

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 14, 2025

RATING ⁽¹⁾ S&P Global Ratings Services: "A+"
(See "RATING INFORMATION" herein)

NEW ISSUE
BOOK-ENTRY-ONLY

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the City, (i) the interest on the Bonds is excludable from gross income for federal income tax purposes, and (ii) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" and "APPENDIX E - FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders.

The Bonds have been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

\$3,105,000 *
CITY OF FLAT ROCK
COUNTY OF WAYNE, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

OFFICIAL STATEMENT

The 2025 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds") are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") and pursuant to a resolution adopted by the City Council of the City of Flat Rock, County of Wayne, State of Michigan (the "City") on March 17, 2025, for the purposes of paying all or part of the cost of acquiring and constructing road improvements in the City, including paving and other improvements to Hawthorne Ridge Estates, together with related infrastructure improvements and all appurtenances and attachments thereto (the "Project") and costs of issuance incurred with respect to the Bonds.

The City has pledged the full faith and credit and the limited taxing power of the City for the payment of the principal of and interest thereon and the Bonds will be payable from lawfully available monies of the City including ad valorem taxes, which may be levied in an amount sufficient to pay the annual principal of and interest on the Bonds. SUCH TAXES ARE SUBJECT TO APPLICABLE CONSTITUTIONAL, STATUTORY AND CHARTER TAX RATE LIMITATIONS.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, as described herein.

Interest on the Bonds will be payable semiannually on the first day of April and October of each year, commencing October 1, 2025. Principal and interest will be paid by the City to The Huntington National Bank, Grand Rapids, Michigan, the paying agent for the Bonds, or its successor, which will in turn remit such principal and interest to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described in the Bonds and as referenced in certain proceedings of the City referred to therein.

The record date of the Bonds will be the fifteenth day of the month preceding each interest payment date.

Certain of the Bonds are subject to redemption prior to maturity. See "REDEMPTION PROVISIONS" herein.

BIDS RECEIVED UNTIL: 1:00 P.M., E.T., April 22, 2025

Bids will be received as indicated in the Official Notice of Sale provided in Appendix G of this Official Statement. Bids may also be submitted electronically via **PARITY** or email (info@bendzinski.com) pursuant to the Official Notice of Sale. To the extent any instructions or directions set forth in **PARITY** conflict with the Official Notice of Sale for the Bonds, the terms of the Official Notice of Sale shall control.

Award will be based on a calculation of the True Interest Cost on the Bonds.

MATURITY SCHEDULE *

Dated: Date of Delivery					Principal Due: April 1 of each year as shown below				
CUSIP ⁽²⁾	Year	Amount	Interest	Reoffering	CUSIP ⁽²⁾	Year	Amount	Interest	Reoffering
			Rate	Rate				Rate	Rate
	2026	\$175,000				2033	\$205,000		
	2027	165,000				2034	210,000		
	2028	170,000				2035	215,000		
	2029	180,000				2036	225,000		
	2030	185,000				2037	235,000		
	2031	190,000				2038	245,000		
	2032	195,000				2039	250,000		
						2040	260,000		

The information regarding the reoffering rates was provided to the City by the initial purchasers of the Bonds.

The Date of this Official Statement is _____, 2025.

* Preliminary, subject to change.

⁽¹⁾ As of Date of Delivery.

⁽²⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter or its agents or counsel assume responsibility for the accuracy of such numbers.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration qualification or filing under the securities laws of any such jurisdiction. As of its date, this Preliminary Official Statement has been "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1) except for the information permitted to be omitted from SEC Rule 15c2-12(b)(1).

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED DECISION.)

The Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, or registered in any state and will not be listed on any stock or other securities exchange. Neither the SEC nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale, except as disclosed herein.

No dealer, salesman or any other person has been authorized to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to whom it is unlawful to make such offer or solicitation. The information set forth herein has been provided by the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness.

All summaries contained in this Official Statement are subject in all respects to the complete statute, regulation, rule, court decision or report. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor the sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the City since the date hereof.

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THE BONDS

\$3,105,000 *

**CITY OF FLAT ROCK
COUNTY OF WAYNE, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)
INFORMATION FOR BIDDERS**

Date of Sale: April 22, 2025
Time of Sale: 1:00 p.m. Eastern Time
Place of Sale: Info@bendzinski.com or Electronically via PARITY

Dated:	Date of Delivery	Maximum Interest Rate:	6%
Principal Due:	April 1, Serially	Maximum Discount Allowed:	1.00%
Denominations:	\$5,000 or multiples thereof up to the amount of a single maturity	Multiples:	Any
Registration:	Book-Entry-Only	Qualified Tax-Exempt Obligations:	Yes

ADJUSTMENT TO MATURITY *

The City reserves the right to increase or decrease the amount of any principal maturity of the bonds after receipt of the bids and prior to the final award. Such adjustment, if necessary, will be made in increments of \$5,000.

MATURITIES*

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2026	\$175,000	2031	\$190,000	2036	\$225,000
2027	165,000	2032	195,000	2037	235,000
2028	170,000	2033	205,000	2038	245,000
2029	180,000	2034	210,000	2039	250,000
2030	185,000	2035	215,000	2040	260,000

DESCRIPTION AND FORM OF THE BONDS

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated the Date of Delivery and will bear interest from that date. Interest on the Bonds shall be payable on October 1, 2025, and semiannually each April 1 and October 1 thereafter prior to maturity or earlier redemption. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The Huntington National Bank, Grand Rapids, Michigan, or its successor will serve as transfer agent (the "Transfer Agent") and also as bond registrar and paying agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" herein.

* Preliminary, subject to adjustment

REDEMPTION PROVISIONS

OPTIONAL REDEMPTION

Bonds maturing in the years 2026 to 2034, inclusive, shall not be subject to optional redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2035 and thereafter, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any date on or after April 1, 2034, at par and accrued interest to the date fixed for redemption.

TERM BONDS

Bidders shall have the option of designating bonds maturing in the years 2026 through 2040, inclusive, as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2026 through 2040, inclusive, represent a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the above principal amount schedule for the years 2026 through 2040, inclusive, shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

MANDATORY REDEMPTION

Bonds designated as term bonds (the "Term Bonds") shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities herein before set forth. The Term Bonds or portions of Term Bonds to be redeemed shall be selected by lot.

Term Bond Maturing	Year	Principal Amount	Term Bond Maturing	Year	Principal Amount
April 1, 20___	20___	\$_____	April 1, 20___	20___	\$_____
	20___	_____		20___	_____
	20___	_____		20___	_____
	20___	_____		20___	_____

The principal amounts of the Term Bonds to be redeemed each year as set forth in the preceding tables may be redeemed through the earlier purchase or optional redemption thereof by the City, with any partial purchase or optional redemptions of such Term Bonds credited against such future redemption requirements as the City shall determine.

NOTICE AND EFFECT OF REDEMPTION

If any Bonds are called for redemption, the Transfer Agent, on behalf of the City, shall give notice of such redemption at least 30 days prior to the date fixed for redemption. As described herein under "Book-Entry-Only System", as long as the Bonds are registered in the name of DTC or its nominee, redemption notices will be given to DTC only. Conveyance of notices by DTC to DTC Participants and Indirect Participants and, in turn, by the DTC Participants and Indirect Participants to Beneficial Owners (as defined in "Book-Entry-Only System") will be governed by arrangements among them. No further interest on Bonds called for redemption shall accrue after the date fixed for redemption, whether the Bonds are presented for redemption or not, provided the City has money available for such redemption.

BOOK-ENTRY-ONLY SYSTEM

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the City or the Transfer Agent as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City or the Transfer Agent to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Transfer Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act

of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds of either issue are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Transfer Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Transfer Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Transfer Agent, disbursement of such payments

to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Transfer Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM

In the event the Book-Entry-Only System is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its designated corporate trust office. Subject to the further conditions contained in the Resolution (hereinafter defined), the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the principal corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations, the Transfer Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the City and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

THE PROJECT

DESCRIPTION

The Bonds are being issued for the purposes of paying all or part of the cost of acquiring and constructing road improvements in the City, including paving and other improvements to Hawthorne Ridge Estates, together with related infrastructure improvements and all appurtenances and attachments thereto (the "Project") and costs of issuance incurred with respect to the Bonds.

USE OF BOND PROCEEDS

The estimated project cost is as follows:

Construction, Engineering & Contingency	\$3,019,179
Bond Discount (1.00%)	31,050
Cost of Issuance	<u>54,771</u>
Total Project Cost	<u><u>\$3,105,000</u></u>

AUTHORITY

The Bonds are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a resolution duly adopted by the City Council of the City on March 17, 2025 (the "Resolution").

MUNICIPAL FINANCE QUALIFYING STATEMENT

The City has filed a Qualifying Statement for the fiscal year ended June 30, 2024. The Michigan Department of Treasury has determined that the City is in material compliance with the criteria identified in Section 303(3) of Act 34. The City may therefore issue the Bonds without further approval from the Michigan Department of Treasury.

SECURITY

The Bonds will be limited tax general obligations of the City payable from ad valorem taxes levied on all taxable property in the City or from any other funds of the City legally available therefor. The full faith and credit of the City have been pledged for the prompt payment of the principal of and interest on the Bonds as the same shall become due. Each year the City is obligated to include in its budget as a first budget obligation an amount sufficient to pay such principal and interest as the same shall become due. The ability of the City to raise funds to pay such amounts is subject to applicable constitutional, statutory, and charter limitations on the taxing power of the City.

The rights and remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds have been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Internal Revenue Code of 1986, as amended.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinions assume the accuracy of the City's certifications and representations and the continuing compliance with the City's covenants. Noncompliance with these covenants by the City may cause the interest on the Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but are not a guarantee of that conclusion. The Federal income tax opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

TAX TREATMENT OF ACCRUALS ON ORIGINAL ISSUE DISCOUNT BONDS

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

AMORTIZABLE BOND PREMIUM

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

MARKET DISCOUNT

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

FUTURE DEVELOPMENTS

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the City in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in Appendix E.

ISSUE PRICE

The winning bidder shall assist the City in establishing the issue price of the Bonds, in accordance with the requirements set forth in the Notice of Sale attached in Appendix G hereto, and shall deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected issue price to the public or the sales prices of the Bonds, substantially in the form attached as either Appendix H-1 or H-2 of the Preliminary Official Statement, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

BOND COUNSEL'S RESPONSIBILITY

The fees of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel") for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, and as hereafter stated, Bond Counsel has not been retained to examine or review, and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has not been retained to review this Official Statement for accuracy or completeness and has not made inquiry of any official or employee of the City or any other person regarding, and has made no independent verification of, such other portions hereof, and further has not expressed and will not express an opinion as to any portions hereof.

REGISTERED MUNICIPAL ADVISOR TO THE CITY

Bendzinski & Co., Municipal Finance Advisors, Grosse Pointe, Michigan, (the "Municipal Advisor") is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements"). The information contained in the Official Statement was prepared in form by the Municipal Advisor and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Municipal Advisor's knowledge, all of the information contained in the Official Statements, which it assisted in preparing, while it may be summarized (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material fact or make any statement which would be misleading in light of the circumstances under which these statements are being made. However, the Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor is not engaged in the business of underwriting, trading, marketing or the distribution of securities or any other negotiable instruments. The Municipal Advisor's duties, responsibilities and fees arise solely as Registered Municipal Advisor to the City and it has no secondary obligation or other responsibility. The Municipal Advisor's fees are expected to be paid from Bond proceeds.

RATING INFORMATION

S&P Global Ratings has assigned its municipal bond rating as stated on the front cover of this Official Statement, to this issue of Bonds.

The assigned rating reflects the independent judgment of the rating agency and there is no assurance that said rating will continue for any period of time or that it will not be revised or withdrawn by the rating agency. A revision or withdrawal of said rating may have an effect on the market price of the securities. The rating agency's fee is expected to be paid from Bond proceeds.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the Beneficial Owners (as defined in the Undertaking) of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access System, pursuant to the requirements of section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, are set forth in Appendix F- "FORM OF CONTINUING DISCLOSURE UNDERTAKING" to this Official Statement.

A failure by the City to comply with the Undertaking will not constitute an event of default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking.

The City failed to include in its operating data the Building Permits and Estimated Construction Value table for the fiscal years ended June 30, 2020, 2021 and 2022 filings. The City has since made all necessary filings and is up to date on all required continuing disclosure filings as of the date of this Preliminary Official Statement.

Except as described above, the City has not failed to comply in the last five years, in any material respect, with any previous undertaking pursuant to the Rule.

A failure by the City to comply with the Undertaking must be reported by the City in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

PRINTING AND DELIVERY

The City will furnish Bonds at its expense for delivery to the purchaser to DTC at New York, New York or an authorized agent of DTC. Delivery of the Bonds shall be within 45 days from the date of sale of the Bonds. Payment for the Bonds shall be made in immediately available Federal Reserve funds.

ABSENCE OF CERTAIN LITIGATION

According to the City Attorney, there is no litigation to his knowledge, pending or threatened, in any court (either state or federal) which seeks to restrain or enjoin the issuance or delivery of the Bonds, or which questions (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the legal existence of the City or the title to the office of the present officials of the City, or (iv) the ability of the City to operate or any other matter which may materially affect the financial condition of the City.

OTHER MATTERS

The City certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the City and its economic and financial condition, is true and correct as of its date, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The date of the Preliminary Official Statement is April 14, 2025. The information contained herein is subject to revision, amendment and completion. As of that date, the Preliminary Official Statement was deemed "final" by the City for purposes of paragraph (b)(1) of the Rule.

This Official Statement has been duly approved, executed and delivered by the City on the date as set forth on the front cover of this Official Statement.

CITY OF FLAT ROCK

/s/

Brian Marciniak, City Administrator/Treasurer

**CITY OF FLAT ROCK
GENERAL DESCRIPTION AND STATISTICAL INFORMATION**

CITY OF FLAT ROCK
LOCATION AND DESCRIPTION

The City of Flat Rock is located in southwestern Wayne County twenty-five (25) miles south of the City of Detroit, encompassing approximately 6.7 square miles.

FORM OF GOVERNMENT

The City operates under a mayor-council form of government. The Mayor is the chief administrative and executive officer of the City and is elected at large for a two – year term in a non-partisan election and has voting power. The Council consists of six members who are also elected at large, for four-year terms, in a non-partisan election. The Council member receiving the most votes will serve as the Mayor Pro-Tem in the absence of the Mayor. The statutory administrative officials, including the Treasurer and Clerk, are appointed. The Assessor and City Attorney are appointed by the Mayor and confirmed by Council and serve at their pleasure.

POPULATION

2020 U.S. Census	10,541
2010 U.S. Census	9,878
2000 U.S. Census	8,488

FISCAL YEAR

July 1 to June 30

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

REAL PROPERTY TAX ASSESSMENTS

Responsibility for assessing taxable real property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits

Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under the Michigan Plant Rehabilitation and Industrial Development District Act, Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") are recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted.

APPEAL OF PROPERTY ASSESSMENTS

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. The City has approximately Three (3) 2024, pending before the Tax Tribunal (including personal property appeals) which are not expected to have a significant impact on the City's State Equalized Valuation, Taxable Value or the resulting taxes.

INDUSTRIAL FACILITIES TAX

Act 198 provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

The City has 2 IFT exemption certificates currently outstanding, aggregating \$23,563,352 in 2024 Equivalent Taxable Value.

HISTORY OF PROPERTY VALUATIONS

<u>Year</u>	<u>STATE EQUALIZED VALUATION</u>	<u>TAXABLE VALUE</u>
2024	\$487,574,531	\$374,417,479
2023	438,629,658	349,902,590
2022	406,063,404	332,270,008
2021	386,295,962	313,793,690
2020	380,383,500	311,995,558
2019	355,676,822	302,293,076
2018	342,186,390	292,521,308
2017	330,680,600	283,149,978
2016	315,980,491	277,899,060
2015	334,259,517	301,743,384

Source: City of Flat Rock and County of Wayne Equalization Department

MICHIGAN PROPERTY TAX REFORM

The enactment of Michigan Public Acts 153 and 154 of 2013, together with subsequent enactment of Michigan Public Acts 80 and 86 through 93 of 2014, significantly reformed personal property tax in Michigan. The voters of the State approved a referendum on August 4, 2014, to which all of these acts were tied, and therefore these acts will continue in effect.

Under these acts, owners of industrial and commercial personal property with a total true cash value of \$180,000 or less may annually file an affidavit claiming a personal property tax exemption. To be eligible for the exemption, all of the commercial or industrial personal property within a city or township that is owned by, leased to, or controlled by the claimant has to have accumulated true cash value of \$180,000 or less. Beginning in 2016, owners of certain eligible manufacturing personal property that was either purchased after December 31, 2012, or that is at least 10 years old have been able to claim an exemption from personal property tax by filing an affidavit claiming the exemption. By 2022, all eligible manufacturing personal property was at least 10 years old or purchased after December 31, 2012, so that it could be exempted from personal property tax.

To replace revenues lost by local governments, due to these exemptions, a portion of the current State use tax is set aside as a “local community stabilization share” that will not be subject to the annual appropriations process and is automatically provided to a “local community stabilization authority” for distribution pursuant to a statutory formula anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions. The City received \$1,597,563 from the Local Community Stabilization Authority to replace personal property tax revenues during the fiscal year ended June 30, 2024.

An analysis of the City’s **State Equalized Valuation** is as follows:

	BY CLASS		
	2024	2023	2022
Real Property	\$ 470,601,431	\$ 424,808,658	\$ 389,138,337
Personal Property	16,973,100	13,821,000	16,925,067
TOTAL	\$ 487,574,531	\$ 438,629,658	\$ 406,063,404

	BY USE		
	2024	2023	2022
Residential	\$ 360,626,231	\$ 317,584,258	\$ 284,219,437
Commercial	60,505,300	59,840,000	57,806,800
Industrial	49,469,900	47,384,400	47,112,100
Personal Property	16,973,100	13,821,000	16,925,067
TOTAL	\$487,574,531	\$438,629,658	\$406,063,404

An analysis of the City’s **Taxable Value** is as follows:

	BY CLASS		
	2024	2023	2022
Real Property	\$ 357,444,379	\$ 336,081,590	\$ 315,344,941
Personal Property	16,973,100	13,821,000	16,925,067
TOTAL	\$ 374,417,479	\$ 349,902,590	\$ 332,270,008

	BY USE		
	2024	2023	2022
Residential	\$ 258,483,084	\$ 238,828,139	\$ 222,504,809
Commercial	50,972,006	50,286,387	47,614,474
Industrial	47,989,289	46,967,064	45,225,658
Personal Property	16,973,100	13,821,000	16,925,067
TOTAL	\$ 374,417,479	\$ 349,902,590	\$ 332,270,008

Source: Wayne County Equalization Department and City of Flat Rock

MAJOR TAXPAYERS

According to City officials, the 2024 Taxable Value of each of the City's major taxpayers is as follows:

Name of Taxpayer	2024 Taxable Value
Ford Motor Company	\$30,766,783
Meijer	6,957,662
Deerfield Estates	6,648,670
Manheim	5,034,837
DTE Energy Co.	3,721,541
Store Capital, LLC	3,564,800
DTE Gas	2,384,400
Target Steel, Inc.	2,073,374
Creekside Point, LLC	1,932,858
Walnut Creek Investments, LLC	1,911,282

Source: City of Flat Rock

TAX RATES * (Per \$1,000 of Taxable Value)

	2024		2023		2022	
	Principal Residence	Non Principal Residence	Principal Residence	Non Principal Residence	Principal Residence	Non Principal Residence
City of Flat Rock						
Operating	16.0000	16.0000	16.0000	16.0000	16.0000	16.0000
Fire/Police	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500
Historical District	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Roads	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Library	0.9688	0.9688	0.9847	0.9847	0.9847	0.9847
County of Wayne	7.7468	7.7468	7.7728	7.7728	7.7728	7.7728
Flat Rock Community Schools						
Local	0.0000	18.0000	0.0000	18.0000	0.0000	18.0000
Debt	11.2200	11.2200	11.2200	11.2200	11.2200	11.2200
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Wayne County R.E.S.A	5.4092	5.4092	5.4275	5.4275	5.4275	5.4275
Wayne County Community College	3.2043	3.2043	3.2202	3.2202	3.2202	3.2202
Huron Clinton Metropolitan Authority	0.2062	0.2062	0.2070	0.2070	0.2070	0.2070
Zoo Authority	0.0988	0.0988	0.0992	0.0992	0.0992	0.0992
Art Authority	0.1979	0.1979	0.1986	0.1986	0.1986	0.1986
Total All Jurisdictions	54.0520	72.0520	54.1300	72.1300	54.1300	72.1300

* Principal residence includes qualified agricultural property, qualified forest property and industrial personal property, which is excluded from taxes levied for school operating purposes. Moreover, commercial personal property is exempt from a portion of taxes levied for school operating purposes. Non Principal Residence is property not included in the above definition.

Source: City of Flat Rock

TAX RATE LIMITATIONS

The City is authorized pursuant to the City Charter to levy the following tax rates:

Purpose	Maximum Millage Authorized	Maximum ⁽¹⁾ Millage to be Levied	Expiration Date of Millage
General Operating	20.0000	19.3603	In perpetuity
Library	1.0000	0.9688	In perpetuity

(1) The Michigan Constitution places certain restrictions on new taxes and tax increases and limits taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding on or after December 23, 1978, unless such obligations are approved by the electors of the issuing public corporation.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

On March 15, 1994, the electors of the State of Michigan also voted to amend the State Constitution to increase the state sales tax from 4% to 6% and to place a yearly cap on property value assessment increases. The State now levies a property tax to finance education, and a higher real estate transfer tax is imposed on the sale of real property.

The City may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

<u>Purpose</u>	<u>Authority</u>	<u>Rate (per \$1,000 of State Equalized Valuation)</u>
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	3.0000
Police & Fire Pension Requirements	Act 345 P.A. of Michigan 1937 as amended	Amount Required to make contribution

In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bond and bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with the State law.

CONSTITUTIONAL MILLAGE ROLL-BACK

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Fraction unless reversed by a vote of the electorate of the local taxing unit.

TAX LEVIES AND COLLECTIONS

<u>Fiscal Year Ended June 30</u>	<u>Tax Levy</u>	<u>Collections to March 31 of Following Year</u>	
2024	\$7,620,532	\$7,497,769	98.39%
2023	7,162,697	7,056,372	98.52%
2022	6,632,337	6,522,545	98.34%
2021	6,261,103	6,159,235	98.37%
2020	6,224,186	6,103,051	98.05%
2019	6,027,719	5,875,277	97.47%
2018	5,532,898	5,400,252	97.60%
2017	5,410,398	5,267,022	97.35%
2016	5,873,329	5,724,088	97.46%
2015	5,881,194	5,746,269	97.71%

Source: City of Flat Rock Treasurer

The City's taxes are due and payable and a lien created upon the assessed property on July 1, each year. Taxes remaining unpaid on the following March 1st are turned over to the County treasurer for collection.

The delinquent real property taxes are subject to additional penalties and interest by the county. Unless the delinquent real property taxes are paid within approximately 25 months from the date of delinquency the underlying property is foreclosed upon and sold at public auction.

Wayne County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. If feasible, it is anticipated that the County will continue to reimburse the City for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes are collected by the County and are negligible.

REVENUES FROM THE STATE OF MICHIGAN

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On July 24, 2024, Governor Whitmer signed into law the budget for fiscal year 2025. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.073 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

Any portion of the CVTRS payment that the City would be eligible to receive would be subject to certain benchmarks that the City would need to meet, and there can be no assurance what amount, if any, the City would receive under the CVTRS program. The City received CVTRS payments of \$128,903 in fiscal year 2024 and anticipates meeting the requirements to receive \$151,543 * in CVTRS payments for fiscal year 2025.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City’s general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

The following table sets forth the annual revenue sharing payments and other moneys received by the City during the State of Michigan fiscal years ended September 30, 2021 through September 30, 2024 and the amount estimated for fiscal year ending September 30, 2025.

State of Michigan Fiscal Year Ending September 30,	Constitutional Payments	CVTRS Payments	Census Adjustment Payments	Total
2025	\$ 1,126,982	\$ 151,543	\$ -	\$1,278,525 *
2024	1,146,045	128,903	-	1,274,948
2023	1,135,018	121,617	-	1,256,635
2022	1,092,444	114,733	69,379	1,207,177
2021	966,812	112,483	-	1,079,295

* Calculated as of March 10, 2025

Source: Michigan Department of Treasury Website - https://www.michigan.gov/treasury/0,4679,7-121-1751_2197_58826---,00.html

LABOR AGREEMENTS

The City has five (5) employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the City. The duration of these agreements are as follows:

Employee Group	Number of Full-Time Employees	Expiration Date of Contract
Michigan Association of Public Employees (MAPE) - Clerical	5	June 30, 2025
Michigan Association of Public Employees (MAPE) - Department of Public Ser	10	June 30, 2025
Michigan Association of Police (MAP) - Patrol	9	June 30, 2026
Michigan Association of Police (MAP) - Command	5	June 30, 2026
Michigan Association of Firefighters	8	June 30, 2025
Non-Union Full Time Employees	12	N/A

Source: City of Flat Rock

RETIREMENT PLAN *

The City participates in the Michigan Municipal Employees' Retirement System ("MERS"), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided include plans with multipliers ranging from 1.3% to 2.5%. Vesting periods are ten (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%.

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

Inactive employees or beneficiaries currently receiving b	69
Inactive employees entitled to but not yet receiving ben	52
Active employees	48
	<u>169</u>

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%.

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

* For further information see Note 12 in the City's audited Financial Statements, fiscal year ended June 30, 2024.

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

<u>Fiscal Year Ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 272,996	\$ 282,379	\$ 278,379	\$ 257,518	\$ 278,368
Interest	2,193,863	2,182,395	2,197,540	2,118,344	1,978,610
Experience differences	212,622	(1,323)	(107,157)	177,959	598,074
Changes in actuarial assumptions	217,376	-	1,052,648	612,402	920,696
Other changes	-	-	-	-	104,138
Benefit payments including employee refunds	(2,301,561)	(2,299,615)	(2,173,185)	(2,096,058)	(1,965,611)
Net change in total pension liability	595,296	163,836	1,248,225	1,070,165	1,914,275
Total pension liability, beginning of year	31,274,461	31,110,625	29,862,400	28,792,235	26,877,960
Total pension liability, ending of year	<u>\$ 31,869,757</u>	<u>\$ 31,274,461</u>	<u>\$ 31,110,625</u>	<u>\$ 29,862,400</u>	<u>\$ 28,792,235</u>
Plan Fiduciary Net Position					
Contributions Employer	\$ 6,188,376	\$ 1,706,209	\$ 1,439,074	\$ 1,024,817	\$ 966,193
Contributions Member	173,316	179,373	173,080	169,417	176,323
Net Investment income (loss)	1,640,374	(1,573,620)	1,809,451	1,501,424	1,563,189
Benefit payments including employee refunds	(2,301,561)	(2,299,615)	(2,173,185)	(2,096,058)	(1,965,611)
Administrative & Other	4,495	(29,377)	81,335	(24,541)	(26,900)
Net change in plan fiduciary net position	5,705,000	(2,017,030)	1,329,755	575,059	713,194
Plan fiduciary net position, beginning of year	12,429,870	14,446,900	13,117,145	12,542,086	11,828,892
Plan fiduciary net position, ending of year	<u>\$ 18,134,870</u>	<u>\$ 12,429,870</u>	<u>\$ 14,446,900</u>	<u>\$ 13,117,145</u>	<u>\$ 12,542,086</u>
City's Net Pension Liability - Ending	<u>\$ 13,734,887</u>	<u>\$ 18,844,591</u>	<u>\$ 16,663,725</u>	<u>\$ 16,745,255</u>	<u>\$ 16,250,149</u>
Plan fiduciary net position as a percentage of the total pension liability	56.90%	39.74%	46.44%	43.93%	43.56%
Covered employee payroll	\$ 3,376,573	\$ 3,419,796	\$ 3,455,084	\$ 3,150,484	\$ 3,421,870
Employer's net pension liability as a percentage of covered employee payroll	406.77%	551.04%	482.30%	531.51%	474.89%

Schedule of Employer Contributions

Actuarial Valuation Date June 30	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2019	\$ 1,054,932	\$ 911,101	\$ 143,831	\$ 3,659,575	24.90%
2020	1,009,865	1,009,865	-	3,554,040	28.41%
2021	988,165	988,165	-	3,431,201	28.80%
2022	1,345,492	1,345,492	-	3,794,952	35.45%
2023	1,769,400	1,437,276	332,124	3,627,228	39.62%
2024	1,489,008	1,388,081	100,927	3,733,512	37.18%

Source: City of Flat Rock Audited Annual Financial Report

OTHER POST EMPLOYMENT BENEFITS **

The City of Flat Rock Retiree Medical Plan ("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 paid 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.

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.

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 retirees fund \$100 per month. For the year ended June 30, 2023, the City had benefit payments of \$720,396. Plan members are not required to contribute to the Plan.

** For further information see Note 13 in the City's audited Financial Statements, fiscal year ended June 30, 2024.

Employees covered by benefit terms – At June 30, 2024, the plan membership consisted of the following:

Retirees and beneficiaries	49
Active plan members	<u>7</u>
	<u><u>56</u></u>

The OPEB plan is closed to new members.

Schedule of Changes in Total OPEB Liability and Related Ratios

Fiscal Year Ended June 30	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$ 31,482	\$ 31,947	\$ 68,373	\$ 162,739	\$ 158,212
Interest	770,130	767,609	937,724	685,807	661,658
Differences between expected & actual experience	(1,387,805)	(153,680)	(2,496,163)	(260,664)	2,730,381
Changes in benefit terms	-	-	(687,348)	-	-
Changes in assumptions	(523,780)	113,362	(2,049,100)	(7,073,787)	959,173
Benefit payments	<u>(720,396)</u>	<u>(709,024)</u>	<u>(771,379)</u>	<u>(786,710)</u>	<u>(787,340)</u>
Net change in total OPEB liability	(1,830,369)	50,214	(4,997,893)	(7,272,615)	3,722,084
Total OPEB liability, beginning of year	13,792,518	13,742,304	18,740,197	26,012,812	22,290,728
Total OPEB liability, ending of year	<u>\$ 11,962,149</u>	<u>\$ 13,792,518</u>	<u>\$ 13,742,304</u>	<u>\$ 18,740,197</u>	<u>\$ 26,012,812</u>
Plan Fiduciary Net Position					
Contributions Employer	\$ 970,396	\$ 879,024	\$ 941,379	\$ 956,710	\$ -
Net Investment income (loss)	76,040	35,908	(31,128)	23,303	-
Benefit payments including employee refunds	(720,396)	(709,024)	(771,379)	(786,710)	-
Administrative & Other	<u>(1,633)</u>	<u>(926)</u>	<u>(620)</u>	<u>(191)</u>	<u>-</u>
Net change in plan fiduciary net position	324,407	204,982	138,252	193,112	-
Plan fiduciary net position, beginning of year	536,346	331,364	193,112	-	-
Plan fiduciary net position, ending of year	<u>\$ 860,753</u>	<u>\$ 536,346</u>	<u>\$ 331,364</u>	<u>\$ 193,112</u>	<u>\$ -</u>
City's Net OPEB Liability - Ending	<u>\$ 11,101,396</u>	<u>\$ 13,256,172</u>	<u>\$ 13,410,940</u>	<u>\$ 18,547,085</u>	<u>\$ 26,012,812</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.20%	3.89%	2.41%	1.03%	0.00%
Covered employee payroll	\$ 598,814	\$ 809,103	\$ 996,055	\$ 1,170,034	\$ 1,170,034
Employer's net OPEB liability as a percentage of covered employee payroll	1853.90%	1638.38%	1346.41%	1601.68%	2223.25%

Schedule of Employer Contributions

Actuarial Valuation Date June 30	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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	1,170,035	81.77%
2022	2,691,712	941,379	1,750,333	996,055	94.51%
2023	2,169,546	879,024	1,290,522	809,103	108.64%
2024	2,384,349	970,396	1,413,953	598,814	162.05%

Source: City of Flat Rock Audited Annual Financial Reports, fiscal year ended June 30, 2024

GENERAL FUND-FUND BALANCE

The City's General Fund fund balance for the last five years are as follows:

Fiscal Year Ended June 30	Fund Balance
2024	\$ 3,197,779
2023	2,181,961
2022	1,803,192
2021	1,491,633
2020	1,199,287

Source: City of Flat Rock Audited Annual Financial Reports

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DEBT STATEMENT*

(As of May 13, 2025, including the Bonds described herein)

DIRECT DEBT:

General Obligation Bonds

5/14/2015	2015 Capital Improvement Bonds (LT)	\$	2,125,000	
4/18/2023	2023 Capital Improvement Bonds (LT)		5,800,000	
Dated Date	2025 Capital Improvement Bonds (LT)		<u>3,105,000</u>	\$ 11,030,000

Tax Increment Development Bonds

05/28/2015	Limited Tax Development Refunding Bonds, 2015		<u>125,000</u>	125,000
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Share of Multi-Municipality Authority Issued Bonds

South Huron Valley Utility Authority				<u>4,258,525</u>
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TOTAL DIRECT DEBT

\$ 15,413,525

OVERLAPPING DEBT:

		<u>Total Debt</u>	<u>Overlapping Debt Portion</u>
91.24%	Flat Rock School District	\$ 43,489,027	\$ 39,679,388
4.83%	Gibraltar School District	60,210,000	2,908,143
0.58%	Woodhaven-Brownstown	137,175,207	795,616
0.66%	Wayne County @ Large	63,484,855	419,000
0.64%	Wayne County R.E.S.A.	-	-
1.07%	Wayne County Community College	-	-

TOTAL OVERLAPPING DEBT

\$ 43,802,147

NET DIRECT AND OVERLAPPING DEBT

\$ 59,215,672

Source: Municipal Advisory Council of Michigan

DEBT RATIOS:

Per Capita 2024 State Equalized Valuation	\$ 46,255
Per Capita 2024 True Cash Value	92,510
Per Capita Net Direct Debt	1,462
Per Capita Combined Net Direct and Overlapping Debt	5,618
Percent of Net Direct Debt of 2024 State Equalized Valuation	3.16%
Percent of Net Direct and Overlapping Debt of 2024 State Equalized Valuation	12.14%
Percent of Net Direct Debt of 2024 True Cash Value	1.58%
<u>Percent of Net Direct and Overlapping Debt of 2024 True Cash Value</u>	<u>6.07%</u>

Source: Municipal Advisory Council of Michigan

* Preliminary, subject to change

SCHEDULE OF BOND MATURITIES*

(As of May 13, 2025, including the Bonds described herein)

Year	General Obligation Bonds	Tax Increment Development Authority Bonds	Share of South Huron Valley Utility Authority Bonds
2025	\$ 385,000	\$ 125,000	\$ -
2026	570,000	-	318,674
2027	590,000	-	208,292
2028	605,000	-	218,709
2029	625,000	-	229,925
2030	665,000	-	241,140
2031	680,000	-	228,835
2032	695,000	-	202,692
2033	740,000	-	210,672
2034	760,000	-	219,450
2035	525,000	-	229,824
2036	550,000	-	240,996
2037	570,000	-	253,764
2038	595,000	-	264,936
2039	615,000	-	276,906
2040	635,000	-	291,270
2041	390,000	-	304,836
2042	410,000	-	317,604
2043	425,000	-	-
	\$ 11,030,000	\$ 125,000	\$ 4,258,525

DEBT HISTORY: There is no record of default.

FUTURE BONDING: The City does not anticipate issuing any additional bonds within the remaining calendar year.

* Preliminary, subject to change

STATEMENT OF LEGAL DEBT MARGIN*

(As of May 13, 2025, including the Bonds described herein)

2024 State Equalized Valuation		\$ 487,574,531
Plus		
2024 Taxable Value Equivalent of Act 198 exemptions	\$ 23,563,352	
2024 State Revenue Sharing	55,507,819	
2024 Personal Property Tax Reimbursement	<u>69,553,568</u>	<u>148,624,740</u>
Total Valuation		<u>\$ 636,199,271</u>
Debt Limit (10% of State Equalized Valuation and equivalent) (1)		\$ 63,619,927
Amount of Outstanding Debt (Debt Statement)	\$ 15,413,525	
Less: Sewer Overflow (2-e,g)	<u>142,901</u>	<u>15,270,624</u>
LEGAL DEBT MARGIN		<u>\$ 48,349,303</u>

(1) Act 279, Public Acts of Michigan, 1909, as amended, and the City Charter of the City, provide that the net indebtedness of the City shall not exceed 10% of all assessed real and personal property in the City, plus assessed value equivalent of Act 198 specific tax levies.

(2) Bonds which are not included in the computation of legal debt margin according to said Act 279 are:

- (a) Special Assessment Bonds;
- (b) Mortgage Bonds;
- (c) Michigan Transportation Fund Bonds and Notes;
- (d) Revenue Bonds;
- (e) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction;
- (f) Bonds issued, or contract or assessment obligations incurred for water supply, sewerage, drainage or refuse disposal projects necessary to protect the public health by abating pollution;
- (g) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement or replacement of a combined sewer overflow abatement facility;
- (h) Bonds issued to pay premiums or establish self-insurance contracts in accordance with Act 34, Public Acts of

* Preliminary, subject to change

CAPITAL IMPROVEMENT BONDS STATEMENT OF LEGAL DEBT MARGIN*

(As of May 13, 2025, including the Bonds described herein)

2024 State Equalized Valuation		<u>\$487,574,531</u>
Debt Limit (5% of State Equalized Valuation) (1), (2)		\$24,378,727
Less Outstanding Capital Improvement Bonds		
2015 Capital Improvement Bonds (LT)	\$ 2,125,000	
2023 Capital Improvement Bonds (LT)	5,800,000	
2025 Capital Improvement Bonds (LT)	<u>3,105,000</u>	<u>11,030,000</u>
LEGAL DEBT MARGIN		<u>\$13,348,727</u>

(1) Section 517 of Act 34, Public Acts of Michigan, 2001, as amended, provides that a county, city, village, or township may by resolution of its governing body, and without vote of its electors, issue a municipal security to pay the cost of any capital improvement items, provided that the amount of taxes necessary to pay the principal and interest on that municipal security, together with the taxes levied for the same year, shall not exceed the limit authorized by law. Bonds issued under Section 517 by a county, city, village or township shall not exceed 5% of the state equalized valuation of the property assessed in that county, city, village or township.

(2) Bonds issued under Section 517 also count towards the City's overall debt limit as set forth under "STATEMENT OF LEGAL DEBT MARGIN" above.

* Preliminary, subject to change

MAJOR EMPLOYERS

According to City officials and the Michigan Manufacturers Directory, 2024 Edition, major employers in the City are as follows:

Firm Name	Product/Service	Approximate Number of Employees
Flat Rock Assembly Plant (Division of Ford Motor Co.) ⁽¹⁾	Passenger automobiles	3,500
Meijer ⁽²⁾	Retail	244
Flat Rock Metal, Inc. (HQ) ⁽¹⁾	Steel coating/polishing	200
City of Flat Rock ⁽²⁾	Government	146
Flat Rock Community Schools ⁽²⁾	Education	140
Target Steel, Inc. ⁽¹⁾	Steel sheering/slitting/blanking	130
Gerotech, Inc. ⁽¹⁾	CNC Machine tools	57
Royal Arc Welding Co. (HQ) ⁽¹⁾	Metal & steel fabrication	40
In addition, the City has ⁽¹⁾		
Number of Employers	Number Employees	
6	1 - 15	
1	16 - 30	

⁽¹⁾ Source: Michigan Manufacturers Directory, 2024 Edition

⁽²⁾ Source: City of Flat Rock

LABOR CHARACTERISTICS

The U.S. Census 2023 American Community Survey 5 – Year Estimate lists the labor force characteristics for the City, for employed persons 16 years and over, as follows:

By Occupation	Number of Employees
Management, business, science, and arts occupations	1,774
Service occupations	731
Sales and office occupations	845
Natural resources, construction, and maintenance occupations	362
Production, transportation, and material moving occupations	1,075
Total	4,787
By Industry	
Agriculture, forestry, fishing and hunting and mining	5
Construction	264
Manufacturing	1,108
Wholesale trade	58
Retail trade	474
Transportation and warehousing, and utilities	501
Information	46
Finance, insurance, real estate, and rental and leasing	230
Professional, scientific, management, administrative, and waste	408
Educational services, and health care and social assistance	1,130
Arts, entertainment, recreation, accommodation and food services	293
Other services (except professional administration)	230
Public administration	40
Total	4,787

INCOME CHARACTERISTICS

There were 3,826 households in the City according to the U.S. Census 2023 American Community Survey 5 – Year Estimates, which had a median household income of \$73,288. A breakdown of the income for the City's households is as follows:

<u>Income of Household</u>	<u>Number of Househol</u>
Less Than \$10,000	155
\$10,000 to \$14,999	208
\$15,000 to \$24,999	155
\$25,000 to \$34,999	325
\$35,000 to \$49,999	479
\$50,000 to \$74,999	654
\$75,000 to \$99,999	506
\$100,000 to \$149,999	527
\$150,000 or more	817

The per capita income for the City according to the U.S. Census 2023 American Community Survey 5 – Year Estimates was \$36,374.

**CITY OF FLAT ROCK
GENERAL FUND BUDGET SUMMARY
FISCAL YEAR ENDING JUNE 30, 2025**

2024-2025 BUDGET
REGULAR CITY COUNCIL MEETING
06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED BUDGET	2024-25 MAYOR'S BUDGET	2024-25 PROPOSED BUDGET	2024-25 AMT CHANGE	2024-25 % CHANGE
Dept 000												
ESTIMATED REVENUES												
101-000-402.000	PROPERTY TAXES	4,058,534	4,143,370	4,402,080	4,551,673	4,651,250	4,551,673	4,651,250	5,005,156	5,005,156	0	0.00
	FOOTNOTE AMOUNTS:							0	5,996,404	5,996,404		
	(2024-25) ORIGINAL TAX ROLL							0	(389,268)	(389,268)		
	FOOTNOTE AMOUNTS:							0	(601,980)	(601,980)		
	(2024-25) DDA CAPTURE							0	(601,980)	(601,980)		
	FOOTNOTE AMOUNTS:							0	(601,980)	(601,980)		
	(2024-25) TIFA CAPTURE							0	(601,980)	(601,980)		
	GL # FOOTNOTE TOTAL:								5,005,156	5,005,156		
101-000-403.100	TAX REFUND - TIFA CAPTURE	1,246,186	1,250,244	1,262,116	0	1,226,900	0	1,226,900	0	0	0	0.00
101-000-411.000	DELINQUENT REAL PROPERTY TAXES	0	0	0	87,836	0	167,213	0	0	0	0	0.00
101-000-412.000	DELINQUENT PERSONAL PROPERTY TAXES	6,908	13,910	14,449	(837)	5,000	0	5,000	5,000	5,000	0	0.00
101-000-434.000	TRAILER FEES	4,487	4,884	4,147	4,695	4,500	5,053	4,500	5,000	5,000	0	0.00
101-000-437.000	INDUSTRIAL FACILITY TAX	148,053	148,053	148,053	148,053	148,050	148,054	148,050	148,053	148,053	0	0.00
	FOOTNOTE AMOUNTS:							0	188,506	188,506		
	(2024-25) ORIGINAL TAX ROLL							0	(6,419)	(6,419)		
	FOOTNOTE AMOUNTS:							0	(34,034)	(34,034)		
	(2024-25) DDA CAPTURE							0	(34,034)	(34,034)		
	FOOTNOTE AMOUNTS:							0	(34,034)	(34,034)		
	(2024-25) TIFA CAPTURE							0	(34,034)	(34,034)		
	GL # FOOTNOTE TOTAL:								148,053	148,053		
101-000-445.000	INT. & PENALTIES ON TAXES	28,820	81,886	42,381	23,360	35,500	23,165	35,500	24,000	24,000	0	0.00
101-000-447.000	TAX ADMIN FEE	131,226	135,876	138,425	141,954	138,300	144,769	138,300	155,196	155,196	0	0.00
101-000-573.100	LCSA - TIFA	0	0	0	1,226,900	0	1,226,900	0	809,853	820,915	11,062	1.37
101-000-665.000	INTEREST ON INVESTMENTS	0	0	0	250,593	0	282,500	0	252,000	252,000	0	0.00
	TOTAL ESTIMATED REVENUES	5,624,214	5,778,223	6,011,651	6,434,227	6,209,500	6,549,327	6,209,500	6,404,258	6,415,320	11,062	0.17
NET OF REVENUES/APPROPRIATIONS - 000 -												
		5,624,214	5,778,223	6,011,651	6,434,227	6,209,500	6,549,327	6,209,500	6,404,258	6,415,320	11,062	0.17
Dept 101 - MAYOR & COUNCIL												
APPROPRIATIONS												
101-101-703.000	MAYOR/COUNCIL	10,000	10,000	10,000	7,500	10,000	10,000	10,000	10,000	10,000	0	0.00
101-101-724.000	WORKERS COMPENSATION	12	8	4	8	10	10	10	10	10	0	0.00
101-101-752.000	SUPPLIES	58	134	531	210	500	500	500	500	500	0	0.00
101-101-933.000	COMPUTERS	888	3,064	3,388	1,709	4,000	4,000	4,000	4,000	4,000	0	0.00
101-101-946.000	ENGINEERING SERVICES	388	0	0	0	0	0	0	0	0	0	0.00
	TOTAL APPROPRIATIONS	11,346	13,206	13,923	9,427	14,510	14,510	14,510	14,510	14,510	0	0.00
NET OF REVENUES/APPROPRIATIONS - 101 - MAYOR & COUNCIL												
		(11,346)	(13,206)	(13,923)	(9,427)	(14,510)	(14,510)	(14,510)	(14,510)	(14,510)	0	0.00
Dept 200 - GENERAL OPERATIONS												
ESTIMATED REVENUES												
101-200-569.000	STATE GRANTS - OTHER (MI PENSION C	0	17,891	0	800,295	0	800,295	0	0	0	0	0.00
101-200-650.200	RIVER/WINTERFEST REVENUE	0	0	46,396	36,123	40,000	36,123	40,000	0	0	0	0.00
101-200-665.000	INTEREST ON INVESTMENTS	7,341	5,916	71,930	0	80,000	0	80,000	0	0	0	0.00
101-200-667.200	LEASED LAND	32,736	43,736	40,114	51,655	38,700	54,171	38,700	56,500	56,500	0	0.00
101-200-676.202	REIMBURSEMENT FROM MAJOR	4,000	4,000	4,000	4,000	4,000	4,000	4,000	20,409	20,409	0	0.00
101-200-676.203	REIMBURSEMENT FROM LOCAL	5,000	5,000	5,000	5,000	5,000	5,000	5,000	6,514	6,514	0	0.00
101-200-676.208	REIMBURSEMENT FROM PARKS & REC	0	0	0	0	0	0	0	15,768	15,768	0	0.00
101-200-676.247	REIMBURSEMENT FROM TIFA	5,000	5,000	5,000	20,000	5,000	20,000	5,000	75,119	75,119	0	0.00
101-200-676.248	REIMBURSEMENT FROM DDA	5,000	5,000	5,000	5,000	5,000	5,000	5,000	15,099	15,099	0	0.00
101-200-676.270	REIMBURSEMENT FROM HISTORIC	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,872	1,872	0	0.00
101-200-676.271	REIMBURSEMENT FROM LIBRARY	15,000	15,000	15,000	15,000	15,000	15,000	15,000	8,318	8,318	0	0.00
101-200-676.592	REIMBURSEMENT FROM WATER	30,000	30,000	30,000	30,000	30,000	30,000	30,000	111,653	111,653	0	0.00
101-200-678.000	OTHER	66,937	54,533	39,283	0	0	0	0	0	0	0	0.00
101-200-688.000	HAP REBATE	10,859	0	22,332	0	0	0	0	0	0	0	0.00
101-200-693.000	SALE OF CAPITAL ASSETS	161,600	11,625	1,200	0	0	0	0	0	0	0	0.00
101-200-693.200	AUCTION	342	0	0	0	0	0	0	0	0	0	0.00
101-200-694.000	SALE OF LAND	0	76,362	31,059	19,400	20,000	19,400	20,000	0	0	0	0.00
	TOTAL ESTIMATED REVENUES	344,815	275,063	317,314	987,473	243,700	989,989	243,700	311,252	311,252	0	0.00
APPROPRIATIONS												
101-200-702.000	WAGES-FULL TIME EMPLOYEES	745	193	2,261	2,794	2,500	2,500	2,500	2,625	2,625	0	0.00
101-200-702.200	MECHINAC	26	500	0	163	0	0	0	0	0	0	0.00
101-200-704.000	WAGES-PART TIME	16,502	22,902	16,381	15,311	21,000	21,000	21,000	22,050	22,050	0	0.00

2024-2025 BUDGET
REGULAR CITY COUNCIL MEETING OF 06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED BUDGET	2024-25 MAYOR'S BUDGET	2024-25 PROPOSED BUDGET	2024-25 AMT CHANGE	2024-25 % CHANGE
Dept 200 - GENERAL OPERATIONS												
APPROPRIATIONS												
101-200-709.000	FICA	4,419	2,432	1,798	2,005	1,900	1,900	1,900	1,995	1,995	0	0.00
101-200-713.000	OVERTIME	749	0	180	0	1,000	1,000	1,000	1,000	1,000	0	0.00
101-200-715.000	MERS PENSION EXPENSE (GASB 68)	0	300,000	300,000	800,295	0	800,295	0	0	0	0	0.00
101-200-716.000	MERS	3,729	10,638	0	0	0	0	0	0	0	0	0.00
101-200-717.000	MERS DC EXP	67	100	234	424	250	500	250	500	500	0	0.00
101-200-718.000	HEALTH INSURANCE	0	221	0	66	0	50	0	0	0	0	0.00
101-200-719.100	HICAA TAX	21,734	3,058	3,122	2,738	10,000	3,000	10,000	0	0	0	0.00
101-200-722.600	RHFV YEARLY OPEB	170,000	0	0	0	0	0	0	0	0	0	0.00
101-200-724.000	WORKERS COMPENSATION	416	221	2,249	12,279	2,500	12,279	2,500	0	0	0	0.00
101-200-725.000	FEES & PER DIEM	4,800	1,600	5,035	1,600	5,000	5,000	5,000	5,000	5,000	0	0.00
101-200-731.000	EMPLOYEE LIFE INSURANCE	0	0	0	1	0	0	0	0	0	0	0.00
101-200-733.000	EMPLOYER HCSP CONTRIBUTION	12	0	0	0	0	0	0	0	0	0	0.00
101-200-752.000	SUPPLIES	5,146	1,786	2,917	824	4,000	2,000	4,000	4,200	4,200	0	0.00
101-200-752.200	CUSTODIAL SUPPLIES	1,421	1,521	3,173	3,878	3,000	4,600	3,000	4,800	4,800	0	0.00
101-200-757.000	OPERATING SUPPLIES	6,104	6,453	6,463	7,423	8,000	8,000	8,000	8,400	8,400	0	0.00
101-200-759.000	GAS & OIL	41	0	0	0	0	0	0	0	0	0	0.00
101-200-778.000	COVID 19 EXPENSES	40,935	0	0	0	0	0	0	0	0	0	0.00
101-200-800.200	RIVER/WINTERFEST EXPENSES	0	0	23,179	77,343	35,000	76,323	35,000	35,000	0	(35,000)	(100.00)
101-200-801.000	PROFESSIONAL AND CONTRACTUAL SERV	1,500	4,605	9,941	6,372	7,000	7,000	7,000	47,350	7,350	(40,000)	(84.48)
101-200-801.200	AUDIT FEE	16,300	22,650	23,300	23,875	26,000	23,875	26,000	25,000	25,000	0	0.00
101-200-803.000	RECORDS MANAGEMENT	614	666	770	575	800	800	800	800	800	0	0.00
101-200-836.000	MEALS ON WHEELS	540	780	765	810	1,800	1,800	1,800	1,800	1,800	0	0.00
101-200-840.000	INSURANCE PREM	19,371	20,716	224,774	245,349	248,000	245,349	248,000	258,300	258,300	0	0.00
101-200-841.000	INSURANCE CLAIMS DEDUCTIBLE	6,229	0	0	0	0	0	0	0	0	0	0.00
101-200-843.000	MEDICAL PROVIDER SERVICES	0	136	0	0	0	0	0	0	0	0	0.00
101-200-850.000	TELEPHONE	34,507	32,520	27,102	34,730	33,000	35,000	33,000	32,500	32,500	0	0.00
101-200-851.000	POSTAGE	3,950	5,253	3,596	2,021	5,000	5,000	5,000	5,250	5,250	0	0.00
101-200-863.000	PROGRAMS	2,271	1,186	0	0	0	0	0	0	0	0	0.00
101-200-880.000	COMMUNITY PROMOTION	2,971	3,550	1,645	1,638	3,000	3,000	3,000	3,150	3,150	0	0.00
101-200-888.000	COUNTY DRAIN MAINTENANCE	1,976	1,996	1,615	6,035	2,000	6,035	2,000	6,400	6,400	0	0.00
101-200-900.000	ADVERTISING	349	4,431	604	1,279	3,000	3,000	3,000	3,150	3,150	0	0.00
101-200-902.000	BANK FEES	383	713	241	4,059	1,000	6,250	1,000	15,000	15,000	0	0.00
101-200-915.000	MEMBERSHIP	17,635	17,810	18,252	20,466	19,000	20,466	19,000	21,500	21,500	0	0.00
101-200-920.200	POND SPRINKLERS	4,454	2,509	7,024	7,361	4,000	9,000	4,000	8,400	8,400	0	0.00
101-200-924.000	UTILITIES	91,364	117,383	134,590	97,258	155,000	125,000	155,000	162,750	162,750	0	0.00
101-200-930.000	LAND AND BUILDING REPAIRS	21,135	57,447	84,984	66,379	80,000	80,000	80,000	84,000	84,000	0	0.00
101-200-931.000	EQUIPMENT MAINTENANCE	2,511	7,825	2,067	1,381	4,000	4,000	4,000	2,000	2,000	0	0.00
101-200-933.000	COMPUTERS	9,316	16,596	41,390	34,466	35,000	40,000	35,000	40,600	40,600	0	0.00
101-200-951.400	CIVIL DEFENSE	3,576	3,289	3,423	6,561	4,000	4,000	4,000	4,000	4,000	0	0.00
101-200-964.703	TAX REFUNDS	122,359	77,484	13,841	28,312	75,000	50,000	75,000	50,000	50,000	0	0.00
101-200-970.000	CAPITAL OUTLAY	0	54,855	45,333	46,460	30,000	46,461	30,000	0	0	0	0.00
101-200-971.000	LAND - CAPITAL OUTLAY	0	715	0	230,019	0	230,019	0	0	0	0	0.00
101-200-975.000	BUILDINGS, BUILDING ADDITIONS AND	0	0	0	0	0	0	0	50,000	50,000	0	0.00
101-200-989.000	STREET REHABILITATION - CAPITAL OR	5,000	218	0	0	2,000	0	2,000	0	0	0	0.00
101-200-999.000	EXTRAORDINARY ITEMS	0	19,993	0	0	0	0	0	0	0	0	0.00
TOTAL APPROPRIATIONS		645,157	826,951	1,012,249	1,792,576	832,750	1,884,502	832,750	907,520	832,520	(75,000)	(8.26)
NET OF REVENUES/APPROPRIATIONS - 200 - GENERAL OPERATIO		(300,342)	(551,888)	(694,935)	(805,103)	(589,050)	(894,513)	(589,050)	(596,268)	(521,268)	(75,000)	(12.58)
Dept 215 - CLERK												
ESTIMATED REVENUES												
101-215-476.000	BUSINESS LICENSE	21,960	1,520	35,270	4,060	1,500	4,000	1,500	25,000	25,000	0	0.00
101-215-490.000	LICENSES & PERMITS	14,640	6,340	12,675	10,140	5,000	10,500	5,000	5,000	5,000	0	0.00
101-215-491.000	MARRIAGE SERVICE FEES	100	200	0	0	0	0	0	0	0	0	0.00
101-215-569.000	STATE GRANTS - OTHER (MI PENSION C	0	0	0	399,088	0	399,089	0	0	0	0	0.00
101-215-626.100	NOTARY FEES	355	1,015	663	625	500	600	500	300	300	0	0.00
101-215-626.200	CLERK'S FEES	0	555	175	325	100	225	100	100	100	0	0.00
101-215-626.400	PASSPORT FEES	440	4,538	12,108	7,193	5,220	7,000	5,220	5,000	5,000	0	0.00
TOTAL ESTIMATED REVENUES		37,495	14,168	60,891	421,431	12,320	421,414	12,320	35,400	35,400	0	0.00
APPROPRIATIONS												
101-215-702.000	WAGES-FULL TIME EMPLOYEES	31,676	40,354	38,099	29,453	44,260	44,260	44,260	52,264	52,264	0	0.00
101-215-703.000	(2024-25) 1 FULL-TIME DEPUTY CLERK SALARIES	55,372	53,685	67,988	52,248	66,160	66,160	66,160	80,000	72,000	(8,000)	(10.00)

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GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED BUDGET	2024-25 BUDGET	2024-25 PROPOSED BUDGET	2024-25 AMT CHANGE	2024-25 % CHANGE
Dept 215 - CLERK												
APPROPRIATIONS												
(2024-25) 1 FULL-TIME CITY CLERK												
101-215-709.000	FICA	6,986	7,760	7,698	6,133	8,340	8,340	8,340	10,015	9,258	(757)	(7.56)
101-215-713.000	OVERTIME	771	275	554	777	500	777	500	6,645	6,645	0	0.00
101-215-714.000	LONGEVITY	300	0	0	200	200	200	200	250	250	0	0.00
101-215-715.000	MERS PENSION EXPENSE (GASB 68)	0	0	0	399,088	0	399,089	0	0	0	0	0.00
101-215-716.000	MERS	40,018	51,531	59,472	55,580	86,400	86,400	86,400	71,637	71,637	0	0.00
101-215-717.000	MERS DC EXP	2,626	514	4,311	3,266	5,700	5,700	5,700	6,971	6,531	(440)	(6.31)
101-215-718.000	HEALTH INSURANCE	3,752	1,841	2,109	5,482	19,000	19,000	19,000	35,980	35,980	0	0.00
101-215-721.000	CLOTHING	0	500	500	250	500	500	500	250	250	0	0.00
101-215-723.000	RETIREE HEALTHCARE-OPEB	27,972	23,093	18,907	16,597	20,000	20,000	20,000	19,600	19,600	0	0.00
101-215-724.000	WORKERS COMPENSATION	184	104	80	160	160	160	160	546	511	(35)	(6.41)
101-215-725.000	FEES & PER DIEM	0	10	0	0	0	0	0	0	0	0	0.00
101-215-731.000	EMPLOYEE LIFE INSURANCE	212	231	268	173	300	300	300	282	282	0	0.00
101-215-733.000	EMPLOYER HCSP CONTRIBUTION	0	0	778	639	1,100	1,100	1,100	1,323	1,323	0	0.00
101-215-752.000	SUPPLIES	946	653	518	394	500	500	500	500	500	0	0.00
101-215-757.000	OPERATING SUPPLIES	1,178	1,219	1,291	336	1,500	1,500	1,500	1,500	1,500	0	0.00
101-215-803.000	RECORDS MANAGEMENT	1,615	1,738	1,769	4,467	2,000	6,000	2,000	1,500	1,500	0	0.00
101-215-840.000	INSURANCE PREM	3,070	3,070	0	0	0	0	0	3,070	0	(3,070)	(100.00)
101-215-843.000	MEDICAL PROVIDER SERVICES	125	80	0	130	0	200	0	200	200	0	0.00
101-215-851.000	POSTAGE	391	866	1,911	853	1,500	1,500	1,500	3,000	3,000	0	0.00
101-215-900.000	ADVERTISING	37	0	209	525	100	700	100	300	300	0	0.00
101-215-910.000	PROFESSIONAL DEVELOPMENT	733	1,853	2,782	1,834	2,000	2,000	2,000	3,500	3,500	0	0.00
101-215-915.000	MEMBERSHIP	160	335	398	295	400	400	400	500	500	0	0.00
101-215-933.000	COMPUTERS	2,570	2,918	2,049	2,663	2,000	3,500	2,000	3,000	3,000	0	0.00
TOTAL APPROPRIATIONS		180,694	192,630	211,691	581,543	262,620	668,286	262,620	302,833	290,531	(12,302)	(4.06)
NET OF REVENUES/APPROPRIATIONS - 215 - CLERK												
		(143,199)	(178,462)	(150,800)	(160,112)	(250,300)	(246,872)	(250,300)	(267,433)	(255,131)	(12,302)	(4.60)
Dept 253 - TREASURER												
ESTIMATED REVENUES												
101-253-569.000	STATE GRANTS - OTHER (MI PENSION C	0	0	0	512,755	0	512,756	0	0	0	0	0.00
101-253-629.000	PROPERTY ENGINEERING FEES	385	110	385	605	500	605	500	0	0	0	0.00
101-253-642.253	TRASH BAG SALES	305	70	214	79	300	100	300	0	0	0	0.00
101-253-651.000	FEES	7,722	8,621	10,299	11,679	9,000	8,800	9,000	1,400	1,400	0	0.00
101-253-689.000	CASH OVER & SHORT	0	0	(20)	92	0	92	0	0	0	0	0.00
TOTAL ESTIMATED REVENUES		8,412	8,801	10,878	525,210	9,800	522,353	9,800	1,400	1,400	0	0.00
APPROPRIATIONS												
101-253-702.000	WAGES-FULL TIME EMPLOYEES	87,766	101,994	96,482	90,327	98,000	98,000	98,000	51,000	51,000	0	0.00
(2024-25) 1 FULL-TIME DEPUTY TREASURER												
101-253-703.000	SALARIES	65,250	61,227	79,643	73,562	85,370	85,370	85,370	87,560	85,000	(2,560)	(2.92)
(2024-25) 1 FULL-TIME CITY TREASURER												
101-253-704.000	WAGES-PART TIME	0	0	0	2,949	0	0	0	64,000	64,000	0	0.00
(2024-25) 2 PART-TIME CLERICAL												
101-253-705.000	RETIREMENT PTO PAY OUT	0	0	0	44,822	30,000	44,823	30,000	0	0	0	0.00
101-253-709.000	FICA	12,108	12,787	13,844	16,189	13,900	19,000	13,900	15,500	15,500	0	0.00
101-253-713.000	OVERTIME	4,748	3,412	1,187	1,629	3,000	3,000	3,000	4,886	4,886	0	0.00
101-253-714.000	LONGEVITY	800	1,325	2,650	0	1,400	1,400	1,400	500	500	0	0.00
101-253-715.000	MERS PENSION EXPENSE (GASB 68)	0	0	0	512,755	0	512,756	0	0	0	0	0.00
101-253-716.000	MERS	53,916	58,439	153,149	77,819	107,700	107,700	107,700	91,400	91,400	0	0.00
101-253-717.000	MERS DC EXP	848	1,154	0	2,300	0	2,750	0	4,400	4,400	0	0.00
101-253-718.000	HEALTH INSURANCE	17,178	18,634	15,413	19,684	16,500	24,000	16,500	26,000	26,000	0	0.00
101-253-721.000	CLOTHING	0	500	1,000	0	500	500	500	500	500	0	0.00
101-253-723.000	RETIREE HEALTHCARE-OPEB	21,535	20,776	15,092	19,494	21,000	21,000	21,000	20,636	20,636	0	0.00
101-253-724.000	WORKERS COMPENSATION	184	104	80	160	160	160	160	790	790	0	0.00
101-253-725.000	FEES & PER DIEM	1,000	1,000	0	0	0	0	0	0	0	0	0.00
101-253-731.000	EMPLOYEE LIFE INSURANCE	489	315	268	444	300	550	300	282	282	0	0.00
101-253-733.000	EMPLOYER HCSP CONTRIBUTION	0	0	0	246	0	300	0	900	900	0	0.00
101-253-752.000	SUPPLIES	861	206	1,021	206	1,000	1,000	1,000	1,000	1,000	0	0.00
101-253-757.000	OPERATING SUPPLIES	336	1,757	658	934	1,000	1,000	1,000	1,000	1,000	0	0.00
101-253-801.200	AUDIT FEE	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	0	0.00
101-253-801.257	TAX ROLL PREPARATION	1,118	2,049	1,752	2,142	2,000	2,143	2,000	2,300	2,300	0	0.00
101-253-840.000	INSURANCE PREM	3,400	3,400	0	0	0	0	0	0	0	0	0.00
101-253-843.000	MEDICAL PROVIDER SERVICES	0	0	95	65	0	65	0	100	100	0	0.00

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GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED \$ BUDGET	2024-25 RECOMMENDED-2024 BUDGET	2024-25 ADJUSTED-2024 BUDGET	2024-25 ADJUSTED-2024 AMT CHANGE	2024-25 ADJUSTED % CHANGE
Dept 253 - TREASURER												
APPROPRIATIONS												
101-253-851.000	POSTAGE	2,776	2,965	3,283	4,327	3,500	5,000	3,500	5,800	5,800	0	0.00
101-253-900.000	ADVERTISING	0	102	0	225	300	300	300	300	300	0	0.00
101-253-910.000	PROFESSIONAL DEVELOPMENT	664	684	285	0	1,000	1,000	1,000	1,000	1,000	0	0.00
101-253-915.000	MEMBERSHIP	284	184	478	514	500	515	500	600	600	0	0.00
101-253-933.000	COMPUTERS	5,271	8,589	4,124	7,552	10,000	10,000	10,000	10,000	10,000	0	0.00
TOTAL APPROPRIATIONS		282,532	304,603	393,504	881,345	400,130	945,332	400,130	393,454	390,894	(2,560)	(0.65)
NET OF REVENUES/APPROPRIATIONS - 253 - TREASURER		(274,120)	(295,802)	(382,626)	(356,135)	(390,330)	(422,979)	(390,330)	(392,054)	(389,494)	(2,560)	(0.65)
Dept 257 - ASSESSOR												
ESTIMATED REVENUES												
101-257-629.000	PROPERTY ENGINEERING FEES	0	0	0	0	0	0	0	100	100	0	0.00
TOTAL ESTIMATED REVENUES		0	0	0	0	0	0	0	100	100	0	0.00
APPROPRIATIONS												
101-257-703.000	SALARIES	58,385	130,473	55,674	53,045	57,900	57,900	57,900	60,100	60,100	0	0.00
101-257-724.000	WORKERS COMPENSATION	128	12	12	12	10	12	10	150	150	0	0.00
101-257-725.000	FEES & PER DIEM	900	900	900	30	900	900	900	900	900	0	0.00
101-257-752.000	SUPPLIES	56	0	0	0	0	0	0	0	0	0	0.00
101-257-801.257	TAX ROLL PREPARATION	372	378	432	0	500	500	500	500	500	0	0.00
101-257-826.000	LEGAL FEES	132	14,807	13,427	447	15,000	5,000	15,000	15,000	15,000	0	0.00
101-257-840.000	INSURANCE PREM	764	764	0	0	0	0	0	0	0	0	0.00
101-257-851.000	POSTAGE	1,386	1,428	1,578	1,777	1,600	2,000	1,600	2,000	2,000	0	0.00
101-257-900.000	ADVERTISING	113	35	161	178	150	178	150	200	200	0	0.00
101-257-933.000	COMPUTERS	1,364	1,515	3,336	2,443	3,500	3,500	3,500	4,000	4,000	0	0.00
TOTAL APPROPRIATIONS		63,600	150,312	75,514	57,932	79,560	69,990	79,560	82,850	82,850	0	0.00
NET OF REVENUES/APPROPRIATIONS - 257 - ASSESSOR		(63,600)	(150,312)	(75,514)	(57,932)	(79,560)	(69,990)	(79,560)	(82,750)	(82,750)	0	0.00
Dept 262 - ELECTIONS												
ESTIMATED REVENUES												
101-262-626.300	FOIA FEES	34	205	399	1,662	100	1,700	100	100	100	0	0.00
101-262-676.262	ELECTION REIMBURSEMENT	5,292	19,936	4,362	3,421	0	3,421	0	0	0	0	0.00
TOTAL ESTIMATED REVENUES		5,326	20,141	4,761	5,083	100	5,121	100	100	100	0	0.00
APPROPRIATIONS												
101-262-702.000	WAGES-FULL TIME EMPLOYEES	7,242	10,379	9,000	271	0	272	0	0	0	0	0.00
101-262-703.000	SALARIES	6,268	7,000	8,000	0	0	0	0	0	0	0	0.00
101-262-709.000	FICA	1,191	1,076	1,530	791	370	791	370	2,000	2,000	0	0.00
101-262-713.000	OVERTIME	6,258	3,782	3,494	1,357	5,000	5,000	5,000	6,000	6,000	0	0.00
101-262-717.000	MERS DC EXP	385	494	545	35	0	35	0	300	300	0	0.00
101-262-722.000	MEAL ALLOWANCE	290	90	121	20	150	150	150	100	100	0	0.00
101-262-724.000	WORKERS COMPENSATION	184	104	80	160	160	160	160	165	165	0	0.00
101-262-725.000	FEES & PER DIEM	13,920	8,924	14,603	16,149	20,000	20,000	20,000	28,500	28,500	0	0.00
101-262-733.000	EMPLOYER HCSP CONTRIBUTION	0	0	176	0	0	0	0	60	60	0	0.00
101-262-752.000	SUPPLIES	368	88	1,321	714	1,500	1,500	1,500	1,000	1,000	0	0.00
101-262-757.000	OPERATING SUPPLIES	1,272	4,242	4,087	4,855	6,000	6,000	6,000	7,000	7,000	0	0.00
101-262-826.000	LEGAL FEES	640	0	0	0	0	0	0	0	0	0	0.00
101-262-840.000	INSURANCE PREM	962	962	0	0	0	0	0	0	0	0	0.00
101-262-851.000	POSTAGE	2,509	5,329	2,118	14,358	7,000	15,000	7,000	10,000	10,000	0	0.00
101-262-900.000	ADVERTISING	865	444	730	537	750	750	750	750	750	0	0.00
101-262-931.000	EQUIPMENT MAINTENANCE	7,481	6,820	10,548	10,725	6,500	10,725	6,500	11,000	11,000	0	0.00
101-262-933.000	COMPUTERS	586	1,481	3,010	850	1,500	1,500	1,500	1,500	1,500	0	0.00
101-262-970.000	CAPITAL OUTLAY	5,692	0	2,045	0	0	0	0	15,300	15,300	0	0.00
FOOTNOTE AMOUNTS: (2024-25) VOTING MACHINES									15,300	15,300		
TOTAL APPROPRIATIONS		56,113	51,215	61,408	50,822	48,930	61,883	48,930	83,675	83,675	0	0.00
NET OF REVENUES/APPROPRIATIONS - 262 - ELECTIONS		(50,787)	(31,074)	(56,647)	(45,739)	(48,830)	(56,762)	(48,830)	(83,575)	(83,575)	0	0.00
Dept 266 - CITY ATTORNEY												
APPROPRIATIONS												
101-266-826.100	RETAINER	22,000	22,000	24,000	23,100	25,200	25,200	25,200	26,500	26,500	0	0.00
101-266-826.200	LABOR	57,060	33,280	35,040	22,925	60,000	45,000	60,000	40,000	40,000	0	0.00

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GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED \$ BUDGET	2024-25 RECOMMENDED 2024 BUDGET	2024-25 ADJUSTED 2024 BUDGET	2024-25 ADJUSTED 2024 AMT CHANGE	2024-25 ADJUSTED % CHANGE
Dept 266 - CITY ATTORNEY												
APPROPRIATIONS												
101-266-826.300	OTHER MATTERS	2,400	5,640	13,867	24,310	10,000	25,000	10,000	25,000	25,000	0	0.00
TOTAL APPROPRIATIONS		81,460	60,920	72,907	70,335	95,200	95,200	95,200	91,500	91,500	0	0.00
NET OF REVENUES/APPROPRIATIONS - 266 - CITY ATTORNEY		(81,460)	(60,920)	(72,907)	(70,335)	(95,200)	(95,200)	(95,200)	(91,500)	(91,500)	0	0.00
Dept 286 - DISTRICT COURT												
APPROPRIATIONS												
101-286-812.000	DISTRICT COURT	465,128	469,018	458,475	385,833	463,000	463,000	463,000	482,000	482,000	0	0.00
101-286-826.000	LEGAL FEES	61,380	69,120	69,240	63,840	70,000	70,000	70,000	73,000	73,000	0	0.00
TOTAL APPROPRIATIONS		526,508	538,138	527,715	449,673	533,000	533,000	533,000	555,000	555,000	0	0.00
NET OF REVENUES/APPROPRIATIONS - 286 - DISTRICT COURT		(526,508)	(538,138)	(527,715)	(449,673)	(533,000)	(533,000)	(533,000)	(555,000)	(555,000)	0	0.00
Dept 301 - POLICE DEPARTMENT												
ESTIMATED REVENUES												
101-301-402.000	CURRENT PROPERTY TAXES	220,269	224,911	239,057	247,237	252,600	247,238	252,600	272,038	272,038	0	0.00
	FOOTNOTE AMOUNTS:								326,245	326,245		
	(2024-25) ORIGINAL TAX ROLL											
	FOOTNOTE AMOUNTS:								(21,287)	(21,287)		
	(2024-25) DDA CAPTURE											
	FOOTNOTE AMOUNTS:								(32,920)	(32,920)		
	(2024-25) TIFA CAPTURE											
	GL # FOOTNOTE TOTAL:								272,038	272,038		
101-301-403.100	TAX REFUND - TIFA CAPTURE	68,151	68,373	69,022	0	67,100	0	67,100	0	0	0	0.00
101-301-411.000	DELINQUENT REAL PROPERTY TAXES	0	0	0	164	0	4,531	0	0	0	0	0.00
101-301-412.000	DELINQUENT PERSONAL PROPERTY TAXES	0	52	0	142	0	149	0	0	0	0	0.00
101-301-437.000	INDUSTRIAL FACILITY TAX	8,097	8,097	8,097	8,097	8,100	8,097	8,100	8,096	8,096	0	0.00
	FOOTNOTE AMOUNTS:								10,308	10,308		
	(2024-25) ORIGINAL TAX ROLL											
	FOOTNOTE AMOUNTS:								(351)	(351)		
	(2024-25) DDA CAPTURE											
	FOOTNOTE AMOUNTS:								(1,861)	(1,861)		
	(2024-25) TIFA CAPTURE											
	GL # FOOTNOTE TOTAL:								8,096	8,096		
101-301-492.300	POUND FEES & LICENSES	3,742	3,981	5,124	3,226	4,200	4,200	4,200	3,000	3,000	0	0.00
101-301-502.000	FEDERAL GRANT	1,200	2,002	0	0	0	0	0	6,000	6,000	0	0.00
101-301-569.000	STATE GRANTS - OTHER (MI PENSION C	1,800	0	0	1,585,020	8,400	1,585,021	8,400	0	0	0	0.00
101-301-573.100	LCSA - TIFA	0	0	0	67,100	0	67,100	0	45,603	44,894	(709)	(1.55)
101-301-626.100	ACCIDENT REPORTS & DISCOVERY	3,046	2,904	2,149	3,281	2,000	2,500	2,000	2,000	2,000	0	0.00
101-301-626.200	PHONE CARDS & BOOKING	293	2,190	597	1,053	1,500	1,000	1,500	1,500	1,500	0	0.00
101-301-626.300	LIVE SCAN COLLECTION	7,342	23,705	12,872	17,212	18,000	16,000	18,000	18,000	18,000	0	0.00
101-301-626.400	VEHICLE FEES	565	1,947	782	1,457	1,500	1,300	1,500	1,500	1,500	0	0.00
101-301-651.000	CONTRACT COMMUNITIES	125	75	2,025	3,725	2,000	3,025	2,000	3,000	3,000	0	0.00
101-301-655.000	FINES	424,156	330,113	407,912	265,027	400,000	282,000	400,000	350,000	350,000	0	0.00
101-301-655.100	PARKING VIOLATION	1,040	290	10	200	200	200	200	200	200	0	0.00
101-301-655.265	FORFEITURE FUNDS	3,009	1,500	0	750	1,000	1,000	1,000	1,000	1,000	0	0.00
101-301-656.105	OUIL / FINES	6,742	3,925	6,260	6,601	6,000	6,000	6,000	6,000	6,000	0	0.00
101-301-657.000	CIVIL INFRACTIONS	225	610	275	1,800	500	1,800	500	500	500	0	0.00
101-301-674.000	PRIVATE CONTRIBUTIONS AND DONATION	27,861	8,726	9,070	8,267	6,000	7,068	6,000	7,000	7,000	0	0.00
101-301-674.300	POLICE DONATIONS	1,500	433	300	1	0	1	0	0	0	0	0.00
101-301-676.000	REIMBURSEMENTS	0	0	94,323	18,136	80,000	80,000	80,000	80,000	80,000	0	0.00
101-301-676.200	MISC. REIMBURSEMENT	2,486	1,639	0	0	0	0	0	0	0	0	0.00
101-301-676.247	REIMBURSEMENT FROM TIFA	0	0	0	200,000	0	200,000	0	247,769	247,769	0	0.00
101-301-676.248	REIMBURSEMENT FROM DDA	0	0	0	0	0	0	0	173,079	173,079	0	0.00
101-301-678.000	OTHER	20	0	0	0	0	0	0	0	0	0	0.00
101-301-680.000	WORKERS COMP WAGES	0	0	681	0	0	0	0	0	0	0	0.00
101-301-693.000	SALE OF CAPITAL ASSETS	0	0	0	1,850	0	1,850	0	0	0	0	0.00
101-301-693.300	AUCTION	13,699	0	0	0	0	0	0	0	0	0	0.00
TOTAL ESTIMATED REVENUES		795,368	685,473	858,556	2,440,346	859,100	2,520,080	859,100	1,226,285	1,225,576	(709)	(0.06)
APPROPRIATIONS												
101-301-702.000	WAGES-FULL TIME EMPLOYEES	31,034	43,817	37,096	39,324	41,600	41,600	41,600	45,760	45,760	0	0.00
	(2024-25) 1 FULL-TIME ANIMAL SHELTER MANAGER											
101-301-702.100	COMMAND	358,419	342,932	379,884	314,835	405,400	405,400	405,400	417,571	417,571	0	0.00

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GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED \$ BUDGET	2024-25 RECOMMENDED 2024 BUDGET	2024-25 ADJUSTED-2024 BUDGET	2024-25 ADJUSTED-2024 AMT CHANGE	2024-25 ADJUSTED % CHANGE
Dept 301 - POLICE DEPARTMENT												
APPROPRIATIONS												
TOTAL APPROPRIATIONS		3,270,323	3,621,676	3,551,131	4,782,701	3,570,470	5,358,477	3,570,470	4,035,442	4,035,442	0	0.00
NET OF REVENUES/APPROPRIATIONS - 301 - POLICE DEPARTMENT		(2,474,955)	(2,936,203)	(2,692,575)	(2,342,355)	(2,711,370)	(2,838,397)	(2,711,370)	(2,809,157)	(2,809,866)	709	0.03
Dept 336 - FIRE DEPARTMENT												
ESTIMATED REVENUES												
101-336-402.000	CURRENT PROPERTY TAXES	220,269	224,911	239,057	247,237	252,600	247,238	252,600	272,038	272,038	0	0.00
	FOOTNOTE AMOUNTS:							0	326,245	326,245		
	(2024-25) ORIGINAL TAX ROLL							0	(21,287)	(21,287)		
	FOOTNOTE AMOUNTS:							0	(32,920)	(32,920)		
	(2024-25) DDA CAPTURE							0				
	FOOTNOTE AMOUNTS:							0				
	(2024-25) TIFA CAPTURE							0				
	GL # FOOTNOTE TOTAL:								272,038	272,038		
101-336-403.100	TAX REFUND - TIFA CAPTURE	68,151	68,373	69,022	0	67,100	0	67,100	0	0	0	0.00
101-336-411.000	DELINQUENT REAL PROPERTY TAXES	0	0	0	164	0	4,531	0	0	0	0	0.00
101-336-412.000	DELINQUENT PERSONAL PROPERTY TAXES	0	52	0	142	0	149	0	0	0	0	0.00
101-336-437.000	INDUSTRIAL FACILITY TAX	8,097	8,097	8,097	8,097	8,100	8,097	8,100	8,096	8,096	0	0.00
	FOOTNOTE AMOUNTS:							0	10,308	10,308		
	(2024-25) ORIGINAL TAX ROLL							0	(351)	(351)		
	FOOTNOTE AMOUNTS:							0	(1,861)	(1,861)		
	(2024-25) DDA CAPTURE							0				
	FOOTNOTE AMOUNTS:							0				
	(2024-25) TIFA CAPTURE							0				
	GL # FOOTNOTE TOTAL:								8,096	8,096		
101-336-502.000	FEDERAL GRANT	0	0	263,455	0	0	0	0	0	0	0	0.00
101-336-546.000	STATE GRANTS	3,480	1,610	1,199	0	0	0	0	0	0	0	0.00
101-336-569.000	STATE GRANTS - OTHER (MI PENSION C	950	0	2,000	482,519	0	482,520	0	0	0	0	0.00
101-336-573.100	LCSA - TIFA	0	0	0	67,100	0	67,100	0	45,603	44,894	(709)	(1.55)
101-336-626.000	SERVICES RENDERED	0	0	0	950	0	450	0	0	0	0	0.00
101-336-626.100	ACCIDENT REPORTS & DISCOVERY	5	10	10	0	0	0	0	0	0	0	0.00
101-336-627.335	FIRE INSPECTION	3,360	960	985	720	2,000	0	2,000	0	0	0	0.00
101-336-638.000	AMBULANCE FEES	218,711	234,354	250,724	252,531	270,000	270,000	270,000	300,000	300,000	0	0.00
101-336-674.000	PRIVATE CONTRIBUTIONS AND DONATIO	1,014	2,750	2,300	3,357	0	2,357	0	3,500	3,500	0	0.00
101-336-676.000	REIMBURSEMENTS	4,846	2,498	585	625	1,000	0	1,000	1,000	1,000	0	0.00
101-336-676.200	MISC. REIMBURSEMENT	26,118	1,649	0	0	0	0	0	0	0	0	0.00
101-336-676.247	REIMBURSEMENT FROM TIFA	0	0	0	200,000	0	200,000	0	132,511	132,511	0	0.00
101-336-676.248	REIMBURSEMENT FROM DDA	0	0	0	0	0	0	0	92,565	92,565	0	0.00
101-336-680.000	WORKERS COMP WAGES	0	8,343	0	0	0	0	0	0	0	0	0.00
101-336-693.000	SALE OF CAPITAL ASSETS	2,500	0	0	0	0	0	0	0	0	0	0.00
101-336-693.300	AUCTION	2,855	0	0	0	0	0	0	0	0	0	0.00
TOTAL ESTIMATED REVENUES		560,356	553,607	837,434	1,263,442	600,800	1,284,067	600,800	855,313	854,604	(709)	(0.08)
APPROPRIATIONS												
101-336-702.000	WAGES-FULL TIME EMPLOYEES	352,284	402,907	452,713	507,257	534,300	534,300	534,300	596,307	528,803	(67,504)	(11.32)
	(2024-25) 8 FULL-TIME FIREFIGHTERS											
101-336-702.200	MECHINAC	1,771	2,786	5,078	3,161	3,000	3,500	3,000	6,000	6,000	0	0.00
101-336-703.000	SALARIES	65,400	63,073	66,385	68,833	105,080	105,080	105,080	82,400	82,400	0	0.00
	(2024-25) 1 FULL-TIME FIRE CHIEF											
101-336-704.000	WAGES-PART TIME	107,498	90,990	61,966	70,705	60,000	79,000	60,000	115,000	99,690	(15,310)	(13.31)
	(2024-25) 5,000 PART-TIME FIREFIGHTER HOURS											
101-336-709.000	FICA	57,528	55,731	53,045	54,697	64,700	64,700	64,700	61,200	67,146	5,946	9.72
101-336-713.000	OVERTIME	172,153	131,493	110,697	67,800	90,000	90,000	90,000	90,000	90,000	0	0.00
101-336-714.000	LONGEVITY	2,900	2,300	2,715	1,785	2,850	2,850	2,850	3,250	2,300	(950)	(29.23)
101-336-715.000	MERS PENSION EXPENSE (GASB 68)	0	0	0	482,519	0	482,520	0	0	0	0	0.00
101-336-716.000	MERS	35,930	37,873	67,957	108,445	128,650	128,650	128,650	156,070	156,070	0	0.00
101-336-717.000	MERS DC EXP	4,938	9,573	2,267	9,509	12,600	12,600	12,600	20,304	17,755	(2,549)	(12.55)
101-336-718.000	HEALTH INSURANCE	168,340	142,246	140,650	115,722	150,550	150,550	150,550	157,850	146,912	(10,938)	(6.93)
101-336-721.000	CLOTHING	44,297	41,097	9,023	12,321	15,000	15,000	15,000	15,000	15,000	0	0.00
101-336-722.000	MEAL ALLOWANCE	455	39	486	0	0	0	0	0	0	0	0.00
101-336-723.000	RETREE HEALTHCARE-OPEB	58,423	53,159	49,069	41,541	53,000	53,000	53,000	55,650	55,650	0	0.00
101-336-724.000	WORKERS COMPENSATION	16,120	5,816	16,490	4,740	9,480	16,490	9,480	50,985	41,026	(9,959)	(19.53)
101-336-725.000	RETRO PAY	9,656	0	5,467	0	0	0	0	0	0	0	0.00
101-336-726.000	HOLIDAY PAY PREMIUM	37,154	34,741	11,038	0	31,000	0	31,000	0	0	0	0.00

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REGULAR CITY COUNCIL MEETING OF 06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED \$ BUDGET	2024-25 RECOMMENDED 2024 BUDGET	2024-25 ADJUSTED-2024 BUDGET	2024-25 ADJUSTED-2024 AMT CHANGE	2024-25 ADJUSTED % CHANGE
Dept 336 - FIRE DEPARTMENT												
APPROPRIATIONS												
101-336-730.000	COMMUNITY EVENTS PAYROLL	0	370	3,000	0	5,000	2,500	5,000	5,000	5,000	0	0.00
101-336-731.000	EMPLOYEE LIFE INSURANCE	1,043	4,066	4,061	3,887	4,600	4,600	4,600	7,560	7,560	0	0.00
101-336-733.000	EMPLOYER HCSP CONTRIBUTION	0	0	369	0	0	0	0	0	0	0	0.00
101-336-752.000	SUPPLIES	1,202	211	596	2,918	1,000	3,500	1,000	2,400	2,400	0	0.00
101-336-752.200	CUSTODIAL SUPPLIES	128	0	0	2,465	1,000	3,000	1,000	2,000	2,000	0	0.00
101-336-752.335	OPERATING SUPPLIES - RESC.	9,173	18,908	34,247	21,150	30,000	24,000	30,000	30,000	30,000	0	0.00
101-336-752.336	GRANT EQUIPMENT	6,019	160	270,539	2,357	0	2,357	0	0	0	0	0.00
101-336-757.000	OPERATING SUPPLIES	4,885	8,515	7,146	6,654	9,000	9,000	9,000	8,000	8,000	0	0.00
101-336-759.000	GAS & OIL	7,530	11,083	11,672	7,440	13,000	10,100	13,000	8,000	8,000	0	0.00
101-336-826.000	LEGAL FEES	5,520	16,665	28,425	20,730	10,000	17,000	10,000	10,000	10,000	0	0.00
101-336-840.000	INSURANCE PREM	24,587	22,319	0	0	0	0	0	0	0	0	0.00
101-336-841.000	INSURANCE CLAIMS DEDUCTIBLE	2,500	0	0	0	0	0	0	0	0	0	0.00
101-336-843.000	MEDICAL PROVIDER SERVICES	27,746	27,284	16,430	23,714	29,000	29,000	29,000	29,000	29,000	0	0.00
101-336-843.336	AMBULANCE BILLING SERVICE	0	0	155,138	0	0	0	0	0	0	0	0.00
101-336-850.000	TELEPHONE	4,346	4,241	4,070	3,433	4,500	4,500	4,500	4,500	4,500	0	0.00
101-336-851.000	POSTAGE	24	13	17	6	150	150	150	100	100	0	0.00
101-336-880.000	COMMUNITY PROMOTION	648	973	0	517	500	600	500	1,000	1,000	0	0.00
101-336-900.000	ADVERTISING	0	0	491	93	0	0	0	0	0	0	0.00
101-336-909.000	EDUCATIONAL SERVICES	3,229	4,978	847	2,939	3,000	3,000	3,000	3,000	3,000	0	0.00
101-336-910.000	PROFESSIONAL DEVELOPMENT	4,083	14,354	2,286	5,727	10,000	7,900	10,000	10,000	10,000	0	0.00
101-336-915.000	MEMBERSHIP	8,641	13,102	7,623	7,800	13,000	13,000	13,000	13,000	13,000	0	0.00
101-336-930.000	LAND AND BUILDING REPAIRS	2,485	1,052	3,895	1,684	3,000	3,000	3,000	2,000	2,000	0	0.00
101-336-931.000	EQUIPMENT MAINTENANCE	38,451	37,307	13,553	43,734	40,000	44,000	40,000	40,000	40,000	0	0.00
101-336-933.000	COMPUTERS	8,712	14,574	6,842	7,322	10,000	7,900	10,000	8,000	8,000	0	0.00
101-336-970.000	CAPITAL OUTLAY	43,084	10,500	19,643	22,062	20,000	20,000	20,000	20,000	20,000	0	0.00
101-336-991.000	BOND PRINCIPAL	25,239	26,536	27,768	28,690	28,700	28,700	28,700	0	0	0	0.00
101-336-992.000	INTEREST	5,242	3,945	2,713	1,345	1,380	1,380	1,380	0	0	0	0.00
101-336-998.000	SPECIAL ITEMS	73	100	0	0	0	0	0	0	0	0	0.00
TOTAL APPROPRIATIONS		1,369,437	1,315,080	1,664,667	1,777,452	1,496,990	1,977,377	1,496,990	1,613,576	1,512,312	(101,264)	(6.28)
NET OF REVENUES/APPROPRIATIONS - 336 - FIRE DEPARTMENT		(809,081)	(761,473)	(827,233)	(514,010)	(896,190)	(693,310)	(896,190)	(758,263)	(657,708)	(100,555)	(13.26)
Dept 371 - BUILDING & SAFETY DEPARTMENT												
ESTIMATED REVENUES												
101-371-490.100	ELECTRICAL PERMITS	21,714	16,258	33,538	21,594	20,000	20,000	20,000	20,000	20,000	0	0.00
101-371-490.300	PLUMBING PERMITS	7,685	10,005	10,863	8,753	8,500	8,500	8,500	9,000	9,000	0	0.00
101-371-490.400	DEMOLITION PERMITS	400	200	300	200	150	150	150	300	300	0	0.00
101-371-490.500	ZONING PERMITS	35,294	21,622	21,919	30,033	15,000	25,000	15,000	24,000	24,000	0	0.00
101-371-490.600	MECHANICAL	20,000	17,360	21,985	17,240	15,000	17,000	15,000	17,000	17,000	0	0.00
101-371-492.370	VACANT PROPERTY REGISTRATION	3,300	4,500	1,500	500	3,000	500	3,000	1,000	1,000	0	0.00
101-371-493.000	BUILDING PERMITS	75,569	81,499	84,165	138,181	80,000	135,000	80,000	115,000	115,000	0	0.00
101-371-495.000	LICENSE & MISC FEES	3,510	3,315	15	0	0	0	0	0	0	0	0.00
101-371-522.000	FEDERAL GRANTS - CDBG	0	0	0	20,000	0	0	0	0	0	0	0.00
101-371-569.000	STATE GRANTS - OTHER (MI PENSION C	0	0	0	501,840	0	501,841	0	0	0	0	0.00
101-371-627.100	RESALE INSPECTION	15,790	18,985	21,144	17,270	15,000	16,500	15,000	18,000	18,000	0	0.00
101-371-627.200	RENTAL INSPECTION	14,745	9,170	4,850	2,755	5,000	3,500	5,000	4,000	4,000	0	0.00
101-371-627.370	VACANT PROPERTY INSPECTION	2,000	0	0	0	0	0	0	0	0	0	0.00
101-371-628.000	CERTIFICATE OF OCCUPANCY	2,695	1,800	1,740	4,105	1,500	4,000	1,500	4,000	4,000	0	0.00
101-371-651.000	FEES	52,693	55,172	72,359	51,298	50,000	55,000	50,000	55,000	55,000	0	0.00
101-371-653.375	DONATION BOX REGISTRATION	75	75	100	250	0	250	0	200	200	0	0.00
101-371-655.000	FINES	4,600	1,200	7,090	900	500	900	500	2,000	2,000	0	0.00
101-371-663.000	BOND FORFEITURES AND BOND COSTS	0	0	0	115	0	115	0	100	100	0	0.00
TOTAL ESTIMATED REVENUES		260,070	241,161	281,568	815,034	213,650	788,256	213,650	269,600	269,600	0	0.00
APPROPRIATIONS												
101-371-702.000	WAGES-FULL TIME EMPLOYEES	37,712	43,843	98,165	133,695	94,300	154,000	94,300	191,675	191,675	0	0.00
	(2024-25) 1 FULL-TIME CLERICAL AND 2 FULL-TIME INSPECTORS											
101-371-702.200	MECHINAC	299	700	0	82	1,000	1,000	1,000	1,000	1,000	0	0.00
101-371-703.000	SALARIES	25,043	51,417	40,006	0	57,000	0	57,000	0	0	0	0.00
101-371-704.000	WAGES-PART TIME	100,426	92,412	60,063	41,085	81,000	56,000	81,000	79,528	113,848	34,320	43.15
	(2024-25) 1 PART-TIME DIRECTOR, 1 PART-TIME INSPECTOR, 1 PART-TIME ORDINANCE OFFICER AND 1 PART-TIME PLAN REVIEW											
101-371-709.000	FICA	12,543	14,311	14,860	13,366	17,000	17,000	17,000	19,949	22,574	2,625	13.16
101-371-713.000	OVERTIME	1,600	366	0	1,209	500	2,000	500	6,579	6,579	0	0.00
101-371-714.000	LONGEVITY	0	0	250	300	300	300	300	350	350	0	0.00

2024-2025 BUDGET
REGULAR CITY COUNCIL MEETING OF 06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED \$ BUDGET	2024-25 RECOMMENDED 2024 BUDGET	2024-25 ADJUSTED-2024 BUDGET	2024-25 ADJUSTED-2024 AMT CHANGE	2024-25 ADJUSTED % CHANGE
Dept 371 - BUILDING & SAFETY DEPARTMENT												
APPROPRIATIONS												
101-371-715.000	MERS PENSION EXPENSE (GASB 68)	0	0	0	501,840	0	501,841	0	0	0	0	0.00
101-371-716.000	MERS	22,999	26,201	60,303	49,314	93,600	93,600	93,600	87,245	87,245	0	0.00
101-371-717.000	MERS DC EXP	2,755	3,764	5,575	3,842	8,250	8,250	8,250	12,413	12,413	0	0.00
101-371-718.000	HEALTH INSURANCE	33,494	32,711	36,413	46,501	45,900	57,000	45,900	71,959	71,959	0	0.00
101-371-721.000	CLOTHING	0	848	816	250	800	800	800	1,000	1,000	0	0.00
101-371-724.000	WORKERS COMPENSATION	696	152	120	240	240	240	240	10,067	11,549	1,482	14.72
101-371-731.000	EMPLOYEE LIFE INSURANCE	356	273	356	361	400	400	400	564	564	0	0.00
101-371-733.000	EMPLOYER HCSP CONTRIBUTION	0	0	633	0	1,000	1,000	1,000	5,948	5,948	0	0.00
101-371-752.000	SUPPLIES	412	678	522	431	500	500	500	800	800	0	0.00
101-371-757.000	OPERATING SUPPLIES	663	641	1,383	564	1,200	1,200	1,200	1,500	1,500	0	0.00
101-371-759.000	GAS & OIL	1,072	1,656	1,415	1,304	1,500	1,500	1,500	1,800	1,800	0	0.00
101-371-801.000	PROFESSIONAL AND CONTRACTUAL SERV	29,185	34,340	41,071	38,309	30,000	42,500	30,000	40,350	40,350	0	0.00
101-371-826.000	LEGAL FEES	0	0	16,555	880	5,000	5,000	5,000	5,000	5,000	0	0.00
101-371-840.000	INSURANCE PREM	7,992	8,192	0	0	0	0	0	0	0	0	0.00
101-371-843.000	MEDICAL PROVIDER SERVICES	0	0	0	25	0	25	0	0	0	0	0.00
101-371-850.000	TELEPHONE	3,350	3,202	3,365	3,035	3,000	3,050	3,000	3,500	3,500	0	0.00
101-371-851.000	POSTAGE	855	376	1,013	250	400	400	400	400	400	0	0.00
101-371-900.000	ADVERTISING	75	1,374	453	150	100	150	100	500	500	0	0.00
101-371-910.000	PROFESSIONAL DEVELOPMENT	95	50	654	2,065	500	2,061	500	3,000	3,000	0	0.00
101-371-915.000	MEMBERSHIP	89	745	745	556	800	800	800	800	800	0	0.00
101-371-932.000	AUTO EXPENSES	5,179	659	1,207	1,338	1,000	1,000	1,000	1,000	1,000	0	0.00
101-371-933.000	COMPUTERS	2,853	6,930	2,874	6,140	3,000	4,500	3,000	5,000	5,000	0	0.00
101-371-946.000	ENGINEERING SERVICES	339	2,305	377	0	500	500	500	1,000	1,000	0	0.00
101-371-970.000	CAPITAL OUTLAY	0	0	0	9,000	0	9,000	0	5,000	5,000	0	0.00
101-371-998.000	SPECIAL ITEMS	415	95	0	0	0	0	0	0	0	0	0.00
TOTAL APPROPRIATIONS		290,501	328,241	389,194	856,132	448,790	965,567	448,790	557,927	596,354	38,427	6.89
NET OF REVENUES/APPROPRIATIONS - 371 - BUILDING & SAFET		(30,431)	(87,080)	(107,626)	(41,098)	(235,140)	(177,311)	(235,140)	(288,327)	(326,754)	38,427	13.33
Dept 441 - DEPT. OF PUBLIC SERVICE												
ESTIMATED REVENUES												
101-441-569.000	STATE GRANTS - OTHER (MI PENSION C	0	0	0	518,777	0	518,778	0	0	0	0	0.00
101-441-626.440	WEED & ETC	1,333	1,615	6,120	2,322	1,500	2,322	1,500	1,500	1,500	0	0.00
101-441-632.440	REFUSE COLLECTION	0	0	0	250	0	100	0	0	0	0	0.00
101-441-642.253	TRASH BAG SALES	0	0	0	43	0	0	0	100	100	0	0.00
101-441-667.440	EQUIPMENT RENTAL	257,532	228,142	216,645	230,498	230,000	272,500	230,000	275,000	275,000	0	0.00
101-441-674.900	DONATIONS BRICK PAVERS	100	0	100	150	100	150	100	0	0	0	0.00
101-441-676.200	MISC. REIMBURSEMENT	1,562	8,409	0	(228)	0	0	0	0	0	0	0.00
101-441-676.247	REIMBURSEMENT FROM TIPA	30,000	30,000	30,000	200,000	100,000	200,000	100,000	90,912	90,912	0	0.00
101-441-676.248	REIMBURSEMENT FROM DDA	170,000	170,000	170,000	170,000	170,000	170,000	170,000	63,507	63,507	0	0.00
101-441-676.592	REIMBURSEMENT FROM WATER	150,000	150,000	150,000	150,000	150,000	150,000	150,000	0	0	0	0.00
101-441-693.000	SALE OF CAPITAL ASSETS	0	1,938	0	0	0	0	0	0	0	0	0.00
101-441-693.300	AUCTION	13,108	0	0	0	0	0	0	0	0	0	0.00
TOTAL ESTIMATED REVENUES		623,635	590,104	572,865	1,271,812	651,600	1,313,850	651,600	431,019	431,019	0	0.00
APPROPRIATIONS												
101-441-702.000	WAGES-FULL TIME EMPLOYEES (2024-25) 8 FULL-TIME @ 65%	217,574	204,344	156,483	185,262	208,000	208,000	208,000	253,327	253,327	0	0.00
101-441-702.200	MECHANIC (2024-25) 1 FULL-TIME MECHANIC AND 1 PART-TIME MECHANIC	42,469	51,979	56,543	52,597	38,000	38,000	38,000	50,000	50,000	0	0.00
101-441-703.000	SALARIES (2024-25) 1 FULL-TIME DIRECTOR @ 50%	32,843	30,829	22,877	19,178	31,200	31,200	31,200	43,864	43,864	0	0.00
101-441-707.000	TEMPORARY	10,540	2,390	6,922	1,632	24,000	24,000	24,000	20,000	20,000	0	0.00
101-441-709.000	FICA	24,076	25,687	21,900	19,662	25,500	25,500	25,500	28,100	28,100	0	0.00
101-441-713.000	OVERTIME	6,103	8,545	4,534	7,689	12,000	12,000	12,000	10,000	10,000	0	0.00
101-441-714.000	LONGEVITY	2,854	2,342	2,290	1,800	2,500	2,500	2,500	2,500	2,500	0	0.00
101-441-715.000	MERS PENSION EXPENSE (GASB 68)	0	0	0	518,777	0	518,778	0	0	0	0	0.00
101-441-716.000	MERS	103,283	169,967	181,265	200,034	214,800	214,800	214,800	220,000	220,000	0	0.00
101-441-717.000	MERS DC EXP	826	5,343	7,405	5,838	13,500	13,500	13,500	12,000	12,000	0	0.00
101-441-718.000	HEALTH INSURANCE	119,868	138,192	130,346	103,165	140,000	140,000	140,000	130,000	130,000	0	0.00
101-441-721.000	CLOTHING	11,405	11,367	11,078	9,793	9,150	12,000	9,150	9,500	9,500	0	0.00
101-441-722.000	MEAL ALLOWANCE	100	484	311	510	500	500	500	500	500	0	0.00
101-441-723.000	RETIREE HEALTHCARE-OPEB	88,173	91,116	82,165	67,373	90,000	90,000	90,000	90,000	90,000	0	0.00
101-441-724.000	WORKERS COMPENSATION	4,264	2,912	2,340	4,680	4,680	4,680	4,680	25,700	25,700	0	0.00

2024-2025 BUDGET
REGULAR CITY COUNCIL MEETING OF 06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED \$ BUDGET	2024-25 RECOMMENDED 2024 BUDGET	2024-25 ADJUSTED 2024 BUDGET	2024-25 ADJUSTED 2024 AMT CHANGE	2024-25 ADJUSTED % CHANGE
Dept 441 - DEPT. OF PUBLIC SERVICE												
APPROPRIATIONS												
101-441-730.000	COMMUNITY EVENTS PAYROLL	425	1,908	7,000	984	8,000	8,000	8,000	4,000	4,000	0	0.00
101-441-731.000	EMPLOYEE LIFE INSURANCE	1,783	1,491	1,583	1,411	1,450	1,450	1,450	1,500	1,500	0	0.00
101-441-733.000	EMPLOYER HCSP CONTRIBUTION	0	0	98	0	0	0	0	0	0	0	0.00
101-441-752.000	SUPPLIES	196	13	479	332	500	500	500	500	500	0	0.00
101-441-752.200	CUSTODIAL SUPPLIES	0	0	142	0	0	0	0	0	0	0	0.00
101-441-757.000	OPERATING SUPPLIES	8,740	17,350	8,256	3,436	15,000	15,000	15,000	12,000	12,000	0	0.00
101-441-759.000	GAS & OIL	16,005	28,890	26,842	19,489	25,000	25,000	25,000	22,000	22,000	0	0.00
101-441-801.000	PROFESSIONAL AND CONTRACTUAL SERV	727	12,195	3,532	3,948	4,000	4,000	4,000	4,000	204,000	200,000	5,000.00
101-441-826.000	LEGAL FEES	560	1,120	0	1,040	0	0	0	0	0	0	0.00
101-441-834.000	BRICK PAVERS	0	57	57	85	0	86	0	0	0	0	0.00
101-441-840.000	INSURANCE PREM	30,687	31,104	0	0	0	0	0	0	0	0	0.00
101-441-843.000	MEDICAL PROVIDER SERVICES	950	1,100	790	744	1,000	1,000	1,000	1,000	1,000	0	0.00
101-441-850.000	TELEPHONE	8,385	10,031	10,590	24,964	10,000	28,700	10,000	10,000	10,000	0	0.00
101-441-851.000	POSTAGE	7	10	17	5	0	100	0	0	0	0	0.00
101-441-894.000	DEMOLITION & DISPOSAL	0	0	0	0	0	0	0	250,000	116,000	(134,000)	(53.60)
FOOTNOTE AMOUNTS:												
(2024-25) 27710 N. TELEGRAPH ROAD - DEMOLITION												
101-441-900.000	ADVERTISING	189	59	236	0	0	0	0	0	0	0	0.00
101-441-908.000	SAFETY TRAINING	898	2,034	1,034	0	1,500	1,500	1,500	1,500	1,500	0	0.00
101-441-910.000	PROFESSIONAL DEVELOPMENT	1,107	1,298	1,650	1,092	3,000	3,000	3,000	3,000	3,000	0	0.00
101-441-919.000	WASTE AND RUBBISH DISPOSAL	456,503	399,255	559,118	569,642	600,000	620,000	600,000	620,000	620,000	0	0.00
101-441-920.000	STREET LIGHTING	273,335	236,320	283,568	301,245	300,000	331,000	300,000	300,000	300,000	0	0.00
101-441-924.000	UTILITIES	10,660	16,003	13,162	13,511	18,000	18,000	18,000	20,000	20,000	0	0.00
101-441-930.000	LAND AND BUILDING REPAIRS	9,340	13,154	9,102	15,310	8,000	8,000	8,000	10,000	10,000	0	0.00
101-441-930.100	PARK & CEMETARY MAINTENANCE	12,241	16,906	10,966	6,043	10,000	10,000	8,000	8,000	8,000	0	0.00
101-441-931.000	EQUIPMENT MAINTENANCE	48,372	75,382	47,372	62,935	50,000	69,000	50,000	52,000	52,000	0	0.00
101-441-933.000	COMPUTERS	1,622	412	595	553	1,000	1,000	1,000	1,000	1,000	0	0.00
101-441-970.000	CAPITAL OUTLAY	80,061	56,560	64,026	6,350	80,000	80,000	80,000	60,000	60,000	0	0.00
101-441-974.000	LAND IMPROVEMENTS - CAPITAL OUTLA	0	0	0	0	0	0	0	34,000	34,000	34,000	0.00
FOOTNOTE AMOUNTS:												
(2024-25) 27710 N. TELEGRAPH ROAD - FENCE												
101-441-998.000	SPECIAL ITEMS	606	0	587	0	0	0	0	0	0	0	0.00
TOTAL APPROPRIATIONS		1,626,317	1,668,149	1,737,261	2,231,109	1,950,280	2,560,794	1,950,280	2,275,991	2,375,991	100,000	4.39
NET OF REVENUES/APPROPRIATIONS - 441 - DEPT. OF PUBLIC .		(1,002,682)	(1,078,045)	(1,164,396)	(959,297)	(1,298,680)	(1,246,944)	(1,298,680)	(1,844,972)	(1,944,972)	100,000	5.42
Dept 446 - ROADS, STREETS, BRIDGES												
ESTIMATED REVENUES												
101-446-402.000	CURRENT PROPERTY TAXES	251,731	257,037	273,203	282,554	288,750	282,554	288,750	310,897	310,897	0	0.00
FOOTNOTE AMOUNTS:												
(2024-25) ORIGINAL TAX ROLL												
FOOTNOTE AMOUNTS:												
(2024-25) DDA CAPTURE												
FOOTNOTE AMOUNTS:												
(2024-25) TIFA CAPTURE												
GL # FOOTNOTE TOTAL:												
101-446-403.100	TAX REFUND - TIFA CAPTURE	77,887	78,140	78,882	0	76,600	0	76,600	0	0	0	0.00
101-446-411.000	DELINQUENT REAL PROPERTY TAXES	0	0	0	188	0	5,178	0	0	0	0	0.00
101-446-412.000	DELINQUENT PERSONAL PROPERTY TAXE	0	1	0	145	0	148	0	0	0	0	0.00
101-446-437.000	INDUSTRIAL FACILITY TAX	9,253	9,253	9,253	9,253	9,250	9,254	9,250	9,253	9,253	0	0.00
FOOTNOTE AMOUNTS:												
(2024-25) ORIGINAL TAX ROLL												
FOOTNOTE AMOUNTS:												
(2024-25) DDA CAPTURE												
FOOTNOTE AMOUNTS:												
(2024-25) TIFA CAPTURE												
GL # FOOTNOTE TOTAL:												
101-446-508.000-VREELANDRD	FEDERAL GRANTS - ROADS	0	0	0	0	0	0	0	975,197	975,197	0	0.00
(2024-25) \$1,691,497 IN FEDERAL FUNDS (\$975,197 IN FY 2024-2025 & \$716,300 FY 2025-2026 10/01/2025)												
101-446-573.100	LCSA - TIFA	0	0	0	76,600	0	76,600	0	52,118	51,307	(811)	(1.56)
101-446-676.247-VREELANDRD	REIMBURSEMENT FROM TIFA	0	0	0	0	0	0	0	220,000	220,000	0	0.00
101-446-699.390-VREELANDRD	USE OF FUND BALANCE	0	0	0	0	0	0	0	716,300	514,755	(201,545)	(28.14)
(2024-25) \$716,300 FY 2025-2026 10/01/2025												
TOTAL ESTIMATED REVENUES		338,871	344,431	361,338	368,740	374,600	373,734	374,600	2,283,765	2,081,409	(202,356)	(8.86)

2024-2025 BUDGET
REGULAR CITY COUNCIL MEETING OF 06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED S BUDGET	2024-25 RECOMMENDED 2024 BUDGET	2024-25 ADJUSTED-2024 BUDGET	2024-25 ADJUSTED-2024 AMT CHANGE	2024-25 ADJUSTED CHANGE
Dept 446 - ROADS, STREETS, BRIDGES												
APPROPRIATIONS												
101-446-752.000	SUPPLIES	2,259	2,340	0	0	0	0	0	0	0	0	0.00
101-446-946.000	ENGINEERING SERVICES	0	5,874	0	0	30,000	0	30,000	0	0	0	0.00
101-446-946.000-VREELANDRD	ENGINEERING SERVICES	0	0	0	211,245	0	373,650	0	292,867	292,867	0	0.00
101-446-988.000	CONSTRUCTION	282,431	241,679	456,191	25,815	343,650	0	343,650	0	0	0	0.00
101-446-989.000-VREELANDRD	STREET REHABILITATION - CAPITAL O	0	0	0	0	0	0	0	2,081,409	1,788,542	(292,867)	(14.07)
TOTAL APPROPRIATIONS		284,690	249,893	456,191	237,060	373,650	373,650	373,650	2,374,276	2,081,409	(292,867)	(12.34)
NET OF REVENUES/APPROPRIATIONS - 446 - ROADS, STREETS,		54,181	94,538	(94,853)	131,680	950	84	950	(90,511)	0	(90,511)	(100.00)
Dept 447 - CITY ENGINEER												
APPROPRIATIONS												
101-447-946.000	ENGINEERING SERVICES	10,744	1,859	1,689	463	2,000	2,000	2,000	2,000	2,000	0	0.00
TOTAL APPROPRIATIONS		10,744	1,859	1,689	463	2,000	2,000	2,000	2,000	2,000	0	0.00
NET OF REVENUES/APPROPRIATIONS - 447 - CITY ENGINEER		(10,744)	(1,859)	(1,689)	(463)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	0	0.00
Dept 694 - CDBG												
ESTIMATED REVENUES												
101-694-502.000	FEDERAL GRANT	20,000	41,095	31,835	0	20,000	0	20,000	20,000	20,000	0	0.00
TOTAL ESTIMATED REVENUES		20,000	41,095	31,835	0	20,000	0	20,000	20,000	20,000	0	0.00
APPROPRIATIONS												
101-694-704.000	WAGES-PART TIME	0	0	0	0	0	0	0	20,000	20,000	0	0.00
101-694-704.720	BUS TRANSPORTATION	7,620	0	0	0	10,000	0	10,000	0	0	0	0.00
101-694-708.700	PROGRAMMER	12,380	20,000	10,000	0	10,000	0	10,000	0	0	0	0.00
101-694-709.000	FICA	0	0	0	0	0	0	0	1,530	1,530	0	0.00
101-694-946.000	ENGINEERING SERVICES	29,243	7,425	35,501	0	0	0	0	0	0	0	0.00
101-694-988.000	CONSTRUCTION	0	0	3,362	0	0	0	0	0	0	0	0.00
TOTAL APPROPRIATIONS		49,243	27,425	48,863	0	20,000	0	20,000	21,530	21,530	0	0.00
NET OF REVENUES/APPROPRIATIONS - 694 - CDBG		(29,243)	13,670	(17,028)	0	0	0	0	(1,530)	(1,530)	0	0.00
Dept 701 - PLANNING COMMISSION												
APPROPRIATIONS												
101-701-702.000	WAGES-FULL TIME EMPLOYEES	0	55	0	0	0	0	0	0	0	0	0.00
101-701-709.000	FICA	33	37	16	3	40	40	40	40	40	0	0.00
101-701-713.000	OVERTIME	433	438	217	36	500	500	500	500	500	0	0.00
101-701-717.000	MERS DC EXP	11	7	2	0	25	25	25	25	25	0	0.00
101-701-724.000	WORKERS COMPENSATION	32	16	16	32	32	32	32	40	40	0	0.00
101-701-725.000	FEES & PER DIEM	660	690	843	487	1,000	1,000	1,000	1,000	1,000	0	0.00
101-701-752.000	SUPPLIES	0	10	0	0	0	0	0	0	0	0	0.00
101-701-801.000	PROFESSIONAL AND CONTRACTUAL SERV	9,887	3,096	7,265	2,396	5,000	5,000	5,000	5,000	5,000	0	0.00
101-701-840.000	INSURANCE PREM	764	764	0	0	0	0	0	0	0	0	0.00
101-701-851.000	POSTAGE	230	11	30	0	50	50	50	50	50	0	0.00
101-701-900.000	ADVERTISING	374	336	274	0	300	300	300	300	300	0	0.00
101-701-947.000	MASTER PLAN	0	244	288	0	0	0	0	0	0	0	0.00
TOTAL APPROPRIATIONS		12,424	5,704	8,951	2,954	6,947	6,947	6,947	6,955	6,955	0	0.00
NET OF REVENUES/APPROPRIATIONS - 701 - PLANNING COMMISS		(12,424)	(5,704)	(8,951)	(2,954)	(6,947)	(6,947)	(6,947)	(6,955)	(6,955)	0	0.00
Dept 702 - ZONING BOARD OF APPEALS												
ESTIMATED REVENUES												
101-702-633.000	HEARING FEES	2,200	2,700	3,400	600	2,000	2,000	2,000	2,000	2,000	0	0.00
TOTAL ESTIMATED REVENUES		2,200	2,700	3,400	600	2,000	2,000	2,000	2,000	2,000	0	0.00
APPROPRIATIONS												
101-702-702.000	WAGES-FULL TIME EMPLOYEES	36	0	0	0	0	0	0	0	0	0	0.00
101-702-709.000	FICA	19	22	49	30	40	40	40	40	40	0	0.00
101-702-713.000	OVERTIME	218	287	642	394	500	500	500	500	500	0	0.00
101-702-717.000	MERS DC EXP	6	0	0	0	0	0	0	0	0	0	0.00
101-702-718.000	HEALTH INSURANCE	0	0	0	(6)	0	0	0	0	0	0	0.00
101-702-724.000	WORKERS COMPENSATION	32	16	16	32	32	32	32	40	40	0	0.00
101-702-725.000	FEES & PER DIEM	390	180	315	457	500	500	500	500	500	0	0.00

2024-2025 BUDGET
REGULAR CITY COUNCIL MEETING OF 06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED \$ BUDGET	2024-25 RECOMMENDED 2024 BUDGET	2024-25 ADJUSTED 2024 BUDGET	2024-25 ADJUSTED 2024 AMT CHANGE	2024-25 ADJUSTED \$ CHANGE
Dept 702 - ZONING BOARD OF APPEALS												
APPROPRIATIONS												
101-702-752.000	SUPPLIES	0	0	14	0	0	0	0	0	0	0	0.00
101-702-801.000	PROFESSIONAL AND CONTRACTUAL SERV	0	269	0	0	500	500	500	500	500	0	0.00
101-702-840.000	INSURANCE PREM	764	764	0	0	0	0	0	0	0	0	0.00
101-702-851.000	POSTAGE	47	35	18	0	50	50	50	50	50	0	0.00
101-702-900.000	ADVERTISING	676	695	1,364	375	800	800	800	800	800	0	0.00
	TOTAL APPROPRIATIONS	2,188	2,268	2,418	1,282	2,422	2,422	2,422	2,430	2,430	0	0.00
NET OF REVENUES/APPROPRIATIONS - 702 - ZONING BOARD OF		12	432	982	(682)	(422)	(422)	(422)	(430)	(430)	0	0.00
Dept 703 - BEAUTIFICATION												
ESTIMATED REVENUES												
101-703-642.000	SALES	0	560	0	0	0	0	0	0	0	0	0.00
101-703-674.000	PRIVATE CONTRIBUTIONS AND DONATIO	529	0	1,195	0	0	0	0	0	0	0	0.00
	TOTAL ESTIMATED REVENUES	529	560	1,195	0	0	0	0	0	0	0	0.00
APPROPRIATIONS												
101-703-724.000	WORKERS COMPENSATION	32	16	16	32	32	32	32	40	40	0	0.00
101-703-725.000	FEES & PER DIEM	680	255	225	0	500	500	500	500	500	0	0.00
101-703-757.000	OPERATING SUPPLIES	0	0	0	0	1,500	0	0	0	0	0	0.00
101-703-840.000	INSURANCE PREM	764	764	0	0	0	0	0	0	0	0	0.00
101-703-851.000	POSTAGE	45	0	0	0	0	0	0	0	0	0	0.00
101-703-880.000	COMMUNITY PROMOTION	490	612	660	500	0	500	0	0	0	0	0.00
101-703-930.000	LAND AND BUILDING REPAIRS	0	2,838	1,792	0	2,000	0	2,000	2,000	2,000	0	0.00
	TOTAL APPROPRIATIONS	2,011	4,485	2,693	532	2,532	2,532	2,532	2,540	2,540	0	0.00
NET OF REVENUES/APPROPRIATIONS - 703 - BEAUTIFICATION		(1,482)	(3,925)	(1,498)	(532)	(2,532)	(2,532)	(2,532)	(2,540)	(2,540)	0	0.00
Dept 704 - CABLE COMMISSION												
ESTIMATED REVENUES												
101-704-477.000	Royalties	164,271	160,840	156,006	109,227	155,000	148,000	155,000	148,900	148,900	0	0.00
	TOTAL ESTIMATED REVENUES	164,271	160,840	156,006	109,227	155,000	148,000	155,000	148,900	148,900	0	0.00
APPROPRIATIONS												
101-704-725.000	FEES & PER DIEM	0	690	875	735	840	840	840	900	900	0	0.00
	TOTAL APPROPRIATIONS	0	690	875	735	840	840	840	900	900	0	0.00
NET OF REVENUES/APPROPRIATIONS - 704 - CABLE COMMISSION		164,271	160,150	155,131	108,492	154,160	147,160	154,160	148,000	148,000	0	0.00
Dept 728 - ECONOMIC DEVELOPMENT												
ESTIMATED REVENUES												
101-728-676.247	REIMBURSEMENT FROM TIFA	60,455	60,041	65,916	0	161,515	0	161,515	0	0	0	0.00
101-728-676.248	REIMBURSEMENT FROM DDA	60,196	60,042	65,916	125,309	0	161,515	0	85,213	76,691	(8,522)	(10.00)
101-728-679.000-NON-DDAEXP	CONTRIBUTIONS AND DONATIONS - NON	0	0	0	2,254	0	3,000	0	3,000	3,000	0	0.00
	TOTAL ESTIMATED REVENUES	120,651	120,083	131,832	127,563	161,515	164,515	161,515	88,213	79,691	(8,522)	(9.66)
APPROPRIATIONS												
101-728-702.000	WAGES-FULL TIME EMPLOYEES	3,226	0	0	0	0	0	0	0	0	0	0.00
101-728-703.000	SALARIES	62,050	59,844	63,267	62,100	64,085	64,085	64,085	66,007	66,007	0	0.00
101-728-709.000	FICA	4,963	4,574	4,887	4,607	4,950	4,950	4,950	5,103	5,103	0	0.00
101-728-714.000	LONGEVITY	250	300	350	400	400	400	400	450	450	0	0.00
101-728-716.000	MERS	45,214	50,961	57,621	70,094	85,230	85,230	85,230	7,721	7,721	0	0.00
101-728-717.000	MERS DC EXP	1,858	1,881	3,163	3,042	3,240	3,240	3,240	3,335	3,335	0	0.00
101-728-718.000	HEALTH INSURANCE	908	685	745	0	0	0	0	0	0	0	0.00
101-728-721.000	CLOTHING	0	250	250	250	250	250	250	250	250	0	0.00
101-728-724.000	WORKERS COMPENSATION	184	104	80	160	160	160	160	429	429	0	0.00
101-728-731.000	EMPLOYEE LIFE INSURANCE	149	116	134	115	150	150	150	141	141	0	0.00
101-728-733.000	EMPLOYER HCSP CONTRIBUTION	0	0	946	608	1,550	1,550	1,550	777	777	0	0.00
101-728-752.000	SUPPLIES	394	116	233	35	500	500	500	500	500	0	0.00
101-728-801.000	PROFESSIONAL AND CONTRACTUAL SERV	0	0	0	485	0	0	0	0	0	0	0.00
101-728-801.000-NON-DDAEXP	PROFESSIONAL SERVICES - NON DDA D	0	0	0	2,802	0	3,000	0	3,000	3,000	0	0.00
101-728-840.000	INSURANCE PREM	934	934	0	0	0	0	0	0	0	0	0.00
101-728-851.000	POSTAGE	1	0	0	0	0	0	0	0	0	0	0.00
101-728-915.000	MEMBERSHIP	259	0	0	0	0	0	0	0	0	0	0.00
101-728-933.000	COMPUTERS	162	218	156	43	1,000	1,000	1,000	500	500	0	0.00

2024-2025 BUDGET
REGULAR CITY COUNCIL MEETING OF 06-17-2024

GL NUMBER	DESCRIPTION	2020-21 ACTIVITY	2021-22 ACTIVITY	2022-23 ACTIVITY	2023-24 ACTIVITY THRU 05/31/24	2023-24 ORIGINAL BUDGET	2023-24 AMENDED BUDGET	2023-24 REQUESTED BUDGET	2024-25 MAYOR'S BUDGET	2024-25 PROPOSED BUDGET	2024-25 AMT CHANGE	2024-25 % CHANGE
Dept 966 - TRANSFERS OUT												
APPROPRIATIONS												
101-966-995.000	INTERFUND TRANSFERS OUT	0	0	0	250,000	440,000	250,000	440,000	0	0	0	0.00
101-966-995.208	INTERFUND TRANSFERS OUT PARKS & RI	0	0	100,000	741,560	390,000	741,560	390,000	420,000	420,000	0	0.00
101-966-995.352	TRANSFER TO 2015 CAPITAL IMPROVEM	0	0	0	70,060	70,250	70,250	70,250	76,163	76,163	0	0.00
FOOTNOTE AMOUNTS:												
(2024-25 To 2034-35) 2015 CAPITAL IMPROVEMENT BONDS - PRINCIPAL AND INTEREST (FINAL PAYMENT 10/01/2034)												
101-966-995.737	INTERFUND TRANSFERS OUT OPEB FUND	0	0	0	0	0	0	0	170,000	170,000	0	0.00
TOTAL APPROPRIATIONS		0	0	100,000	1,061,620	900,250	1,061,810	900,250	666,163	666,163	0	0.00
NET OF REVENUES/APPROPRIATIONS - 966 - TRANSFERS OUT		0	0	(100,000)	(1,061,620)	(900,250)	(1,061,810)	(900,250)	(666,163)	(666,163)	0	0.00
ESTIMATED REVENUES - FUND 101		10,478,903	10,222,873	11,202,864	16,168,946	11,338,985	16,970,510	11,338,985	13,546,551	13,345,317		
APPROPRIATIONS - FUND 101		10,186,569	9,911,312	10,824,095	15,070,835	11,334,570	16,886,928	11,334,570	14,215,485	13,869,919		
NET OF REVENUES/APPROPRIATIONS - FUND 101		292,334	311,561	378,769	1,098,111	4,415	83,582	4,415	(668,934)	(524,602)		
BEGINNING FUND BALANCE		1,199,285	1,491,632	1,803,192	2,181,961	2,181,961	2,181,961		2,265,543			
ENDING FUND BALANCE		1,491,619	1,803,193	2,181,961	3,280,072	2,186,376	2,265,543		1,740,941			

13.0% AVAILABLE FUND BALANCE RATIO

**CITY OF FLAT ROCK
FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024**

City of Flat Rock

Financial Statements

June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flat Rock as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Flat Rock as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the 33rd District Court, a joint venture, which represents 2.1 percent, (6.2) percent, and 2.1 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the governmental activities and the South Huron Valley Utility Authority, a joint venture, which represents 1.8 percent, 4.9 percent, and 7.3 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the water and sewer fund as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the 33rd District Court and the South Huron Valley Utility Authority, is based solely on the on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Flat Rock's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Flat Rock's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Disclaimer of Opinion on Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The tax levies in millage and water and sewer rates, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
November 27, 2024

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, 2024. 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 \$816,916 (or 2%). The governmental total assets and deferred outflows increased by \$251,334 (or 1%) and the business-type total assets and deferred outflows increased by \$565,582 (or 2%). Component Unit total assets and deferred outflows of resources decreased by \$1,030,340 (or 8%).
- Total net position of \$3,339,930 reflects an increase of \$9,516,607 from last fiscal year.
- At the end of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,787,856, an increase of \$1,496,516.
- At the end of the current fiscal year the fund balance for the General Fund increased \$1,015,818 to a final balance of \$3,197,779.

Overview of the Financial Statements

This discussion and analysis are 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, judicial, 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	
	2024	2023	2024	2023	2024	2023	2024	2023
Assets								
Current and other assets	\$ 7,397,275	\$ 6,351,222	\$ 7,128,489	\$ 10,085,703	\$ 14,525,764	\$ 16,436,925	\$ 2,370,070	\$ 3,003,469
Capital assets	10,398,865	10,596,101	18,818,796	15,203,394	29,217,661	25,799,495	10,307,246	10,704,187
Total assets	17,796,140	16,947,323	25,947,285	25,289,097	43,743,425	42,236,420	12,677,316	13,707,656
Deferred Outflows of Resources								
Deferred Charges	1,625,663	2,223,146	198,834	291,440	1,824,497	2,514,586	-	-
Total assets and deferred outflows	19,421,803	19,170,469	26,146,119	25,580,537	45,567,922	44,751,006	12,677,316	13,707,656
Liabilities								
Current	1,649,818	2,153,218	418,061	402,479	2,067,879	2,555,697	44,570	934,917
Noncurrent	23,761,856	30,452,256	15,858,785	17,310,960	39,620,641	47,763,216	261,636	1,612,953
Total liabilities	25,411,674	32,605,474	16,276,846	17,713,439	41,688,520	50,318,913	306,206	2,547,870
Deferred Inflows of Resources								
Deferred inflows	536,028	578,936	3,444	29,834	539,472	608,770	-	-
Total liabilities and deferred inflows	25,947,702	33,184,410	16,280,290	17,743,273	42,227,992	50,927,683	306,206	2,547,870
Net Position								
Net investment in capital assets	7,805,633	7,565,269	8,979,900	9,305,042	16,785,533	16,870,311	10,078,882	9,091,234
Restricted	1,795,346	1,140,072	-	-	1,795,346	1,140,072	-	-
Unrestricted (deficit)	(16,126,878)	(22,719,282)	885,929	(1,467,778)	(15,240,949)	(24,187,060)	2,292,228	2,068,552
Total net position	\$ (6,525,899)	\$ (14,013,941)	\$ 9,865,829	\$ 7,837,264	\$ 3,339,930	\$ (6,176,677)	\$ 12,371,110	\$ 11,159,786

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, revenues exceeded its expenditures at the end of the fiscal year by \$1,475,266. 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	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Program revenue:								
Charges for services	\$ 3,447,125	\$ 3,043,480	\$ 5,914,404	\$ 5,314,960	\$ 9,361,529	\$ 8,358,440	\$ 241	\$ 1,003
Operating grants and contributions	6,147,597	1,731,833	-	-	6,147,597	1,731,833	52,096	-
Capital grants and contributions	1,213,783	-	152,853	-	1,366,636	-	-	-
General revenues:								
Property taxes	6,280,799	7,454,430	-	-	6,280,799	7,454,430	1,858,331	1,821,136
State-shared revenue	1,321,580	1,296,210	-	-	1,321,580	1,296,210	2,731,338	2,674,412
Investment and rent earnings	302,692	84,819	406,049	267,285	708,741	352,104	62,376	14,335
Gain on sale of capital assets	21,250	32,344	-	-	21,250	32,344	-	-
Miscellaneous	1,053,738	226,547	110,928	405	1,164,666	226,952	-	-
Total revenues	19,788,564	13,869,663	6,584,234	5,582,650	26,372,798	19,452,313	4,704,382	4,510,886
Expenses								
General government	2,738,533	2,741,814	-	-	2,738,533	2,741,814	-	-
Public safety	5,527,392	5,060,428	-	-	5,527,392	5,060,428	-	-
Public works	2,362,290	2,983,369	-	-	2,362,290	2,983,369	-	-
Community and economic development	10,800	148,735	-	-	10,800	148,735	3,493,058	3,480,841
Judicial	375,085	-	-	-	375,085	-	-	-
Recreation and cultural	1,185,287	1,688,632	-	-	1,185,287	1,688,632	-	-
Water and sewer	-	-	4,555,669	4,687,253	4,555,669	4,687,253	-	-
Interest on long-term debt	101,135	117,977	-	-	101,135	117,977	-	-
Total expenses	12,300,522	12,740,955	4,555,669	4,687,253	16,856,191	17,428,208	3,493,058	3,480,841
Excess revenues over (under) expenses	7,488,042	1,128,708	2,028,565	895,397	9,516,607	2,024,105	1,211,324	1,030,045
Net position (deficit), beginning of year	(14,013,941)	(15,142,649)	7,837,264	7,147,041	(6,176,677)	(7,995,608)	11,159,786	10,129,741
Prior period adjustment	-	-	-	(205,174)	-	(205,174)	-	-
Net position (deficit), end of year	\$ (6,525,899)	\$ (14,013,941)	\$ 9,865,829	\$ 7,837,264	\$ 3,339,930	\$ (6,176,677)	\$ 12,371,110	\$ 11,159,786

Governmental Activities

Governmental activities net position increased \$7,488,042 from (\$14,013,941) to (\$6,525,899). This does not include the increase in net position of the component units by \$1,211,324.

Business-Type Activities

Business-type activities increased the City's net position by \$1,875,712 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 \$3,197,779 or 21% of general fund expenditures. Total fund balance increased by \$1,015,818 during the fiscal year.

Community Center

The Community Center Fund has a fund balance of \$247,124, which is an increase of \$227,527.

Nonmajor Governmental Funds

Nonmajor Governmental Funds has a total fund balance of \$1,342,953, a total increase of \$253,171 from the prior fiscal year.

Component Units

Tax Increment Finance Authority

The Tax Increment Finance Authority has a net position of \$9,671,071, which is an increase of \$1,117,246 from the prior fiscal year, primarily due to state grants.

Downtown Development Authority

The Downtown Development Authority has a net position of \$2,700,039, which is an increase of \$94,078 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, 2024, amounts to \$29,217,661 (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 \$3,418,166, 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, 2024 compared to June 30, 2023:

	Net Capital Assets at Year End							
	2024				2023			
	Governmental Activities	Business Type Activities	Total	Component Units	Governmental Activities	Business Type Activities	Total	Component Units
Land	\$ 978,258	\$ -	\$ 978,258	\$ 807,327	\$ 751,024	\$ -	\$ 751,024	\$ 807,327
Infrastructure, net	3,304,793	-	3,304,793	1,884,187	3,295,149	-	3,295,149	2,023,110
Construction in progress	-	1,362,030	1,362,030	-	-	-	-	-
Buildings and Improvements, net	5,380,592	7,909,437	13,290,029	7,566,936	5,638,919	8,074,276	13,713,195	7,818,535
Machinery and Equipment, net	563,591	94,769	658,360	48,796	725,785	127,916	853,701	55,215
Water and Sewer System, net	-	9,406,432	9,406,432	-	-	65,319	65,319	-
Vehicles, net	171,631	46,128	217,759	-	185,224	6,935,883	7,121,107	-
Capital assets, net	\$ 10,398,865	\$ 18,818,796	\$ 29,217,661	\$ 10,307,246	\$ 10,596,101	\$ 15,203,394	\$ 25,799,495	\$ 10,704,187

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 \$15,045,994, which included component units.

	Outstanding Debt at Year End			Component Units
	Governmental Activities	Business Type Activities	Total	
Bonds and note	\$ 2,555,977	\$ 11,711,462	\$ 14,267,439	\$ 261,636
Other	448,093	68,826	516,919	-
Capital assets, net	\$ 3,004,070	\$ 11,780,288	\$ 14,784,358	\$ 261,636

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 \$14,529,075 is lower than the current state-imposed limit of \$34,698,753.

Economic Condition and Outlook

The City of Flat Rock's budget for year ending June 30, 2024 included over a 5.0% increase in taxable values.

The City's 2025 budgeted revenue consists of 56% tax revenues, 18.7% local sources and 25.3% from other sources. The City's tax base is projected to have an increase of \$26,496,710.

The City's General Fund expenditures are allocated 45.5% to public safety (police, fire, building & safety). The department of public works amounts to 21.1% and the general operations, which include clerk's and treasurer's departments, total 17.7%. All other areas total 14.7%. The General Fund is projecting the fund balance to decrease which will project a General Fund balance of \$3,013,056 or 22.82% 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, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 5,575,090	\$ 5,850,147	\$ 11,425,237	\$ 1,467,250
Receivables				
Accounts	304,517	69,102	373,619	-
Taxes	9,643	3,420	13,063	-
Utility bills	-	655,325	655,325	-
Special assessments	20,363	-	20,363	19,339
Accrued interest and other	14,211	-	14,211	-
Leases receivable	508,577	-	508,577	-
Due from other units of government	492,123	42,210	534,333	-
Due from component unit	12,302	-	12,302	-
Inventories	19,657	20,572	40,229	-
Prepaid items	35,001	4,441	39,442	-
Advances to primary government	-	-	-	883,481
Investment in joint venture	405,791	483,272	889,063	-
Capital assets not being depreciated	978,258	1,362,030	2,340,288	807,327
Capital assets, net of accumulated depreciation	<u>9,420,607</u>	<u>17,456,766</u>	<u>26,877,373</u>	<u>9,499,919</u>
Total assets	<u>17,796,140</u>	<u>25,947,285</u>	<u>43,743,425</u>	<u>12,677,316</u>
Deferred outflows of resources				
Pension related	<u>1,625,663</u>	<u>198,834</u>	<u>1,824,497</u>	<u>-</u>

See Accompanying Notes to the Financial Statements

City of Flat Rock
Statement of Net Position
June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	199,374	296,044	495,418	31,594
Due to primary government	-	-	-	12,302
Due to other units of government	16,514	884	17,398	-
Advances from component unit	883,481	-	883,481	-
Accrued and other liabilities	494,273	121,133	615,406	674
Interest payable	27,313	-	27,313	-
Unearned revenue	28,863	-	28,863	-
Noncurrent liabilities				
Debt due within one year	447,312	536,077	983,389	120,000
Debt due in more than one year	2,556,758	11,244,211	13,800,969	141,636
Net pension liability	12,079,442	1,655,445	13,734,887	-
Net OPEB liability	8,678,344	2,423,052	11,101,396	-
Total liabilities	<u>25,411,674</u>	<u>16,276,846</u>	<u>41,688,520</u>	<u>306,206</u>
Deferred inflows of resources				
Lease related	508,577	-	508,577	-
Pension related	27,451	-	27,451	-
OPEB related	-	3,444	3,444	-
Total deferred inflows of resources	<u>536,028</u>	<u>3,444</u>	<u>539,472</u>	<u>-</u>
Net position				
Net investment in capital assets	7,805,633	8,979,900	16,785,533	10,078,882
Restricted for				
Streets	915,066	-	915,066	-
Public safety	27,888	-	27,888	-
Historical district	266,648	-	266,648	-
Library	242,405	-	242,405	-
Health and welfare	96,215	-	96,215	-
Community center	247,124	-	247,124	-
Unrestricted (deficit)	<u>(16,126,878)</u>	<u>885,929</u>	<u>(15,240,949)</u>	<u>2,292,228</u>
Total net position	<u>\$ (6,525,899)</u>	<u>\$ 9,865,829</u>	<u>\$ 3,339,930</u>	<u>\$ 12,371,110</u>

See Accompanying Notes to the Financial Statements

City of Flat Rock
Statement of Activities
For the Year Ended June 30, 2024

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 2,738,533	\$ 268,389	\$ 4,585,418	\$ -	\$ 2,115,274	\$ -	\$ 2,115,274	\$ -
Public safety	5,527,392	1,138,198	984,360	-	(3,404,834)	-	(3,404,834)	-
Public works	2,362,290	1,348,984	558,777	1,213,783	759,254	-	759,254	-
Community and economic development	10,800	-	-	-	(10,800)	-	(10,800)	-
Judicial	375,085	-	-	-	(375,085)	-	(375,085)	-
Recreation and culture	1,185,287	691,554	19,042	-	(474,691)	-	(474,691)	-
Interest on long-term debt	101,135	-	-	-	(101,135)	-	(101,135)	-
Total governmental activities	12,300,522	3,447,125	6,147,597	1,213,783	(1,492,017)	-	(1,492,017)	-
Business-type activities								
Water & Sewer	4,555,669	5,914,404	-	152,853	-	1,511,588	1,511,588	-
Total primary government	\$ 16,856,191	\$ 9,361,529	\$ 6,147,597	\$ 1,366,636	(1,492,017)	1,511,588	19,571	-
Component units								
Downtown Development Authority	2,687,246	241	52,096	-				(2,634,909)
Tax Increment Financing Authority	805,812	-	-	-				(805,812)
Total component units	\$ 3,493,058	\$ 241	\$ 52,096	\$ -				(3,440,721)
General revenues								
Property taxes					6,280,799	-	6,280,799	1,858,331
Unrestricted state-shared revenue					1,321,580	-	1,321,580	2,731,338
Unrestricted investment earnings					302,692	406,049	708,741	62,376
Gain on sale of capital assets					21,250	-	21,250	-
Miscellaneous					1,053,738	110,928	1,164,666	-
Total general revenues					8,980,059	516,977	9,497,036	4,652,045
Change in net position					7,488,042	2,028,565	9,516,607	1,211,324
Net position - beginning of year					(14,013,941)	7,837,264	(6,176,677)	11,159,786
Net position - end of year					\$ (6,525,899)	\$ 9,865,829	\$ 3,339,930	\$ 12,371,110

See Accompanying Notes to the Financial Statements

City of Flat Rock
Governmental Funds
Balance Sheet
June 30, 2024

	General	Special Revenue Fund Community Center	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,066,173	\$ 323,095	\$ 1,185,822	\$ 5,575,090
Receivables				
Accounts	231,517	-	73,000	304,517
Taxes	9,047	-	596	9,643
Special assessments	20,363	-	-	20,363
Accrued interest and other	14,211	-	-	14,211
Leases receivable	508,577	-	-	508,577
Due from other units of government	297,518	-	194,605	492,123
Due from component unit	12,302	-	-	12,302
Inventories	19,657	-	-	19,657
Prepaid items	22,669	675	11,657	35,001
	<u>5,202,034</u>	<u>323,770</u>	<u>1,465,680</u>	<u>6,991,484</u>
Total assets	<u>\$ 5,202,034</u>	<u>\$ 323,770</u>	<u>\$ 1,465,680</u>	<u>\$ 6,991,484</u>
Liabilities				
Accounts payable	\$ 143,504	\$ 18,142	\$ 37,728	\$ 199,374
Due to other units of government	14,834	643	1,037	16,514
Accrued and other liabilities	424,996	57,861	11,416	494,273
Advances from component unit	883,481	-	-	883,481
Unearned revenue	28,863	-	-	28,863
	<u>1,495,678</u>	<u>76,646</u>	<u>50,181</u>	<u>1,622,505</u>
Total liabilities	<u>1,495,678</u>	<u>76,646</u>	<u>50,181</u>	<u>1,622,505</u>
Deferred inflows of resources				
Opioid settlement	-	-	72,546	72,546
Lease related	508,577	-	-	508,577
	<u>508,577</u>	<u>-</u>	<u>72,546</u>	<u>581,123</u>
Total deferred inflows of resources	<u>508,577</u>	<u>-</u>	<u>72,546</u>	<u>581,123</u>
Fund balances				
Non-spendable				
Inventories	19,657	-	-	19,657
Prepaid items	22,669	675	11,657	35,001
Restricted for				
Community center	-	246,449	-	246,449
Streets	132,723	-	771,919	904,642
Public safety	-	-	27,888	27,888
Historical district	-	-	266,488	266,488
Library	-	-	241,332	241,332
Health and welfare	-	-	23,669	23,669
Unassigned	3,022,730	-	-	3,022,730
	<u>3,197,779</u>	<u>247,124</u>	<u>1,342,953</u>	<u>4,787,856</u>
Total fund balances	<u>3,197,779</u>	<u>247,124</u>	<u>1,342,953</u>	<u>4,787,856</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,202,034</u>	<u>\$ 323,770</u>	<u>\$ 1,465,680</u>	<u>\$ 6,991,484</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, 2024

Total fund balances for governmental funds	\$ 4,787,856
Total net position for governmental activities in the statement of net position is different because:	
Investments in joint ventures are not financial resources and are not reported in the funds.	405,791
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	978,258
Capital assets, net of accumulated depreciation	9,420,607
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	72,546
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	1,625,663
Deferred inflows of resources resulting from net pension liability	(27,451)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(27,313)
Compensated absences	(410,838)
Bonds, notes, premiums and discounts	(2,593,232)
Net pension liability	(12,079,442)
Net OPEB liability	<u>(8,678,344)</u>
Net position of governmental activities	<u>\$ (6,525,899)</u>

City of Flat Rock
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General	Special Revenue Fund Community Center	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 7,338,290	\$ -	\$ 474,809	\$ 7,813,099
Licenses and permits	283,047	-	-	283,047
Federal grants	510,802	-	6,219	517,021
State shared revenue	1,283,819	-	1,232,825	2,516,644
Other state grants	4,847,055	3,756	13,685	4,864,496
Local contributions	1,141,036	19,614	156,018	1,316,668
Charges for services	412,190	597,735	-	1,009,925
Fines and forfeitures	375,719	-	-	375,719
Rental income	198,280	-	-	198,280
Investment income	264,774	721	37,197	302,692
Other revenue	481,708	-	36,043	517,751
Total revenues	17,136,720	621,826	1,956,796	19,715,342
Expenditures				
Current				
General government	3,913,479	-	-	3,913,479
Public safety	7,927,553	-	3,130	7,930,683
Public works	2,678,940	-	751,479	3,430,419
Community and economic development	10,800	-	-	10,800
Judicial	535,304	-	-	535,304
Recreation and culture	103,994	1,109,995	505,363	1,719,352
Capital outlay	130,448	-	22,400	152,848
Debt service				
Principal retirement	28,669	20,944	385,000	434,613
Interest and fiscal charges	1,345	4,920	106,313	112,578
Total expenditures	15,330,532	1,135,859	1,773,685	18,240,076
Excess (deficiency) of revenues over expenditures	1,806,188	(514,033)	183,111	1,475,266
Other financing sources (uses)				
Transfers in	-	741,560	910,049	1,651,609
Transfers out	(811,620)	-	(839,989)	(1,651,609)
Sale of capital assets	21,250	-	-	21,250
Total other financing sources (uses)	(790,370)	741,560	70,060	21,250
Net change in fund balances	1,015,818	227,527	253,171	1,496,516
Fund balances - beginning of year	2,181,961	19,597	1,089,782	3,291,340
Fund balances - end of year	\$ 3,197,779	\$ 247,124	\$ 1,342,953	\$ 4,787,856

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, 2024

Net change in fund balances - total governmental funds	\$ 1,496,516
 Total change in net position reported for governmental activities in the statement of activities is different because:	
Change in investment in joint venture	10,619
 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 and amortization expense.	
Depreciation and amortization expense	(1,026,459)
Capital outlay	829,223
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
	41,353
 Expenses are recorded when incurred in the statement of activities.	
Accrued interest	8,456
Compensated absences	85,416
 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 the net pension liability	4,469,677
Net change in the deferred outflow of resources related to the net pension liability	(553,787)
Net change in the deferred inflow of resources related to the net pension liability	24,517
 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 pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the net OPEB liability	1,697,707
Net change in the deferred outflow of resources related to the net OPEB liability	(43,696)
Net change in the deferred inflow of resources related to the net OPEB liability	10,900
 Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Repayments of long-term debt	434,613
Amortization of premiums, discounts and similar items	<u>2,987</u>
 Change in net position of governmental activities	 <u>\$ 7,488,042</u>

See Accompanying Notes to the Financial Statements

City of Flat Rock
Proprietary Fund
Statement of Net Position
June 30, 2024

	Water & Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 5,850,147
Receivables	
Accounts	69,102
Taxes	3,420
Utility bills	655,325
Due from other units of government	42,210
Inventories	20,572
Prepaid items	4,441
Total current assets	6,645,217
Noncurrent assets	
Investment in joint venture	483,272
Capital assets not being depreciated	1,362,030
Capital assets, net of accumulated depreciation	17,456,766
Total noncurrent assets	19,302,068
Total assets	25,947,285
Deferred outflows of resources	
Pension related	198,834

City of Flat Rock
Proprietary Fund
Statement of Net Position
June 30, 2024

	<u>Water & Sewer</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 296,044
Due to other units of government	884
Payroll and other liabilities	121,133
Compensated absences	17,207
Current portion of long-term liabilities	518,870
Total current liabilities	954,138
Noncurrent liabilities	
Compensated absences	51,619
Long-term liabilities	11,192,592
Net pension liability	1,655,445
Net OPEB liability	2,423,052
Total noncurrent liabilities	15,322,708
Total liabilities	16,276,846
Deferred inflows of resources	
OPEB related	3,444
Net position	
Net investment in capital assets	8,979,900
Unrestricted	885,929
Total net position	\$ 9,865,829

City of Flat Rock
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2024

	Water & Sewer
Operating revenue	
Customer fees	\$ 5,914,404
Other revenue	<u>110,928</u>
Total operating revenue	<u>6,025,332</u>
Operating expenses	
Personnel services	(333,334)
Supplies	23,842
Contractual services	257,144
Utilities	1,150,306
Repairs and maintenance	195,684
Other expenses	2,264,071
Depreciation	<u>573,508</u>
Total operating expenses	<u>4,131,221</u>
Operating income (loss)	<u>1,894,111</u>
Nonoperating revenue (expenses)	
State grants	152,853
Investment income	406,049
Loss on disposal of capital assets	(27)
Interest expense	<u>(424,421)</u>
Total nonoperating revenues (expenses)	<u>134,454</u>
Change in net position	2,028,565
Net position - beginning of year	<u>7,837,264</u>
Net position - end of year	<u><u>\$ 9,865,829</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, 2024

	Water & Sewer
Cash flows from operating activities	
Receipts from customers	\$ 5,810,951
Payments to suppliers	(4,906,195)
Receipts for employees	<u>368,539</u>
Net cash provided (used) by operating activities	<u>1,273,295</u>
Cash flows from noncapital financing activities	
Property taxes	1,556
State grant	<u>152,853</u>
Net cash provided (used) by noncapital financing activities	<u>154,409</u>
Cash flows from capital and related financing activities	
Purchases/construction of capital assets	(4,188,938)
Principal and interest paid on long-term debt	<u>(110,213)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,299,151)</u>
Cash flows from investing activities	
Purchases of investments	(808,326)
Interest received	<u>406,049</u>
Net cash provided (used) by investing activities	<u>(402,277)</u>
Net change in cash and cash equivalents	(3,273,724)
Cash and cash equivalents - beginning of year	<u>9,123,871</u>
Cash and cash equivalents - end of year	<u><u>\$ 5,850,147</u></u>

City of Flat Rock
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2024

	Water & Sewer
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 1,894,111
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization expense	573,508
Changes in assets and liabilities	
Receivables (net)	(172,171)
Due from other units of government	(42,210)
Prepaid items	150
Pension related deferred outflows of resources	79,298
OPEB related deferred outflows of resources	13,308
Accounts payable	4,176
Accrued and other liabilities	10,522
Due to other units of government	884
Compensated absences	35,205
Net pension liability	(640,027)
Net OPEB liability	(457,069)
Pension related deferred inflows of resources	(2,603)
OPEB related deferred inflows of resources	(23,787)
 Net cash provided (used) by operating activities	 \$ 1,273,295

City of Flat Rock
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	Other Post Employment Benefits Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ -	\$ 3,393
Investments		
MERS Retiree Health Funding Vehicle	860,753	-
Receivables		
Accounts	-	1,833
Total assets	860,753	5,226
Liabilities		
Accounts payable	-	4,164
Accrued and other liabilities	-	1,062
Total liabilities	-	5,226
Net position		
Restricted for:		
Postemployment benefits other than pension	\$ 860,753	\$ -

City of Flat Rock
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

	Other Post Employment Benefits Trust Fund	Custodial Funds
Additions		
Contributions		
Employer	\$ 970,396	\$ -
Investment earnings		
Interest, dividends and other	70,007	-
Less investment costs		
Investment activity costs	(1,633)	-
Net investment earnings	68,374	-
Property tax collections for other governments	-	9,604,812
Total additions	1,038,770	9,604,812
Deductions		
Benefits paid to participants or beneficiaries	720,396	-
Administrative expense	-	102,255
Payments of property tax to other governments	-	9,502,557
Total deductions	720,396	9,604,812
Change in net position	318,374	-
Net position - beginning of year	542,379	-
Net position - end of year	\$ 860,753	\$ -

See Accompanying Notes to the Financial Statements

City of Flat Rock
Component Units
Combining Statement of Net Position
June 30, 2024

	Tax Increment Finance Authority	Downtown Development Authority	Total
Assets			
Cash and cash equivalents	\$ 375,724	\$ 1,091,526	\$ 1,467,250
Receivables			
Special assessments	-	19,339	19,339
Advances to primary government	883,481	-	883,481
Capital assets not being depreciated	615,529	191,798	807,327
Capital assets, net of accumulated depreciation	<u>8,067,380</u>	<u>1,432,539</u>	<u>9,499,919</u>
Total assets	<u>9,942,114</u>	<u>2,735,202</u>	<u>12,677,316</u>
Liabilities			
Accounts payable	8,733	22,861	31,594
Due to primary government	-	12,302	12,302
Accrued and other liabilities	674	-	674
Long-term debt:			
Due within one year	120,000	-	120,000
Due in more than one year	<u>141,636</u>	<u>-</u>	<u>141,636</u>
Total liabilities	<u>271,043</u>	<u>35,163</u>	<u>306,206</u>
Net position			
Net investment in capital assets	8,454,545	1,624,337	10,078,882
Unrestricted	<u>1,216,526</u>	<u>1,075,702</u>	<u>2,292,228</u>
Total net position	<u>\$ 9,671,071</u>	<u>\$ 2,700,039</u>	<u>\$ 12,371,110</u>

City of Flat Rock
Component Units
Combining Statement of Activities
For the Year Ended June 30, 2024

	Tax Increment Finance Authority	Downtown Development Authority	Total
Revenues			
Property taxes	\$ 1,140,327	\$ 718,004	\$ 1,858,331
State-shared revenue	2,631,677	99,661	2,731,338
Unrestricted investment earnings	32,488	29,888	62,376
Miscellaneous	-	52,337	52,337
	<u>3,804,492</u>	<u>899,890</u>	<u>4,704,382</u>
Expenses			
Community and economic development	814,971	539,459	1,354,430
Tax refunds	1,532,300	-	1,532,300
Depreciation	307,631	266,353	573,984
Debt service			
Interest and fiscal charges on long-term debt	32,344	-	32,344
	<u>2,687,246</u>	<u>805,812</u>	<u>3,493,058</u>
Change in net position	1,117,246	94,078	1,211,324
Net position - beginning of year	<u>8,553,825</u>	<u>2,605,961</u>	<u>11,159,786</u>
Net position - end of year	<u>\$ 9,671,071</u>	<u>\$ 2,700,039</u>	<u>\$ 12,371,110</u>

See Accompanying Notes to the Financial Statements

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Flat Rock (the City) is governed by an elected six-member Council. The accompanying financial statements present the City and its component units, entities for which the government is considered to be financially accountable.

Discretely Presented Component Units

The Tax Increment Finance Authority (the "Authority") was created under Public 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 Public 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. *Governmental 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 segments 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 considers revenues to

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

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

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 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. The Other Post Employment Benefits Trust Fund accounts for the accumulation of resources to be used for retirement payments to eligible employees and certain healthcare costs.

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 principal operating revenues of the sewer and water fund is charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the sewer and water 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 Fund Balance

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. Certificate of deposits are stated at cost which approximates fair value.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

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 as net of allowance for uncollectible amounts. The City considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. 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 2023 taxable valuation of the government totaled \$358,674,599, on which ad valorem taxes consisted of 16.0000 mills for operating purposes, 1.7500 mills for police and fire, 0.2500 mills for historical purposes, 1.0000 mills for roads and streets, and 0.9847 mills for the library. This resulted in \$4,699,726 for operating expenses, \$510,668 for police and fire, \$73,419 for historical purposes, \$291,807 for roads and streets, and \$289,253 for the library, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. Approximately 14.62% of the City’s property tax revenue is from one company located in the City of Flat Rock.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 City values these capital assets at the estimated acquisition value of the item at the date of its donation.

Property, plant and equipment 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

Deferred outflows of resources – A deferred outflow of resources represents a consumption of net assets by the City that applies to future periods. The City may report deferred outflows of resources as a result of the following:

- Pension and OPEB earnings which are 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 or OPEB liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

- Pension contributions made after the measurement date. This amount will reduce the net pension liability in the following year.

Compensated absences – It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick 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.

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.

Pensions – 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 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 MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred inflows of resources – A deferred inflow of resources represents an acquisition of net assets by the City that applies to future periods. The City may report deferred inflows of resources as a result of the following:

- Unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.
- Lease revenue related to leases receivable which is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease.
- Pension and OPEB earnings which are 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 service lives of the employees and retirees in the plan.
- Deferred amounts on bond refundings represent the difference between the reacquisition price and the net carrying amount of the prior debt. This amount is amortized over the life of the related debt.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

Fund Balances – In the fund financial statements, governmental funds report fund balances 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 City’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. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

Upcoming Accounting and Reporting Changes

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

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization’s vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

City of Flat Rock
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Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization’s accountability while also addressing certain application issues. This statement includes changes to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting and Accounting Act (P.A. 2 of 1968, 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 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to July 1.

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.

Note 3 - Deposits and Investments

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

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 5,575,090	\$ -	\$ 5,575,090
Business-type activities	<u>5,850,147</u>	<u>-</u>	<u>5,850,147</u>
Total	11,425,237	-	11,425,237
Fiduciary funds	3,393	860,753	864,146
Component unit	<u>1,467,250</u>	<u>-</u>	<u>1,467,250</u>
Total	<u>\$ 12,895,880</u>	<u>\$ 860,753</u>	<u>\$ 13,756,633</u>

City of Flat Rock
Notes to the Financial Statements
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The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 11,423,737	\$ 3,393	\$ 1,467,250	\$ 12,894,380
Investments in securities, mutual funds and similar vehicles	-	860,753	-	860,753
Petty cash and cash on hand	1,500	-	-	1,500
	<u>\$ 11,425,237</u>	<u>\$ 864,146</u>	<u>\$ 1,467,250</u>	<u>\$ 13,756,633</u>

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 local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated 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 issued 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, \$7,348,031 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Fair Value Measurements

Investments in Entities that Calculate Net Asset Value per Share

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

At year end, the net asset value of the City’s investment in the MERS Retiree Health Funding Vehicle Total Market Fund (“the Fund”) was \$860,753. 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.

City of Flat Rock
Notes to the Financial Statements
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Note 5 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 751,024	\$ 227,234	\$ -	\$ 978,258
Capital assets being depreciated				
Infrastructure	24,990,141	517,752	-	25,507,893
Buildings, additions and improvements	11,907,775	22,400	-	11,930,175
Machinery and equipment	6,459,249	26,803	810,381	5,675,671
Vehicles	<u>1,333,500</u>	<u>35,034</u>	<u>589,274</u>	<u>779,260</u>
Total capital assets being depreciated	<u>44,690,665</u>	<u>601,989</u>	<u>1,399,655</u>	<u>43,892,999</u>
Less accumulated depreciation for				
Infrastructure	21,694,992	508,108	-	22,203,100
Buildings, additions and improvements	6,268,856	280,727	-	6,549,583
Machinery and equipment	5,733,464	188,997	810,381	5,112,080
Vehicles	<u>1,148,276</u>	<u>48,627</u>	<u>589,274</u>	<u>607,629</u>
Total accumulated depreciation	<u>34,845,588</u>	<u>1,026,459</u>	<u>1,399,655</u>	<u>34,472,392</u>
Net capital assets being depreciated	<u>9,845,077</u>	<u>(424,470)</u>	<u>-</u>	<u>9,420,607</u>
Governmental activities net capital assets	<u>\$ 10,596,101</u>	<u>\$ (197,236)</u>	<u>\$ -</u>	<u>\$ 10,398,865</u>

City of Flat Rock
Notes to the Financial Statements
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction-in-progress	\$ -	\$ 1,362,030	\$ -	\$ 1,362,030
Capital assets being depreciated				
Buildings, additions and improvements	11,427,968	-	-	11,427,968
Machinery and equipment	890,738	-	165,356	725,382
Vehicles	547,112	-	252,386	294,726
Water and sewer system	20,882,089	2,826,908	33,084	23,675,913
Total capital assets being depreciated	<u>33,747,907</u>	<u>2,826,908</u>	<u>450,826</u>	<u>36,123,989</u>
Less accumulated depreciation for				
Buildings, additions and improvements	3,353,692	164,839	-	3,518,531
Machinery and equipment	762,822	33,146	165,355	630,613
Vehicles	481,793	19,191	252,386	248,598
Water and sewer system	13,946,206	356,332	33,057	14,269,481
Total accumulated depreciation	<u>18,544,513</u>	<u>573,508</u>	<u>450,798</u>	<u>18,667,223</u>
Net capital assets being depreciated	<u>15,203,394</u>	<u>2,253,400</u>	<u>28</u>	<u>17,456,766</u>
Business-type capital assets, net	<u>\$ 15,203,394</u>	<u>\$ 3,615,430</u>	<u>\$ 28</u>	<u>\$ 18,818,796</u>

Capital assets activity of the component unit for the current year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component units				
Capital assets not being depreciated				
Land	\$ 807,327	\$ -	\$ -	\$ 807,327
Capital assets being depreciated				
Infrastructure	6,478,866	165,748	-	6,644,614
Buildings, additions and improvements	12,579,988	-	-	12,579,988
Machinery and equipment	93,018	11,295	-	104,313
Total capital assets being depreciated	<u>19,151,872</u>	<u>177,043</u>	<u>-</u>	<u>19,328,915</u>
Less accumulated depreciation for				
Infrastructure	4,455,756	304,671	-	4,760,427
Buildings, additions and improvements	4,761,453	251,599	-	5,013,052
Machinery and equipment	37,803	17,714	-	55,517
Total accumulated depreciation	<u>9,255,012</u>	<u>573,984</u>	<u>-</u>	<u>9,828,996</u>
Net capital assets being depreciated	<u>9,896,860</u>	<u>(396,941)</u>	<u>-</u>	<u>9,499,919</u>
Component units capital assets, net	<u>\$ 10,704,187</u>	<u>\$ (396,941)</u>	<u>\$ -</u>	<u>\$ 10,307,246</u>

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

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

Governmental activities

General government	\$ 80,485
Public safety	96,710
Public works	48,687
Recreation and culture	42,222
Other functions	<u>758,355</u>

Total governmental activities 1,026,459

Business-type activities

Water and Sewer Fund	<u>573,508</u>
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Total primary government \$ 1,599,967

Component units

\$ 573,984

Construction commitments

Construction commitments at June 30, 2024 total \$6,071,208, of which \$1,362,030 has been completed and included in construction in progress.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

Note 6 - Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
General Fund	Downtown Development Authority	\$ 12,302

The details for interfund transfers are as follows:

Transfers In	Transfers Out		Total
	General Fund	Nonmajor governmental funds	
Community Center Fund	\$ 741,560	\$ -	\$ 741,560
Nonmajor governmental funds	70,060	839,989	910,049
	\$ 811,620	\$ 839,989	\$ 1,651,609

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

The City had an advance from the TIFA Fund to fund a road project in the General Fund. The balance as of June 30, 2024 is \$883,481.

Note 7 - Leases

Lease Receivable

The City has two significant agreements, leasing land for cell phone tower space. The first lease commenced in September 1996 and expires in May 2027. Payments for the current year were \$1,000 per month. The second cell phone tower commenced in July 2021 and expires in May 2047. Payments range from \$1,000 to \$3,470 per month over the term of the agreement.

The City collected \$18,000 from the tenants for the year ended June 30, 2024, which includes \$7,491 in lease revenue and \$10,509 in lease interest revenue.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 7,646	\$ 10,354
2026	7,804	10,196
2027	8,190	10,035
2028	10,860	9,840
2029	11,085	9,615
2030-2034	65,573	44,402
2035-2039	108,746	36,119
2040-2044	170,881	21,464
2045-2047	117,792	3,657
Total	\$ 508,577	\$ 155,682

Note 8 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Installment purchase agreements are also general obligations of the City. 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 and notes payable									
General obligation bonds									
Capital Improvement Bonds - 2010 Limited Tax General Obligation	\$ 2,500,000	8/1/24	5.00%	\$250,000	\$ 485,000	-	\$ 235,000	\$ 250,000	\$ 250,000
Capital Improvement Bonds - 2015 Limited Tax General Obligation	\$ 3,500,000	10/1/34	3.00% - 4.00%	\$175,000 - \$250,000	2,450,000	-	150,000	2,300,000	175,000
Total general obligation bonds					<u>2,935,000</u>	<u>-</u>	<u>385,000</u>	<u>2,550,000</u>	<u>425,000</u>
Premium on bond refunding					8,964	-	2,987	5,977	-
Notes from direct borrowings and direct placements									
Ambulance, 2018	\$ 132,665	9/14/23	4.74%	\$ -	28,669	-	28,669	-	-
Community Center Equipment	\$ 82,984	12/6/25	4.21%	\$14,964 - \$22,312	58,199	-	20,944	37,255	22,312
Total notes from direct borrowings and direct placements					<u>86,868</u>	<u>-</u>	<u>49,613</u>	<u>37,255</u>	<u>22,312</u>
Compensated absences					496,254	110,130	195,546	410,838	-
Total governmental activities					<u>\$ 3,527,086</u>	<u>\$ 110,130</u>	<u>\$ 633,146</u>	<u>\$ 3,004,070</u>	<u>\$ 447,312</u>
Business-type activities									
Bonds and notes payable									
General obligation bonds									
South Huron Valley Utility Authority - 2004 Sewer System Plant Expansion	\$ 2,352,760	4/1/26	2.13%	\$140,349 - \$142,900	\$ 419,770	-	\$ 136,521	\$ 283,249	\$ 140,349
South Huron Valley Utility Authority - 2010 Sewer System Improvements	\$ 409,360	5/1/30	4.00%	\$17,910 - \$34,540	175,258	-	16,630	158,628	17,910
South Huron Valley Utility Authority - 2011 Sewer System Improvements	\$ 537,073	4/1/31	2.50%	\$30,294 - \$35,440	257,598	-	29,453	228,145	30,294
South Huron Valley Utility Authority - 2016 Sewer System Improvements	\$ 592,954	5/1/26	2.75%	\$59,295 - \$59,297	177,887	-	59,295	118,592	59,295
South Huron Valley Utility Authority - Plant Renovations	\$ 4,107,306	11/1/42	4.00% - 5.00%	\$71,022 - \$317,604	3,914,988	-	69,426	3,845,562	71,022
Capital Improvement Bonds - 2023 Limited Tax	\$ 6,000,000	10/1/43	4.00% - 5.00%	\$200,000 - \$425,000	6,000,000	-	-	6,000,000	200,000
Total general obligation bonds					<u>10,945,501</u>	<u>-</u>	<u>311,325</u>	<u>10,634,176</u>	<u>518,870</u>
Premium on bond refunding					1,156,245	-	78,959	1,077,286	-
Compensated absences					33,621	47,809	12,604	68,826	17,207
Total business-type activities					<u>\$ 12,135,367</u>	<u>\$ 47,809</u>	<u>\$ 402,888</u>	<u>\$ 11,780,288</u>	<u>\$ 536,077</u>

City of Flat Rock
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	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component units									
General obligation bonds									
Tax Increment Finance Authority - Limited Tax Development Bonds Series 2006A	\$ 4,270,000	10/1/23	6.95%	\$0	405,000	-	405,000	-	-
Tax Increment Finance Authority - Limited Tax Development Bonds Series 2006B	\$ 5,675,000	10/1/23	4.80%	\$0	380,000	-	380,000	-	-
Tax Increment Finance Authority - 2015 Limited Tax Development Bonds	\$ 1,750,000	10/1/25	3.00%	\$120,000 - \$125,000	365,000	-	120,000	245,000	120,000
Total bonds payable					<u>1,150,000</u>	<u>-</u>	<u>905,000</u>	<u>245,000</u>	<u>120,000</u>
Premium on bond issues					<u>24,953</u>	<u>-</u>	<u>8,317</u>	<u>16,636</u>	<u>-</u>
Notes from direct borrowings and direct placements									
Community Center Roof	\$ 477,000	9/1/31	4.32%	\$438,000	438,000	-	438,000	-	-
Total component units					<u>\$ 1,612,953</u>	<u>\$ -</u>	<u>\$ 1,351,317</u>	<u>\$ 261,636</u>	<u>\$ 120,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending June 30,	Governmental Activities				Business-type Activities	
	Notes from Direct Borrowings and Direct					
	Bonds		Placements		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 425,000	\$ 85,588	\$ 22,312	\$ 2,473	\$ 518,870	\$ 462,757
2026	175,000	75,568	14,943	993	536,255	444,982
2027	175,000	70,436	-	-	439,239	425,538
2028	200,000	62,936	-	-	455,620	404,252
2029	200,000	54,936	-	-	476,956	382,040
2030-2034	1,125,000	154,089	-	-	2,442,100	1,565,758
2035-2039	250,000	4,687	-	-	2,886,426	964,608
2040-2044	-	-	-	-	2,878,710	289,291
	<u>\$ 2,550,000</u>	<u>\$ 508,240</u>	<u>\$ 37,255</u>	<u>\$ 3,466</u>	<u>\$ 10,634,176</u>	<u>\$ 4,939,226</u>

Year Ending June 30,	Component Unit(s)	
	Bonds	
	Principal	Interest
2025	120,000	5,550
2026	125,000	1,875
	<u>\$ 245,000</u>	<u>\$ 7,425</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 \$1,894,111 compared to the annual debt service requirements of \$318,870.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

Note 9 - Net Investment in Capital Assets

The composition of net investment in capital assets as of year end, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets			
Capital assets not being depreciated	\$ 978,258	\$ 1,362,030	\$ 807,327
Capital assets, net of accumulated depreciation	9,420,607	17,456,766	9,499,919
Total capital assets	10,398,865	18,818,796	10,307,246
Unspent bond proceeds	-	1,872,566	-
Related debt			
General obligation bonds	(2,550,000)	(10,634,176)	(245,000)
Notes from direct borrowing and direct placements	(37,255)	-	-
Unamortized bond premiums	(5,977)	(1,077,286)	16,636
Total related debt	(2,593,232)	(11,711,462)	(228,364)
Net investment in capital assets	\$ 7,805,633	\$ 8,979,900	\$ 10,078,882

Note 10 - 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 11 - 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, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging from 1.30 to 2.50. The vesting period is 10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Final average compensation is calculated based on 3 to 5 years. Member contributions range from 3% to 5%.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

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

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to, but not yet receiving benefits	52
Active employees	<u>48</u>
	<u>169</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by 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, 2023, 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, 2023 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 6.93%, net of investment expense, including inflation.

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

Mortality rates used were based on the Pub-2010 Mortality Tables. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

Asset Class	Target Allocation	Target 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%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.50%	0.90%	2.50%	0.40%
Private investments	<u>20.00%</u>	9.50%	<u>1.90%</u>	2.50%	<u>1.40%</u>
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</u>

City of Flat Rock
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Discount rate – The discount rate used to measure the total pension liability is 7.18%. 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2022	\$ 31,274,461	\$ 12,429,870	\$ 18,844,591
Changes for the year			
Service cost	272,996	-	272,996
Interest on total pension liability	2,193,863	-	2,193,863
Experience differences	212,622	-	212,622
Employer contributions	-	6,188,376	(6,188,376)
Employee contributions	-	173,316	(173,316)
Net investment income (loss)	-	1,640,374	(1,640,374)
Benefit payments and refunds	(2,301,561)	(2,301,561)	-
Administrative expense	-	(32,432)	32,432
Other	217,376	36,927	180,449
Net changes	595,296	5,705,000	(5,109,704)
Balances as of December 31, 2023	\$ 31,869,757	\$ 18,134,870	\$ 13,734,887

The total employer contributions of \$6,188,376 includes \$4,800,295 from the Protecting MI Pension Grant Program.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.18%) or 1% higher (8.18%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Net pension liability	\$ 17,156,602	\$ 13,734,887	\$ 10,863,142

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2024 the employer recognized pension expense of \$1,606,758. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 141,748	\$ (27,451)	\$ 114,297
Differences in assumptions	408,079	-	408,079
Net difference between projected and actual earning on plan investments	554,276	-	554,276
Contributions subsequent to the measurement date*	720,394	-	-
Total	\$ 1,824,497	\$ (27,451)	\$ 1,076,652

*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 in subsequent years.

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

Year ended June 30,	
2025	\$ 467,250
2026	347,567
2027	380,475
2028	(118,640)
	\$ 1,076,652

Note 12 - 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.

Employees covered by benefit terms – At June 30, 2024, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	49
Active employees	7
	56

The Plan is closed to new members.

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

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, 2024, the City had benefit payments of \$720,396. Plan members are not required to contribute to the plan.

Investment policy – The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Employees Retirement System Board by a majority vote of its members. It is the policy of the Retirement System Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Global equity	60.0%
Global fixed income	20.0%
Private assets	20.0%

Net OPEB liability – The net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability as of June 30, 2024 were as follows:

Total OPEB liability	\$ 11,962,149
Plan fiduciary net position	<u>(860,753)</u>
Net OPEB liability	<u>\$ 11,101,396</u>

The plan fiduciary net position as a percentage of the total OPEB liability is 7.75%.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	2.00%, average, including inflation
Investment rate of return	7%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.25% graded down to 4.50% by 0.25% per year

Mortality rates were based on the Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount Weighted, IRS 2024 Adjusted Scale MP-2021.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023 – June 30, 2024.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimate of arithmetic real rates of return for each

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

major class included in the target asset allocation as of June 30, 2024 are summarized below along with the adopted asset allocation policy:

Asset Class	Long-term Expected Real Rate of Return
Global equity	4.50%
Global fixed income	2.00%
Private assets	7.00%

Discount rate – The discount rate used to measure the total OPEB liability was 6.16%. 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. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of June 30, 2023	\$ 13,792,518	\$ 536,346	\$ 13,256,172
Changes for the year			
Service cost	31,482	-	31,482
Interest on total OPEB liability	770,130	-	770,130
Experience differences	(1,387,805)	-	(1,387,805)
Employer contributions	-	970,396	(970,396)
Net investment income (loss)	-	76,040	(76,040)
Actuarial assumptions	(523,780)	-	(523,780)
Benefit payments and refunds	(720,396)	(720,396)	-
Administrative expense	-	(1,633)	1,633
Net changes	(1,830,369)	324,407	(2,154,776)
Balances as of June 30, 2024	\$ 11,962,149	\$ 860,753	\$ 11,101,396

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 (5.16%) or 1% higher (7.16%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 12,373,927	\$ 11,101,396	\$ 10,039,353

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

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 or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 9,937,909	\$ 11,101,396	\$ 12,478,169

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended June 30, 2024 the employer recognized OPEB expense of \$(1,162,061). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	\$ -	\$ (3,444)	\$ (3,444)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in subsequent years.

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

Year ended June 30,	
2025	\$ 2,519
2026	5,622
2027	(5,626)
2028	(5,959)
	\$ (3,444)

Note 13 - Contingent Liabilities

Amounts received or receivable from grant 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 government expects such amounts, if any, to be immaterial.

Note 14 - Tax Abatements

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

PA 198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plans, expand existing plans, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT),

City of Flat Rock
Notes to the Financial Statements
June 30, 2024

instead of property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not exempt. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new plant and non-industrial personal property is computed at half the local property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill.

For the fiscal year ended June 30, 2024, the government abated property taxes totaling \$213,021 under this program.

Note 15 - 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, 2024, the City paid operating costs of \$3,557,713. In addition, the City paid \$241,899 in principal and \$204,820 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, 2024 is \$483,272.

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 \$465,584 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, 2024 is \$405,791.

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes				
Property taxes	\$ 7,204,200	\$ 7,271,626	\$ 7,315,851	\$ 44,225
Penalties and interest	35,500	23,165	22,439	(726)
Licenses and permits	166,350	239,757	283,047	43,290
Federal grants	470,000	450,802	510,802	60,000
State-shared revenue	1,283,300	1,340,100	1,283,819	(56,281)
State grants	43,400	4,839,900	4,847,055	7,155
Local contributions	648,515	1,164,540	1,141,036	(23,504)
Charges for services	403,720	401,220	412,190	10,970
Fines and forfeitures	407,200	291,015	375,719	84,704
Rental income	193,700	202,171	198,280	(3,891)
Investment income	80,000	282,500	264,774	(17,726)
Other revenue	383,100	442,372	481,708	39,336
	<u>11,318,985</u>	<u>16,949,168</u>	<u>17,136,720</u>	<u>187,552</u>
Expenditures				
General government				
Legislative	14,510	14,510	11,927	(2,583)
Clerk	262,620	668,286	603,411	(64,875)
General operations	1,404,265	2,252,556	2,186,532	(66,024)
Treasurer	400,130	945,424	913,940	(31,484)
Assessor/equalization department	79,560	69,990	63,710	(6,280)
Elections	48,930	61,883	54,374	(7,509)
Attorney	95,200	95,200	79,585	(15,615)
	<u>2,305,215</u>	<u>4,107,849</u>	<u>3,913,479</u>	<u>(194,370)</u>
Judicial				
District court	533,000	533,000	535,304	2,304
Public safety				
Police department	3,560,470	5,311,900	5,154,393	(157,507)
Fire department	1,446,910	1,927,297	1,883,421	(43,876)
Building inspection department	450,790	958,567	889,739	(68,828)
	<u>5,458,170</u>	<u>8,197,764</u>	<u>7,927,553</u>	<u>(270,211)</u>
Public works				
Department of public works	1,870,280	2,480,794	2,436,971	(43,823)
Roads, streets, bridges (not Act 51)	373,650	373,650	241,969	(131,681)
	<u>2,243,930</u>	<u>2,854,444</u>	<u>2,678,940</u>	<u>(175,504)</u>

See Accompanying Notes to Required Supplementary Information

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Community and economic development				
Planning	\$ 6,947	\$ 6,947	\$ 2,954	\$ (3,993)
Zoning	5,794	5,794	7,846	2,052
Economic development	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total community and economic development	<u>32,741</u>	<u>12,741</u>	<u>10,800</u>	<u>(1,941)</u>
Recreation and culture				
Parks and recreation department	<u>131,184</u>	<u>137,294</u>	<u>103,994</u>	<u>(33,300)</u>
Capital outlay	<u>140,000</u>	<u>202,038</u>	<u>130,448</u>	<u>(71,590)</u>
Debt service				
Principal retirement	28,700	28,700	28,669	(31)
Interest and fiscal charges	<u>1,380</u>	<u>1,380</u>	<u>1,345</u>	<u>(35)</u>
Total debt service	<u>30,080</u>	<u>30,080</u>	<u>30,014</u>	<u>(66)</u>
Total expenditures	<u>10,874,320</u>	<u>16,075,210</u>	<u>15,330,532</u>	<u>(744,678)</u>
Excess (deficiency) of revenues over expenditures	<u>444,665</u>	<u>873,958</u>	<u>1,806,188</u>	<u>932,230</u>
Other financing sources (uses)				
Transfers out	(460,250)	(811,810)	(811,620)	(190)
Sale of capital assets	<u>20,000</u>	<u>21,250</u>	<u>21,250</u>	<u>-</u>
Total other financing sources (uses)	<u>(440,250)</u>	<u>(790,560)</u>	<u>(790,370)</u>	<u>(190)</u>
Net change in fund balance	4,415	83,398	1,015,818	932,420
Fund balance - beginning of year	<u>2,181,961</u>	<u>2,181,961</u>	<u>2,181,961</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,186,376</u>	<u>\$ 2,265,359</u>	<u>\$ 3,197,779</u>	<u>\$ 932,420</u>

See Accompanying Notes to Required Supplementary Information

City of Flat Rock
Required Supplementary Information
Budgetary Comparison Schedule
Community Center Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
State grants	\$ 12,500	\$ 3,760	\$ 3,756	\$ (4)
Local contributions	-	19,428	19,614	186
Charges for services	728,000	579,230	597,735	18,505
Investment income	800	200	721	521
	<u>741,300</u>	<u>602,618</u>	<u>621,826</u>	<u>19,208</u>
Total revenues				
Expenditures				
Current				
Recreation and culture	1,146,380	1,210,437	1,109,995	(100,442)
Debt service				
Principal retirement	-	20,924	20,944	20
Interest and fiscal charges	4,920	5,062	4,920	(142)
	<u>1,151,300</u>	<u>1,236,423</u>	<u>1,135,859</u>	<u>(100,564)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(410,000)</u>	<u>(633,805)</u>	<u>(514,033)</u>	<u>119,772</u>
Other financing sources (uses)				
Transfers in	410,000	741,560	741,560	-
Net change in fund balance	-	107,755	227,527	119,772
Fund balance - beginning of year	19,597	19,597	19,597	-
Fund balance - end of year	<u>\$ 19,597</u>	<u>\$ 127,352</u>	<u>\$ 247,124</u>	<u>\$ 119,772</u>

See Accompanying Notes to Required Supplementary Information

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

Fiscal year ended June 30,	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 272,996	\$ 282,379	\$ 278,379	\$ 257,518	\$ 278,368
Interest	2,193,863	2,182,395	2,197,540	2,118,344	1,978,610
Changes of benefit terms	-	(1,323)	(107,157)	177,959	598,074
Experience differences	212,622	-	1,052,648	612,402	920,696
Changes in assumptions	217,376	-	-	-	104,138
Benefit payments and refunds	<u>(2,301,561)</u>	<u>(2,299,615)</u>	<u>(2,173,185)</u>	<u>(2,096,058)</u>	<u>(1,965,611)</u>
Net change in total pension liability	595,296	163,836	1,248,225	1,070,165	1,914,275
Total pension liability - beginning	<u>31,274,461</u>	<u>31,110,625</u>	<u>29,862,400</u>	<u>28,792,235</u>	<u>26,877,960</u>
Total pension liability - ending (a)	<u>\$ 31,869,757</u>	<u>\$ 31,274,461</u>	<u>\$ 31,110,625</u>	<u>\$ 29,862,400</u>	<u>\$ 28,792,235</u>
Plan fiduciary net position					
Employer contributions	\$ 6,188,376	\$ 1,706,209	\$ 1,439,074	\$ 1,024,817	\$ 966,193
Employee contributions	173,316	179,373	173,080	169,417	176,323
Net investment income (loss)	1,640,374	(1,573,620)	1,809,451	1,501,424	1,563,189
Benefit payments and refunds	(2,301,561)	(2,299,615)	(2,173,185)	(2,096,058)	(1,965,611)
Administrative expense	(32,432)	(26,144)	(20,755)	(24,541)	(26,900)
Other	<u>36,927</u>	<u>(3,233)</u>	<u>102,090</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	5,705,000	(2,017,030)	1,329,755	575,059	713,194
Plan fiduciary net position - beginning	<u>12,429,870</u>	<u>14,446,900</u>	<u>13,117,145</u>	<u>12,542,086</u>	<u>11,828,892</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,134,870</u>	<u>\$ 12,429,870</u>	<u>\$ 14,446,900</u>	<u>\$ 13,117,145</u>	<u>\$ 12,542,086</u>
Net pension liability (a-b)	<u>\$ 13,734,887</u>	<u>\$ 18,844,591</u>	<u>\$ 16,663,725</u>	<u>\$ 16,745,255</u>	<u>\$ 16,250,149</u>
Plan fiduciary net position as a percentage of total pension liability	56.90%	39.74%	46.44%	43.93%	43.56%
Covered payroll	\$ 3,376,537	\$ 3,419,796	\$ 3,455,084	\$ 3,150,484	\$ 3,421,870
Net pension liability as a percentage of covered payroll	406.77%	551.04%	482.30%	531.51%	474.89%

See Accompanying Notes to Required Supplementary Information

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

Fiscal year ended June 30,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 293,936	\$ 297,216	\$ 300,883	\$ 305,961	\$ 349,449
Interest	2,005,635	1,941,237	1,877,792	1,770,704	1,763,834
Changes of benefit terms	570,735	323,533	251,255	(377,225)	-
Experience differences	-	-	-	1,064,893	-
Changes in assumptions	-	-	(3,362)	54,909	-
Benefit payments and refunds	<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	1,038,663	882,906	842,287	1,447,322	810,114
Total pension liability - beginning	<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>\$ 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	\$ 1,328,499	\$ 1,011,342	\$ 794,184	\$ 681,482	\$ 650,534
Employee contributions	343,004	170,853	161,653	206,917	153,807
Net investment income (loss)	(491,252)	1,494,359	1,211,087	(170,469)	714,400
Benefit payments and refunds	(1,831,643)	(1,679,080)	(1,584,281)	(1,371,920)	(1,303,169)
Administrative expense	(24,525)	(23,693)	(23,942)	(25,093)	(26,132)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>(675,917)</u>	<u>973,781</u>	<u>558,701</u>	<u>(679,083)</u>	<u>189,440</u>
Plan fiduciary net position - beginning	<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>\$ 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>\$ 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	44.01%	48.39%	46.20%	45.50%	51.40%
Covered payroll	\$ 3,659,575	\$ 3,350,656	\$ 3,210,773	\$ 2,979,142	\$ 3,211,517
Net pension liability as a percentage of covered payroll	411.22%	397.97%	418.13%	441.13%	343.00%

City of Flat Rock
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 632,534	\$ 650,534	\$ (18,000)	\$ 3,211,517	20.26%
2016	734,717	734,717	-	2,979,142	24.66%
2017	794,184	794,184	-	3,210,773	24.73%
2018	1,011,342	1,011,342	-	3,350,656	30.18%
2019	1,054,932	911,101	143,831	3,659,575	24.90%
2020	1,009,865	1,009,865	-	3,554,040	28.41%
2021	988,165	988,165	-	3,431,201	28.80%
2022	1,345,492	1,345,492	-	3,794,952	35.45%
2023	1,769,400	1,437,276	332,124	3,627,228	39.62%
2024	1,489,008	1,388,081	100,927	3,733,512	37.18%

See Accompanying Notes to Required Supplementary Information

City of Flat Rock
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios

Fiscal year ended June 30,	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$ 31,482	\$ 31,947	\$ 68,373	\$ 162,739	\$ 158,212
Interest	770,130	767,609	937,724	685,807	661,658
Changes of benefit terms	-	-	(687,348)	-	-
Experience differences	(1,387,805)	(153,680)	(2,496,163)	(260,664)	2,730,381
Changes in assumptions	(523,780)	113,362	(2,049,100)	(7,073,787)	959,173
Benefit payments and refunds	(720,396)	(709,024)	(771,379)	(786,710)	(787,340)
Net change in total OPEB liability	(1,830,369)	50,214	(4,997,893)	(7,272,615)	3,722,084
Total OPEB liability - beginning	13,792,518	13,742,304	18,740,197	26,012,812	22,290,728
Total OPEB liability - ending (a)	<u>\$ 11,962,149</u>	<u>\$ 13,792,518</u>	<u>\$ 13,742,304</u>	<u>\$ 18,740,197</u>	<u>\$ 26,012,812</u>
Plan fiduciary net position					
Employer contributions	\$ 970,396	\$ 879,024	\$ 941,379	\$ 956,710	\$ -
Net investment income (loss)	76,040	35,908	(31,128)	23,303	-
Benefit payments and refunds	(720,396)	(709,024)	(771,379)	(786,710)	-
Administrative expense	(1,633)	(926)	(620)	(191)	-
Net change in plan fiduciary net position	324,407	204,982	138,252	193,112	-
Plan fiduciary net position - beginning	536,346	331,364	193,112	-	-
Plan fiduciary net position - ending (b)	<u>\$ 860,753</u>	<u>\$ 536,346</u>	<u>\$ 331,364</u>	<u>\$ 193,112</u>	<u>\$ -</u>
Net OPEB liability (a-b)	<u>\$ 11,101,396</u>	<u>\$ 13,256,172</u>	<u>\$ 13,410,940</u>	<u>\$ 18,547,085</u>	<u>\$ 26,012,812</u>
Plan fiduciary net position as a percentage of total OPEB liability	7.20%	3.89%	2.41%	1.03%	- %
Covered payroll	\$ 598,814	\$ 809,103	\$ 996,055	\$ 1,170,034	\$ 1,170,034
Net OPEB liability as a percentage of covered payroll	1,853.90%	1,638.38%	1,346.41%	1,585.17%	2,223.25%

See Accompanying Notes to Required Supplementary Information

City of Flat Rock
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios

Fiscal year ended June 30,	2019	2018
Total OPEB liability		
Service cost	\$ 162,827	\$ 192,131
Interest	662,938	561,166
Changes of benefit terms	-	-
Experience differences	(153,167)	(625,617)
Changes in assumptions	-	3,900,463
Benefit payments and refunds	<u>(633,922)</u>	<u>(578,941)</u>
Net change in total OPEB liability	38,676	3,449,202
Total OPEB liability - beginning	<u>22,252,052</u>	<u>18,802,850</u>
Total OPEB liability - ending (a)	<u>\$ 22,290,728</u>	<u>\$ 22,252,052</u>
Plan fiduciary net position		
Employer contributions	\$ -	\$ -
Net investment income (loss)	-	-
Benefit payments and refunds	-	-
Administrative expense	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (a-b)	<u>\$ 22,290,728</u>	<u>\$ 22,252,052</u>
Plan fiduciary net position as a percentage of total OPEB liability	- %	- %
Covered payroll	\$ 1,338,814	\$ 1,462,805
Net OPEB liability as a percentage of covered payroll	1,664.96%	1,521.19%

See Accompanying Notes to Required Supplementary Information

City of Flat Rock
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 1,991,481	\$ 578,941	\$ 1,412,540	\$ 1,462,805	39.58%
2019	2,572,657	633,922	1,938,735	1,338,814	47.35%
2020	2,776,112	787,340	1,988,772	1,170,034	67.29%
2021	3,163,886	956,710	2,207,176	2,038,774	46.93%
2022	2,691,712	941,379	1,750,333	996,055	94.51%
2023	2,169,546	879,024	1,290,522	809,103	108.64%
2024	2,384,349	970,396	1,413,953	598,814	162.05%

See Accompanying Notes to Required Supplementary Information

City of Flat Rock
Required Supplementary Information
Other Postemployment Benefits
Schedule of Investment Returns

Fiscal Year Ended June 30,	Money-weighted Rate of Return
2021	29.58%
2022	-11.34%
2023	7.82%
2024	13.63%

City of Flat Rock
Notes to the Required Supplementary Information
June 30, 2024

Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 2 of 1968, 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 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to July 1.

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.

Pension Information

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Employees Retirement System of Michigan

The June 30, 2024, changes in assumptions are due to the following:

- Investment rate of return was lowered from 7.00% to 6.93%.
- Discount rate was lowered from 7.25% to 7.18%.

Notes to the Schedule of Employer Contributions – Municipal Employees Retirement System of Michigan

- Valuation date: December 31, 2023
- Actuarially determined contribution rates are calculated as of December 31 that is 18 months prior to the beginning of the fiscal year for which the contributions are presented.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal level percent of pay
- Amortization method: Level dollar, open
- Remaining amortization period: 15 years
- Asset valuation method: 5-year smoothed value of assets
- Inflation: 2.5 percent
- Salary increase: 3.0 percent
- Investment rate of return: 7 percent net of pension plan investment expense, including inflation
- Mortality rates: 106% of Pub-2010 Juvenile Mortality Tables for Ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, 106% of PubG-2010 Healthy Retiree Tables for Ages 50-120

OPEB Information

Notes to the Schedule of Changes in Net OPEB and Related Ratios – Other Postemployment Benefits

The June 30, 2024, changes in assumptions are due to the following:

- Mortality improvement updated from MP-2021
- Medical trend rate not lowered by anticipated 25 basis points
- Discount rate was raised from 5.72% to 6.16%

City of Flat Rock
Notes to the Required Supplementary Information
June 30, 2024

Notes to the Schedule of Employer Contributions – Other Postemployment Benefits

- Valuation date: June 30, 2024
- Actuarially determined contribution rates are calculated as of December 31 that is 6 months prior to the beginning of the fiscal year for which the contributions are presented.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal level percent of pay
- Amortization method: Level dollar, open
- Remaining amortization period: 30 years
- Asset valuation method: Market value of assets
- Healthcare inflation rate: Pre-Medicare 7.25% graded down to 4.50% by .25% per year; Post Medicare, 5.50% graded down to 4.50% by .25% per year.
- Inflation: 2.5 percent
- Salary increase: 2.0 percent
- Investment rate of return: 7 percent net of pension plan investment expense, including inflation
- Mortality rates:
 - Police and Fire: Public Safety 2010 Employee and Healthy Retiree, headcount weighted
 - Others: Public General 2010 Employee and Healthy Retiree, headcount weighted with MP-2021 improvement scale.

City of Flat Rock
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds				
	Major Street Fund	Local Street Fund	911 Service Fund	Drug Law Enforcement	Law Enforcement
Assets					
Cash and cash equivalents	\$ 287,683	\$ 319,047	\$ 1,723	\$ 9,029	\$ 17,136
Receivables					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Due from other units of government	141,312	53,293	-	-	-
Prepaid items	<u>7,093</u>	<u>3,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 436,088</u>	<u>\$ 375,671</u>	<u>\$ 1,723</u>	<u>\$ 9,029</u>	<u>\$ 17,136</u>
Liabilities					
Accounts payable	\$ 11,551	\$ 17,337	\$ -	\$ -	\$ -
Due to other units of government	24	24	-	-	-
Accrued and other liabilities	<u>240</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>11,815</u>	<u>17,601</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Opioid settlement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Non-spendable					
Prepaid items	7,093	3,331	-	-	-
Restricted for					
Major street	417,180	-	-	-	-
Local street	-	354,739	-	-	-
Public safety	-	-	1,723	9,029	17,136
Historical district	-	-	-	-	-
Library	-	-	-	-	-
Health and welfare	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>424,273</u>	<u>358,070</u>	<u>1,723</u>	<u>9,029</u>	<u>17,136</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 436,088</u>	<u>\$ 375,671</u>	<u>\$ 1,723</u>	<u>\$ 9,029</u>	<u>\$ 17,136</u>

City of Flat Rock
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds			Debt Service Funds		Total Nonmajor Governmental Funds
	Historical District Fund	Library Fund	Opioid Settlement	2010 Road Improvement	2015 Construction	
Assets						
Cash and cash equivalents	\$ 272,071	\$ 255,464	\$ 23,669	\$ -	\$ -	\$ 1,185,822
Receivables						
Accounts	-	454	72,546	-	-	73,000
Taxes	120	476	-	-	-	596
Due from other units of government	-	-	-	-	-	194,605
Prepaid items	160	1,073	-	-	-	11,657
Total assets	<u>\$ 272,351</u>	<u>\$ 257,467</u>	<u>\$ 96,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,465,680</u>
Liabilities						
Accounts payable	\$ 4,589	\$ 4,251	\$ -	\$ -	\$ -	\$ 37,728
Due to other units of government	46	943	-	-	-	1,037
Accrued and other liabilities	1,068	9,868	-	-	-	11,416
Total liabilities	<u>5,703</u>	<u>15,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,181</u>
Deferred inflows of resources						
Opioid settlement	-	-	72,546	-	-	72,546
Fund balances						
Non-spendable						
Prepaid items	160	1,073	-	-	-	11,657
Restricted for						
Major street	-	-	-	-	-	417,180
Local street	-	-	-	-	-	354,739
Public safety	-	-	-	-	-	27,888
Historical district	266,488	-	-	-	-	266,488
Library	-	241,332	-	-	-	241,332
Health and welfare	-	-	23,669	-	-	23,669
Total fund balances	<u>266,648</u>	<u>242,405</u>	<u>23,669</u>	<u>-</u>	<u>-</u>	<u>1,342,953</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 272,351</u>	<u>\$ 257,467</u>	<u>\$ 96,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,465,680</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, 2024

	Special Revenue Funds				
	Major Street Fund	Local Street Fund	911 Service Fund	Drug Law Enforcement	Law Enforcement
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	6,219
State shared revenue	881,395	332,388	-	-	-
Other state grants	-	-	-	-	-
Local contributions	156,018	-	-	-	-
Investment income	2,336	10,843	19	70	120
Other revenue	-	-	-	2,750	-
Total revenues	<u>1,039,749</u>	<u>343,231</u>	<u>19</u>	<u>2,820</u>	<u>6,339</u>
Expenditures					
Current					
Public safety	-	-	1,283	-	1,847
Public works	154,378	597,101	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>154,378</u>	<u>597,101</u>	<u>1,283</u>	<u>-</u>	<u>1,847</u>
Excess (deficiency) of revenues over expenditures	<u>885,371</u>	<u>(253,870)</u>	<u>(1,264)</u>	<u>2,820</u>	<u>4,492</u>
Other financing sources (uses)					
Transfers in	-	419,236	-	-	-
Transfers out	<u>(745,314)</u>	<u>(94,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>(745,314)</u>	<u>324,561</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	140,057	70,691	(1,264)	2,820	4,492
Fund balances - beginning of year	<u>284,216</u>	<u>287,379</u>	<u>2,987</u>	<u>6,209</u>	<u>12,644</u>
Fund balances - end of year	<u>\$ 424,273</u>	<u>\$ 358,070</u>	<u>\$ 1,723</u>	<u>\$ 9,029</u>	<u>\$ 17,136</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, 2024

	Special Revenue Funds			Debt Service Funds		Total Nonmajor Governmental Funds
	Historical District Fund	Library Fund	Opioid Settlement	2010 Road Improvement	2015 Construction	
Revenues						
Taxes	\$ 95,487	\$ 379,322	\$ -	\$ -	\$ -	\$ 474,809
Federal grants	-	-	-	-	-	6,219
State shared revenue	-	19,042	-	-	-	1,232,825
Other state grants	-	-	13,685	-	-	13,685
Local contributions	-	-	-	-	-	156,018
Investment income	8,884	14,867	58	-	-	37,197
Other revenue	-	33,293	-	-	-	36,043
Total revenues	104,371	446,524	13,743	-	-	1,956,796
Expenditures						
Current						
Public safety	-	-	-	-	-	3,130
Public works	-	-	-	-	-	751,479
Recreation and culture	56,183	449,180	-	-	-	505,363
Capital outlay	-	22,400	-	-	-	22,400
Debt service						
Principal retirement	-	-	-	235,000	150,000	385,000
Interest and fiscal charges	-	-	-	19,125	87,188	106,313
Total expenditures	56,183	471,580	-	254,125	237,188	1,773,685
Excess (deficiency) of revenues over expenditures	48,188	(25,056)	13,743	(254,125)	(237,188)	183,111
Other financing sources (uses)						
Transfers in	-	-	-	254,125	236,688	910,049
Transfers out	-	-	-	-	-	(839,989)
Total other financing sources and (uses)	-	-	-	254,125	236,688	70,060
Net change in fund balances	48,188	(25,056)	13,743	-	(500)	253,171
Fund balances - beginning of year	218,460	267,461	9,926	-	500	1,089,782
Fund balances - end of year	\$ 266,648	\$ 242,405	\$ 23,669	\$ -	\$ -	\$ 1,342,953

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2024

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
Governmental Activities					
Bonds payable					
Capital Improvement Bonds					
2010 Limited Tax General Obligation					
Date of issue September 2010					
amount of issue \$2,500,000					
Interest due August 1 and February 1	8/1/2024	\$ 250,000	\$ 6,250	\$ -	\$ 256,250
Capital Improvement Bonds					
2015 Limited Tax General Obligation					
Date of issue May 2015					
amount of issue \$3,500,000					
Interest due October 1 and April 1	10/1/2024	175,000	42,218	39,593	256,811
	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>2,300,000</u>	<u>273,837</u>	<u>231,619</u>	<u>2,805,456</u>
Total bonds payable		<u>2,550,000</u>	<u>280,087</u>	<u>231,619</u>	<u>3,061,706</u>
Installment purchases payable					
Installment Purchase - community center equipment					
Date of issue December 2022					
amount of issue \$82,984					
Interest due December 6	12/6/2024	22,312	2,473	-	24,785
Total installment purchases payable	12/6/2025	<u>14,943</u>	<u>993</u>	<u>-</u>	<u>15,957</u>
		<u>37,255</u>	<u>3,466</u>	<u>-</u>	<u>40,742</u>
Total governmental activities		<u>\$ 2,587,255</u>	<u>\$ 283,553</u>	<u>\$ 231,619</u>	<u>\$ 3,102,448</u>
Business-type Activities					
Bonds and notes payable					
South Huron Valley Utility Authority					
2004 Sewer System Plant Expansion					
Date of issue April 2004					
amount of issue \$2,352,760;					
Flat Rock Share of \$9,220,000					
Interest due October 1 and April 1	4/1/2025	\$ 140,349	\$ 3,010	\$ 3,010	\$ 146,369
	4/1/2026	<u>142,900</u>	<u>1,518</u>	<u>1,518</u>	<u>145,936</u>
		<u>283,249</u>	<u>4,528</u>	<u>4,528</u>	<u>292,305</u>

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2024

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
South Huron Valley Utility Authority					
2010 Sewer System Improvements					
Date of issue May 2010	5/1/2025	17,910	3,876	3,876	25,662
amount of issue \$409,360;	5/1/2026	17,910	3,518	3,518	24,946
Flat Rock Share of \$1,600,000	5/1/2027	26,864	3,070	3,070	33,004
Interest due November 1 and May 1	5/1/2028	29,423	2,399	2,399	34,221
	5/1/2029	31,981	1,663	1,663	35,307
	5/1/2030	34,540	863	863	36,266
		158,628	15,389	15,389	189,406
South Huron Valley Utility Authority					
2011 Sewer System Improvements					
Date of issue April 2011	4/1/2025	30,294	2,840	2,840	35,974
amount of issue \$537,073;	4/1/2026	31,136	2,461	2,461	36,058
Flat Rock Share of \$3,310,000	4/1/2027	31,977	2,072	2,072	36,121
Interest due October 1 and April 1	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	35,440	433	433	36,306
		228,145	11,592	11,592	251,329
South Huron Valley Utility Authority					
2016 Sewer System Improvements					
Date of issue November 2016	5/1/2025	59,295	231	231	59,757
amount of issue \$592,954;	5/1/2026	59,297	116	116	59,529
Flat Rock Share of \$1,880,000					
Interest due November 1 and May 1		118,592	347	347	119,286
South Huron Valley Utility Authority					
2020 Plant Renovations					
Date of issue June 2020	11/1/2025	71,022	88,797	88,797	248,616
amount of issue \$4,107,306	11/1/2026	75,012	87,377	87,377	249,766
Interest due November 1 and May 1	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
		3,845,562	984,645	984,644	5,814,851

City of Flat Rock
Other Supplementary Information
Schedule of Indebtedness
June 30, 2024

Description	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
Capital Improvement Bonds					
2023 Limited Tax General Obligation	10/1/2024	200,000	270,250	-	470,250
Date of issue April 2023	10/1/2025	210,000	260,250	-	470,250
amount of issue \$6,000,000	10/1/2026	220,000	249,750	-	469,750
Interest due October 1	10/1/2027	225,000	238,750	-	463,750
	10/1/2028	235,000	227,500	-	462,500
	10/1/2029	245,000	215,750	-	460,750
	10/1/2030	255,000	203,500	-	458,500
	10/1/2031	265,000	190,750	-	455,750
	10/1/2032	275,000	177,500	-	452,500
	10/1/2033	285,000	163,750	-	448,750
	10/1/2034	300,000	149,500	-	449,500
	10/1/2035	310,000	134,500	-	444,500
	10/1/2036	325,000	119,000	-	444,000
	10/1/2037	335,000	106,000	-	441,000
	10/1/2038	350,000	92,600	-	442,600
	10/1/2039	365,000	78,600	-	443,600
	10/1/2040	375,000	64,000	-	439,000
	10/1/2041	390,000	49,000	-	439,000
	10/1/2042	410,000	33,400	-	443,400
	10/1/2043	425,000	17,000	-	442,000
		6,000,000	3,041,350	-	9,041,350
 Total business-type activities		\$ 10,634,176	\$ 4,057,851	\$ 1,016,500	\$ 15,708,527
 Component Units					
Bonds and notes payable					
Tax Increment Finance Authority					
2015 Limited Tax Development Bonds					
Date of issue May 2015	10/1/2024	\$ 120,000	\$ 3,675	\$ 1,875	\$ 125,550
amount of issue \$1,750,000	10/1/2025	125,000	1,875	-	126,875
Interest due October 1 and April 1		\$ 245,000	\$ 5,550	\$ 1,875	\$ 252,425

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	Sewer Debt	Library Fund	Historical District	Police & Fire	Road and Street	Total
2000	13.15	2.85	1.00	-	-	-	17.00
2001	13.15	-	1.00	-	-	-	14.15
2002	16.25	-	1.00	-	-	-	17.25
2003	16.00	-	1.00	0.25	-	-	17.25
2004	16.00	-	1.00	0.25	-	-	17.25
2005	16.00	-	1.00	0.25	-	-	17.25
2006	16.00	-	1.00	0.25	-	-	17.25
2007	16.00	-	1.00	0.25	-	-	17.25
2008	16.00	-	1.00	0.25	-	-	17.25
2009	16.00	-	1.00	0.25	-	-	17.25
2010	16.00	-	1.00	0.25	-	-	17.25
2011	16.00	-	1.00	0.25	-	-	17.25
2012	16.00	-	1.00	0.25	-	-	17.25
2013	16.00	-	1.00	0.25	1.75	-	19.00
2014	16.00	-	1.00	0.25	1.75	-	19.00
2015	16.00	-	1.50	0.25	1.75	-	19.50
2016	16.00	-	1.50	0.25	1.75	-	19.50
2017	16.00	-	1.50	0.25	1.75	-	19.50
2018	16.00	-	1.50	0.25	1.75	-	19.50
2019	16.00	-	1.50	0.25	1.75	1.00	20.50
2020	16.00	-	1.00	0.25	1.75	1.00	20.00
2021	16.00	-	1.00	0.25	1.75	1.00	20.00
2022	16.00	-	1.00	0.25	1.75	1.00	20.00
2023	16.00	-	0.98	0.25	1.75	1.00	19.98
2024	16.00	-	0.98	0.25	1.75	1.00	19.98

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
2000	\$ 3.60	\$ 4.25	\$ -	\$ -
2001	4.00	4.50	-	-
2002	4.00	4.50	-	-
2003	4.00	4.50	-	-
2004	4.00	4.50	-	-
2005	4.50	5.00	-	-
2006	4.50	5.00	-	-
2007	4.50	5.00	-	-
2008	5.00	-	6.50	6.75
2009	5.00	-	6.50	6.75
2010	5.00	-	6.50	6.75
2011	6.00	-	7.50	7.75
2012	6.00	-	7.50	7.75
2013	7.00	-	8.50	8.75
2014	7.00	-	8.50	8.75
2015	7.50	-	9.00	9.25
2016	7.50	-	9.00	9.25
2017	7.50	-	9.00	9.25
2018	8.00	-	9.50	9.75
2019	8.25	-	9.75	10.00
2020	9.00	-	10.50	11.00
2021	10.50	10.81	12.00	12.50
2022	11.50	11.50	13.25	13.75
2023	14.38	14.38	16.25	16.88
2024	14.38	14.38	16.25	16.88



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November 27, 2024

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

We have audited the 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 (the City) as of and for the year ended June 30, 2024. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

Our communication includes the following:

- I. Auditors' Communication of Significant Matters with Those Charged with Governance
- II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the City during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

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

Yeo & Yeo, P.C.

Ann Arbor, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the footnotes of the financial statements. The City has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2023:

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

We noted no transactions entered into by the City during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.
- Leases receivable and the related deferred inflows of resources. The estimate is based on management's assessment of the likelihood of exercising renewal options and utilizing interest and discount rates.
- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Net other postemployment benefits (OPEB) liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Improper revenue recognition

Accounting Standards and Regulatory Updates

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in the footnotes of the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

There were no known uncorrected misstatements that were more than trivial.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

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

Disclaimer of Opinion on Other Supplementary Information

With respect to the supplementary information accompanying the financial statements, the tax levies in millage and water and sewer rates, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Appendix II

Matters for Management's Consideration

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2024, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of the following matter for management's consideration that is an opportunity for strengthening internal controls. This letter does not affect our report dated November 27, 2024, on the financial statements of the City.

Capitalization Policy

We noted that the City does not have an established, written guideline concerning which property and equipment acquisitions should be capitalized. We recommend that management establish a minimum amount threshold for capitalization of assets and expense items below the threshold. This will result in a more uniform treatment of property and equipment.

**GENERAL FUND FINANCIAL STATEMENTS
OF CITY OF FLAT ROCK
FOR THE FISCAL YEARS ENDED
JUNE 30, 2024, 2023 AND 2022**

FINANCIAL INFORMATION

The following financial information has been compiled from information provided in the City of Flat Rock audited Annual Financial Statements for the fiscal years ended June 30, 2024, 2023 and 2022. These audited Annual Financial Statements were prepared in accordance with the Generally Accepted Accounting Principles. The City's auditors have not been asked to consent to the use of information from such audited Annual Financial Statements in the Preliminary Official Statement nor the final Official Statement and have not conducted any subsequent review of such audited Annual Financial Statements or the information presented in this Appendix.

Copies of audited Annual Financial Statements may be obtained from the State of Michigan – Department of Treasury.

Michigan Department of Treasury

Local Audit and Finance Division

Lansing, MI 48922

Telephone: (517) 373-3227

Website: www.michigan.gov/treasury

CITY OF FLAT ROCK
GENERAL FUND - BALANCE SHEET
FOR YEARS ENDED JUNE 30

ASSETS	2024	2023	2022
Cash and cash equivalents	\$ 4,066,173	\$ 2,680,631	\$ 2,804,419
Receivables:			
Accounts	231,517	-	-
Taxes	9,047	11,029	16,959
Customers	-	6,250	-
Leases receivable	508,577	516,068	523,407
Accrued interest and other	14,211	4,816	2,913
Special Assessments	20,363	-	-
Due from other governmental units	297,518	322,300	389,154
Due from other funds	-	40,000	-
Due from component unit	12,302	910,780	35,666
Inventories	19,657	12,762	15,014
Prepaid items	22,669	38,944	17,673
TOTAL ASSETS	\$ 5,202,034	\$ 4,543,580	\$ 3,805,205
LIABILITIES			
LIABILITIES			
Accounts payable	\$ 143,504	\$ 90,356	\$ 192,921
Accrued and other liabilities	424,996	392,851	396,472
Due to other governmental units	14,834	-	-
Due to other funds	883,481	883,481	-
Unearned revenue	28,863	478,863	866,881
TOTAL LIABILITIES	1,495,678	1,845,551	1,456,274
DEFERRED INFLOWS OF RESOURCES			
Leases	\$ 508,577	\$ 516,068	\$ 523,407
Grants	-	-	22,332
TOTAL DEFERRED INFLOWS OF RESOURCES	508,577	516,068	545,739
FUND BALANCES			
Nonspendable			
Inventories	19,657	12,762	15,014
Prepaid items	22,669	38,944	17,673
Restricted for			
Streets	132,723	-	-
Unassigned	3,022,730	2,130,255	1,770,505
TOTAL FUND EQUITY AND OTHER CREDITS	3,197,779	2,181,961	1,803,192
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 5,202,034	\$ 4,543,580	\$ 3,805,205

Source: City of Flat Rock Annual Financial Reports

CITY OF FLAT ROCK
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
AS OF JUNE 30

	2024	2023	2022
REVENUES			
Taxes	\$ 7,338,290	\$ 7,005,341	\$ 6,725,520
Licenses and permits	283,047	240,734	186,847
Federal grants	510,802	496,598	43,097
State shared revenue	1,283,819	1,256,635	1,276,556
Other state grants	4,847,055	40,774	38,726
Local contributions	1,141,036	548,855	535,158
Charges for services	412,190	358,073	350,798
Fines and forfeitures	375,719	421,547	336,138
Interest income	198,280	71,930	5,916
Rental income	264,774	196,120	204,576
Other revenues	481,708	465,288	429,616
TOTAL REVENUES	17,136,720	11,101,895	10,132,948
EXPENDITURES			
Current			
General government	\$ 3,913,479	\$ 2,640,280	\$ 2,701,446
Public safety	7,927,553	5,606,681	4,839,277
Public works	2,678,940	2,193,452	1,647,228
Recreation and culture	103,994	117,879	117,216
Community and economic development	10,800	63,800	13,147
Judicial	535,304	-	-
Capital outlay	130,448	-	443,787
Debt Service			
Interest and Fiscal Charges	28,669	2,713	-
Principal retirement	1,345	27,768	26,536
TOTAL EXPENDITURES	15,330,532	10,652,573	9,788,637
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,806,188	449,322	344,311
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(811,620)	(171,540)	(122,677)
Proceeds from installment purchase	-	-	-
Insurance recoveries	-	22,332	-
Proceeds fro sale of fixed assets	-	-	-
Proceeds fro sale of capital assets	21,250	78,655	89,925
TOTAL OTHER FINANCING SOURCES (USES)	(790,370)	(70,553)	(32,752)
NET CHANGE IN FUND BALANCES	1,015,818	378,769	311,559
FUND BALANCE AT BEGINNING OF THE YEAR	2,181,961	1,803,192	1,491,633
FUND BALANCE AT END OF YEAR	\$ 3,197,779	\$ 2,181,961	\$ 1,803,192

Source: City of Flat Rock Annual Financial Reports

FORM OF APPROVING OPINION



Miller, Canfield, Paddock and Stone, P.L.C.

150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

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Form of Approving Opinion

City of Flat Rock
County of Wayne
State of Michigan

We have acted as bond counsel to the City of Flat Rock, County of Wayne, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of \$ _____, designated 2025 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds"). In such capacity we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of _____, 2025, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds. The Bonds have been designated as a "qualified tax-exempt obligation" for purposes of deduction of interest expense by financial institutions.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. All taxable property within the boundaries of the Issuer is subject to taxation for payment of the Bonds, without limitation as to rate or amount.
3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and State of Michigan income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 3 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Flat Rock, County of Wayne, State of Michigan (the “Issuer”), in connection with the issuance of its \$_____ 2025 Capital Improvement Bonds (Limited Tax General Obligation) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statements pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System or such other system, Internet Web Site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the sixth month after the end of the fiscal year of the Issuer, the following annual financial information and operating data, commencing with the fiscal year ending June 30, 2025, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the Issuer relating to the Bonds (the “Official Statement”) appearing in the tables or under the headings in the Official Statement as described below:

- a. History of Property Valuations – State Equalized Valuation and Taxable Value;
- b. State Equalized Valuation – By Class and By Use;
- c. Taxable Value – By Class and By Use;
- d. Major Taxpayers;
- e. Tax Rates (Per \$1,000 of Taxable Value);
- f. Tax Rate Limitations;
- g. Tax Levies and Collections;
- h. Revenues from the State of Michigan;
- i. Labor Agreements;
- j. Retirement Plan;
- k. Other Post Employment Benefits;
- l. General Fund – Fund Balance;
- m. Debt Statement – Direct Debt; and
- n. Statement of Legal Debt Margin.

(2) The Audited Financial Statements; provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and

unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Issuer and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or by specific reference to documents available to the public through EMMA or filed with the SEC.

If the fiscal year of the Issuer is changed, the Issuer shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(g) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(h) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

CITY OF FLAT ROCK
County of Wayne
State of Michigan

By _____
Brian Marciniak
Its: Administrator/Treasurer

Dated: _____, 2025

OFFICIAL NOTICE OF SALE

OFFICIAL NOTICE OF SALE
\$3,105,000*
CITY OF FLAT ROCK
COUNTY OF WAYNE, STATE OF MICHIGAN

2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)
**Subject to adjustment as set forth in this Notice of Sale*

Bids for the purchase of the above bonds will be received in the manner described in this Notice of Sale on Tuesday, April 22, 2025, until 1:00 p.m., prevailing Eastern Time, at which time and place the bids will be read. The award or rejection of the bids will occur on that date.

ELECTRONIC BIDS: Bidders may submit bids for the purchase of the above bonds as follows:

Electronic bids may be submitted to the office of Bendzinski & Co. Municipal Finance Advisors at info@bendzinski.com; provided that electronic bids must arrive before the time of sale.

Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or CLIENT SERVICES, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. IF ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BIDCOMP/PARITY, AS THE APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS OFFICIAL NOTICE OF SALE SHALL CONTROL.

Bidders may choose any means to present bids but a bidder may not present a bid by more than one means. Each bidder bears all risks associated with the submission, transmission and delivery of its bid.

BOND DETAILS: The bonds will be registered bonds of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of the date of initial delivery, numbered in order of registration, and will bear interest from their date payable on October 1, 2025 and semiannually thereafter.

The bonds will mature on the 1st day of April in each of the years as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2026	\$175,000	2034	\$210,000
2027	165,000	2035	215,000
2028	170,000	2036	225,000
2029	180,000	2037	235,000
2030	185,000	2038	245,000
2031	190,000	2039	250,000
2032	195,000	2040	260,000
2033	205,000		

*ADJUSTMENT OF TOTAL PAR AMOUNT OF BONDS AND PRINCIPAL MATURITIES: The City reserves the right to decrease the aggregate principal amount of the bonds after receipt of the bids and prior to final award, if necessary, so that the purchase price of the bonds will provide an amount determined by the City to be sufficient to construct the Project and to pay costs of issuance of the bonds. The adjustments, if necessary, will be in increments of \$5,000. The purchase price will be adjusted proportionately to the decrease in issue size, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

*ADJUSTMENT TO PURCHASE PRICE: Should any adjustment to the aggregate principal amount of the bonds be made by the City, the purchase price of the bonds will be adjusted by the City proportionally to the adjustment in principal amount of the bonds. The adjusted purchase price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and initial reoffering prices.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in any multiples of 1%. The interest on any one bond shall be at one rate

only and all bonds maturing in any one year must carry the same interest rate. No proposal for the purchase of less than all of the bonds or at a price that is less than 99% of their par value will be considered.

PRIOR REDEMPTION OF BONDS: Bonds maturing in the years 2026 to 2034 inclusive, shall not be subject to optional redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2035 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after April 1, 2034, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the transfer agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption, whether or not presented for redemption, provided funds are on hand with the transfer agent to redeem the bond or portion thereof.

TERM BOND OPTION: The initial purchaser of the bonds may designate any one or more maturities from April 1, 2026, through the final maturity as term bonds and the consecutive maturities on or after the year 2026 which shall be aggregated in the term bonds. The amounts of the maturities which are aggregated in a designated term bond shall be subject to mandatory redemption on April 1 of the years and in the amounts set forth in the above maturity schedule at a redemption price of par, plus accrued interest to the date of mandatory redemption. Term bonds or portions thereof mandatorily redeemed shall be selected by lot. Any such designation must be made at the time bids are submitted and must be listed on the bid.

BOOK-ENTRY OPTION: Upon the request of the successful bidder, the bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the bonds. In the event of registration with DTC, the purchaser will not receive certificates representing their interest in bonds purchased. The book-entry-only system is described further in the preliminary Official Statement for the Bonds. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the bonds. In the alternative, the successful bidder may request bond certificates to be delivered to the purchaser as one fully registered bond per maturity.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the principal corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check or draft mailed to the registered owner of record as shown on the registration books of the City as of the 15th day of the month preceding the interest payment date. The bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The bonds are authorized for the purpose of paying the cost of acquiring and constructing various capital improvements for the City. The bonds will be a first budget obligation of the City, payable from the general funds of the City including the collection of ad valorem taxes on all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors’ rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

GOOD FAITH: A good faith deposit in the form of a certified or cashier’s check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$31,050 payable to the order of the Treasurer of the City will be required of the successful bidder. The successful bidder is required to submit its good faith deposit to the City as instructed by the City not later than Noon, prevailing Eastern Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS – TRUE INTEREST COST: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate

(compounded on October 1, 2025 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment date to May 13, 2025, the anticipated closing date, in an amount equal to the price bid, excluding accrued interest. Each bidder shall state in its bid the true interest cost to the City, computed in the manner specified above.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, under existing law, assuming compliance with certain covenants, interest on the bonds is excludable from gross income for federal income tax purposes as described in the opinion, and the bonds and interest thereon are exempt from all taxation by the State of Michigan or any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

“QUALIFIED TAX-EXEMPT OBLIGATIONS”: The City has designated the bonds as “qualified tax-exempt obligations” for purposes of the deduction of interest expense by financial institutions pursuant to the Internal Revenue Code of 1986, as amended.

ISSUE PRICE: The winning bidder shall assist the City in establishing the issue price of the bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached either as Appendix H-1 or Appendix H-2 to the Preliminary Official Statement for the bonds, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and bond counsel.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the “Competitive Sale Requirements”) because:

- a. the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- b. all bidders shall have an equal opportunity to bid;
- c. the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- d. the City anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that all of the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City will not require bidders to comply with the “hold-the-offering price rule” (as described below), and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the bonds as the issue price of that maturity, though the winning bidder, in consultation with the City, may elect to apply the “hold-the-offering price rule.” Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering price rule” (as described below), bidders should prepare their bids on the assumption that all of the maturities of the bonds will be subject to the 10% Test (as described below). The winning bidder must notify the City of its intention to apply either the “hold-the-offering price rule” or the 10% Test at or prior to the time the bonds are awarded.

If the winning bidder does not request that the “hold-the-offering price rule” apply to determine the issue price of the bonds, then the following two paragraphs shall apply:

- a. The City shall treat the first price at which 10% of a maturity of the bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the bonds; and
- b. Until the 10% Test has been satisfied as to each maturity of the bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all bonds of that

maturity have been sold or (ii) the 10% Test has been satisfied as to the bonds of that maturity, provided that, the winning bidder's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

If the winning bidder does request that the "hold-the-offering price rule" apply to determine the issue price of the bonds, then the following three paragraphs shall apply:

- a. The winning bidder, in consultation with the City, may determine to treat (i) pursuant to the 10% Test, the first price at which 10% of a maturity of the bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the bonds as the issue price of that maturity (the "hold-the-offering price rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the bonds satisfies the 10% Test as of the date and time of the award of the bonds. The winning bidder shall promptly advise the City, at or before the time of award of the bonds, which maturities of the bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering price rule or both.
- b. By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of the award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) if the hold-the-offering-price rule applies, agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:
 - a. the close of the fifth (5th) business day after the sale date; or
 - b. the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public;

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- c. The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the bonds.

By submitting a bid, each bidder confirms that:

- a. any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing

wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A)(i) to report the prices at which it sells to the public the unsold bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

- b. any agreement among underwriters or selling group agreement relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (i) report the prices at which it sells to the public the unsold bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% Test has been satisfied as to the bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (ii) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.
- c. sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

Further, for purposes of this Notice of Sale:

- a. “public” means any person other than an underwriter or a related party;
- b. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the bonds to the public);
- c. a purchaser of any of the bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
- d. “sale date” means the date that the bonds are awarded by the City to the winning bidder.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the

accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the bonds, the bidder agrees to the representation of the City by Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York, or such other place to be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit, if any. Payment for the bonds shall be made in Federal Reserve Funds.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds. Application for CUSIP numbers will be made by Bendzinski & Co. Municipal Finance Advisors, financial advisors to the City. The CUSIP Service Bureau's charge for the assignment of CUSIP numbers shall be paid by the purchaser.

OFFICIAL STATEMENT: An electronic copy of the preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from Bendzinski & Co. Municipal Finance Advisors, financial advisors to the City, at the address and telephone listed under REGISTERED MUNICIPAL ADVISORS below. Bendzinski & Co. Municipal Finance Advisors will provide the winning bidder with an electronic copy of the final Official Statement within 7 business days from the date of sale to permit the purchaser to comply with Securities and Exchange Commission Rule 15c2-12. Within 24 hours of the time of sale, the purchaser may request printed copies of the Official Statement from Bendzinski & Co. Municipal Finance Advisors. The purchaser agrees to pay the cost of additional copies.

BOND INSURANCE AT PURCHASER'S OPTION: If the bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the bonds. Any and all increased costs of issuance of the bonds resulting from such purchase of insurance shall be paid by the purchaser, except that if the City has requested and received a rating on the bonds from a rating agency, the City shall pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, on or prior to the last day of the sixth month after the end of each fiscal year commencing with the fiscal year ending June 30, 2025, (i) certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the bonds, (ii) timely notice of the occurrence of certain material events with respect to the bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in (i) above.

REGISTERED MUNICIPAL ADVISORS: Bendzinski & Co. Municipal Finance Advisors, Grosse Pointe, MI (the "Municipal Advisor") is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor has been retained by the City to provide certain financial advisory services relating to the planning, structuring and issuance of the bonds. The Municipal Advisor is not engaged in the business of underwriting, trading, marketing or the distribution of securities or any other negotiable instruments. The Municipal Advisor's duties, responsibilities and fees arise solely as a Registered Municipal Advisor to the City and it has no secondary obligation or other responsibility.

FURTHER INFORMATION relating to the bonds may be obtained from Bendzinski & Co. Municipal Finance Advisors, 17000 Kercheval Ave., Suite 230, Grosse Pointe, MI 48230. Telephone (313) 961-8222.

BIDDER CERTIFICATION: NOT "IRAN-LINKED BUSINESS": By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 517 Michigan Public Acts of 2012, being MCL 129.311 et. seq.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

Rebecca Brogley
City Clerk

FORM OF ISSUE PRICE CERTIFICATE

APPENDIX H-1
FORM OF ISSUE PRICE CERTIFICATE

This Form will be used if the Competitive Sale Requirements are met.

[\$_____]
CITY OF FLAT ROCK
COUNTY OF WAYNE, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. Reasonably Expected Initial Offering Price

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.¹

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Issuer* means City of Flat Rock, County of Wayne, State of Michigan.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly, as defined in Treas. Reg. §1.150-1(b).

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

¹ Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Miller, Canfield, Paddock and Stone, P.L.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF UNDERWRITER'S BID

(Attached)

FORM OF ISSUE PRICE CERTIFICATE

APPENDIX H-2

FORM OF ISSUE PRICE CERTIFICATE

This Form will be used if either the 10% Test or the Hold-the-Offering-Price Rule applies.

\$[]
CITY OF FLAT ROCK
COUNTY OF WAYNE, STATE OF MICHIGAN
2025 CAPITAL IMPROVEMENT BONDS
(LIMITED TAX GENERAL OBLIGATION)

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([SHORT NAME OF UNDERWRITER]) [the “Representative”] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale, [SHORT NAME OF UNDERWRITER] [the members of the Underwriting Group] [has] [have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it] [they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER] [the Underwriters] [has] [have] sold at least 10% of such Hold-the-Offering-Price Maturity to the

Public at a price that is no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means City of Flat Rock, County of Wayne, State of Michigan.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly, as defined in Treas. Reg. §1.150-1(b).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM] [the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage and Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Miller, Canfield, Paddock and Stone, P.L.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER] [REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

The following have participated in the planning and development of this Bond issue:



CITY OF FLAT ROCK

STEVEN BELLER
Mayor

CITY COUNCIL

LARRY DISHAW
Mayor Pro-Tem

JOHN BERGERON

ALBERT FROND

JAMES MARTIN

RICKY TEFEND

KENNETH WROBEL

ADMINISTRATION

REBECCA BROGLEY
Clerk

BRIAN MARCINIAK
Administrator/Treasurer

PROFESSIONAL SERVICES

REGISTRAR/TRANSFER AGENT

THE HUNTINGTON NATIONAL BANK.
Grand Rapids, Michigan

BOND COUNSEL

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
Detroit, Michigan

REGISTERED MUNICIPAL ADVISOR



17000 Kercheval Ave. • Suite 230 • Grosse Pointe, Michigan 48230