

Dollars and Sense:

How CITY OF FLAT ROCK Spends Your Money



**2012 Citizen's Guide to
CITY OF FLAT ROCK'S Financial Health**

**Presented by:
Jonathan Dropiewski, Mayor**

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Greetings,

As part of a state-wide initiative to educate our residents, I will like to welcome you to *Dollar and Sense: How CITY OF FLAT ROCK Spends Your Money; 2012 Citizen's Guide to CITY OF FLAT ROCK'S Financial Health.* This guide is presented to give a comprehensive "snap-shot" of the city's financial standing.

The following sections will guide you through step-by-step:

- ***How Governments Use Your Money***, will give you an overview of each department and the services provided by your tax dollars.
- ***How Taxpayer Money Is Spent: Government Revenue and Expenditures***, will give you a comprehensive listing of the revenue sources available and the related expenses by department.
- ***Flat Rock's Fiscal Health***, reflects the health of the city's financial standing by outlining the current debt, reserves for future use and future retiree benefits.

After reading this guide it is our goal to better inform you, the resident, how your hard-earned tax dollars are being used to improve the quality of life. Each department strives to meet the challenges faced with smaller budgets and still maintain a high level of service that our residents have come to expect.

Thank you for taking the time to better understand the process. If you have any questions, please contact my office at 734.782.2455.

Sincerely yours,

Jonathan Dropiewski

Jonathan Dropiewski
Mayor

WHERE CITIZEN DOLLARS GO

The city's revenue comes from several sources, with tax dollars being the largest portion. In 2012-13 taxes make up 62.6% of the total revenue. Approximately 26.2% is generated from fees, permits, fines, and other miscellaneous charges for services. The balance of 11.2% historically has come from state revenue sharing. With the economic challenges and changes in legislation State Revenue Sharing has declined significantly and may continue to decline in future years.

Below is a table of the sources of revenue the city budgeted for fiscal year July 1, 2012 to June 30, 2013:

Taxes	4,623,420
General Operations	63,000
Police Department	716,919
Fire Department	456,359
Building & Safety	203,100
Public Works	376,440
Community Development	140,010
State Revenue Sharing	826,267
TOTAL REVENUE	7,405,515

Below you will see how each tax dollar is divided into the various departments that service our community. Public Safety (police, fire and building departments) consists of approximately 51% of the budget, with General Operations (clerk, treasurer, assessor, and district court) comprising of 21%. Public services (DPW, community development, planning commission) are approximately 24% of the total budget. The remainder of 4% is used for contributions to local street maintenance and debt payments.

Mayor and Council Salaries	10,000
General Operations: Clerk, Treasurer, Elections, Assessor, Attorney, and City Engineer	994,272
33 rd District Court	524,647
Police Department	2,579,072
Fire Department	966,121
Building & Safety	239,756
Department of Public Works	1,273,060
Community Ballfields and Fountain/Ice Rick	490,585
Community Development & Enrichment	21,051
Transfer to Local Street Maintenance	90,000
Transfer to Debt Payments	210,995
TOTAL EXPENSES	7,399,559

How Governments Use Your Money

From each dollar of city millage collected it is divided up as follows:

\$0.35	Police Protection	\$0.07	Community Development
0.21	General Operations	0.04	Transfers for Street Maintenance & Debt
0.17	Public Works	0.03	Building and Safety
0.13	Fire Protection		

SERVICES THAT GOVERNMENTS PROVIDE

Each department strives to provide quality services using the most cost-effective methods. The services provided to our residents range from police and fire protection to recreational activities. Let's take a look at what each department can do for you, the resident.

POLICE DEPARTMENT:

Provide Full Service Law Enforcement
Provide Vacation Home-checks
School Resource Officers
Fingerprinting Services
Department Tours
Citizen Ride-alongs

FIRE DEPARTMENT:

Advanced Life Support Ambulance
Fire Suppression, Investigation, and Inspection
Fire Safety Programs within the Schools
Rescue Services – Accidents, Extraction, Water/Ice Rescue
Severe Weather Warning – Monitoring and Siren Activation

PUBLIC WORKS:

Trash Collection
Sweep and Plow Streets
Grade Roads
Repair Potholes
City Park Maintenance
Clean Sanitary Sewers
Repair and Maintain Water Mains

BUILDING & SAFETY:

Code Enforcement of City Codes and Ordinances
Issue Permits for Building, Electrical, Mechanical and Plumbing Trades
Review of New Building Plans
Pre-Construction and Design Review Meetings to Facilitate Development and Construction Process

RECREATION AND COMMUNITY DEVELOPMENT :

Safety Town, Kidfest and Other Family-Oriented Programs
Day Trips for Seniors
Beautification Commission
Community Ball fields and Fountain/Ice Rink
Planning Commission
Zoning Board of Appeals

CITY CLERK'S OFFICE:

Keeper of City Records
Minutes & Agendas for Council and other Commissions
Conduct All National, State, Local and School Elections Process and Maintain Voters Registration Records
Process Passport Applications
Issue Permits for Garage Sales, Solicitors, etc.

TREASURER'S AND ASSESSOR'S OFFICE:

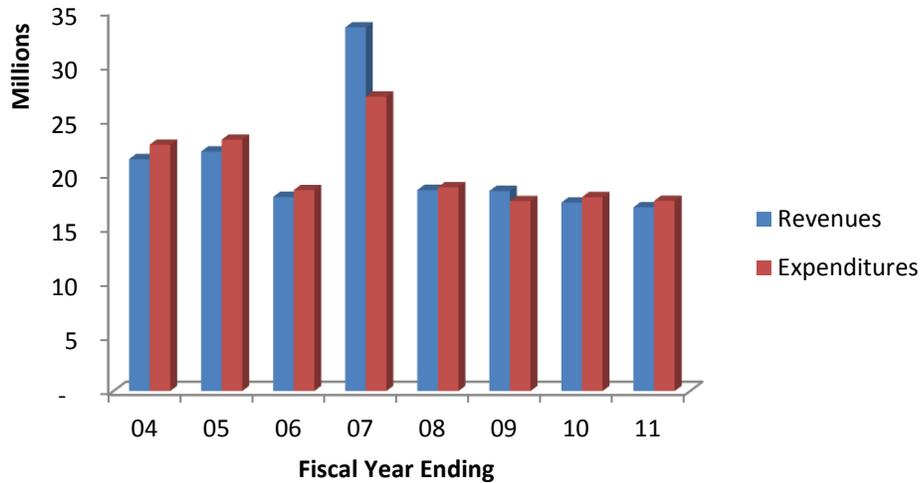
Collection of All City Revenues	Accounting and Investment of All City Monies
Human Resources	Maintain Assessments Records on All Properties

*How Taxpayer Money is Spent:
Government Revenues and Expenditures*

GOVERNMENT BUDGETS

The chart in Figure 1 shows the comparison of Revenues to Expenditures for fiscal years 2004 through 2011.

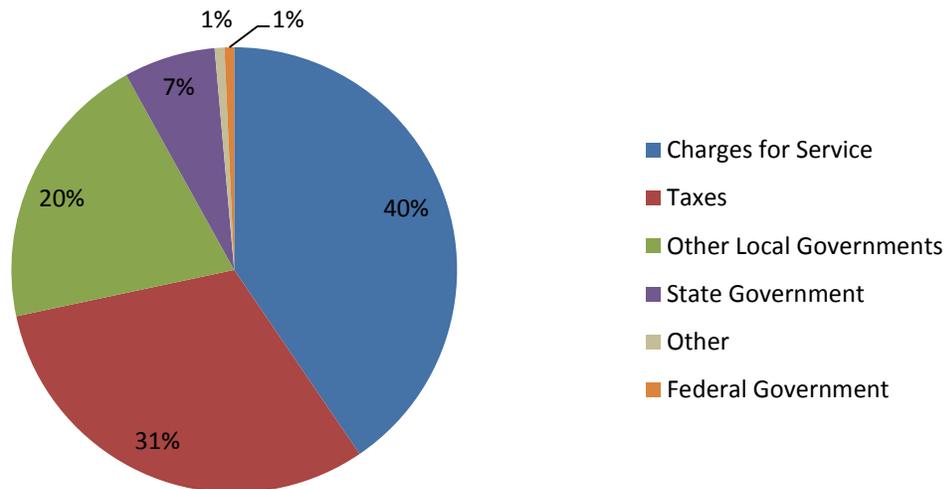
Figure 1: Comparison of Revenues vs. Expenditures



REVENUES

The chart in Figure 2 reflects the breakdown of all revenues collected in fiscal year 2011.

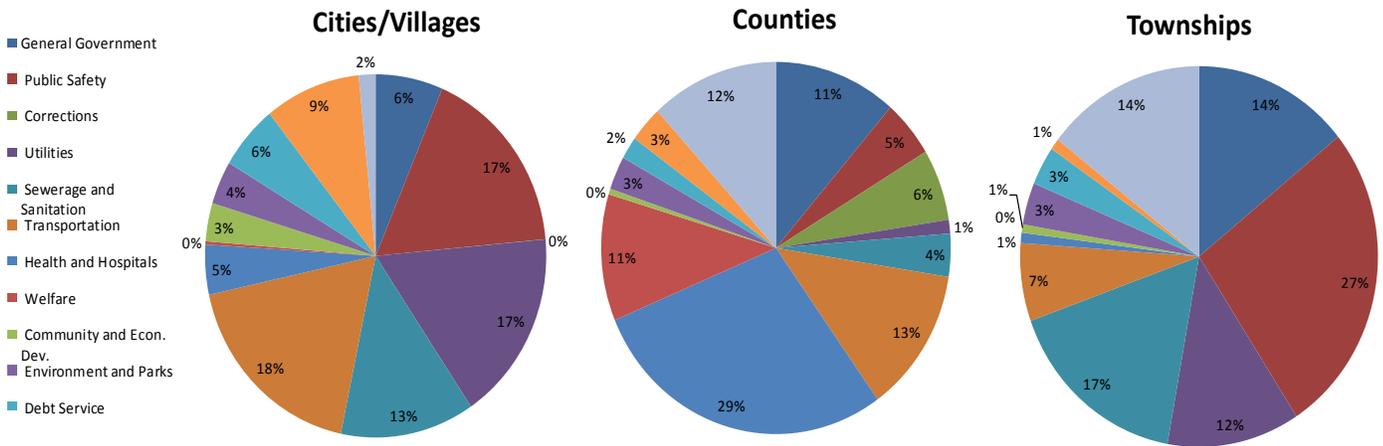
Figure 2. Fiscal Year Revenues



EXPENDITURES

The chart in Figure 3 reflects the comparison of the City of Flat Rock’s expenditures to averages for other municipalities, on average, in Michigan. Most current data.

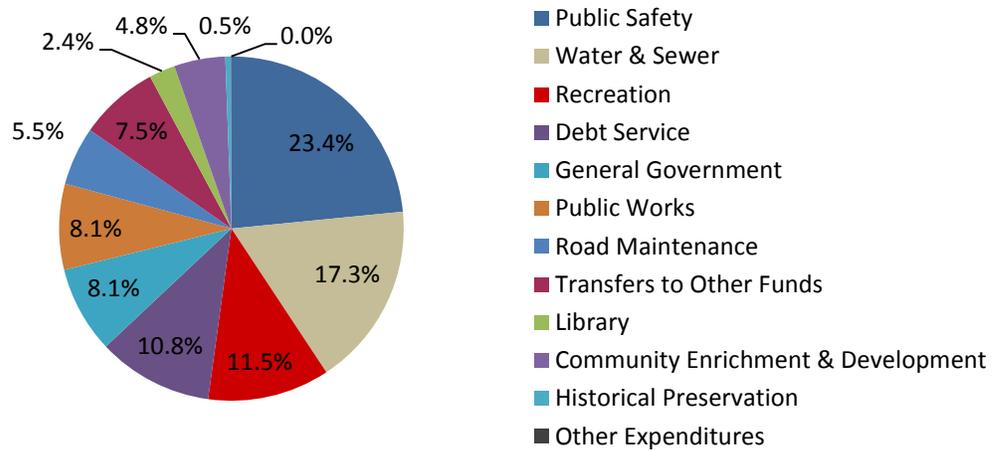
Figure 3 - Average Expenditures for Other Municipalities in Michigan, 2007



Source: State of Michigan

The chart in Figure 4 reflects the breakdown of all expenditures for the City of Flat Rock in fiscal year 2011.

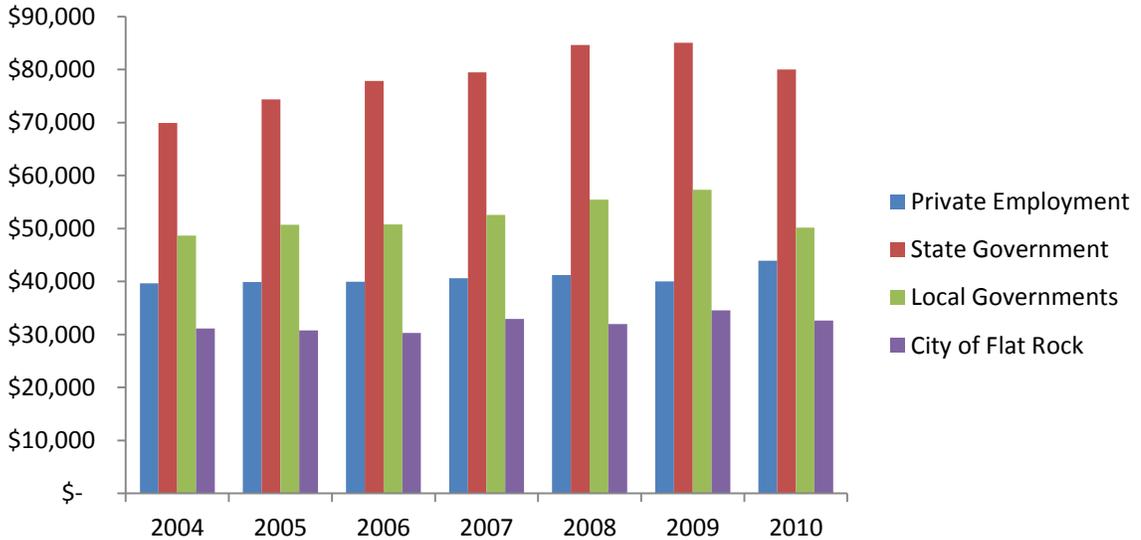
Figure 4. Fiscal Year Expenditures



DIFFERENCE IN PUBLIC AND PRIVATE SECTOR COMPENSATION

The chart in Figure 5 reflects the average compensation of the City of Flat Rock’s employees from 2004 through 2010 as compared to private, state and other local government compensation.

FIGURE 5 - AVERAGE COMPENSATION AND BENEFITS IN MICHIGAN

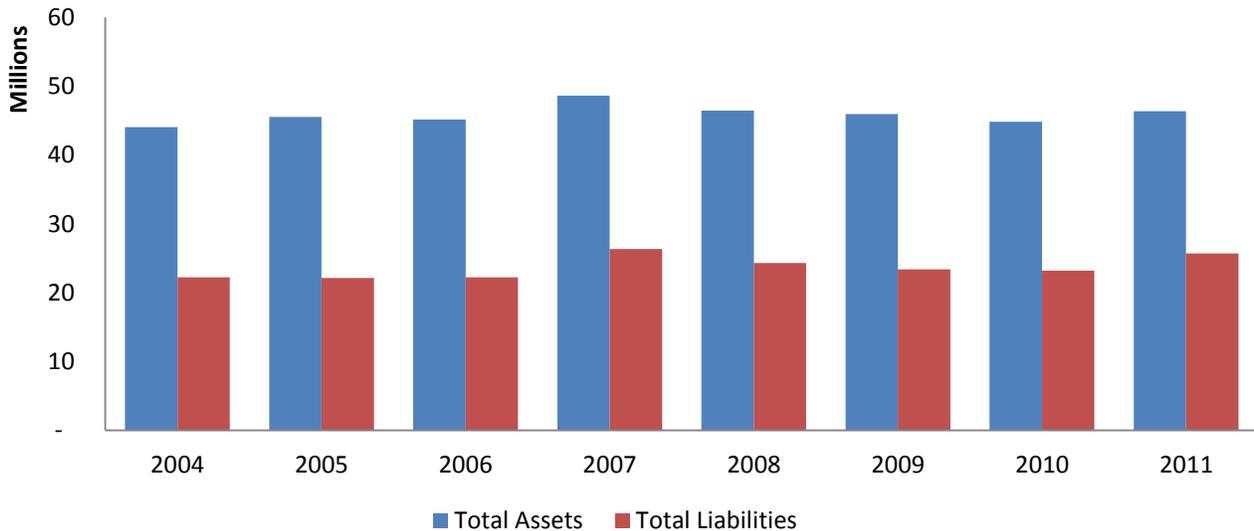


Flat Rock’s Fiscal Health

When you look at the fiscal health of any organization you can use a few key elements to determine if that organization is fiscally healthy. The next few charts will illustrate how the City of Flat Rock has performed over the last several years.

COMPARISON OF ASSETS TO LIABILITIES

FIGURE 6 - COMPARISON OF ASSETS AND LIABILITIES



RESERVES AND MAJOR FUND BALANCES

FIGURE 7 - FUND BALANCE - RESTRICTED AND UNRESTRICTED

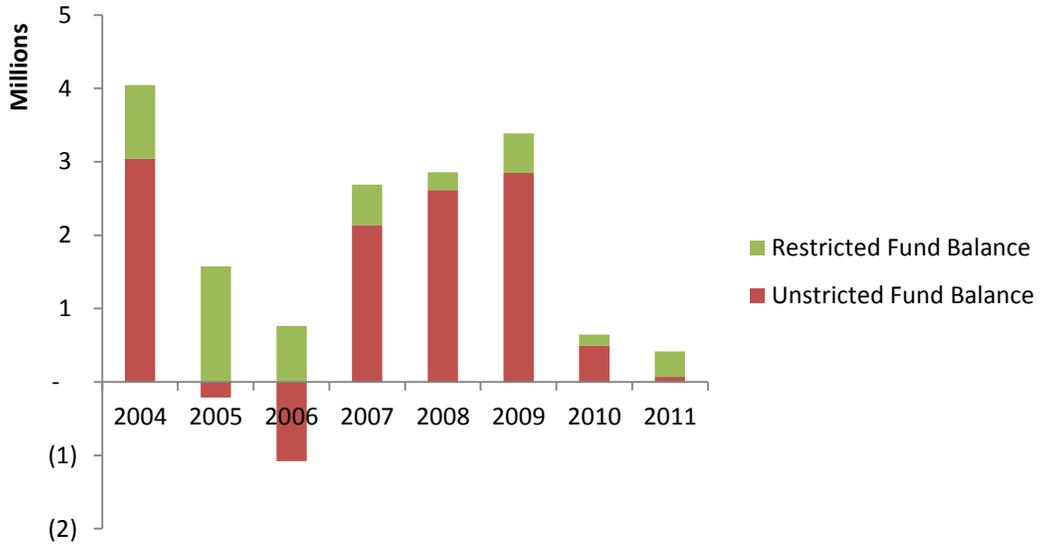
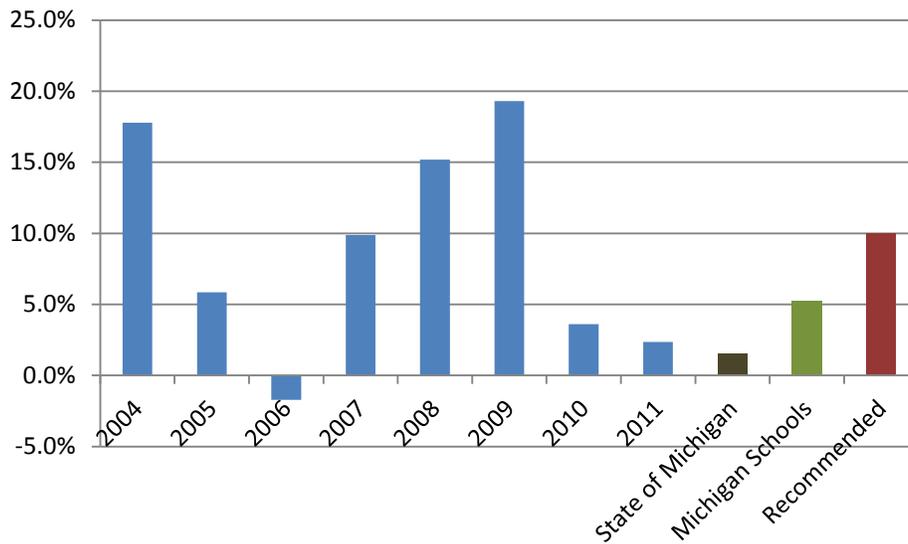


FIGURE 8 - PERCENTAGE OF FUND BALANCE TO EXPENDITURES



DEBT LEVELS

FIGURE 9 - FLAT ROCK'S LONG TERM DEBT

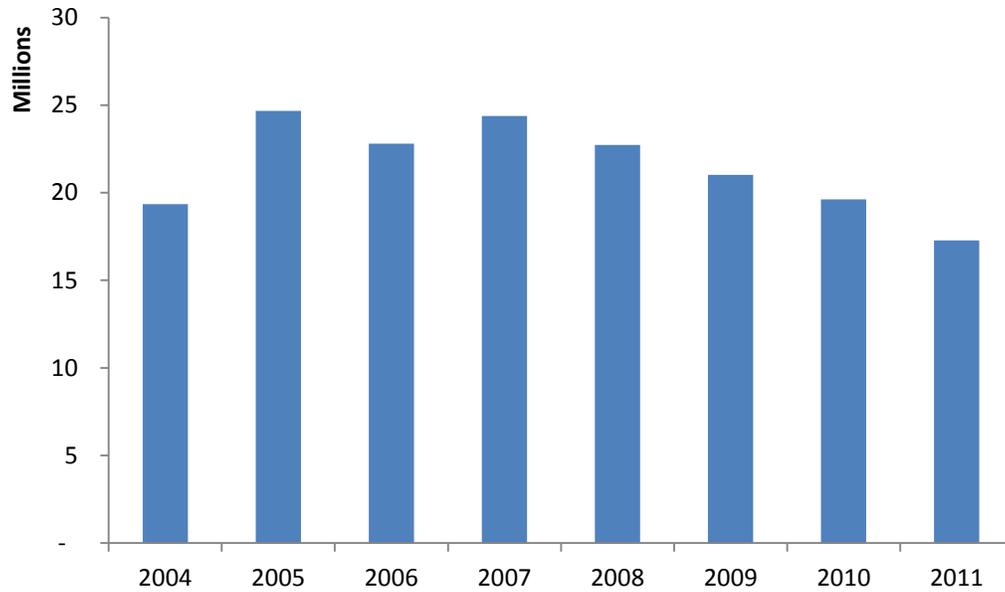
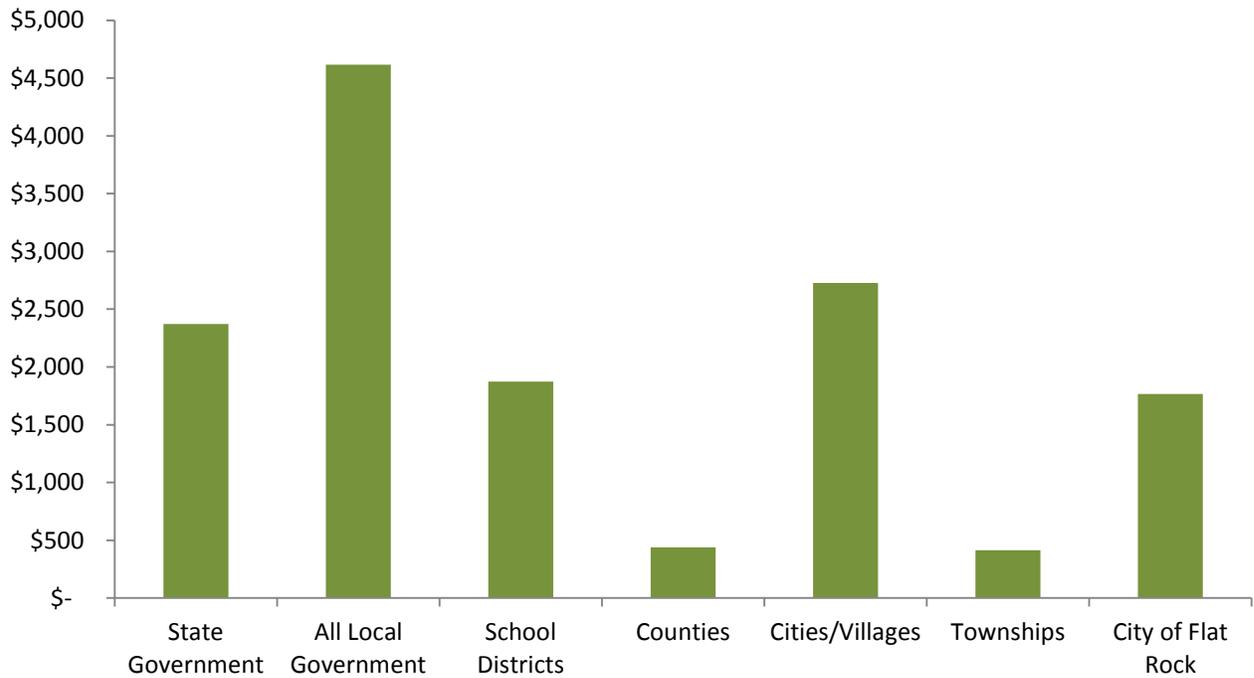
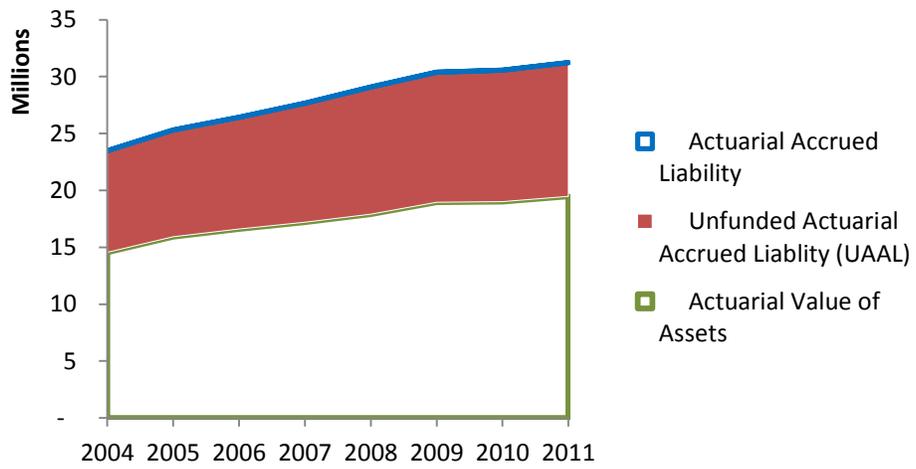


FIGURE 10 - DEBT PER CAPITA IN MICHIGAN



PENSION AND OTHER RETIREE BENEFITS

FIGURE 11 - PENSION LIABILITY VS. ASSETS



How This Report Was Developed

The goal of this report was to provide the public with as much information as possible on the revenues, expenditures, and other financial activities of state and local governments.

DATA SOURCES AND NOTES:

Local Government Revenues and Expenditures	U.S. Census Bureau 2007 Census of Governments
State Government Employee Compensation	Michigan Civil Service Commission Michigan Annual Workforce Reports, 2000-2011
Local Government Employee Compensation	Bureau of Economic Analysis Regional Economic Information System
Private Sector Employee Compensation	Bureau of Economic Analysis Regional Economic Information System
State of Michigan Reserves	Michigan Office of the Budget Comprehensive Annual Financial Report (CAFR), FY 2011
Michigan Public School Reserves	Michigan Department of Education Bulletin 1011, 2009-2010
Local Government Debt	U.S. Census Bureau 2007 Census of Governments
Michigan Public School Debt	U.S. Census Bureau 2007 Census of Governments
Michigan and Local Governments Population	U.S. Census Bureau For state, 2010 Census; for local governments, 2000 Census
Pension and OPEB Data	Michigan CAFR, FY 2001-2011 Michigan Public School Employees' Retirement System CAFR, FY 2001-2011 City of Detroit CAFR, FY 2001-2011 Municipal Employees Retirement System CAFR, FY 2001-2011
City of Flat Rock	Annual Audit, FY 2004-2011 MERS Annual Actuarial, FY 2004-2011

Created by:

Lani Rozga

City Departments

City Treasurer	Lani Rozga	734.782.2463
City Assessor	Timothy O'Donnell	734.782.2463
City Clerk	Meaghan Armstrong	734.782.2455
Economic Development	George Mans	734.789.2323
Department of Public Services And Water Department	Bruce Hammond, Director	734.782.2470
Department of Building & Safety	William Vack, Director	734.782.0445
Police Department	Neal Rossow, Chief	734.782.2496
Fire Department	William Vack, Chief	734.782.2500
Recreation & Community Center	Joan Pawlukiewicz, Director	734.379.1450

City Officials

Mayor	Jonathan Dropiewski
Mayor Pro-Tem	James Martin
Council Members	Gary Borden Paul Gagne Felicia Moore Deborah Wilkins Kenneth Wrobel

KEY TERMS

There are a few key terms that may be helpful when reading this report. They include:

- **Budget deficit/surplus.** If there is less money received than paid out in a given fiscal year, there is a budget **deficit** or shortfall. If there is more money received than paid during the fiscal year, a budget **surplus** exists.
- **Debt.** Just like a homeowner takes out a mortgage, governments can borrow money to pay for certain types of projects. The state has both short-term debt (paid back within the fiscal year) and long-term debt. Debt can be either **general obligation** debt, meaning that the state pays back the debt with regular tax collections and other revenues, or **special revenue** debt, which is paid off over time with revenue from specified sources beyond the usual taxes and service fees.
- **Fiscal year (FY).** The 12-month period of time during which budgets are allocated or finances are planned. Most households have a fiscal year that runs from January 1 to December 31 (that's the period for which we pay personal income taxes in April), local units of government, including public schools, use a July 1 - June 30 fiscal year, while others operate on a typical calendar year. The city's fiscal year is July 1 – June 30.
- **Fund balance.** Once all the bills for the year have been paid out of a certain fund, whatever is left over is called the fund balance. When a fund balance is less than zero, you'll see the number shown with parentheses around it. Deficits cause fund balances to decrease, while surpluses cause them to increase.
- **Public budget gap.** A novel measure, similar to the deficit, used to measure the extent to which a government is falling short of covering its current and long-term obligations in a fiscal period. The budget gap takes into account the budget deficit, as well as any new obligations that the government has failed to cover such as **employee pensions or retiree health care.**
- **Reserved/Restricted funds.** Some funds are considered to be "reserved" or "restricted" for a specific purpose, and cannot be spent for anything else.