | | | | |
| Legislative | 12,908 | 12,908 | 13,507 | 599 |
| Judicial | 545,000 | 539,000 | 538,138 | (862) |
| Clerk | 317,672 | 310,772 | 312,413 | 1,641 |
| Audit | - | 170,000 | 170,000 | - |
| Treasurer | 312,785 | 312,785 | 304,603 | (8,182) |
| Assessor | 149,563 | 149,563 | 150,312 | 749 |
| Elections | 47,541 | 53,041 | 51,215 | (1,826) |
| Buildings and safety | 374,897 | 330,397 | 328,241 | (2,156) |
| Attorney | 102,000 | 67,000 | 60,920 | (6,080) |
| General operations | 993,970 | 740,758 | 772,097 | 31,339 |
| | <u>2,856,336</u> | <u>2,686,224</u> | <u>2,701,446</u> | <u>15,222</u> |
| Total general government | | | | |

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Actual Over (Under) |
|---|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Final Budget |
| Public safety | | | | |
| Police department | \$ 3,265,372 | \$ 3,559,737 | \$ 3,559,374 | \$ (363) |
| Fire department | 1,275,236 | 1,278,236 | 1,278,044 | (192) |
| Building inspection department | 5,000 | 5,000 | 1,859 | (3,141) |
| Total public safety | <u>4,545,608</u> | <u>4,842,973</u> | <u>4,839,277</u> | <u>(3,696)</u> |
| Public works | | | | |
| Department of public works | <u>1,776,712</u> | <u>1,781,553</u> | <u>1,647,228</u> | <u>(134,325)</u> |
| Community and economic development | | | | |
| Planning | 13,416 | 4,916 | 5,704 | 788 |
| Zoning | <u>8,382</u> | <u>8,382</u> | <u>7,443</u> | <u>(939)</u> |
| Total community and economic development | <u>21,798</u> | <u>13,298</u> | <u>13,147</u> | <u>(151)</u> |
| Recreation and culture | | | | |
| Parks and recreation | <u>122,866</u> | <u>115,866</u> | <u>117,216</u> | <u>1,350</u> |
| Capital outlay | <u>452,350</u> | <u>476,250</u> | <u>443,787</u> | <u>(32,463)</u> |
| Debt service | | | | |
| Principal retirement | <u>26,500</u> | <u>26,500</u> | <u>26,536</u> | <u>36</u> |
| Transfers out | <u>122,530</u> | <u>122,530</u> | <u>122,677</u> | <u>147</u> |
| Total expenditures and transfers out | <u>9,924,700</u> | <u>10,065,194</u> | <u>9,911,314</u> | <u>(153,880)</u> |
| Excess (deficiency) of revenues over expenditures | 40,000 | (30,946) | 311,559 | 342,505 |
| Fund balance - beginning of year | <u>1,491,633</u> | <u>1,491,633</u> | <u>1,491,633</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 1,531,633</u> | <u>\$ 1,460,687</u> | <u>\$ 1,803,192</u> | <u>\$ 342,505</u> |

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
Community Center Fund
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Actual Over (Under) |
|--------------------------------------|------------------|------------|------------|------------------------|
| | Original | Final | | Final Budget |
| Revenues | | | | |
| Federal grants | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ - |
| Charges for services | 790,210 | 586,810 | 600,258 | 13,448 |
| Other state grants | 8,000 | 8,000 | 6,710 | (1,290) |
| Local contributions | - | - | 13,186 | 13,186 |
| Interest income | 250 | 250 | 206 | (44) |
| Other revenue | 400 | 400 | 707 | 307 |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Total revenues | 1,048,860 | 845,460 | 871,067 | 25,607 |
| Expenditures | | | | |
| Current | | | | |
| Recreation and culture | 1,045,560 | 825,072 | 788,827 | (36,245) |
| Excess of revenues over expenditures | 3,300 | 20,388 | 82,240 | 61,852 |
| Fund balance - beginning of year | 121,358 | 121,358 | 121,358 | - |
| Fund balance - end of year | \$ 124,658 | \$ 141,746 | \$ 203,598 | \$ 61,852 |

City of Flat Rock
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions
June 30, 2022

| Fiscal Year Ending June 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|-----------------------------------|---|------------------------|--|--------------------|--|
| 2018 | \$ 1,991,481 | \$ 578,941 | \$ 1,412,540 | \$ 1,462,805 | 39.58% |
| 2019 | 2,572,657 | 633,922 | 1,938,735 | 1,338,814 | 47.35% |
| 2020 | 2,776,112 | 787,340 | 1,988,772 | 1,170,034 | 67.29% |
| 2021 | 3,163,886 | 956,710 | 2,207,176 | 2,038,774 | 46.93% |
| 2022 | 2,691,712 | 941,379 | 1,750,333 | 996,055 | 94.51% |

Notes to Schedule of Contributions

Valuation date: June 30, 2022

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level dollar of payroll |
| Remaining amortization period | 30 years |
| Healthcare cost trend rates | Pre-65: 7.25% grade down to an ultimate 4.5% |
| | Post-65: 5.5% grade down to an ultimate 4.5% |
| Salary increases | 2.00% |
| Retirement age | 50 to 60 |
| Mortality | Police and Fire: Public Safety 2010 Employee and Healthy Retiree, headcount weighted Others: Public General 2010 Employee and Healthy Retiree, headcount weighted with MP-2021 improvement scale |

City of Flat Rock
Required Supplementary Information
Other Post Employment Benefits
Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2022

| Fiscal year ended June 30, | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 68,373 | \$ 162,739 | \$ 158,212 | \$ 162,827 | \$ 192,131 |
| Interest | 937,724 | 685,807 | 661,658 | 662,938 | 561,166 |
| Changes of benefit terms | (687,348) | - | - | - | - |
| Differences between expected and actual experience | (2,496,163) | (260,664) | 2,730,381 | (153,167) | (625,617) |
| Changes in assumptions | (2,049,100) | (7,073,787) | 959,173 | - | 3,900,463 |
| Benefit payments | (771,379) | (786,710) | (787,340) | (633,922) | (578,941) |
| Net change in total OPEB liability | (4,997,893) | (7,272,615) | 3,722,084 | 38,676 | 3,449,202 |
| Total OPEB liability - beginning | <u>18,740,197</u> | <u>26,012,812</u> | <u>22,290,728</u> | <u>22,252,052</u> | <u>18,802,850</u> |
| Total OPEB liability - ending (a) | <u>\$ 13,742,304</u> | <u>\$ 18,740,197</u> | <u>\$ 26,012,812</u> | <u>\$ 22,290,728</u> | <u>\$ 22,252,052</u> |
| Plan Fiduciary Net Position | | | | | |
| Employer contributions | \$ 941,379 | \$ 956,710 | \$ - | \$ - | \$ - |
| Net investment income (loss) | (31,128) | 23,303 | - | - | - |
| Benefit payments and refunds | (771,379) | (786,710) | - | - | - |
| Administrative expense | (620) | (191) | - | - | - |
| Net change in plan fiduciary net position | 138,252 | 193,112 | - | - | - |
| Plan fiduciary net position - beginning | <u>193,112</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 331,364</u> | <u>\$ 193,112</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability (a-b) | <u>\$ 13,410,940</u> | <u>\$ 18,547,085</u> | <u>\$ 26,012,812</u> | <u>\$ 22,290,728</u> | <u>\$ 22,252,052</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 2.41% | 1.03% | - % | - % | - % |
| Covered payroll | \$ 996,055 | \$ 1,170,034 | \$ 1,170,034 | \$ 1,338,814 | \$ 1,462,805 |
| Net OPEB liability as a percentage of covered payroll | 1,346.41% | 1,601.68% | 2,223.25% | 1,664.96% | 1,521.19% |

GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

*The City established an OPEB trust during fiscal year 2021.

City of Flat Rock
Required Supplementary Information
Other Post Employment Benefits
Schedule of Investment Returns
June 30, 2022

| Fiscal Year Ended June 30, | Annual Return % * |
|----------------------------------|----------------------|
| 2021 | 29.58% |
| 2022 | -11.34% |

* Annual money-weighted rate of return, net of investment expenses

*GASB Statements No. 74 was implemented for the fiscal year ended June 30, 2021 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Flat Rock
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2022

| Fiscal Year Ending June 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|-----------------------------------|---|------------------------|--|--------------------|--|
| 2013 | \$ 560,292 | \$ 584,292 | \$ (24,000) | \$ 3,041,091 | 19.21% |
| 2014 | 582,166 | 606,166 | (24,000) | 3,082,131 | 19.67% |
| 2015 | 632,534 | 650,534 | (18,000) | 3,211,517 | 20.26% |
| 2016 | 734,717 | 734,717 | - | 2,979,142 | 24.66% |
| 2017 | 794,184 | 794,184 | - | 3,210,773 | 24.73% |
| 2018 | 1,011,342 | 1,011,342 | - | 3,350,656 | 30.18% |
| 2019 | 1,054,932 | 911,101 | 143,831 | 3,659,575 | 24.90% |
| 2020 | 1,009,865 | 1,009,865 | - | 3,554,040 | 28.41% |
| 2021 | 988,165 | 988,165 | - | 3,431,201 | 28.80% |
| 2022 | 1,345,492 | 1,345,492 | - | 3,794,952 | 35.45% |

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Individual entry-age |
| Amortization method | Level-dollar closed |
| Remaining amortization period | 8-22 years |
| Asset valuation method | 5-year smoothed value of assets |
| Inflation | 2.5% |
| Salary increases | 3.00% |
| Investment rate of return | 7.00% |
| Retirement age | 60 |
| Mortality | RP-2014 Health Annuitant Mortality Tables - 50% male and 50% female blend RP-2014 Employee Mortality Tables - 50% male and 50% female blend RP-2014 Juvenile Mortality Tables - 50% male and 50% female blend RP-2014 Disabled Retiree Mortality Tables - 50% male and 50% female blend |

City of Flat Rock
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2022

| Fiscal year ended June 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ 278,379 | \$ 257,518 | \$ 278,368 | \$ 293,936 | \$ 297,216 | \$ 300,883 | \$ 305,961 | \$ 349,449 |
| Interest on the total pension liability | 2,197,540 | 2,118,344 | 1,978,610 | 2,005,635 | 1,941,237 | 1,877,792 | 1,770,704 | 1,763,834 |
| Experience differences | (107,157) | 177,959 | 598,074 | 570,735 | 323,533 | 251,255 | (377,225) | - |
| Changes in actuarial assumptions | 1,052,648 | 612,402 | 920,696 | - | - | - | 1,064,893 | - |
| Other charges | - | - | 104,138 | - | - | (3,362) | 54,909 | - |
| Benefit payments and refunds | (2,173,185) | (2,096,058) | (1,965,611) | (1,831,643) | (1,679,080) | (1,584,281) | (1,371,920) | (1,303,169) |
| Net change in total pension liability | 1,248,225 | 1,070,165 | 1,914,275 | 1,038,663 | 882,906 | 842,287 | 1,447,322 | 810,114 |
| Total pension liability - beginning | 29,862,400 | 28,792,235 | 26,877,960 | 25,839,297 | 24,956,391 | 24,114,104 | 22,666,782 | 21,856,668 |
| Total pension liability - ending (a) | <u>\$ 31,110,625</u> | <u>\$ 29,862,400</u> | <u>\$ 28,792,235</u> | <u>\$ 26,877,960</u> | <u>\$ 25,839,297</u> | <u>\$ 24,956,391</u> | <u>\$ 24,114,104</u> | <u>\$ 22,666,782</u> |
| Plan Fiduciary Net Position | | | | | | | | |
| Employer contributions | \$ 1,439,074 | \$ 1,024,817 | \$ 966,193 | \$ 1,328,499 | \$ 1,011,342 | \$ 794,184 | \$ 681,482 | \$ 650,534 |
| Employee contributions | 173,080 | 169,417 | 176,323 | 343,004 | 170,853 | 161,653 | 206,917 | 153,807 |
| Pension plan net investment income (loss) | 1,809,451 | 1,501,424 | 1,563,189 | (491,252) | 1,494,359 | 1,211,087 | (170,469) | 714,400 |
| Benefit payments and refunds | (2,173,185) | (2,096,058) | (1,965,611) | (1,831,643) | (1,679,080) | (1,584,281) | (1,371,920) | (1,303,169) |
| Pension plan administrative expense | (20,755) | (24,541) | (26,900) | (24,525) | (23,693) | (23,942) | (25,093) | (26,132) |
| Other | 102,090 | - | - | - | - | - | - | - |
| Net change in plan fiduciary net position | 1,329,755 | 575,059 | 713,194 | (675,917) | 973,781 | 558,701 | (679,083) | 189,440 |
| Plan fiduciary net position - beginning | 13,117,145 | 12,542,086 | 11,828,892 | 12,504,809 | 11,531,028 | 10,972,327 | 11,651,410 | 11,461,970 |
| Plan fiduciary net position - ending (b) | <u>14,446,900</u> | <u>13,117,145</u> | <u>12,542,086</u> | <u>11,828,892</u> | <u>12,504,809</u> | <u>11,531,028</u> | <u>10,972,327</u> | <u>11,651,410</u> |
| Net pension liability (a-b) | <u>\$ 16,663,725</u> | <u>\$ 16,745,255</u> | <u>\$ 16,250,149</u> | <u>\$ 15,049,068</u> | <u>\$ 13,334,488</u> | <u>\$ 13,425,363</u> | <u>\$ 13,141,777</u> | <u>\$ 11,015,372</u> |
| Plan fiduciary net position as a percentage of total pension liability | 46.44% | 43.93% | 43.56% | 44.01% | 48.39% | 46.20% | 45.50% | 51.40% |
| Covered payroll | \$ 3,455,084 | \$ 3,150,484 | \$ 3,421,870 | \$ 3,659,575 | \$ 3,350,656 | \$ 3,210,773 | \$ 2,979,142 | \$ 3,211,517 |
| Net pension liability as a percentage of covered payroll | 482.30% | 531.51% | 474.89% | 411.22% | 397.97% | 418.13% | 441.13% | 343.00% |

*GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available.

City of Flat Rock
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | | | Capital Projects Fund | Debt Service Funds | | Nonmajor Governmental Funds |
|---|-------------------------|-------------------------|--------------------------------|-------------------|------------------|--------------------------|--------------------------|----------------------|-----------------------------------|
| | Major Street Fund | Local Street Fund | Historical District Fund | Library Fund | Other Funds | 2015 Construction | 2010 Road Improvement | 2015 Construction | |
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 454,430 | \$ 94,608 | \$ 208,399 | \$ 323,829 | \$ 17,945 | \$ - | \$ - | \$ - | \$ 1,099,211 |
| Receivables | | | | | | | | | |
| Taxes | - | - | 230 | 992 | - | - | - | - | 1,222 |
| Due from other units of government | 128,119 | 48,269 | - | - | - | - | - | - | 176,388 |
| Due from other funds | - | 51,248 | - | - | - | - | - | - | 51,248 |
| Prepaid items | 2,565 | 2,565 | 3 | 19 | - | - | - | - | 5,152 |
| Total assets | \$ 585,114 | \$ 196,690 | \$ 208,632 | \$ 324,840 | \$ 17,945 | \$ - | \$ - | \$ - | \$ 1,333,221 |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 102,676 | \$ 76,779 | \$ 1,684 | \$ 7,531 | \$ - | \$ - | \$ - | \$ - | \$ 188,670 |
| Accrued and other liabilities | 2,203 | 3,302 | 791 | 7,311 | - | - | - | - | 13,607 |
| Due to other funds | 51,248 | - | - | - | - | - | - | - | 51,248 |
| Total liabilities | 156,127 | 80,081 | 2,475 | 14,842 | - | - | - | - | 253,525 |
| Fund balances | | | | | | | | | |
| Non-spendable | | | | | | | | | |
| Prepaid items | 2,565 | 2,565 | 3 | 19 | - | - | - | - | 5,152 |
| Restricted for | | | | | | | | | |
| Major street | 426,422 | - | - | - | - | - | - | - | 426,422 |
| Local street | - | 114,044 | - | - | - | - | - | - | 114,044 |
| Historical district | - | - | 206,154 | - | - | - | - | - | 206,154 |
| Library | - | - | - | 309,979 | - | - | - | - | 309,979 |
| Other special revenue projects | - | - | - | - | 17,945 | - | - | - | 17,945 |
| Total fund balances | 428,987 | 116,609 | 206,157 | 309,998 | 17,945 | - | - | - | 1,079,696 |
| Total liabilities, and fund balances | \$ 585,114 | \$ 196,690 | \$ 208,632 | \$ 324,840 | \$ 17,945 | \$ - | \$ - | \$ - | \$ 1,333,221 |

City of Flat Rock
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

| | Special Revenue Funds | | | | | Capital Projects Fund | Debt Service Funds | | Total Nonmajor Governmental Funds |
|--|-------------------------|-------------------------|--------------------------------|-----------------|----------------|--------------------------|--------------------------|----------------------|--|
| | Major Street Fund | Local Street Fund | Historical District Fund | Library Fund | Other Funds | 2015 Construction | 2010 Road Improvement | 2015 Construction | |
| Revenues | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 86,629 | \$ 341,807 | \$ - | \$ - | \$ - | \$ - | \$ 428,436 |
| Federal grants | - | - | - | 5,384 | 2,088 | - | - | - | 7,472 |
| State shared revenue | 815,077 | 309,253 | - | 24,621 | - | - | - | - | 1,148,951 |
| Local contributions | 154,406 | - | - | - | - | - | - | - | 154,406 |
| Interest income | 406 | 72 | 242 | 492 | 22 | 1 | - | - | 1,235 |
| Other revenue | - | - | - | 21,672 | 5,500 | - | - | - | 27,172 |
| Total revenues | 969,889 | 309,325 | 86,871 | 393,976 | 7,610 | 1 | - | - | 1,767,672 |
| Expenditures | | | | | | | | | |
| Current | | | | | | | | | |
| Public works | 271,496 | 554,443 | - | - | - | - | - | - | 825,939 |
| Community and economic development | - | - | 63,178 | - | - | - | - | - | 63,178 |
| Library | - | - | - | 405,174 | - | - | - | - | 405,174 |
| Capital outlay | 5,393 | 16,970 | 15,975 | 83,601 | - | 17,322 | - | - | 139,261 |
| Debt service | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | 210,000 | 150,000 | 360,000 |
| Interest and fiscal charges | - | - | - | - | - | - | 41,500 | 95,532 | 137,032 |
| Total expenditures | 276,889 | 571,413 | 79,153 | 488,775 | - | 17,322 | 251,500 | 245,532 | 1,930,584 |
| Excess (deficiency) of revenues over expenditures | 693,000 | (262,088) | 7,718 | (94,799) | 7,610 | (17,321) | (251,500) | (245,532) | (162,912) |
| Other financing sources (uses) | | | | | | | | | |
| Transfers in | - | 325,549 | - | - | - | - | 251,500 | 245,532 | 822,581 |
| Transfers out | (651,691) | (98,213) | - | - | - | - | - | - | (749,904) |
| Total other financing sources (uses) | (651,691) | 227,336 | - | - | - | - | 251,500 | 245,532 | 72,677 |
| Net change in fund balance | 41,309 | (34,752) | 7,718 | (94,799) | 7,610 | (17,321) | - | - | (90,235) |
| Fund balance - beginning of year | 387,678 | 151,361 | 198,439 | 404,797 | 10,335 | 17,321 | - | - | 1,169,931 |
| Fund balance - beginning of year | 387,678 | 151,361 | 198,439 | 404,797 | 10,335 | 17,321 | - | - | 1,169,931 |
| Fund balance - end of year | \$ 428,987 | \$ 116,609 | \$ 206,157 | \$ 309,998 | \$ 17,945 | \$ - | \$ - | \$ - | \$ 1,079,696 |

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

| Description | Date of Maturity | Amount of Annual Maturity | Interest | Interest | Total |
|--------------------------------------|------------------|---------------------------|-------------------|-------------------|---------------------|
| Governmental Activities | | | | | |
| Bonds payable | | | | | |
| Capital Improvement Bonds | | | | | |
| 2010 Limited Tax General Obligation | 8/1/2022 | \$ 225,000 | \$ 17,750 | \$ 12,125 | \$ 254,875 |
| Date of issue September 2010 | 8/1/2023 | 235,000 | 12,125 | 6,250 | 253,375 |
| amount of issue \$2,500,000 | 8/1/2024 | <u>250,000</u> | <u>6,250</u> | <u>-</u> | <u>256,250</u> |
| Interest due August 1 and February 1 | | | | | |
| | | <u>710,000</u> | <u>36,125</u> | <u>18,375</u> | <u>764,500</u> |
| Capital Improvement Bonds | | | | | |
| 2015 Limited Tax General Obligation | 10/1/2022 | 150,000 | 46,718 | 44,468 | 241,186 |
| Date of issue May 2015 | 10/1/2023 | 150,000 | 44,468 | 42,218 | 236,686 |
| amount of issue \$3,500,000 | 10/1/2024 | 175,000 | 42,218 | 39,593 | 256,811 |
| Interest due October 1 and April 1 | 10/1/2025 | 175,000 | 39,593 | 36,968 | 251,561 |
| | 10/1/2026 | 175,000 | 36,968 | 33,468 | 245,436 |
| | 10/1/2027 | 200,000 | 33,468 | 29,468 | 262,936 |
| | 10/1/2028 | 200,000 | 29,468 | 25,468 | 254,936 |
| | 10/1/2029 | 200,000 | 25,468 | 21,468 | 246,936 |
| | 10/1/2030 | 225,000 | 21,468 | 17,531 | 263,999 |
| | 10/1/2031 | 225,000 | 17,531 | 13,593 | 256,124 |
| | 10/1/2032 | 225,000 | 13,593 | 9,375 | 247,968 |
| | 10/1/2033 | 250,000 | 9,375 | 4,687 | 264,062 |
| | 10/1/2034 | <u>250,000</u> | <u>4,687</u> | <u>-</u> | <u>254,687</u> |
| | | <u>2,600,000</u> | <u>365,023</u> | <u>318,305</u> | <u>3,283,328</u> |
| Total bonds payable | | <u>\$ 3,310,000</u> | <u>\$ 401,148</u> | <u>\$ 336,680</u> | <u>\$ 4,047,828</u> |
| Installment purchases payable | | | | | |
| Installment Purchase - ambulance | | | | | |
| Date of issue September 2018 | 9/14/2022 | \$ 27,768 | \$ 2,713 | \$ - | \$ 30,481 |
| amount of issue \$132,665 | 9/14/2023 | <u>28,669</u> | <u>1,399</u> | <u>-</u> | <u>30,068</u> |
| Interest due September 24 | | | | | |
| Total installment purchases payable | | <u>\$ 56,437</u> | <u>\$ 4,112</u> | <u>\$ -</u> | <u>\$ 60,549</u> |
| Total governmental activities | | <u>\$ 3,366,437</u> | <u>\$ 405,260</u> | <u>\$ 336,680</u> | <u>\$ 4,108,377</u> |

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

| Description | Date of Maturity | Amount of Annual Maturity | Interest | Interest | Total |
|--------------------------------------|------------------|---------------------------|---------------|---------------|----------------|
| Business-type Activities | | | | | |
| Bonds and notes payable | | | | | |
| South Huron Valley Utility Authority | | | | | |
| 2004 Sewer System Plant Expansion | | | | | |
| Date of issue April 2004 | 4/1/2023 | \$ 133,970 | \$ 5,883 | \$ 5,884 | \$ 145,737 |
| amount of issue \$2,352,760; | 4/1/2024 | 136,521 | 4,460 | 4,460 | 145,441 |
| Flat Rock Share of \$9,220,000 | 4/1/2025 | 140,349 | 3,010 | 3,010 | 146,369 |
| Interest due October 1 and April 1 | 4/1/2026 | <u>142,900</u> | <u>1,518</u> | <u>1,518</u> | <u>145,936</u> |
| | | <u>553,740</u> | <u>14,871</u> | <u>14,872</u> | <u>583,483</u> |
| | | | | | |
| South Huron Valley Utility Authority | | | | | |
| 2011 Sewer System Improvements | | | | | |
| Date of issue April 2011 | 4/1/2023 | 28,611 | 3,566 | 3,566 | 35,743 |
| amount of issue \$537,073; | 4/1/2024 | 29,453 | 3,208 | 3,208 | 35,869 |
| Flat Rock Share of \$3,310,000 | 4/1/2025 | 30,294 | 2,840 | 2,840 | 35,974 |
| Interest due October 1 and April 1 | 4/1/2026 | 31,136 | 2,461 | 2,461 | 36,058 |
| | 4/1/2027 | 31,977 | 2,072 | 2,072 | 36,121 |
| | 4/1/2028 | 32,819 | 1,672 | 1,672 | 36,163 |
| | 4/1/2029 | 32,819 | 1,262 | 1,262 | 35,343 |
| | 4/1/2030 | 33,660 | 852 | 852 | 35,364 |
| | 4/1/2031 | <u>35,440</u> | <u>433</u> | <u>433</u> | <u>36,306</u> |
| | | <u>286,209</u> | <u>18,366</u> | <u>18,366</u> | <u>322,941</u> |

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

| Description | Date of Maturity | Amount of Annual Maturity | Interest | Interest | Total |
|--|------------------|---------------------------|---------------------|---------------------|---------------------|
| South Huron Valley Utility Authority 2016 Sewer System Improvements | 5/1/2023 | \$ 59,295 | \$ 462 | \$ 462 | \$ 60,219 |
| Date of issue November 2016 | 5/1/2024 | 59,295 | 347 | 347 | 59,989 |
| amount of issue \$592,954; | 5/1/2025 | 59,295 | 231 | 231 | 59,757 |
| Flat Rock Share of \$1,880,000 | 5/1/2026 | 59,297 | 116 | 116 | 59,529 |
| Interest due November 1 and May 1 | | | | | |
| | | <u>237,182</u> | <u>1,156</u> | <u>1,156</u> | <u>239,494</u> |
| Vactor Truck 2017 | | | | | |
| Date of issue November 2017 | 11/13/2022 | <u>143,445</u> | <u>4,533</u> | <u>-</u> | <u>147,978</u> |
| amount of issue \$269,596; | | | | | |
| Interest due November 13 | | | | | |
| South Huron Valley Utility Authority 2020 Plant Renovations | 11/1/2023 | 66,234 | 91,179 | 91,179 | 248,592 |
| Date of issue June 2020 | 11/1/2024 | 69,426 | 90,186 | 90,186 | 249,798 |
| amount of issue \$1,158,823 | 11/1/2025 | 71,022 | 88,797 | 88,797 | 248,616 |
| Interest due November 1 and May 1 | 11/1/2026 | 75,012 | 87,377 | 87,377 | 249,766 |
| | 11/1/2027 | 160,398 | 85,502 | 85,502 | 331,402 |
| | 11/1/2028 | 168,378 | 81,492 | 81,492 | 331,362 |
| | 11/1/2029 | 177,156 | 77,282 | 77,282 | 331,720 |
| | 11/1/2030 | 185,934 | 72,853 | 72,853 | 331,640 |
| | 11/1/2031 | 194,712 | 68,205 | 68,205 | 331,122 |
| | 11/1/2032 | 202,692 | 64,311 | 64,311 | 331,314 |
| | 11/1/2033 | 210,672 | 60,257 | 60,257 | 331,186 |
| | 11/1/2034 | 219,450 | 56,044 | 56,044 | 331,538 |
| | 11/1/2035 | 229,824 | 51,655 | 51,655 | 333,134 |
| | 11/1/2036 | 240,996 | 45,909 | 45,909 | 332,814 |
| | 11/1/2037 | 253,764 | 39,884 | 39,884 | 333,532 |
| | 11/1/2038 | 264,936 | 33,540 | 33,540 | 332,016 |
| | 11/1/2039 | 276,906 | 28,241 | 28,241 | 333,388 |
| | 11/1/2040 | 291,270 | 21,319 | 21,319 | 333,908 |
| | 11/1/2041 | 304,836 | 14,037 | 14,037 | 332,910 |
| | 11/1/2042 | 317,604 | 7,940 | 7,939 | 333,483 |
| | | <u>3,981,222</u> | <u>1,166,010</u> | <u>1,166,009</u> | <u>6,313,241</u> |
| Total business-type activities | | <u>\$ 5,201,798</u> | <u>\$ 1,204,936</u> | <u>\$ 1,200,403</u> | <u>\$ 7,607,137</u> |

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2022

| Description | Date of Maturity | Amount of Annual Maturity | Interest | Interest | Total |
|--|------------------|---------------------------|------------------|------------------|---------------------|
| Component Units | | | | | |
| Bonds and notes payable | | | | | |
| Tax Increment Finance Authority | | | | | |
| 2015 Limited Tax Development Bonds | | | | | |
| Date of issue May 2015 | 10/1/2022 | \$ 120,000 | \$ 7,275 | \$ 5,475 | \$ 132,750 |
| amount of issue \$1,155,000 | 10/1/2023 | 120,000 | 5,475 | 3,675 | 129,150 |
| Interest due October 1 and April 1 | 10/1/2024 | 120,000 | 3,675 | 1,875 | 125,550 |
| | 10/1/2025 | <u>125,000</u> | <u>1,875</u> | <u>-</u> | <u>126,875</u> |
| | | <u>485,000</u> | <u>18,300</u> | <u>11,025</u> | <u>514,325</u> |
| Tax Increment Finance Authority | | | | | |
| Limited Tax Development Bonds Series 2006A | | | | | |
| Date of issue August 2006 | 10/1/2022 | 375,000 | 27,105 | 14,074 | 416,179 |
| amount of issue \$4,270,000 | 10/1/2023 | <u>405,000</u> | <u>14,074</u> | <u>-</u> | <u>419,074</u> |
| Interest due October 1 and April 1 | | <u>780,000</u> | <u>41,179</u> | <u>14,074</u> | <u>835,253</u> |
| Tax Increment Finance Authority | | | | | |
| Limited Tax Development Bonds Series 2006B | | | | | |
| Date of issue August 2006 | 10/1/2022 | 375,000 | 18,026 | 9,120 | 402,146 |
| amount of issue \$5,675,000 | 10/1/2023 | <u>380,000</u> | <u>9,120</u> | <u>-</u> | <u>389,120</u> |
| Interest due October 1 and April 1 | | <u>755,000</u> | <u>27,146</u> | <u>9,120</u> | <u>791,266</u> |
| Total component units | | <u>\$ 2,020,000</u> | <u>\$ 86,625</u> | <u>\$ 34,219</u> | <u>\$ 2,140,844</u> |

City of Flat Rock
Other Supplementary Information
Tax Levies in Millage (Unaudited)
Last Twenty-Five Years
For the Years Ended June 30,

| Fiscal Year | General Fund | Municipal Building Fund | Sewer Debt | Library Fund | Historical District | Police & Fire | Road and Street | Total |
|--------------------|---------------------|--------------------------------|-------------------|---------------------|----------------------------|--------------------------|------------------------|--------------|
| 1998 | 13.15 | - | 2.85 | 1.00 | - | - | - | 17.00 |
| 1999 | 13.15 | - | 2.85 | 1.00 | - | - | - | 17.00 |
| 2000 | 13.15 | - | 2.85 | 1.00 | - | - | - | 17.00 |
| 2001 | 13.15 | - | - | 1.00 | - | - | - | 14.15 |
| 2002 | 16.25 | - | - | 1.00 | - | - | - | 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 |
| 2010 | 16.00 | - | - | 1.00 | 0.25 | - | - | 17.25 |
| 2011 | 16.00 | - | - | 1.00 | 0.25 | - | - | 17.25 |
| 2012 | 16.00 | - | - | 1.00 | 0.25 | - | - | 17.25 |
| 2013 | 16.00 | - | - | 1.00 | 0.25 | 1.75 | - | 19.00 |
| 2014 | 16.00 | - | - | 1.00 | 0.25 | 1.75 | - | 19.00 |
| 2015 | 16.00 | - | - | 1.50 | 0.25 | 1.75 | - | 19.50 |
| 2016 | 16.00 | - | - | 1.50 | 0.25 | 1.75 | - | 19.50 |
| 2017 | 16.00 | - | - | 1.50 | 0.25 | 1.75 | - | 19.50 |
| 2018 | 16.00 | - | - | 1.50 | 0.25 | 1.75 | - | 19.50 |
| 2019 | 16.00 | - | - | 1.50 | 0.25 | 1.75 | 1.00 | 20.50 |
| 2020 | 16.00 | - | - | 1.00 | 0.25 | 1.75 | 1.00 | 20.00 |
| 2021 | 16.00 | - | - | 1.00 | 0.25 | 1.75 | 1.00 | 20.00 |
| 2022 | 16.00 | - | - | 1.00 | 0.25 | 1.75 | 1.00 | 20.00 |

City of Flat Rock
Other Supplementary Information
Water and Sewer Rates (Unaudited)
Last Twenty-Five Years
For the Years Ended June 30,

| Fiscal Year | Residential Rate | Non-Residential Rate | Commercial Rate | Industrial Rate |
|-------------|------------------|----------------------|-----------------|-----------------|
| 1998 | 4.00 | 4.50 | - | - |
| 1999 | 4.00 | 4.50 | - | - |
| 2000 | 3.60 | 4.25 | - | - |
| 2001 | 4.00 | 4.50 | - | - |
| 2002 | 4.00 | 4.50 | - | - |
| 2003 | 4.00 | 4.50 | - | - |
| 2004 | 4.00 | 4.50 | - | - |
| 2005 | 4.50 | 5.00 | - | - |
| 2006 | 4.50 | 5.00 | - | - |
| 2007 | 4.50 | 5.00 | - | - |
| 2008 | 5.00 | - | 6.50 | 6.75 |
| 2009 | 5.00 | - | 6.50 | 6.75 |
| 2010 | 5.00 | - | 6.50 | 6.75 |
| 2011 | 6.00 | - | 7.50 | 7.75 |
| 2012 | 6.00 | - | 7.50 | 7.75 |
| 2013 | 7.00 | - | 8.50 | 8.75 |
| 2014 | 7.00 | - | 8.50 | 8.75 |
| 2015 | 7.50 | - | 9.00 | 9.25 |
| 2016 | 7.50 | - | 9.00 | 9.25 |
| 2017 | 7.50 | - | 9.00 | 9.25 |
| 2018 | 8.00 | - | 9.50 | 9.75 |
| 2019 | 8.25 | - | 9.75 | 10.00 |
| 2020 | 9.00 | - | 10.50 | 11.00 |
| 2021 | 10.50 | 10.81 | 12.00 | 12.50 |
| 2022 | 11.50 | 11.50 | 13.25 | 13.75 |