



# **CITY OF WALKER, MICHIGAN**

## **FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED JUNE 30, 2022***



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF WALKER

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### INDEPENDENT AUDITORS' REPORT

December 1, 2022

Honorable Mayor and Members of the City Commission  
City of Walker, Michigan

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Walker, Michigan (The City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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'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.

#### Auditor's 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 auditor's 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, and the budgetary comparison information and benefit plan schedules on pages 45 through 51 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 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's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are 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. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Uredaxeld Haefner LLC*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# City of Walker

## June 30, 2022

### Management's Discussion and Analysis

As management of the City of Walker, we offer readers of the City of Walker's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

This annual report includes a series of financial statements. The statement of net position and the statement of activities provide information about the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing our residents with services during the current year, and whether the taxpayers have funded the full cost of providing those services. Governmental activities include the governmental and internal service funds.

The fund financial statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing detailed information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### Financial Highlights

- The General Fund of the City is funded by three main sources of revenues: Income Tax, State Revenue Sharing, and Property Tax. These three sources account for 87.5% of the non-Federal funded portion of the total General Fund Revenues in the current fiscal year with Income Tax equaling 67.5%, State Revenue Sharing equaling 12.8% and Property Tax equaling 7.2%.
- The City's General Fund expenditures decreased by 4.2% from the prior year. This decrease was mainly the result of a strategic decision to reduce the number of larger capital projects as compared to the prior fiscal year based on the anticipated negative effects of COVID-19 on the City's revenue sources as determined at the time the fiscal year 2021-2022 was adopted.
- General Fund revenues exceeded expenditures and transfers out by \$4,326,318 in the current fiscal year.
- The General Fund's unassigned fund balance as of June 30, 2022 equals \$11,894,360, which represents 65.8% of the actual total General Fund expenditures for the current fiscal year. The City's General Fund Balance Policy requires a minimum unassigned fund balance of 15%.
- Development and construction activities remain very strong in the City.
- The City received approximately \$2.613 million in American Rescue Plan Act (ARPA) monies from the United States Treasury. The City has not made a final determination on how these monies will be utilized.
- Roads continue to be a priority for the City of Walker. In the current fiscal year:
  - The City received approximately \$4.01 million from the State of Michigan Transportation Fund (or "Act 51"), which is funded by State gasoline taxes and vehicle registration fees.
  - The City spent approximately \$717,700 on repaving projects for multiple major and local roads throughout the City.
  - The City spent approximately \$998,000 on significant road projects including the widening of Kinney Avenue south of Three Mile Road, signal installation and road improvements at the intersection of Fruit Ridge Avenue and Northridge Drive, design work for the repaving of a portion of Alpine Avenue, and design work for improvements to the portion of Bristol Avenue that passes under the railroad tracks at Bristol Avenue and Pannell Street NW.
- The City continues to closely monitor its debt and long-term liability obligations:
  - Walker's General Fund, Major Street Fund, and Local Street Fund are all bond debt free.
  - Walker's Downtown Development Authority (DDA) will pay off its last bond in May 2023.
  - Walker purchased a new aerial platform first truck in March 2020 using an Installment Purchase Agreement (IPA) with a local bank. The IPA will be paid in full in September 2022.

- The City once again contributed more than the actuarial required contribution to the Defined Benefit Pension Plan (DB). The additional contribution equaled \$150,000.
- The City has established multiple set-aside or sinking accounts designed to assist with the future purchase of equipment, large repair expenses, or long-term debt items.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Walker's financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of the City of Walker that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government administration, public safety, public works including major and local street construction and maintenance, culture and recreation, capital outlay, and debt service activities. The City has no business-type activities.

The government-wide financial statements include the City of Walker (the *primary government*) as well as the legally separate Downtown Development Authority and Brownfield Redevelopment Authority component units for which the City is financially accountable. Financial information for the component units is reported separately from the financial information for the primary government.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Walker, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Major Streets, and ARPA funds, each of which is considered a major fund.

Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements and schedules*.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

***Proprietary funds.*** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. Internal service funds, a type of proprietary fund, are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City utilizes an internal service fund to account for its vehicles and related equipment. Because these services benefit the City's governmental activities, they have been included within the governmental activities in the government-wide financial statements.

***Fiduciary funds.*** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the 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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This consists of this management discussion and analysis, major fund budgetary schedules and benefit plan schedules.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Walker, assets exceeded liabilities by \$87,880,992 at the close of the most recent fiscal year. A summary of net position is as follows:

<b>Summary of Net Position</b>		
	<b>Governmental Activities</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Current and other assets	\$ 26,592,669	\$17,895,879
Capital assets	78,029,420	80,592,646
<b>Total assets</b>	<b>104,622,089</b>	<b>98,488,525</b>
<b>Deferred outflows of resources</b>	<b>1,707,935</b>	<b>2,014,756</b>
Long-term liabilities outstanding	8,606,031	12,574,479
Other liabilities	6,183,694	2,911,740
<b>Total liabilities</b>	<b>14,789,725</b>	<b>15,486,219</b>
<b>Deferred inflows of resources</b>	<b>3,659,307</b>	<b>2,996,820</b>
Net position		
Invested in capital assets, net		
of related debt	77,372,127	79,459,889
Restricted	3,606,164	2,532,663
Unrestricted	6,902,701	27,690
<b>Total net position</b>	<b>\$ 87,880,992</b>	<b>\$82,020,242</b>

A portion of the City's net position reflects an unrestricted amount which is available for future operations; a significant portion of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, 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 the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of the City, which consists only of governmental activities, increased by \$5,860,750, primarily due to state and federal contributed capital for street reconstruction projects. A summary of the changes in net position is as follows:

<b>Summary of Activities</b>		
	<b>Governmental Activities</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Revenue</b>		
Program revenue		
Charges for services	\$ 3,514,555	\$ 2,905,335
Operating grants and contributions	4,638,934	4,680,638
Capital grants and contributions	401,050	980,839
General revenue		
Property taxes	1,740,958	1,676,914
Income taxes	15,044,955	13,566,604
Other governmental sources	2,856,312	2,386,914
Unrestricted investment earnings	17,550	14,864
Other	99,750	52,444
<b>Total revenue</b>	<b>28,314,064</b>	<b>26,264,552</b>
<b>Expenses</b>		
General government	4,129,025	6,033,757
Judicial	821,831	919,211
Public safety	7,560,462	7,693,106
Public works	7,680,474	5,972,557
Culture and recreation	2,257,959	2,091,493
Interest	3,563	19,550
<b>Total expenses</b>	<b>22,453,314</b>	<b>22,729,674</b>
Increase (decrease) in net position	5,860,750	3,534,878
<b>Net position - beginning of year</b>	<b>82,020,242</b>	<b>78,485,364</b>
<b>Net position - end of year</b>	<b>\$87,880,992</b>	<b>\$82,020,242</b>

**Governmental Activities.** During the year, the City invested \$7,680,474 or 34.2% of governmental activities expenses in public works. Public safety expenses amounted to \$7,560,462 or 33.7% of governmental activities while general government, judicial, culture and recreation and interest on long-term debt made up the remaining 32.1% of governmental activities expenses.

## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,370,241, an increase of \$5,708,931 from the prior year. Of the \$20,370,241, \$15,636,991 is reported in the General fund, \$3,161,642 is reported in the Major Streets fund, and \$1,490 is reported in the ARPA fund. The remaining amount of fund balance is reported in various funds as nonspendable, assigned, committed, or restricted for certain uses such as street construction and maintenance, ice and fitness program, and debt service.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General fund totaled \$15,636,991. Of that amount, \$30,441 was restricted for cemetery operations, \$8,705 was restricted for public safety, \$4,909 was restricted for employee funded causes, \$327,174 was restricted for construction permitting and inspection activities, \$72,217 was nonspendable, \$791,558 was committed for various purposes by the City Commission, \$2,505,667 is assigned to meet fiscal year 2023 expenditures, and the remaining \$11,894,360 is unassigned and available for future use. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 65.8% of total general fund expenditures and transfers. The fund balance of the City's General fund increased by \$4,326,318 during the current fiscal year primarily due to higher than anticipated income tax revenues.

The Major Streets fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951, as amended. The fund balance at the end of the year amounted to \$3,161,642, an increase of \$914,934 from the previous year.

The ARPA fund is used to account for the receipt of federal grant funds received under the American Rescue Plan Act along with related expenditures.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$78,029,420 (net of accumulated depreciation).

The City's Capital Assets (net of depreciation) are summarized as follows:

<b>Capital Assets</b>	
	<b>Governmental Activities</b>
Land	\$ 2,763,859
Construction in progress	1,266,990
Buildings, Equipment and Infrastructure (net)	<u>73,998,571</u>
<b>Total</b>	<b><u>\$78,029,420</u></b>

Additional information on the City of Walker capital assets can be found in the footnotes to the financial statements.

**Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$657,293 summarized as follows:

<b>Debt</b>	
	<b>Governmental Activities</b>
Contractual agreement	\$215,293
Installment purchase agreement	397,000
Bonds payable	<u>45,000</u>
<b>Total</b>	<b><u>\$657,293</u></b>

The City made debt payments totaling \$475,464. Additional information on the City's long-term debt can be found in the footnotes to these financial statements.

## **Budgetary Highlights**

- The City's practice is to budget conservatively and to amend the budget throughout the fiscal year as needed.
- In general, the City's actual expenditures for fiscal year 2021-2022 are lower than the budgeted amounts because of the City's decision to delay projects or significant purchases while the economic impacts of the COVID-19 pandemic are still being determined.
- The City continued its investment in road improvement projects.
- The City was able to make additional contributions towards reducing long-term liabilities.

## **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the City's budget for the 2022-23 fiscal year:

- The Walker City Commission approved the fiscal year 2022-2023 budget in June 2022. This budget was developed using estimates from City staff that included the continued impact of the COVID-19 pandemic as understood at that time. The financial impact of the pandemic continues to be fluid in nature. Therefore, the Walker City Commission and Walker staff continue to closely monitor revenues and expenditures for fiscal year 2022-2023. Budget amendments will be recommended and acted upon as needed throughout the fiscal year.
- The City of Walker recognizes that national and global economic factors will impact our fiscal year 2022-2023 budget. Walker will develop future budgets accordingly.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of Walker, 4243 Remembrance Rd. NW, Walker, MI, 49534.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF WALKER**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Primary Government Governmental Activities</b>	<b>Component Units Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>
<b>Assets</b>			
Cash and pooled investments	\$ 22,595,095	\$ 1,526,499	\$ 172,151
Accounts receivable	1,502,792	7,839	-
Special assessments receivable	1,064,324	-	-
Due from other governments	1,163,162	-	-
Prepaid items	100,915	-	-
Inventory	166,381	-	-
Capital assets			
Land	2,763,859	1,294,978	-
Construction in progress	1,266,990	-	-
Depreciable capital assets, net	<u>73,998,571</u>	<u>1,588,546</u>	<u>-</u>
<b>Total assets</b>	<u>104,622,089</u>	<u>4,417,862</u>	<u>172,151</u>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources related to pension	1,066,242	-	-
Deferred outflows of resources related to OPEB	<u>641,693</u>	<u>-</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>1,707,935</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Accounts payable	1,314,899	12,579	-
Accrued liabilities	853,673	645	-
Unearned revenue	3,501,358	-	-
Debt due within one year	513,764	180,000	-
Noncurrent liabilities			
Compensated absences	1,293,031	-	-
Other post-employment benefits net OPEB liability	3,322,844	-	-
Net pension liability	3,846,627	-	-
Debt due in more than one year	<u>143,529</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>14,789,725</u>	<u>193,224</u>	<u>-</u>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources related to pensions	1,699,615	-	-
Deferred inflows of resources related to OPEB	<u>1,959,692</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>3,659,307</u>	<u>-</u>	<u>-</u>
<b>Net position</b>			
Net investment in capital assets	77,372,127	2,703,524	-
Restricted for:			
Streets	3,465,583	-	-
Public safety	135,672	-	-
Employee funded causes	4,909	-	-
Unrestricted	<u>6,902,701</u>	<u>1,521,114</u>	<u>172,151</u>
<b>Total net position</b>	<u>\$ 87,880,992</u>	<u>\$ 4,224,638</u>	<u>\$ 172,151</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF WALKER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 4,129,025	\$ 568,449	\$ 399,086	\$ 167,168	\$ (2,994,322)
Judicial	821,831	500,409	1,574	-	(319,848)
Public safety	7,560,462	133,674	18,344	-	(7,408,444)
Public works	7,680,474	1,015,461	4,219,930	233,882	(2,211,201)
Culture and recreation	2,257,959	1,296,562	-	-	(961,397)
Interest on long-term debt	3,563	-	-	-	(3,563)
Total governmental activities	<u>22,453,314</u>	<u>3,514,555</u>	<u>4,638,934</u>	<u>401,050</u>	<u>(13,898,775)</u>
<b>Total primary government</b>	<u>\$ 22,453,314</u>	<u>\$ 3,514,555</u>	<u>\$ 4,638,934</u>	<u>\$ 401,050</u>	<u>\$ (13,898,775)</u>
<b>Component units</b>					
Downtown Development Authority	\$ 318,114	\$ 123,524	\$ 12,705	\$ -	\$ (181,885)
Brownfield Redevelopment Authority	112,396	-	-	-	(112,396)
<b>Total component units</b>	<u>\$ 430,510</u>	<u>\$ 123,524</u>	<u>\$ 12,705</u>	<u>\$ -</u>	<u>\$ (294,281)</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF WALKER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Primary Government</b>	<b>Component Units</b>	
	<b><u>Governmental Activities</u></b>	<b><u>Downtown Development Authority</u></b>	<b><u>Brownfield Redevelopment Authority</u></b>
<b>Changes in net position</b>			
<b>Net (expense) revenue</b>	\$ (13,898,775)	\$ (181,885)	\$ (112,396)
General revenues			
Income taxes	15,044,955	-	-
Property taxes	1,740,958	593,217	130,938
State shared revenues	2,856,312	-	-
Unrestricted investment earnings	17,550	1,765	111
Other general revenues	99,750	-	-
Total general revenues	19,759,525	594,982	131,049
Change in net position	5,860,750	413,097	18,653
<b>Net position, beginning of year</b>	82,020,242	3,811,541	153,498
<b>Net position, end of year</b>	\$ 87,880,992	\$ 4,224,638	\$ 172,151

(Concluded)

The accompanying notes are an integral part of these financial statements.

**CITY OF WALKER**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2022**

	<u>General</u>	<u>Major Streets</u>	<u>ARPA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 14,686,484	\$ 3,055,708	\$ 2,614,942	\$ 1,675,582	\$ 22,032,716
Accounts receivable	1,451,787	-	-	51,005	1,502,792
Special assessment receivable	-	1,055,074	-	9,250	1,064,324
Due from other governments	496,316	536,262	-	127,837	1,160,415
Due from other funds	-	35,268	-	-	35,268
Prepaid items	72,217	2,770	-	24,217	99,204
Inventory	-	48,480	-	99,071	147,551
<b>Total assets</b>	<u>\$ 16,706,804</u>	<u>\$ 4,733,562</u>	<u>\$ 2,614,942</u>	<u>\$ 1,986,962</u>	<u>\$ 26,042,270</u>
<b>Liabilities, deferred inflows, and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 258,039	\$ 492,860	\$ 167,168	\$ 368,027	\$ 1,286,094
Accrued liabilities	776,506	23,986	-	36,980	837,472
Due to other funds	35,268	-	-	-	35,268
Unearned revenue	-	-	2,446,284	-	2,446,284
<b>Total liabilities</b>	<u>1,069,813</u>	<u>516,846</u>	<u>2,613,452</u>	<u>405,007</u>	<u>4,605,118</u>
<b>Deferred inflows</b>					
Unavailable revenue	-	1,055,074	-	11,837	1,066,911
<b>Fund balances</b>					
Nonspendable					
Prepaid items	72,217	2,770	-	24,217	99,204
Inventory	-	48,480	-	99,071	147,551
Restricted					
Cemetery	30,441	-	-	-	30,441
Streets	-	3,110,392	-	355,191	3,465,583
Public safety	8,705	-	-	126,967	135,672
Employee funded causes	4,909	-	-	-	4,909
Construction code fees	327,174	-	-	-	327,174
Committed					
Building sinking fund	410,917	-	-	-	410,917
Long-term liabilities	382,601	-	-	-	382,601
Ice and fitness capital	-	-	-	213,458	213,458
Assigned					
Subsequent year expenditures	2,505,667	-	-	-	2,505,667
Ice and fitness program	-	-	-	598,047	598,047
Debt service	-	-	-	21,198	21,198
Capital projects	-	-	1,490	131,969	133,459
Unassigned	11,894,360	-	-	-	11,894,360
<b>Total fund balances</b>	<u>15,636,991</u>	<u>3,161,642</u>	<u>1,490</u>	<u>1,570,118</u>	<u>20,370,241</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 16,706,804</u>	<u>\$ 4,733,562</u>	<u>\$ 2,614,942</u>	<u>\$ 1,986,962</u>	<u>\$ 26,042,270</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF WALKER

## RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2022

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<b>Fund balances - total governmental funds</b>	<b>\$ 20,370,241</b>
-------------------------------------------------	----------------------

Amounts reported for *governmental activities* in the statement of net position are different because

Capital assets used in governmental activities are not current resources and therefore are not reported in the funds.

Add - land	2,763,859
Add - construction in progress	1,266,990
Add - capital assets (net of accumulated depreciation)	69,809,995

Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.

Add - long-term deferred receivables	11,837
--------------------------------------	--------

Internal service funds are used by management to charge the costs of centralized services, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net position of governmental activities accounted for in the internal service fund	4,333,292
------------------------------------------------------------------------------------------	-----------

Certain liabilities and other items do not impact current financial resources and therefore are not reported in the funds.

Deduct - compensated absences payable	(1,286,050)
Deduct - other post-employment benefits liability	(3,322,844)
Deduct - net pension liability	(3,846,627)
Add - deferred outflows related to net pension liability	1,066,242
Deduct - deferred inflows related to net pension liability	(1,699,615)
Add - deferred outflows related to other post-employment benefits liability	641,693
Deduct - deferred inflows related to other post-employment benefits liability	(1,959,692)
Deduct - bonds and notes payable	(260,293)
Deduct - accrued interest on bonds payable	(8,036)

<b>Net position of governmental activities</b>	<b><u>\$ 87,880,992</u></b>
------------------------------------------------	-----------------------------

The accompanying notes are an integral part of these financial statements.

**CITY OF WALKER**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Major Streets</u>	<u>ARPA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 17,253,268	\$ -	\$ -	\$ -	\$ 17,253,268
Intergovernmental revenues					
Federal	4,302	-	167,168	-	171,470
State	2,858,825	3,293,842	-	854,198	7,006,865
Local	33,183	286,070	-	18,162	337,415
Cable franchise fees	358,714	-	-	-	358,714
Licenses and permits	1,031,696	-	-	-	1,031,696
Charges for services	159,376	-	-	1,295,662	1,455,038
Fines	482,488	-	-	-	482,488
Special assessments	-	-	-	12,326	12,326
Investment earnings	13,839	2,784	1,490	4,078	22,191
Miscellaneous	192,443	-	-	2,476	194,919
<b>Total revenues</b>	<u>22,388,134</u>	<u>3,582,696</u>	<u>168,658</u>	<u>2,186,902</u>	<u>28,326,390</u>
<b>Expenditures</b>					
Current					
Judicial	866,488	-	-	-	866,488
General government	3,489,766	-	167,168	-	3,656,934
Public safety	8,808,904	-	-	7,000	8,815,904
Public works	788,808	3,067,762	-	1,139,753	4,996,323
Culture and recreation	385,924	-	-	1,355,397	1,741,321
Planning and economic development	9,096	-	-	-	9,096
Other	2,448,366	-	-	-	2,448,366
Debt service					
Principal	34,464	-	-	45,000	79,464
Interest	-	-	-	3,563	3,563
<b>Total expenditures</b>	<u>16,831,816</u>	<u>3,067,762</u>	<u>167,168</u>	<u>2,550,713</u>	<u>22,617,459</u>
Revenues over (under) expenditures	<u>5,556,318</u>	<u>514,934</u>	<u>1,490</u>	<u>(363,811)</u>	<u>5,708,931</u>
Other financing sources (uses)					
Transfers in	-	400,000	-	830,000	1,230,000
Transfers out	(1,230,000)	-	-	-	(1,230,000)
Total other financing sources (uses)	<u>(1,230,000)</u>	<u>400,000</u>	<u>-</u>	<u>830,000</u>	<u>-</u>
Net changes in fund balances	4,326,318	914,934	1,490	466,189	5,708,931
<b>Fund balances, beginning of year</b>	<u>11,310,673</u>	<u>2,246,708</u>	<u>-</u>	<u>1,103,929</u>	<u>14,661,310</u>
<b>Fund balances, end of year</b>	<u>\$ 15,636,991</u>	<u>\$ 3,161,642</u>	<u>\$ 1,490</u>	<u>\$ 1,570,118</u>	<u>\$ 20,370,241</u>

The accompanying notes are an integral part of these financial statement

# CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2022

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 5,708,931</b>
----------------------------------------------------------------	---------------------

Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	2,046,559
Deduct - depreciation expense	(4,383,219)

Contract receivables are long-term in nature and related revenues or benefits are recognized in future years. However the current years receipts are reflected as revenues in the fund statements.

Deduct - payments on long-term receivables	(12,326)
--------------------------------------------	----------

Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	45,000
Add - principal portion of contractual payments	34,464

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in compensated absences	103,189
Add - decrease in net pension liability	1,974,350
Add - decrease in other post-employments benefits liability	906,088
Deduct - decrease in deferred outflows related to pensions	(44,436)
Deduct - increase in deferred inflows related to pensions	(945,804)
Deduct - decrease in deferred outflows related to other post-employment benefits	(262,385)
Add - decrease in deferred inflows related to other post-employment benefits	283,317
Add - decrease in accrued interest	7,523

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - increase in net position of the internal service fund	<u>399,499</u>
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<b>Change in net position of governmental activities</b>	<b><u>\$ 5,860,750</u></b>
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The accompanying notes are an integral part of these financial statements.

# CITY OF WALKER

## CAPITAL EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND STATEMENT OF NET POSITION

JUNE 30, 2022

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### Assets

Current assets	
Cash and pooled investments	\$ 562,379
Due from other governments	2,747
Prepaid items	1,711
Inventory	<u>18,830</u>
Total current assets	<u>585,667</u>
Non-current assets	
Capital assets	
Vehicles	9,736,227
Less accumulated depreciation	<u>(5,547,651)</u>
Total non-current assets	<u>4,188,576</u>
<b>Total assets</b>	<u><b>4,774,243</b></u>

### Liabilities

Current liabilities	
Accounts payable	28,805
Accrued liabilities	8,165
Current portion of notes payable	<u>397,000</u>
Total current liabilities	433,970
Long-term liabilities	
Compensated absences	<u>6,981</u>
<b>Total liabilities</b>	<u><b>440,951</b></u>

### Net position

Net investment in capital assets	3,791,576
Unrestricted	<u>541,716</u>
<b>Total net position</b>	<u><b>\$ 4,333,292</b></u>

The accompanying notes are an integral part of these financial statements.

# CITY OF WALKER

## **CAPITAL EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2022**

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<b>Operating revenue</b>	
Charges for services	\$ 1,882,472
<b>Operating expense</b>	
Personnel costs	294,924
Operating supplies and expenses	76,310
Repair and maintenance	224,161
Gas and oil	244,795
Other expenses	2,842
Depreciation	<u>681,628</u>
<b>Total operating expense</b>	<u>1,524,660</u>
Operating income (loss)	<u>357,812</u>
Non-operating revenue (expense)	
Interest income	119
Gain on sale of capital assets	35,320
Insurance reimbursement	23,218
Interest expense	<u>(16,970)</u>
Total non-operating revenue (expense)	<u>41,687</u>
Changes in net position	399,499
<b>Net position, beginning of year</b>	<u>3,933,793</u>
<b>Net position, end of year</b>	<u><u>\$ 4,333,292</u></u>

The accompanying notes are an integral part of these financial statements.



# CITY OF WALKER

## **CAPITAL EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **Cash flows from operating activities**

Receipts from internal services provided	\$ 1,879,725
Payments to employees	(287,266)
Payments to suppliers	<u>(540,454)</u>

**Net cash provided by (used in) operating activities** 1,052,005

### **Cash flows from capital and related financing activities**

Proceeds from sale of capital assets	37,626
Proceeds from insurance reimbursement	23,218
Interest paid	(16,970)
Principal payment on installment notes	(396,000)
Acquisitions of capital assets	<u>(457,368)</u>

**Net cash provided by (used in) capital and related financing activities** (809,494)

### **Cash flows from investing activities**

Interest income	<u>119</u>
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Net increase (decrease) in cash and pooled investments 242,630

**Cash and pooled investments, beginning of year** 319,749

**Cash and pooled investments, end of year** \$ 562,379

### **Cash flows from operating activities**

Operating income (loss)	\$ 357,812
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	681,628
Change in operating assets and liabilities which provided (used) cash	
Due from other governments	(2,747)
Prepaid items	(1,199)
Inventory	10,989
Accounts payable	(2,136)
Accrued liabilities	3,251
Compensated absences	<u>4,407</u>

**Net cash provided by (used in) operating activities** \$ 1,052,005

The accompanying notes are an integral part of these financial statements.

**CITY OF WALKER**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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	<b>Other Post- employment Benefits Trust Fund</b>	<b>Custodial Funds</b>
<b>Assets</b>		
Cash and pooled investments	\$ -	\$ 1,425,708
Investments	<u>1,484,158</u>	<u>-</u>
<b>Total assets</b>	<u>1,484,158</u>	<u>1,425,708</u>
 <b>Liabilities</b>		
Escrow deposits payable	-	1,148,153
Due to other governmental units	<u>-</u>	<u>461</u>
<b>Total liabilities</b>	<u>-</u>	<u>1,148,614</u>
 <b>Net position</b>		
Net position held in trust for OPEB	1,484,158	-
Restricted	<u>-</u>	<u>277,094</u>
<b>Total net position</b>	<u>\$ 1,484,158</u>	<u>\$ 277,094</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF WALKER**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Other Post- employment Benefits <u>Trust Fund</u></b>	<b>Custodial Funds</b>
<b>Additions</b>		
Property taxes collected for other governments	\$ -	\$ 47,963,080
Escrow deposits collected	-	859,261
Court ordered bonds	-	257,480
Fines and fees	-	681,693
Investment earnings		
Interest	<u>(93,558)</u>	<u>-</u>
<b>Total additions</b>	<u>(93,558)</u>	<u>49,761,514</u>
<b>Deductions</b>		
Property taxes distributed to other governments	-	47,963,080
Escrow funds used to cover expenses	-	854,180
Bonds refunded	-	259,107
Funds used to cover court costs	<u>-</u>	<u>682,040</u>
<b>Total deductions</b>	<u>-</u>	<u>49,758,407</u>
Changes in net position	(93,558)	3,107
<b>Net position, beginning of year, as restated</b>	<u>1,577,716</u>	<u>273,987</u>
<b>Net position, end of year</b>	<u>\$ 1,484,158</u>	<u>\$ 277,094</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Walker, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

#### ***Reporting Entity***

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these entities are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City.

#### ***Blended Component Units***

The *59<sup>th</sup> District Court* has been blended into the General Fund of the City's financial statements. Although the Court operates under the direction of the district judge, it is reported as if it was part of the primary government because of the fiduciary responsibility the City retains relative to the operations of the Court.

The *City of Walker Building Authority* is governed by a five-member board that is appointed by the City Commission. Although it is legally separate from the City, it is reported as if it was part of the primary government because its primary purpose is to construct and finance the construction of the City's public buildings.

#### ***Discretely Presented Component Units***

The component unit columns in the government-wide financial statements include the financial data of the Downtown Development Authority (DDA) and the Brownfield Redevelopment Authority. These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

The *City of Walker Downtown Development Authority* is responsible for the improvement and ongoing maintenance and debt service of the Downtown Development Improvement District. The Authority's governing body, which consists of ten individuals, is selected by the City Commission. Separate financial statements are not prepared for the Downtown Development Authority.

The *City of Walker Brownfield Redevelopment Authority* was created to account for the redevelopment of environmentally contaminated and other underutilized sites within the City. The Authority's governing body, which consists of five individuals, is selected by the City Commission. Separate financial statements are not prepared for the Brownfield Redevelopment Authority.

The budgets of these Authorities must be approved by the City Commission, and the City has the ability to significantly influence their operations.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### **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. For the most part, the effect of interfund activity has been removed from these statements. *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. The City does not have any business-type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 the internal service fund are reported separately.

### **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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one year collection 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.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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Property taxes, income tax, state revenue, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 City's internal service fund are charges to City departments for equipment utilization. Operating expenses for the internal fund includes the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Major Streets Special Revenue Fund* accounts for the receipt and expenditures of state shared gas and weight taxes restricted to major street activities within the City.

The *ARPA Fund* is used to account for the receipt of federal grant funds received under the American Rescue Plan Act along with related expenditures

Additionally, the City reports the following fund types:

The *Capital Equipment Replacement Internal Service Fund* is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City or to other governments, primarily on a cost of reimbursements basis. The Capital Equipment Replacement Fund rents vehicles and equipment to the police, fire and public works departments.

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* accounts for the collections of special assessments, along with contributions from benefiting city funds, to be used in retiring the outstanding long-term debt of the City.

The *Other Post-Employment Benefits Trust Fund* is used to account for the operations of the Other Post-employment Benefits Plan which provides post-employment benefits to the City's employees.

The *Custodial Funds* are used to account for the collection and disbursement of resources that are held on behalf of outside governments, entities and individuals.

# **CITY OF WALKER**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### ***Budgets and Budgetary Accounting***

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first City Commission meeting in May, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a budget resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any activity must be approved by the City Commission. The City Manager is authorized to transfer budgeted amounts within an activity subject to the condition that the total expenditures do not exceed the approved appropriations by activity. Thus, the legal level of budgetary control is at the activity level. Supplemental appropriations were necessary during the year.

### ***Cash and Pooled Investments***

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

City investment policy allows for all investments authorized by State statutes. State statutes authorize the City to invest in:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. The City OPEB plan is also allowed to invest in corporate debt and equity securities.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### **Receivables**

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

### **Special Assessments Receivable**

Special assessments receivable consist of long-term receivables from customers and benefited parties for various infrastructure improvement projects.

### **Due to and Due from Other Funds**

Interfund receivables and payables are short-term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

### **Inventory and Prepaid Items**

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Inventory and prepaid items are accounted for following the consumption method of accounting.

### **Capital Assets**

Capital assets, which includes land, construction in progress, buildings and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (infrastructure utilizes \$10,000 or more) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received. The amount reported for infrastructure includes only assets added since 1945.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	5-50
Land improvements	5-30
Buildings and improvements	7-40
Vehicles	2-5
Office furnishings	5-7
Other tools and equipment	5-20



# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has items that qualify for reporting in this category related to the pension plan as discussed in note 5 and to the OPEB plan as discussed in note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments receivable which are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has items that qualify for reporting in this category related to the pension plan as discussed in note 5 and to the OPEB plan as discussed in note 9.

### Unavailable Revenue

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the funds were as follows:

Governmental funds	
Unearned revenue – unspent ARPA receipts	\$2,446,284
Special assessments unearned revenue	1,055,074
Special assessments unavailable revenue	<u>11,837</u>
	3,513,195
Less earned portion of special assessments	<u>11,837</u>
Unearned revenue – government-wide statements	<u><u>\$3,501,358</u></u>

### Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type statements of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as an other financing use. Issuance costs are reported as expenditures/expense regardless of fund or activity.

# **CITY OF WALKER**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### ***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 of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by 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.

### ***Compensated Absences***

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation paid time off (PTO) upon termination, and for accumulated sick leave upon retirement under formulas and conditions specified in the contracts. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Compensated absences are generally liquidated by general fund resources when they are due. Amounts accumulated for proprietary funds are reported on the statements of net position of the internal service fund.

### ***Net Position and Fund Balance Reporting***

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the entity's governing board.
4. Assigned - the related assets can only be spent for a specific purpose but do not meet the criteria to be classified as committed.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed by resolution of the City Commission.

City policy requires the General Fund budget to be prepared and activities managed to result in an ending unassigned fund balance of at least 15% of adopted expenditures, except in the case of emergency or financial distress. Circumstances of emergency or financial distress shall be reported to the City Commission at the earliest practical time. Upon such report, the City Commission may direct that additional action be taken to preserve the minimum unassigned fund balance.

# **CITY OF WALKER**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### ***Net Position and Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### ***Property Taxes***

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 14. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to Kent County for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collected on behalf of other taxing units are accounted for in the fiduciary funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

### ***Income Taxes***

The City has a local income tax for all city residents, businesses, and individuals working in the City. Income taxes receivable represents estimated income taxes for wages and profits through June 30, 2022, net of estimated refunds.

### ***Interfund Transactions***

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Remaining transactions are generally reflected as transfers.

## **2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity level.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

During the year ended June 30, 2022, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Special Vice Investigation Fund</b>			
Public Safety	\$6,000	\$7,000	\$(1,000)

### 3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$22,595,095	\$1,698,650	\$1,425,708	\$25,719,453
Investments	-	-	1,484,158	1,484,158
	<u>\$22,595,095</u>	<u>\$1,698,650</u>	<u>\$2,909,866</u>	<u>\$27,203,611</u>

The cash and investments making up the above balances are as follows:

Deposits	\$20,962,680
Investments	6,238,331
Petty cash	<u>2,600</u>
Total	<u>\$27,203,611</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$19,493,184 of the City's bank balance of \$21,399,062 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

### Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following deposits and investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Kent County Investment Pool	N/A	\$2,488,816	Unrated	N/A
Stable NAV Government Investment Pool	N/A	2,265,357	AAAm	S&P
Missionsquare Low Duration Bond Fund	N/A	1,484,158	2 star	Morningstar

The above investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

The City categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of year-end.

- The Vantagepoint Low Duration Bond Fund is valued using quoted market prices (Level 1 inputs).
- The Kent County Pool and Stable NAV Government Pool investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

The aforementioned investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

#### ***Investment and deposit risk***

*Interest Rate Risk.* State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There is no stated maturity date for the City's investments identified above.

At June 30, 2022 the balance of the Kent County Public Funds Investment Pool consisted of the following:

<b><u>Investment</u></b>	<b><u>Percentage of pool total</u></b>	<b><u>Maturity in years</u></b>
Government agency securities	38%	0-5
Certificates of deposits	47%	0-5
Deposits, money markets and other pools	15%	Not applicable

At June 30, 2022 the balance of the Stable NAV Government Investment Pool consisted of the following:

<b><u>Investment</u></b>	<b><u>Percentage of pool total</u></b>	<b><u>Maturity in years</u></b>
Commercial paper	76%	Not applicable
Collateralized bank deposits	6%	Not applicable
Money market funds	11%	Not applicable
Repurchase agreements	7%	Not applicable

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**Credit Risk.** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

**Custodial Credit Risk - Investments.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above pooled and mutual fund investments, the City's custodial credit risk exposure cannot be determined because the City's participation in the pool/funds does not consist of specifically identifiable securities.

**Concentration of Credit Risk.** State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

### 4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,763,859	\$ -	\$ -	\$ 2,763,859
Construction in progress	267,825	999,165	-	1,266,990
Total capital assets, not being depreciated	3,031,684	999,165	-	4,030,849
<b>Capital assets, being depreciated</b>				
Land improvements	2,958,799	79,963	-	3,038,762
Buildings and improvements	21,446,393	-	-	21,446,393
Vehicles	8,130,897	449,769	106,984	8,473,682
Other tools and equipment	4,797,799	235,492	48,026	4,985,265
Office furnishings	1,234,972	21,791	-	1,256,763
Infrastructure	117,610,941	717,747	-	118,328,688
Total capital assets, being depreciated	156,179,801	1,504,762	155,010	157,529,553
Less accumulated depreciation for				
Land improvements	2,276,032	135,997	-	2,412,029
Buildings and improvements	13,450,365	518,769	-	13,969,134
Vehicles	4,203,320	579,278	106,984	4,675,614
Other tools and equipment	3,318,808	342,544	45,720	3,615,632
Office furnishings	1,160,191	34,830	-	1,195,021
Infrastructure	54,210,123	3,453,429	-	57,663,552
Total accumulated depreciation	78,618,839	5,064,847	152,704	83,530,982
<b>Net capital assets, being depreciated</b>	77,560,962	(3,560,085)	2,306	73,998,571
<b>Governmental Activities capital assets, net</b>	<b>\$80,592,646</b>	<b>\$(2,560,920)</b>	<b>\$ 2,306</b>	<b>\$78,029,420</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Component units</b>	<b>Balance July 1, <u>2021</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance June 30, <u>2022</u></b>
Capital assets not being depreciated				
Land	\$1,294,978	\$ -	\$ -	\$1,294,978
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,294,978</u>	<u>-</u>	<u>-</u>	<u>1,294,978</u>
Capital assets being depreciated				
Land improvements	192,298	-	-	192,298
Infrastructure	305,957	-	-	305,957
Buildings	2,516,680	-	-	2,516,680
Office furnishings	73,392	-	-	73,392
Total capital assets being depreciated	<u>3,088,327</u>	<u>-</u>	<u>-</u>	<u>3,088,327</u>
Less accumulated depreciation for				
Land improvements	186,677	2,408	-	189,085
Infrastructure	233,932	8,618	-	242,550
Buildings	943,755	62,917	-	1,006,672
Office furnishings	58,439	3,035	-	61,474
Total accumulated depreciation	<u>1,422,803</u>	<u>76,978</u>	<u>-</u>	<u>1,499,781</u>
<b>Net capital assets, being depreciated</b>	<u>1,665,524</u>	<u>(76,978)</u>	<u>-</u>	<u>1,588,546</u>
<b>Component Units capital assets, net</b>	<u><b>\$2,960,502</b></u>	<u><b>\$(76,978)</b></u>	<u><b>\$ -</b></u>	<u><b>\$2,883,524</b></u>

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

<b>Governmental Activities</b>	
General government	\$ 227,795
Public safety	270,766
Public works	3,236,863
Culture and recreation	636,668
Judicial	11,127
Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets	<u>681,628</u>
<b>Total depreciation expense - governmental activities</b>	<u><b>\$5,064,847</b></u>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 5. PENSION PLANS

#### Defined Contribution Pension Plan

The City of Walker provides pension benefits to substantially all of its full-time employees hired after July 1, 2005 through a defined contribution plan administered by ICMA. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For employees hired prior to July 1, 2009, the City contributes 10% of employees' eligible earnings; for those hired subsequent to July 1, 2009, the City contributes 6% of eligible earnings plus up to an additional 2% match, as defined in the plan document which may be amended by the City Commission. In accordance with these requirements, the City contributed \$572,660 during the year ended June 30, 2022. In addition, employee contributions amounted to \$180,529 during the year ended June 30, 2022.

#### MERS Defined Benefit Plan

##### *Plan Description*

The City participates in the Municipal Employees Retirement System of Michigan (MERS). MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

##### *Benefits Provided*

Only non-union employees hired prior to January 1, 1999 and union employees hired prior to July 1, 2005 participate in the defined benefit plan. The Plan is closed to new participants. Benefits provided include a multiplier of 2.5 times final average compensation with a vesting period of 5 years. Normal retirement age is 55-60 with early retirement at 50 with 25 years of service with various benefits. Benefits are calculated using final average compensation of 3 years depending on the employee's position and classification.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2021):

Active plan members	16
Inactive employees entitled but not yet receiving benefits	2
Inactive employees or beneficiaries currently receiving benefits	63
Total	81

##### *Contributions*

The City is required to contribute at an actuarially determined rate, which for the current year was \$177,707 per month. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute from 0% to 2% of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

##### *Net Pension Liability*

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



# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 7.0%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on PubG-2010 tables with future mortality improvements using RP-2019 scale applied fully generationally from the Pub-2010 base year of 2010. Mortality rates used for disabled plan member were based on PubNS-2010 Disabled Retiree Tables.

The actuarial assumptions used in the 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 of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Investment rate of return			7.25%

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2020	\$26,440,743	\$20,619,766	\$ 5,820,977
Changes for the Year:			
Service cost	152,073	-	152,073
Interest	1,946,640	-	1,946,640
Change in benefits	-	-	-
Differences between expected and actual experience	287,028	-	287,028
Change in assumptions	910,829	-	910,829
Contributions: employer	-	2,326,920	(2,326,920)
Contributions: employee	-	16,388	(16,388)
Net investment income (loss)	-	2,961,604	(2,961,604)
Benefit payments, including refunds	(1,806,188)	(1,806,188)	-
Administrative expense	-	(33,992)	33,992
Other changes	-	-	-
Net changes	1,490,382	3,464,732	(1,974,350)
Balance at December 31, 2021	\$27,931,125	\$24,084,498	\$ 3,846,627

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$30,845,369	\$27,931,125	\$25,458,629
Fiduciary net position	24,084,498	24,084,498	24,084,498
Net pension liability	\$ 6,760,871	\$ 3,846,627	\$ 1,374,131

### Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2022 the employer recognized pension expense of \$1,298,374. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
(Excess) deficit investment returns	-	(1,699,615)
Contributions subsequent to the measurement date*	1,066,242	-
Total	\$1,066,242	\$(1,699,615)

\* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2022.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

2023	\$ (286,340)
2024	(663,494)
2025	(474,706)
2026	(275,075)
Thereafter	-
Total	<u><u>\$(1,699,615)</u></u>

#### 6. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<b>Public Offering Bonds</b>					
2009 Special Assessment Bonds, due in annual installments of \$45,000 to \$55,000 through October 1, 2023; interest at 1.95% to 4.30%.	\$ 90,000	\$ -	\$ 45,000	\$ 45,000	\$ 45,000
<b>Private Placement Bonds and Contracts</b>					
Contractual agreement payable to another government, due in annual installments of \$47,088 to \$18,650 through November 2026; interest at 3.0%	111,900	-	-	111,900	37,300
2020 fire truck installment purchase, due in annual installments of \$396,000 to \$397,000 through September 1, 2022; interest at 2.14%	793,000	-	396,000	397,000	397,000
Contractual agreement payable to a contractor for police equipment, due in annual installments of \$34,464 through September 2024	137,857	-	34,464	103,393	34,464
<b>Total Private Placement Bonds and Contracts</b>	<u>1,042,757</u>	<u>-</u>	<u>430,464</u>	<u>612,293</u>	<u>468,764</u>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
<b>Total Debt</b>	<b>\$1,132,757</b>	<b>\$ -</b>	<b>\$475,464</b>	<b>\$ 657,293</b>	<b>\$513,764</b>
Accrued compensated absences	1,391,813	-	98,782	1,293,031	-
<b>Total Governmental Activities</b>	<b>\$2,524,570</b>	<b>\$ -</b>	<b>\$574,246</b>	<b>\$1,950,324</b>	<b>\$513,764</b>

### Component Units

#### Private Placement Bonds

2017 Refunding Bonds (DDA portion), due in annual installments of \$150,000 to \$180,000 through May 1, 2023; interest at .85% to 2.15%

<b>\$360,000</b>	<b>\$ -</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$180,000</b>
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The annual requirements to amortize all debt outstanding (excluding other post-employment benefits and accrued compensated absences) as of June 30, 2022 are as follows:

Year Ending June 30	Governmental Activities				Component Units	
	Public Offering Bonds		Private Placement Bonds and Contracts		Private Placement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$45,000	\$1,912	\$468,764	\$14,091	\$180,000	\$3,870
2024	-	-	53,114	1,958	-	-
2025	-	-	53,115	1,399	-	-
2026	-	-	18,650	839	-	-
2027	-	-	18,650	280	-	-
<b>Total</b>	<b>\$45,000</b>	<b>\$1,912</b>	<b>\$612,293</b>	<b>\$18,567</b>	<b>\$180,000</b>	<b>\$3,870</b>

## 7. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2022 are as follows:

	Transfers in		
	Major streets fund	Nonmajor governmental funds	Total
<b>Transfers out</b>			
General fund	<b>\$400,000</b>	<b>\$830,000</b>	<b>\$1,230,000</b>

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees (workers' compensation); medical benefits provided to employees; and natural disasters. The City has purchased commercial insurance to cover risks of losses for all of these areas except workers compensation. The City participates in the Michigan Municipal League (MML) risk pool program for claims relating to workers' compensation. The City has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

The MML risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### 9. OTHER POST-EMPLOYMENT BENEFITS

#### *Plan Description*

The City maintains a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 6, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance funded on a discretionary basis. The Plan is included as an other post-employment benefits trust fund in the City's financial statements; a stand-alone financial report of the Plan has not been issued.

#### *Benefits provided*

The plan provides single coverage health insurance premiums paid at 85% from retirement until age 65 at which time the Plan covers Medicare supplemental premiums until death of the employee and dental insurance premiums paid at 100% for retirees for life. Benefit provisions are established through policy and available to all qualifying fulltime employees. The City makes 100% of the premium payment to the plan and receives reimbursement for 15% of the health premium plus optional spousal coverage. Employees hired after July 1, 2009 are not eligible for retiree medical benefits.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2022):

Active plan members	50
Inactive plan members	5
Retirees and beneficiaries receiving benefits	<u>47</u>
Total	<u>102</u>

#### *Contributions*

The Plan was established and is being funded under the authority of the City Commission. The Plan's funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation. There are no long-term contracts for contributions to the Plan. The plan has no legally required reserves.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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#### **Net OPEB Liability**

The total OPEB liability in the June 30, 2021 annual actuarial valuation, rolled forward to June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.0%

Salary Increases: 2.5%

Investment rate of return: 3.0%

Healthcare cost trend rates: 4.5% per year

20-year Aa Municipal bond yield: 4.09%

Mortality rates used general/public safety 2010 employee and healthy retiree, headcount weighted, 2020 improvement scale mortality tables.

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

The long-term expected rate of return on OPEB 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 of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
VT Vantagepoint Low Dur Bond	100%	1.0%

The sum of each target benefit times its long-term expected real rate is 1.0%. The long-term expected rate of return is 3.0% with inflation.

Discount rate. The discount rate used to measure the total OPEB liability is 4.09%. For projected benefits that are expected to be covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. As of June 30, 2020, the discount rate used to value OPEB liabilities was 2.68%.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2021	\$5,806,648	\$1,577,716	\$4,228,932
Changes for the Year:			
Service cost	123,381	-	123,381
Interest	133,122	-	133,122
Change in benefits	(5,726)	-	(5,726)
Differences between expected and actual experience	(1,119,107)	-	(1,119,107)
Change in assumptions	-	-	-
Contributions: employer	-	131,316	(131,316)
Contributions: employee	-	-	-
Net investment Income	-	(93,558)	93,558
Benefit payments, including refunds	(131,316)	(131,316)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(999,646)	(93,558)	(906,088)
Balance at June 30, 2022	\$4,807,002	\$1,484,158	\$3,322,844

### Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the net OPEB liability of the employer, calculated using the discount rate of 4.09%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$5,375,306	\$4,807,002	\$4,329,571
Fiduciary net position	1,484,158	1,484,158	1,484,158
Net OPEB liability	\$3,891,148	\$3,322,844	\$2,845,413
Plan fiduciary position as a percentage of the total OPEB liability		30.87%	

### Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 4.5%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB liability	\$4,362,022	\$4,807,002	\$5,346,349
Fiduciary net position	1,484,158	1,484,158	1,484,158
Net OBEB liability	\$2,877,864	\$3,322,844	\$3,862,191

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan

For the year ended June 30, 2022 the employer recognized OPEB expense of \$(795,704). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$(1,237,431)
Changes in assumptions	526,497	(722,261)
Excess (deficit) investment returns	115,196	-
Total	\$641,693	\$(1,959,692)

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

2023	\$(1,041,492)
2024	(349,439)
2025	44,755
2026	28,177
2027	-
Thereafter	-
Total	<u>\$(1,317,999)</u>

### 10. CONSTRUCTION CODE FEES

The City oversees building construction in accordance with the State of Michigan Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Current year building permit revenues	<u>\$938,077</u>
Related Expenses	
Direct costs	512,453
Indirect Costs	<u>46,838</u>
Total construction code expenses	<u>559,291</u>
Net revenues (expenses)	378,786
Cumulative shortfall – July 1, 2021	<u>(51,612)</u>
Cumulative surplus – June 30, 2022	<u>\$327,174</u>



# **CITY OF WALKER**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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### **11. TAX ABATEMENTS**

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Tax Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Tax Exemption (IFTE) certificate entitles the facility to a partial exemption from ad valorem real and/or personal property taxes for a term of 12 years for real property and 6 years for personal property as determined by the local unit of government. The IFTE is computed at half the local property tax millage rate which generally amounts to a 50% reduction in property taxes. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement cease operations and no successor employer is providing employment during the term of the abatement. For the year ended June 30, 2022 the City abated property tax revenues of approximately \$16,200.

Public Act 381 of 1996, the Brownfield Redevelopment Financing Act, was adopted in the State of Michigan as a means to authorize municipalities to create a brownfield redevelopment authority to facilitate the implementation of brownfield plans; to create brownfield redevelopment zones; to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax reverted, blighted, or functionally obsolete property; to prescribe the powers and duties of brownfield redevelopment authorities; to permit the issuance of bonds and other evidences of indebtedness by an authority; to authorize the acquisition and disposal of certain property; to authorize certain funds; to prescribe certain powers and duties of certain state officers and agencies; and to authorize and permit the use of certain tax increment financing. For the year ended June 30, 2022 the City abated property tax revenues of approximately \$10,500.

### **12. CONTINGENCIES**

The City has received state and federal grants for specific purposes that are subject to review and audit by grantor agencies. Although no amounts have been claimed, such audits could lead to requests for repayment to the grantor agency for expenditures disallowed under the terms of the grant. The City believes such disallowances, if any, will be immaterial.

### **13. COMMITMENTS**

As of June 30, 2022, the City had outstanding construction commitments of approximately \$900,000 related to various street projects.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WALKER**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes				
Income taxes	\$ 10,500,000	\$ 11,500,000	\$ 15,044,955	\$ 3,544,955
Property taxes	2,131,850	2,146,850	2,208,313	61,463
Intergovernmental revenues				
Federal	2,000	2,000	4,302	2,302
State	2,198,250	2,501,734	2,858,825	357,091
Local	42,000	30,100	33,183	3,083
Cable franchise fees	340,000	340,000	358,714	18,714
Licenses and permits	646,300	915,300	1,031,696	116,396
Charges for services	79,000	79,000	159,376	80,376
Fines	450,000	450,000	482,488	32,488
Investment earnings	13,305	8,305	13,839	5,534
Miscellaneous	113,000	150,975	192,443	41,468
<b>Total revenues</b>	<b>16,515,705</b>	<b>18,124,264</b>	<b>22,388,134</b>	<b>4,263,870</b>
<b>Expenditures</b>				
Current				
Judicial	946,989	971,050	866,488	104,562
General government	3,465,162	3,776,796	3,489,766	287,030
Public safety	9,364,833	9,483,596	8,808,904	674,692
Public works	831,269	846,269	788,808	57,461
Culture and recreation	385,212	458,156	385,924	72,232
Planning and economic development	17,000	17,000	9,096	7,904
Other	2,557,800	2,719,300	2,448,366	270,934
Debt service				
Principal	-	34,464	34,464	-
<b>Total expenditures</b>	<b>17,568,265</b>	<b>18,306,631</b>	<b>16,831,816</b>	<b>1,474,815</b>
<b>Revenues over (under) expenditures</b>	<b>(1,052,560)</b>	<b>(182,367)</b>	<b>5,556,318</b>	<b>5,738,685</b>
Other financing sources (uses)				
Use of fund balance	2,285,160	1,418,942	-	(1,418,942)
Transfers out	(1,230,000)	(1,230,000)	(1,230,000)	-
<b>Total other financing sources (uses)</b>	<b>1,055,160</b>	<b>188,942</b>	<b>(1,230,000)</b>	<b>(1,418,942)</b>
<b>Net changes in fund balance</b>	<b>2,600</b>	<b>6,575</b>	<b>4,326,318</b>	<b>4,319,743</b>
<b>Fund balance, beginning of year</b>	<b>11,310,673</b>	<b>11,310,673</b>	<b>11,310,673</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 11,313,273</b>	<b>\$ 11,317,248</b>	<b>\$ 15,636,991</b>	<b>\$ 4,319,743</b>

# CITY OF WALKER

## MAJOR STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 2,282,000	\$ 2,962,000	\$ 3,293,842	\$ 331,842
Local	271,050	271,050	286,070	15,020
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>2,784</u>	<u>784</u>
<b>Total revenues</b>	2,555,050	3,235,050	3,582,696	347,646
<b>Expenditures</b>				
Current				
Public works	<u>3,690,313</u>	<u>4,014,313</u>	<u>3,067,762</u>	<u>946,551</u>
Revenues over (under) expenditures	<u>(1,135,263)</u>	<u>(779,263)</u>	<u>514,934</u>	<u>1,294,197</u>
Other financing sources				
Use of fund balance	735,263	379,263	-	(379,263)
Transfers in	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,135,263</u>	<u>779,263</u>	<u>400,000</u>	<u>(379,263)</u>
Net changes in fund balance	-	-	914,934	914,934
<b>Fund balance, beginning of year</b>	<u>2,246,708</u>	<u>2,246,708</u>	<u>2,246,708</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,246,708</u>	<u>\$ 2,246,708</u>	<u>\$ 3,161,642</u>	<u>\$ 914,934</u>

# CITY OF WALKER

## ARPA FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

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	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ -	\$ 588,000	\$ 167,168	\$ (420,832)
Investment earnings	-	900	1,490	590
<b>Total revenues</b>	-	588,900	168,658	(420,242)
<b>Expenditures</b>				
Current				
General government	-	588,000	167,168	420,832
Net changes in fund balance	-	900	1,490	590
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 1,490</u>	<u>\$ 590</u>

**CITY OF WALKER**

**DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION  
LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	For the years ended December 31							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>								
Service cost	\$ 152,073	\$ 167,032	\$ 167,849	\$ 187,282	\$ 209,394	\$ 227,361	\$ 229,952	\$ 258,272
Interest	1,946,640	1,899,189	1,887,943	1,842,166	1,769,831	1,733,124	1,599,515	1,593,796
Changes in benefit terms	-	-	-	-	(36,401)	-	-	-
Difference between expected and actual experience	287,028	(280,140)	259,676	122,503	394,710	(197,734)	(119,385)	-
Changes in assumptions	910,829	611,591	755,654	-	-	-	1,145,765	-
Benefit payments including employee refunds	(1,806,188)	(1,725,478)	(1,635,871)	(1,504,183)	(1,340,376)	(1,249,507)	(1,219,318)	(1,106,117)
Other	-	-	-	-	(1)	-	49,985	-
<b>Net change in total pension liability</b>	<u>1,490,382</u>	<u>672,194</u>	<u>1,435,251</u>	<u>647,768</u>	<u>997,157</u>	<u>513,244</u>	<u>1,686,514</u>	<u>745,951</u>
<b>Total pension liability, beginning of year</b>	<u>26,440,743</u>	<u>25,768,549</u>	<u>24,333,298</u>	<u>23,685,530</u>	<u>22,688,373</u>	<u>22,175,129</u>	<u>20,488,615</u>	<u>19,742,664</u>
<b>Total pension liability, end of year</b>	<u>\$ 27,931,125</u>	<u>\$ 26,440,743</u>	<u>\$ 25,768,549</u>	<u>\$ 24,333,298</u>	<u>\$ 23,685,530</u>	<u>\$ 22,688,373</u>	<u>\$ 22,175,129</u>	<u>\$ 20,488,615</u>
<b>Plan Fiduciary Net Position</b>								
Contributions-employer	\$ 2,326,920	\$ 1,852,296	\$ 2,397,265	\$ 2,077,526	\$ 1,975,152	\$ 1,693,104	\$ 1,093,251	\$ 963,598
Contributions-employee	16,388	18,340	19,987	21,291	21,741	36,976	27,467	30,728
Net investment income (loss)	2,961,604	2,380,242	2,131,627	(636,975)	1,775,267	1,322,316	(174,326)	689,020
Benefit payments including employee refunds	(1,806,188)	(1,725,478)	(1,635,871)	(1,504,183)	(1,340,376)	(1,249,507)	(1,219,318)	(1,106,117)
Administrative expense	(33,992)	(36,940)	(36,869)	(30,441)	(27,946)	(25,978)	(25,203)	(25,347)
<b>Net change in plan fiduciary net position</b>	<u>3,464,732</u>	<u>2,488,460</u>	<u>2,876,139</u>	<u>(72,782)</u>	<u>2,403,838</u>	<u>1,776,911</u>	<u>(298,129)</u>	<u>551,882</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>20,619,766</u>	<u>18,131,306</u>	<u>15,255,167</u>	<u>15,327,949</u>	<u>12,924,111</u>	<u>11,147,200</u>	<u>11,445,329</u>	<u>10,893,447</u>
<b>Plan fiduciary net position, end of year</b>	<u>\$ 24,084,498</u>	<u>\$ 20,619,766</u>	<u>\$ 18,131,306</u>	<u>\$ 15,255,167</u>	<u>\$ 15,327,949</u>	<u>\$ 12,924,111</u>	<u>\$ 11,147,200</u>	<u>\$ 11,445,329</u>
<b>Total net pension liability</b>	<u>\$ 3,846,627</u>	<u>\$ 5,820,977</u>	<u>\$ 7,637,243</u>	<u>\$ 9,078,131</u>	<u>\$ 8,357,581</u>	<u>\$ 9,764,262</u>	<u>\$ 11,027,929</u>	<u>\$ 9,043,286</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	86.2%	78.0%	70.4%	62.7%	64.7%	57.0%	50.3%	55.9%
<b>Covered employee payroll</b>	\$ 1,247,532	\$ 1,480,976	\$ 1,519,009	\$ 1,704,383	\$ 1,886,004	\$ 2,056,503	\$ 2,107,449	\$ 2,362,044
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	308.3%	393.1%	502.8%	532.6%	443.1%	474.8%	523.3%	382.9%

**CITY OF WALKER**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 2,132,484	\$ 1,921,356	\$ 1,783,253	\$ 1,691,508	\$ 1,463,544	\$ 1,267,788	\$ 1,066,104	\$ 847,320
Contributions in relation to the actuarially determined contribution	<u>2,282,484</u>	<u>2,071,356</u>	<u>1,933,253</u>	<u>2,191,508</u>	<u>1,963,544</u>	<u>1,767,788</u>	<u>1,566,104</u>	<u>847,320</u>
Contribution excess (deficiency)	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,247,532	\$ 1,480,976	\$ 1,519,009	\$ 1,704,383	\$ 1,886,004	\$ 2,056,503	\$ 2,107,449	\$ 2,362,044
Contributions as a percentage of covered employee payroll	183%	140%	127%	129%	104%	86%	74%	36%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	10 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.00% (7.35% for 2020 and 2021; 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

# CITY OF WALKER

## OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB LIABILITY AND RELATED RATIOS

**FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>						
Service cost	\$ 123,381	\$ 145,582	\$ 133,505	\$ 245,521	\$ 244,292	\$ 164,171
Interest	133,122	181,535	188,571	240,696	235,513	268,879
Changes in benefit terms	-	370,109	-	(388,641)	-	-
Difference between expected and actual experience	(5,726)	(1,527,148)	(24,898)	(2,247,458)	(58,072)	(609,575)
Changes in assumptions	(1,119,107)	63,073	285,859	631,179	115,153	1,082,232
Benefit payments including employee refunds	(131,316)	(109,244)	(104,950)	(108,635)	(115,560)	(105,671)
Other	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(999,646)</b>	<b>(876,093)</b>	<b>478,087</b>	<b>(1,627,338)</b>	<b>421,326</b>	<b>800,036</b>
<b>Total OPEB liability, beginning of year</b>	<b>5,806,648</b>	<b>6,682,741</b>	<b>6,204,654</b>	<b>7,831,992</b>	<b>7,410,666</b>	<b>6,610,630</b>
<b>Total OPEB liability, end of year</b>	<b>\$ 4,807,002</b>	<b>\$ 5,806,648</b>	<b>\$ 6,682,741</b>	<b>\$ 6,204,654</b>	<b>\$ 7,831,992</b>	<b>\$ 7,410,666</b>
<b>Plan Fiduciary Net Position</b>						
Contributions-employer	\$ 131,316	\$ 109,244	\$ 104,950	\$ 108,635	\$ 415,560	\$ 405,671
Contributions-employee	-	-	-	-	-	-
Net investment income	(93,558)	22,617	65,024	61,886	7,083	8,055
Benefit payments including employee refunds	(131,316)	(109,244)	(104,950)	(108,635)	(115,560)	(105,671)
Administrative expense	-	-	-	-	-	(68)
Other	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(93,558)</b>	<b>22,617</b>	<b>65,024</b>	<b>61,886</b>	<b>307,083</b>	<b>307,987</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>1,577,716</b>	<b>1,555,099</b>	<b>1,490,075</b>	<b>1,428,189</b>	<b>1,121,106</b>	<b>813,119</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 1,484,158</b>	<b>\$ 1,577,716</b>	<b>\$ 1,555,099</b>	<b>\$ 1,490,075</b>	<b>\$ 1,428,189</b>	<b>\$ 1,121,106</b>
<b>Employer net OPEB liability</b>	<b>\$ 3,322,844</b>	<b>\$ 4,228,932</b>	<b>\$ 5,127,642</b>	<b>\$ 4,714,579</b>	<b>\$ 6,403,803</b>	<b>\$ 6,289,560</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>31%</b>	<b>27%</b>	<b>23%</b>	<b>24%</b>	<b>18%</b>	<b>15%</b>
<b>Covered employee payroll</b>	<b>\$ 3,615,105</b>	<b>\$ 3,860,415</b>	<b>\$ 4,420,745</b>	<b>\$ 4,689,938</b>	<b>\$ 4,588,570</b>	<b>\$ 4,649,196</b>
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	<b>92%</b>	<b>110%</b>	<b>116%</b>	<b>101%</b>	<b>140%</b>	<b>135%</b>



# CITY OF WALKER

## OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

**FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018	2017
Actuarial determined contributions	\$ 786,401	\$ 962,606	\$ 809,132	\$ 941,811	\$ 873,491	\$ 814,831
Contributions in relation to the actuarially determined contribution	131,316	109,244	104,950	108,635	415,560	405,671
Contribution excess (deficiency)	<u>\$ (655,085)</u>	<u>\$ (853,362)</u>	<u>\$ (704,182)</u>	<u>\$ (833,176)</u>	<u>\$ (457,931)</u>	<u>\$ (409,160)</u>
Covered employee payroll	\$ 3,615,105	\$ 3,860,415	\$ 4,420,745	\$ 4,689,938	\$ 4,588,570	\$ 4,649,196
Contributions as a percentage of covered employee payroll	3.6%	2.8%	2.4%	2.3%	9.1%	8.7%

### SCHEDULE OF INVESTMENT RATE OF RETURN

Investment rate of return	-6.1%	2.7%	4.3%	1.0%	0.5%	0.8%
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#### Notes to schedule

Actuarial cost method	Entry Age Normal (level percent)
Amortization method	Level percent, closed
Remaining amortization period	10 years (average future service)
Asset valuation method	Market value
Inflation	2.0%
Salary increases	2.5 (2.0% for 2018)
Investment rate of return	3.0% (3.1% for 2017)
20-year Aa Municipal bond yield	2.18% (2.66% for 2020, 3.0% for 2019)
Healthcare cost trend rates	Pre-65 - 8.5% graded .25% per year to 4.5% ultimate rate Medicare - 7.0% graded .25% per year to
Retirement age	Varies depending on plan adoption
Mortality	IRS 2017 annuitant/non-annuitant mortality

#### State of Michigan PA 202 information

Actuarially recommended contributions in accordance with No. Letter 2018-3	\$ 786,401
Minimum required contribution under PA 202	131,316
Actual contribution	131,316
Contribution for employees hired after June 30, 2019	-

State of Michigan PA 202 assumptions, if different from GASB:

Discount rate - 4.09%  
Salary scale - 3.5%

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### Basis of Accounting

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

#### Pension and OPEB data

The data presented on the schedule of changes in employers net pension liability schedule is based on a December 31 measurement date.

The data presented on the schedule of changes in employers net OPEB liability schedule is based on a June 30 measurement date.

The pension and OPEB schedules are being accumulated prospectively until 10 years of information is presented.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF WALKER**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes				
Income taxes	\$ 10,500,000	\$ 11,500,000	\$ 15,044,955	\$ 3,544,955
Real and personal property taxes	1,648,900	1,648,900	1,707,426	58,526
Payments in lieu of tax	950	950	222	(728)
Collection fees	482,000	497,000	500,665	3,665
	<u>12,631,850</u>	<u>13,646,850</u>	<u>17,253,268</u>	<u>3,606,418</u>
Total taxes				
Licenses and permits				
Business	34,000	34,000	44,124	10,124
Nonbusiness	591,300	860,300	964,033	103,733
Liquor license fees	21,000	21,000	23,539	2,539
	<u>646,300</u>	<u>915,300</u>	<u>1,031,696</u>	<u>116,396</u>
Total licenses and permits				
Intergovernmental - federal	2,000	2,000	4,302	2,302
Intergovernmental - state				
State-shared revenue	2,196,000	2,500,900	2,857,251	356,351
State grants	2,250	834	1,574	740
	<u>2,198,250</u>	<u>2,501,734</u>	<u>2,858,825</u>	<u>357,091</u>
Total state sources				
Intergovernmental - local	42,000	30,100	33,183	3,083
Cable franchise fees	340,000	340,000	358,714	18,714
Charges for services				
Planning and zoning fees	34,000	34,000	52,932	18,932
Overtime event reimbursement	15,000	15,000	76,444	61,444
Administrative fees	30,000	30,000	30,000	-
	<u>79,000</u>	<u>79,000</u>	<u>159,376</u>	<u>80,376</u>
Total charges for services				
Fines				
Ordinance fines	450,000	450,000	482,488	32,488
Interest and rentals	13,305	8,305	13,839	5,534
Other revenue	113,000	150,975	192,443	41,468
Total revenues and other financing sources	<u>\$ 16,515,705</u>	<u>\$ 18,124,264</u>	<u>\$ 22,388,134</u>	<u>\$ 4,263,870</u>

**CITY OF WALKER**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
Judicial				
District court	\$ 946,989	\$ 971,050	\$ 866,488	\$ 104,562
General government				
City Commission	81,475	81,475	73,361	8,114
City managers office	557,925	565,000	540,671	24,329
Elections	60,000	84,645	78,025	6,620
Finance/treasurer department	297,054	315,042	297,541	17,501
Information technology	299,249	410,413	365,958	44,455
Income tax	690,963	699,663	658,713	40,950
City assessor	351,208	376,336	358,879	17,457
City clerk	243,219	294,449	233,191	61,258
Buildings and grounds	640,731	706,435	671,362	35,073
Human resources	243,338	243,338	212,065	31,273
	<u>3,465,162</u>	<u>3,776,796</u>	<u>3,489,766</u>	<u>287,030</u>
Public safety				
Police department	6,094,814	6,096,838	5,761,902	334,936
Fire department	2,522,011	2,575,750	2,313,926	261,824
Building inspections	748,008	811,008	733,076	77,932
	<u>9,364,833</u>	<u>9,483,596</u>	<u>8,808,904</u>	<u>674,692</u>
Public works				
Sidewalks	22,000	22,000	17,390	4,610
City engineer	432,052	432,052	425,926	6,126
Drains	91,217	106,217	81,335	24,882
Street lighting	286,000	286,000	264,157	21,843
	<u>831,269</u>	<u>846,269</u>	<u>788,808</u>	<u>57,461</u>
Culture and recreation				
Parks	383,712	456,656	385,939	70,717
Museum	1,500	1,500	(15)	1,515
	<u>385,212</u>	<u>458,156</u>	<u>385,924</u>	<u>72,232</u>
Planning and economic development				
Zoning	17,000	17,000	9,096	7,904
Other				
Retiree insurance/pension	1,773,500	1,919,000	1,891,321	27,679
Property and liability insurance	160,000	160,000	125,787	34,213
Other unclassified expenses	624,300	640,300	431,258	209,042
	<u>2,557,800</u>	<u>2,719,300</u>	<u>2,448,366</u>	<u>270,934</u>
Debt service				
Principal	-	34,464	34,464	-
<b>Total expenditures</b>	<b>17,568,265</b>	<b>18,306,631</b>	<b>16,831,816</b>	<b>1,474,815</b>
<b>Other financing uses</b>				
Transfers out	1,230,000	1,230,000	1,230,000	-
<b>Total expenditures and other financing uses</b>	<b>\$ 18,798,265</b>	<b>\$ 19,536,631</b>	<b>\$ 18,061,816</b>	<b>\$ 1,474,815</b>

**CITY OF WALKER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2022**

	<u>Special Revenue</u>				<u>Debt Service</u>	
	<u>Local Streets</u>	<u>Ice and Fitness Program</u>	<u>Special Vice Investigation</u>	<u>Improvement Revolving</u>	<u>2009 Bonds</u>	<u>Total</u>
<b>Assets</b>						
Cash and pooled investments	\$ 563,510	\$ 832,595	\$ 130,467	\$ 128,430	\$ 20,580	\$ 1,675,582
Accounts receivable	-	44,261	-	3,539	3,205	51,005
Special assessment receivable	-	-	-	-	9,250	9,250
Due from other governments	127,837	-	-	-	-	127,837
Prepaid items	1,187	23,030	-	-	-	24,217
Inventory	26,280	72,791	-	-	-	99,071
<b>Total assets</b>	<u>\$ 718,814</u>	<u>\$ 972,677</u>	<u>\$ 130,467</u>	<u>\$ 131,969</u>	<u>\$ 33,035</u>	<u>\$ 1,986,962</u>
<b>Liabilities, deferred inflows and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 324,469	\$ 40,058	\$ 3,500	\$ -	\$ -	\$ 368,027
Accrued liabilities	11,687	25,293	-	-	-	36,980
<b>Total liabilities</b>	<u>336,156</u>	<u>65,351</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>405,007</u>
<b>Deferred inflows</b>						
Unavailable revenue	-	-	-	-	11,837	11,837
<b>Fund balances</b>						
Nonspendable						
Prepaid items	1,187	23,030	-	-	-	24,217
Inventory	26,280	72,791	-	-	-	99,071
Restricted						
Streets	355,191	-	-	-	-	355,191
Public safety	-	-	126,967	-	-	126,967
Committed						
Ice and fitness capital	-	213,458	-	-	-	213,458
Assigned						
Ice and fitness	-	598,047	-	-	-	598,047
Debt service	-	-	-	-	21,198	21,198
Capital projects	-	-	-	131,969	-	131,969
<b>Total fund balances</b>	<u>382,658</u>	<u>907,326</u>	<u>126,967</u>	<u>131,969</u>	<u>21,198</u>	<u>1,570,118</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 718,814</u>	<u>\$ 972,677</u>	<u>\$ 130,467</u>	<u>\$ 131,969</u>	<u>\$ 33,035</u>	<u>\$ 1,986,962</u>

**CITY OF WALKER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue</u>				<u>Debt Service</u>	
	<u>Local Streets</u>	<u>Ice and Fitness Program</u>	<u>Special Vice Investigation</u>	<u>Improvement Revolving</u>	<u>2009 Bonds</u>	<u>Total</u>
<b>Revenues</b>						
Intergovernmental revenues						
State	\$ 854,198	\$ -	\$ -	\$ -	\$ -	\$ 854,198
Local	4,120	-	14,042	-	-	18,162
Charges for services	-	1,295,662	-	-	-	1,295,662
Special assessments	-	-	-	-	12,326	12,326
Investment earnings	472	900	485	219	2,002	4,078
Miscellaneous	-	2,476	-	-	-	2,476
<b>Total revenues</b>	<u>858,790</u>	<u>1,299,038</u>	<u>14,527</u>	<u>219</u>	<u>14,328</u>	<u>2,186,902</u>
<b>Expenditures</b>						
Current						
Public safety	-	-	7,000	-	-	7,000
Public works	1,139,687	-	-	-	66	1,139,753
Culture and recreation	-	1,355,397	-	-	-	1,355,397
Debt service						
Principal	-	-	-	-	45,000	45,000
Interest	-	-	-	-	3,563	3,563
<b>Total expenditures</b>	<u>1,139,687</u>	<u>1,355,397</u>	<u>7,000</u>	<u>-</u>	<u>48,629</u>	<u>2,550,713</u>
Revenues over (under) expenditures	(280,897)	(56,359)	7,527	219	(34,301)	(363,811)
Other financing sources (uses)						
Transfers in	<u>350,000</u>	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>830,000</u>
Net changes in fund balances	69,103	393,641	7,527	219	(4,301)	466,189
<b>Fund balances, beginning of year</b>	<u>313,555</u>	<u>513,685</u>	<u>119,440</u>	<u>131,750</u>	<u>25,499</u>	<u>1,103,929</u>
<b>Fund balances, end of year</b>	<u>\$ 382,658</u>	<u>\$ 907,326</u>	<u>\$ 126,967</u>	<u>\$ 131,969</u>	<u>\$ 21,198</u>	<u>\$ 1,570,118</u>

# CITY OF WALKER

## LOCAL STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 741,500	\$ 796,500	\$ 854,198	\$ 57,698
Local	5,500	5,500	4,120	(1,380)
Investment earnings	<u>450</u>	<u>450</u>	<u>472</u>	<u>22</u>
<b>Total revenues</b>	747,450	802,450	858,790	56,340
<b>Expenditures</b>				
Current				
Public works	<u>1,190,853</u>	<u>1,210,553</u>	<u>1,139,687</u>	<u>70,866</u>
Revenues over (under) expenditures	<u>(443,403)</u>	<u>(408,103)</u>	<u>(280,897)</u>	<u>127,206</u>
Other financing source (uses)				
Use of fund balance	93,403	58,103	-	(58,103)
Transfers in	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total other financing sources (uses)	<u>443,403</u>	<u>408,103</u>	<u>350,000</u>	<u>(58,103)</u>
Net changes in fund balance	-	-	69,103	69,103
<b>Fund balance, beginning of year</b>	<u>313,555</u>	<u>313,555</u>	<u>313,555</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 313,555</u>	<u>\$ 313,555</u>	<u>\$ 382,658</u>	<u>\$ 69,103</u>



# CITY OF WALKER

## ICE AND FITNESS PROGRAM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Charges for services	\$ 1,024,100	\$ 1,100,100	\$ 1,295,662	\$ 195,562
Investment earnings	1,000	1,000	900	(100)
Miscellaneous	<u>115</u>	<u>115</u>	<u>2,476</u>	<u>2,361</u>
<b>Total revenues</b>	1,025,215	1,101,215	1,299,038	197,823
<b>Expenditures</b>				
Current				
Culture and recreation	<u>1,482,120</u>	<u>1,529,170</u>	<u>1,355,397</u>	<u>173,773</u>
Revenues over (under) expenditures	<u>(456,905)</u>	<u>(427,955)</u>	<u>(56,359)</u>	<u>371,596</u>
Other financing source (uses)				
Use of fund balance	6,905	(22,045)	-	22,045
Transfers in	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Total other financing sources (uses)	<u>456,905</u>	<u>427,955</u>	<u>450,000</u>	<u>22,045</u>
Net changes in fund balance	-	-	393,641	393,641
<b>Fund balance, beginning of year</b>	<u>513,685</u>	<u>513,685</u>	<u>513,685</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 513,685</u>	<u>\$ 513,685</u>	<u>\$ 907,326</u>	<u>\$ 393,641</u>

# CITY OF WALKER

## SPECIAL VICE INVESTIGATION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 10,000	\$ 10,000	\$ 14,042	\$ 4,042
Investment earnings	600	600	485	(115)
<b>Total Revenues</b>	10,600	10,600	14,527	3,927
<b>Expenditures</b>				
Current				
Public safety	6,000	6,000	7,000	(1,000)
Revenues over (under) expenditures	4,600	4,600	7,527	2,927
Other financing source (uses)				
Use of fund balance	4,600	4,600	-	(4,600)
Net changes in fund balance	9,200	9,200	7,527	(1,673)
<b>Fund balance, beginning of year</b>	119,440	119,440	119,440	-
<b>Fund balance, end of year</b>	<u>\$ 128,640</u>	<u>\$ 128,640</u>	<u>\$ 126,967</u>	<u>\$ (1,673)</u>

**CITY OF WALKER**  
**CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<u>Custodial Funds</u>			
	<u>District Court</u>	<u>Current Tax Fund</u>	<u>Trust and Agency</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 62,602	\$ 461	\$ 1,362,645	\$ 1,425,708
<b>Total assets</b>	<u>62,602</u>	<u>461</u>	<u>1,362,645</u>	<u>1,425,708</u>
<b>Liabilities</b>				
Escrow deposits payable	-	-	1,148,153	1,148,153
Due to other governmental units	-	461	-	461
<b>Total liabilities</b>	<u>-</u>	<u>461</u>	<u>1,148,153</u>	<u>1,148,614</u>
<b>Net position</b>				
Restricted	<u>\$ 62,602</u>	<u>\$ -</u>	<u>\$ 214,492</u>	<u>\$ 277,094</u>

**CITY OF WALKER**  
**CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**JUNE 30, 2022**

	<u>Custodial Funds</u>			
	<u>District Court</u>	<u>Current Tax Fund</u>	<u>Trust and Agency</u>	<u>Total</u>
<b>Additions</b>				
Property taxes collected for other governments	\$ -	\$ 47,963,080	\$ -	\$ 47,963,080
Escrow deposits collected	-	-	859,261	859,261
Court ordered bonds	257,480	-	-	257,480
Fines and fees	<u>681,693</u>	<u>-</u>	<u>-</u>	<u>681,693</u>
<b>Total additions</b>	<u>939,173</u>	<u>47,963,080</u>	<u>859,261</u>	<u>49,761,514</u>
<b>Deductions</b>				
Property taxes distributed to other governments	-	47,963,080	-	47,963,080
Escrow funds used to cover expenses	-	-	854,180	854,180
Bonds refunded	259,107	-	-	259,107
Funds used to cover court costs	<u>682,040</u>	<u>-</u>	<u>-</u>	<u>682,040</u>
<b>Total deductions</b>	<u>941,147</u>	<u>47,963,080</u>	<u>854,180</u>	<u>49,758,407</u>
Net increase (decrease)	(1,974)	-	5,081	3,107
<b>Net position, beginning of year</b>	<u>64,576</u>	<u>-</u>	<u>209,411</u>	<u>273,987</u>
<b>Net position, end of year</b>	<u>\$ 62,602</u>	<u>\$ -</u>	<u>\$ 214,492</u>	<u>\$ 277,094</u>

# CITY OF WALKER

## DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Fund Type			Adjustments	Statement of Net Position
	General Fund	Streetscape Maintenance	Totals		
<b>Assets</b>					
Cash and pooled investments	\$ 1,372,839	\$ 153,660	\$ 1,526,499	\$ -	\$ 1,526,499
Special assessment receivable	-	-	-	-	-
Capital assets					
Land	-	-	-	1,294,978	1,294,978
Depreciable capital assets, net	-	-	-	1,588,546	1,588,546
<b>Total assets</b>	<u>\$ 1,372,839</u>	<u>\$ 161,499</u>	<u>\$ 1,534,338</u>	<u>2,883,524</u>	<u>4,417,862</u>
<b>Liabilities, deferred inflows and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,345	\$ 10,234	\$ 12,579	-	12,579
Accrued liabilities	-	-	-	645	645
Debt due within one year	-	-	-	180,000	180,000
<b>Total liabilities</b>	<u>2,345</u>	<u>10,234</u>	<u>12,579</u>	<u>180,645</u>	<u>193,224</u>
<b>Deferred inflows</b>					
Unavailable revenue	-	7,395	7,395	(7,395)	-
<b>Fund balances</b>					
Unassigned	<u>1,370,494</u>	<u>143,870</u>	<u>1,514,364</u>	<u>(1,514,364)</u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 1,372,839</u>	<u>\$ 161,499</u>	<u>\$ 1,534,338</u>		
<b>Net position</b>					
Net investment in capital assets				2,703,524	2,703,524
Unrestricted				1,521,114	1,521,114
<b>Total net position</b>				<u>\$ 4,224,638</u>	<u>\$ 4,224,638</u>
<b>Reconciliation of fund balances to net position</b>					
<b>Fund balances of governmental funds</b>					\$ 1,514,364
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds					
Add - land					1,294,978
Add - capital assets (net of accumulated depreciation)					1,588,546
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds					
Add - unavailable revenue					7,395
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.					
Deduct - debt payable					(180,000)
Deduct - accrued interest on debt payable					(645)
<b>Net position of governmental activities</b>					<u>\$ 4,224,638</u>

# CITY OF WALKER

## DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Fund Type				Statement of Activities
	General Fund	Streetscape Maintenance	Totals	Adjustments	
<b>Revenues</b>					
Taxes	\$ 593,217	\$ -	\$ 593,217	\$ -	\$ 593,217
Special assessments	-	121,952	121,952	1,572	123,524
Investment earnings	757	1,008	1,765	-	1,765
Miscellaneous	-	12,705	12,705	-	12,705
	<u>593,974</u>	<u>135,665</u>	<u>729,639</u>	<u>1,572</u>	<u>731,211</u>
<b>Expenditures/expenses</b>					
Current					
Community development	111,190	122,576	233,766	76,978	310,744
Debt Service					
Principal	180,000	-	180,000	(180,000)	-
Interest	<u>7,970</u>	<u>-</u>	<u>7,970</u>	<u>(600)</u>	<u>7,370</u>
<b>Total expenditures/expenses</b>	<u>299,160</u>	<u>122,576</u>	<u>421,736</u>	<u>(103,622)</u>	<u>318,114</u>
Revenues over (under) expenditures/expenses	<u>294,814</u>	<u>13,089</u>	<u>307,903</u>	<u>105,194</u>	<u>413,097</u>
Net changes in fund balances	294,814	13,089	307,903	(307,903)	
Change in net position				413,097	413,097
<b>Fund balances/net position</b>					
<b>Beginning of year</b>	<u>1,075,680</u>	<u>130,781</u>	<u>1,206,461</u>		<u>3,811,541</u>
<b>End of year</b>	<u>\$ 1,370,494</u>	<u>\$ 143,870</u>	<u>\$ 1,514,364</u>		<u>\$ 4,224,638</u>
<b>Reconciliation of change in fund balances to change in net position</b>					
<b>Net change in fund balances of governmental funds</b>					\$ 307,903
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:					
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.					
Deduct - depreciation expense					(76,978)
Business loan receivables are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.					
Add - addition to special assessment receivable					1,572
Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position.					
Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.					
Add - principal payments on debt					180,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.					
Add - decrease in accrued interest					600
<b>Change in net position of governmental activities</b>					<u>\$ 413,097</u>

# CITY OF WALKER

## DDA GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes	\$ 560,000	\$ 593,000	\$ 593,217	\$ 217
Investment earnings	800	800	757	(43)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>560,800</u>	<u>593,800</u>	<u>593,974</u>	<u>174</u>
<b>Expenditures</b>				
Current				
Community development	287,600	287,600	111,190	176,410
Debt service				
Principal	180,000	180,000	180,000	-
Interest	<u>7,970</u>	<u>7,970</u>	<u>7,970</u>	<u>-</u>
<b>Total expenditures</b>	<u>475,570</u>	<u>475,570</u>	<u>299,160</u>	<u>176,410</u>
Revenues over (under) expenditures	85,230	118,230	294,814	176,584
Other financing source (uses)				
Use of fund balance	<u>85,230</u>	<u>118,230</u>	<u>-</u>	<u>(118,230)</u>
Net changes in fund balance	170,460	236,460	294,814	58,354
<b>Fund balance, beginning of year</b>	<u>1,075,680</u>	<u>1,075,680</u>	<u>1,075,680</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,246,140</u>	<u>\$ 1,312,140</u>	<u>\$ 1,370,494</u>	<u>\$ 58,354</u>

# CITY OF WALKER

## **DDA STREETSCAPE MAINTENANCE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Special assessments	\$ 123,500	\$ 123,500	\$ 121,952	\$ (1,548)
Investment earnings	1,115	1,115	1,008	(107)
Miscellaneous	<u>-</u>	<u>-</u>	<u>12,705</u>	<u>12,705</u>
<b>Total revenues</b>	124,615	124,615	135,665	11,050
<b>Expenditures</b>				
Current				
Community development	<u>138,250</u>	<u>158,250</u>	<u>122,576</u>	<u>35,674</u>
Revenues over (under) expenditures	(13,635)	(33,635)	13,089	46,724
Other financing source (uses)				
Use of fund balance	<u>13,635</u>	<u>33,635</u>	<u>-</u>	<u>(33,635)</u>
Net changes in fund balance	-	-	13,089	13,089
<b>Fund balance, beginning of year</b>	<u>130,781</u>	<u>130,781</u>	<u>130,781</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 130,781</u></u>	<u><u>\$ 130,781</u></u>	<u><u>\$ 143,870</u></u>	<u><u>\$ 13,089</u></u>



# CITY OF WALKER

## **BROWNFIELD REDEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION**

**JUNE 30, 2022**

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	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 172,151	\$ -	\$ 172,151
<b>Total assets</b>	<u>\$ 172,151</u>	<u>-</u>	<u>172,151</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
<b>Total liabilities</b>	\$ -	-	-
<b>Fund balances</b>			
Unassigned	172,151	(172,151)	
<b>Total liabilities and fund balances</b>	<u>\$ 172,151</u>		
<b>Net positon</b>			
Unrestricted		<u>\$ 172,151</u>	<u>\$ 172,151</u>

# CITY OF WALKER

## **BROWNFIELD REDEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

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	<b><u>General Fund</u></b>	<b><u>Adjustments</u></b>	<b><u>Statement of Activities</u></b>
<b>Revenues</b>			
Taxes	\$ 130,938	\$ -	\$ 130,938
Investment earnings	<u>111</u>	<u>-</u>	<u>111</u>
	131,049	-	131,049
<b>Expenditures/expenses</b>			
Current			
Public works			
Return of tax increment	<u>112,396</u>	<u>-</u>	<u>112,396</u>
Net changes in fund balances	18,653	(18,653)	
Change in net position		18,653	18,653
<b>Fund balances/net position, beginning of year</b>	<u>153,498</u>		<u>153,498</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 172,151</u>		<u>\$ 172,151</u>

# CITY OF WALKER

## **BROWNFIELD GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes	\$ 131,900	\$ 131,900	\$ 130,938	\$ (962)
Investment earnings	<u>103</u>	<u>103</u>	<u>111</u>	<u>8</u>
<b>Total revenues</b>	132,003	132,003	131,049	(954)
<b>Expenditures</b>				
Current				
Return of tax increment	<u>113,300</u>	<u>113,300</u>	<u>112,396</u>	<u>904</u>
Revenues over (under) expenditures	18,703	18,703	18,653	(50)
Other financing source (uses)				
Use of fund balance	<u>18,703</u>	<u>18,703</u>	<u>-</u>	<u>(18,703)</u>
Net changes in fund balance	37,406	37,406	18,653	(18,753)
<b>Fund balance, beginning of year</b>	<u>153,498</u>	<u>153,498</u>	<u>153,498</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 190,904</u></u>	<u><u>\$ 190,904</u></u>	<u><u>\$ 172,151</u></u>	<u><u>\$ (18,753)</u></u>