



CITY OF WALKER, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF WALKER

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INDEPENDENT AUDITORS' REPORT

October 23, 2023

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, 2023, 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, 2023, 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 8, and the budgetary comparison information and benefit plan schedules on pages 43 through 49 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.

Ordedveld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Walker

June 30, 2023

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, 2023. 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 custodian 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 85.7% 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 11.2% and Property Tax equaling 7.0%.
- The City's General Fund expenditures increased by 19.1% from the prior year. This increase was the result of the implementation of staffing additions, various repair and improvement projects, and new equipment purchases that had been delayed in prior years because of COVID-19.
- General Fund revenues exceeded expenditures by \$3,701,285 in the current fiscal year.
- The General Fund's unassigned fund balance as of June 30, 2023 equals \$14,648,788, which represents 68.8% of the actual total General Fund expenditures and transfers 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.
- Roads continue to be a priority for the City of Walker. In the current fiscal year:
 - The City received approximately \$4.446 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 \$1.043 million on repaving projects for multiple major and local roads throughout the City.
 - The City spent approximately \$604,000 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 improvements to the portion of Bristol Avenue that passes under the railroad tracks at Bristol Avenue and Pannell Street NW, design work for a round-a-bout at Center Drive and Weatherford Drive, and design work for improvements to Kinney Avenue between M-45 and Leonard Street.
- 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) is also bond debt free.
 - The City once again contributed more than the actuarial required contribution to the Defined Benefit Pension Plan (DB). The additional contribution equaled \$200,000.
- 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 nine 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 \$97,359,238 at the close of the most recent fiscal year. A summary of net position is as follows:

Summary of Net Position		
	Governmental Activities	
	2023	2022
Current and other assets	\$ 31,382,442	\$26,592,669
Capital assets	78,336,503	78,029,420
Total assets	109,718,945	104,622,089
Deferred outflows of resources	3,672,931	1,707,935
Long-term liabilities outstanding	11,493,837	8,606,031
Other liabilities	3,879,622	6,183,694
Total liabilities	15,373,459	14,789,725
Deferred inflows of resources	659,179	3,659,307
Net position		
Invested in capital assets, net		
of related debt	78,192,974	77,372,127
Restricted	6,131,620	3,606,164
Unrestricted	13,034,644	6,902,701
Total net position	\$ 97,359,238	\$87,880,992

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 \$9,478,246, primarily due to recognizing a large amount of revenue from the special assessment district, higher income tax revenues, interest earnings, increased building activities, and recognition of ARPA revenues. A summary of the changes in net position is as follows:

Summary of Activities		
	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Revenue		
Program revenue		
Charges for services	\$ 4,819,045	\$ 3,514,555
Operating grants and contributions	5,278,836	4,638,934
Capital grants and contributions	510,730	401,050
General revenue		
Property taxes	1,888,466	1,740,958
Income taxes	16,802,078	15,044,955
Other governmental sources	2,796,103	2,856,312
Unrestricted investment earnings	277,697	17,550
Other	146,192	99,750
Total revenue	32,519,147	28,314,064
Expenses		
General government	6,175,737	4,129,025
Judicial	833,039	821,831
Public safety	8,679,050	7,560,462
Public works	4,788,570	7,680,474
Culture and recreation	2,563,560	2,257,959
Interest	945	3,563
Total expenses	23,040,901	22,453,314
Increase (decrease) in net position	9,478,246	5,860,750
Net position - beginning of year	87,880,992	82,020,242
Net position - end of year	\$97,359,238	\$87,880,992

Governmental Activities. During the year, the City invested \$6,175,737 or 26.8% of governmental activities expenses in general government. Public safety expenses amounted to \$8,679,050 or 37.7% and public works amounted to \$4,788,570 or 20.8% of governmental activities. judicial, culture and recreation, and interest on long-term debt made up the remaining 14.7% 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 \$26,961,840, an increase of \$6,591,599 from the prior year. Of the \$26,961,840, \$19,338,276 is reported in the General fund, \$5,648,915 is reported in the Major Streets fund, and \$38,681 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 \$19,338,276. Of that amount, \$30,604 was restricted for cemetery operations, \$9,500 was restricted for public safety, \$5,870 was restricted for employee funded causes, \$895,052 was restricted for construction permitting and inspection activities, \$82,773 was nonspendable, \$995,317 was committed for various purposes by the City Commission, \$2,670,372 is assigned to meet fiscal year 2024 expenditures, and the remaining \$14,648,788 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 68.8% of total general fund expenditures and transfers. The fund balance of the City's General fund increased by \$3,701,285 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 \$5,648,915, an increase of \$2,487,273 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, 2023, amounted to \$78,336,503 (net of accumulated depreciation).

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

Capital Assets	
	Governmental Activities
Land	\$ 2,763,859
Construction in progress	1,506,508
Buildings, Equipment and Infrastructure (net)	<u>74,066,136</u>
Total	<u>\$78,336,503</u>

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 \$143,529 summarized as follows:

Debt	
	Governmental Activities
Contractual agreement	<u>\$143,529</u>

The City made debt payments totaling \$513,764. 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 fiscal year 2022-2023 budget was developed using the premise that the negative economic impacts of the COVID-19 pandemic would still be felt during the fiscal year. The fiscal year 2022-2023 budget was amended by the Walker City Commission during the fiscal year as the anticipated negative impacts from the pandemic became more understood.
- 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 2023-24 fiscal year:

- The Walker City Commission approved the fiscal year 2023-2024 budget in June 2023. This budget was developed using estimates from City staff as understood at that time. The Walker City Commission and Walker staff will monitor revenues and expenditures throughout the fiscal year 2023-2024. Budget amendments will be recommended and acted upon as needed during the fiscal year.
- The City of Walker recognizes that national and global economic factors will impact our fiscal year 2023-2024 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.

BASIC FINANCIAL STATEMENTS

CITY OF WALKER
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government Governmental Activities	Component Units Downtown Development Authority	Brownfield Redevelopment Authority
Assets			
Cash and pooled investments	\$ 27,522,847	\$ 2,835,144	\$ 191,912
Accounts receivable	1,883,296	7,677	-
Special assessments receivable	405,159	-	-
Due from other governments	1,238,861	-	-
Prepaid items	114,528	-	-
Inventory	217,751	-	-
Capital assets			
Land	2,763,859	1,054,978	-
Construction in progress	1,506,508	-	-
Depreciable capital assets, net	<u>74,066,136</u>	<u>1,511,984</u>	<u>-</u>
Total assets	<u>109,718,945</u>	<u>5,409,783</u>	<u>191,912</u>
Deferred outflows of resources			
Deferred outflows of resources related to pension	3,306,013	-	-
Deferred outflows of resources related to OPEB	<u>366,918</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>3,672,931</u>	<u>-</u>	<u>-</u>
Liabilities			
Accounts payable	928,733	45,046	-
Accrued liabilities	550,284	-	-
Unearned revenue	2,347,491	-	-
Debt due within one year	53,114	-	-
Noncurrent liabilities			
Compensated absences	1,264,067	-	-
Other post-employment benefits net OPEB liability	3,335,791	-	-
Net pension liability	6,803,564	-	-
Debt due in more than one year	<u>90,415</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>15,373,459</u>	<u>45,046</u>	<u>-</u>
Deferred inflows of resources			
Deferred inflows of resources related to OPEB	<u>659,179</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	78,192,974	2,566,962	-
Restricted for:			
Streets	5,966,407	-	-
Public safety	161,099	-	-
Employee funded causes	5,870	-	-
Unrestricted	<u>13,032,888</u>	<u>2,797,775</u>	<u>191,912</u>
Total net position	<u>\$ 97,359,238</u>	<u>\$ 5,364,737</u>	<u>\$ 191,912</u>

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

CITY OF WALKER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities					
General government	\$ 6,175,737	\$ 751,269	\$ 417,881	\$ 502,400	\$ (4,504,187)
Judicial	833,039	520,424	1,095	-	(311,520)
Public safety	8,679,050	128,917	13,054	8,330	(8,528,749)
Public works	4,788,570	1,978,160	4,846,806	-	2,036,396
Culture and recreation	2,563,560	1,440,275	-	-	(1,123,285)
Interest on long-term debt	945	-	-	-	(945)
Total governmental activities	<u>23,040,901</u>	<u>4,819,045</u>	<u>5,278,836</u>	<u>510,730</u>	<u>(12,432,290)</u>
Total primary government	<u>\$ 23,040,901</u>	<u>\$ 4,819,045</u>	<u>\$ 5,278,836</u>	<u>\$ 510,730</u>	<u>\$ (12,432,290)</u>
Component units					
Downtown Development Authority	\$ 266,037	\$ 129,366	\$ 8,144	\$ -	\$ (128,527)
Brownfield Redevelopment Authority	114,963	-	-	-	(114,963)
Total component units	<u>\$ 381,000</u>	<u>\$ 129,366</u>	<u>\$ 8,144</u>	<u>\$ -</u>	<u>\$ (243,490)</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, 2023

	Primary Government Governmental Activities	Component Units Downtown Development Authority	Brownfield Redevelopment Authority
Changes in net position			
Net (expense) revenue	\$ (12,432,290)	\$ (128,527)	\$ (114,963)
General revenues			
Income taxes	16,802,078	-	-
Property taxes	1,888,466	669,143	132,348
State shared revenues	2,796,103	-	-
Unrestricted investment earnings	277,697	34,483	2,376
Gain on capital asset disposal	-	565,000	-
Other general revenues	<u>146,192</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>21,910,536</u>	<u>1,268,626</u>	<u>134,724</u>
Change in net position	9,478,246	1,140,099	19,761
Net position, beginning of year	<u>87,880,992</u>	<u>4,224,638</u>	<u>172,151</u>
Net position, end of year	<u>\$ 97,359,238</u>	<u>\$ 5,364,737</u>	<u>\$ 191,912</u>

(Concluded)

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

CITY OF WALKER
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	<u>General</u>	<u>Major Streets</u>	<u>ARPA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 18,024,967	\$ 5,044,695	\$ 1,982,862	\$ 1,688,728	\$ 26,741,252
Accounts receivable	1,807,977	7,426	-	67,893	1,883,296
Special assessment receivable	-	403,607	-	1,552	405,159
Due from other governments	456,232	621,196	-	149,483	1,226,911
Due from other funds	14,075	36,358	-	-	50,433
Prepaid items	82,773	6,140	-	25,252	114,165
Inventory	-	72,530	-	120,267	192,797
Total assets	<u>\$ 20,386,024</u>	<u>\$ 6,191,952</u>	<u>\$ 1,982,862</u>	<u>\$ 2,053,175</u>	<u>\$ 30,614,013</u>
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accounts payable	\$ 546,052	\$ 106,934	\$ 297	\$ 72,335	\$ 725,618
Accrued liabilities	467,013	32,496	-	41,360	540,869
Due to other funds	34,683	-	-	1,960	36,643
Unearned revenue	-	-	1,943,884	-	1,943,884
Total liabilities	<u>1,047,748</u>	<u>139,430</u>	<u>1,944,181</u>	<u>115,655</u>	<u>3,247,014</u>
Deferred inflows					
Unavailable revenue	-	403,607	-	1,552	405,159
Fund balances					
Nonspendable					
Prepaid items	82,773	6,140	-	25,252	114,165
Inventory	-	72,530	-	120,267	192,797
Restricted					
Cemetery	30,604	-	-	-	30,604
Streets	-	5,570,245	-	396,162	5,966,407
Public safety	9,500	-	-	151,599	161,099
Employee funded causes	5,870	-	-	-	5,870
Construction code fees	895,052	-	-	-	895,052
Committed					
Building sinking fund	519,619	-	-	-	519,619
Long-term liabilities	475,698	-	-	-	475,698
Ice and fitness capital	-	-	-	268,510	268,510
Assigned					
Subsequent year expenditures	2,670,372	-	-	-	2,670,372
Ice and fitness program	-	-	-	829,272	829,272
Debt service	-	-	-	12,399	12,399
Capital projects	-	-	38,681	132,507	171,188
Unassigned	14,648,788	-	-	-	14,648,788
Total fund balances	<u>19,338,276</u>	<u>5,648,915</u>	<u>38,681</u>	<u>1,935,968</u>	<u>26,961,840</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,386,024</u>	<u>\$ 6,191,952</u>	<u>\$ 1,982,862</u>	<u>\$ 2,053,175</u>	<u>\$ 30,614,013</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, 2023

Fund balances - total governmental funds	\$ 26,961,840
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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	1,506,508
Add - capital assets (net of accumulated depreciation)	69,265,174

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	1,552
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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	5,387,174
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Certain liabilities and other items do not impact current financial resources and therefore are not reported in the funds.

Deduct - compensated absences payable	(1,257,411)
Deduct - other post-employment benefits liability	(3,335,791)
Deduct - net pension liability	(6,803,564)
Add - deferred outflows related to net pension liability	3,306,013
Add - deferred outflows related to other post-employment benefits liability	366,918
Deduct - deferred inflows related to other post-employment benefits liability	(659,179)
Deduct - bonds and notes payable	(143,529)
Deduct - accrued interest on bonds payable	(326)

Net position of governmental activities	<u>\$ 97,359,238</u>
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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, 2023

	<u>General</u>	<u>Major Streets</u>	<u>ARPA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 19,198,971	\$ -	\$ -	\$ -	\$ 19,198,971
Intergovernmental revenues					
Federal	7,030	-	502,400	-	509,430
State	2,825,922	3,700,350	-	894,886	7,421,158
Local	185,431	69,948	-	96,292	351,671
Cable franchise fees	347,683	-	-	-	347,683
Licenses and permits	1,337,603	-	-	-	1,337,603
Charges for services	131,018	-	-	1,424,431	1,555,449
Fines	502,683	-	-	-	502,683
Special assessments	-	651,467	-	10,285	661,752
Investment earnings	239,046	80,802	37,191	25,694	382,733
Settlement	-	-	-	19,927	19,927
Miscellaneous	226,544	-	-	13,828	240,372
Total revenues	<u>25,001,931</u>	<u>4,502,567</u>	<u>539,591</u>	<u>2,485,343</u>	<u>32,529,432</u>
Expenditures					
Current					
Judicial	851,734	-	-	-	851,734
General government	3,920,706	-	502,400	-	4,423,106
Public safety	10,121,691	-	-	9,499	10,131,190
Public works	1,146,101	2,765,294	-	1,428,167	5,339,562
Culture and recreation	490,810	-	-	1,511,882	2,002,692
Planning and economic development	9,718	-	-	-	9,718
Other	2,633,886	-	-	-	2,633,886
Debt service					
Principal	-	-	-	45,000	45,000
Interest	-	-	-	945	945
Total expenditures	<u>19,174,646</u>	<u>2,765,294</u>	<u>502,400</u>	<u>2,995,493</u>	<u>25,437,833</u>
Revenues over (under) expenditures	<u>5,827,285</u>	<u>1,737,273</u>	<u>37,191</u>	<u>(510,150)</u>	<u>7,091,599</u>
Other financing sources (uses)					
Transfers in	-	750,000	-	876,000	1,626,000
Transfers out	(2,126,000)	-	-	-	(2,126,000)
Total other financing sources (uses)	<u>(2,126,000)</u>	<u>750,000</u>	<u>-</u>	<u>876,000</u>	<u>(500,000)</u>
Net changes in fund balances	3,701,285	2,487,273	37,191	365,850	6,591,599
Fund balances, beginning of year	<u>15,636,991</u>	<u>3,161,642</u>	<u>1,490</u>	<u>1,570,118</u>	<u>20,370,241</u>
Fund balances, end of year	<u>\$ 19,338,276</u>	<u>\$ 5,648,915</u>	<u>\$ 38,681</u>	<u>\$ 1,935,968</u>	<u>\$ 26,961,840</u>

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

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, 2023

Net changes in fund balances - total governmental funds	\$ 6,591,599
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.	
Add - capital outlay	4,259,694
Deduct - depreciation expense	(4,564,997)
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	(10,285)
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	116,764
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	28,639
Deduct - increase in net pension liability	(2,956,937)
Deduct - increase in other post-employment benefits liability	(12,947)
Add - increase in deferred outflows related to pensions	2,239,771
Add - decrease in deferred inflows related to pensions	1,699,615
Deduct - decrease in deferred outflows related to other post-employment benefits	(274,775)
Add - decrease in deferred inflows related to other post-employment benefits	1,300,513
Add - decrease in accrued interest	7,710
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>1,053,882</u>
Change in net position of governmental activities	<u>\$ 9,478,246</u>

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, 2023

Assets

Current assets	
Cash and pooled investments	\$ 781,595
Due from other governments	11,950
Prepaid items	363
Inventory	<u>24,954</u>
Total current assets	<u>818,862</u>
Non-current assets	
Capital assets	
Vehicles	10,737,032
Less accumulated depreciation	<u>(5,936,070)</u>
Total non-current assets	<u>4,800,962</u>
Total assets	<u>5,619,824</u>

Liabilities

Current liabilities	
Accounts payable	203,115
Accrued liabilities	9,089
Due to other funds	<u>13,790</u>
Total current liabilities	225,994
Long-term liabilities	
Compensated absences	<u>6,656</u>
Total liabilities	<u>232,650</u>

Net position

Net investment in capital assets	4,800,962
Unrestricted	<u>586,212</u>
Total net position	<u>\$ 5,387,174</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, 2023

Operating revenue	
Charges for services	<u>\$ 2,210,776</u>
Operating expense	
Personnel costs	333,947
Operating supplies and expenses	101,879
Repair and maintenance	294,066
Gas and oil	266,094
Other expenses	3,237
Depreciation	<u>830,727</u>
Total operating expense	<u>1,829,950</u>
Operating income (loss)	<u>380,826</u>
Non-operating revenue (expense)	
Interest income	8,232
Gain on sale of capital assets	157,818
Insurance reimbursement	15,502
Interest expense	<u>(8,496)</u>
Total non-operating revenue (expense)	<u>173,056</u>
Income (loss) before transfers	553,882
Transfers	
Transfers in	<u>500,000</u>
Changes in net position	1,053,882
Net position, beginning of year	<u>4,333,292</u>
Net position, end of year	<u><u>\$ 5,387,174</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, 2023

Cash flows from operating activities	
Receipts from internal services provided	\$ 2,201,573
Payments to employees	(333,348)
Payments to suppliers	<u>(481,947)</u>
Net cash provided by (used in) operating activities	<u>1,386,278</u>
Cash flows from non-capital financing activities	
Transfers in	<u>500,000</u>
Cash flows from capital and related financing activities	
Proceeds from sale of capital assets	170,776
Proceeds from insurance reimbursement	15,502
Interest paid	(8,496)
Principal payment on installment notes	(397,000)
Acquisitions of capital assets	<u>(1,456,076)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,675,294)</u>
Cash flows from investing activities	
Interest income	<u>8,232</u>
Net increase (decrease) in cash and pooled investments	219,216
Cash and pooled investments, beginning of year	<u>562,379</u>
Cash and pooled investments, end of year	<u>\$ 781,595</u>
Cash flows from operating activities	
Operating income (loss)	\$ 380,826
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	830,727
Change in operating assets and liabilities which provided (used) cash	
Due from other governments	(9,203)
Prepaid items	1,348
Inventory	(6,124)
Accounts payable	174,315
Accrued liabilities	924
Due to other funds	13,790
Compensated absences	<u>(325)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,386,278</u>

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

CITY OF WALKER
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Other Post- employment Benefits <u>Trust Fund</u>	Custodial Funds
Assets		
Cash and pooled investments	\$ -	\$ 1,184,698
Investments	<u>1,496,091</u>	<u>-</u>
Total assets	<u>1,496,091</u>	<u>1,184,698</u>
Liabilities		
Escrow deposits payable	-	906,869
Due to other governmental units	<u>-</u>	<u>397</u>
Total liabilities	<u>-</u>	<u>907,266</u>
Net position		
Net position held in trust for OPEB	1,496,091	-
Restricted	<u>-</u>	<u>277,432</u>
Total net position	<u>\$ 1,496,091</u>	<u>\$ 277,432</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, 2023

	Other Post- employment Benefits <u>Trust Fund</u>	Custodial Funds
Additions		
Property taxes collected for other governments	\$ -	\$ 51,771,623
Escrow deposits collected	-	869,167
Contributions		
City contributions	168,623	-
Court ordered bonds	-	149,506
Fines and fees	-	680,214
Investment earnings		
Interest	<u>6,947</u>	<u>-</u>
Total additions	<u>175,570</u>	<u>53,470,510</u>
Deductions		
Health insurance premiums paid	163,637	-
Property taxes distributed to other governments	-	51,771,623
Escrow funds used to cover expenses	-	868,886
Bonds refunded	-	151,731
Funds used to cover court costs	<u>-</u>	<u>677,932</u>
Total deductions	<u>163,637</u>	<u>53,470,172</u>
Changes in net position	11,933	338
Net position, beginning of year	<u>1,484,158</u>	<u>277,094</u>
Net position, end of year	<u>\$ 1,496,091</u>	<u>\$ 277,432</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, 2023

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 59th 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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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 OPEB plan as discussed in note 9.

Unavailable and Unearned 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 and unearned revenue for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable and unearned revenue* reported in the statements were as follows:

Governmental funds	
Unearned revenue – unspent ARPA receipts	\$1,943,884
Special assessments unearned revenue	403,607
Special assessments unavailable and unavailable revenue	<u>1,552</u>
	2,349,043
Less earned portion of special assessments	<u>1,552</u>
Unearned revenue – government-wide statements	<u><u>\$2,347,491</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, 2023

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, 2023

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, 2023, 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, 2023

During the year ended June 30, 2023, 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>
General Fund			
Public works			
Drains	\$440,040	\$450,224	\$(10,184)

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	\$27,522,847	\$3,027,056	\$1,184,698	\$31,734,601
Investments	-	-	1,496,091	1,496,091
	<u>\$27,522,847</u>	<u>\$3,027,056</u>	<u>\$2,680,789</u>	<u>\$33,230,692</u>

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

Deposits	\$25,175,195
Investments	8,052,897
Petty cash	<u>2,600</u>
Total	<u>\$33,230,692</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, \$22,434,005 of the City's bank balance of \$25,236,432 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	\$2,537,735	Unrated	N/A
Stable NAV Government Investment Pool	N/A	4,019,071	AAAm	S&P
MissionSquare Low Duration Bond Fund	N/A	1,496,091	3 star	Morningstar

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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 MissionSquare 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, 2023 the balance of the Kent County Public Funds Investment Pool consisted of the following:

<u>Investment</u>	<u>Percentage of pool total</u>	<u>Maturity in years</u>
Government agency securities	43%	0-5
Certificates of deposits	35%	0-5
Deposits, money markets and other pools	23%	Not applicable

At June 30, 2023 the balance of the Stable NAV Government Investment Pool consisted of the following:

<u>Investment</u>	<u>Percentage of pool total</u>	<u>Maturity in years</u>
Commercial paper	88%	Not applicable
Collateralized bank deposits	5%	Not applicable
Money market funds	3%	Not applicable
Repurchase agreements	4%	Not applicable

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,763,859	\$ -	\$ -	\$ 2,763,859
Construction in progress	1,266,990	1,148,216	908,698	1,506,508
Total capital assets, not being depreciated	4,030,849	1,148,216	908,698	4,270,367
Capital assets, being depreciated				
Land improvements	3,038,762	113,664	-	3,152,426
Buildings and improvements	21,446,393	6,934	-	21,453,327
Vehicles	8,473,682	1,120,515	360,113	9,234,084
Other tools and equipment	4,985,265	424,549	146,393	5,263,421
Office furnishings	1,256,763	8,760	-	1,265,523
Infrastructure	118,328,688	3,801,830	-	122,130,518
Total capital assets, being depreciated	157,529,553	5,476,252	506,506	162,499,299
Less accumulated depreciation for				
Land improvements	2,412,029	143,141	-	2,555,170
Buildings and improvements	13,969,134	514,408	-	14,483,542
Vehicles	4,675,614	694,352	360,113	5,009,853
Other tools and equipment	3,615,632	370,304	133,430	3,852,506
Office furnishings	1,195,021	30,055	-	1,225,076
Infrastructure	57,663,552	3,643,464	-	61,307,016
Total accumulated depreciation	83,530,982	5,395,724	493,543	88,433,163
Net capital assets, being depreciated	73,998,571	80,528	12,963	74,066,136
Governmental Activities capital assets, net	\$78,029,420	\$1,228,744	\$921,661	\$78,336,503

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Balance July 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2023</u>
Component units				
Capital assets not being depreciated				
Land	\$1,294,978	\$ -	\$240,000	\$1,054,978
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,294,978</u>	<u>-</u>	<u>240,000</u>	<u>1,054,978</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	189,085	2,408	-	191,493
Infrastructure	242,550	8,618	-	251,168
Buildings	1,006,672	62,917	-	1,069,589
Office furnishings	61,474	2,619	-	64,093
Total accumulated depreciation	<u>1,499,781</u>	<u>76,562</u>	<u>-</u>	<u>1,576,343</u>
Net capital assets, being depreciated	<u>1,588,546</u>	<u>(76,562)</u>	<u>-</u>	<u>1,511,984</u>
Component Units capital assets, net	<u>\$2,883,524</u>	<u>\$(76,562)</u>	<u>\$240,000</u>	<u>\$2,566,962</u>

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

Governmental Activities	
General government	\$ 219,407
Public safety	277,132
Public works	3,428,723
Culture and recreation	629,645
Judicial	10,090
Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets	<u>830,727</u>
Total depreciation expense - governmental activities	<u>\$5,395,724</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 Mission Square Retirement. 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 \$606,270 and employee contributions amounted to \$218,167 during the year ended June 30, 2023.

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.

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, 2022):

Active plan members	16
Inactive employees entitled but not yet receiving benefits	1
Inactive employees or beneficiaries currently receiving benefits	63
Total	80

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was \$185,312 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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2022 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%
Discount rate			<u>7.25%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension 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, 2023

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, 2021	\$27,931,125	\$24,084,498	\$ 3,846,627
Changes for the Year:			
Service cost	179,496	-	179,496
Interest	1,963,439	-	1,963,439
Change in benefits	-	-	-
Differences between expected and actual experience	459,110	-	459,110
Change in assumptions	-	-	-
Contributions: employer	-	2,178,114	(2,178,114)
Contributions: employee	-	15,408	(15,408)
Net investment income (loss)	-	(2,503,337)	2,503,337
Benefit payments, including refunds	(1,877,905)	(1,877,905)	-
Administrative expense	-	(45,077)	45,077
Other changes	-	-	-
Net changes	724,140	(2,232,797)	2,956,937
Balance at December 31, 2022	\$28,655,265	\$21,851,701	\$ 6,803,564

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	\$31,604,713	\$28,655,265	\$26,148,552
Fiduciary net position	21,851,701	21,851,701	21,851,701
Net pension liability	\$ 9,753,012	\$ 6,803,564	\$ 4,296,851

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2023 the employer recognized pension expense of \$1,441,295. 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	1,994,141	-
Contributions subsequent to the measurement date*	1,311,872	-
Total	\$3,306,013	\$ -

* 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 2024.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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:

2024	\$ 188,360
2025	377,148
2026	576,778
2027	851,855
Thereafter	-
Total	<u>\$1,994,141</u>

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities					
Public Offering Bonds					
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%.	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ -
Private Placement Bonds and Contracts					
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	-	37,300	74,600	18,650
2020 fire truck installment purchase, due in annual installments of \$396,000 to \$397,000 through September 1, 2022; interest at 2.14%	397,000	-	397,000	-	-
Contractual agreement payable to a contractor for police equipment, due in annual installments of \$34,464 through September 2024	103,393	-	34,464	68,929	34,464
Total Private Placement Bonds and Contracts	<u>612,293</u>	<u>-</u>	<u>468,764</u>	<u>143,529</u>	<u>53,114</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Total Debt	\$ 657,293	\$ -	\$513,764	\$ 143,529	\$53,114
Accrued compensated absences	1,293,031	-	28,964	1,264,067	-
Total Governmental Activities	\$1,950,324	\$ -	\$542,728	\$1,407,596	\$53,114
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%	\$180,000	\$ -	\$180,000	\$ -	\$ -

The annual requirements to amortize all debt outstanding (excluding other post-employment benefits and accrued compensated absences) as of June 30, 2023 are as follows:

	Governmental Activities Private Placement Bonds and Contracts	
Year Ending June 30	Principal	Interest
2024	\$53,114	\$1,958
2025	53,115	1,399
2026	18,650	839
2027	18,650	280
Total	\$143,529	\$4,476

7. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2023 are as follows:

	Transfers in			
Transfers out	Major streets fund	Nonmajor governmental funds	Capital Equipment Replacement Fund	Total
General fund	\$750,000	\$876,000	\$500,000	\$2,126,000

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, 2023

Amounts due from and to other funds at June 30, 2023 are as follows:

<u>Due to other funds</u>	<u>Due from other funds</u>		<u>Total</u>
	<u>General fund</u>	<u>Major streets fund</u>	
General fund	\$ -	\$34,683	\$34,683
Nonmajor funds	285	1,675	1,960
Capital equipment replacement fund	13,790	-	13,790
	\$14,075	\$36,358	\$50,433

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, 2023):

Active plan members	39
Inactive plan members	2
Retirees and beneficiaries receiving benefits	<u>58</u>
Total	<u>99</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

Net OPEB Liability

The total OPEB liability in the June 30, 2022 annual actuarial valuation, rolled forward to June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.0%

Salary Increases: 3.5%

Investment rate of return: 3.0%

Healthcare cost trend rates: 4.5% per year

20-year Aa Municipal bond yield: 4.13%

Mortality rates used general/public safety 2010 employee and healthy retiree, headcount weighted, 2021 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 4.13%. Because the 20-year AA/Aa tax-exempt municipal bond rate for June 30, 2023 is higher than the long-term expected rate of return, the bond rate was the discount rate used to determine the total OPEB liability. As of June 30, 2022, the discount rate used to value OPEB liabilities was 4.09%.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2022	\$4,807,002	\$1,484,158	\$3,322,844
Changes for the Year:			
Service cost	71,686	-	71,686
Interest	196,192	-	196,192
Change in benefits	-	-	-
Differences between expected and actual experience	(181,149)	-	(181,149)
Change in assumptions	101,788	-	101,788
Contributions: employer	-	168,623	(168,623)
Contributions: employee	-	-	-
Net investment Income	-	6,947	(6,947)
Benefit payments, including refunds	(163,637)	(163,637)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	24,880	11,933	12,947
Balance at June 30, 2023	\$4,831,882	\$1,496,091	\$3,335,791

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 4.13%, 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	\$5,355,298	\$4,831,882	\$4,389,665
Fiduciary net position	1,496,091	1,496,091	1,496,091
Net OPEB liability	\$3,859,207	\$3,335,791	\$2,893,574
Plan fiduciary position as a percentage of the total OPEB liability		30.96%	

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	\$4,360,513	\$4,831,882	\$5,399,165
Fiduciary net position	1,496,091	1,496,091	1,496,091
Net OBEB liability	\$2,864,422	\$3,335,791	\$3,903,074

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

For the year ended June 30, 2023 the employer recognized OPEB expense of \$(844,168). 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	\$ -	\$333,764
Changes in assumptions	246,714	325,415
Excess (deficit) investment returns	120,204	-
Total	\$366,918	\$659,179

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

2024	\$(375,393)
2025	39,895
2026	35,708
2027	7,529
2028	-
Thereafter	-
Total	<u>\$(292,261)</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>\$1,237,941</u>
Related Expenses	
Direct costs	615,078
Indirect Costs	<u>54,985</u>
Total construction code expenses	<u>670,063</u>
Net revenues (expenses)	567,878
Cumulative surplus – July 1, 2022	<u>327,174</u>
Cumulative surplus – June 30, 2023	<u>\$ 895,052</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023 the City abated property tax revenues of approximately \$18,000.

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, 2023 the City abated property tax revenues of approximately \$10,700.

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, 2023, the City had outstanding construction commitments of approximately \$1,750,000 related to City hall improvements and purchase of a ladder truck.

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, 2023

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Income taxes	\$ 11,500,000	\$ 13,500,000	\$ 16,802,078	\$ 3,302,078
Property taxes	2,279,250	2,396,250	2,396,893	643
Intergovernmental revenues				
Federal	2,500	2,500	7,030	4,530
State	2,500,500	2,771,900	2,825,922	54,022
Local	175,000	180,600	185,431	4,831
Cable franchise fees	345,000	345,000	347,683	2,683
Licenses and permits	948,300	1,160,300	1,337,603	177,303
Charges for services	119,500	119,500	131,018	11,518
Fines	460,000	460,000	502,683	42,683
Investment earnings	11,255	151,255	239,046	87,791
Miscellaneous	136,000	198,017	226,544	28,527
Total revenues	<u>18,477,305</u>	<u>21,285,322</u>	<u>25,001,931</u>	<u>3,716,609</u>
Expenditures				
Current				
Judicial	932,220	936,820	851,734	85,086
General government	4,096,953	4,310,115	3,920,706	389,409
Public safety	10,072,122	10,631,519	10,121,691	509,828
Public works	881,563	1,211,563	1,146,101	65,462
Culture and recreation	566,696	638,345	490,810	147,535
Planning and economic development	15,500	15,500	9,718	5,782
Other	2,661,668	2,713,968	2,633,886	80,082
Total expenditures	<u>19,226,722</u>	<u>20,457,830</u>	<u>19,174,646</u>	<u>1,283,184</u>
Revenues over (under) expenditures	<u>(749,417)</u>	<u>827,492</u>	<u>5,827,285</u>	<u>4,999,793</u>
Other financing sources (uses)				
Use of fund balance	2,329,417	1,298,508	-	(1,298,508)
Transfers out	(1,580,000)	(2,126,000)	(2,126,000)	-
Total other financing sources (uses)	<u>749,417</u>	<u>(827,492)</u>	<u>(2,126,000)</u>	<u>(1,298,508)</u>
Net changes in fund balance	-	-	3,701,285	3,701,285
Fund balance, beginning of year	<u>15,636,991</u>	<u>15,636,991</u>	<u>15,636,991</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,636,991</u>	<u>\$ 15,636,991</u>	<u>\$ 19,338,276</u>	<u>\$ 3,701,285</u>

CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2023

	<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>
Revenues				
Intergovernmental revenues				
State	\$ 3,170,000	\$ 3,170,000	\$ 3,700,350	\$ 530,350
Local	24,500	41,500	69,948	28,448
Special assessment	-	-	651,467	651,467
Investment earnings	2,000	50,000	80,802	30,802
Total revenues	3,196,500	3,261,500	4,502,567	1,241,067
Expenditures				
Current				
Public works	3,704,062	3,870,500	2,765,294	1,105,206
Revenues over (under) expenditures	(507,562)	(609,000)	1,737,273	2,346,273
Other financing sources				
Use of fund balance	(242,438)	(141,000)	-	141,000
Transfers in	750,000	750,000	750,000	-
Total other financing sources (uses)	507,562	609,000	750,000	141,000
Net changes in fund balance	-	-	2,487,273	2,487,273
Fund balance, beginning of year	3,161,642	3,161,642	3,161,642	-
Fund balance, end of year	<u>\$ 3,161,642</u>	<u>\$ 3,161,642</u>	<u>\$ 5,648,915</u>	<u>\$ 2,487,273</u>

CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2023

	<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>
Revenues				
Intergovernmental revenues				
Federal	\$ -	\$ 613,000	\$ 502,400	\$ (110,600)
Investment earnings	<u>1,200</u>	<u>30,000</u>	<u>37,191</u>	<u>7,191</u>
Total revenues	1,200	643,000	539,591	(103,409)
Expenditures				
Current				
General government	<u>-</u>	<u>613,000</u>	<u>502,400</u>	<u>110,600</u>
Revenues over (under) expenditures	1,200	30,000	37,191	7,191
Other financing sources				
Use of fund balance	<u>(1,200)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Net changes in fund balance	-	-	37,191	37,191
Fund balance, beginning of year	<u>1,490</u>	<u>1,490</u>	<u>1,490</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,490</u>	<u>\$ 1,490</u>	<u>\$ 38,681</u>	<u>\$ 37,191</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, 2023

	For the years ended December 31								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 179,496	\$ 152,073	\$ 167,032	\$ 167,849	\$ 187,282	\$ 209,394	\$ 227,361	\$ 229,952	\$ 258,272
Interest	1,963,439	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	459,110	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	(1,877,905)	(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	-
Net change in total pension liability	724,140	1,490,382	672,194	1,435,251	647,768	997,157	513,244	1,686,514	745,951
Total pension liability, beginning of year	27,931,125	26,440,743	25,768,549	24,333,298	23,685,530	22,688,373	22,175,129	20,488,615	19,742,664
Total pension liability, end of year	\$ 28,655,265	\$ 27,931,125	\$ 26,440,743	\$ 25,768,549	\$ 24,333,298	\$ 23,685,530	\$ 22,688,373	\$ 22,175,129	\$ 20,488,615
Plan Fiduciary Net Position									
Contributions-employer	\$ 2,178,114	\$ 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	15,408	16,388	18,340	19,987	21,291	21,741	36,976	27,467	30,728
Net investment income (loss)	(2,503,337)	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	(1,877,905)	(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	(45,077)	(33,992)	(36,940)	(36,869)	(30,441)	(27,946)	(25,978)	(25,203)	(25,347)
Net change in plan fiduciary net position	(2,232,797)	3,464,732	2,488,460	2,876,139	(72,782)	2,403,838	1,776,911	(298,129)	551,882
Plan fiduciary net position, beginning of year	24,084,498	20,619,766	18,131,306	15,255,167	15,327,949	12,924,111	11,147,200	11,445,329	10,893,447
Plan fiduciary net position, end of year	\$ 21,851,701	\$ 24,084,498	\$ 20,619,766	\$ 18,131,306	\$ 15,255,167	\$ 15,327,949	\$ 12,924,111	\$ 11,147,200	\$ 11,445,329
Total net pension liability	\$ 6,803,564	\$ 3,846,627	\$ 5,820,977	\$ 7,637,243	\$ 9,078,131	\$ 8,357,581	\$ 9,764,262	\$ 11,027,929	\$ 9,043,286
Plan fiduciary net position as a percentage of the total pension liability	76.3%	86.2%	78.0%	70.4%	62.7%	64.7%	57.0%	50.3%	55.9%
Covered employee payroll	\$ 1,358,234	\$ 1,247,532	\$ 1,480,976	\$ 1,519,009	\$ 1,704,383	\$ 1,886,004	\$ 2,056,503	\$ 2,107,449	\$ 2,362,044
Employer's net pension liability as a percentage of covered employee payroll	500.9%	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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 2,223,744	\$ 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>2,423,744</u>	<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>\$ 200,000</u>	<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	\$ 1,358,234	\$ 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	178%	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 through 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, 2023

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 71,686	\$ 123,381	\$ 145,582	\$ 133,505	\$ 245,521	\$ 244,292	\$ 164,171
Interest	196,192	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	(181,149)	(5,726)	(1,527,148)	(24,898)	(2,247,458)	(58,072)	(609,575)
Changes in assumptions	101,788	(1,119,107)	63,073	285,859	631,179	115,153	1,082,232
Benefit payments including employee refunds	(163,637)	(131,316)	(109,244)	(104,950)	(108,635)	(115,560)	(105,671)
Other	-	-	-	-	-	-	-
Net change in total OPEB liability	24,880	(999,646)	(876,093)	478,087	(1,627,338)	421,326	800,036
Total OPEB liability, beginning of year	4,807,002	5,806,648	6,682,741	6,204,654	7,831,992	7,410,666	6,610,630
Total OPEB liability, end of year	\$ 4,831,882	\$ 4,807,002	\$ 5,806,648	\$ 6,682,741	\$ 6,204,654	\$ 7,831,992	\$ 7,410,666
Plan Fiduciary Net Position							
Contributions-employer	\$ 168,623	\$ 131,316	\$ 109,244	\$ 104,950	\$ 108,635	\$ 415,560	\$ 405,671
Contributions-employee	-	-	-	-	-	-	-
Net investment income	6,947	(93,558)	22,617	65,024	61,886	7,083	8,055
Benefit payments including employee refunds	(163,637)	(131,316)	(109,244)	(104,950)	(108,635)	(115,560)	(105,671)
Administrative expense	-	-	-	-	-	-	(68)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	11,933	(93,558)	22,617	65,024	61,886	307,083	307,987
Plan fiduciary net position, beginning of year	1,484,158	1,577,716	1,555,099	1,490,075	1,428,189	1,121,106	813,119
Plan fiduciary net position, end of year	\$ 1,496,091	\$ 1,484,158	\$ 1,577,716	\$ 1,555,099	\$ 1,490,075	\$ 1,428,189	\$ 1,121,106
Employer net OPEB liability	\$ 3,335,791	\$ 3,322,844	\$ 4,228,932	\$ 5,127,642	\$ 4,714,579	\$ 6,403,803	\$ 6,289,560
Plan fiduciary net position as a percentage of the total OPEB liability	31%	31%	27%	23%	24%	18%	15%
Covered employee payroll	\$ 3,508,258	\$ 3,615,105	\$ 3,860,415	\$ 4,420,745	\$ 4,689,938	\$ 4,588,570	\$ 4,649,196
Employer's net OPEB liability as a percentage of covered employee payroll	95%	92%	110%	116%	101%	140%	135%

CITY OF WALKER

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Actuarial determined contributions	\$ 710,349	\$ 786,401	\$ 962,606	\$ 809,132	\$ 941,811	\$ 873,491	\$ 814,831
Contributions in relation to the actuarially determined contribution	168,623	131,316	109,244	104,950	108,635	415,560	405,671
Contribution excess (deficiency)	<u>\$ (541,726)</u>	<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	\$ 3,508,258	\$ 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	4.8%	3.6%	2.8%	2.4%	2.3%	9.1%	8.7%

SCHEDULE OF INVESTMENT RATE OF RETURN

Investment rate of return	0.5%	-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	6 years (average future service)
Asset valuation method	Market value
Inflation	2.0%
Salary increases	3.5% (2.5% for 2022-2019, 2.0% for 2018)
Investment rate of return	3.0% (3.1% for 2017)
20-year Aa Municipal bond yield	4.13% (2.18% for 2022, 2.66% for 2020, 3.0% for 2019)
Healthcare cost trend rates	Pre-65 - 7.5% 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

Contribution for employees hired after June 30, 2018 - not applicable
State of Michigan PA 202 assumptions, if different from GASB:
Discount rate - 3.54%
Salary scale - 3.25%

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, 2023

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Income taxes	\$ 11,500,000	\$ 13,500,000	\$ 16,802,078	\$ 3,302,078
Real and personal property taxes	1,763,300	1,841,300	1,839,344	(1,956)
Payments in lieu of tax	950	950	1,888	938
Collection fees	515,000	554,000	555,661	1,661
Total taxes	13,779,250	15,896,250	19,198,971	3,302,721
Licenses and permits				
Business	37,000	37,000	42,220	5,220
Nonbusiness	889,300	1,101,300	1,274,638	173,338
Liquor license fees	22,000	22,000	20,745	(1,255)
Total licenses and permits	948,300	1,160,300	1,337,603	177,303
Intergovernmental - federal	2,500	2,500	7,030	4,530
Intergovernmental - state				
State-shared revenue	2,500,000	2,771,400	2,824,827	53,427
State grants	500	500	1,095	595
Total state sources	2,500,500	2,771,900	2,825,922	54,022
Intergovernmental - local	175,000	180,600	185,431	4,831
Cable franchise fees	345,000	345,000	347,683	2,683
Charges for services				
Planning and zoning fees	34,500	34,500	46,815	12,315
Overtime event reimbursement	55,000	55,000	54,203	(797)
Administrative fees	30,000	30,000	30,000	-
Total charges for services	119,500	119,500	131,018	11,518
Fines				
Ordinance fines	460,000	460,000	502,683	42,683
Interest and rentals	11,255	151,255	239,046	87,791
Other revenue	136,000	198,017	226,544	28,527
Total revenues and other financing sources	\$ 18,477,305	\$ 21,285,322	\$ 25,001,931	\$ 3,716,609

CITY OF WALKER
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
Judicial				
District court	\$ 932,220	\$ 936,820	\$ 851,734	\$ 85,086
General government				
City Commission	80,614	80,614	72,933	7,681
City managers office	605,075	580,375	542,456	37,919
Elections	78,980	78,980	57,884	21,096
Finance/treasurer department	360,299	352,999	325,149	27,850
Information technology	625,574	663,574	646,184	17,390
Income tax	547,945	650,950	615,016	35,934
City assessor	354,563	356,563	329,771	26,792
City clerk	259,884	267,884	224,084	43,800
Buildings and grounds	858,303	946,460	834,733	111,727
Human resources	325,716	331,716	272,496	59,220
	4,096,953	4,310,115	3,920,706	389,409
Public safety				
Police department	6,210,634	6,730,031	6,561,996	168,035
Fire department	3,003,001	2,988,001	2,702,490	285,511
Building inspections	858,487	913,487	857,205	56,282
	10,072,122	10,631,519	10,121,691	509,828
Public works				
Sidewalks	20,000	20,000	16,054	3,946
City engineer	464,523	464,523	431,537	32,986
Drains	110,040	440,040	450,224	(10,184)
Street lighting	287,000	287,000	248,286	38,714
	881,563	1,211,563	1,146,101	65,462
Culture and recreation				
Parks	565,196	636,845	490,687	146,158
Museum	1,500	1,500	123	1,377
	566,696	638,345	490,810	147,535
Planning and economic development				
Zoning	15,500	15,500	9,718	5,782
Other				
Retiree insurance/pension	2,015,000	2,000,000	1,983,262	16,738
Property and liability insurance	165,000	185,000	168,306	16,694
Other unclassified expenses	481,668	528,968	482,318	46,650
	2,661,668	2,713,968	2,633,886	80,082
Total expenditures	19,226,722	20,457,830	19,174,646	1,283,184
Other financing uses				
Transfers out	1,580,000	2,126,000	2,126,000	-
Total expenditures and other financing uses	\$ 20,806,722	\$ 22,583,830	\$ 21,300,646	\$ 1,283,184

CITY OF WALKER

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2023

	<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>Opioid Settlement</u>	<u>2009 Bonds</u>	<u>Total</u>
Assets							
Cash and pooled investments	\$ 265,379	\$ 1,146,187	\$ 131,615	\$ 115,008	\$ 19,984	\$ 10,555	\$ 1,688,728
Accounts receivable	-	24,832	-	41,217	-	1,844	67,893
Special assessment receivable	-	-	-	-	-	1,552	1,552
Due from other governments	149,483	-	-	-	-	-	149,483
Prepaid items	2,632	22,620	-	-	-	-	25,252
Inventory	41,122	79,145	-	-	-	-	120,267
Total assets	<u>\$ 458,616</u>	<u>\$ 1,272,784</u>	<u>\$ 131,615</u>	<u>\$ 156,225</u>	<u>\$ 19,984</u>	<u>\$ 13,951</u>	<u>\$ 2,053,175</u>
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable	\$ 5,900	\$ 42,717	\$ -	\$ 23,718	\$ -	\$ -	\$ 72,335
Accrued liabilities	11,125	30,235	-	-	-	-	41,360
Due to other funds	1,675	285	-	-	-	-	1,960
Total liabilities	<u>18,700</u>	<u>73,237</u>	<u>-</u>	<u>23,718</u>	<u>-</u>	<u>-</u>	<u>115,655</u>
Deferred inflows							
Unavailable revenue	-	-	-	-	-	1,552	1,552
Fund balances							
Nonspendable							
Prepaid items	2,632	22,620	-	-	-	-	25,252
Inventory	41,122	79,145	-	-	-	-	120,267
Restricted							
Streets	396,162	-	-	-	-	-	396,162
Public safety	-	-	131,615	-	19,984	-	151,599
Committed							
Ice and fitness capital	-	268,510	-	-	-	-	268,510
Assigned							
Ice and fitness	-	829,272	-	-	-	-	829,272
Debt service	-	-	-	-	-	12,399	12,399
Capital projects	-	-	-	132,507	-	-	132,507
Total fund balances	<u>439,916</u>	<u>1,199,547</u>	<u>131,615</u>	<u>132,507</u>	<u>19,984</u>	<u>12,399</u>	<u>1,935,968</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 458,616</u>	<u>\$ 1,272,784</u>	<u>\$ 131,615</u>	<u>\$ 156,225</u>	<u>\$ 19,984</u>	<u>\$ 13,951</u>	<u>\$ 2,053,175</u>

CITY OF WALKER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	<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>Opioid Settlement</u>	<u>2009 Bonds</u>	<u>Total</u>
Revenues							
Intergovernmental revenues							
State	\$ 894,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,886
Local	5,183	-	10,354	80,755	-	-	96,292
Charges for services	-	1,424,431	-	-	-	-	1,424,431
Settlement	-	-	-	-	19,927	-	19,927
Special assessments	-	-	-	-	-	10,285	10,285
Investment earnings	4,597	15,844	3,793	538	57	865	25,694
Miscellaneous	-	13,828	-	-	-	-	13,828
Total revenues	<u>904,666</u>	<u>1,454,103</u>	<u>14,147</u>	<u>81,293</u>	<u>19,984</u>	<u>11,150</u>	<u>2,485,343</u>
Expenditures							
Current							
Public safety	-	-	9,499	-	-	-	9,499
Public works	1,347,408	-	-	80,755	-	4	1,428,167
Culture and recreation	-	1,511,882	-	-	-	-	1,511,882
Debt service							
Principal	-	-	-	-	-	45,000	45,000
Interest	-	-	-	-	-	945	945
Total expenditures	<u>1,347,408</u>	<u>1,511,882</u>	<u>9,499</u>	<u>80,755</u>	<u>-</u>	<u>45,949</u>	<u>2,995,493</u>
Revenues over (under) expenditures	(442,742)	(57,779)	4,648	538	19,984	(34,799)	(510,150)
Other financing sources (uses)							
Transfers in	500,000	350,000	-	-	-	26,000	876,000
Net changes in fund balances	57,258	292,221	4,648	538	19,984	(8,799)	365,850
Fund balances, beginning of year	<u>382,658</u>	<u>907,326</u>	<u>126,967</u>	<u>131,969</u>	<u>-</u>	<u>21,198</u>	<u>1,570,118</u>
Fund balances, end of year	<u>\$ 439,916</u>	<u>\$ 1,199,547</u>	<u>\$ 131,615</u>	<u>\$ 132,507</u>	<u>\$ 19,984</u>	<u>\$ 12,399</u>	<u>\$ 1,935,968</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, 2023

	<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>
Revenues				
Intergovernmental revenues				
State	\$ 845,000	\$ 845,000	\$ 894,886	\$ 49,886
Local	5,500	5,500	5,183	(317)
Investment earnings	<u>300</u>	<u>300</u>	<u>4,597</u>	<u>4,297</u>
Total revenues	850,800	850,800	904,666	53,866
Expenditures				
Current				
Public works	<u>1,414,713</u>	<u>1,427,648</u>	<u>1,347,408</u>	<u>80,240</u>
Revenues over (under) expenditures	<u>(563,913)</u>	<u>(576,848)</u>	<u>(442,742)</u>	<u>134,106</u>
Other financing source (uses)				
Use of fund balance	113,913	76,848	-	(76,848)
Transfers in	<u>450,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>563,913</u>	<u>576,848</u>	<u>500,000</u>	<u>(76,848)</u>
Net changes in fund balance	-	-	57,258	57,258
Fund balance, beginning of year	<u>382,658</u>	<u>382,658</u>	<u>382,658</u>	<u>-</u>
Fund balance, end of year	<u>\$ 382,658</u>	<u>\$ 382,658</u>	<u>\$ 439,916</u>	<u>\$ 57,258</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, 2023

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Charges for services	\$ 1,115,300	\$ 1,270,000	\$ 1,424,431	\$ 154,431
Investment earnings	912	9,500	15,844	6,344
Miscellaneous	115	13,615	13,828	213
Total revenues	1,116,327	1,293,115	1,454,103	160,988
Expenditures				
Current				
Culture and recreation	1,554,803	1,633,143	1,511,882	121,261
Revenues over (under) expenditures	(438,476)	(340,028)	(57,779)	282,249
Other financing source (uses)				
Use of fund balance	88,476	(9,972)	-	9,972
Transfers in	350,000	350,000	350,000	-
Total other financing sources (uses)	438,476	340,028	350,000	9,972
Net changes in fund balance	-	-	292,221	292,221
Fund balance, beginning of year	907,326	907,326	907,326	-
Fund balance, end of year	\$ 907,326	\$ 907,326	\$ 1,199,547	\$ 292,221

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, 2023

	<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>
Revenues				
Intergovernmental revenues				
Local	\$ 7,500	\$ 7,500	\$ 10,354	\$ 2,854
Investment earnings	600	3,000	3,793	793
Total Revenues	8,100	10,500	14,147	3,647
Expenditures				
Current				
Public safety	10,000	13,000	9,499	3,501
Revenues over (under) expenditures	(1,900)	(2,500)	4,648	7,148
Other financing source (uses)				
Use of fund balance	1,900	2,500	-	(2,500)
Net changes in fund balance	-	-	4,648	4,648
Fund balance, beginning of year	126,967	126,967	126,967	-
Fund balance, end of year	<u>\$ 126,967</u>	<u>\$ 126,967</u>	<u>\$ 131,615</u>	<u>\$ 4,648</u>

CITY OF WALKER

OPIOID SETTLEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	<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>
Revenues				
Settlement Income	\$ -	\$ 19,900	\$ 19,927	\$ 27
Investment earnings	-	-	57	57
Total Revenues	-	19,900	19,984	84
Expenditures				
Current				
Public safety	-	-	-	-
Revenues over (under) expenditures	-	19,900	19,984	84
Other financing source (uses)				
Use of fund balance	-	(19,900)	-	19,900
Net changes in fund balance	-	-	19,984	19,984
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,984</u>	<u>\$ 19,984</u>

CITY OF WALKER

CUSTODIAL FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Custodial Funds</u>			
	<u>District Court</u>	<u>Current Tax Fund</u>	<u>Trust Fund</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 62,659	\$ 397	\$ 1,121,642	\$ 1,184,698
Total assets	<u>62,659</u>	<u>397</u>	<u>1,121,642</u>	<u>1,184,698</u>
Liabilities				
Escrow deposits payable	-	-	906,869	906,869
Due to other governmental units	-	397	-	397
Total liabilities	<u>-</u>	<u>397</u>	<u>906,869</u>	<u>907,266</u>
Net position				
Restricted	<u>\$ 62,659</u>	<u>\$ -</u>	<u>\$ 214,773</u>	<u>\$ 277,432</u>

CITY OF WALKER

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN NET POSITION

JUNE 30, 2023

	<u>Custodial Funds</u>			
	<u>District Court</u>	<u>Current Tax Fund</u>	<u>Trust Fund</u>	<u>Total</u>
Additions				
Property taxes collected for other governments	\$ -	\$ 51,771,623	\$ -	\$ 51,771,623
Escrow deposits collected	-	-	869,167	869,167
Court ordered bonds	149,506	-	-	149,506
Fines and fees	<u>680,214</u>	<u>-</u>	<u>-</u>	<u>680,214</u>
Total additions	<u>829,720</u>	<u>51,771,623</u>	<u>869,167</u>	<u>53,470,510</u>
Deductions				
Property taxes distributed to other governments	-	51,771,623	-	51,771,623
Escrow funds used to cover expenses	-	-	868,886	868,886
Bonds refunded	151,731	-	-	151,731
Funds used to cover court costs	<u>677,932</u>	<u>-</u>	<u>-</u>	<u>677,932</u>
Total deductions	<u>829,663</u>	<u>51,771,623</u>	<u>868,886</u>	<u>53,470,172</u>
Net increase (decrease)	57	-	281	338
Net position, beginning of year	<u>62,602</u>	<u>-</u>	<u>214,492</u>	<u>277,094</u>
Net position, end of year	<u>\$ 62,659</u>	<u>\$ -</u>	<u>\$ 214,773</u>	<u>\$ 277,432</u>

CITY OF WALKER

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Fund Type		Totals	Adjustments	Statement of Net Position
	General Fund	Streetscape Maintenance			
Assets					
Cash and pooled investments	\$ 2,634,848	\$ 200,296	\$ 2,835,144	\$ -	\$ 2,835,144
Accounts receivable	-	7,677	7,677	-	7,677
Capital assets					
Land	-	-	-	1,054,978	1,054,978
Depreciable capital assets, net	-	-	-	1,511,984	1,511,984
Total assets	<u>\$ 2,634,848</u>	<u>\$ 207,973</u>	<u>\$ 2,842,821</u>	<u>2,566,962</u>	<u>5,409,783</u>
Liabilities, deferred inflows and fund balances					
Liabilities					
Accounts payable	\$ 5,675	\$ 39,371	\$ 45,046	-	45,046
Deferred inflows					
Unavailable revenue	-	7,277	7,277	(7,277)	-
Fund balances					
Unassigned	<u>2,629,173</u>	<u>161,325</u>	<u>2,790,498</u>	<u>(2,790,498)</u>	
Total liabilities, deferred inflows and fund balances	<u>\$ 2,634,848</u>	<u>\$ 207,973</u>	<u>\$ 2,842,821</u>		
Net position					
Net investment in capital assets				2,566,962	2,566,962
Unrestricted				<u>2,797,775</u>	<u>2,797,775</u>
Total net position				<u>\$ 5,364,737</u>	<u>\$ 5,364,737</u>
Reconciliation of fund balances to net position					
Fund balances of governmental funds					\$ 2,790,498
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					1,054,978
Add - capital assets (net of accumulated depreciation)					1,511,984
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds					
Add - unavailable revenue					<u>7,277</u>
Net position of governmental activities					<u>\$ 5,364,737</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, 2023

	Governmental Fund Type			Statement of Activities
	General Fund	Streetscape Maintenance	Totals	
Revenues				
Taxes	\$ 669,143	\$ -	\$ 669,143	\$ -
Special assessments	-	129,484	129,484	(118)
Investment earnings	31,725	2,758	34,483	-
Miscellaneous	-	8,144	8,144	-
	<u>700,868</u>	<u>140,386</u>	<u>841,254</u>	<u>(118)</u>
Expenditures/expenses				
Current				
Community development	62,819	122,931	185,750	76,562
Debt Service				
Principal	180,000	-	180,000	(180,000)
Interest	4,370	-	4,370	(645)
	<u>247,189</u>	<u>122,931</u>	<u>370,120</u>	<u>(104,083)</u>
Total expenditures/expenses				
	<u>247,189</u>	<u>122,931</u>	<u>370,120</u>	<u>(104,083)</u>
Revenues over (under) expenditures/expenses	453,679	17,455	471,134	103,965
Other financing sources (uses)				
Sale of property	805,000	-	805,000	(240,000)
Net changes in fund balances	1,258,679	17,455	1,276,134	(1,276,134)
Change in net position				1,140,099
Fund balances/net position				
Beginning of year	<u>1,370,494</u>	<u>143,870</u>	<u>1,514,364</u>	<u>4,224,638</u>
End of year	<u>\$ 2,629,173</u>	<u>\$ 161,325</u>	<u>\$ 2,790,498</u>	<u>\$ 5,364,737</u>
Reconciliation of change in fund balances to change in net position				
Net change in fund balances of governmental funds				\$ 1,276,134
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				(76,562)
Deduct - net book value of disposed property				(240,000)
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				(118)
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				645
Change in net position of governmental activities				<u>\$ 1,140,099</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, 2023

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 680,000	\$ 669,000	\$ 669,143	\$ 143
Investment earnings	500	17,000	31,725	14,725
Total revenues	<u>680,500</u>	<u>686,000</u>	<u>700,868</u>	<u>14,868</u>
Expenditures				
Current				
Community development	42,100	167,100	62,819	104,281
Debt service				
Principal	180,000	180,000	180,000	-
Interest	4,370	4,370	4,370	-
Total expenditures	<u>226,470</u>	<u>351,470</u>	<u>247,189</u>	<u>104,281</u>
Revenues over (under) expenditures	454,030	334,530	453,679	119,149
Other financing source (uses)				
Use of fund balance	(454,030)	(1,139,530)	-	1,139,530
Sale of property	-	805,000	805,000	-
Total other financing sources (uses)	<u>(454,030)</u>	<u>(334,530)</u>	<u>805,000</u>	<u>1,139,530</u>
Net changes in fund balance	-	-	1,258,679	1,258,679
Fund balance, beginning of year	<u>1,370,494</u>	<u>1,370,494</u>	<u>1,370,494</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,370,494</u>	<u>\$ 1,370,494</u>	<u>\$ 2,629,173</u>	<u>\$ 1,258,679</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, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Special assessments	\$ 123,500	\$ 123,500	\$ 129,484	\$ 5,984
Investment earnings	1,000	1,000	2,758	1,758
Miscellaneous	-	-	8,144	8,144
Total revenues	124,500	124,500	140,386	15,886
Expenditures				
Current				
Community development	153,050	153,050	122,931	30,119
Revenues over (under) expenditures	(28,550)	(28,550)	17,455	46,005
Other financing source (uses)				
Use of fund balance	28,550	28,550	-	(28,550)
Net changes in fund balance	-	-	17,455	17,455
Fund balance, beginning of year	143,870	143,870	143,870	-
Fund balance, end of year	<u>\$ 143,870</u>	<u>\$ 143,870</u>	<u>\$ 161,325</u>	<u>\$ 17,455</u>

CITY OF WALKER

BROWNFIELD REDEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2023

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 191,912	\$ -	\$ 191,912
Total assets	<u>\$ 191,912</u>	<u>-</u>	<u>191,912</u>
Liabilities and fund balances			
Liabilities			
Total liabilities	\$ -	-	-
Fund balances			
Unassigned	<u>191,912</u>	<u>(191,912)</u>	
Total liabilities and fund balances	<u>\$ 191,912</u>		
Net position			
Unrestricted		<u>\$ 191,912</u>	<u>\$ 191,912</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, 2023

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 132,348	\$ -	\$ 132,348
Investment earnings	<u>2,376</u>	<u>-</u>	<u>2,376</u>
	134,724	-	134,724
 Expenditures/expenses			
Current			
Public works			
Return of tax increment	<u>114,963</u>	<u>-</u>	<u>114,963</u>
 Net changes in fund balances	19,761	(19,761)	
 Change in net position		19,761	19,761
 Fund balances/net position, beginning of year	<u>172,151</u>		<u>172,151</u>
 Fund balances/net position, end of year	<u>\$ 191,912</u>		<u>\$ 191,912</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, 2023

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 135,400	\$ 135,400	\$ 132,348	\$ (3,052)
Investment earnings	74	74	2,376	2,302
Total revenues	135,474	135,474	134,724	(750)
Expenditures				
Current				
Return of tax increment	116,200	116,200	114,963	1,237
Revenues over (under) expenditures	19,274	19,274	19,761	487
Other financing source (uses)				
Use of fund balance	(19,274)	(19,274)	-	19,274
Net changes in fund balance	-	-	19,761	19,761
Fund balance, beginning of year	172,151	172,151	172,151	-
Fund balance, end of year	<u>\$ 172,151</u>	<u>\$ 172,151</u>	<u>\$ 191,912</u>	<u>\$ 19,761</u>