



CITY OF WALKER, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF WALKER

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INDEPENDENT AUDITORS' REPORT

October 27, 2025

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, 2025, 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, 2025, 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 48 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.

Orlando Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

**City of Walker
June 30, 2025**

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, 2025. 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 86.3% of the non-Federal funded portion of the total General Fund Revenues in the current fiscal year with Income Tax equaling 67.2%, State Revenue Sharing equaling 11.1% and Property Tax equaling 8.0%.
- The city's General Fund expenditures increased by 28.8% from the prior year. This increase was the result of the implementation of staffing additions, the settlement of an OPEB liability with a group of employees, a contribution towards the city's new library building construction project, multiple repair and improvement projects, and new equipment purchases.
- General Fund expenditures exceeded revenues by \$1,388,389 in the current fiscal year.
- The General Fund's unassigned fund balance as of June 30, 2025 equals \$16,594,459, which represents 56.8% of the actual total General Fund expenditures for the current fiscal year. The City's General Fund Balance Policy requires a minimum unassigned fund balance of 15%.
- Development and construction activities remain steady in the city.
- Roads continue to be a priority for the City of Walker. In the current fiscal year:
 - The City received approximately \$4.772 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 \$7.5 million on five significant road projects including 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 is being managed by the Michigan Department of Transportation.
- The city sold a bond in the amount of \$18.99 million to finance the construction of a new library building. The building is scheduled to be completed in the fall of 2026.
- The City has established multiple set-aside or sinking accounts designed to assist with the future purchase of equipment and large repair expenses.

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 of 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 ten 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 Library Construction 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 \$114,247,045 at the close of the most recent fiscal year. A summary of net position is as follows:

Summary of Net Position		
	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 52,111,706	\$ 51,272,586
Capital assets	92,071,595	79,117,598
Total assets	144,183,301	130,390,184
Deferred outflows of resources	1,068,995	1,723,463
Current and other liabilities	3,244,120	17,440,610
Long-term liabilities outstanding	27,752,649	9,403,112
Total liabilities	30,996,769	26,843,722
Deferred inflows of resources	8,482	77,102
Net position		
Net investment in capital assets	88,361,827	79,027,183
Restricted	6,192,097	7,293,620
Unrestricted	19,693,121	18,872,020
Total net position	\$114,247,045	\$105,192,823

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 \$8,029,856, primarily due to higher income tax revenues, interest earnings, increased building activities, and elimination of debt. A summary of the changes in net position is as follows:

Summary of Activities		
	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Revenue		
Program revenue		
Charges for services	\$ 4,164,542	\$ 4,111,577
Operating grants and contributions	7,166,668	6,184,817
Capital grants and contributions	30,508,746	2,110,762
General revenue		
Income taxes	17,290,023	17,148,123
Property taxes	2,200,266	2,029,100
Other governmental sources	2,851,546	2,850,846
Unrestricted investment earnings	885,924	537,942
Other	88,691	147,752
Total revenue	65,156,406	35,120,919
Expenses		
General government	5,090,176	4,989,089
Judicial	894,572	910,138
Public safety	9,674,444	9,244,000
Public works	37,938,392	9,420,677
Culture and recreation	3,197,605	2,723,430
Interest	331,361	-
Total expenses	57,126,550	27,287,334
Increase (decrease) in net position	8,029,856	7,833,585
Net position - beginning of year, as previously presented	105,192,823	97,359,238
Error correction	1,024,366	-
Net position – beginning of year as restated	106,217,189	97,359,238
Net position - end of year	\$114,247,045	\$105,192,823

Governmental Activities. During the year, the City invested \$5,090,176 or 8.91% of governmental activities expenses in general government. Public safety expenses amounted to \$9,674,444 or 16.94% and public works amounted to \$37,938,392 or 66.41% of governmental activities. Judicial, culture and recreation, and interest on long-term debt made up the remaining 7.74% 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 \$46,015,036, an increase of \$14,022,571 from the prior year. Of the \$46,015,036, \$21,497,191 is reported in the General fund, \$4,394,023 is reported in the Major Streets fund, and \$17,659,057 is reported in the Library Construction 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 \$21,497,191. Of that amount, \$31,129 was restricted for cemetery operations, \$8,731 was restricted for public safety, \$6,675 was restricted for employee funded causes, \$1,045,594 was restricted for construction permitting and inspection activities, \$110,954 was nonspendable, \$654,709 was committed for various purposes by the City Commission, \$3,044,940 is assigned to meet fiscal year 2026 expenditures, and the remaining \$16,594,459 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 56.83% of total general fund expenditures and transfers. The fund balance of the City's General fund decreased by \$1,388,389 during the current fiscal year primarily due to a transfer to the capital equipment replacement fund.

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 \$4,394,023, a decrease of \$2,204,299 from the previous year.

The Library Construction fund is used to account for the capital expenditures for the construction of a new library. The fund balance at the end of the year amounted to \$17,659,057.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$92,071,595 (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	4,337,924
Buildings, Equipment and Infrastructure (net)	84,969,812
Total	\$92,071,595

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 \$20,725,661 summarized as follows:

Debt	
	Governmental Activities
Bonds payable	\$18,990,000
Unamortized bond premium	1,006,167
SBITA payable	692,194
Total	\$20,688,361

The City issued bonds of \$18,990,000 plus a premium of \$1,006,167, and made debt payments totaling \$268,336. 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 2024/2025 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 investment in road improvement projects. The fiscal year 2024/2025 budget included five significant road projects totaling approximately \$8 million.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2025/2026 fiscal year:

- The Walker City Commission approved the fiscal year 2025/2026 budget in June 2025. 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 2025/2026. Budget amendments will be recommended and acted upon as needed during the fiscal year.
- The City of Walker recognizes that state, national and global economic factors will impact our fiscal year 2025/2026 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, 2025

	Primary Government Governmental Activities	Component Units Downtown Development Authority	Brownfield Redevelopment Authority
Assets			
Cash and pooled investments	\$ 48,051,235	\$ 2,682,335	\$ 244,726
Accounts receivable	1,842,747	11,022	-
Special assessments receivable	403,607	-	-
Due from other governments	1,296,566	-	-
Prepaid items	147,387	-	-
Inventory	370,164	-	-
Capital assets			
Land	2,763,859	1,054,978	-
Construction in progress	4,337,924	1,683,861	-
Depreciable capital assets, net	<u>84,969,812</u>	<u>1,363,038</u>	<u>-</u>
Total assets	<u>144,183,301</u>	<u>6,795,234</u>	<u>244,726</u>
Deferred outflows of resources			
Deferred outflows of resources related to pension	<u>1,068,995</u>	<u>-</u>	<u>-</u>
Liabilities			
Accounts payable	1,104,922	110,549	-
Accrued liabilities	1,047,056	-	-
Unearned revenue	403,607	-	-
Debt due within one year	688,535	-	-
Noncurrent liabilities			
Compensated absences	1,402,626	-	-
Other post-employment benefits net OPEB liability	1,762,789	-	-
Net pension liability	4,587,408	-	-
Debt due in more than one year	<u>19,999,826</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>30,996,769</u>	<u>110,549</u>	<u>-</u>
Deferred inflows of resources			
Deferred inflows of resources related to OPEB	<u>8,482</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	88,361,827	2,418,016	-
Restricted for:			
Streets	5,057,423	-	-
Public safety	82,405	-	-
Construction code fees	1,045,594	-	-
Employee funded causes	6,675	-	-
Unrestricted	<u>19,693,121</u>	<u>4,266,669</u>	<u>244,726</u>
Total net position	<u>\$ 114,247,045</u>	<u>\$ 6,684,685</u>	<u>\$ 244,726</u>

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

CITY OF WALKER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

<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	\$ 5,090,176	\$ 945,836	\$ 384,230	\$ 1,798,656	\$ (1,961,454)
Judicial	894,572	625,650	574	-	(268,348)
Public safety	9,674,444	121,235	109,779	33,500	(9,409,930)
Public works	37,938,392	746,974	6,672,085	28,676,590	(1,842,743)
Culture and recreation	3,197,605	1,724,847	-	-	(1,472,758)
Interest on long-term debt	331,361	-	-	-	(331,361)
Total primary government	<u>\$ 57,126,550</u>	<u>\$ 4,164,542</u>	<u>\$ 7,166,668</u>	<u>\$ 30,508,746</u>	<u>\$ (15,286,594)</u>
Component units					
Downtown Development Authority	\$ 332,207	\$ 134,795	\$ -	\$ -	\$ (197,412)
Brownfield Redevelopment Authority	124,946	-	-	-	(124,946)
Total component units	<u>\$ 457,153</u>	<u>\$ 134,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (322,358)</u>

(Continued)

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

CITY OF WALKER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Primary Government Governmental Activities	Component Units Downtown Development Authority	Brownfield Redevelopment Authority
Changes in net position			
Net (expense) revenue	\$ (15,286,594)	\$ (197,412)	\$ (124,946)
General revenues			
Income taxes	17,290,023	-	-
Property taxes	2,200,266	735,706	143,062
State shared revenues	2,851,546	-	-
Unrestricted investment earnings	885,924	114,477	9,265
Other general revenues	88,691	-	-
Total general revenues	23,316,450	850,183	152,327
Change in net position	8,029,856	652,771	27,381
Net position, beginning of year as previously presented	105,192,823	6,031,914	217,345
Error correction	1,024,366	-	-
Net position, beginning of year as restated	106,217,189	6,031,914	217,345
Net position, end of year	\$ 114,247,045	\$ 6,684,685	\$ 244,726

(Concluded)

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

CITY OF WALKER
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	<u>General</u>	<u>Major Streets</u>	<u>Library Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 20,151,965	\$ 3,772,793	\$ 18,120,723	\$ 2,149,624	\$ 44,195,105
Accounts receivable	1,743,286	-	-	83,459	1,826,745
Special assessment receivable	-	403,607	-	-	403,607
Due from other governments	519,734	619,365	-	149,143	1,288,242
Due from other funds	2,364	36,125	-	-	38,489
Prepaid items	110,954	3,982	-	31,139	146,075
Inventory	-	132,367	-	181,946	314,313
Total assets	<u>\$ 22,528,303</u>	<u>\$ 4,968,239</u>	<u>\$ 18,120,723</u>	<u>\$ 2,595,311</u>	<u>\$ 48,212,576</u>
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accounts payable	\$ 381,684	\$ 138,722	\$ 461,666	\$ 69,911	\$ 1,051,983
Accrued liabilities	613,303	31,887	-	58,271	703,461
Due to other funds	36,125	-	-	2,364	38,489
Total liabilities	<u>1,031,112</u>	<u>170,609</u>	<u>461,666</u>	<u>130,546</u>	<u>1,793,933</u>
Deferred inflows					
Unavailable revenue	-	403,607	-	-	403,607
Fund balances					
Nonspendable					
Prepaid items	110,954	3,982	-	31,139	146,075
Inventory	-	132,367	-	181,946	314,313
Restricted					
Cemetery	31,129	-	-	-	31,129
Streets	-	4,257,674	-	799,749	5,057,423
Public safety	8,731	-	-	73,674	82,405
Employee funded causes	6,675	-	-	-	6,675
Construction code fees	1,045,594	-	-	-	1,045,594
Library construction	-	-	17,659,057	-	17,659,057
Committed					
Building sinking fund	654,709	-	-	-	654,709
Ice and fitness capital	-	-	-	278,647	278,647
Assigned					
Subsequent year expenditures	3,044,940	-	-	-	3,044,940
Ice and fitness program	-	-	-	947,514	947,514
Debt service	-	-	-	15,477	15,477
Capital projects	-	-	-	136,619	136,619
Unassigned	16,594,459	-	-	-	16,594,459
Total fund balances	<u>21,497,191</u>	<u>4,394,023</u>	<u>17,659,057</u>	<u>2,464,765</u>	<u>46,015,036</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,528,303</u>	<u>\$ 4,968,239</u>	<u>\$ 18,120,723</u>	<u>\$ 2,595,311</u>	<u>\$ 48,212,576</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, 2025

Fund balances - total governmental funds	\$ 46,015,036
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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	4,337,924
Add - capital assets (net of accumulated depreciation)	79,158,421

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	9,671,957
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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	(1,390,513)
Deduct - other post-employment benefits liability	(1,762,789)
Deduct - net pension liability	(4,587,408)
Add - deferred outflows related to net pension liability	1,068,995
Deduct - deferred inflows related to other post-employment benefits liability	(8,482)
Deduct - bonds and notes payable	(20,688,361)
Deduct - accrued interest on bonds payable	<u>(331,594)</u>

Net position of governmental activities	<u>\$ 114,247,045</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, 2025

	<u>General</u>	<u>Major Streets</u>	<u>Formerly major ARPA</u>	<u>Library Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues						
Taxes	\$ 20,091,905	\$ -	\$ -	\$ -	\$ -	\$ 20,091,905
Intergovernmental revenues						
Federal	10,893	-	-	-	1,798,656	1,809,549
State	3,034,168	28,966,353	-	-	966,309	32,966,830
Local	277,397	232,467	-	-	963,429	1,473,293
Cable franchise fees	274,747	-	-	-	-	274,747
Licenses and permits	722,227	-	-	-	-	722,227
Charges for services	154,945	-	-	-	1,681,517	1,836,462
Fines	607,466	-	-	-	-	607,466
Investment earnings	517,661	678,244	-	334,445	115,103	1,645,453
Settlement	-	-	-	-	12,132	12,132
Miscellaneous	189,439	-	-	-	645	190,084
Total revenues	<u>25,880,848</u>	<u>29,877,064</u>	<u>-</u>	<u>334,445</u>	<u>5,537,791</u>	<u>61,630,148</u>
Expenditures						
Current						
Judicial	961,167	-	-	-	-	961,167
General government	6,304,636	-	-	-	-	6,304,636
Public safety	11,825,649	-	-	-	121,619	11,947,268
Public works	1,378,897	35,044,531	-	-	2,230,007	38,653,435
Culture and recreation	746,250	-	-	2,609,516	2,142,572	5,498,338
Planning and economic development	8,872	-	-	-	-	8,872
Other	2,462,920	-	-	-	-	2,462,920
Total expenditures	<u>23,688,391</u>	<u>35,044,531</u>	<u>-</u>	<u>2,609,516</u>	<u>4,494,198</u>	<u>65,836,636</u>
Revenues over (under) expenditures	<u>2,192,457</u>	<u>(5,167,467)</u>	<u>-</u>	<u>(2,275,071)</u>	<u>1,043,593</u>	<u>(4,206,488)</u>
Other financing sources (uses)						
Debt issuance	870,115	-	-	18,990,000	-	19,860,115
Bond premium	-	-	-	1,006,167	-	1,006,167
Transfers in	1,062,039	2,963,168	-	1,000,000	843,250	5,868,457
Transfers out	(5,513,000)	-	-	(1,062,039)	(1,930,641)	(8,505,680)
Total other financing sources (uses)	<u>(3,580,846)</u>	<u>2,963,168</u>	<u>-</u>	<u>19,934,128</u>	<u>(1,087,391)</u>	<u>18,229,059</u>
Net changes in fund balances	<u>(1,388,389)</u>	<u>(2,204,299)</u>	<u>-</u>	<u>17,659,057</u>	<u>(43,798)</u>	<u>14,022,571</u>
Fund balances, beginning of year as previously presented	22,885,580	6,598,322	102,188	-	2,406,375	31,992,465
Change within financial reporting entity	-	-	(102,188)	-	102,188	-
Fund balances, beginning of year as restated	<u>22,885,580</u>	<u>6,598,322</u>	<u>-</u>	<u>-</u>	<u>2,508,563</u>	<u>31,992,465</u>
Fund balances, end of year	<u>\$ 21,497,191</u>	<u>\$ 4,394,023</u>	<u>\$ -</u>	<u>\$ 17,659,057</u>	<u>\$ 2,464,765</u>	<u>\$ 46,015,036</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, 2025

Net changes in fund balances - total governmental funds	\$ 14,022,571
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because</p>	
<p>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.</p>	
Add - capital outlay	16,135,007
Deduct - depreciation expense	(5,742,945)
<p>Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. 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.</p>	
Add - principal payments on debt	90,415
Deduct - issuance of long-term debt	(18,990,000)
Deduct - issuance of bond premium	(1,006,167)
<p>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.</p>	
Deduct - increase in compensated absences	(239,085)
Add - decrease in net pension liability	338,108
Add - decrease in other post-employment benefits liability	1,517,365
Deduct - decrease in deferred outflows related to pensions	(550,070)
Deduct - decrease in deferred outflows related to other post-employment benefits	(104,398)
Add - decrease in deferred inflows related to other post-employment benefits	68,620
Deduct - increase in accrued interest	(331,361)
<p>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.</p>	
Add - increase in net position of the internal service fund	<u>2,821,796</u>
Change in net position of governmental activities	<u>\$ 8,029,856</u>

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

CITY OF WALKER
CAPITAL EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
STATEMENT OF NET POSITION

JUNE 30, 2025

Assets

Current assets	
Cash and pooled investments	\$ 3,856,130
Accounts receivable	16,002
Due from other governments	8,324
Prepaid items	1,312
Inventory	<u>55,851</u>

Total current assets	<u>3,937,619</u>
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Non-current assets

Capital assets	
Vehicles	12,781,475
Less accumulated depreciation	<u>(6,970,084)</u>

Total non-current assets	<u>5,811,391</u>
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Total assets	<u>9,749,010</u>
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Liabilities

Current liabilities	
Accounts payable	52,939
Accrued liabilities	<u>12,001</u>

Total current liabilities	64,940
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Long-term liabilities

Compensated absences	<u>12,113</u>
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Total liabilities	<u>77,053</u>
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Net position

Net investment in capital assets	5,811,391
Unrestricted	<u>3,860,566</u>

Total net position	<u>\$ 9,671,957</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, 2025

Operating revenue	
Charges for services	\$ 1,956,383
Operating expense	
Personnel costs	431,852
Operating supplies and expenses	102,010
Repair and maintenance	314,062
Gas and oil	223,636
Other expenses	4,454
Depreciation	1,001,251
Total operating expense	<u>2,077,265</u>
Operating income (loss)	<u>(120,882)</u>
Non-operating revenue (expense)	
Interest income	104,809
Gain on sale of capital assets	145,705
Insurance reimbursement	44,875
Capital contributions	10,066
Total non-operating revenue (expense)	<u>305,455</u>
Income (loss) before transfers	184,573
Transfers	
Transfers in	<u>2,637,223</u>
Changes in net position	2,821,796
Net position, beginning of year	<u>6,850,161</u>
Net position, end of year	<u>\$ 9,671,957</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, 2025

Cash flows from operating activities

Receipts from internal services provided	\$ 1,948,058
Payments to employees	(426,986)
Payments to suppliers	<u>(632,681)</u>

Net cash provided by (used in) operating activities	<u>888,391</u>
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Cash flows from non-capital financing activities

Transfers in	<u>2,637,223</u>
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Cash flows from capital and related financing activities

Proceeds from sale of capital assets	145,704
Capital contribution	10,066
Proceeds from insurance reimbursement	44,875
Acquisitions of capital assets	<u>(1,846,625)</u>

Net cash provided by (used in) capital and related financing activities	<u>(1,645,980)</u>
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Cash flows from investing activities

Interest income	<u>104,809</u>
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Net increase (decrease) in cash and pooled investments	1,984,443
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Cash and pooled investments, beginning of year	<u>1,871,687</u>
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Cash and pooled investments, end of year	<u><u>\$ 3,856,130</u></u>
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Cash flows from operating activities

Operating income (loss)	\$ (120,882)
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Adjustments to reconcile operating income (loss)
to net cash provided by (used in) operating activities

Depreciation	1,001,251
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	(9,472)
Due from other governments	1,147
Prepaid items	(598)
Inventory	(6,120)
Accounts payable	18,199
Accrued liabilities	1,467
Compensated absences	<u>3,399</u>

Net cash provided by (used in) operating activities	<u><u>\$ 888,391</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, 2025

	Other Post- employment Benefits <u>Trust Fund</u>	Custodial Funds
Assets		
Cash and pooled investments	\$ -	\$ 973,997
Investments	<u>1,671,268</u>	<u>-</u>
Total assets	<u>1,671,268</u>	<u>973,997</u>
Liabilities		
Escrow deposits payable	-	806,618
Due to other governmental units	<u>-</u>	<u>441</u>
Total liabilities	<u>-</u>	<u>807,059</u>
Net position		
Net position held in trust for OPEB	1,671,268	-
Restricted	<u>-</u>	<u>166,938</u>
Total net position	<u>\$ 1,671,268</u>	<u>\$ 166,938</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, 2025

	Other Post- employment Benefits <u>Trust Fund</u>	Custodial Funds
Additions		
Property taxes collected for other governments	\$ -	\$ 60,877,866
Escrow deposits collected	-	337,902
Contributions		
City contributions	1,499,905	-
Court ordered bonds	-	152,239
Fines and fees	-	826,854
Investment earnings		
Interest	<u>89,925</u>	<u>-</u>
Total additions	<u>1,589,830</u>	<u>62,194,861</u>
Deductions		
Health insurance premiums paid	1,492,640	-
Property taxes distributed to other governments	-	60,877,866
Bonds refunded	-	506,031
Funds used to cover court costs	<u>-</u>	<u>824,785</u>
Total deductions	<u>1,492,640</u>	<u>62,208,682</u>
Changes in net position	97,190	(13,821)
Net position, beginning of year	<u>1,574,078</u>	<u>180,759</u>
Net position, end of year	<u>\$ 1,671,268</u>	<u>\$ 166,938</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, 2025

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, 2025

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, 2025

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 *Library Construction Fund* accounts for the accumulation and disbursement of resources for the construction of a new library.

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, 2025

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, 2025

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, 2025

Subscription-Based Information Technology Arrangements (SBITAs)

Significant subscription-based information technology arrangements are recorded as an intangible right to use subscription, SBITAs asset. These assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets. The assets are disclosed with other capital assets in note 3. The associated liability for the arrangement is recorded as long-term debt. Both the asset and the liability are recorded at the present value of the contract. Details regarding the SBITAs and the long-term debt are discussed in note 4.

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	
Special assessments unearned revenue	<u>\$403,607</u>
Unearned revenue – government-wide statements	<u>\$403,607</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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

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. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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, 2025

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, 2025, the City levied 1.336 mills on approximately \$1,596,939,000 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, 2025, 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, 2025

During the year ended June 30, 2025, 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 safety			
Police department	\$7,975,388	\$8,307,855	\$(332,467)

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	\$48,051,235	\$2,927,061	\$ 973,997	\$51,952,293
Investments	-	-	1,671,268	1,671,268
	<u>\$48,051,235</u>	<u>\$2,927,061</u>	<u>\$2,645,265</u>	<u>\$53,623,561</u>

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

Deposits	\$45,588,737
Investments	8,032,224
Petty cash	<u>2,600</u>
Total	<u>\$53,623,561</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, \$40,883,304 of the City's bank balance of \$46,948,696 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	\$ 7,896	Unrated	N/A
Stable NAV Government Investment Pool	N/A	6,353,060	AAAm	S&P
MissionSquare Low Duration Bond Fund	N/A	1,671,268	3 star	Morningstar
		<u>\$8,032,224</u>		

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 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	21%	0-5
Certificates of deposits	56%	0-5
Deposits, money markets and other pools	23%	Not applicable

At June 30, 2025 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	86%	Not applicable
Collateralized bank deposits	4%	Not applicable
Money market funds	5%	Not applicable
Repurchase agreements	5%	Not applicable

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,763,859	\$ -	\$ -	\$ 2,763,859
Construction in progress	4,312,536	3,313,558	3,288,170	4,337,924
Total capital assets, not being depreciated	7,076,395	3,313,558	3,288,170	7,101,783
Capital assets, being depreciated				
Land improvements	3,537,097	1,121,614	-	4,658,711
Buildings and improvements	21,453,327	-	-	21,453,327
Vehicles	9,677,627	1,545,629	388,175	10,835,081
Other tools and equipment	6,513,800	431,482	8,947	6,936,335
Office furnishings	1,277,618	25,909	-	1,303,527
Infrastructure	124,292,055	14,820,893	-	139,112,948
SBITA	-	870,115	-	870,115
Total capital assets, being depreciated	166,751,524	18,815,642	397,122	185,170,044
Less accumulated depreciation and amortization for				
Land improvements	2,716,289	312,795	-	3,029,084
Buildings and improvements	14,997,950	506,075	-	15,504,025
Vehicles	5,382,681	810,017	406,238	5,786,460
Other tools and equipment	4,276,830	616,369	8,947	4,884,252
Office furnishings	1,244,024	19,943	-	1,263,967
Infrastructure	65,057,041	4,497,482	-	69,554,523
SBITA	-	177,921	-	177,921
Total accumulated depreciation and amortization	93,674,815	6,940,602	415,185	100,200,232
Net capital assets, being depreciated	73,076,709	11,875,040	(18,063)	84,969,812
Governmental Activities capital assets, net	\$80,153,104	\$15,188,598	\$3,270,107	\$92,071,595

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Balance July 1, <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2025</u>
Component units				
Capital assets not being depreciated				
Land	\$1,054,978	\$ -	\$ -	\$1,054,978
Construction in progress	221,482	1,462,379	-	1,683,861
Total capital assets, not being depreciated	1,276,460	1,462,379	-	2,738,839
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	192,297	-	-	192,297
Infrastructure	259,786	8,618	-	268,404
Buildings	1,132,506	62,917	-	1,195,423
Office furnishings	66,629	2,536	-	69,165
Total accumulated depreciation	1,651,218	74,071	-	1,725,289
Net capital assets, being depreciated	1,437,109	(74,071)	-	1,363,038
Component Units capital assets, net	\$2,713,569	\$1,388,308	\$ -	\$4,101,877

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

Governmental Activities

General government	\$ 365,676
Public safety	473,374
Public works	4,357,140
Culture and recreation	722,097
Judicial	21,064
Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets	1,001,251

Total depreciation and amortization expense - governmental activities **\$6,940,602**

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 \$746,480 and employee contributions amounted to \$276,648 during the year ended June 30, 2025.

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, 2024):

Active plan members	11
Inactive employees entitled but not yet receiving benefits	1
Inactive employees or beneficiaries currently receiving benefits	66
Total	78

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was \$44,432 per month. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute from 0% to 2% of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The total pension liability in the December 31, 2024 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%
Discount rate			7.18%

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, 2025

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, 2023	\$29,310,712	\$24,385,196	\$ 4,925,516
Changes for the Year:			
Service cost	140,745	-	140,745
Interest	2,035,689	-	2,035,689
Change in benefits	-	-	-
Differences between expected and actual experience	122,864	-	122,864
Change in assumptions	(64,965)	-	(64,965)
Contributions: employer	-	799,419	(799,419)
Contributions: employee	-	14,059	(14,059)
Net investment income (loss)	-	1,812,483	(1,812,483)
Benefit payments, including refunds	(2,057,734)	(2,057,734)	-
Administrative expense	-	(53,520)	53,520
Other changes	-	-	-
Net changes	176,599	514,707	(338,108)
Balance at December 31, 2024	\$29,487,311	\$24,899,903	\$ 4,587,408

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	\$32,399,117	\$29,487,311	\$27,006,858
Fiduciary net position	24,899,903	24,899,903	24,899,903
Net pension liability	\$ 7,499,214	\$ 4,587,408	\$ 2,106,955

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2025 the employer recognized pension expense of \$745,146. 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	802,403	-
Contributions subsequent to the measurement date*	266,592	-
Total	\$1,068,995	\$ -

* 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 2026.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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:

2026	\$ 375,249
2027	650,326
2028	(201,528)
2029	(21,644)
Thereafter	-
Total	<u>\$ 802,403</u>

6. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Public Placement Bonds					
18,990,000 Capital Improvement Bonds, Series 2025; due in annual installments of \$525,000 to \$1,400,000 through March 2045, plus interest at 4% to 5%	\$ -	\$18,990,000	\$ -	\$18,990,000	\$525,000
Private Placement					
Contractual agreement payable to another government, due in annual installments of \$47,088 to \$18,650 through November 2026; interest at 3.0%	55,950	-	55,950	-	-
Contractual agreement payable to a contractor for police equipment, due in annual installments of \$34,464 through September 2024	34,465	-	34,465	-	-
Total Debt	90,415	18,990,000	90,415	18,990,000	525,000
Accrued compensated absences *	1,160,142	242,484	-	1,402,626	-
Unamortized bond premium	-	1,006,167	-	1,006,167	-
SBITA payable	-	870,115	177,921	692,194	163,535
Total Governmental Activities	\$1,250,557	\$21,108,766	\$268,336	\$22,090,987	\$688,535

* The change in compensated absences is presented as a net change

In 2024, the City entered into a 5-year subscription based information technology agreement (SBITA) for body cameras and the associated cloud services. The first annual payment of \$177,921 was made in fiscal year 2025 and payments of \$189,714 is due in each subsequent year. As of June 30, 2025, the remaining SBITA liability and right of use asset were \$692,194, respectively.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The annual requirements to amortize all debt outstanding (excluding other post-employment benefits and accrued compensated absences) as of June 30, 2025 are as follows:

Year Ending June 30	Governmental Activities			
	Public Placement		SBITA	
	Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 525,000	\$ 933,732	\$163,535	\$26,179
2027	610,000	846,850	169,720	19,994
2028	640,000	816,350	176,139	13,575
2029	675,000	784,350	182,800	6,914
2030	705,000	750,600	-	-
2031-2035	4,110,000	3,185,750	-	-
2036-2040	5,235,000	2,050,750	-	-
2041-2045	6,490,000	799,000	-	-
Total	\$18,990,000	\$10,167,382	\$692,194	\$66,662

7. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2025 are as follows:

	Transfers in				
	General fund	Major streets fund	Library construction fund	Internal service fund	Nonmajor governmental funds
Transfers out					
General fund	\$ -	\$1,500,000	\$1,000,000	\$2,163,000	\$850,000
Library construction fund	1,062,039	-	-	-	-
Nonmajor governmental funds	-	1,463,168	-	474,223	-
	\$1,062,039	\$2,963,168	\$1,000,000	\$2,637,223	\$850,000
					\$8,512,430

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, 2025 are as follows:

<u>Due to other funds</u>	<u>Due from other funds</u>	
	General fund	Major streets fund
General fund	\$ -	\$36,125
Nonmajor funds	2,364	-
	\$2,364	\$36,125
		\$38,489

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

8. RISK MANAGEMENT

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

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

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

Benefits provided

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

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2025):

Active plan members	10
Inactive plan members	3
Retirees and beneficiaries receiving benefits	<u>59</u>
Total	<u>72</u>

Contributions

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Net OPEB Liability

The total OPEB liability in the June 30, 2025 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.0%

Salary Increases: 3.0%

Investment rate of return: 3.0%

Healthcare cost trend rates: 4.5% per year

20-year Aa Municipal bond yield: 4.81%

Mortality rates used general/public safety 2016 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Mission Square Low Duration 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 4.81%. 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, 2024, the discount rate used to value OPEB liabilities was 4.21%.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2024	\$4,854,232	\$1,574,078	\$3,280,154
Changes for the Year:			
Service cost	65,126	-	65,126
Interest	175,685	-	175,685
Change in benefits	(260,751)	-	(260,751)
Differences between expected and actual experience	205,172	-	205,172
Change in assumptions	(112,767)	-	(112,767)
Contributions: employer	-	7,265	(7,265)
Contributions: general operating funds	-	1,492,640	(1,492,640)
Contributions: employee	-	-	-
Net investment Income	-	89,925	(89,925)
Benefit payments, including refunds	(1,492,640)	(1,492,640)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(1,420,175)	97,190	(1,517,365)
Balance at June 30, 2025	\$3,434,057	\$1,671,268	\$1,762,789

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.

	1% Decrease	Current discount rate	1% Increase
Total OPEB liability	\$3,793,903	\$3,434,057	\$3,131,429
Fiduciary net position	1,671,268	1,671,268	1,671,268
Net OPEB liability	\$2,122,635	\$1,762,789	\$1,460,161
Plan fiduciary position as a percentage of the total OPEB liability		48.67%	

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

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

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB liability	\$3,143,668	\$3,434,057	\$3,779,432
Fiduciary net position	1,671,268	1,671,268	1,671,268
Net OBEB liability	\$1,472,400	\$1,762,789	\$2,108,164

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

For the year ended June 30, 2025 the employer recognized OPEB expense of \$18,318. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$1,075
Changes in assumptions	-	904
Excess (deficit) investment returns	-	6,503
Total	\$ -	\$8,482

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

2026	\$ 19,988
2027	(6,212)
2028	(13,740)
2029	(8,518)
2030	-
Thereafter	-
Total	\$ (8,482)

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	\$ 634,993
Related Expenses	
Direct costs	569,658
Indirect Costs	68,930
Total construction code expenses	638,588
Net revenues (expenses)	(3,595)
Cumulative surplus – July 1, 2024	1,049,189
Cumulative surplus – June 30, 2025	\$1,045,594

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 the City abated property tax revenues of approximately \$27,400.

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, 2025 the City abated property tax revenues of approximately \$11,700.

12. CONTINGENCIES

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

13. RESTATEMENT OF FUND BALANCE

Beginning net position on the government wide financial statements was increased by \$1,024,366 to recognize the full costs of construction projects completed in the prior year.

Beginning fund balances were also changed to recognize the ARPA fund change from a major fund to a nonmajor fund.

14. COMMITMENTS

As of June 30, 2025, the City had outstanding construction commitments of approximately \$19,600,000 related to construction of a new library, a remodeling project, and the purchase of a ladder truck. In addition, the Downtown Development Authority had outstanding construction commitments of \$127,000 for a street lighting project.

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, 2025

	<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				
Income taxes	\$ 15,000,000	\$ 16,000,000	\$ 17,290,023	\$ 1,290,023
Property taxes	2,735,500	2,735,500	2,801,882	66,382
Intergovernmental revenues				
Federal	3,600	3,600	10,893	7,293
State	2,892,900	3,000,800	3,034,168	33,368
Local	218,300	312,300	277,397	(34,903)
Cable franchise fees	315,000	285,000	274,747	(10,253)
Licenses and permits	1,044,000	894,000	722,227	(171,773)
Charges for services	123,250	123,250	154,945	31,695
Fines	560,000	560,000	607,466	47,466
Investment earnings	264,250	437,650	517,661	80,011
Miscellaneous	160,740	160,740	189,439	28,699
Total revenues	<u>23,317,540</u>	<u>24,512,840</u>	<u>25,880,848</u>	<u>1,368,008</u>
Expenditures				
Current				
Judicial	1,014,948	1,014,948	961,167	53,781
General government	7,835,324	6,910,911	6,304,636	606,275
Public safety	12,034,219	12,023,219	11,825,649	197,570
Public works	1,417,976	1,501,838	1,378,897	122,941
Culture and recreation	1,064,035	1,117,575	746,250	371,325
Planning and economic development	14,200	15,200	8,872	6,328
Other	1,805,350	2,565,750	2,462,920	102,830
Total expenditures	<u>25,186,052</u>	<u>25,149,441</u>	<u>23,688,391</u>	<u>1,461,050</u>
Revenues over (under) expenditures	<u>(1,868,512)</u>	<u>(636,601)</u>	<u>2,192,457</u>	<u>2,829,058</u>
Other financing sources (uses)				
Use of fund balance	7,418,512	5,087,501	-	(5,087,501)
Debt issuance	-	-	870,115	870,115
Transfers in	-	1,062,100	1,062,039	(61)
Transfers out	(5,550,000)	(5,513,000)	(5,513,000)	-
Total other financing sources (uses)	<u>1,868,512</u>	<u>636,601</u>	<u>(3,580,846)</u>	<u>(4,217,447)</u>
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>(1,388,389)</u>	<u>(1,388,389)</u>
Fund balance, beginning of year	<u>22,885,580</u>	<u>22,885,580</u>	<u>22,885,580</u>	<u>-</u>
Fund balance, end of year	<u>\$ 22,885,580</u>	<u>\$ 22,885,580</u>	<u>\$ 21,497,191</u>	<u>\$ (1,388,389)</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 3,800,000	\$ 28,800,000	\$ 28,966,353	\$ 166,353
Local	486,000	195,000	232,467	37,467
Investment earnings	<u>75,000</u>	<u>620,000</u>	<u>678,244</u>	<u>58,244</u>
Total revenues	4,361,000	29,615,000	29,877,064	262,064
Expenditures				
Current				
Public works	<u>6,648,017</u>	<u>36,547,717</u>	<u>35,044,531</u>	<u>1,503,186</u>
Revenues over (under) expenditures	<u>(2,287,017)</u>	<u>(6,932,717)</u>	<u>(5,167,467)</u>	<u>1,765,250</u>
Other financing sources				
Use of fund balance	(1,712,983)	3,969,517	-	(3,969,517)
Transfers in	<u>4,000,000</u>	<u>2,963,200</u>	<u>2,963,168</u>	<u>(32)</u>
Total other financing sources (uses)	<u>2,287,017</u>	<u>6,932,717</u>	<u>2,963,168</u>	<u>(3,969,549)</u>
Net changes in fund balance	-	-	(2,204,299)	(2,204,299)
Fund balance, beginning of year	<u>6,598,322</u>	<u>6,598,322</u>	<u>6,598,322</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,598,322</u>	<u>\$ 6,598,322</u>	<u>\$ 4,394,023</u>	<u>\$ (2,204,299)</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, 2025

	For the years ended December 31									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 140,745	\$ 157,106	\$ 179,496	\$ 152,073	\$ 167,032	\$ 167,849	\$ 187,282	\$ 209,394	\$ 227,361	\$ 229,952
Interest	2,035,689	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
Changes in benefit terms	-	-	-	-	-	-	-	(36,401)	-	-
Difference between expected and actual experience	122,864	222,417	459,110	287,028	(280,140)	259,676	122,503	394,710	(197,734)	(119,385)
Changes in assumptions	(64,965)	190,442	-	910,829	611,591	755,654	-	-	-	1,145,765
Benefit payments including employee refunds	(2,057,734)	(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)
Other	-	-	-	-	-	-	-	(1)	-	49,985
Net change in total pension liability	<u>176,599</u>	<u>655,447</u>	<u>724,140</u>	<u>1,490,382</u>	<u>672,194</u>	<u>1,435,251</u>	<u>647,768</u>	<u>997,157</u>	<u>513,244</u>	<u>1,686,514</u>
Total pension liability, beginning of year	<u>29,310,712</u>	<u>28,655,265</u>	<u>27,931,125</u>	<u>26,440,743</u>	<u>25,768,549</u>	<u>24,333,298</u>	<u>23,685,530</u>	<u>22,688,373</u>	<u>22,175,129</u>	<u>20,488,615</u>
Total pension liability, end of year	<u>\$ 29,487,311</u>	<u>\$ 29,310,712</u>	<u>\$ 28,655,265</u>	<u>\$ 27,931,125</u>	<u>\$ 26,440,743</u>	<u>\$ 25,768,549</u>	<u>\$ 24,333,298</u>	<u>\$ 23,685,530</u>	<u>\$ 22,688,373</u>	<u>\$ 22,175,129</u>
Plan Fiduciary Net Position										
Contributions-employer	\$ 799,419	\$ 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
Contributions-employee	14,059	15,402	15,408	16,388	18,340	19,987	21,291	21,741	36,976	27,467
Net investment income (loss)	1,812,483	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)
Benefit payments including employee refunds	(2,057,734)	(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)
Administrative expense	(53,520)	(52,430)	(45,077)	(33,992)	(36,940)	(36,869)	(30,441)	(27,946)	(25,978)	(25,203)
Net change in plan fiduciary net position	<u>514,707</u>	<u>2,533,495</u>	<u>(2,232,797)</u>	<u>3,464,732</u>	<u>2,488,460</u>	<u>2,876,139</u>	<u>(72,782)</u>	<u>2,403,838</u>	<u>1,776,911</u>	<u>(298,129)</u>
Plan fiduciary net position, beginning of year	<u>24,385,196</u>	<u>21,851,701</u>	<u>24,084,498</u>	<u>20,619,766</u>	<u>18,131,306</u>	<u>15,255,167</u>	<u>15,327,949</u>	<u>12,924,111</u>	<u>11,147,200</u>	<u>11,445,329</u>
Plan fiduciary net position, end of year	<u>\$ 24,899,903</u>	<u>\$ 24,385,196</u>	<u>\$ 21,851,701</u>	<u>\$ 24,084,498</u>	<u>\$ 20,619,766</u>	<u>\$ 18,131,306</u>	<u>\$ 15,255,167</u>	<u>\$ 15,327,949</u>	<u>\$ 12,924,111</u>	<u>\$ 11,147,200</u>
Total net pension liability	<u>\$ 4,587,408</u>	<u>\$ 4,925,516</u>	<u>\$ 6,803,564</u>	<u>\$ 3,846,627</u>	<u>\$ 5,820,977</u>	<u>\$ 7,637,243</u>	<u>\$ 9,078,131</u>	<u>\$ 8,357,581</u>	<u>\$ 9,764,262</u>	<u>\$ 11,027,929</u>
Plan fiduciary net position as a percentage of the total pension liability	84.4%	83.2%	76.3%	86.2%	78.0%	70.4%	62.7%	64.7%	57.0%	50.3%
Covered employee payroll	\$ 1,031,213	\$ 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
Employer's net pension liability as a percentage of covered employee payroll	444.9%	425.8%	500.9%	308.3%	393.1%	502.8%	532.6%	443.1%	474.8%	523.3%

CITY OF WALKER
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	\$ 533,184	\$ 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
Contributions in relation to the actuarially determined contribution	<u>533,184</u>	<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>
Contribution excess (deficiency)	<u>\$ -</u>	<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>
Covered employee payroll	\$ 1,031,213	\$ 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
Contributions as a percentage of covered employee payroll	52%	106%	178%	183%	140%	127%	129%	104%	86%	74%

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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service cost	\$ 65,126	\$ 68,987	\$ 71,686	\$ 123,381	\$ 145,582	\$ 133,505	\$ 245,521	\$ 244,292	\$ 164,171
Interest	175,685	198,741	196,192	133,122	181,535	188,571	240,696	235,513	268,879
Changes in benefit terms	(260,751)	-	-	-	370,109	-	(388,641)	-	-
Difference between expected and actual experience	205,172	(36,901)	(181,149)	(5,726)	(1,527,148)	(24,898)	(2,247,458)	(58,072)	(609,575)
Changes in assumptions	(112,767)	(31,018)	101,788	(1,119,107)	63,073	285,859	631,179	115,153	1,082,232
Benefit payments including employee refunds	(1,492,640)	(177,459)	(163,637)	(131,316)	(109,244)	(104,950)	(108,635)	(115,560)	(105,671)
Other	-	-	-	-	-	-	-	-	-
Net change in total OPEB liability	<u>(1,420,175)</u>	<u>22,350</u>	<u>24,880</u>	<u>(999,646)</u>	<u>(876,093)</u>	<u>478,087</u>	<u>(1,627,338)</u>	<u>421,326</u>	<u>800,036</u>
Total OPEB liability, beginning of year	<u>4,854,232</u>	<u>4,831,882</u>	<u>4,807,002</u>	<u>5,806,648</u>	<u>6,682,741</u>	<u>6,204,654</u>	<u>7,831,992</u>	<u>7,410,666</u>	<u>6,610,630</u>
Total OPEB liability, end of year	<u>\$ 3,434,057</u>	<u>\$ 4,854,232</u>	<u>\$ 4,831,882</u>	<u>\$ 4,807,002</u>	<u>\$ 5,806,648</u>	<u>\$ 6,682,741</u>	<u>\$ 6,204,654</u>	<u>\$ 7,831,992</u>	<u>\$ 7,410,666</u>
Plan Fiduciary Net Position									
Contributions-employer	\$ 1,499,905	\$ 184,351	\$ 168,623	\$ 131,316	\$ 109,244	\$ 104,950	\$ 108,635	\$ 415,560	\$ 405,671
Contributions-employee	-	-	-	-	-	-	-	-	-
Net investment income	89,925	71,095	6,947	(93,558)	22,617	65,024	61,886	7,083	8,055
Benefit payments including employee refunds	(1,492,640)	(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	<u>97,190</u>	<u>77,987</u>	<u>11,933</u>	<u>(93,558)</u>	<u>22,617</u>	<u>65,024</u>	<u>61,886</u>	<u>307,083</u>	<u>307,987</u>
Plan fiduciary net position, beginning of year	<u>1,574,078</u>	<u>1,496,091</u>	<u>1,484,158</u>	<u>1,577,716</u>	<u>1,555,099</u>	<u>1,490,075</u>	<u>1,428,189</u>	<u>1,121,106</u>	<u>813,119</u>
Plan fiduciary net position, end of year	<u>\$ 1,671,268</u>	<u>\$ 1,574,078</u>	<u>\$ 1,496,091</u>	<u>\$ 1,484,158</u>	<u>\$ 1,577,716</u>	<u>\$ 1,555,099</u>	<u>\$ 1,490,075</u>	<u>\$ 1,428,189</u>	<u>\$ 1,121,106</u>
Employer net OPEB liability	<u>\$ 1,762,789</u>	<u>\$ 3,280,154</u>	<u>\$ 3,335,791</u>	<u>\$ 3,322,844</u>	<u>\$ 4,228,932</u>	<u>\$ 5,127,642</u>	<u>\$ 4,714,579</u>	<u>\$ 6,403,803</u>	<u>\$ 6,289,560</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49%	32%	31%	31%	27%	23%	24%	18%	15%
Covered employee payroll	\$ 3,323,063	\$ 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	53%	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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarial determined contributions	\$ 809,031	\$ 710,873	\$ 710,349	\$ 786,401	\$ 962,606	\$ 809,132	\$ 941,811	\$ 873,491	\$ 814,831
Contributions in relation to the actuarially determined contribution	1,499,905	184,351	168,623	131,316	109,244	104,950	108,635	415,560	405,671
Contribution excess (deficiency)	\$ 690,874	\$ (526,522)	\$ (541,726)	\$ (655,085)	\$ (853,362)	\$ (704,182)	\$ (833,176)	\$ (457,931)	\$ (409,160)
Covered employee payroll	\$ 3,323,063	\$ 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	45.1%	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	5.5%	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.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF WALKER

GENERAL FUND SCHEDULE OF REVENUES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Income taxes	\$ 15,000,000	\$ 16,000,000	\$ 17,290,023	\$ 1,290,023
Real and personal property taxes	2,108,500	2,108,500	2,143,058	34,558
Payments in lieu of tax	1,000	1,000	1,286	286
Collection fees	626,000	626,000	657,538	31,538
	<u>17,735,500</u>	<u>18,735,500</u>	<u>20,091,905</u>	<u>1,356,405</u>
Total taxes				
Licenses and permits				
Business	42,000	42,000	38,955	(3,045)
Nonbusiness	977,000	827,000	658,931	(168,069)
Liquor license fees	25,000	25,000	24,341	(659)
	<u>1,044,000</u>	<u>894,000</u>	<u>722,227</u>	<u>(171,773)</u>
Total licenses and permits				
Intergovernmental - federal	3,600	3,600	10,893	7,293
Intergovernmental - state				
State-shared revenue	2,867,700	2,908,600	2,922,594	13,994
State grants	25,200	92,200	111,574	19,374
	<u>2,892,900</u>	<u>3,000,800</u>	<u>3,034,168</u>	<u>33,368</u>
Total state sources				
Intergovernmental - local	218,300	312,300	277,397	(34,903)
Cable franchise fees	315,000	285,000	274,747	(10,253)
Charges for services				
Planning and zoning fees	40,250	40,250	68,725	28,475
Overtime event reimbursement	50,000	50,000	53,220	3,220
Administrative fees	33,000	33,000	33,000	-
	<u>123,250</u>	<u>123,250</u>	<u>154,945</u>	<u>31,695</u>
Total charges for services				
Fines				
Ordinance fines	560,000	560,000	607,466	47,466
	<u>560,000</u>	<u>560,000</u>	<u>607,466</u>	<u>47,466</u>
Total fines				
Interest and rentals	264,250	437,650	517,661	80,011
Other revenue	160,740	160,740	189,439	28,699
Other financing sources				
Transfers in	-	1,062,100	1,062,039	(61)
SBITA issuance	-	-	870,115	870,115
	<u>-</u>	<u>-</u>	<u>870,115</u>	<u>870,115</u>
Total revenues and other financing sources	<u>\$ 23,317,540</u>	<u>\$ 25,574,940</u>	<u>\$ 27,813,002</u>	<u>\$ 1,367,947</u>

CITY OF WALKER
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
Judicial				
District court	\$ 1,014,948	\$ 1,014,948	\$ 961,167	\$ 53,781
General government				
City Commission	152,033	143,533	135,082	8,451
City managers office	580,350	628,900	593,805	35,095
Elections	345,883	115,900	101,448	14,452
Finance/treasurer department	413,695	413,695	405,005	8,690
Information technology	1,171,161	1,208,400	1,068,828	139,572
Income tax	553,280	601,723	571,603	30,120
City assessor	409,101	458,000	436,333	21,667
City clerk	292,388	325,650	286,942	38,708
Buildings and grounds	3,479,185	2,585,185	2,330,302	254,883
Human resources	438,248	429,925	375,288	54,637
	7,835,324	6,910,911	6,304,636	606,275
Public safety				
Police department	7,951,388	7,975,388	8,307,855	(332,467)
Fire department	2,989,280	2,989,280	2,565,813	423,467
Building inspections	1,093,551	1,058,551	951,981	106,570
	12,034,219	12,023,219	11,825,649	197,570
Public works				
Sidewalks	25,000	25,000	24,596	404
City engineer	577,228	588,325	544,439	43,886
Drains	492,748	503,513	459,812	43,701
Street lighting	323,000	385,000	350,050	34,950
	1,417,976	1,501,838	1,378,897	122,941
Culture and recreation				
Parks	1,063,285	1,116,825	746,250	370,575
Museum	750	750	-	750
	1,064,035	1,117,575	746,250	371,325
Planning and economic development				
Zoning	14,200	15,200	8,872	6,328
	14,200	15,200	8,872	6,328
Other				
Retiree insurance/pension	1,028,000	1,783,000	1,781,749	1,251
Property and liability insurance	215,000	215,000	203,961	11,039
Other unclassified expenses	562,350	567,750	477,210	90,540
	1,805,350	2,565,750	2,462,920	102,830
Total expenditures	25,186,052	25,149,441	23,688,391	1,461,050
Other financing uses				
Transfers out	5,550,000	5,513,000	5,513,000	-
Total expenditures and other financing uses	\$ 30,736,052	\$ 30,662,441	\$ 29,201,391	\$ 1,461,050

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CITY OF WALKER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Special Revenue					
	<u>Local Streets</u>	<u>Ice and Fitness Program</u>	<u>Special Vice Investigation</u>	<u>Improvement Revolving</u>	<u>Opioid Settlement</u>	<u>ARPA</u>
Assets						
Cash and pooled investments	\$ 669,406	\$ 1,286,246	\$ 62,244	\$ 104,821	\$ 11,430	\$ -
Accounts receivable	-	51,461	-	31,998	-	-
Due from other governments	149,143	-	-	-	-	-
Prepaid items	1,707	25,582	3,850	-	-	-
Inventory	65,538	116,408	-	-	-	-
Total assets	\$ 885,794	\$ 1,479,697	\$ 66,094	\$ 136,819	\$ 11,430	\$ -
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable	\$ 3,062	\$ 66,649	\$ -	\$ 200	\$ -	\$ -
Accrued liabilities	15,738	42,533	-	-	-	-
Due to other funds	-	2,364	-	-	-	-
Total liabilities	18,800	111,546	-	200	-	-
Fund balances						
Nonspendable						
Prepaid items	1,707	25,582	3,850	-	-	-
Inventory	65,538	116,408	-	-	-	-
Restricted						
Streets	799,749	-	-	-	-	-
Public safety	-	-	62,244	-	11,430	-
Committed						
Ice and fitness capital	-	278,647	-	-	-	-
Assigned						
Ice and fitness	-	947,514	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	136,619	-	-
Total fund balances	866,994	1,368,151	66,094	136,619	11,430	-
Total liabilities, deferred inflows and fund balances	\$ 885,794	\$ 1,479,697	\$ 66,094	\$ 136,819	\$ 11,430	\$ -

Debt Service

<u>2009 Bonds</u>	<u>Total</u>
\$ 15,477	\$ 2,149,624
-	83,459
-	149,143
-	31,139
-	181,946
<hr/>	<hr/>
\$ 15,477	\$ 2,595,311
<hr/>	<hr/>
\$ -	\$ 69,911
-	58,271
-	2,364
<hr/>	<hr/>
-	130,546
<hr/>	<hr/>
-	31,139
-	181,946
-	799,749
-	73,674
-	278,647
-	947,514
15,477	15,477
-	136,619
<hr/>	<hr/>
15,477	2,464,765
<hr/>	<hr/>
\$ 15,477	\$ 2,595,311
<hr/>	<hr/>

CITY OF WALKER
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue					
	<u>Local Streets</u>	<u>Ice and Fitness Program</u>	<u>Special Vice Investigation</u>	<u>Improvement Revolving</u>	<u>Opioid Settlement</u>	<u>Formerly Major ARPA</u>
Revenues						
Intergovernmental revenues						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,798,656
State	966,309	-	-	-	-	-
Local	2,531	-	15,886	945,012	-	-
Charges for services	-	1,681,517	-	-	-	-
Settlement	-	-	-	-	12,132	-
Investment earnings	31,501	43,330	6,454	3,113	254	29,797
Miscellaneous	-	645	-	-	-	-
Total revenues	<u>1,000,341</u>	<u>1,725,492</u>	<u>22,340</u>	<u>948,125</u>	<u>12,386</u>	<u>1,828,453</u>
Expenditures						
Current						
Public safety	-	-	95,165	-	26,454	-
Public works	1,292,489	-	-	937,518	-	-
Culture and recreation	-	2,142,572	-	-	-	-
Total expenditures	<u>1,292,489</u>	<u>2,142,572</u>	<u>95,165</u>	<u>937,518</u>	<u>26,454</u>	<u>-</u>
Revenues over (under) expenditures	(292,148)	(417,080)	(72,825)	10,607	(14,068)	1,828,453
Other financing sources (uses)						
Transfers in	500,000	343,250	-	-	-	-
Transfers out	-	-	-	-	-	(1,930,641)
Total other financing sources (uses)	<u>500,000</u>	<u>343,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,930,641)</u>
Net changes in fund balances	207,852	(73,830)	(72,825)	10,607	(14,068)	(102,188)
Fund balances, beginning of year as previously presented	<u>659,142</u>	<u>1,441,981</u>	<u>138,919</u>	<u>126,012</u>	<u>25,498</u>	<u>-</u>
Change within financial reporting entity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,188</u>
Fund balances, beginning of year as restated	<u>659,142</u>	<u>1,441,981</u>	<u>138,919</u>	<u>126,012</u>	<u>25,498</u>	<u>102,188</u>
Fund balances, end of year	<u>\$ 866,994</u>	<u>\$ 1,368,151</u>	<u>\$ 66,094</u>	<u>\$ 136,619</u>	<u>\$ 11,430</u>	<u>\$ -</u>

Debt Service

<u>2009 Bonds</u>	<u>Total</u>
\$ -	\$ 1,798,656
-	966,309
-	963,429
-	1,681,517
-	12,132
654	115,103
-	645
<u>654</u>	<u>5,537,791</u>
-	121,619
-	2,230,007
-	<u>2,142,572</u>
-	<u>4,494,198</u>
654	1,043,593
-	843,250
-	<u>(1,930,641)</u>
-	<u>(1,087,391)</u>
654	(43,798)
<u>14,823</u>	<u>2,406,375</u>
-	<u>102,188</u>
<u>14,823</u>	<u>2,508,563</u>
<u>\$ 15,477</u>	<u>\$ 2,464,765</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 930,000	\$ 930,000	\$ 966,309	\$ 36,309
Local	4,500	4,500	2,531	(1,969)
Investment earnings	<u>12,000</u>	<u>12,000</u>	<u>31,501</u>	<u>19,501</u>
Total revenues	946,500	946,500	1,000,341	53,841
Expenditures				
Current				
Public works	<u>1,460,379</u>	<u>1,460,379</u>	<u>1,292,489</u>	<u>167,890</u>
Revenues over (under) expenditures	<u>(513,879)</u>	<u>(513,879)</u>	<u>(292,148)</u>	<u>221,731</u>
Other financing source (uses)				
Use of fund balance	13,879	13,879	-	(13,879)
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>513,879</u>	<u>513,879</u>	<u>500,000</u>	<u>(13,879)</u>
Net changes in fund balance	-	-	207,852	207,852
Fund balance, beginning of year	<u>659,142</u>	<u>659,142</u>	<u>659,142</u>	<u>-</u>
Fund balance, end of year	<u>\$ 659,142</u>	<u>\$ 659,142</u>	<u>\$ 866,994</u>	<u>\$ 207,852</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, 2025

	<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				
Charges for services	\$ 1,404,100	\$ 1,530,600	\$ 1,681,517	\$ 150,917
Investment earnings	23,000	23,000	43,330	20,330
Miscellaneous	<u>100</u>	<u>100</u>	<u>645</u>	<u>545</u>
Total revenues	1,427,200	1,553,700	1,725,492	171,792
Expenditures				
Current				
Culture and recreation	<u>2,447,398</u>	<u>2,367,488</u>	<u>2,142,572</u>	<u>224,916</u>
Revenues over (under) expenditures	<u>(1,020,198)</u>	<u>(813,788)</u>	<u>(417,080)</u>	<u>396,708</u>
Other financing source (uses)				
Use of fund balance	670,198	463,788	-	(463,788)
Transfers in	<u>350,000</u>	<u>350,000</u>	<u>343,250</u>	<u>(6,750)</u>
Total other financing sources (uses)	<u>1,020,198</u>	<u>813,788</u>	<u>343,250</u>	<u>(470,538)</u>
Net changes in fund balance	-	-	(73,830)	(73,830)
Fund balance, beginning of year	<u>1,441,981</u>	<u>1,441,981</u>	<u>1,441,981</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,441,981</u>	<u>\$ 1,441,981</u>	<u>\$ 1,368,151</u>	<u>\$ (73,830)</u>

CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
Local	\$ 10,000	\$ 15,800	\$ 15,886	\$ 86
Investment earnings	3,000	6,000	6,454	454
Total Revenues	13,000	21,800	22,340	540
Expenditures				
Current				
Public safety	25,000	115,000	95,165	19,835
Revenues over (under) expenditures	(12,000)	(93,200)	(72,825)	20,375
Other financing source (uses)				
Use of fund balance	12,000	93,200	-	(93,200)
Net changes in fund balance	-	-	(72,825)	(72,825)
Fund balance, beginning of year	138,919	138,919	138,919	-
Fund balance, end of year	<u>\$ 138,919</u>	<u>\$ 138,919</u>	<u>\$ 66,094</u>	<u>\$ (72,825)</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Settlement Income	\$ 1,700	\$ 12,300	\$ 12,132	\$ (168)
Investment earnings	100	100	254	154
Total Revenues	1,800	12,400	12,386	(14)
Expenditures				
Current				
Public safety	4,000	30,000	26,454	3,546
Revenues over (under) expenditures	(2,200)	(17,600)	(14,068)	3,532
Other financing source (uses)				
Use of fund balance	2,200	17,600	-	(17,600)
Net changes in fund balance	-	-	(14,068)	(14,068)
Fund balance, beginning of year	25,498	25,498	25,498	-
Fund balance, end of year	<u>\$ 25,498</u>	<u>\$ 25,498</u>	<u>\$ 11,430</u>	<u>\$ (14,068)</u>

CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Intergovernmental revenues				
Federal	\$ 1,800,000	\$ 1,799,000	\$ 1,798,656	\$ (344)
Investment earnings	30,000	29,800	29,797	(3)
Total revenues	<u>1,830,000</u>	<u>1,828,800</u>	<u>1,828,453</u>	<u>(347)</u>
Expenditures				
Current				
Public safety	<u>1,800,000</u>	<u>467,500</u>	<u>-</u>	<u>467,500</u>
Total expenditures	<u>1,800,000</u>	<u>467,500</u>	<u>-</u>	<u>467,500</u>
Revenues over (under) expenditures	30,000	1,361,300	1,828,453	467,153
Other financing sources				
Use of fund balance	(30,000)	101,900	-	(101,900)
Transfers out	<u>-</u>	<u>(1,463,200)</u>	<u>(1,930,641)</u>	<u>(467,441)</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(1,361,300)</u>	<u>(1,930,641)</u>	<u>(569,341)</u>
Net changes in fund balance	-	-	(102,188)	(102,188)
Fund balance, beginning of year	<u>102,188</u>	<u>102,188</u>	<u>102,188</u>	<u>-</u>
Fund balance, end of year	<u>\$ 102,188</u>	<u>\$ 102,188</u>	<u>\$ -</u>	<u>\$ (102,188)</u>

CITY OF WALKER

CUSTODIAL FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2025

	<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	\$ 76,228	\$ 441	\$ 897,328	\$ 973,997
Total assets	<u>76,228</u>	<u>441</u>	<u>897,328</u>	<u>973,997</u>
Liabilities				
Escrow deposits payable	-	-	806,618	806,618
Due to other governmental units	<u>-</u>	<u>441</u>	<u>-</u>	<u>441</u>
Total liabilities	<u>-</u>	<u>441</u>	<u>806,618</u>	<u>807,059</u>
Net position				
Restricted	<u>\$ 76,228</u>	<u>\$ -</u>	<u>\$ 90,710</u>	<u>\$ 166,938</u>

CITY OF WALKER

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN NET POSITION

JUNE 30, 2025

	<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	\$ -	\$ 60,877,866	\$ -	\$ 60,877,866
Escrow deposits collected	-	-	337,902	337,902
Court ordered bonds	152,239	-	-	152,239
Fines and fees	<u>826,854</u>	<u>-</u>	<u>-</u>	<u>826,854</u>
Total additions	<u>979,093</u>	<u>60,877,866</u>	<u>337,902</u>	<u>62,194,861</u>
Deductions				
Property taxes distributed to other governments	-	60,877,866	-	60,877,866
Escrow funds used to cover expenses	-	-	-	-
Bonds refunded	168,751	-	337,280	506,031
Funds used to cover court costs	<u>824,785</u>	<u>-</u>	<u>-</u>	<u>824,785</u>
Total deductions	<u>993,536</u>	<u>60,877,866</u>	<u>337,280</u>	<u>62,208,682</u>
Net increase (decrease)	(14,443)	-	622	(13,821)
Net position, beginning of year	<u>90,671</u>	<u>-</u>	<u>90,088</u>	<u>180,759</u>
Net position, end of year	<u>\$ 76,228</u>	<u>\$ -</u>	<u>\$ 90,710</u>	<u>\$ 166,938</u>

CITY OF WALKER

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Fund Type			Statement of Net Position	
	General Fund	Streetscape Maintenance	Totals	Adjustments	
Assets					
Cash and pooled investments	\$ 2,545,809	\$ 136,526	\$ 2,682,335	\$ -	\$ 2,682,335
Accounts receivable	-	11,022	11,022	-	11,022
Capital assets					
Land	-	-	-	1,054,978	1,054,978
Construction in progress	-	-	-	1,683,861	1,683,861
Depreciable capital assets, net	-	-	-	1,363,038	1,363,038
Total assets	<u>\$ 2,545,809</u>	<u>\$ 147,548</u>	<u>\$ 2,693,357</u>	<u>4,101,877</u>	<u>6,795,234</u>
Liabilities, deferred inflows and fund balances					
Liabilities					
Accounts payable	\$ 86,577	\$ 23,972	\$ 110,549	-	110,549
Deferred inflows					
Unavailable revenue	-	10,398	10,398	(10,398)	-
Fund balances					
Unassigned	2,459,232	113,178	2,572,410	(2,572,410)	
Total liabilities, deferred inflows and fund balances	<u>\$ 2,545,809</u>	<u>\$ 147,548</u>	<u>\$ 2,693,357</u>		
Net position					
Net investment in capital assets				4,101,877	2,418,016
Unrestricted				<u>2,582,808</u>	<u>4,266,669</u>
Total net position				<u>\$ 6,684,685</u>	<u>\$ 6,684,685</u>
Reconciliation of fund balances to net position					
Fund balances of governmental funds					\$ 2,572,410
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 - construction in progress					1,683,861
Add - capital assets (net of accumulated depreciation)					1,363,038
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.					
Add - unavailable revenue					<u>10,398</u>
Net position of governmental activities					<u>\$ 6,684,685</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, 2025

	Governmental Fund Type			Adjustments	Statement of Activities
	General Fund	Streetscape Maintenance	Totals		
Revenues					
Taxes	\$ 735,706	\$ -	\$ 735,706	\$ -	\$ 735,706
Special assessments	-	140,918	140,918	(6,123)	134,795
Investment earnings	110,327	4,150	114,477	-	114,477
	846,033	145,068	991,101	(6,123)	984,978
Expenditures/expenses					
Current					
Community development	1,562,604	157,911	1,720,515	(1,388,308)	332,207
Net changes in fund balances	(716,571)	(12,843)	(729,414)	729,414	
Change in net position				652,771	652,771
Fund balances/net position					
Beginning of year	3,175,803	126,021	3,301,824		6,031,914
End of year	\$ 2,459,232	\$ 113,178	\$ 2,572,410		\$ 6,684,685
Reconciliation of change in fund balances to change in net position					
Net change in fund balances of governmental funds					\$ (729,414)
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					1,388,308
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					(6,123)
Change in net position of governmental activities					\$ 652,771

CITY OF WALKER

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

FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 720,000	\$ 735,000	\$ 735,706	\$ 706
Investment earnings	25,000	100,000	110,327	10,327
Total revenues	<u>745,000</u>	<u>835,000</u>	<u>846,033</u>	<u>11,033</u>
Expenditures				
Current				
Community development	<u>154,684</u>	<u>1,629,684</u>	<u>1,562,604</u>	<u>67,080</u>
Revenues over (under) expenditures	590,316	(794,684)	(716,571)	78,113
Other financing source (uses)				
Use of fund balance	<u>(590,316)</u>	<u>794,684</u>	<u>-</u>	<u>(794,684)</u>
Net changes in fund balance	-	-	(716,571)	(716,571)
Fund balance, beginning of year	<u>3,175,803</u>	<u>3,175,803</u>	<u>3,175,803</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,175,803</u>	<u>\$ 3,175,803</u>	<u>\$ 2,459,232</u>	<u>\$ (716,571)</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Special assessments	\$ 128,800	\$ 128,800	\$ 140,918	\$ 12,118
Investment earnings	4,100	4,100	4,150	50
Total revenues	132,900	132,900	145,068	12,168
Expenditures				
Current				
Community development	198,575	198,575	157,911	40,664
Revenues over (under) expenditures	(65,675)	(65,675)	(12,843)	52,832
Other financing source (uses)				
Use of fund balance	65,675	65,675	-	(65,675)
Net changes in fund balance	-	-	(12,843)	(12,843)
Fund balance, beginning of year	126,021	126,021	126,021	-
Fund balance, end of year	<u>\$ 126,021</u>	<u>\$ 126,021</u>	<u>\$ 113,178</u>	<u>\$ (12,843)</u>

CITY OF WALKER

BROWNFIELD REDEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 244,726	\$ -	\$ 244,726
Total assets	<u>\$ 244,726</u>	<u>-</u>	<u>244,726</u>
Liabilities and fund balances			
Liabilities			
Total liabilities	\$ -	-	-
Fund balances			
Unassigned	<u>244,726</u>	<u>(244,726)</u>	
Total liabilities and fund balances	<u>\$ 244,726</u>		
Net position			
Unrestricted		<u>\$ 244,726</u>	<u>\$ 244,726</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, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 143,062	\$ -	\$ 143,062
Investment earnings	<u>9,265</u>	<u>-</u>	<u>9,265</u>
	152,327	-	152,327
Expenditures/expenses			
Current			
Public works			
Return of tax increment	<u>124,946</u>	<u>-</u>	<u>124,946</u>
Net changes in fund balances	27,381	(27,381)	
Change in net position		27,381	27,381
Fund balances/net position, beginning of year	<u>217,345</u>		<u>217,345</u>
Fund balances/net position, end of year	<u>\$ 244,726</u>		<u>\$ 244,726</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, 2025

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 143,600	\$ 143,600	\$ 143,062	\$ (538)
Investment earnings	6,250	6,250	9,265	3,015
Total revenues	149,850	149,850	152,327	2,477
Expenditures				
Current				
Return of tax increment	125,800	125,800	124,946	854
Revenues over (under) expenditures	24,050	24,050	27,381	3,331
Other financing source (uses)				
Use of fund balance	(24,050)	(24,050)	-	24,050
Net changes in fund balance	-	-	27,381	27,381
Fund balance, beginning of year	217,345	217,345	217,345	-
Fund balance, end of year	<u>\$ 217,345</u>	<u>\$ 217,345</u>	<u>\$ 244,726</u>	<u>\$ 27,381</u>