



# **CITY OF WALKER, MICHIGAN**

## **FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED JUNE 30, 2015***



*Vredeveld Haefner LLC*

# CITY OF WALKER

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## INDEPENDENT AUDITORS' REPORT

October 29, 2015

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

### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

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 of Walker, Michigan, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and other information on pages 43 through 47 be presented to supplement the basic financial statements. Such information, 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walker, Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Uredaxeld Haefner LLC*

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

**City of Walker**  
**June 30, 2015**  
**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, 2015. 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 General Fund, the Major Street Fund, the Improvement Revolving Fund, and other Nonmajor Governmental 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 information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Financial Highlights**

- The City's taxable value increased 4%. The income generated from property taxes is 10.4% of total General Fund revenues.
- The City's millage rate of 1.336 remains the lowest of all cities levying an income tax. The rate is unchanged since the year 2000.
- Income tax revenue increased 4.8% in FY 2015. Total income tax revenue is 65% of General Fund total revenues.
- The City's expenditures increased by 9% from the prior year. This is due mainly to increased spending in building and road improvements and reducing long term liabilities.
- Overall in the General Fund Budget for 14-15, the City spent \$408,154 less than budgeted. Together with the increase in revenues over budget of \$563,379, the City's general fund equity is 38% of expenditures for FY 2015.
- At the conclusion of 2015, the City had \$400,000 set aside in a building sinking fund.
- The General Fund equity set aside for long term liabilities is \$178,817.
- The City continues to reduce long term liabilities by contributing more than the actuarial required contribution to the Defined Benefit pension plan. This year an additional \$75,283 was contributed.
- The City contributed \$150,000 toward its' OPEB liability. (Other post employee benefits).
- The City implemented a retiree health savings plan for non-union full time employees hired after July 1, 2009. The intent is to decrease the future expense (OPEB liability) of providing health care to retirees.
- Interest savings of \$208,883 over a four year period will result from refunding the Michigan Transportation Fund Bonds series 2004, Downtown Development Bonds series 2004 and the Building Authority Refunding Bonds series 2005.
- The City Community Development Department issued the following building permits:
  - ❖ 95 Commercial permits with a total value of \$29,011,348.
  - ❖ 39 Industrial permits with a total value of \$22,844,887.
  - ❖ 207 Residential permits with a total value of \$9,726,752.
- Zoning complaints decreased in FY 15 with 382 complaints as compared to 528 in FY 14.
- The Remembrance Rd/Leonard St intersection and road improvements were completed. The City received Federal funding in the amount of \$789,313 towards this project. Remembrance Rd was converted from a 4 lane to a 3 lane cross section.
- A pedestrian island was constructed in Remembrance Rd to provide a safe crossing location.

- The City applied for and received a grant for \$1,988,955 in State TAP funding for 2015-16 to construct a pedestrian tunnel under Lake Michigan Drive (M-45) as part of the Fred Meijer Standale Trail network.
- Construction of a center turn lane and widening of Three Mile Rd from Kinney to Wilson was completed. The City received Federal funding in the amount of \$688,000 for this project.
- The City teamed up with MDOT to apply for various grants and design a roundabout for the intersection of Wilson (M-11) and Remembrance Rd. The City received a \$400,000 CMAQ grant in 2015 to apply towards our \$700,000 contribution to the project. At fiscal year end the roundabout was 80% completed.
- The State of Michigan Department of Transportation (MDOT) allocated additional road funding for roads in the amount of \$148,853 for fiscal year 14-15 which was applied toward local road overlay projects.
- The Department of Public Works refurbished 2 snow plow trucks adding an additional life of 10 years to each truck.
- A new street sweeper was purchased in the amount of \$242,200.
- The City budgeted and spent \$800,000 for road overlay and surface treatments for maintaining City roads.
- The police department received a grant for \$5,600 for protective vests.
- City Employees received a 2% wage increase in July of 2015.
- The Walker Ice and Fitness Center (WIFC) completed several significant repairs totaling \$164,000 during this fiscal year. These repairs included re-sealing of the building exterior, installation of new ice plant compressors, installation of a desiccant wheel for the ice arena's dehumidification system, and replacement of a damaged interior wall in the ice arena. WIFC used \$109,100 of its capital set aside fund equity to pay for the majority of these repairs and funded the balance with a combination of WIFC operating funds and a contribution from the City's General Fund.
- WIFC entered into a three year Select Service Agreement with Trane. This agreement covers repairs and maintenance on the facility's HVAC and related equipment.
- \$38,500 was spent on new cardio and weight equipment for the WIFC fitness floor.
- The fitness center had 1,747 active members on June 30, 2015.
- The Hockey Associations of West Kent (HAWK) had a total of 245 participants during the 2014/2015 season.

## Overview of the Financial Statements

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

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

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

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



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

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

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

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

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

The City maintains 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 improvement revolving 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, 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 \$65,061,374 at the close of the most recent fiscal year. A summary of net position is as follows:

<b>Summary of Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2015</b>
Current and other assets	\$12,400,984	\$12,464,630
Capital assets	72,420,650	74,864,091
<b>Total assets</b>	<b>84,821,634</b>	<b>87,328,721</b>
<b>Deferred outflows of resources</b>	-	732,629
Long-term liabilities outstanding	11,023,264	19,120,089
Other liabilities	3,639,766	3,879,887
<b>Total liabilities</b>	<b>14,663,030</b>	<b>22,999,976</b>
Net position		
Invested in capital assets, net of related debt	\$64,695,650	\$68,317,591
Restricted	1,753,743	1,596,910
Unrestricted (deficit)	3,709,211	(4,853,127)
<b>Total net position</b>	<b>\$70,158,604</b>	<b>\$65,061,374</b>

The City's unrestricted net position in governmental activities is in a deficit position as a result of recording the net pension liability in conjunction with implementation of new accounting standards.

A portion of the City's net position reflects an unrestricted deficit which is not 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 \$3,710,324, primarily due to increases in income tax revenues and capital grants. A summary of the changes in net position is as follows:

<b>Summary of Activities</b>		
	<b>Governmental Activities</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Revenue</b>		
Program revenue		
Charges for services	\$ 2,888,644	\$ 3,099,894
Operating grants and contributions	2,376,615	2,494,435
Capital grants and contributions	172,433	2,196,656
General revenue		
Property taxes	1,283,222	1,333,811
Income taxes	9,969,054	10,446,592
Other governmental sources	1,796,237	1,855,653
Unrestricted investment earnings	34,713	29,377
Other	42,784	71,958
<b>Total revenue</b>	<b>18,563,702</b>	<b>21,528,376</b>
<b>Expenses</b>		
General government	4,042,135	4,016,841
Judicial	733,264	708,579
Public safety	6,460,260	6,643,456
Public works	4,270,698	4,158,086
Culture and recreation	1,880,954	1,953,544
Interest	376,777	337,546
<b>Total expenses</b>	<b>17,764,088</b>	<b>17,818,052</b>
Increase (decrease) in net position	799,614	3,710,324
<b>Net position - beginning of year</b>	<b>69,358,990</b>	<b>61,351,050</b>
<b>Net position - end of year</b>	<b>\$70,158,604</b>	<b>\$65,061,374</b>

**Governmental Activities.** During the year, the City invested \$6,643,456 or 37.3% of governmental activities expenses in public safety. Public works expenses amounted to \$4,158,086 or 23.3% of governmental activities while general government, judicial, culture and recreation and interest on long-term debt made up the remaining 39.4% of governmental activities expenses.

Beginning net position of governmental activities for 2015 was reduced by \$8,807,554 to recognize a net pension liability at the beginning of the year in accordance with the implementation of GASB 68.

### 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 \$7,778,004, an increase of \$3,085 in comparison with the prior year. Of the \$7,778,004, \$6,107,082 is reported in the general fund, \$359,704 is reported in the major streets fund, and

\$306,794 is reported in the improvement revolving 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 \$6,107,082. Of that amount, \$33,715 was restricted for cemetery operations, \$5,655 was nonspendable, \$578,816 was committed for various purposes by the City Commission, \$946,612 is assigned to meet fiscal year 2016 expenditures, and the remaining \$4,542,284 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 28.5% of total general fund expenditures and transfers. The fund balance of the City's general fund increased by \$114,464 during the current fiscal year primarily due to higher than expected income tax revenues and controlled spending.

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 \$359,704, a decrease of \$74,246 from the previous year.

The Improvement Revolving Fund is used to account for the resources of special assessment proceeds that are used for improvements in the special assessment districts. The fund balance at the end of the year amounted to \$306,794, a decrease of \$38,194 from the previous year. The decrease is primarily the result of expenditures related to special assessments received in previous years.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2015, amounted to \$74,864,091 (net of accumulated depreciation).

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

<b>Capital Assets</b>	
	<b>Governmental Activities</b>
Land	\$ 2,829,471
Construction in progress	1,031,937
Buildings, Equipment and Infrastructure	<u>71,002,683</u>
<b>Total</b>	<b><u><u>\$74,864,091</u></u></b>

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

**Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$6,546,500 summarized as follows:

<b>Debt</b>	
	<b>Governmental Activities</b>
Installment notes	\$ 191,500
Bonds payable	<u>6,355,000</u>
<b>Total</b>	<b><u><u>\$6,546,500</u></u></b>

The City made debt payments totaling \$4,750,000. During the year a refunding bond was issued for \$3,380,000. In addition the City issued a note payable in the amount of \$191,500. 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. The upswing in the economy has allowed for more spending on roads, and building improvements. The City received several grants from the Michigan Department of Transportation towards the funding of road improvements that require matches from the City.
- Increases in the City's fund balance have allowed the City to pay additional funds toward the long term pension and OPEB liabilities.
- The General Fund Balance Policy states that the budget shall be prepared and managed to result in an ending unassigned fund balance of at least 15% of general fund expenses. At year end June 30, 2015 the City's unassigned fund balance is at 28.5%.

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

The following factors were considered in preparing the City's budget for the 2015-16 fiscal year:

- The stability of the economy directly impacts the City's income tax receipts. As receipts are strong at this time we continue to monitor the revenue stream very closely. Adjustments to expenditures will be recommended accordingly.
- For the second year in a row, the City experienced an increase in property tax values. The 15-16 budget includes another slight increase. We continue to budget property tax revenue conservatively.
- The City's millage rate remains at 1.336 for FY 2016. The millage rate has not changed since the year 2000, and is the lowest millage rate of all cities levying an income tax in Michigan. The City does have the capacity to raise the millage rate through a majority vote of the City Commission an additional 2.74 mills.

## **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF WALKER**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>
<b>Assets</b>			
Cash and pooled investments	\$ 6,079,356	\$ 423,062	\$ 1,747
Accounts receivable	2,189,078	-	-
Special assessments receivable	3,073,808	9,363	-
Due from other governments	868,793	-	-
Prepaid items	21,565	-	-
Inventory	232,030	-	-
Net pension asset	-	-	-
Capital assets			
Land	2,829,471	1,294,978	-
Construction in progress	1,031,937	-	-
Depreciable capital assets, net	<u>71,002,683</u>	<u>2,185,286</u>	<u>-</u>
<b>Total assets</b>	<u>87,328,721</u>	<u>3,912,689</u>	<u>1,747</u>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources related to pensions	<u>732,629</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Accounts payable	566,864	32,253	-
Accrued liabilities	425,370	10,499	-
Unearned revenue	2,887,653	-	-
Noncurrent liabilities			
Compensated absences	1,286,583	-	-
Other post-employment benefits	2,243,720	-	-
Net pension liability	9,043,286	-	-
Due within one year	1,573,833	190,000	-
Due in more than one year	<u>4,972,667</u>	<u>1,380,000</u>	<u>-</u>
<b>Total liabilities</b>	<u>22,999,976</u>	<u>1,612,752</u>	<u>-</u>
<b>Net position (deficit)</b>			
Net investment in capital assets	68,317,591	1,910,264	-
Restricted for:			
Debt service	298,463	-	-
Streets	497,415	-	-
Public safety	78,669	-	-
Culture and recreation	415,569	-	-
Capital projects	306,794	-	-
Unrestricted (deficit)	<u>(4,853,127)</u>	<u>389,673</u>	<u>1,747</u>
<b>Total net position</b>	<u>\$ 65,061,374</u>	<u>\$ 2,299,937</u>	<u>\$ 1,747</u>

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



**CITY OF WALKER**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2015**

<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>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 4,016,841	\$ 438,055	\$ 387,622	\$ -	\$ (3,191,164)
Judicial	708,579	675,293	-	-	(33,286)
Public safety	6,643,456	51,555	140,634	-	(6,451,267)
Public works	4,158,086	628,262	1,966,179	2,196,656	633,011
Culture and recreation	1,953,544	1,306,729	-	-	(646,815)
Interest on long-term debt	337,546	-	-	-	(337,546)
Total governmental activities	<u>17,818,052</u>	<u>3,099,894</u>	<u>2,494,435</u>	<u>2,196,656</u>	<u>(10,027,067)</u>
<b>Total primary government</b>	<u>\$ 17,818,052</u>	<u>\$ 3,099,894</u>	<u>\$ 2,494,435</u>	<u>\$ 2,196,656</u>	<u>\$ (10,027,067)</u>
<b>Component units</b>					
Downtown Development Authority	\$ 327,702	\$ 124,873	\$ 13,450	\$ -	\$ (189,379)
Brownfield Redevelopment Authority	72,665	-	5,115	-	(67,550)
<b>Total component units</b>	<u>\$ 400,367</u>	<u>\$ 124,873</u>	<u>\$ 18,565</u>	<u>\$ -</u>	<u>\$ (256,929)</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, 2015**

	<u>Primary Governmental Activities</u>	<u>Component Units</u>	
		<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>
<b>Changes in net position</b>			
<b>Net (expense) revenue</b>	\$ (10,027,067)	\$ (189,379)	\$ (67,550)
General revenues			
Income taxes	10,446,592	-	-
Property taxes	1,333,811	358,385	102,533
State shared revenues	1,855,653	-	-
Unrestricted investment earnings	29,377	2,560	28
Other general revenues (expenses)	<u>71,958</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>13,737,391</u>	<u>360,945</u>	<u>102,561</u>
Change in net position	3,710,324	171,566	35,011
<b>Net position (deficit), beginning of year, as restated</b>	<u>61,351,050</u>	<u>2,128,371</u>	<u>(33,264)</u>
<b>Net position, end of year</b>	<u>\$ 65,061,374</u>	<u>\$ 2,299,937</u>	<u>\$ 1,747</u>

(Concluded)

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

**CITY OF WALKER**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

**JUNE 30, 2015**

	<u>General</u>	<u>Major Streets</u>	<u>Improvement Revolving</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 4,200,232	\$ 214,519	\$ 248,836	\$ 798,549	\$ 5,462,136
Accounts receivable	2,145,562	-	2,768	16,998	2,165,328
Special assessment receivable	-	-	2,887,653	186,155	3,073,808
Due from other governments	407,128	277,983	86,217	97,465	868,793
Prepaid items	5,655	-	-	15,910	21,565
Inventory	-	49,859	-	155,916	205,775
<b>Total assets</b>	<b>\$ 6,758,577</b>	<b>\$ 542,361</b>	<b>\$ 3,225,474</b>	<b>\$ 1,270,993</b>	<b>\$ 11,797,405</b>
<b>Liabilities, deferred inflows, and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 308,917	\$ 163,275	\$ 31,027	\$ 48,807	\$ 552,026
Accrued liabilities	342,578	19,382	-	31,606	393,566
Unearned revenue	-	-	2,887,653	-	2,887,653
<b>Total liabilities</b>	<b>651,495</b>	<b>182,657</b>	<b>2,918,680</b>	<b>80,413</b>	<b>3,833,245</b>
<b>Deferred inflows</b>					
Unavailable revenue	-	-	-	186,156	186,156
<b>Fund balances</b>					
Nonspendable					
Prepaid items	5,655	-	-	15,910	21,565
Inventory	-	49,859	-	155,916	205,775
Restricted					
Cemetery	33,715	-	-	-	33,715
Streets	-	309,845	-	187,570	497,415
Public safety	-	-	-	78,669	78,669
Committed					
Building sinking fund	400,000	-	-	-	400,000
Long-term liabilities	178,816	-	-	-	178,816
Ice and fitness capital	-	-	-	1,805	1,805
Assigned					
Subsequent year expenditures	946,612	-	-	-	946,612
Ice and fitness program	-	-	-	266,091	266,091
Debt service	-	-	-	298,463	298,463
Capital projects	-	-	306,794	-	306,794
Unassigned	4,542,284	-	-	-	4,542,284
<b>Total fund balances</b>	<b>6,107,082</b>	<b>359,704</b>	<b>306,794</b>	<b>1,004,424</b>	<b>7,778,004</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 6,758,577</b>	<b>\$ 542,361</b>	<b>\$ 3,225,474</b>	<b>\$ 1,270,993</b>	<b>\$ 11,797,405</b>

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, 2015

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<b>Fund balances - total governmental funds</b>	\$ 7,778,004
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities and the net pension asset are not current financial resources and therefore are not reported in the funds.	
Add - land	2,829,471
Add - construction in progress	1,031,937
Add - capital assets (net of accumulated depreciation)	68,859,453
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.	
Add - long-term deferred receivables	186,156
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	2,586,784
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(1,274,881)
Deduct - other post employment benefits liability	(2,243,720)
Deduct - net pension liability	(9,043,286)
Add - deferred outflows related to net pension liability	732,629
Deduct - bonds payable	(6,355,000)
Deduct - accrued interest on bonds payable	<u>(26,173)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 65,061,374</u></b>

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

**CITY OF WALKER**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Major Streets</u>	<u>Improvement Revolving</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 12,122,490	\$ -	\$ -	\$ -	\$ 12,122,490
Intergovernmental revenues					
Federal	79,871	-	-	-	79,871
State	1,855,653	1,435,071	-	479,687	3,770,411
Local	387,622	-	-	60,763	448,385
Licenses and permits	669,168	-	-	-	669,168
Charges for services	86,592	-	-	1,306,035	1,392,627
Fines	654,136	-	-	-	654,136
Special assessments	-	-	9,500	50,360	59,860
Investment earnings	15,047	658	716	15,184	31,605
Miscellaneous	157,270	-	13,337	3,813	174,420
<b>Total revenues</b>	<u>16,027,849</u>	<u>1,435,729</u>	<u>23,553</u>	<u>1,915,842</u>	<u>19,402,973</u>
<b>Expenditures</b>					
Current					
Judicial	714,080	-	-	-	714,080
General government	2,290,518	-	-	-	2,290,518
Public safety	6,585,734	-	-	79,804	6,665,538
Public works	558,399	2,956,814	61,747	948,798	4,525,758
Culture and recreation	264,351	-	-	1,549,649	1,814,000
Planning and economic development	9,157	-	-	-	9,157
Other	1,647,262	-	-	-	1,647,262
Debt service					
Principal	-	235,000	-	1,175,000	1,410,000
Interest	-	48,779	-	274,796	323,575
Bond issuance costs	-	5,000	-	35,000	40,000
<b>Total expenditures</b>	<u>12,069,501</u>	<u>3,245,593</u>	<u>61,747</u>	<u>4,063,047</u>	<u>19,439,888</u>
Revenues over (under) expenditures	<u>3,958,348</u>	<u>(1,809,864)</u>	<u>(38,194)</u>	<u>(2,147,205)</u>	<u>(36,915)</u>
Other financing sources (uses)					
Debt issuance	-	435,000	-	2,945,000	3,380,000
Payment to refunded bond escrow agent	-	(430,000)	-	(2,910,000)	(3,340,000)
Transfers in	2,734	1,730,618	-	2,795,800	4,529,152
Transfers out	(3,846,618)	-	-	(682,534)	(4,529,152)
Total other financing sources (uses)	<u>(3,843,884)</u>	<u>1,735,618</u>	<u>-</u>	<u>2,148,266</u>	<u>40,000</u>
Net changes in fund balances	114,464	(74,246)	(38,194)	1,061	3,085
<b>Fund balances, beginning of year</b>	<u>5,992,618</u>	<u>433,950</u>	<u>344,988</u>	<u>1,003,363</u>	<u>7,774,919</u>
<b>Fund balances, end of year</b>	<u>\$ 6,107,082</u>	<u>\$ 359,704</u>	<u>\$ 306,794</u>	<u>\$ 1,004,424</u>	<u>\$ 7,778,004</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, 2015**

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<b>Net changes in fund balances - total governmental funds</b>	\$	3,085
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Amounts reported for *governmental activities* in the statement of activities are different because

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

Add - capital contributions		2,196,656
Deduct - net book value of capital asset disposals		(6,070)
Add - capital outlay		3,188,527
Deduct - depreciation expense		(3,130,142)

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

Deduct - payments on long-term receivables		(71,253)
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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.

Add - principal payments on debt		1,410,000
Add - principal payments to escrow		3,340,000
Deduct - debt issuance		(3,380,000)

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

Deduct - increase in compensated absences		(13,481)
Deduct - increase in other post-employments benefits liability		(219,299)
Add - increase in deferred outflows related to pensions		244,189
Deduct - increase in net pension liability		(194,069)
Add - decrease in accrued interest		21,029

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

Add - increase in net position of the internal service fund		321,152
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<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>3,710,324</u></b>
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The accompanying notes are an integral part of these financial statements.

# CITY OF WALKER

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

JUNE 30, 2015

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### Assets

#### Current assets

Cash and pooled investments	\$ 617,220
Accounts receivable	23,750
Inventory	<u>26,255</u>

Total current assets 667,225

#### Non-current assets

##### Capital assets

Vehicles	6,372,655
Less accumulated depreciation	<u>(4,229,425)</u>

Total non-current assets 2,143,230

**Total assets** 2,810,455

### Liabilities

#### Current liabilities

Accounts payable	14,838
Accrued liabilities	5,631
Current portion of notes payable	<u>63,833</u>

Total current liabilities 84,302

#### Long-term liabilities

Compensated absences	11,702
Notes payable, net of current portion	<u>127,667</u>

Total long-term liabilities 139,369

**Total liabilities** 223,671

### Net position

Net investment in capital assets	1,951,730
Unrestricted	<u>635,054</u>

**Total net position** \$ 2,586,784

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, 2015**

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<b>Operating revenue</b>	
Charges for services	<u>\$ 1,166,677</u>
<b>Operating expense</b>	
Personnel costs	174,503
Operating supplies and expenses	68,737
Repair and maintenance	148,940
Gas and oil	187,049
Other expenses	2,134
Depreciation	<u>361,098</u>
<b>Total operating expense</b>	<u>942,461</u>
Operating income (loss)	<u>224,216</u>
Non-operating revenue (expense)	
Interest income	1,107
Gain on sale of capital assets	<u>95,829</u>
Total non-operating revenue (expense)	<u>96,936</u>
Changes in net position	321,152
<b>Net position, beginning of year</b>	<u>2,265,632</u>
<b>Net position, end of year</b>	<u>\$ 2,586,784</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, 2015**

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<b>Cash flows from operating activities</b>	
Receipts from internal services provided	\$ 1,149,420
Payments to employees	(174,753)
Payments to suppliers	<u>(419,537)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>555,130</u>
<b>Cash flows from capital and related financing activities</b>	
Proceeds from sale of capital assets	95,829
Issuance of debt	191,500
Acquisitions of capital assets	<u>(555,568)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(268,239)</u>
<b>Cash flows from investing activities</b>	
Interest income	<u>1,107</u>
Net increase (decrease) in cash and pooled investments	287,998
<b>Cash and pooled investments, beginning of year</b>	<u>329,222</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 617,220</u>
<b>Cash flows from operating activities</b>	
Operating income (loss)	\$ 224,216
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	361,098
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	(17,257)
Inventory	7,737
Accounts payable	(20,414)
Accrued liabilities	491
Compensated absences	<u>(741)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 555,130</u>

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

**CITY OF WALKER**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2015**

	<b>Other Post- employment Benefits <u>Trust Fund</u></b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and pooled investments	\$ -	\$ 1,498,326
Investments	505,303	\$ -
Due from other governments	-	7,036
Accrued interest	-	294
	505,303	1,505,656
<b>Total assets</b>	<b>505,303</b>	<b>\$ 1,505,656</b>
<b>Liabilities</b>		
Accounts payable	-	\$ 88,096
Deposits	-	1,373,993
Due to other governmental units	-	43,567
	-	1,505,656
<b>Total liabilities</b>	<b>-</b>	<b>\$ 1,505,656</b>
<b>Net position</b>		
Net position held in trust for OPEB	<u>\$ 505,303</u>	

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

**CITY OF WALKER**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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	<b>Other Post- employment Benefits <u>Trust Fund</u></b>
<b>Additions</b>	
Contributions	
City contributions	<u>\$ 265,473</u>
Investment earnings	
Interest	<u>1,914</u>
<b>Total additions</b>	267,387
<b>Deductions</b>	
Health insurance premiums paid	<u>115,473</u>
Changes in net position	151,914
<b>Net position, beginning of year</b>	<u>353,389</u>
<b>Net position, end of year</b>	<u><u>\$ 505,303</u></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, 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are changes between internal service functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *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, except for agency funds which do not have a measurement focus. 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, 2015

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Property taxes, income tax, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are charges to City departments for equipment utilization. Operating expenses for the internal fund includes the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

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

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

The *Improvement Revolving Capital Projects Fund* accounts for the resources of special assessment proceeds that are used for improvements on special assessment districts.

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 Funds* account 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 *Agency Funds* are used to account for assets held in an agency capacity on behalf of outside parties, including other governments.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

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- 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.

#### **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.

#### **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 their estimated fair market value 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.



# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

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

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

#### **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 investments and contributions as discussed in note 6.

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 government has only 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.

#### **Unavailable Revenue**

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

Governmental funds	
Unearned revenue	\$2,887,653
Special assessments unavailable revenue	186,156
	<u>3,073,809</u>
Less earned portion of special assessments	186,156
	<u><u>\$2,887,653</u></u>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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### ***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 straight-line method which approximates the effective interest method.

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

### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense; information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***Compensated Absences***

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

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

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Non-spendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the non-spendable 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 OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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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.

### ***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 the applicable 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 agency funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

### ***Income Taxes***

The City has a local income tax for all city residents, businesses, and individuals working in the City. Income taxes receivable represents estimated income taxes for wages and profits through June 30, 2015, 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. DEFICIT NET POSITION**

At June 30, 2015, the City reported a deficit unrestricted net position in its governmental activities of \$4,853,129 due to the adoption of GASB 68.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

#### 3. 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.

During the year ended June 30, 2015, 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>
Major streets fund			
Debt service - interest	\$48,600	\$48,779	\$ 179
Bond issuance costs	-	5,000	5,000
Special Vice Investigation fund			
Public safety	54,200	79,804	25,604

#### 4. CASH AND INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$6,079,356	\$424,809	\$1,498,326	\$8,002,491
Investments	-	-	505,303	505,303
	\$6,079,356	\$428,909	\$2,003,629	\$8,507,794

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, \$4,492,557 of the City's bank balance of \$6,401,829 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

#### Investments

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Kent County Investment Pool	N/A	\$2,031,870	Unrated	N/A
	Average			
Vantagepoint low duration bond fund	2.22 yrs	505,303	3 star	Morningstar

The above 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.

At June 30, 2015 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	24%	0-3
Certificates of deposits	76%	0-5

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

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2015**

### 5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,829,471	\$ -	\$ -	\$ 2,829,471
Construction in progress	560,524	1,031,937	560,524	1,031,937
Total capital assets, not being depreciated	3,389,995	1,031,937	560,524	3,861,408
<b>Capital assets, being depreciated</b>				
Land improvements	2,111,303	143,049	-	2,254,352
Buildings and improvements	21,194,240	168,629	-	21,362,869
Vehicles	1,475,264	380,449	161,787	1,693,926
Other tools and equipment	7,460,141	350,412	186,883	7,623,670
Office furnishings	991,284	-	-	991,284
Infrastructure	88,845,961	4,426,799	-	93,272,760
Total capital assets, being depreciated	122,078,193	5,469,338	348,670	127,198,861
Less accumulated depreciation for				
Land improvements	1,503,409	81,065	-	1,584,474
Buildings and improvements	10,054,014	530,172	-	10,584,186
Vehicles	849,532	173,373	161,786	861,119
Other tools and equipment	5,472,682	386,141	180,814	5,678,009
Office furnishings	790,141	64,968	-	855,109
Infrastructure	34,377,760	2,255,521	-	36,633,281
Total accumulated depreciation	53,047,538	3,491,240	342,600	56,196,178
<b>Net capital assets, being depreciated</b>	<b>69,030,655</b>	<b>1,978,098</b>	<b>6,070</b>	<b>71,002,683</b>
<b>Governmental Activities capital assets, net</b>	<b>\$72,420,650</b>	<b>\$3,010,035</b>	<b>\$566,594</b>	<b>\$74,864,091</b>

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
<b>Component units</b>				
Capital assets not being depreciated				
Land	\$1,294,978	\$ -	\$ -	\$1,294,978
Capital assets being depreciated				
Land improvements	192,298	-	-	192,298
Infrastructure	282,699	-	-	282,699
Buildings	2,516,680	-	-	2,516,680
Office furnishings	73,392	-	-	73,392
Total capital assets being depreciated	3,065,069	-	-	3,065,069
Less accumulated depreciation for				
Land improvements	49,260	19,667	-	68,927
Infrastructure	203,605	6,846	-	210,451
Buildings	503,336	62,917	-	566,253
Office furnishings	29,598	4,554	-	34,152
Total accumulated depreciation	785,799	93,984	-	879,783
<b>Net capital assets, being depreciated</b>	<b>2,279,270</b>	<b>(93,984)</b>	<b>-</b>	<b>2,185,286</b>
<b>Component Units capital assets, net</b>	<b>\$3,574,248</b>	<b>\$(93,984)</b>	<b>\$ -</b>	<b>\$3,480,264</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

<b>Governmental Activities</b>	
General government	\$ 251,710
Public safety	240,553
Public works	2,293,782
Culture and recreation	334,798
Judicial	9,299
Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets	<u>361,098</u>
<b>Total depreciation expense - governmental activities</b>	<b><u><u>\$3,491,240</u></u></b>

### 6. PENSION PLANS

#### Defined Contribution Pension Plan

The City of Walker provides pension benefits to substantially all of its full-time employees hired after July 1, 2005 through a defined contribution plan administered by ICMA. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For employees hired prior to July 1, 2009, the City contributes 10% of employees' eligible earnings; for those hired subsequent to July 1, 2009, the City contributes 6% of eligible earnings plus up to an additional 2% match, as defined in the plan document which may be amended by the City Commission. In accordance with these requirements, the City contributed \$342,138 during the year ended June 30, 2015. In addition, employee contributions amounted to \$44,956 during the year ended June 30, 2015.

#### MERS Defined Benefit Plan

##### *Plan Description*

As of July 1, 2006 the City began participating in the Municipal Employees Retirement System of Michigan (MERS). MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

##### *Benefits Provided*

Only non-union employees hired prior to January 1, 1999 and union employees hired prior to July 1, 2005 participate in the defined benefit plan. 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.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

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Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2014):

Active plan members	35
Inactive employees entitled but not yet receiving benefits	4
Inactive employees or beneficiaries currently receiving benefits	<u>46</u>
Total	<u>85</u>

\*This plan is closed to additional participants\*

#### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was \$80,557 per month. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute from 0% to 2% percent 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, 2014, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3%-4%

Salary Increases: 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)

Investment rate of return: 8.25%, net of investment expense, including inflation

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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.



# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

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>
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount rate. The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/13	\$19,742,664	\$10,893,447	\$8,849,217
Changes for the Year:			
Service cost	258,272	-	258,272
Interest	1,593,796	-	1,593,796
Change in benefits	-	-	-
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Contributions: employer	-	963,598	(963,598)
Contributions: employee	-	30,728	(30,728)
Net investment income	-	689,020	(689,020)
Benefit payments, including refunds	(1,106,117)	(1,106,117)	-
Administrative expense	-	(25,347)	25,347
Other changes	-	-	-
Net changes	745,951	551,882	194,069
Balance at 12/31/14	\$20,488,615	\$11,445,329	\$9,043,286

#### 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 8.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

	Current		
	1% Decrease	Discount rate	1% Increase
Total Pension Liability	\$22,698,499	\$20,488,615	\$18,591,430
Fiduciary Net Position	11,445,329	11,445,329	11,445,329
Net Pension Liability	\$11,253,170	\$ 9,043,286	\$ 7,146,101

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

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

For the year ended June 30, 2015 the employer recognized pension expense of \$994,443. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences in experience	\$ -
Differences in assumptions	-
Excess (deficit) investment returns	163,226
Contributions subsequent to the measurement date	<u>569,403</u>
Total	<u><u>\$732,629</u></u>

\* 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 2016.

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

2016	\$ 40,807
2017	40,807
2018	40,807
2019	40,805
2020	-
Thereafter	<u>-</u>
Total	<u><u>\$163,226</u></u>

#### 7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
2004 Road Improvement Michigan Transportation Fund Bonds (LTGO), due in annual installments of \$60,000 to \$115,000 through June 1, 2019; interest at 3.35% to 4.35%.	\$ 525,000	\$ -	\$ 525,000	\$ -	\$ -
2006 Road Improvement Michigan Transportation Funds Bonds (LTGO), due in annual installments of \$35,000 to \$55,000 through June 1, 2019; interest at 3.90% to 4.55%.	260,000	-	50,000	210,000	50,000

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
2005 Building Authority Refunding Bonds (LTGO), due in annual installments of \$25,000 to \$650,000 through May 1, 2020; interest at 3.125% to 5.00%.	\$ 3,420,000	\$ -	\$3,420,000	\$ -	\$ -
2006 Building Authority Refunding Bonds (LTGO), due in annual installments of \$430,000 to \$650,000 through May 1, 2018; interest at 3.75% to 5.00%.	\$ 2,445,000	-	570,000	1,875,000	600,000
2008 Special Assessment Bonds, due in annual installments of \$40,000 to \$45,000 through April 1, 2017; interest at 3.2% to 4.1%.	110,000	-	45,000	65,000	45,000
2009 Special Assessment Bonds, due in annual installments of \$45,000 to \$55,000 through October 1, 2023; interest at 1.95% to 4.30%.	480,000	-	50,000	430,000	50,000
2010 Transportation Fund Bonds, due in annual installments of \$80,000 to \$105,000 through June 1, 2019; interest at 2.0% to 3.2%.	485,000	-	90,000	395,000	95,000
2015 Refunding Bonds (City portion), due in annual installments of \$670,000 to \$730,000 through May 1, 2020; interest at .6% to 1.9%	-	3,380,000	-	3,380,000	670,000
Instalment purchase agreement, due in annual installments of \$63,833 through January 2018; interest at 1.48%	-	191,500	-	191,500	63,833
<b>Total</b>	<b>7,725,000</b>	<b>3,571,500</b>	<b>4,750,000</b>	<b>6,546,500</b>	<b>1,573,833</b>
Other post-employment benefits	2,024,421	484,772	265,473	2,243,720	-
Accrued compensated absences	1,273,843	12,740	-	1,286,583	-
<b>Total Governmental Activities</b>	<b>\$11,023,264</b>	<b>\$4,069,012</b>	<b>\$5,015,473</b>	<b>\$10,076,803</b>	<b>\$1,573,833</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

<b>Component Units</b>	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>	<b>Due Within One Year</b>
2004 Downtown Improvement DDA Bonds (LTGO), due in annual installments of \$30,000 to \$55,000 through May 1, 2020; interest at 2.30% to 4.30%.	\$ 290,000	\$ -	\$ 290,000	\$ -	\$ -
2006 Downtown Improvement DDA Bonds (LTGO), due in annual installments of \$100,000 to \$190,000 through May 1, 2023; interest at 4.00% to 4.125%.	1,455,000	-	135,000	1,320,000	140,000
2015 Refunding Bonds (DDA portion), due in annual installments of \$50,000 through May 1, 2020; interest at .6% to 1.9%	-	250,000	-	250,000	50,000
2004 Brownfield Redevelopment DEQ, due in annual installments of \$29,900 through March 10, 2015; including interest at 2.25%.	29,242	-	29,242	-	-
2007 Brownfield Redevelopment DEQ, due in annual installments of \$100,174 beginning February 2012 through February 5, 2022; including interest at 2.00%.	666,398	-	666,398	-	-
<b>Total Component Units</b>	<b>\$2,440,640</b>	<b>\$ 250,000</b>	<b>\$1,120,640</b>	<b>\$1,570,000</b>	<b>\$190,000</b>

The annual requirements to amortize all debt outstanding (excluding other post-employment benefits and accrued compensated absences) as of June 30, 2015 are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		<b>Component Units</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$1,573,833	\$172,092	\$ 190,000	\$ 57,941
2017	1,593,833	124,184	195,000	51,525
2018	1,618,834	82,748	205,000	45,080
2019	915,000	40,102	210,000	38,125
2020	665,000	20,129	220,000	30,650
2021-2024	180,000	15,163	550,000	45,992
<b>Total</b>	<b>\$6,546,500</b>	<b>\$454,418</b>	<b>\$1,570,000</b>	<b>\$269,313</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

#### 8. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2015 are as follows:

<u>Transfers out</u>	<u>Transfers in</u>			<u>Total</u>
	<u>General fund</u>	<u>Major streets fund</u>	<u>Nonmajor governmental funds</u>	
General fund	\$ -	\$1,730,618	\$2,116,000	\$3,846,618
Nonmajor governmental funds	2,734	-	679,800	682,534
Total	\$2,734	\$1,730,618	\$2,795,800	\$4,529,152

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.

#### 9. 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.

#### 10. OTHER POST-EMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides single coverage health insurance premiums paid at 85%, and dental insurance premiums paid at 100% for retirees from retirement until age 65 at which time the Plan covers Medicare supplemental premiums until death of the employee. Benefit provisions are established through policy and available to all 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. The Retiree Health Plan does not issue a publicly available financial report. During the year ended June 30, 2010, the City passed a resolution adopting a legal trust for the plan.

The City's contribution is based on pay-as-you-go financing requirements. The City is currently funding the plan by paying the current insurance premiums due along with any additional amounts budgeted into the trust. For the current fiscal year, the annual required contribution (ARC) was \$530,480 while actual contributions were \$265,473.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City OPEB obligation to the plan.

Annual required contribution	\$ 530,480
Interest on Net OPEB obligation	80,977
Adjustment to annual required contribution	<u>(126,685)</u>
Annual OPEB cost (expense)	484,772
Contribution made	<u>265,473</u>
Increase in net OPEB obligation	219,299
Net OPEB obligation, beginning of year	<u>2,024,421</u>
Net OPEB obligation, end of year	<u>\$2,243,720</u>

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

#### Trend Information

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/13	\$463,286	58%	\$1,807,635
6/30/14	480,865	55%	2,024,421
6/30/15	484,772	55%	2,243,720

#### Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Market</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
6/30/14	\$353,389	\$5,491,239	\$5,137,850	6%	\$4,733,264	109%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2015

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method, level dollar, closed amortization method, and an amortization period of 30 years were utilized. The actuarial assumptions included a 0% return on plan net assets as the plan is minimally funded, a discount rate of 4%, and a healthcare inflation factor of 5%.

#### 11. CONTINGENCIES

In the normal course of its operations, the City has become a party in various legal actions, including property tax appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. Amounts reserved for losses related to legal actions have not been included as a liability in the financial statements.

The City has receives 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.

#### 12. 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:

Cumulative shortfall – July 1, 2014	<u>\$(1,310,049)</u>
Current year building permit revenues	585,287
Related Expenses	
Direct costs	301,381
Indirect Costs	<u>38,157</u>
Total construction code expenses	<u>339,538</u>
Cumulative shortfall – June 30, 2015	<u>\$(1,064,300)</u>

#### 13. COMMITMENTS

At year-end, the City had outstanding commitments of approximately \$776,000 related to various construction projects.

#### 14. PRIOR PERIOD ADJUSTMENT

Beginning net position of governmental activities was decreased by \$8,849,217 to record the net pension liability and \$446,777 to adjust the net pension asset in accordance with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68.

Beginning net position of governmental activities was increased by \$488,440 to record deferred outflows in accordance with the implementation of GASB Statement No. 71 (an amendment to GASB Statement No. 68).

## **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, 2015**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Income taxes	\$ 10,300,000	\$ 10,050,000	\$ 10,446,592	\$ 396,592
Property taxes	1,654,050	1,675,050	1,675,898	848
Intergovernmental revenues				
Federal	343,800	73,800	79,871	6,071
State	1,825,000	1,825,000	1,855,653	30,653
Cable franchise fees	320,000	360,000	387,622	27,622
Licenses and permits	373,000	560,346	669,168	108,822
Charges for services	66,500	76,925	86,592	9,667
Fines	675,000	675,000	654,136	(20,864)
Investment earnings	14,028	14,028	15,047	1,019
Miscellaneous	116,675	152,213	157,270	5,057
<b>Total revenues</b>	<u>15,688,053</u>	<u>15,462,362</u>	<u>16,027,849</u>	<u>565,487</u>
<b>Expenditures</b>				
Current				
Judicial	746,267	746,267	714,080	32,187
General government	2,467,140	2,427,553	2,290,518	137,035
Public safety	6,920,826	6,644,576	6,585,734	58,842
Public works	622,390	610,890	558,399	52,491
Culture and recreation	387,556	313,656	264,351	49,305
Planning and economic development	12,100	12,100	9,157	2,943
Other	1,776,875	1,717,775	1,647,262	70,513
<b>Total expenditures</b>	<u>12,933,154</u>	<u>12,472,817</u>	<u>12,069,501</u>	<u>403,316</u>
<b>Revenues over (under) expenditures</b>	2,754,899	2,989,545	3,958,348	968,803
Other financing sources (uses)				
Use of fund balance	873,019	857,073	-	857,073
Transfers in	-	-	2,734	2,734
Transfers out	(3,627,918)	(3,846,618)	(3,846,618)	-
<b>Total other financing sources (uses)</b>	<u>(2,754,899)</u>	<u>(2,989,545)</u>	<u>(3,843,884)</u>	<u>859,807</u>
Net changes in fund balance	-	-	114,464	114,464
<b>Fund balance, beginning of year</b>	<u>5,992,618</u>	<u>5,992,618</u>	<u>5,992,618</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 5,992,618</u>	<u>\$ 5,992,618</u>	<u>\$ 6,107,082</u>	<u>\$ 114,464</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, 2015**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 1,292,581	\$ 1,396,779	\$ 1,435,071	\$ 38,292
Investment earnings	600	600	658	58
<b>Total revenues</b>	<u>1,293,181</u>	<u>1,397,379</u>	<u>1,435,729</u>	<u>38,350</u>
<b>Expenditures</b>				
Current				
Public works	2,740,275	3,096,697	2,956,814	139,883
Debt service				
Principal	235,000	235,000	235,000	-
Interest	48,600	48,600	48,779	(179)
Bond issuance costs	-	-	5,000	(5,000)
<b>Total expenditures</b>	<u>3,023,875</u>	<u>3,380,297</u>	<u>3,245,593</u>	<u>134,704</u>
Revenues over (under) expenditures	<u>(1,730,694)</u>	<u>(1,982,918)</u>	<u>(1,809,864)</u>	<u>173,054</u>
Other financing sources				
Use of fund balance	150,076	252,300	-	(252,300)
Debt issuance	-	-	435,000	435,000
Payment to refunded bond escrow agent	-	-	(430,000)	(430,000)
Transfers in	1,580,618	1,730,618	1,730,618	-
<b>Total other financing sources (uses)</b>	<u>1,730,694</u>	<u>1,982,918</u>	<u>1,735,618</u>	<u>(247,300)</u>
Net changes in fund balance	-	-	(74,246)	(74,246)
<b>Fund balance, beginning of year</b>	<u>433,950</u>	<u>433,950</u>	<u>433,950</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 433,950</u>	<u>\$ 433,950</u>	<u>\$ 359,704</u>	<u>\$ (74,246)</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, 2015**

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	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 258,272
Interest	1,593,796
Benefit payments including employee refunds	<u>(1,106,117)</u>
<b>Net change in total pension liability</b>	<u>745,951</u>
<b>Total pension liability, beginning of year</b>	<u>19,742,664</u>
<b>Total pension liability, ending of year</b>	<u>\$ 20,488,615</u>
<b>Plan Fiduciary Net Position</b>	
Contributions-employer	\$ 963,598
Contributions-employee	30,728
Net investment income	689,020
Benefit payments including employee refunds	(1,106,117)
Administrative expense	<u>(25,347)</u>
<b>Net change in plan fiduciary net position</b>	<u>551,882</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>10,893,447</u>
<b>Plan fiduciary net position, ending of year</b>	<u>\$ 11,445,329</u>
<b>Total net pension liability</b>	<u>\$ 9,043,286</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	55.9%
<b>Covered employee payroll</b>	\$ 2,362,044
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	382.9%

**Notes to schedule:**

The above data is based on the measurement date of December 31.

# CITY OF WALKER

## DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2015

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	<u>2015</u>
Actuarially determined contributions	\$ 847,320
Contributions in relation to the actuarially determined contribution	<u>847,320</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 2,362,044
Contributions as a percentage of covered employee payroll	36%
<b>Notes to schedule</b>	
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	10 year smoothed
Inflation	3.50%
Salary increases	4.50%
Investment rate of return	8.25%
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male 1994 group annuity mortality table

**CITY OF WALKER**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

**RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2012	\$ 48,417	\$ 5,082,163	\$ 5,033,746	1.0%	not available	not available
6/30/2013	199,226	5,274,453	5,075,227	3.8%	not available	not available
6/30/2014	353,389	5,491,239	5,137,850	6.4%	\$ 4,733,264	108.55%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2010	\$ 560,889	\$ 121,905	22%
2011	519,281	122,446	24%
2012	524,550	168,578	32%
2013	463,286	270,996	58%
2014	480,865	264,079	55%
2015	484,772	265,473	55%

**NOTE 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). Appropriations lapse at year end.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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

**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Income taxes	\$ 10,300,000	\$ 10,050,000	\$ 10,446,592	\$ 396,592
Real and personal property taxes	1,292,100	1,303,100	1,304,291	1,191
Payments in lieu of tax	950	950	943	(7)
Collection fees	361,000	371,000	370,664	(336)
	<u>11,954,050</u>	<u>11,725,050</u>	<u>12,122,490</u>	<u>397,440</u>
Total taxes				
Licenses and permits				
Business	35,000	35,000	36,090	1,090
Nonbusiness	321,000	507,500	615,162	107,662
Liquor license fees	17,000	17,846	17,916	70
	<u>373,000</u>	<u>560,346</u>	<u>669,168</u>	<u>108,822</u>
Total licenses and permits				
Intergovernmental - federal	343,800	73,800	79,871	6,071
Intergovernmental - state				
State-shared revenue	1,825,000	1,825,000	1,855,653	30,653
Cable franchise fees	320,000	360,000	387,622	27,622
Charges for services				
Planning and zoning fees	21,500	29,925	34,752	4,827
Overtime event reimbursemen	15,000	17,000	21,840	4,840
Administrative fees	30,000	30,000	30,000	-
	<u>66,500</u>	<u>76,925</u>	<u>86,592</u>	<u>9,667</u>
Total charges for services				
Fines				
Ordinance fines	675,000	675,000	654,136	(20,864)
Interest and rentals	14,028	14,028	15,047	1,019
Other revenue	116,675	152,213	157,270	5,057
<b>Total revenues</b>	<u>\$ 15,688,053</u>	<u>\$ 15,462,362</u>	<u>\$ 16,027,849</u>	<u>\$ 565,487</u>



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

**FOR THE YEAR ENDED JUNE 30, 2015**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
Judicial				
District court	\$ 746,267	\$ 746,267	\$ 714,080	\$ 32,187
General government				
City Commission	91,100	91,100	84,637	6,463
City managers office	675,860	612,410	534,629	77,781
Elections	40,875	40,875	37,290	3,585
Finance department	195,640	195,640	191,353	4,287
Treasurer	131,330	132,130	127,521	4,609
Income tax	359,725	359,725	345,857	13,868
City assessor	288,320	290,683	288,497	2,186
City clerk	164,325	171,525	168,605	2,920
Buildings and grounds	519,965	533,465	512,129	21,336
	<u>2,467,140</u>	<u>2,427,553</u>	<u>2,290,518</u>	<u>137,035</u>
Public safety				
Police department	4,501,728	4,553,458	4,510,289	43,169
Fire department	1,967,498	1,658,118	1,647,703	10,415
Building inspections	451,600	433,000	427,742	5,258
	<u>6,920,826</u>	<u>6,644,576</u>	<u>6,585,734</u>	<u>58,842</u>
Public works				
City engineer	342,280	330,780	314,304	16,476
Drains	30,110	30,110	30,110	-
Street lighting	250,000	250,000	213,985	36,015
	<u>622,390</u>	<u>610,890</u>	<u>558,399</u>	<u>52,491</u>
Culture and recreation				
Parks	385,056	311,156	264,133	47,023
Museum	2,500	2,500	218	2,282
	<u>387,556</u>	<u>313,656</u>	<u>264,351</u>	<u>49,305</u>
Planning and economic development				
Zoning	12,100	12,100	9,157	2,943
Other				
Retiree insurance/pension	928,300	928,300	908,773	19,527
Property and liability insurance	150,000	150,000	148,299	1,701
Other unclassified expenses	698,575	639,475	590,190	49,285
	<u>1,776,875</u>	<u>1,717,775</u>	<u>1,647,262</u>	<u>70,513</u>
<b>Total expenditures</b>	<b>12,933,154</b>	<b>12,472,817</b>	<b>12,069,501</b>	<b>403,316</b>
<b>Other financing uses</b>				
Transfers out	<u>3,627,918</u>	<u>3,846,618</u>	<u>3,846,618</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<b>\$ 16,561,072</b>	<b>\$ 16,319,435</b>	<b>\$ 15,916,119</b>	<b>\$ 403,316</b>

**CITY OF WALKER**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 2015**

	<b>Special Revenue</b>			
	<b>Local Streets</b>	<b>Ice and Fitness Program</b>	<b>Special Vice Investigation</b>	<b>1998/2006</b>
<b>Assets</b>				
Cash and pooled investments	\$ 102,661	\$ 312,627	\$ 85,169	\$ 2,408
Accounts receivable	-	16,626	-	-
Special assessment receivable	-	-	-	-
Due from other governments	97,465	-	-	-
Inventory	24,153	131,763	-	-
<b>Total assets</b>	<b>\$ 224,279</b>	<b>\$ 476,926</b>	<b>\$ 85,169</b>	<b>\$ 2,408</b>
<b>Liabilities, deferred inflows and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,484	\$ 38,823	\$ 6,500	\$ -
Accrued liabilities	9,072	22,534	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>12,556</b>	<b>61,357</b>	<b>6,500</b>	<b>-</b>
<b>Deferred inflows</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Nonspendable				
Inventory	24,153	131,763	-	-
Restricted				
Streets	187,570	-	-	-
Public safety	-	-	78,669	-
Committed				
Ice and fitness capital	-	1,805	-	-
Assigned				
Ice and fitness	-	266,091	-	-
Debt service	-	-	-	2,408
<b>Total fund balances</b>	<b>211,723</b>	<b>415,569</b>	<b>78,669</b>	<b>2,408</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 224,279</b>	<b>\$ 476,926</b>	<b>\$ 85,169</b>	<b>\$ 2,408</b>

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**Debt Service**

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<u>1999/2005</u>	<u>2008</u>	<u>2009 Bonds</u>	<u>Total</u>
\$ -	\$ 30,895	\$ 264,789	\$ 798,549
-	-	372	16,998
-	66,200	119,955	186,155
-	-	-	97,465
-	-	-	155,916
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ -</u>	<u>\$ 97,095</u>	<u>\$ 385,116</u>	<u>\$ 1,270,993</u>
\$ -	\$ -	\$ -	\$ 48,807
-	-	-	31,606
-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	80,413
-	66,200	119,956	186,156
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	155,916
-	-	-	187,570
-	-	-	78,669
-	-	-	1,805
-	-	-	266,091
-	30,895	265,160	298,463
<hr/>	<hr/>	<hr/>	<hr/>
-	30,895	265,160	1,004,424
<u>\$ -</u>	<u>\$ 97,095</u>	<u>\$ 385,116</u>	<u>\$ 1,270,993</u>

# CITY OF WALKER

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

**FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue			<u>1998/2006</u>
	<u>Local Streets</u>	<u>Ice and Fitness Program</u>	<u>Special Vice Investigation</u>	
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 479,687	\$ -	\$ -	\$ -
Local	-	-	60,763	-
Charges for services	-	1,306,035	-	-
Special assessments	-	-	-	-
Investment earnings	403	694	473	509
Miscellaneous	-	3,813	-	-
<b>Total revenues</b>	<u>480,090</u>	<u>1,310,542</u>	<u>61,236</u>	<u>509</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	79,804	-
Public works	948,786	-	-	-
Culture and recreation	-	1,549,649	-	-
Debt service				
Principal	-	-	-	570,000
Interest	-	-	-	109,800
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<u>948,786</u>	<u>1,549,649</u>	<u>79,804</u>	<u>679,800</u>
Revenues over (under) expenditures	<u>(468,696)</u>	<u>(239,107)</u>	<u>(18,568)</u>	<u>(679,291)</u>
Other financing sources (uses)				
Debt issuance	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	500,000	963,500	-	679,800
Transfers out	-	(679,800)	-	-
<b>Total other financing sources (uses)</b>	<u>500,000</u>	<u>283,700</u>	<u>-</u>	<u>679,800</u>
Net changes in fund balances	31,304	44,593	(18,568)	509
<b>Fund balances, beginning of year</b>	<u>180,419</u>	<u>370,976</u>	<u>97,237</u>	<u>1,899</u>
<b>Fund balances, end of year</b>	<u>\$ 211,723</u>	<u>\$ 415,569</u>	<u>\$ 78,669</u>	<u>\$ 2,408</u>

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**Debt Service**

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<u>1999/2005</u>	<u>2008</u>	<u>2009 Bonds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 479,687
-	-	-	60,763
-	-	-	1,306,035
-	23,892	26,468	50,360
427	4,819	7,859	15,184
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,813</u>
<u>427</u>	<u>28,711</u>	<u>34,327</u>	<u>1,915,842</u>
-	-	-	79,804
-	-	12	948,798
-	-	-	1,549,649
510,000	45,000	50,000	1,175,000
142,200	4,888	17,908	274,796
<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
<u>687,200</u>	<u>49,888</u>	<u>67,920</u>	<u>4,063,047</u>
<u>(686,773)</u>	<u>(21,177)</u>	<u>(33,593)</u>	<u>(2,147,205)</u>
2,945,000	-	-	2,945,000
(2,910,000)	-	-	(2,910,000)
652,500	-	-	2,795,800
<u>(2,734)</u>	<u>-</u>	<u>-</u>	<u>(682,534)</u>
<u>684,766</u>	<u>-</u>	<u>-</u>	<u>2,148,266</u>
(2,007)	(21,177)	(33,593)	1,061
<u>2,007</u>	<u>52,072</u>	<u>298,753</u>	<u>1,003,363</u>
<u>\$ -</u>	<u>\$ 30,895</u>	<u>\$ 265,160</u>	<u>\$ 1,004,424</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, 2015**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 414,200	\$ 458,857	\$ 479,687	\$ 20,830
Investment earnings	200	200	403	203
<b>Total revenues</b>	<u>414,400</u>	<u>459,057</u>	<u>480,090</u>	<u>21,033</u>
<b>Expenditures</b>				
Current				
Public works	<u>945,994</u>	<u>955,961</u>	<u>948,786</u>	<u>7,175</u>
Revenues over (under) expenditures	<u>(531,594)</u>	<u>(496,904)</u>	<u>(468,696)</u>	<u>28,208</u>
Other financing source (uses)				
Use of fund balance	31,594	(3,096)	-	3,096
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>531,594</u>	<u>496,904</u>	<u>500,000</u>	<u>3,096</u>
Net changes in fund balance	-	-	31,304	31,304
<b>Fund balance, beginning of year</b>	<u>180,419</u>	<u>180,419</u>	<u>180,419</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 180,419</u>	<u>\$ 180,419</u>	<u>\$ 211,723</u>	<u>\$ 31,304</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, 2015**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 1,286,900	\$ 1,286,900	\$ 1,306,035	\$ 19,135
Investment earnings	500	500	694	194
Miscellaneous	300	1,250	3,813	2,563
<b>Total revenues</b>	<u>1,287,700</u>	<u>1,288,650</u>	<u>1,310,542</u>	<u>21,892</u>
<b>Expenditures</b>				
Current				
Culture and recreation	<u>1,383,620</u>	<u>1,648,920</u>	<u>1,549,649</u>	<u>99,271</u>
Revenues over (under) expenditures	<u>(95,920)</u>	<u>(360,270)</u>	<u>(239,107)</u>	<u>121,163</u>
Other financing source (uses)				
Use of fund balance	(119,080)	76,570	-	(76,570)
Transfers in	894,800	963,500	963,500	-
Transfers out	<u>(679,800)</u>	<u>(679,800)</u>	<u>(679,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>95,920</u>	<u>360,270</u>	<u>283,700</u>	<u>(76,570)</u>
Net changes in fund balance	-	-	44,593	44,593
<b>Fund balance, beginning of year</b>	<u>370,976</u>	<u>370,976</u>	<u>370,976</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 370,976</u>	<u>\$ 370,976</u>	<u>\$ 415,569</u>	<u>\$ 44,593</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, 2015**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 46,000	\$ 46,000	\$ 60,763	\$ 14,763
Investment earnings	400	400	473	73
<b>Total Revenues</b>	46,400	46,400	61,236	14,836
<b>Expenditures</b>				
Current				
Public safety	54,200	54,200	79,804	(25,604)
Revenues over (under) expenditures	(7,800)	(7,800)	(18,568)	(10,768)
Other financing source (uses)				
Use of fund balance	7,800	7,800	-	(7,800)
Net changes in fund balance	-	-	(18,568)	(18,568)
<b>Fund balance, beginning of year</b>	97,237	97,237	97,237	-
<b>Fund balance, end of year</b>	\$ 97,237	\$ 97,237	\$ 78,669	\$ (18,568)

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**CITY OF WALKER**

**AGENCY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2015**

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	<u>District Court</u>	<u>Current Tax Fund</u>	<u>Trust and Agency</u>	<u>Flexible Spending</u>
<b>Assets</b>				
Cash and pooled investments	\$ 105,171	\$ 7,839	\$ 590,685	\$ 6,694
Due from other governments	-	7,036	-	-
Accrued interest	-	-	294	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<u>\$ 105,171</u>	<u>\$ 14,875</u>	<u>\$ 590,979</u>	<u>\$ 6,694</u>
<b>Liabilities</b>				
Accounts payable	\$ 64,488	\$ -	\$ 10,502	\$ 6,694
Deposits	11,991	-	580,477	-
Due to other governmental units	<u>28,692</u>	<u>14,875</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<u>\$ 105,171</u>	<u>\$ 14,875</u>	<u>\$ 590,979</u>	<u>\$ 6,694</u>

<b>Other Agency</b>	<b>Total</b>
\$ 787,937	\$ 1,498,326
-	7,036
-	294
<u>\$ 787,937</u>	<u>\$ 1,505,656</u>
\$ 6,412	\$ 88,096
781,525	1,373,993
-	43,567
<u>\$ 787,937</u>	<u>\$ 1,505,656</u>

**CITY OF WALKER**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>District Court</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>Assets</b>				
Cash and pooled investments	\$ 110,009	\$ 994,247	\$ 999,085	\$ 105,171
<b>Liabilities</b>				
Accounts payable	\$ 66,038	\$ 112,142	\$ 113,692	\$ 64,488
Deposits	18,226	572,525	578,760	11,991
Due to other governmental units	25,745	309,580	306,633	28,692
<b>Total liabilities</b>	<b>\$ 110,009</b>	<b>\$ 994,247</b>	<b>\$ 999,085</b>	<b>\$ 105,171</b>
 <b><u>Current Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 3,441	\$ 38,446,448	\$ 38,442,050	\$ 7,839
Due from other governments	-	17,328	10,292	7,036
<b>Total Assets</b>	<b>\$ 3,441</b>	<b>\$ 38,463,776</b>	<b>\$ 38,452,342</b>	<b>\$ 14,875</b>
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	3,441	38,463,776	38,452,342	14,875
<b>Total liabilities</b>	<b>\$ 3,441</b>	<b>\$ 38,463,776</b>	<b>\$ 38,452,342</b>	<b>\$ 14,875</b>
 <b><u>Trust and Agency Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 451,039	\$ 404,468	\$ 264,822	\$ 590,685
Accrued interest	293	294	293	294
<b>Total assets</b>	<b>\$ 451,332</b>	<b>\$ 404,762</b>	<b>\$ 265,115</b>	<b>\$ 590,979</b>
<b>Liabilities</b>				
Accounts payable	\$ 9,472	\$ 10,502	\$ 9,472	\$ 10,502
Deposits	441,860	394,260	255,643	580,477
<b>Total liabilities</b>	<b>\$ 451,332</b>	<b>\$ 404,762</b>	<b>\$ 265,115</b>	<b>\$ 590,979</b>

(continued)

**CITY OF WALKER**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b><u>Flexible Spending</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 21,820	\$ 29,282	\$ 44,408	\$ 6,694
<b>Liabilities</b>				
Accounts payable	\$ 21,820	\$ 29,282	\$ 44,408	\$ 6,694
<b><u>Other Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 309,979	\$ 766,993	\$ 289,035	\$ 787,937
<b>Liabilities</b>				
Accounts payable	\$ 10,431	\$ 6,412	\$ 10,431	\$ 6,412
Deposits	299,548	760,581	278,604	781,525
	<u>\$ 309,979</u>	<u>\$ 766,993</u>	<u>\$ 289,035</u>	<u>\$ 787,937</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 896,288	\$ 40,641,438	\$ 40,039,400	\$ 1,498,326
Due from other governments	-	17,328	10,292	7,036
Accrued interest	293	294	293	294
<b>Total assets</b>	<u>\$ 896,581</u>	<u>\$ 40,659,060</u>	<u>\$ 40,049,985</u>	<u>\$ 1,505,656</u>
<b>Liabilities</b>				
Accounts payable	\$ 107,761	\$ 158,338	\$ 178,003	\$ 88,096
Deposits	759,634	1,727,366	1,113,007	1,373,993
Due to other governmental units	29,186	38,773,356	38,758,975	43,567
<b>Total liabilities</b>	<u>\$ 896,581</u>	<u>\$ 40,659,060</u>	<u>\$ 40,049,985</u>	<u>\$ 1,505,656</u>

(concluded)

**CITY OF WALKER**

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

**JUNE 30, 2015**

	Governmental Fund Type			Adjustments	Statement of Net Position
	General Fund	Streetscape Maintenance	Totals		
<b>Assets</b>					
Cash and pooled investments	\$ 266,992	\$ 156,070	\$ 423,062	\$ -	\$ 423,062
Special assessment receivable	-	9,363	9,363	-	9,363
Capital assets					
Land	-	-	-	1,294,978	1,294,978
Depreciable capital assets, net	-	-	-	<u>2,185,286</u>	<u>2,185,286</u>
<b>Total assets</b>	<u>\$ 266,992</u>	<u>\$ 165,433</u>	<u>\$ 432,425</u>	<u>3,480,264</u>	<u>3,912,689</u>
<b>Liabilities, deferred inflows and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 24,121	\$ 8,132	\$ 32,253	-	32,253
Accrued liabilities	779	-	779	9,720	10,499
Noncurrent liabilities					
Due within one year	-	-	-	190,000	190,000
Due in more than one year	-	-	-	<u>1,380,000</u>	<u>1,380,000</u>
<b>Total liabilities</b>	<u>24,900</u>	<u>8,132</u>	<u>33,032</u>	<u>1,579,720</u>	<u>1,612,752</u>
<b>Deferred inflows</b>					
Unavailable revenue	-	9,363	9,363	<u>(9,363)</u>	-
<b>Fund balances</b>					
Unreserved					
Undesignated	<u>242,092</u>	<u>147,938</u>	<u>390,030</u>	<u>(390,030)</u>	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 266,992</u>	<u>\$ 165,433</u>	<u>\$ 432,425</u>		
<b>Net position</b>					
Net investment in capital assets				1,910,264	1,910,264
Unrestricted				<u>389,673</u>	<u>389,673</u>
<b>Total net position</b>				<u>\$ 2,299,937</u>	<u>\$ 2,299,937</u>
<b>Reconciliation of fund balances to net position</b>					
<b>Fund balances of governmental funds</b>					\$ 390,030
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.					
Add - land					1,294,978
Add - capital assets (net of accumulated depreciation)					2,185,286
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.					
Add - unavailable revenue					9,363
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.					
Deduct - debt payable					(1,570,000)
Deduct - accrued interest on debt payable					<u>(9,720)</u>
<b>Net position of governmental activities</b>					<u>\$ 2,299,937</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, 2015**

	<u>Governmental Fund Type</u>			<u>Adjustments</u>	<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Streetscape Maintenance</u>	<u>Totals</u>		
<b>Revenues</b>					
Taxes	\$ 358,385	\$ -	\$ 358,385	\$ -	\$ 358,385
Special assessments	-	127,865	127,865	(2,992)	124,873
Investment earnings	938	1,622	2,560	-	2,560
Miscellaneous	13,450	-	13,450	-	13,450
	<u>372,773</u>	<u>129,487</u>	<u>502,260</u>	<u>(2,992)</u>	<u>499,268</u>
<b>Expenditures/expenses</b>					
Current					
Community development	73,622	84,965	158,587	93,984	252,571
Debt Service					
Principal	180,000	-	180,000	(180,000)	-
Interest	72,373	-	72,373	(2,242)	70,131
Bond issuance costs	5,000	-	5,000	-	5,000
	<u>330,995</u>	<u>84,965</u>	<u>415,960</u>	<u>(88,258)</u>	<u>327,702</u>
<b>Total expenditures/expenses</b>					
	<u>330,995</u>	<u>84,965</u>	<u>415,960</u>	<u>(88,258)</u>	<u>327,702</u>
Revenues over (under) expenditures/expenses	<u>41,778</u>	<u>44,522</u>	<u>86,300</u>	<u>85,266</u>	<u>171,566</u>
Other financing sources (uses)					
Debt issuance	250,000	-	250,000	(250,000)	-
Payment to refunded bond escrow agent	(245,000)	-	(245,000)	245,000	-
	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Net changes in fund balances	46,778	44,522	91,300	(91,300)	
Change in net position				171,566	171,566
<b>Fund balances/net position</b>					
<b>Beginning of year</b>	<u>195,314</u>	<u>103,416</u>	<u>298,730</u>		<u>2,128,371</u>
<b>End of year</b>	<u>\$ 242,092</u>	<u>\$ 147,938</u>	<u>\$ 390,030</u>		<u>\$ 2,299,937</u>
<b>Reconciliation of change in fund balances to change in net position</b>					
<b>Net change in fund balances of governmental funds</b>					\$ 91,300
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					(93,984)
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.					
Deduct - payments on special assessment receivable					(2,992)
Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.					
Deduct - net issuance of refunding debt					(5,000)
Add - principal payments on debt					180,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.					
Add - decrease in accrued interest					2,242
<b>Change in net position of governmental activities</b>					<u>\$ 171,566</u>



# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 331,000	\$ 358,385	\$ 358,385	\$ -
Investment earnings	200	750	938	188
Miscellaneous	12,200	12,200	13,450	1,250
<b>Total revenues</b>	<u>343,400</u>	<u>371,335</u>	<u>372,773</u>	<u>1,438</u>
<b>Expenditures</b>				
Current				
Community development	118,500	118,500	73,622	44,878
Debt service				
Principal	180,000	180,000	180,000	-
Interest	72,800	72,800	72,373	427
Bond issuance costs	-	-	5,000	(5,000)
<b>Total expenditures</b>	<u>371,300</u>	<u>371,300</u>	<u>330,995</u>	<u>40,305</u>
Revenues over (under) expenditures	<u>(27,900)</u>	<u>35</u>	<u>41,778</u>	<u>41,743</u>
Other financing source (uses)				
Use of fund balance	27,900	(35)	-	35
Debt issuance	-	-	250,000	250,000
Payment to refunded bond escrow agent	-	-	(245,000)	(245,000)
<b>Total other financing sources (uses)</b>	<u>27,900</u>	<u>(35)</u>	<u>5,000</u>	<u>5,035</u>
Net changes in fund balance	-	-	46,778	46,778
<b>Fund balance, beginning of year</b>	<u>195,314</u>	<u>195,314</u>	<u>195,314</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 195,314</u>	<u>\$ 195,314</u>	<u>\$ 242,092</u>	<u>\$ 46,778</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, 2015**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 124,873	\$ 124,873	\$ 127,865	\$ 2,992
Investment earnings	1,050	1,050	1,622	572
<b>Total revenues</b>	125,923	125,923	129,487	3,564
<b>Expenditures</b>				
Current				
Community development	95,000	95,000	84,965	10,035
Revenues over (under) expenditures	30,923	30,923	44,522	13,599
Other financing source (uses)				
Use of fund balance	(30,923)	(30,923)	-	30,923
Net changes in fund balance	-	-	44,522	44,522
<b>Fund balance, beginning of year</b>	103,416	103,416	103,416	-
<b>Fund balance, end of year</b>	<u>\$ 103,416</u>	<u>\$ 103,416</u>	<u>\$ 147,938</u>	<u>\$ 44,522</u>

**CITY OF WALKER**

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

**JUNE 30, 2015**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 1,747	\$ -	\$ 1,747
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 1,747</u></b>	<b><u>-</u></b>	<b><u>1,747</u></b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accrued liabilities	\$ -	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund balances</b>			
Unreserved			
Undesignated	<u>1,747</u>	<u>(1,747)</u>	
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,747</u></b>		
<b>Net position</b>			
Unrestricted (deficit)		<u>\$ 1,747</u>	<u>\$ 1,747</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, 2015**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 102,533	\$ -	\$ 102,533
Investment earnings	28	-	28
Miscellaneous	<u>-</u>	<u>5,115</u>	<u>5,115</u>
	<u>102,561</u>	<u>5,115</u>	<u>107,676</u>
<b>Expenditures/expenses</b>			
Current			
Public works			
Return of tax increment	72,665	-	72,665
Debt Service			
Principal	29,242	(29,242)	-
Interest	<u>658</u>	<u>(658)</u>	<u>-</u>
<b>Total expenditures/expenses</b>	<u>102,565</u>	<u>(29,900)</u>	<u>72,665</u>
Net changes in fund balances	(4)	4	
Change in net position		24,781	35,011
<b>Fund balances/net position (deficit), beginning of year</b>	<u>1,751</u>		<u>(33,264)</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 1,747</u>		<u>\$ 1,747</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, 2015**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 94,891	\$ 94,891	\$ 102,533	\$ 7,642
Investment earnings	10	10	28	18
Miscellaneous	90,970	90,970	-	(90,970)
<b>Total revenues</b>	<u>185,871</u>	<u>185,871</u>	<u>102,561</u>	<u>(83,310)</u>
<b>Expenditures</b>				
Current				
Return of tax increment	65,000	65,000	72,665	(7,665)
Debt service				
Principal	106,885	106,885	29,242	77,643
Interest	13,986	13,986	658	13,328
<b>Total expenditures</b>	<u>185,871</u>	<u>185,871</u>	<u>102,565</u>	<u>83,306</u>
Net changes in fund balance	-	-	(4)	(4)
<b>Fund balance, beginning of year</b>	<u>1,751</u>	<u>1,751</u>	<u>1,751</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,751</u>	<u>\$ 1,751</u>	<u>\$ 1,747</u>	<u>\$ (4)</u>