

**City of Flat Rock,
Michigan**

Financial Statements

June 30, 2021



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City of Flat Rock, Michigan
List of Elected Officials
June 30, 2021

Officials and City Council

Mark Hammond – Mayor

James Martin – Mayor Pro-Tem

John Bergeron – Councilman

Mark Maul – Councilman

Kim Pardo – Councilwoman

Ricky Tefend – Councilman

Kenneth Wrobel – Councilman



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Independent Auditors' Report

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 33rd District Court a joint venture, whose statements reflect total assets consisting 2.6 percent of the total assets and deferred inflows of the governmental activities at June 30, 2021. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 33rd District Court, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of 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, 2021, 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.

Prior Period Adjustment

As described in Note 14 to the financial statements, during the year, management has determined a prior period adjustment was necessary to add the equity interest in joint ventures for both the South Huron Valley Utility Authority and 33rd District Court. The result of this restatement increased beginning net position in the Water and Sewer Fund by \$388,953 and increased beginning net position in the governmental activities by \$443,918. In addition, the South Huron Valley Utility Authority issued a bond refunding in the prior year that was not identified by the City until after prior year audit issuance. This restatement increased beginning net position in the Water and Sewer Fund by \$237,934.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2021, the City adopted GASB Statement No. 84 *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Michigan Employees Retirement System Schedules, and Other Post-Employment Benefits schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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.

The other supplementary information, as identified in the table of contents, 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 other supplementary 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 and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 22, 2021

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, 2021. 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 \$3,816,831 (or 12%). The governmental total assets and deferred outflows decreased by \$576,427 (or 3%) and the business-type total assets and deferred outflows increased by \$4,393,258 (or 30%). Component Unit total assets and deferred outflows of resources decreased by \$244,449 (or 2%).
- Total net position of \$(12,256,691) reflects an increase of \$6,066,462 from last fiscal year.
- At the end of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$2,782,922, an increase of \$708,991.
- At the end of the current fiscal year the fund balance for the General Fund increased \$292,346 to a final balance of \$1,491,633.

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets								
Current and other assets	\$ 4,034,913	\$ 2,709,002	\$ 2,519,804	\$ 2,097,647	\$ 6,554,717	\$ 4,806,649	\$ 1,149,993	\$ 1,178,910
Capital assets	10,824,342	11,154,468	16,478,194	12,034,615	27,302,536	23,189,083	11,523,889	11,739,421
Total assets	14,859,255	13,863,470	18,997,998	14,132,262	33,857,253	27,995,732	12,673,882	12,918,331
Deferred Outflows of Resources								
Deferred Charges	1,275,619	2,847,831	187,106	659,584	1,462,725	3,507,415	-	-
Total assets and deferred outflows	16,134,874	16,711,301	19,185,104	14,791,846	35,319,978	31,503,147	12,673,882	12,918,331
Liabilities								
Current	874,869	690,801	227,011	322,129	1,101,880	1,012,930	175,133	86,071
Noncurrent	33,467,804	39,435,507	12,585,106	10,366,087	46,052,910	49,801,594	2,886,587	3,689,904
Total liabilities	34,342,673	40,126,308	12,812,117	10,688,216	47,154,790	50,814,524	3,061,720	3,775,975
Deferred Inflows of Resources								
Deferred inflows	377,482	74,818	44,397	7,763	421,879	82,581	-	-
Total liabilities and deferred inflows	34,720,155	40,201,126	12,856,514	10,695,979	47,576,669	50,897,105	3,061,720	3,775,975
Net Position								
Net investment in capital assets	7,073,752	6,752,251	10,193,971	9,875,807	17,267,723	16,628,058	8,637,302	8,049,517
Restricted	552,730	1,031,719	-	-	552,730	1,031,719	974,860	1,092,839
Unrestricted (deficit)	(26,211,763)	(31,273,795)	(3,865,381)	(5,779,940)	(30,077,144)	(37,053,735)	-	-
Total net position	\$ (18,585,281)	\$ (23,489,825)	\$ 6,328,590	\$ 4,095,867	\$ (12,256,691)	\$ (19,393,958)	\$ 9,612,162	\$ 9,142,356

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 \$12,256,691. 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues								
Program revenue:								
Charges for services	\$ 2,462,000	\$ 2,876,386	\$ 4,537,871	\$ 4,050,261	\$ 6,999,871	\$ 6,926,647	\$ 3,802	\$ -
Operating grants and contributions	1,469,673	1,057,742	-	-	1,469,673	1,057,742	80,000	-
General revenues:								
Property taxes	6,978,275	6,742,225	-	-	6,978,275	6,742,225	1,858,059	1,706,798
State-shared revenue	1,113,221	978,992	-	-	1,113,221	978,992	2,530,275	2,558,875
Investment and rent earnings	9,473	28,250	2,382	22,523	11,855	50,773	1,321	10,091
Miscellaneous	420,607	265,350	50	-	420,657	265,350	15,000	3,541
Total revenues	12,453,249	11,948,945	4,540,303	4,072,784	16,993,552	16,021,729	4,488,457	4,279,305
Expenses								
General government	2,079,192	2,717,933	-	-	2,079,192	2,717,933	-	-
Public safety	2,406,831	6,959,814	-	-	2,406,831	6,959,814	-	-
Public works	1,929,526	3,249,417	-	-	1,929,526	3,249,417	-	-
Community and economic development	109,405	177,928	-	-	109,405	177,928	4,018,651	3,828,147
Recreation and cultural	1,321,713	2,509,680	-	-	1,321,713	2,509,680	-	-
Water and sewer	-	-	2,934,467	5,278,425	2,934,467	5,278,425	-	-
Interest on long-term debt	145,956	222,670	-	-	145,956	222,670	-	-
Total expenses	7,992,623	15,837,442	2,934,467	5,278,425	10,927,090	21,115,867	4,018,651	3,828,147
Excess revenues over (under) expenses	4,460,626	(3,888,497)	1,605,836	(1,205,641)	6,066,462	(5,094,138)	469,806	451,158
Net position (deficit), beginning of year	(23,489,825)	(19,601,328)	4,095,867	5,301,508	(19,393,958)	(14,299,820)	9,142,356	8,691,198
Prior period adjustment	443,918	-	626,887	-	1,070,805	-	-	-
Net position (deficit), end 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

Governmental Activities

Governmental activities net position increased \$4,460,626 from (\$23,045,907) to (\$18,585,281). This does not include the change in net position of the component units by \$469,806.

Business-Type Activities

Business-type activities increased the City's net position by \$1,605,836 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 \$1,491,633 or 14.6% of general fund expenditures. Total fund balance increased by \$292,346 during the fiscal year.

Community Center

The Community Center Fund has a fund balance of \$121,358, which is an increase of \$417,354 due to COVID closures and transfer from the General Fund.

Nonmajor Governmental Funds

Nonmajor Governmental Funds had a total fund balance of \$1,169,931, a total decrease of \$709 from the prior fiscal year.

Component Units

Tax Increment Finance Authority

The Tax Increment Finance Authority has a net position of \$6,963,555, which is an increase of \$519,288 from the prior fiscal year, primarily due to state grants.

Downtown Development Authority

The Downtown Development Authority has a net position of \$2,648,607, which is a decrease of \$49,482 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, 2021, amounts to \$27,302,536 (net of accumulated depreciation). This investment includes a broad range of capital assets, which are detailed in the table below. The total increase in the City's capital assets for the current fiscal year was \$4,113,453, mainly due to current year additions in excess of depreciation. The following table is a comparison of the City's net capital assets as of June 30, 2021 compared to June 30, 2020:

	Net Capital Assets at Year End							
	2021				2020			
	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	3,144,847	-	3,144,847	2,304,184	3,226,678	-	3,226,678	2,354,908
Buildings and Improvements, net	5,810,384	8,498,062	14,308,446	8,321,735	6,071,682	3,733,469	9,805,151	8,573,335
Machinery and Equipment, net	920,384	326,157	1,246,541	90,643	1,088,680	247,255	1,335,935	3,851
Water and Sewer System, net	-	7,541,295	7,541,295	-	-	8,053,891	8,053,891	-
Vehicles, net	181,299	112,680	293,979	-	-	-	-	-
Capital assets, net	\$ 10,824,342	\$ 16,478,194	\$ 27,302,536	\$ 11,523,889	\$ 11,154,468	\$ 12,034,615	\$ 23,189,083	\$ 11,739,421

Additional information regarding the City's capital assets can be located in Note 5 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 \$13,647,157, which included component units.

	Outstanding Debt at Year End			
	Governmental Activities	Business Type Activities	Total	Component Units
Bonds and note	\$ 3,684,938	\$ 6,115,710	\$ 9,800,648	\$ 2,886,587
Claims and judgments	85,992	-	85,992	-
Other	653,708	220,222	873,930	-
Capital assets, net	\$ 4,424,638	\$ 6,335,932	\$ 10,760,570	\$ 2,886,587

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 \$13,647,157 is lower than the current state-imposed limit of \$36,249,985.

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 \$1.50 per 1,000 gallons.

The City's 2022 budgeted revenue consists of 57.3% tax revenues, 32% local sources and 10.7% from other sources. The City's tax base is projected to have an increase of \$80,877.

The City's General Fund expenditures are allocated 51.3% to public safety (police, fire, building & safety). The department of public works amounts to 17.50% and the general operations, which include clerk's and treasurer's departments, total 6.3%. All other areas total 24.9%. The General Fund is projecting the fund balance to remain the same, which will project a General Fund balance of \$1,491,632 or 15.03% 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 2,962,283	\$ 1,670,465	\$ 4,632,748	\$ 1,148,493
Receivables				
Taxes	21,987	-	21,987	-
Customers	260	667,970	668,230	-
Accrued interest and other	2,659	-	2,659	-
Due from other units of government	558,556	-	558,556	-
Due from component unit	21,913	-	21,913	-
Inventories	13,314	20,572	33,886	-
Prepaid items	31,001	3,911	34,912	1,500
Investment in joint venture	422,940	156,886	579,826	-
Capital assets not being depreciated	767,428	-	767,428	807,327
Capital assets, net of accumulated depreciation	<u>10,056,914</u>	<u>16,478,194</u>	<u>26,535,108</u>	<u>10,716,562</u>
Total assets	<u>14,859,255</u>	<u>18,997,998</u>	<u>33,857,253</u>	<u>12,673,882</u>
Deferred outflows of resources				
Deferred amount relating to net pension liability	<u>1,275,619</u>	<u>187,106</u>	<u>1,462,725</u>	<u>-</u>

City of Flat Rock
Statement of Net Position
June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 474,615	\$ 145,046	\$ 619,661	\$ 118,575
Accrued and other liabilities	358,216	81,965	440,181	34,645
Due to other units of government	12,795	-	12,795	-
Due to primary government	-	-	-	21,913
Unearned revenue	29,243	-	29,243	-
Noncurrent liabilities				
Due within one year	472,528	307,391	779,919	825,000
Due in more than one year	3,952,110	6,028,541	9,980,651	2,061,587
Net pension liability	14,655,293	2,089,962	16,745,255	-
Net OPEB liability	14,387,873	4,159,212	18,547,085	-
Total liabilities	<u>34,342,673</u>	<u>12,812,117</u>	<u>47,154,790</u>	<u>3,061,720</u>
Deferred inflows of resources				
Deferred amount relating to net pension liability	365,081	44,397	409,478	-
Deferred amount relating to total OPEB liability	12,401	-	12,401	-
Total deferred inflows of resources	<u>377,482</u>	<u>44,397</u>	<u>421,879</u>	<u>-</u>
Net position				
Net investment in capital assets	7,073,752	10,193,971	17,267,723	8,637,302
Restricted for				
TIFA	-	-	-	244,338
Downtown development authority	-	-	-	730,522
Historical district	198,439	-	198,439	-
Library	343,956	-	343,956	-
Other special revenue projects	10,335	-	10,335	-
Unrestricted (deficit)	<u>(26,211,763)</u>	<u>(3,865,381)</u>	<u>(30,077,144)</u>	<u>-</u>
Total net position	<u>\$ (18,585,281)</u>	<u>\$ 6,328,590</u>	<u>\$ (12,256,691)</u>	<u>\$ 9,612,162</u>

See Accompanying Notes to the Financial Statements

City of Flat Rock
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Governmental Activities	Business-type Activities		
Primary government							
Governmental activities							
General government	\$ 2,141,219	\$ 122,032	\$ 416,675	\$ (1,602,512)	\$ -	\$ (1,602,512)	\$ -
Public safety	2,531,682	966,915	8,930	(1,555,837)	-	(1,555,837)	-
Public works	1,710,190	934,308	1,036,362	260,480	-	260,480	-
Community and economic development	111,322	13,963	-	(97,359)	-	(97,359)	-
Recreation and culture	1,352,254	424,782	7,706	(919,766)	-	(919,766)	-
Interest on long-term debt	145,956	-	-	(145,956)	-	(145,956)	-
Total governmental activities	7,992,623	2,462,000	1,469,673	(4,060,950)	-	(4,060,950)	-
Business-type activities							
Water and sewer	2,934,467	4,537,871	-	-	1,603,404	1,603,404	-
Total primary government	<u>\$ 10,927,090</u>	<u>\$ 6,999,871</u>	<u>\$ 1,469,673</u>	<u>(4,060,950)</u>	<u>1,603,404</u>	<u>(2,457,546)</u>	<u>-</u>
Component units							
Tax Increment Financing Authority	\$ 3,146,957	\$ 3,802	\$ 80,000				(3,063,155)
Downtown Development Authority	871,694	-	-				(871,694)
Total component units	<u>\$ 4,018,651</u>	<u>\$ 3,802</u>	<u>\$ 80,000</u>				<u>(3,934,849)</u>
General revenues							
Property taxes				6,978,275	-	6,978,275	1,858,059
State shared revenue				1,113,221	-	1,113,221	2,530,275
Unrestricted investment earnings				9,473	2,382	11,855	1,321
Gain on sale of capital assets				215,349	-	215,349	-
Miscellaneous				205,258	50	205,308	15,000
Total general revenues				<u>8,521,576</u>	<u>2,432</u>	<u>8,524,008</u>	<u>4,404,655</u>
Change in net position				<u>4,460,626</u>	<u>1,605,836</u>	<u>6,066,462</u>	<u>469,806</u>
Net position - beginning of year				(23,489,825)	4,095,867	(19,393,958)	9,142,356
Prior period adjustment				<u>443,918</u>	<u>626,887</u>	<u>1,070,805</u>	<u>-</u>
Net position - beginning of year (restated)				<u>(23,045,907)</u>	<u>4,722,754</u>	<u>(18,323,153)</u>	<u>9,142,356</u>
Net position - end of year				<u>\$ (18,585,281)</u>	<u>\$ 6,328,590</u>	<u>\$ (12,256,691)</u>	<u>\$ 9,612,162</u>

See Accompanying Notes to the Financial Statements

**City of Flat Rock
Governmental Funds
Balance Sheet
June 30, 2021**

	<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	\$ 1,709,036	\$ 202,155	\$ 1,051,092	\$ 2,962,283
Receivables				
Taxes	20,439	-	1,548	21,987
Customers	260	-	-	260
Accrued interest and other	2,659	-	-	2,659
Due from other units of government	392,333	123	166,100	558,556
Due from other funds	-	-	47,892	47,892
Due from component unit	21,913	-	-	21,913
Inventories	13,314	-	-	13,314
Prepaid items	25,101	750	5,150	31,001
	<u>\$ 2,185,055</u>	<u>\$ 203,028</u>	<u>\$ 1,271,782</u>	<u>\$ 3,659,865</u>
Total assets				
Liabilities				
Accounts payable	\$ 404,702	\$ 29,489	\$ 40,424	\$ 474,615
Accrued and other liabilities	246,682	52,181	13,535	312,398
Due to other funds	-	-	47,892	47,892
Due to other units of government	12,795	-	-	12,795
Unearned revenue	29,243	-	-	29,243
	<u>693,422</u>	<u>81,670</u>	<u>101,851</u>	<u>876,943</u>
Total liabilities				

See Accompanying Notes to the Financial Statements

**City of Flat Rock
Governmental Funds
Balance Sheet
June 30, 2021**

	<u>Special Revenue Fund</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Community Center</u>	<u>Nonmajor Governmental Funds</u>	
Fund balances				
Non-spendable				
Inventories	\$ 13,314	\$ -	\$ -	\$ 13,314
Prepaid items	25,101	750	5,150	31,001
Restricted for				
Community center	-	120,608	-	120,608
Streets	-	-	533,915	533,915
Historical district	-	-	198,436	198,436
Library	-	-	404,774	404,774
Capital projects	-	-	17,321	17,321
Other special revenue projects	-	-	10,335	10,335
Unassigned	<u>1,453,218</u>	<u>-</u>	<u>-</u>	<u>1,453,218</u>
Total fund balances	<u>1,491,633</u>	<u>121,358</u>	<u>1,169,931</u>	<u>2,782,922</u>
Total liabilities and fund balances	<u>\$ 2,185,055</u>	<u>\$ 203,028</u>	<u>\$ 1,271,782</u>	<u>\$ 3,659,865</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, 2021

Total fund balances for governmental funds	\$ 2,782,922
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.	10,056,914
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.	422,940
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(45,818)
Compensated absences	(570,735)
Claims and judgments	(85,992)
Deferred outflows (inflows) of resources relating to pension and OPEB liabilities	
Deferred inflows of resources resulting from net pension liability	(365,081)
Deferred inflows of resources resulting from net OPEB liability	(12,401)
Deferred outflows of resources from resulting from net pension liability	1,275,619
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	(3,752,973)
Bond premium	(14,938)
Net pension liability	(14,655,293)
Net OPEB liability	<u>(14,387,873)</u>
Net position of governmental activities	<u>\$ (18,585,281)</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, 2021

	Special Revenue Fund			Total Governmental Funds
	General	Community Center	Nonmajor Governmental Funds	
Revenues				
Taxes	\$ 6,556,119	\$ -	\$ 422,156	\$ 6,978,275
Licenses and permits	230,141	-	-	230,141
Federal grants	409,485	-	2,107	411,592
State shared revenue	1,079,295	-	1,021,605	2,100,900
Other state grants	39,206	2,970	-	42,176
Local contributions	535,776	13,320	154,130	703,226
Charges for services	323,967	320,288	-	644,255
Fines and forfeitures	436,763	-	-	436,763
Interest income	7,341	75	2,057	9,473
Rental income	164,271	-	-	164,271
Other revenue	472,524	144	22,472	495,140
Total revenues	<u>10,254,888</u>	<u>336,797</u>	<u>1,624,527</u>	<u>12,216,212</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, 2021

	Special Revenue Fund			Total Governmental Funds
	General	Community Center	Nonmajor Governmental Funds	
Expenditures				
Current				
General government	\$ 2,252,871	\$ -	\$ -	\$ 2,252,871
Public safety	4,534,752	-	-	4,534,752
Public works	1,597,759	-	598,582	2,196,341
Community and economic development	18,424	-	51,194	69,618
Recreation and culture	117,820	621,993	-	739,813
Library	-	-	369,498	369,498
Capital outlay	462,322	-	189,948	652,270
Debt service				
Principal retirement	25,240	-	745,000	770,240
Interest and fiscal charges	-	-	158,855	158,855
	<u>9,009,188</u>	<u>621,993</u>	<u>2,113,077</u>	<u>11,744,258</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>1,245,700</u>	<u>(285,196)</u>	<u>(488,550)</u>	<u>471,954</u>
Other financing sources (uses)				
Transfers in	-	700,000	1,196,345	1,896,345
Transfers out	(1,177,354)	-	(718,991)	(1,896,345)
Insurance recoveries	10,859	-	10,487	21,346
Proceeds from sale of fixed assets	213,141	2,550	-	215,691
	<u>(953,354)</u>	<u>702,550</u>	<u>487,841</u>	<u>237,037</u>
Total other financing sources (uses)				
Net change in fund balance	292,346	417,354	(709)	708,991
Fund balance - beginning of year (deficit)	<u>1,199,287</u>	<u>(295,996)</u>	<u>1,170,640</u>	<u>2,073,931</u>
Fund balance - end of year	<u>\$ 1,491,633</u>	<u>\$ 121,358</u>	<u>\$ 1,169,931</u>	<u>\$ 2,782,922</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, 2021

Net change in fund balances - Total governmental funds	\$ 708,991
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	(975,830)
Capital outlay	645,704
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	(20,978)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	9,912
Compensated absences	(7,544)
Claims and judgments	141,952
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	(441,426)
Net change in the deferred inflow of resources related to the net pension liability	(365,081)
Net change in the deferred outflow of resources related to the net pension liability	18,604
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	5,501,494
Net change in the deferred inflow of resources related to the net OPEB liability	62,417
Net change in the deferred outflow of resources related to the net OPEB liability	(1,590,816)
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	770,240
Amortization of premiums	2,987
Change in net position of governmental activities	\$ 4,460,626

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Net Position
June 30, 2021

	Enterprise Fund
	Water and Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 1,670,465
Receivables	
Customers	667,970
Inventories	20,572
Prepaid items	3,911
Total current assets	2,362,918
Noncurrent assets	
Investment in joint venture	156,886
Capital assets, net of accumulated depreciation	16,478,194
Total noncurrent assets	16,635,080
Total assets	18,997,998
Deferred outflows of resources	
Deferred amount relating to net pension liability	187,106
Liabilities	
Current liabilities	
Accounts payable	145,046
Accrued and other liabilities	81,965
Current portion of noncurrent liabilities	307,391
Total current liabilities	534,402
Noncurrent liabilities	
Net pension liability	2,089,962
Total OPEB liability	4,159,212
Noncurrent liabilities due in more than one year	6,028,541
Total noncurrent liabilities	12,277,715
Total liabilities	12,812,117
Deferred inflows of resources	
Deferred amount relating to net pension liability	44,397
Net position	
Net investment in capital assets	10,193,971
Unrestricted (deficit)	(3,865,381)
Total net position	\$ 6,328,590

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, 2021

	Enterprise Fund
	Water and Sewer
Operating revenue	
Customer fees	\$ 4,684,086
Connection fees	19,410
Other revenue	66,492
	4,769,988
Operating expenses	
Personnel services	(714,537)
Supplies	17,205
Contractual services	263,419
Utilities	4,429
Repairs and maintenance	223,790
Other expenses	2,423,164
Depreciation	589,868
	2,807,338
Total operating expenses	2,807,338
Operating income	1,962,650
Nonoperating revenue (expenses)	
Interest income	2,382
Interest expense	(127,129)
Decrease in investment in joint venture	(232,067)
	(356,814)
Total nonoperating revenue (expenses)	(356,814)
Change in net position	1,605,836
Net position - beginning of year	4,095,867
Prior period adjustment	626,887
Net position - beginning of year (restated)	4,722,754
Net position - end of year	\$ 6,328,590

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2021

	Enterprise Fund
	Water and Sewer
Cash flows from operating activities	
Receipts from customers	\$ 4,745,003
Payments to suppliers	(643,170)
Payments to employees	<u>755,327</u>
Net cash provided by operating activities	<u>4,857,160</u>
Cash flows from capital and related financing activities	
Purchases/construction of capital assets	(5,033,447)
Principal and interest paid on long-term debt	<u>(626,925)</u>
Net cash used by capital and related financing activities	<u>(5,660,372)</u>
Cash flows from investing activities	
Interest received	<u>2,382</u>
Net change in cash and cash equivalents	(800,830)
Cash and cash equivalents - beginning of year	<u>2,471,295</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,670,465</u></u>

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2021

	Enterprise Fund
	Water and Sewer
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 1,962,650
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	589,868
Noncash portion related to net pension and net OPEB liability	1,910,552
Changes in assets and liabilities	
Receivables (net)	(24,985)
Prepaid items	925
Deferred outflows of resources	472,478
Accounts payable	(136,512)
Accrued and other liabilities	41,394
Compensated absences	4,156
Deferred inflows of resources	36,634
 Net cash provided by operating activities	 \$ 4,857,160

See Accompanying Notes to the Financial Statements

City of Flat Rock
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	<u>Custodial Funds</u>	<u>Other Employee Benefit Trust Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,023	\$ -	\$ 2,023
Investments	<u>-</u>	<u>193,112</u>	<u>193,112</u>
Total assets	<u>2,023</u>	<u>193,112</u>	<u>\$ 195,135</u>
Liabilities			
Accounts payable	<u>2,023</u>	<u>-</u>	<u>2,023</u>
Net Position			
Held in trust for OPEB benefits	<u>\$ -</u>	<u>\$ 193,112</u>	<u>\$ 193,112</u>

City of Flat Rock
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	Custodial Funds	Other Employee Benefit Trust Fund	Total
Additions			
Contributions			
Employer	\$ -	\$ 170,000	\$ 170,000
Investment earnings			
Interest	-	23,303	23,303
Less investment expense	-	191	191
Net investment earnings	-	23,112	23,112
Property tax collections for other governments	12,172,470	-	12,172,470
Total additions	12,172,470	193,112	12,365,582
Deductions			
Administrative expenses	131,226	-	131,226
Payments of property tax to other governments	12,041,244	-	12,041,244
Total deductions	12,172,470	-	12,172,470
Change in net position	-	193,112	193,112
Net position - beginning of year	-	-	-
Net position - end of year	\$ -	\$ 193,112	\$ 193,112

See Accompanying Notes to Financial Statements

**City of Flat Rock
Component Units
Statement of Net Position
June 30, 2021**

	Tax Increment Financing Authority	Downtown Development Authority	Total
Assets			
Cash and cash equivalents	\$ 289,224	\$ 859,269	\$ 1,148,493
Prepaid items	1,500	-	1,500
Capital assets not being depreciated	615,529	191,798	807,327
Capital assets being depreciated, net	<u>8,990,275</u>	<u>1,726,287</u>	<u>10,716,562</u>
Total assets	<u>9,896,528</u>	<u>2,777,354</u>	<u>12,673,882</u>
Liabilities			
Accounts payable	2,487	116,088	118,575
Accrued and other liabilities	34,645	-	34,645
Due to primary unit	9,254	12,659	21,913
Long-term debt:			
Due within one year	825,000	-	825,000
Due in more than one year	<u>2,061,587</u>	<u>-</u>	<u>2,061,587</u>
Total liabilities	<u>2,932,973</u>	<u>128,747</u>	<u>3,061,720</u>
Net Position			
Net investment in capital assets	6,719,217	1,918,085	8,637,302
Restricted	<u>244,338</u>	<u>730,522</u>	<u>974,860</u>
Total net position	<u>\$ 6,963,555</u>	<u>\$ 2,648,607</u>	<u>\$ 9,612,162</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, 2021

	Tax Increment Financing Authority	Downtown Development Authority	Total
Revenues			
Taxes	\$ 1,134,791	\$ 723,268	\$ 1,858,059
Other state grants	2,530,275	-	2,530,275
Interest income	1,179	142	1,321
Other revenue	-	98,802	98,802
Total revenues	<u>3,666,245</u>	<u>822,212</u>	<u>4,488,457</u>
Expenses			
Current			
Community and economic development	234,213	662,367	896,580
Tax refunds	2,451,766	-	2,451,766
Depreciation	306,725	209,327	516,052
Debt service			
Interest and fiscal charges	<u>154,253</u>	<u>-</u>	<u>154,253</u>
Total expenses	<u>3,146,957</u>	<u>871,694</u>	<u>4,018,651</u>
Excess (deficiency) of revenues over expenses	519,288	(49,482)	469,806
Net position - beginning of year	<u>6,444,267</u>	<u>2,698,089</u>	<u>9,142,356</u>
Net position - end of year	<u>\$ 6,963,555</u>	<u>\$ 2,648,607</u>	<u>\$ 9,612,162</u>

See Accompanying Notes to the Financial Statements

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

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, 2021

government 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.

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 *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

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principal operating revenues of the water and sewer fund are charges to customers for sales and services. The government 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 \$27,424. 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 2020 taxable valuation of the government totaled \$333,033,588, on which ad valorem taxes consisted of 16.00 mills for operating purposes. This resulted in \$4,377,549 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. Approximately 11.55% of the City’s property tax revenue is from one company located in the City of Flat Rock.

The City has considered the impact of GASB Statement No. 77, Tax Abatement Disclosures, and determined that there are no significant abatements that reduce property tax revenues.

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

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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. 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. In addition, the City reports deferred inflows of resources for deferred gains on bond refunding. A deferred gain results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is amortized using the shorter of the life of the refunded or refunding debt.

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

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calculations to compute the actuarially determined contribution (ADC) necessary to fund the obligations over the remaining amortization periods. The City does not pre-fund the plan and is on the pay-as-you-go method. 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 Equity – 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. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that

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a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Upcoming Accounting and Reporting Changes

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. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized

as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines

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or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

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.

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.

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			
Public safety	\$ 4,497,130	\$ 4,534,752	\$ 37,622
Recreation and culture	100,422	117,820	17,398
Capital outlay	347,961	462,322	114,361

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Note 3 - Deposits and Investments

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

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 2,962,283	\$ -	\$ 2,962,283
Business-type activities	1,670,465	-	1,670,465
Total primary government	4,632,748	-	4,632,748
Fiduciary funds	2,023	193,112	195,135
Component units	1,148,493	-	1,148,493
Total	\$ 5,783,264	\$ 193,112	\$ 5,976,376

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 4,631,248	\$ 2,023	\$ 345,591	\$ 4,978,862
Investments in securities, mutual funds and similar vehicles	-	193,112	802,902	996,014
Petty cash and cash on hand	1,500	-	-	1,500
	\$ 4,632,748	\$ 195,135	\$ 1,148,493	\$ 5,976,376

As of year end, the government had the following investments:

Investment	Carrying Value	Rating	Rating Organization
Fifth Third Government Money Market	\$ 802,902	Aaa-mf	Moody's

Credit risk – State statutes and the City's investment policy authorize the City 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 City 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 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, \$552,902 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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Note 4 - Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The City has the following recurring fair value measurements as of June 30, 2021:

- U.S. money market securities of \$802,902 are valued using quoted market prices (Level 1 inputs)

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 \$193,112. 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	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 767,428	\$ -	\$ -	\$ -	\$ 767,428
Capital assets being depreciated					
Infrastructure	23,647,270	332,549	-	-	23,979,819
Buildings, additions and improvements	11,596,748	-	30,001	-	11,566,747
Machinery and equipment	6,187,106	154,035	64,400	-	6,276,741
Vehicles	1,156,059	159,120	85,016	-	1,230,163
Total capital assets being depreciated	<u>42,587,183</u>	<u>645,704</u>	<u>179,417</u>	<u>-</u>	<u>43,053,470</u>
Less accumulated depreciation for					
Infrastructure	20,420,592	414,380	-	-	20,834,972
Buildings, additions and improvements	5,525,066	261,298	30,001	-	5,756,363
Machinery and equipment	5,184,610	236,147	64,400	-	5,356,357
Vehicles	1,069,875	64,005	85,016	-	1,048,864
Total accumulated depreciation	<u>32,200,143</u>	<u>975,830</u>	<u>179,417</u>	<u>-</u>	<u>32,996,556</u>
Net capital assets being depreciated	<u>10,387,040</u>	<u>(330,126)</u>	<u>-</u>	<u>-</u>	<u>10,056,914</u>
Governmental activities capital assets, net	<u>\$ 11,154,468</u>	<u>\$ (330,126)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,824,342</u>
Business-type activities					
Capital assets being depreciated					
Buildings, additions and improvements	\$ 6,516,962	\$ 4,911,006	\$ -	\$ -	\$ 11,427,968
Machinery and equipment	816,639	55,472	-	-	872,111
Vehicles	533,112	-	-	14,000	547,112
Water and sewer system	20,801,084	66,969	-	-	20,868,053
Total capital assets being depreciated	<u>28,667,797</u>	<u>5,033,447</u>	<u>-</u>	<u>14,000</u>	<u>33,715,244</u>
Less accumulated depreciation for					
Buildings, additions and improvements	2,783,493	146,413	-	-	2,929,906
Machinery and equipment	441,377	104,577	-	-	545,954
Vehicles	391,679	28,753	-	14,000	434,432
Water and sewer system	13,016,633	310,125	-	-	13,326,758
Total accumulated depreciation	<u>16,633,182</u>	<u>589,868</u>	<u>-</u>	<u>14,000</u>	<u>17,237,050</u>
Net capital assets being depreciated	<u>12,034,615</u>	<u>4,443,579</u>	<u>-</u>	<u>-</u>	<u>16,478,194</u>
Business-type capital assets, net	<u>\$ 12,034,615</u>	<u>\$ 4,443,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,478,194</u>

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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component Units					
Capital assets not being depreciated					
Land	\$ 807,327	\$ -	\$ -	\$ -	\$ 807,327
Capital assets being depreciated					
Infrastructure	5,941,017	213,432	-	-	6,154,449
Buildings, additions and improvements	12,579,988	-	-	-	12,579,988
Machinery and equipment	5,930	87,088	-	-	93,018
Total capital assets being depreciated	18,526,935	300,520	-	-	18,827,455
Less accumulated depreciation for					
Infrastructure	3,586,109	264,156	-	-	3,850,265
Buildings, additions and improvements	4,006,653	251,600	-	-	4,258,253
Machinery and equipment	2,079	296	-	-	2,375
Total accumulated depreciation	7,594,841	516,052	-	-	8,110,893
Net capital assets being depreciated	10,932,094	(215,532)	-	-	10,716,562
Component unit capital assets, net	\$ 11,739,421	\$ (215,532)	\$ -	\$ -	\$ 11,523,889

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

Governmental Activities

General government	\$ 61,632
Public safety	402,974
Public works	78,716
Recreation and culture	261,300
Other functions	171,208
Total governmental activities	975,830

Business-type Activities

Water and Sewer	589,868
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Total primary government **\$ 1,565,698**

Component Units **\$ 516,052**

Note 6 - Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Funds	Nonmajor Funds	\$ 47,892

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 loaned to the discretely presented component units is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Tax Increment Finance Authority	\$ 9,254
General Fund	Downtown Development Authority	12,659
		\$ 21,913

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Community Center Fund	\$ 700,000
General Fund	Nonmajor Funds	477,354
Nonmajor funds	Nonmajor Funds	718,991
		\$ 1,896,345

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 Funds to other Nonmajor funds were reimbursements made in accordance with budgetary authorizations.

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Note 7 - 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									
Building Authority Bond, Series 2006	\$ 3,415,000	8/1/20	4.00% - 4.60%	\$345,000 - \$395,000	\$ 395,000	\$ -	\$ 395,000	\$ -	\$ -
Capital Improvement Bonds - 2010 Limited Tax General Obligation	2,500,000	8/1/24	3.75% - 5.00%	\$170,000 - \$250,000	1,120,000	-	200,000	920,000	210,000
Capital Improvement Bonds - 2015 Limited Tax General Obligation	2,500,000	10/1/34	2.13% - 4.00%	\$125,000 - \$250,000	2,900,000	-	150,000	2,750,000	150,000
Total bonds payable					<u>4,415,000</u>	<u>-</u>	<u>745,000</u>	<u>3,670,000</u>	<u>360,000</u>
Premium on bond issues					<u>17,925</u>	<u>-</u>	<u>2,987</u>	<u>14,938</u>	<u>-</u>
Claims and judgments									
Auto Alliance, Inc. - Refundable 2009 Personal Property Tax	559,630	8/31/20	N/A	\$55,963	55,963	-	55,963	-	-
Auto Alliance, Inc. - Refundable 2009 - 2011 Real Property Tax	859,887	10/31/21	N/A	\$85,989	171,981	-	85,989	85,992	85,992
Total claims and judgements					<u>227,944</u>	<u>-</u>	<u>141,952</u>	<u>85,992</u>	<u>85,992</u>
Direct Borrowings									
Ambulance, 2018	132,665	9/14/23	4.74%	\$21,133 - \$27,750	108,213	-	25,240	82,973	26,536
Other									
Compensated absences					563,191	7,544	-	570,735	-
Total governmental activities					<u>\$ 5,332,273</u>	<u>\$ 7,544</u>	<u>\$ 915,179</u>	<u>\$ 4,424,638</u>	<u>\$ 472,528</u>

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Notes to the Financial Statements
June 30, 2021

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds payable									
General obligation bonds									
South Huron Valley Utility Authority - Sewer System Plant Acquisition Bonds	\$ 3,271,516	10/1/21	2.25%	\$193,599 - \$198,163	\$ 198,163	\$ -	\$ 198,163	\$ -	\$ -
South Huron Valley Utility Authority - 2004 Sewer System Plant Expansion	2,352,760	6/30/26	2.13%	\$126,314 - \$142,900	814,024	-	128,866	685,158	131,418
South Huron Valley Utility Authority - 2011 Sewer System Improvements	557,073	10/1/31	2.50%	\$26,928 - \$35,439	340,907	-	26,928	313,979	27,770
South Huron Valley Utility Authority - 2016 Sewer System Improvements	592,954	11/1/26	2.75%	\$59,295 - \$59,297	355,772	-	59,295	296,477	59,295
South Huron Valley Utility Authority - Plant Renovations	4,107,306	2042	3.00% - 5.00%	\$63,840 - \$317,604	<u>4,107,306</u>	-	<u>62,244</u>	<u>4,045,062</u>	<u>63,840</u>
Total bonds payable					<u>5,816,172</u>	-	<u>475,496</u>	<u>5,340,676</u>	<u>282,323</u>
Premium on bond refunding					<u>803,700</u>	-	<u>28,666</u>	<u>775,034</u>	-
Direct Borrowings									
Equipment purchase agreement - 2017 Vactor Truck	269,596	11/13/22	3.16%	\$23,556 - \$143,445	<u>192,813</u>	-	<u>24,300</u>	<u>168,513</u>	<u>25,068</u>
Other									
Compensated absences					<u>47,553</u>	<u>4,156</u>	-	<u>51,709</u>	-
Total business-type activities					<u>\$ 6,860,238</u>	<u>\$ 4,156</u>	<u>\$ 528,462</u>	<u>\$ 6,335,932</u>	<u>\$ 307,391</u>

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component units									
Bonds payable									
General obligation bonds									
Tax Increment Finance Authority - Limited Tax Development Bonds Series 2006A	\$ 4,270,000	10/1/24	6.95%	\$310,000 - \$405,000	\$ 1,465,000	\$ -	\$ 330,000	\$ 1,135,000	\$ 355,000
Tax Increment Finance Authority - Limited Tax Development Bonds Series 2006B	5,675,000	10/1/24	4.625% - 4.80%	\$345,000 - \$380,000	1,470,000	-	355,000	1,115,000	360,000
Tax Increment Finance Authority - 2015 Limited Tax Development Bonds	1,750,000	10/1/26	2.00% - 3.00%	\$110,000 - \$245,000	<u>705,000</u>	<u>-</u>	<u>110,000</u>	<u>595,000</u>	<u>110,000</u>
Total bonds payable					<u>3,640,000</u>	<u>-</u>	<u>795,000</u>	<u>2,845,000</u>	<u>825,000</u>
Premium on bond issues					<u>49,904</u>	<u>-</u>	<u>8,317</u>	<u>41,587</u>	<u>-</u>
Total component units activities					<u>\$ 3,689,904</u>	<u>\$ -</u>	<u>\$ 803,317</u>	<u>\$ 2,886,587</u>	<u>\$ 825,000</u>

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

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
2022	\$ 360,000	\$ 135,780	\$ 26,536	\$ 3,945
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 - 2031	1,000,000	274,243	-	-
2032 - 2035	950,000	72,841	-	-
	<u>\$ 3,670,000</u>	<u>\$ 873,608</u>	<u>\$ 82,973</u>	<u>\$ 8,057</u>

Year Ending June 30,	Business-type Activities			
	Bonds Payable		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 282,323	\$ 207,816	\$ 25,068	\$ 5,325
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 - 2031	1,053,293	783,249	-	-
2032 - 2035	1,103,634	556,352	-	-
2037 - 2041	1,391,712	274,042	-	-
2042 - 2046	317,604	15,879	-	-
	<u>\$ 5,340,676</u>	<u>\$ 2,608,622</u>	<u>\$ 168,513</u>	<u>\$ 9,858</u>

Year Ending June 30,	Component Units Bonds Payable	
	Principal	Interest
2022	\$ 825,000	\$ 127,348
2023	870,000	81,075
2024	905,000	32,344
2025	120,000	5,550
2026	125,000	1,875
	<u>\$ 2,845,000</u>	<u>\$ 248,192</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 \$2,552,518 compared to the annual debt service requirements of \$541,828.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City 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 9 - 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

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

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, 2020 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>50</u>
	<u>163</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 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, 2020, 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, 2020 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 3.0% in the long-term; 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on a 50% male and 50% female blend of the following tables: the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disable plan members is a 50% male and 50% female blend of the RP-2014 Disabled Retiree Mortality Tables.

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.

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

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 Allocation 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 7.6%. 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.

Changes in the net pension liability during the measurement year were as follows:

Total Pension Liability	
Service cost	\$ 257,518
Interest on the total pension liability	2,118,344
Experience differences	177,959
Changes in actuarial assumptions	612,402
Benefit payments and refunds	<u>(2,096,058)</u>
Net change in total pension liability	1,070,165
Total pension liability - beginning	<u>28,792,235</u>
Total pension liability - ending (a)	<u>\$ 29,862,400</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 1,024,817
Employee contributions	169,417
Pension plan net investment gain	1,501,424
Benefit payments and refunds	(2,096,058)
Pension plan administrative expense	<u>(24,541)</u>
Net change in plan fiduciary net position	575,059
Plan fiduciary net position - beginning	<u>12,542,086</u>
Plan fiduciary net position - ending (b)	<u>13,117,145</u>
Net pension liability (a-b)	<u>\$ 16,745,255</u>
Plan fiduciary net position as a percentage of total pension liability	43.93%
Covered payroll	\$ 3,150,484
Net pension liability as a percentage of covered payroll	531.51%

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

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 7.6%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (6.6%) or 1% higher (8.6%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	<u>\$ 19,886,874</u>	<u>\$ 16,745,255</u>	<u>\$ 14,092,070</u>

Pension expense and deferred outflows of resources related to pensions – For the year ended June 30, 2021, the employer recognized pension expense of \$1,799,977. The employer reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ 560,358	\$ -	\$ 560,358
Differences in assumptions	408,268	-	408,268
Net difference between projected and actual earning on plan investments	-	(409,478)	(409,478)
Contributions subsequent to the measurement date*	<u>494,099</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,462,725</u>	<u>\$ (409,478)</u>	<u>\$ 559,148</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 2022.

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

	<u>Year Ending June 30,</u>	
2022		\$ 477,983
2023		453,837
2024		(255,985)
2025		<u>(116,687)</u>
		<u>\$ 559,148</u>

Note 10 - 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, 2021, the City had benefit payments of \$786,710. Plan members are not required to contribute to the Plan.

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

Employees covered by benefit terms – At June 30, 2020, the plan membership consisted of the following:

Retirees and beneficiaries	50
Active plan members	<u>15</u>
	<u><u>65</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, 2020 rolled forward to June 30, 2021.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.50%.
- Salary increases: 0%.
- Investment rate of return: 7.35%
- 20-year Aa Municipal bond rate: 2.18%
- Mortality: Police and Fire: Public Safety 2010 Employee and Healthy Retiree, headcount weighted Others: Public General 2010 Employee and Healthy Retiree, headcount weighted MP-2020 mortality improvement
- Medical Inflation Rates:
 - Pre-65: 8.25% graded down ultimately to 4.5%
 - Post-65: 6.5% graded down ultimately to 4.5%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

Discount rate – The discount rate used to measure the total OPEB liability was 2.66%. 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.

Net OPEB Liability

Service cost	\$ 162,739
Interest on the total OPEB liability	685,807
Experience differences	(260,664)
Changes in actuarial assumptions	(7,073,787)
Benefit payments and refunds	<u>(786,710)</u>

Net change in total OPEB liability (7,272,615)

Total OPEB liability - beginning 26,012,812

Total OPEB liability - ending \$ 18,740,197

Plan Fiduciary Net Position

Employer contributions	956,710
OPEB plan net investment gain	23,303
Benefit payments and refunds	(786,710)
OPEB plan administrative expense	<u>(191)</u>

Net change in plan fiduciary net position 193,112

Plan fiduciary net position - beginning -

Plan fiduciary net position - ending (b) 193,112

Net OPEB liability (a-b) \$ 18,547,085

Plan fiduciary net position as a percentage of total OPEB liability 1.03%

Covered payroll \$ 1,170,034

Net OPEB liability as a percentage of covered payroll 1,601.68%

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

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 (1.66%) or 1% higher (3.66%) than the current discount rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 21,099,395	\$ 18,547,085	\$ 16,805,334

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	\$ 16,527,245	\$ 18,547,085	\$ 21,432,348

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended June 30, 2021 the employer recognized OPEB expense of \$4,505,839. 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</u>	<u>Total to Amortize</u>
Net difference between projected and actual earning on plan investments	\$ -	\$ 12,401	\$ 12,401	\$ 12,401

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

Year Ending June 30,		
2022	\$	3,100
2023		3,100
2024		3,100
2025		3,101
	<u>\$</u>	<u>12,401</u>

Note 11 - 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 12- 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, 2021, the City paid operating costs of \$1,160,778. In addition, the City paid \$413,252 in principal and \$128,576 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, 2021 is \$156,886

City of Flat Rock, Michigan
Notes to the Financial Statements
June 30, 2021

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.

The District Court receives its operating revenue principally through contributions from member communities. During the current year, the City paid approximately \$0 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 \$422,940.

Note 13 - Change in Accounting Principle

As indicated in Note 1, Governmental Accounting Standards Board Statement 84 has been adopted. The standard requires this change be applied retroactively. There was no impact of this change to beginning net position in the statement of activities as of July 1, 2020.

Note 14 - Prior Period Adjustments

During the year, management has determined a prior period adjustment was necessary to add the equity interest in joint ventures for both the South Huron Valley Utility Authority and 33rd District Court. The result of this restatement increased beginning net position in the Water and Sewer Fund by \$388,953 and increased beginning net position in the governmental activities by \$443,918. In addition, the South Huron Valley Utility Authority issued a bond refunding in the prior year that was not identified by the City until after prior year audit issuance. This restatement increased beginning net position in the Water and Sewer Fund by \$237,934.

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes				
Property taxes	\$ 6,461,300	\$ 6,461,300	\$ 6,527,299	\$ 65,999
Penalties and interest	30,000	30,000	28,820	(1,180)
Licenses and permits	159,000	228,000	230,141	2,141
Federal grants	20,000	410,000	409,485	(515)
State shared revenue	922,644	991,044	1,079,295	88,251
State grants	29,000	29,000	39,206	10,206
Local contributions	584,250	544,250	535,776	(8,474)
Charges for services	390,400	313,400	323,967	10,567
Fines and forfeitures	511,000	423,000	436,763	13,763
Interest income	32,000	8,000	7,341	(659)
Rental income	165,000	165,000	164,271	(729)
Other revenue	355,100	409,392	472,524	63,132
Sale of fixed assets	57,750	197,750	213,141	15,391
Insurance recoveries	-	-	10,859	10,859
Total revenues	<u>9,717,444</u>	<u>10,210,136</u>	<u>10,478,888</u>	<u>268,752</u>
Expenditures				
General government				
Legislative	12,762	52,762	52,531	(231)
Judicial	544,250	544,250	526,508	(17,742)
Clerk	414,878	315,878	301,096	(14,782)
Treasurer	362,609	301,609	282,532	(19,077)
Assessor	87,228	60,228	63,600	3,372
Elections	52,584	52,184	50,421	(1,763)
Buildings and safety	435,471	298,471	290,501	(7,970)
Attorney	69,000	84,000	81,460	(2,540)
General operations	498,926	643,926	604,222	(39,704)
Total general government	<u>2,477,708</u>	<u>2,353,308</u>	<u>2,252,871</u>	<u>(100,437)</u>

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Public safety				
Police department	\$ 3,078,780	\$ 3,221,680	\$ 3,222,894	\$ 1,214
Fire department	1,196,950	1,265,450	1,301,114	35,664
Building inspection department	1,000	10,000	10,744	744
Total public safety	<u>4,276,730</u>	<u>4,497,130</u>	<u>4,534,752</u>	<u>37,622</u>
Public works				
Department of public works	<u>1,839,989</u>	<u>1,687,989</u>	<u>1,597,759</u>	<u>(90,230)</u>
Community and economic development				
Planning	13,582	13,582	14,225	643
Zoning	<u>6,299</u>	<u>6,299</u>	<u>4,199</u>	<u>(2,100)</u>
Total community and economic development	<u>19,881</u>	<u>19,881</u>	<u>18,424</u>	<u>(1,457)</u>
Recreation and culture				
Parks and recreation	<u>100,422</u>	<u>100,422</u>	<u>117,820</u>	<u>17,398</u>
Capital outlay	<u>249,269</u>	<u>347,961</u>	<u>462,322</u>	<u>114,361</u>
Debt service				
Principal retirement	<u>25,250</u>	<u>25,250</u>	<u>25,240</u>	<u>(10)</u>
Transfers out	<u>728,195</u>	<u>1,178,195</u>	<u>1,177,354</u>	<u>(841)</u>
Total expenditures and transfers out	<u>9,717,444</u>	<u>10,210,136</u>	<u>10,186,542</u>	<u>(23,594)</u>
Excess (deficiency) of revenues over expenditures	-	-	292,346	292,346
Fund balance - beginning of year	<u>1,199,287</u>	<u>1,199,287</u>	<u>1,199,287</u>	-
Fund balance - end of year	<u>\$ 1,199,287</u>	<u>\$ 1,199,287</u>	<u>\$ 1,491,633</u>	<u>\$ 292,346</u>

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
Community Center Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Charges for services	\$ 1,204,225	323,975	\$ 320,288	\$ (3,687)
Other state grants	13,300	13,300	2,970	(10,330)
Local contributions	-	-	13,320	13,320
Interest income	400	400	75	(325)
Other revenue	1,190	1,190	144	(1,046)
Sale of fixed assets	-	-	2,550	2,550
Transfers in	250,000	700,000	700,000	-
 Total revenues	 1,469,115	 1,038,865	 1,039,347	 482
Expenditures				
Current				
Recreation and culture	1,465,692	656,492	621,993	(34,499)
 Excess (deficiency) of revenues over expenditures	 3,423	 382,373	 417,354	 34,981
 Fund balance - beginning of year (deficit)	 (295,996)	 (295,996)	 (295,996)	 -
 Fund balance - end of year	 <u>\$ (292,573)</u>	 <u>\$ 86,377</u>	 <u>\$ 121,358</u>	 <u>\$ 34,981</u>

City of Flat Rock
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions
June 30, 2021

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%

Notes to Schedule of Contributions

Valuation date: June 30, 2020

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: 8.25% grade down to an ultimate 4.5%
	Post-65: 6.5% grade down to an ultimate 4.5%
Salary increases	0.00%
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-2018 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, 2021

Fiscal year ended June 30,	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 162,739	\$ 158,212	\$ 162,827	\$ 192,131
Interest	685,807	661,658	662,938	561,166
Differences between expected and actual experience	(260,664)	2,730,381	(153,167)	(625,617)
Changes in assumptions	(7,073,787)	959,173	-	3,900,463
Benefit payments	(786,710)	(787,340)	(633,922)	(578,941)
Net change in total OPEB liability	(7,272,615)	3,722,084	38,676	3,449,202
Total OPEB liability - beginning	<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>\$ 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	\$ 956,710	\$ -	\$ -	\$ -
Net investment income (loss)	23,303	-	-	-
Benefit payments and refunds	(786,710)	-	-	-
Administrative expense	(191)	-	-	-
Net change in plan fiduciary net position	193,112	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Plan fiduciary net position - ending (b)	 <u>\$ 193,112</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Net OPEB liability (a-b)	 <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	 1.03%	 - %	 - %	 - %
Covered payroll	\$ 1,170,034	\$ 1,170,034	\$ 1,338,814	\$ 1,462,805
Total OPEB liability as a percentage of covered payroll	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.

City of Flat Rock
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2021

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 578,096	\$ 592,096	\$ (14,000)	\$ 3,028,837	19.55%
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%

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	7.35%
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, 2021

Fiscal year ended June 30,	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 257,518	\$ 278,368	\$ 293,936	\$ 297,216	\$ 300,883	\$ 305,961	\$ 349,449
Interest on the total pension liability	2,118,344	1,978,610	2,005,635	1,941,237	1,877,792	1,770,704	1,763,834
Experience differences	177,959	598,074	570,735	323,533	251,255	(377,225)	-
Changes in actuarial assumptions	612,402	920,696	-	-	-	1,064,893	-
Other charges	-	104,138	-	-	(3,362)	54,909	-
Benefit payments and refunds	<u>(2,096,058)</u>	<u>(1,965,611)</u>	<u>(1,831,643)</u>	<u>(1,679,080)</u>	<u>(1,584,281)</u>	<u>(1,371,920)</u>	<u>(1,303,169)</u>
Net change in total pension liability	1,070,165	1,914,275	1,038,663	882,906	842,287	1,447,322	810,114
Total pension liability - beginning	<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>	<u>21,856,668</u>
Total pension liability - ending (a)	<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	\$ 1,024,817	\$ 966,193	\$ 1,328,499	\$ 1,011,342	\$ 794,184	\$ 681,482	\$ 650,534
Employee contributions	169,417	176,323	343,004	170,853	161,653	206,917	153,807
Pension plan net investment income (loss)	1,501,424	1,563,189	(491,252)	1,494,359	1,211,087	(170,469)	714,400
Benefit payments and refunds	(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	<u>(24,541)</u>	<u>(26,900)</u>	<u>(24,525)</u>	<u>(23,693)</u>	<u>(23,942)</u>	<u>(25,093)</u>	<u>(26,132)</u>
Net change in plan fiduciary net position	575,059	713,194	(675,917)	973,781	558,701	(679,083)	189,440
Plan fiduciary net position - beginning	<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>	<u>11,461,970</u>
Plan fiduciary net position - ending (b)	<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>\$ 16,745,255</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	43.93%	43.56%	44.01%	48.39%	46.20%	45.50%	51.40%
Covered payroll	\$ 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	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, 2021

	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	Building Authority Ballfield	2015 Construction	
Assets										
Cash and cash equivalents	\$ 318,535	\$ 81,812	\$ 199,514	\$ 415,193	\$ 10,335	\$ 25,703	\$ -	\$ -	\$ -	\$ 1,051,092
Receivables										
Taxes	-	-	275	1,273	-	-	-	-	-	1,548
Due from other units of government	119,731	46,369	-	-	-	-	-	-	-	166,100
Due from other funds	-	47,892	-	-	-	-	-	-	-	47,892
Prepaid items	2,562	2,562	3	23	-	-	-	-	-	5,150
Total assets	<u>\$ 440,828</u>	<u>\$ 178,635</u>	<u>\$ 199,792</u>	<u>\$ 416,489</u>	<u>\$ 10,335</u>	<u>\$ 25,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,271,782</u>
Liabilities										
Accounts payable	\$ 3,609	\$ 21,951	\$ 692	\$ 5,790	\$ -	\$ 8,382	\$ -	\$ -	\$ -	\$ 40,424
Accrued and other liabilities	1,649	5,323	661	5,902	-	-	-	-	-	13,535
Due to other funds	47,892	-	-	-	-	-	-	-	-	47,892
Total liabilities	<u>53,150</u>	<u>27,274</u>	<u>1,353</u>	<u>11,692</u>	<u>-</u>	<u>8,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,851</u>
Fund balances										
Non-spendable										
Prepaid items	2,562	2,562	3	23	-	-	-	-	-	5,150
Restricted for										
Major street	385,116	-	-	-	-	-	-	-	-	385,116
Local street	-	148,799	-	-	-	-	-	-	-	148,799
Historical district	-	-	198,436	-	-	-	-	-	-	198,436
Library	-	-	-	404,774	-	-	-	-	-	404,774
Capital projects	-	-	-	-	-	17,321	-	-	-	17,321
Other special revenue projects	-	-	-	-	10,335	-	-	-	-	10,335
Total fund balances	<u>387,678</u>	<u>151,361</u>	<u>198,439</u>	<u>404,797</u>	<u>10,335</u>	<u>17,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,931</u>
Total liabilities, and fund balances	<u>\$ 440,828</u>	<u>\$ 178,635</u>	<u>\$ 199,792</u>	<u>\$ 416,489</u>	<u>\$ 10,335</u>	<u>\$ 25,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,271,782</u>

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, 2021

	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	Building Authority Ballfield	2015 Construction	
Revenues										
Taxes	\$ -	\$ -	\$ 85,230	\$ 336,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,156
Federal grants	-	-	-	155	1,952	-	-	-	-	2,107
State shared revenue	731,226	283,184	-	7,195	-	-	-	-	-	1,021,605
Local contributions	154,130	-	-	-	-	-	-	-	-	154,130
Interest income	449	139	415	891	15	148	-	-	-	2,057
Other revenue	-	-	-	21,829	643	-	-	-	-	22,472
Total revenues	885,805	283,323	85,645	366,996	2,610	148	-	-	-	1,624,527
Expenditures										
Current										
Public works	175,725	422,857	-	-	-	-	-	-	-	598,582
Community and economic development	-	-	51,194	-	-	-	-	-	-	51,194
Library	-	-	-	369,498	-	-	-	-	-	369,498
Capital outlay	-	-	40,000	28,200	-	121,748	-	-	-	189,948
Debt service										
Principal retirement	-	-	-	-	-	-	200,000	395,000	150,000	745,000
Interest and fiscal charges	-	-	-	-	-	-	51,050	9,085	98,720	158,855
Total expenditures	175,725	422,857	91,194	397,698	-	121,748	251,050	404,085	248,720	2,113,077
Excess (deficiency) of revenues over expenditures	710,080	(139,534)	(5,549)	(30,702)	2,610	(121,600)	(251,050)	(404,085)	(248,720)	(488,550)
Other financing sources (uses)										
Transfers in	-	292,490	-	-	-	-	251,050	404,085	248,720	1,196,345
Transfers out	(619,303)	(99,688)	-	-	-	-	-	-	-	(718,991)
Insurance recoveries	-	-	-	10,487	-	-	-	-	-	10,487
Total other financing sources (uses)	(619,303)	192,802	-	10,487	-	-	251,050	404,085	248,720	487,841
Net change in fund balance	90,777	53,268	(5,549)	(20,215)	2,610	(121,600)	-	-	-	(709)
Fund balance - beginning of year	296,901	98,093	203,988	425,012	7,725	138,921	-	-	-	1,170,640
Fund balance - end of year	\$ 387,678	\$ 151,361	\$ 198,439	\$ 404,797	\$ 10,335	\$ 17,321	\$ -	\$ -	\$ -	\$ 1,169,931

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2021

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
Governmental Activities					
Bonds payable					
Capital Improvement Bonds	8/1/2021	\$ 210,000	\$ 23,000	\$ 17,750	\$ 250,750
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	250,000	6,250	-	256,250
Interest due August 1 and February 1					
		<u>920,000</u>	<u>59,125</u>	<u>36,125</u>	<u>1,015,250</u>
Capital Improvement Bonds	10/1/2021	150,000	48,312	46,718	245,030
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	250,000	4,687	-	254,687
		<u>2,750,000</u>	<u>413,335</u>	<u>365,023</u>	<u>3,528,358</u>
		<u>\$ 3,670,000</u>	<u>\$ 472,460</u>	<u>\$ 401,148</u>	<u>\$ 4,543,608</u>
Total bonds payable					

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2021

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
Installment purchases payable					
Installment Purchase - ambulance	9/14/2021	\$ 26,536	\$ 3,945	\$ -	\$ 30,481
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>\$ 82,973</u>	<u>\$ 8,057</u>	<u>\$ -</u>	<u>\$ 91,030</u>
 Total governmental activities		 <u>\$ 3,752,973</u>	 <u>\$ 480,517</u>	 <u>\$ 401,148</u>	 <u>\$ 4,634,638</u>

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2021

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
Business-type Activities					
Bonds and notes payable					
South Huron Valley Utility Authority	4/1/2022	\$ 131,418	\$ 7,280	\$ 7,280	\$ 145,978
2004 Sewer System Plant Expansion	4/1/2023	133,970	5,883	5,884	145,737
Date of issue April 2004	4/1/2024	136,521	4,460	4,460	145,441
amount of issue \$2,352,760;	4/1/2025	140,349	3,010	3,010	146,369
Flat Rock Share of \$9,220,000	4/1/2026	<u>142,900</u>	<u>1,518</u>	<u>1,518</u>	<u>145,936</u>
Interest due October 1 and April 1					
		<u>685,158</u>	<u>22,151</u>	<u>22,152</u>	<u>729,461</u>
South Huron Valley Utility Authority	4/1/2022	27,770	3,913	3,913	35,596
2011 Sewer System Improvements	4/1/2023	28,611	3,566	3,566	35,743
Date of issue April 2011	4/1/2024	29,453	3,208	3,208	35,869
amount of issue \$537,073;	4/1/2025	30,294	2,840	2,840	35,974
Flat Rock Share of \$3,310,000	4/1/2026	31,136	2,461	2,461	36,058
Interest due October 1 and April 1	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>313,979</u>	<u>22,279</u>	<u>22,279</u>	<u>358,537</u>

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2021

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
South Huron Valley Utility Authority	5/1/2022	\$ 59,295	\$ 578	\$ 578	\$ 60,451
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>296,477</u>	<u>1,734</u>	<u>1,734</u>	<u>299,945</u>
Vactor Truck 2017	11/13/2021	25,068	5,325	-	30,393
Date of issue November 2017	11/13/2022	143,445	4,533	-	147,978
amount of issue \$269,596;		<u>168,513</u>	<u>9,858</u>	<u>-</u>	<u>178,371</u>
Interest due November 13					
South Huron Valley Utility Authority	11/1/2022	63,840	92,137	92,137	248,114
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>4,045,062</u>	<u>1,258,147</u>	<u>1,258,146</u>	<u>6,561,355</u>
Total business-type activities		<u>\$ 5,509,189</u>	<u>\$ 1,314,169</u>	<u>\$ 1,304,311</u>	<u>\$ 8,127,669</u>

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2021

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
Component Units					
Bonds and notes payable					
Tax Increment Finance Authority	10/1/2021	\$ 110,000	\$ 8,925	\$ 7,275	\$ 126,200
2015 Limited Tax Development Bonds	10/1/2022	120,000	7,275	5,475	132,750
Date of issue May 2015	10/1/2023	120,000	5,475	3,675	129,150
amount of issue \$1,155,000	10/1/2024	120,000	3,675	1,875	125,550
Interest due October 1 and April 1	10/1/2025	<u>125,000</u>	<u>1,875</u>	<u>-</u>	<u>126,875</u>
		<u>595,000</u>	<u>27,225</u>	<u>18,300</u>	<u>640,525</u>
Tax Increment Finance Authority	10/1/2021	355,000	39,441	27,105	421,546
Limited Tax Development Bonds Series 2006A	10/1/2022	375,000	27,105	14,074	416,179
Date of issue August 2006	10/1/2023	<u>405,000</u>	<u>14,074</u>	<u>-</u>	<u>419,074</u>
amount of issue \$4,270,000					
Interest due October 1 and April 1		<u>1,135,000</u>	<u>80,620</u>	<u>41,179</u>	<u>1,256,799</u>
Tax Increment Finance Authority	10/1/2021	360,000	26,576	18,026	404,602
Limited Tax Development Bonds Series 2006B	10/1/2022	375,000	18,026	9,120	402,146
Date of issue August 2006	10/1/2023	<u>380,000</u>	<u>9,120</u>	<u>-</u>	<u>389,120</u>
amount of issue \$5,675,000					
Interest due October 1 and April 1		<u>1,115,000</u>	<u>53,722</u>	<u>27,146</u>	<u>1,195,868</u>
Total component units		<u>\$ 2,845,000</u>	<u>\$ 161,567</u>	<u>\$ 86,625</u>	<u>\$ 3,093,192</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
1997	13.15	-	2.86	-	-	-	-	16.01
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

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
1997	4.00	4.50	-	-
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