



CITY OF WALKER, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF WALKER

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INDEPENDENT AUDITORS' REPORT

October 14, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2024, 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, 2024**

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, 2024. 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 85.6% of the non-Federal funded portion of the total General Fund Revenues in the current fiscal year with Income Tax equaling 67.1%, State Revenue Sharing equaling 11.1% and Property Tax equaling 7.4%.
- The City's General Fund expenditures increased by 3.7% from the prior year. This increase was the result of the implementation of staffing additions, various repair and improvement projects, and new equipment purchases.
- General Fund revenues exceeded expenditures by \$3,547,304 in the current fiscal year.
- The General Fund's unassigned fund balance as of June 30, 2024 equals \$12,714,589, which represents 57.4% of the actual total General Fund expenditures for the current fiscal year. The City's General Fund Balance Policy requires a minimum unassigned fund balance of 15%.
- Development and construction activities remain strong in the City.
- Roads continue to be a priority for the City of Walker. In the current fiscal year:
 - The City received approximately \$4.555 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 \$1.067 million on repaving projects for multiple major and local roads throughout the City.
 - The City spent approximately \$2.421 million on significant road projects including signal and road improvements at the intersection of Kinney Avenue and Remembrance Road, widening Bristol Avenue to two lanes under the railroad bridge at Pannell Street, installation of a round-a-bout at Center Drive and Weatherford Drive, widening of Kinney Avenue between M-45 and Leonard Street, improvements to the intersection of Walker Avenue and Four Mile Road, and widening of Walker Avenue between Northridge Drive and Four Mile Road.
 - The City received a \$25 million grant from the Michigan Economic Development Corporation (MEDC) to replace the Fruit Ridge Avenue bridge over the I-96 highway. This project will be managed by the Michigan Department of Transportation.
- 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.

- 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.

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 \$105,192,823 at the close of the most recent fiscal year. A summary of net position is as follows:

Summary of Net Position		
	Governmental Activities	
	2024	2023
Current and other assets	\$ 51,272,586	\$ 31,382,442
Capital assets	79,117,598	78,336,503
Total assets	130,390,184	109,718,945
Deferred outflows of resources	1,723,463	3,672,931
Long-term liabilities outstanding	9,403,112	11,493,837
Other liabilities	17,440,610	3,879,622
Total liabilities	26,843,722	15,373,459
Deferred inflows of resources	77,102	659,179

	<u>2024</u>	<u>2023</u>
Net position		
Invested in capital assets, net		
of related debt	\$ 79,027,183	\$78,192,974
Restricted	7,293,620	6,131,620
Unrestricted	18,872,020	13,034,644
Total net position	\$105,192,823	\$97,359,238

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 \$7,833,585, primarily due to higher income tax revenues, interest earnings, increased building activities, recognition of ARPA revenues and capital grants received. A summary of the changes in net position is as follows:

Summary of Activities		
	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Revenue		
Program revenue		
Charges for services	\$ 4,111,577	\$ 4,819,045
Operating grants and contributions	6,184,817	5,278,836
Capital grants and contributions	2,110,762	510,730
General revenue		
Property taxes	2,029,100	1,888,466
Income taxes	17,148,123	16,802,078
Other governmental sources	2,850,846	2,796,103
Unrestricted investment earnings	537,942	277,697
Other	147,752	146,192
Total revenue	35,120,919	32,519,147
Expenses		
General government	4,989,089	6,175,737
Judicial	910,138	833,039
Public safety	9,244,000	8,679,050
Public works	9,420,677	4,788,570
Culture and recreation	2,723,430	2,563,560
Interest	-	945
Total expenses	27,287,334	23,040,901
Increase (decrease) in net position	7,833,585	9,478,246
Net position - beginning of year	97,359,238	87,880,992
Net position - end of year	\$105,192,823	\$97,359,238

Governmental Activities. During the year, the City invested \$4,989,089 or 18.3% of governmental activities expenses in general government. Public safety expenses amounted to \$9,244,000 or 33.9% and public works amounted to \$9,420,677 or 34.5% of governmental activities. Judicial, culture and recreation, and interest on long-term debt made up the remaining 13.3% 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 \$31,992,465, an increase of \$5,030,625 from the prior year. Of the \$31,992,465, \$22,885,580 is reported in the General fund, \$6,598,322 is reported in the Major Streets fund, and \$91,364 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 \$22,885,580. Of that amount, \$30,865 was restricted for cemetery operations, \$10,265 was restricted for public safety, \$6,552 was restricted for employee funded causes, \$1,049,189 was restricted for construction permitting and inspection activities, \$148,636 was nonspendable, \$1,167,972 was committed for various purposes by the City Commission, \$7,757,512 is assigned to meet fiscal year 2025 expenditures, and the remaining \$12,714,589 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 57.4% of total general fund expenditures and transfers. The fund balance of the City's General fund increased by \$3,547,304 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 \$6,598,322, an increase of \$949,407 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, 2024, amounted to \$79,117,598 (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	3,288,170
Buildings, Equipment and Infrastructure (net)	73,065,569
Total	\$79,117,598

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 \$90,415 summarized as follows:

Debt	
	<u>Governmental Activities</u>
Contractual agreement	<u>\$90,415</u>

The City made debt payments totaling \$53,114. 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.
- The fiscal year 2023/2024 budget was designed to address:
 - Staffing requirements, including additions as deemed necessary.
 - Multiple equipment, maintenance and improvement projects to various City owned buildings, parks and properties.
 - Replacement of large vehicles and equipment as identified in the City's Capital Improvement Plan.
- The City continued its practice of making additional contributions towards reducing long-term liabilities.
- The City continued its investment in road improvement projects. The fiscal year 2023/2024 budget included three significant road projects totaling approximately \$6 million.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2024-25 fiscal year:

- The Walker City Commission approved the fiscal year 2024/2025 budget in June 2024. 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 2024/2025. 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 2024/2025 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, 2024

	Primary Government Governmental Activities	Component Units Downtown Development Authority	Brownfield Redevelopment Authority
Assets			
Cash and pooled investments	\$ 46,502,846	\$ 3,476,321	\$ 217,345
Accounts receivable	2,509,409	17,512	-
Special assessments receivable	403,607	-	-
Due from other governments	1,257,151	-	-
Prepaid items	309,651	-	-
Inventory	289,922	-	-
Capital assets			
Land	2,763,859	1,054,978	-
Construction in progress	3,288,170	221,482	-
Depreciable capital assets, net	<u>73,065,569</u>	<u>1,437,109</u>	<u>-</u>
Total assets	<u>130,390,184</u>	<u>6,207,402</u>	<u>217,345</u>
Deferred outflows of resources			
Deferred outflows of resources related to pension	1,619,065	-	-
Deferred outflows of resources related to OPEB	<u>104,398</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>1,723,463</u>	<u>-</u>	<u>-</u>
Liabilities			
Accounts payable	1,584,356	175,488	-
Accrued liabilities	1,100,876	-	-
Unearned revenue	14,702,263	-	-
Debt due within one year	53,115	-	-
Noncurrent liabilities			
Compensated absences	1,160,142	-	-
Other post-employment benefits net OPEB liability	3,280,154	-	-
Net pension liability	4,925,516	-	-
Debt due in more than one year	<u>37,300</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>26,843,722</u>	<u>175,488</u>	<u>-</u>
Deferred inflows of resources			
Deferred inflows of resources related to OPEB	<u>77,102</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	79,027,183	2,492,087	-
Restricted for:			
Streets	7,101,562	-	-
Public safety	174,682	-	-
Employee funded causes	6,552	-	-
Unrestricted	<u>18,882,844</u>	<u>3,539,827</u>	<u>217,345</u>
Total net position	<u>\$ 105,192,823</u>	<u>\$ 6,031,914</u>	<u>\$ 217,345</u>

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

CITY OF WALKER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

<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	\$ 4,989,089	\$ 814,056	\$ 383,494	\$ 145,228	\$ (3,646,311)
Judicial	910,138	639,824	4,316	-	(265,998)
Public safety	9,244,000	125,072	144,126	11,270	(8,963,532)
Public works	9,420,677	979,549	5,652,881	1,954,264	(833,983)
Culture and recreation	2,723,430	1,553,076	-	-	(1,170,354)
Total primary government	\$ 27,287,334	\$ 4,111,577	\$ 6,184,817	\$ 2,110,762	\$ (14,880,178)
Component units					
Downtown Development Authority	\$ 276,202	\$ 128,844	\$ -	\$ -	\$ (147,358)
Brownfield Redevelopment Authority	119,717	-	-	-	(119,717)
Total component units	\$ 395,919	\$ 128,844	\$ -	\$ -	\$ (267,075)

(Continued)

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

CITY OF WALKER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Primary Government Governmental Activities	Component Units Downtown Development Authority	Brownfield Redevelopment Authority
Changes in net position			
Net (expense) revenue	\$ (14,880,178)	\$ (147,358)	\$ (119,717)
General revenues			
Income taxes	17,148,123	-	-
Property taxes	2,029,100	688,087	136,613
State shared revenues	2,850,846	-	-
Unrestricted investment earnings	537,942	126,448	8,537
Other general revenues	<u>147,752</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>22,713,763</u>	<u>814,535</u>	<u>145,150</u>
Change in net position	7,833,585	667,177	25,433
Net position, beginning of year	<u>97,359,238</u>	<u>5,364,737</u>	<u>191,912</u>
Net position, end of year	<u>\$ 105,192,823</u>	<u>\$ 6,031,914</u>	<u>\$ 217,345</u>

(Concluded)

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

CITY OF WALKER
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

	<u>General</u>	<u>Major Streets</u>	<u>ARPA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 21,604,359	\$ 19,057,464	\$ 1,890,020	\$ 2,079,316	\$ 44,631,159
Accounts receivable	2,459,211	4,535	10,824	28,309	2,502,879
Special assessment receivable	-	403,607	-	-	403,607
Due from other governments	504,638	598,872	-	144,170	1,247,680
Due from other funds	711	51,303	-	1,865	53,879
Prepaid items	148,636	3,158	-	157,143	308,937
Inventory	-	100,819	-	139,372	240,191
Total assets	<u>\$ 24,717,555</u>	<u>\$ 20,219,758</u>	<u>\$ 1,900,844</u>	<u>\$ 2,550,175</u>	<u>\$ 49,388,332</u>
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accounts payable	\$ 755,490	\$ 694,490	\$ -	\$ 99,636	\$ 1,549,616
Accrued liabilities	1,023,317	23,339	-	43,453	1,090,109
Due to other funds	53,168	-	-	711	53,879
Unearned revenue	-	12,500,000	1,798,656	-	14,298,656
Total liabilities	<u>1,831,975</u>	<u>13,217,829</u>	<u>1,798,656</u>	<u>143,800</u>	<u>16,992,260</u>
Deferred inflows					
Unavailable revenue	-	403,607	-	-	403,607
Fund balances					
Nonspendable					
Prepaid items	148,636	3,158	-	157,143	308,937
Inventory	-	100,819	-	139,372	240,191
Restricted					
Cemetery	30,865	-	-	-	30,865
Streets	-	6,494,345	-	607,217	7,101,562
Public safety	10,265	-	-	164,417	174,682
Employee funded causes	6,552	-	-	-	6,552
Construction code fees	1,049,189	-	-	-	1,049,189
Committed					
Building sinking fund	586,699	-	-	-	586,699
Long-term liabilities	581,273	-	-	-	581,273
Ice and fitness capital	-	-	-	330,235	330,235
Assigned					
Subsequent year expenditures	7,757,512	-	-	-	7,757,512
Ice and fitness program	-	-	-	867,156	867,156
Debt service	-	-	-	14,823	14,823
Capital projects	-	-	102,188	126,012	228,200
Unassigned	12,714,589	-	-	-	12,714,589
Total fund balances	<u>22,885,580</u>	<u>6,598,322</u>	<u>102,188</u>	<u>2,406,375</u>	<u>31,992,465</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 24,717,555</u>	<u>\$ 20,219,758</u>	<u>\$ 1,900,844</u>	<u>\$ 2,550,175</u>	<u>\$ 49,388,332</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, 2024

Fund balances - total governmental funds	\$ 31,992,465
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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	3,288,170
Add - capital assets (net of accumulated depreciation)	68,099,553

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	6,850,161
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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	(1,151,428)
Deduct - other post-employment benefits liability	(3,280,154)
Deduct - net pension liability	(4,925,516)
Add - deferred outflows related to net pension liability	1,619,065
Add - deferred outflows related to other post-employment benefits liability	104,398
Deduct - deferred inflows related to other post-employment benefits liability	(77,102)
Deduct - bonds and notes payable	(90,415)
Deduct - accrued interest on bonds payable	(233)

Net position of governmental activities	<u>\$ 105,192,823</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, 2024

	<u>General</u>	<u>Major Streets</u>	<u>ARPA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 19,727,454	\$ -	\$ -	\$ -	\$ 19,727,454
Intergovernmental revenues					
Federal	3,955	-	145,228	-	149,183
State	3,017,157	3,780,388	-	916,806	7,714,351
Local	190,470	35,039	-	59,282	284,791
Cable franchise fees	308,501	-	-	-	308,501
Licenses and permits	985,891	-	-	-	985,891
Charges for services	138,895	-	-	1,512,722	1,651,617
Fines	622,083	-	-	-	622,083
Special assessments	-	-	-	1,552	1,552
Investment earnings	472,325	864,828	63,507	69,004	1,469,664
Settlement	-	-	-	27,475	27,475
Miscellaneous	224,157	-	-	1,488	225,645
Total revenues	<u>25,690,888</u>	<u>4,680,255</u>	<u>208,735</u>	<u>2,588,329</u>	<u>33,168,207</u>
Expenditures					
Current					
Judicial	927,110	-	-	-	927,110
General government	4,878,023	-	145,228	-	5,023,251
Public safety	9,813,338	-	-	46,450	9,859,788
Public works	947,083	4,580,848	-	1,309,342	6,837,273
Culture and recreation	804,904	-	-	1,662,130	2,467,034
Planning and economic development	11,137	-	-	-	11,137
Other	1,711,989	-	-	-	1,711,989
Total expenditures	<u>19,093,584</u>	<u>4,580,848</u>	<u>145,228</u>	<u>3,017,922</u>	<u>26,837,582</u>
Revenues over (under) expenditures	<u>6,597,304</u>	<u>99,407</u>	<u>63,507</u>	<u>(429,593)</u>	<u>6,330,625</u>
Other financing sources (uses)					
Transfers in	-	850,000	-	900,000	1,750,000
Transfers out	(3,050,000)	-	-	-	(3,050,000)
Total other financing sources (uses)	<u>(3,050,000)</u>	<u>850,000</u>	<u>-</u>	<u>900,000</u>	<u>(1,300,000)</u>
Net changes in fund balances	3,547,304	949,407	63,507	470,407	5,030,625
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 22,885,580</u>	<u>\$ 6,598,322</u>	<u>\$ 102,188</u>	<u>\$ 2,406,375</u>	<u>\$ 31,992,465</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, 2024

Net changes in fund balances - total governmental funds	\$ 5,030,625
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Amounts reported for *governmental activities* in the statement of activities are different because

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

Add - capital outlay	5,454,751
Deduct - depreciation expense	(4,838,710)

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	(1,552)
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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	53,114
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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	105,983
Add - decrease in net pension liability	1,878,048
Add - decrease in other post-employment benefits liability	55,637
Deduct - decrease in deferred outflows related to pensions	(1,686,948)
Deduct - decrease in deferred outflows related to other post-employment benefits	(262,520)
Add - decrease in deferred inflows related to other post-employment benefits	582,077
Add - decrease in accrued interest	93

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>1,462,987</u>
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Change in net position of governmental activities	<u>\$ 7,833,585</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WALKER

CAPITAL EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND STATEMENT OF NET POSITION

JUNE 30, 2024

Assets

Current assets

Cash and pooled investments	\$ 1,871,687
Accounts receivable	6,530
Due from other governments	9,471
Prepaid items	714
Inventory	<u>49,731</u>

Total current assets	<u>1,938,133</u>
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Non-current assets

Capital assets	
Vehicles	11,331,972
Less accumulated depreciation	<u>(6,365,956)</u>

Total non-current assets	<u>4,966,016</u>
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Total assets	<u>6,904,149</u>
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Liabilities

Current liabilities

Accounts payable	34,740
Accrued liabilities	<u>10,534</u>

Total current liabilities	45,274
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Long-term liabilities

Compensated absences	<u>8,714</u>
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Total liabilities	<u>53,988</u>
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Net position

Net investment in capital assets	4,966,016
Unrestricted	<u>1,884,145</u>

Total net position	<u>\$ 6,850,161</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2024

Operating revenue	
Charges for services	<u>\$ 1,882,645</u>
Total operating revenue	<u>1,882,645</u>
Operating expense	
Personnel costs	371,839
Operating supplies and expenses	95,152
Repair and maintenance	323,229
Gas and oil	218,315
Other expenses	3,763
Depreciation	<u>916,975</u>
Total operating expense	<u>1,929,273</u>
Operating income (loss)	<u>(46,628)</u>
Non-operating revenue (expense)	
Interest income	42,598
Gain on sale of capital assets	39,017
Insurance reimbursement	<u>128,000</u>
Total non-operating revenue (expense)	<u>209,615</u>
Income (loss) before transfers	162,987
Transfers	
Transfers in	<u>1,300,000</u>
Changes in net position	1,462,987
Net position, beginning of year	<u>5,387,174</u>
Net position, end of year	<u>\$ 6,850,161</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, 2024

Cash flows from operating activities

Receipts from internal services provided	\$ 1,878,594
Payments to employees	(368,336)
Payments to suppliers	<u>(847,752)</u>

Net cash provided by (used in) operating activities	<u>662,506</u>
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Cash flows from non-capital financing activities

Transfers in	<u>1,300,000</u>
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Cash flows from capital and related financing activities

Proceeds from sale of capital assets	137,215
Proceeds from insurance reimbursement	128,000
Acquisitions of capital assets	<u>(1,180,227)</u>

Net cash provided by (used in) capital and related financing activities	<u>(915,012)</u>
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Cash flows from investing activities

Interest income	<u>42,598</u>
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Net increase (decrease) in cash and pooled investments	1,090,092
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Cash and pooled investments, beginning of year	<u>781,595</u>
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Cash and pooled investments, end of year	<u>\$ 1,871,687</u>
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Cash flows from operating activities

Operating income (loss)	\$ (46,628)
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Adjustments to reconcile operating income (loss)
to net cash provided by (used in) operating activities

Depreciation	916,975
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	(6,530)
Due from other governments	2,479
Prepaid items	(351)
Inventory	(24,777)
Accounts payable	(168,375)
Accrued liabilities	1,445
Due to other funds	(13,790)
Compensated absences	<u>2,058</u>

Net cash provided by (used in) operating activities	<u><u>\$ 662,506</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WALKER
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Other Post- employment Benefits <u>Trust Fund</u>	Custodial Funds
Assets		
Cash and pooled investments	\$ -	\$ 1,033,991
Investments	<u>1,574,078</u>	<u>-</u>
Total assets	<u>1,574,078</u>	<u>1,033,991</u>
Liabilities		
Escrow deposits payable	-	852,824
Due to other governmental units	<u>-</u>	<u>408</u>
Total liabilities	<u>-</u>	<u>853,232</u>
Net position		
Net position held in trust for OPEB	1,574,078	-
Restricted	<u>-</u>	<u>180,759</u>
Total net position	<u>\$ 1,574,078</u>	<u>\$ 180,759</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, 2024

	Other Post- employment Benefits <u>Trust Fund</u>	Custodial Funds
Additions		
Property taxes collected for other governments	\$ -	\$ 55,603,987
Escrow deposits collected	-	509,024
Contributions		
City contributions	184,351	-
Court ordered bonds	-	121,312
Fines and fees	-	871,950
Investment earnings		
Interest	<u>71,095</u>	<u>-</u>
Total additions	<u>255,446</u>	<u>57,106,273</u>
Deductions		
Health insurance premiums paid	177,459	-
Property taxes distributed to other governments	-	55,603,987
Escrow funds used to cover expenses	-	633,709
Bonds refunded	-	102,117
Funds used to cover court costs	<u>-</u>	<u>863,133</u>
Total deductions	<u>177,459</u>	<u>57,202,946</u>
Changes in net position	77,987	(96,673)
Net position, beginning of year	<u>1,496,091</u>	<u>277,432</u>
Net position, end of year	<u>\$ 1,574,078</u>	<u>\$ 180,759</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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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	3-15
Office furnishings	5-7
Other tools and equipment	5-20

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 1,798,656
Special assessments unearned revenue	403,607
Unearned revenue – Fruit Ridge bridge grant	<u>12,500,000</u>
Unearned revenue – government-wide statements	<u>\$14,702,263</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, 2024

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, 2024

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.

For the fiscal year ended June 30, 2024, the City levied 1.336 mills on approximately \$1,465,280,000 of taxable value.

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, 2024, 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, 2024

During the year ended June 30, 2024, 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			
Street Lighting	\$293,000	\$299,969	\$(6,969)

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	\$46,502,846	\$3,693,666	\$1,033,991	\$51,230,503
Investments	-	-	1,574,078	1,574,078
	<u>\$46,502,846</u>	<u>\$3,693,666</u>	<u>\$2,608,069</u>	<u>\$52,804,581</u>

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

Deposits	\$29,534,690
Investments	23,267,291
Petty cash	<u>2,600</u>
Total	<u>\$52,804,581</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, \$25,463,714 of the City's bank balance of \$29,966,525 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	\$ 2,633,241	Unrated	N/A
Stable NAV Government Investment Pool	N/A	19,059,972	AAAm	S&P
MissionSquare Low Duration Bond Fund	N/A	<u>1,574,078</u>	3 star	Morningstar
		<u>\$23,267,291</u>		

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 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	31%	0-5
Certificates of deposits	47%	0-5
Deposits, money markets and other pools	22%	Not applicable

At June 30, 2024 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	92%	Not applicable
Collateralized bank deposits	4%	Not applicable
Money market funds	1%	Not applicable
Repurchase agreements	3%	Not applicable

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,763,859	\$ -	\$ -	\$ 2,763,859
Construction in progress	1,506,508	2,514,442	732,780	3,288,170
Total capital assets, not being depreciated	4,270,367	2,514,442	732,780	6,052,029
Capital assets, being depreciated				
Land improvements	3,152,426	384,671	-	3,537,097
Buildings and improvements	21,453,327	-	-	21,453,327
Vehicles	9,234,084	855,315	411,772	9,677,627
Other tools and equipment	5,263,421	1,439,698	189,319	6,513,800
Office furnishings	1,265,523	12,095	-	1,277,618
Infrastructure	122,130,518	2,161,537	-	124,292,055
Total capital assets, being depreciated	162,499,299	4,853,316	601,091	166,751,524
Less accumulated depreciation for				
Land improvements	2,555,170	161,119	-	2,716,289
Buildings and improvements	14,483,542	514,408	-	14,997,950
Vehicles	5,009,853	767,881	383,913	5,393,821
Other tools and equipment	3,852,506	543,304	118,980	4,276,830
Office furnishings	1,225,076	18,948	-	1,244,024
Infrastructure	61,307,016	3,750,025	-	65,057,041
Total accumulated depreciation	88,433,163	5,755,685	502,893	93,685,955
Net capital assets, being depreciated	74,066,136	(902,369)	98,198	73,065,569
Governmental Activities capital assets, net	\$78,336,503	\$1,612,073	\$830,978	\$79,117,598

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2024</u>
Component units				
Capital assets not being depreciated				
Land	\$1,054,978	\$ -	\$ -	\$1,054,978
Construction in progress	-	221,482	-	221,482
Total capital assets, not being depreciated	1,054,978	221,482	-	1,276,460
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	3,088,327	-	-	3,088,327
Less accumulated depreciation for				
Land improvements	191,493	804	-	192,297
Infrastructure	251,168	8,618	-	259,786
Buildings	1,069,589	62,917	-	1,132,506
Office furnishings	64,093	2,536	-	66,629
Total accumulated depreciation	1,576,343	74,875	-	1,651,218
Net capital assets, being depreciated	1,511,984	(74,875)	-	1,437,109
Component Units capital assets, net	\$2,566,962	\$146,607	\$ -	\$2,713,569

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

Governmental Activities	
General government	\$ 377,552
Public safety	258,686
Public works	3,539,438
Culture and recreation	653,143
Judicial	9,891
Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets	916,975
Total depreciation expense - governmental activities	\$5,755,685

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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 \$662,681 and employee contributions amounted to \$250,815 during the year ended June 30, 2024.

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, 2023):

Active plan members	13
Inactive employees entitled but not yet receiving benefits	1
Inactive employees or beneficiaries currently receiving benefits	65
Total	79

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was \$85,975 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, 2024

Net Pension Liability

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

The total pension liability in the December 31, 2023 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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: 6.93%, 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%
MERS dedicated gains policy			(0.07%)
Inflation			2.50%
Administrative fee			0.25%
			<hr/>
Discount rate			<u>7.18%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension 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, 2024

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, 2022	\$28,655,265	\$21,851,701	\$ 6,803,564
Changes for the Year:			
Service cost	157,106	-	157,106
Interest	2,013,318	-	2,013,318
Change in benefits	-	-	-
Differences between expected and actual experience	222,417	-	222,417
Change in assumptions	190,442	-	190,442
Contributions: employer	-	2,027,722	(2,027,722)
Contributions: employee	-	15,402	(15,402)
Net investment income (loss)	-	2,470,637	(2,470,637)
Benefit payments, including refunds	(1,927,836)	(1,927,836)	-
Administrative expense	-	(52,430)	52,430
Other changes	-	-	-
Net changes	655,447	2,533,495	(1,878,048)
Balance at December 31, 2023	\$29,310,712	\$24,385,196	\$ 4,925,516

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

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

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$32,286,463	\$29,310,712	\$26,782,108
Fiduciary net position	24,385,196	24,385,196	24,385,196
Net pension liability	\$ 7,901,267	\$ 4,925,516	\$ 2,396,912

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2024 the employer recognized pension expense of \$1,057,576. 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	1,086,238	-
Contributions subsequent to the measurement date*	532,827	-
Total	\$1,619,065	\$ -

* 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 2025.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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:

2025	\$ 197,262
2026	396,892
2027	671,969
2028	(179,885)
Thereafter	-
Total	<u>\$1,086,238</u>

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Contractual agreement payable to another government, due in annual installments of \$47,088 to \$18,650 through November 2026; interest at 3.0%	\$ 74,600	\$ -	\$ 18,650	\$ 55,950	\$18,650
Contractual agreement payable to a contractor for police equipment, due in annual installments of \$34,464 through September 2024	68,929	-	34,464	34,465	34,465
Total Debt	143,529	-	53,114	90,415	53,115
Accrued compensated absences	1,264,067	-	103,925	1,160,142	-
Total Governmental Activities	\$1,407,596	\$ -	\$157,039	\$1,250,557	\$53,115

All long-term debt of the City is privately placed contracts.

The annual requirements to amortize all debt outstanding (excluding other post-employment benefits and accrued compensated absences) as of June 30, 2024 are as follows:

	<u>Governmental Activities Private Placement Contracts</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	53,115	1,399
2026	18,650	839
2027	18,650	280
Total	\$90,415	\$2,518

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2024 are as follows:

<u>Transfers out</u>	<u>Transfers in</u>			<u>Total</u>
	<u>Major streets fund</u>	<u>Nonmajor governmental funds</u>	<u>Capital Equipment Replacement Fund</u>	
General fund	\$850,000	\$1,025,000	\$1,300,000	\$3,175,000

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.

Amounts due from and to other funds at June 30, 2024 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>	<u>Nonmajor funds</u>	
General fund	\$ -	\$51,303	\$1,865	\$53,168
Nonmajor funds	711	-	-	711
	\$711	\$51,303	\$1,865	\$53,879

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, 2024):

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

Contributions

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

Net OPEB Liability

The total OPEB liability in the June 30, 2023 annual actuarial valuation, rolled forward to June 30, 2024, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.0%

Salary Increases: 2.5%

Investment rate of return: 3.0%

Healthcare cost trend rates: 4.5% per year

20-year Aa Municipal bond yield: 4.21%

Mortality rates used general/public safety 2010 employee and healthy retiree, headcount weighted, IRS 2024 adjusted scale MP-2021.

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:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Mission Square 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 4.21%. Because the 20-year AA/Aa tax-exempt municipal bond rate for June 30, 2024 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, 2023, the discount rate used to value OPEB liabilities was 4.13%.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a)-(b)</u>
Balance at June 30, 2023	\$4,831,882	\$1,496,091	\$3,335,791
Changes for the Year:			
Service cost	68,987	-	68,987
Interest	198,741	-	198,741
Change in benefits	-	-	-
Differences between expected and actual experience	(36,901)	-	(36,901)
Change in assumptions	(31,018)	-	(31,018)
Contributions: employer	-	184,351	(184,351)
Contributions: employee	-	-	-
Net investment Income	-	71,095	(71,095)
Benefit payments, including refunds	(177,459)	(177,459)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	22,350	77,987	(55,637)
Balance at June 30, 2024	\$4,854,232	\$1,574,078	\$3,280,154

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 4.21%, 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.

	<u>1% Decrease</u>	<u>Current discount rate</u>	<u>1% Increase</u>
Total OPEB liability	\$5,354,871	\$4,854,232	\$4,429,571
Fiduciary net position	1,574,078	1,574,078	1,574,078
Net OPEB liability	\$3,780,793	\$3,280,154	\$2,855,493
Plan fiduciary position as a percentage of the total OPEB liability		32.43%	

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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	\$4,450,476	\$4,854,232	\$5,336,506
Fiduciary net position	1,574,078	1,574,078	1,574,078
Net OPEB liability	<u>\$2,876,398</u>	<u>\$3,280,154</u>	<u>\$3,762,428</u>

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

For the year ended June 30, 2024 the employer recognized OPEB expense of \$(190,843). 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	\$ -	\$61,141
Changes in assumptions	41,531	15,961
Excess (deficit) investment returns	62,867	-
Total	<u>\$104,398</u>	<u>\$77,102</u>

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

2025	\$ 1,703
2026	28,507
2027	2,307
2028	(5,221)
2029	-
Thereafter	-
Total	<u>\$27,296</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>\$859,404</u>
Related Expenses	
Direct costs	643,303
Indirect Costs	<u>61,964</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Total construction code expenses	<u>705,267</u>
Net revenues (expenses)	154,137
Cumulative surplus – July 1, 2023	<u>895,052</u>
Cumulative surplus – June 30, 2024	<u>\$ 1,049,189</u>

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, 2024 the City abated property tax revenues of approximately \$20,500.

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, 2024 the City abated property tax revenues of approximately \$11,000.

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, 2024, the City had outstanding construction commitments of approximately \$9,891,000 related to various road projects, a new police command vehicle, fitness center repairs, and the purchase of a ladder truck. In addition, the Downtown Development Authority had outstanding construction commitments of \$1,589,000 for a streetlighting project.

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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, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Income taxes	\$ 13,500,000	\$ 15,000,000	\$ 17,148,123	\$ 2,148,123
Property taxes	2,490,950	2,571,950	2,579,331	7,381
Intergovernmental revenues				
Federal	3,600	3,600	3,955	355
State	2,701,200	2,794,800	3,017,157	222,357
Local	187,100	187,100	190,470	3,370
Cable franchise fees	345,000	345,000	308,501	(36,499)
Licenses and permits	943,600	943,600	985,891	42,291
Charges for services	121,500	121,500	138,895	17,395
Fines	460,000	540,000	622,083	82,083
Investment earnings	125,600	378,600	472,325	93,725
Miscellaneous	140,950	186,650	224,157	37,507
Total revenues	<u>21,019,500</u>	<u>23,072,800</u>	<u>25,690,888</u>	<u>2,618,088</u>
Expenditures				
Current				
Judicial	939,454	939,454	927,110	12,344
General government	5,225,087	5,678,277	4,878,023	800,254
Public safety	10,312,181	10,563,321	9,813,338	749,983
Public works	1,004,028	1,100,028	947,083	152,945
Culture and recreation	1,128,330	1,128,330	804,904	323,426
Planning and economic development	20,500	20,500	11,137	9,363
Other	1,859,792	1,892,792	1,711,989	180,803
Total expenditures	<u>20,489,372</u>	<u>21,322,702</u>	<u>19,093,584</u>	<u>2,229,118</u>
Revenues over (under) expenditures	<u>530,128</u>	<u>1,750,098</u>	<u>6,597,304</u>	<u>4,847,206</u>
Other financing sources (uses)				
Use of fund balance	2,519,872	1,299,902	-	(1,299,902)
Transfers out	(3,050,000)	(3,050,000)	(3,050,000)	-
Total other financing sources (uses)	<u>(530,128)</u>	<u>(1,750,098)</u>	<u>(3,050,000)</u>	<u>(1,299,902)</u>
Net changes in fund balance	-	-	3,547,304	3,547,304
Fund balance, beginning of year	<u>19,338,276</u>	<u>19,338,276</u>	<u>19,338,276</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,338,276</u>	<u>\$ 19,338,276</u>	<u>\$ 22,885,580</u>	<u>\$ 3,547,304</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, 2024

	<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	\$ 7,308,000	\$ 3,780,000	\$ 3,780,388	\$ 388
Local	47,500	47,500	35,039	(12,461)
Investment earnings	<u>25,000</u>	<u>175,000</u>	<u>864,828</u>	<u>689,828</u>
Total revenues	7,380,500	4,002,500	4,680,255	677,755
Expenditures				
Current				
Public works	<u>10,440,349</u>	<u>10,344,849</u>	<u>4,580,848</u>	<u>5,764,001</u>
Revenues over (under) expenditures	<u>(3,059,849)</u>	<u>(6,342,349)</u>	<u>99,407</u>	<u>6,441,756</u>
Other financing sources				
Use of fund balance	2,209,849	5,492,349	-	(5,492,349)
Transfers in	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
Total other financing sources (uses)	<u>3,059,849</u>	<u>6,342,349</u>	<u>850,000</u>	<u>(5,492,349)</u>
Net changes in fund balance	-	-	949,407	949,407
Fund balance, beginning of year	<u>5,648,915</u>	<u>5,648,915</u>	<u>5,648,915</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,648,915</u>	<u>\$ 5,648,915</u>	<u>\$ 6,598,322</u>	<u>\$ 949,407</u>

CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2024

	<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	\$ 1,800,000	\$ 150,000	\$ 145,228	\$ (4,772)
Investment earnings	20,000	60,000	63,507	3,507
Total revenues	<u>1,820,000</u>	<u>210,000</u>	<u>208,735</u>	<u>(1,265)</u>
Expenditures				
Current				
General government	-	150,000	145,228	4,772
Public safety	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,800,000</u>	<u>150,000</u>	<u>145,228</u>	<u>4,772</u>
Revenues over (under) expenditures	20,000	60,000	63,507	3,507
Other financing sources				
Use of fund balance	<u>(20,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>60,000</u>
Net changes in fund balance	-	-	63,507	63,507
Fund balance, beginning of year	<u>38,681</u>	<u>38,681</u>	<u>38,681</u>	<u>-</u>
Fund balance, end of year	<u>\$ 38,681</u>	<u>\$ 38,681</u>	<u>\$ 102,188</u>	<u>\$ 63,507</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, 2024

	For the years ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 157,106	\$ 179,496	\$ 152,073	\$ 167,032	\$ 167,849	\$ 187,282	\$ 209,394	\$ 227,361	\$ 229,952	\$ 258,272
Interest	2,013,318	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	222,417	459,110	287,028	(280,140)	259,676	122,503	394,710	(197,734)	(119,385)	-
Changes in assumptions	190,442	-	910,829	611,591	755,654	-	-	-	1,145,765	-
Benefit payments including employee refunds	(1,927,836)	(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	655,447	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	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	19,742,664
Total pension liability, end of year	\$ 29,310,712	\$ 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	\$ 2,027,722	\$ 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	15,402	15,408	16,388	18,340	19,987	21,291	21,741	36,976	27,467	30,728
Net investment income (loss)	2,470,637	(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	(1,927,836)	(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	(52,430)	(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	2,533,495	(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	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	10,893,447
Plan fiduciary net position, end of year	\$ 24,385,196	\$ 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	\$ 4,925,516	\$ 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	83.2%	76.3%	86.2%	78.0%	70.4%	62.7%	64.7%	57.0%	50.3%	55.9%
Covered employee payroll	\$ 1,156,790	\$ 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	425.8%	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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 1,031,700	\$ 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>1,231,700</u>	<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>\$ 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	\$ 1,156,790	\$ 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	106%	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	9 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	6.93% (7.00% for 2022 and 2023; 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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 68,987	\$ 71,686	\$ 123,381	\$ 145,582	\$ 133,505	\$ 245,521	\$ 244,292	\$ 164,171
Interest	198,741	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	(36,901)	(181,149)	(5,726)	(1,527,148)	(24,898)	(2,247,458)	(58,072)	(609,575)
Changes in assumptions	(31,018)	101,788	(1,119,107)	63,073	285,859	631,179	115,153	1,082,232
Benefit payments including employee refunds	(177,459)	(163,637)	(131,316)	(109,244)	(104,950)	(108,635)	(115,560)	(105,671)
Other	-	-	-	-	-	-	-	-
Net change in total OPEB liability	22,350	24,880	(999,646)	(876,093)	478,087	(1,627,338)	421,326	800,036
Total OPEB liability, beginning of year	4,831,882	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	\$ 4,854,232	\$ 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	\$ 184,351	\$ 168,623	\$ 131,316	\$ 109,244	\$ 104,950	\$ 108,635	\$ 415,560	\$ 405,671
Contributions-employee	-	-	-	-	-	-	-	-
Net investment income	71,095	6,947	(93,558)	22,617	65,024	61,886	7,083	8,055
Benefit payments including employee refunds	(177,459)	(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	77,987	11,933	(93,558)	22,617	65,024	61,886	307,083	307,987
Plan fiduciary net position, beginning of year	1,496,091	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	\$ 1,574,078	\$ 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	\$ 3,280,154	\$ 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	32%	31%	31%	27%	23%	24%	18%	15%
Covered employee payroll	\$ 3,253,813	\$ 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	101%	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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarial determined contributions	\$ 710,873	\$ 710,349	\$ 786,401	\$ 962,606	\$ 809,132	\$ 941,811	\$ 873,491	\$ 814,831
Contributions in relation to the actuarially determined contribution	184,351	168,623	131,316	109,244	104,950	108,635	415,560	405,671
Contribution excess (deficiency)	<u>\$ (526,522)</u>	<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	\$ 3,253,813	\$ 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	5.7%	4.8%	3.6%	2.8%	2.4%	2.3%	9.1%	8.7%

SCHEDULE OF INVESTMENT RATE OF RETURN

Investment rate of return	4.6%	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	2.5% (3.5% for 2024; 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	4.21% (4.13% for 2023; 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 2024 Adjusted Scale MP-2021

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 - 3.65%
Salary scale - 3.75%

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 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, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Income taxes	\$ 13,500,000	\$ 15,000,000	\$ 17,148,123	\$ 2,148,123
Real and personal property taxes	1,916,000	1,981,000	1,974,189	(6,811)
Payments in lieu of tax	950	950	1,238	288
Collection fees	574,000	590,000	603,904	13,904
Total taxes	15,990,950	17,571,950	19,727,454	2,155,504
Licenses and permits				
Business	37,000	37,000	41,470	4,470
Nonbusiness	885,600	885,600	906,084	20,484
Liquor license fees	21,000	21,000	38,337	17,337
Total licenses and permits	943,600	943,600	985,891	42,291
Intergovernmental - federal	3,600	3,600	3,955	355
Intergovernmental - state				
State-shared revenue	2,700,000	2,721,600	2,887,341	165,741
State grants	1,200	73,200	129,816	56,616
Total state sources	2,701,200	2,794,800	3,017,157	222,357
Intergovernmental - local	187,100	187,100	190,470	3,370
Cable franchise fees	345,000	345,000	308,501	(36,499)
Charges for services				
Planning and zoning fees	36,500	36,500	59,237	22,737
Overtime event reimbursement	55,000	55,000	49,658	(5,342)
Administrative fees	30,000	30,000	30,000	-
Total charges for services	121,500	121,500	138,895	17,395
Fines				
Ordinance fines	460,000	540,000	622,083	82,083
Total fines	460,000	540,000	622,083	82,083
Interest and rentals	125,600	378,600	472,325	93,725
Other revenue	140,950	186,650	224,157	37,507
Total revenues and other financing sources	\$ 21,019,500	\$ 23,072,800	\$ 25,690,888	\$ 2,618,088

CITY OF WALKER
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Expenditures				
Current				
Judicial				
District court	\$ 939,454	\$ 939,454	\$ 927,110	\$ 12,344
General government				
City Commission	81,690	81,690	74,319	7,371
City managers office	615,048	597,192	592,411	4,781
Elections	166,357	166,357	80,995	85,362
Finance/treasurer department	409,845	409,845	387,243	22,602
Information technology	933,487	1,074,740	950,646	124,094
Income tax	597,241	586,441	549,408	37,033
City assessor	395,537	399,037	376,095	22,942
City clerk	309,407	309,407	222,623	86,784
Buildings and grounds	1,347,207	1,716,300	1,326,899	389,401
Human resources	369,268	337,268	317,384	19,884
	<u>5,225,087</u>	<u>5,678,277</u>	<u>4,878,023</u>	<u>800,254</u>
Public safety				
Police department	6,909,071	6,999,571	6,611,397	388,174
Fire department	2,504,750	2,565,850	2,220,452	345,398
Building inspections	898,360	997,900	981,489	16,411
	<u>10,312,181</u>	<u>10,563,321</u>	<u>9,813,338</u>	<u>749,983</u>
Public works				
Sidewalks	25,000	95,000	64,738	30,262
City engineer	553,380	559,380	483,833	75,547
Drains	152,648	152,648	98,543	54,105
Street lighting	273,000	293,000	299,969	(6,969)
	<u>1,004,028</u>	<u>1,100,028</u>	<u>947,083</u>	<u>152,945</u>
Culture and recreation				
Parks	1,127,580	1,127,580	804,481	323,099
Museum	750	750	423	327
	<u>1,128,330</u>	<u>1,128,330</u>	<u>804,904</u>	<u>323,426</u>
Planning and economic development				
Zoning	20,500	20,500	11,137	9,363
	<u>20,500</u>	<u>20,500</u>	<u>11,137</u>	<u>9,363</u>
Other				
Retiree insurance/pension	1,170,000	1,170,000	1,115,082	54,918
Property and liability insurance	195,000	195,000	186,878	8,122
Other unclassified expenses	494,792	527,792	410,029	117,763
	<u>1,859,792</u>	<u>1,892,792</u>	<u>1,711,989</u>	<u>180,803</u>
Total expenditures	20,489,372	21,322,702	19,093,584	2,229,118
Other financing uses				
Transfers out	3,050,000	3,050,000	3,050,000	-
Total expenditures and other financing uses	\$ 23,539,372	\$ 24,372,702	\$ 22,143,584	\$ 2,229,118

CITY OF WALKER

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2024

	Special Revenue					Debt Service	
	Local Streets	Ice and Fitness Program	Special Vice Investigation	Improvement Revolving	Opioid Settlement	2009 Bonds	Total
Assets							
Cash and pooled investments	\$ 520,548	\$ 1,251,886	\$ 138,919	\$ 129,408	\$ 25,498	\$ 13,057	\$ 2,079,316
Accounts receivable	-	25,445	-	1,098	-	1,766	28,309
Due from other governments	144,170	-	-	-	-	-	144,170
Due from other funds	1,865	-	-	-	-	-	1,865
Prepaid items	1,353	155,790	-	-	-	-	157,143
Inventory	50,572	88,800	-	-	-	-	139,372
Total assets	\$ 718,508	\$ 1,521,921	\$ 138,919	\$ 130,506	\$ 25,498	\$ 14,823	\$ 2,550,175
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable	\$ 48,498	\$ 46,644	\$ -	\$ 4,494	\$ -	\$ -	\$ 99,636
Accrued liabilities	10,868	32,585	-	-	-	-	43,453
Due to other funds	-	711	-	-	-	-	711
Total liabilities	59,366	79,940	-	4,494	-	-	143,800
Fund balances							
Nonspendable							
Prepaid items	1,353	155,790	-	-	-	-	157,143
Inventory	50,572	88,800	-	-	-	-	139,372
Restricted							
Judicial	-	-	-	-	-	-	-
Streets	607,217	-	-	-	-	-	607,217
Public safety	-	-	138,919	-	25,498	-	164,417
Committed							
Ice and fitness capital	-	330,235	-	-	-	-	330,235
Assigned							
Ice and fitness	-	867,156	-	-	-	-	867,156
Debt service	-	-	-	-	-	14,823	14,823
Capital projects	-	-	-	126,012	-	-	126,012
Total fund balances	659,142	1,441,981	138,919	126,012	25,498	14,823	2,406,375
Total liabilities, deferred inflows and fund balances	\$ 718,508	\$ 1,521,921	\$ 138,919	\$ 130,506	\$ 25,498	\$ 14,823	\$ 2,550,175

CITY OF WALKER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	<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	\$ 916,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 916,806
Local	3,988	-	24,671	30,623	-	-	59,282
Charges for services	-	1,512,722	-	-	-	-	1,512,722
Settlement	-	-	-	-	27,475	-	27,475
Special assessments	-	-	-	-	-	1,552	1,552
Investment earnings	19,657	40,354	6,883	999	239	872	69,004
Miscellaneous	-	1,488	-	-	-	-	1,488
Total revenues	<u>940,451</u>	<u>1,554,564</u>	<u>31,554</u>	<u>31,622</u>	<u>27,714</u>	<u>2,424</u>	<u>2,588,329</u>
Expenditures							
Current							
Public safety	-	-	24,250	-	22,200	-	46,450
Public works	1,271,225	-	-	38,117	-	-	1,309,342
Culture and recreation	-	1,662,130	-	-	-	-	1,662,130
Total expenditures	<u>1,271,225</u>	<u>1,662,130</u>	<u>24,250</u>	<u>38,117</u>	<u>22,200</u>	<u>-</u>	<u>3,017,922</u>
Revenues over (under) expenditures	(330,774)	(107,566)	7,304	(6,495)	5,514	2,424	(429,593)
Other financing sources (uses)							
Transfers in	550,000	350,000	-	-	-	-	900,000
Net changes in fund balances	219,226	242,434	7,304	(6,495)	5,514	2,424	470,407
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 659,142</u>	<u>\$ 1,441,981</u>	<u>\$ 138,919</u>	<u>\$ 126,012</u>	<u>\$ 25,498</u>	<u>\$ 14,823</u>	<u>\$ 2,406,375</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, 2024

	<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	\$ 870,000	\$ 870,000	\$ 916,806	\$ 46,806
Local	4,000	4,000	3,988	(12)
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>19,657</u>	<u>16,657</u>
Total revenues	877,000	877,000	940,451	63,451
Expenditures				
Current				
Public works	<u>1,448,325</u>	<u>1,448,325</u>	<u>1,271,225</u>	<u>177,100</u>
Revenues over (under) expenditures	<u>(571,325)</u>	<u>(571,325)</u>	<u>(330,774)</u>	<u>240,551</u>
Other financing source (uses)				
Use of fund balance	21,325	21,325	-	(21,325)
Transfers in	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Total other financing sources (uses)	<u>571,325</u>	<u>571,325</u>	<u>550,000</u>	<u>(21,325)</u>
Net changes in fund balance	-	-	219,226	219,226
Fund balance, beginning of year	<u>439,916</u>	<u>439,916</u>	<u>439,916</u>	<u>-</u>
Fund balance, end of year	<u>\$ 439,916</u>	<u>\$ 439,916</u>	<u>\$ 659,142</u>	<u>\$ 219,226</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, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Charges for services	\$ 1,278,200	\$ 1,388,200	\$ 1,512,722	\$ 124,522
Investment earnings	3,500	34,000	40,354	6,354
Miscellaneous	115	115	1,488	1,373
Total revenues	1,281,815	1,422,315	1,554,564	132,249
Expenditures				
Current				
Culture and recreation	1,973,499	1,845,558	1,662,130	183,428
Revenues over (under) expenditures	(691,684)	(423,243)	(107,566)	315,677
Other financing source (uses)				
Use of fund balance	341,684	73,243	-	(73,243)
Transfers in	350,000	350,000	350,000	-
Total other financing sources (uses)	691,684	423,243	350,000	(73,243)
Net changes in fund balance	-	-	242,434	242,434
Fund balance, beginning of year	1,199,547	1,199,547	1,199,547	-
Fund balance, end of year	\$ 1,199,547	\$ 1,199,547	\$ 1,441,981	\$ 242,434

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, 2024

	<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	\$ -	\$ 25,000	\$ 24,671	\$ (329)
Investment earnings	-	6,000	6,883	883
Total Revenues	-	31,000	31,554	554
Expenditures				
Current				
Public safety	-	40,000	24,250	15,750
Revenues over (under) expenditures	-	(9,000)	7,304	16,304
Other financing source (uses)				
Use of fund balance	-	9,000	-	(9,000)
Net changes in fund balance	-	-	7,304	7,304
Fund balance, beginning of year	131,615	131,615	131,615	-
Fund balance, end of year	<u>\$ 131,615</u>	<u>\$ 131,615</u>	<u>\$ 138,919</u>	<u>\$ 7,304</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, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Settlement Income	\$ -	\$ 5,000	\$ 27,475	\$ 22,475
Investment earnings	-	250	239	(11)
Total Revenues	-	5,250	27,714	22,464
Expenditures				
Current				
Public safety	-	22,500	22,200	300
Revenues over (under) expenditures	-	(17,250)	5,514	22,764
Other financing source (uses)				
Use of fund balance	-	17,250	-	(17,250)
Net changes in fund balance	-	-	5,514	5,514
Fund balance, beginning of year	19,984	19,984	19,984	-
Fund balance, end of year	<u>\$ 19,984</u>	<u>\$ 19,984</u>	<u>\$ 25,498</u>	<u>\$ 5,514</u>

CITY OF WALKER

CUSTODIAL FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2024

	<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	\$ 90,671	\$ 408	\$ 942,912	\$ 1,033,991
Total assets	<u>90,671</u>	<u>408</u>	<u>942,912</u>	<u>1,033,991</u>
Liabilities				
Escrow deposits payable	-	-	852,824	852,824
Due to other governmental units	<u>-</u>	<u>408</u>	<u>-</u>	<u>408</u>
Total liabilities	<u>-</u>	<u>408</u>	<u>852,824</u>	<u>853,232</u>
Net position				
Restricted	<u>\$ 90,671</u>	<u>\$ -</u>	<u>\$ 90,088</u>	<u>\$ 180,759</u>

CITY OF WALKER

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN NET POSITION

JUNE 30, 2024

	<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	\$ -	\$ 55,603,987	\$ -	\$ 55,603,987
Escrow deposits collected	-	-	509,024	509,024
Court ordered bonds	121,312	-	-	121,312
Fines and fees	<u>871,950</u>	<u>-</u>	<u>-</u>	<u>871,950</u>
Total additions	<u>993,262</u>	<u>55,603,987</u>	<u>509,024</u>	<u>57,106,273</u>
Deductions				
Property taxes distributed to other governments	-	55,603,987	-	55,603,987
Escrow funds used to cover expenses	-	-	633,709	633,709
Bonds refunded	102,117	-	-	102,117
Funds used to cover court costs	<u>863,133</u>	<u>-</u>	<u>-</u>	<u>863,133</u>
Total deductions	<u>965,250</u>	<u>55,603,987</u>	<u>633,709</u>	<u>57,202,946</u>
Net increase (decrease)	28,012	-	(124,685)	(96,673)
Net position, beginning of year	<u>62,659</u>	<u>-</u>	<u>214,773</u>	<u>277,432</u>
Net position, end of year	<u>\$ 90,671</u>	<u>\$ -</u>	<u>\$ 90,088</u>	<u>\$ 180,759</u>

CITY OF WALKER

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Fund Type			Adjustments	Statement of Net Position
	General Fund	Streetscape Maintenance	Totals		
Assets					
Cash and pooled investments	\$ 3,325,065	\$ 151,256	\$ 3,476,321	\$ -	\$ 3,476,321
Accounts receivable	-	17,512	17,512	-	17,512
Capital assets					
Land	-	-	-	1,054,978	1,054,978
Construction in progress	-	-	-	221,482	221,482
Depreciable capital assets, net	-	-	-	1,437,109	1,437,109
Total assets	<u>\$ 3,325,065</u>	<u>\$ 168,768</u>	<u>\$ 3,493,833</u>	<u>2,713,569</u>	<u>6,207,402</u>
Liabilities, deferred inflows and fund balances					
Liabilities					
Accounts payable	\$ 149,262	\$ 26,226	\$ 175,488	-	175,488
Deferred inflows					
Unavailable revenue	-	16,521	16,521	(16,521)	-
Fund balances					
Unassigned	3,175,803	126,021	3,301,824	(3,301,824)	
Total liabilities, deferred inflows and fund balances	<u>\$ 3,325,065</u>	<u>\$ 168,768</u>	<u>\$ 3,493,833</u>		
Net position					
Net investment in capital assets				2,492,087	2,492,087
Unrestricted				3,539,827	3,539,827
Total net position				<u>\$ 6,031,914</u>	<u>\$ 6,031,914</u>
Reconciliation of fund balances to net position					
Fund balances of governmental funds					\$ 3,301,824
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)					1,437,109
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds					
Add - unavailable revenue					16,521
Net position of governmental activities					<u>\$ 6,031,914</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, 2024

	Governmental Fund Type			Adjustments	Statement of Activities
	General Fund	Streetscape Maintenance	Totals		
Revenues					
Taxes	\$ 688,087	\$ -	\$ 688,087	\$ -	\$ 688,087
Special assessments	-	119,600	119,600	9,244	128,844
Investment earnings	<u>121,052</u>	<u>5,396</u>	<u>126,448</u>	<u>-</u>	<u>126,448</u>
	809,139	124,996	934,135	9,244	943,379
Expenditures/expenses					
Current					
Community development	<u>262,509</u>	<u>160,300</u>	<u>422,809</u>	<u>(146,607)</u>	<u>276,202</u>
Net changes in fund balances	546,630	(35,304)	511,326	(511,326)	
Change in net position				667,177	667,177
Fund balances/net position					
Beginning of year	<u>2,629,173</u>	<u>161,325</u>	<u>2,790,498</u>		<u>5,364,737</u>
End of year	<u>\$ 3,175,803</u>	<u>\$ 126,021</u>	<u>\$ 3,301,824</u>		<u>\$ 6,031,914</u>
Reconciliation of change in fund balances to change in net position					
Net change in fund balances of governmental funds					\$ 511,326
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					146,607
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					<u>9,244</u>
Change in net position of governmental activities					<u>\$ 667,177</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, 2024

	<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				
Taxes	\$ 690,000	\$ 690,000	\$ 688,087	\$ (1,913)
Investment earnings	12,000	95,000	121,052	26,052
Total revenues	<u>702,000</u>	<u>785,000</u>	<u>809,139</u>	<u>24,139</u>
Expenditures				
Current				
Community development	<u>2,097,307</u>	<u>2,109,307</u>	<u>262,509</u>	<u>1,846,798</u>
Revenues over (under) expenditures	(1,395,307)	(1,324,307)	546,630	1,870,937
Other financing source (uses)				
Use of fund balance	<u>1,395,307</u>	<u>1,324,307</u>	-	<u>(1,324,307)</u>
Net changes in fund balance	-	-	546,630	546,630
Fund balance, beginning of year	<u>2,629,173</u>	<u>2,629,173</u>	<u>2,629,173</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,629,173</u>	<u>\$ 2,629,173</u>	<u>\$ 3,175,803</u>	<u>\$ 546,630</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, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Special assessments	\$ 129,000	\$ 129,000	\$ 119,600	\$ (9,400)
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>5,396</u>	<u>3,396</u>
Total revenues	131,000	131,000	124,996	(6,004)
Expenditures				
Current				
Community development	<u>158,550</u>	<u>176,550</u>	<u>160,300</u>	<u>16,250</u>
Revenues over (under) expenditures	(27,550)	(45,550)	(35,304)	10,246
Other financing source (uses)				
Use of fund balance	<u>27,550</u>	<u>45,550</u>	<u>-</u>	<u>(45,550)</u>
Net changes in fund balance	-	-	(35,304)	(35,304)
Fund balance, beginning of year	<u>161,325</u>	<u>161,325</u>	<u>161,325</u>	<u>-</u>
Fund balance, end of year	<u>\$ 161,325</u>	<u>\$ 161,325</u>	<u>\$ 126,021</u>	<u>\$ (35,304)</u>

CITY OF WALKER

BROWNFIELD REDEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 217,345	\$ -	\$ 217,345
Total assets	<u>\$ 217,345</u>	<u>-</u>	<u>217,345</u>
Liabilities and fund balances			
Liabilities			
Total liabilities	\$ -	-	-
Fund balances			
Unassigned	<u>217,345</u>	<u>(217,345)</u>	
Total liabilities and fund balances	<u>\$ 217,345</u>		
Net position			
Unrestricted		<u>\$ 217,345</u>	<u>\$ 217,345</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, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 136,613	\$ -	\$ 136,613
Investment earnings	<u>8,537</u>	<u>-</u>	<u>8,537</u>
	145,150	-	145,150
 Expenditures/expenses			
Current			
Public works			
Return of tax increment	<u>119,717</u>	<u>-</u>	<u>119,717</u>
Net changes in fund balances	25,433	(25,433)	
Change in net position		25,433	25,433
Fund balances/net position, beginning of year	<u>191,912</u>		<u>191,912</u>
Fund balances/net position, end of year	<u>\$ 217,345</u>		<u>\$ 217,345</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, 2024

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 137,600	\$ 137,600	\$ 136,613	\$ (987)
Investment earnings	<u>1,240</u>	<u>1,240</u>	<u>8,537</u>	<u>7,297</u>
Total revenues	138,840	138,840	145,150	6,310
Expenditures				
Current				
Return of tax increment	<u>120,600</u>	<u>120,600</u>	<u>119,717</u>	<u>883</u>
Revenues over (under) expenditures	18,240	18,240	25,433	7,193
Other financing source (uses)				
Use of fund balance	<u>(18,240)</u>	<u>(18,240)</u>	<u>-</u>	<u>18,240</u>
Net changes in fund balance	-	-	25,433	25,433
Fund balance, beginning of year	<u>191,912</u>	<u>191,912</u>	<u>191,912</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 191,912</u></u>	<u><u>\$ 191,912</u></u>	<u><u>\$ 217,345</u></u>	<u><u>\$ 25,433</u></u>