



## **CITY OF WALKER, MICHIGAN**

### **FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED JUNE 30, 2016***



*Vredenveld Haefner LLC*

# CITY OF WALKER

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## **INDEPENDENT AUDITORS' REPORT**

October 24, 2016

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, 2016, 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, 2016, 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 the 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 and schedules 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 and schedules 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 and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Vredeneld Haefner LLC*

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

**City of Walker**  
**June 30, 2016**  
**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, 2016. 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 2.56%. The income generated from property taxes is 10.3% 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 7.6% in FY 2016. Total income tax revenue is 66% 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 15-16, the City spent \$393,003 less than budgeted. Together with the increase in revenues over budget of \$848,572, the City's unassigned general fund equity is 27.5% of expenditures and transfers out for FY 2016.
- At the conclusion of 2016, 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 \$500,000 was contributed.
- The City contributed \$300,000 toward its' OPEB liability into the OPEB Trust Account` (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. Currently, 11 full time employees are enrolled in this plan.
- 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:
  - 86 Commercial permits with a total value of \$10,861,778.
  - 36 Industrial permits with a total value of \$25,381,245.
  - 224 Residential permits with a total value of \$10,013,279.
- Zoning complaints increased in FY 16 with 489 complaints as compared to 382 in FY 15. In July of 2015 the City hired a part-time Code Enforcement Specialist.
- Construction of a new water tank for the North Water District Improvement has begun. The State of Michigan's Sewer Water Revolving Fund, the Grand Rapids/Walker Water Department customers, and developer contributions funded the cost of this tank.

- A new 16" public water main was installed on Maynard Ave from Veterans Drive to 1500 feet north.
- Construction began on a new sidewalk and trail on Remembrance Rd from Geddes NW to Justin.
- 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. The tunnel is scheduled for an October 2016 opening.
- The resurfacing of Walker Ave from Waldorf Ave to 3 Mile Rd began in FY 15-16. This is scheduled to be completed in the fall of 2016.
- A \$640,000 state grant was awarded to add a center turn lane on Fruit Ridge Ave from 4 Mile Rd south to the railroad.
- A \$164,000 state grant was also awarded for an updated traffic signal with a left turn arrow at Wilson Ave and 3 Mile Rd.
- The City teamed up with MDOT to construct a roundabout in the intersection of Wilson Ave (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 the end of the fiscal year the total cost for Walker was \$290,000. The roundabout opened in September of 2015.
- The State of Michigan Department of Transportation (MDOT) allocated additional funding for roads in the amount of \$268,267 for fiscal year 15-16 which was applied toward major and local road overlay projects.
- The City applied for and received a Stormwater, Asset Management, and Wastewater (SAW) Grant from the DEQ in the amount of \$99,941 with a 10% match from the City of Walker. This program aids in the assessment of existing storm water pipe conditions and updates the storm water pipes mapping using field investigations, as built research, and a zoom camera in the pipes. This project continues into the 15-16 fiscal year.
- The Department of Public Works refurbished two snow plow trucks adding an additional life of 10 years to each truck.
- A new compact loader was purchased in the amount of \$78,325.
- The sewer debris tank on the vactor truck was replaced at a cost of \$57,980.
- A new garage door was installed on the salt barn for \$12,403.
- A new fire truck (Spartan Pumper) was purchased for \$515,761.
- The City budgeted and spent \$800,000 for road overlay and surface treatments for maintaining City roads.
- City employees received a 2.5% wage increase in July of 2016.
- A mechanic and motor pool foreman were hired to fill vacant positions.
- The Walker Ice and Fitness Center (WIFC) installed a new brine pump for its ice plant system at a cost of \$13,299.
- WIFC added \$50,000 to its capital set aside fund equity. The amount increased to \$52,020 on June 30, 2016.
- \$23,800 was spent on new cardio and weight equipment for the WIFC fitness floor.
- The number of fitness members at WIFC remains strong with a total of 1,779 active members on June 30, 2016.
- The Hockey Association of West Kent (HAWK) had a total of 258 participants during the 2015/2016 season, slightly higher than last year.
- Walker Community Park improvements included an amphitheater, remodeled bathrooms, sidewalks, and trails.

## Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, major streets, and 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 \$66,465,818 at the close of the most recent fiscal year. A summary of net position is as follows:

Summary of Net Position		
	Governmental Activities	
	2015	2016
Current and other assets	\$12,464,630	\$13,972,034
Capital assets	74,864,091	73,857,343
<b>Total assets</b>	<b>87,328,721</b>	<b>87,829,377</b>
 <b>Deferred outflows of resources</b>	 732,629	 2,705,043
 Long-term liabilities outstanding	 19,120,089	 19,726,910
Other liabilities	3,879,887	4,341,692
<b>Total liabilities</b>	<b>22,999,976</b>	<b>24,068,602</b>
 Net position		
Invested in capital assets, net		
of related debt	\$68,317,591	\$68,884,676
Restricted	1,596,910	1,609,442
Unrestricted (deficit)	(4,853,127)	(4,028,300)
<b>Total net position</b>	<b>\$65,061,374</b>	<b>\$66,465,818</b>

The City's unrestricted net position in governmental activities is in a deficit position as a result of recognizing the net pension liability.

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 \$1,404,444, 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>	
	<u>2015</u>	<u>2016</u>
<b>Revenue</b>		
Program revenue		
Charges for services	\$ 3,099,894	\$ 3,254,859
Operating grants and contributions	2,494,435	2,716,138
Capital grants and contributions	2,196,656	804,000
General revenue		
Property taxes	1,333,811	1,383,236
Income taxes	10,446,592	11,241,413
Other governmental sources	1,855,653	1,853,929
Unrestricted investment earnings	29,377	24,299
Other	71,958	61,203
<b>Total revenue</b>	<b>21,528,376</b>	<b>21,339,077</b>
<b>Expenses</b>		
General government	4,016,841	4,946,007
Judicial	708,579	751,480
Public safety	6,643,456	7,058,105
Public works	4,158,086	5,134,452
Culture and recreation	1,953,544	1,878,950
Interest	337,546	165,639
<b>Total expenses</b>	<b>17,818,052</b>	<b>19,934,633</b>
Increase (decrease) in net position	3,710,324	1,404,444
<b>Net position - beginning of year</b>	<b>61,351,050</b>	<b>65,061,374</b>
<b>Net position - end of year</b>	<b>\$65,061,374</b>	<b>\$66,465,818</b>

**Governmental Activities.** During the year, the City invested \$7,058,105 or 35.4% of governmental activities expenses in public safety. Public works expenses amounted to \$5,134,452 or 25.8% of governmental activities while general government, judicial, culture and recreation and interest on long-term debt made up the remaining 38.8% of governmental activities expenses.

## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund

balances of \$9,080,452, an increase of \$1,302,448 in comparison with the prior year. Of the \$9,080,452, \$6,317,661 is reported in the general fund, \$1,276,293 is reported in the major streets fund, and \$264,195 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 \$6,317,661. Of that amount, \$33,715 was restricted for cemetery operations, \$11,319 was nonspendable, \$578,816 was committed for various purposes by the City Commission, \$1,096,807 is assigned to meet fiscal year 2016 expenditures, and the remaining \$4,597,004 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 27.5% of total general fund expenditures and transfers. The fund balance of the City's general fund increased by \$210,579 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 \$1,276,293, an increase of \$916,589 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 \$264,195, a decrease of \$42,599 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, 2016, amounted to \$73,857,343 (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	817,897
Buildings, Equipment and Infrastructure (net)	<u>70,209,975</u>
<b>Total</b>	<b><u>\$73,857,343</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	\$ 127,667
Bonds payable	<u>4,845,000</u>
<b>Total</b>	<b><u>\$4,972,667</u></b>

The City made debt payments totaling \$1,573,833. 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 OPEB liability.
- 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 expenditures. At year end June 30, 2016 the City's unassigned fund balance is at 27.5%.

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

The following factors were considered in preparing the City's budget for the 2016-17 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 third year in a row, the City experienced an increase in property tax values. The 16-17 budget includes another slight increase. We continue to budget property tax revenue conservatively.
- The City's millage rate remains at 1.336 for FY 2017. 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, 2016**

	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>	
		<b>Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>
<b>Assets</b>			
Cash and pooled investments	\$ 6,137,393	\$ 487,387	\$ 60,039
Accounts receivable	2,305,013	7,694	-
Special assessments receivable	3,219,295	6,993	-
Due from other governments	2,060,388	-	-
Prepaid items	27,981	-	-
Inventory	221,964	-	-
Capital assets			
Land	2,829,471	1,294,978	-
Construction in progress	817,897	25,000	-
Depreciable capital assets, net	<u>70,209,975</u>	<u>2,093,208</u>	<u>-</u>
<b>Total assets</b>	<u>87,829,377</u>	<u>3,915,260</u>	<u>60,039</u>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources related to pensions	<u>2,705,043</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Accounts payable	1,065,479	9,179	-
Accrued liabilities	201,636	8,588	-
Unearned revenue	3,074,577	-	-
Noncurrent liabilities			
Compensated absences	1,283,176	-	-
Other post-employment benefits	2,443,138	-	-
Net pension liability	11,027,929	-	-
Due within one year	1,593,833	195,000	-
Due in more than one year	<u>3,378,834</u>	<u>1,185,000</u>	<u>-</u>
<b>Total liabilities</b>	<u>24,068,602</u>	<u>1,397,767</u>	<u>-</u>
<b>Net position</b>			
Net investment in capital assets	68,884,676	2,008,186	-
Restricted for:			
Streets	1,532,237	-	-
Public safety	77,205	-	-
Unrestricted (deficit)	<u>(4,028,300)</u>	<u>509,307</u>	<u>60,039</u>
<b>Total net position</b>	<u>\$ 66,465,818</u>	<u>\$ 2,517,493</u>	<u>\$ 60,039</u>

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

# CITY OF WALKER

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	<b>Program Revenues</b>					<b>Net (Expense) Revenue</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>		
<b>Primary government</b>						
Governmental activities						
General government	\$ 4,946,007	\$ 475,415	\$ 395,316	\$ -	\$ (4,075,276)	
Judicial	751,480	749,830	-	-	-	(1,650)
Public safety	7,058,105	77,995	83,195	-	-	(6,896,915)
Public works	5,134,452	570,422	2,237,627	804,000	-	(1,522,403)
Culture and recreation	1,878,950	1,381,197	-	-	-	(497,753)
Interest on long-term debt	165,639	-	-	-	-	(165,639)
Total governmental activities	<u>19,934,633</u>	<u>3,254,859</u>	<u>2,716,138</u>	<u>804,000</u>	<u>-</u>	<u>(13,159,636)</u>
<b>Total primary government</b>	<u>\$ 19,934,633</u>	<u>\$ 3,254,859</u>	<u>\$ 2,716,138</u>	<u>\$ 804,000</u>	<u>\$ -</u>	<u>\$ (13,159,636)</u>
<b>Component units</b>						
Downtown Development Authority	\$ 279,934	\$ 124,873	\$ 12,950	\$ -	\$ (142,111)	
Brownfield Redevelopment Authority	125,240	-	-	-	-	(125,240)
<b>Total component units</b>	<u>\$ 405,174</u>	<u>\$ 124,873</u>	<u>\$ 12,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (267,351)</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, 2016**

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	<b>Primary Government Governmental Activities</b>	<b>Component Units</b>	
		<b>Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>
<b>Changes in net position</b>			
<b>Net (expense) revenue</b>	<b>\$ (13,159,636)</b>	<b>\$ (142,111)</b>	<b>\$ (125,240)</b>
General revenues			
Income taxes	11,241,413	-	-
Property taxes	1,383,236	357,286	183,427
State shared revenues	1,853,929	-	-
Unrestricted investment earnings	24,299	2,381	105
Other general revenues	61,203	-	-
Total general revenues	<u>14,564,080</u>	<u>359,667</u>	<u>183,532</u>
Change in net position	1,404,444	217,556	58,292
<b>Net position, beginning of year</b>	<u>65,061,374</u>	<u>2,299,937</u>	<u>1,747</u>
<b>Net position, end of year</b>	<u><b>\$ 66,465,818</b></u>	<u><b>\$ 2,517,493</b></u>	<u><b>\$ 60,039</b></u>

(Concluded)

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

# CITY OF WALKER

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2016

	<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	\$ 3,423,667	\$ 1,161,234	\$ 131,844	\$ 1,007,303	\$ 5,724,048
Accounts receivable	2,281,261	4,330	4,532	8,365	2,298,488
Special assessment receivable	-	-	3,074,578	144,717	3,219,295
Due from other governments	333,410	351,969	1,256,147	118,862	2,060,388
Due from other funds	632,064	-	-	-	632,064
Prepaid items	11,319	-	-	16,662	27,981
Inventory	-	65,104	-	129,287	194,391
<b>Total assets</b>	<b><u>\$ 6,681,721</u></b>	<b><u>\$ 1,582,637</u></b>	<b><u>\$ 4,467,101</u></b>	<b><u>\$ 1,425,196</u></b>	<b><u>\$ 14,156,655</u></b>
<b>Liabilities, deferred inflows, and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 206,963	\$ 298,707	\$ 499,880	\$ 41,877	\$ 1,047,427
Accrued liabilities	157,097	7,637	-	12,684	177,418
Due to other funds	-	-	628,448	3,616	632,064
Unearned revenue	-	-	3,074,578	-	3,074,578
<b>Total liabilities</b>	<b><u>364,060</u></b>	<b><u>306,344</u></b>	<b><u>4,202,906</u></b>	<b><u>58,177</u></b>	<b><u>4,931,487</u></b>
<b>Deferred inflows</b>					
Unavailable revenue	-	-	-	144,716	144,716
<b>Fund balances</b>					
Nonspendable					
Prepaid items	11,319	-	-	16,662	27,981
Inventory	-	65,104	-	129,287	194,391
Restricted					
Cemetery	33,715	-	-	-	33,715
Streets	-	1,211,189	-	321,048	1,532,237
Public safety	-	-	-	77,205	77,205
Committed					
Building sinking fund	400,000	-	-	-	400,000
Long-term liabilities	178,816	-	-	-	178,816
Ice and fitness capital	-	-	-	52,021	52,021
Assigned					
Subsequent year expenditures	1,096,807	-	-	-	1,096,807
Ice and fitness program	-	-	-	390,302	390,302
Debt service	-	-	-	235,778	235,778
Capital projects	-	-	264,195	-	264,195
Unassigned	4,597,004	-	-	-	4,597,004
<b>Total fund balances</b>	<b><u>6,317,661</u></b>	<b><u>1,276,293</u></b>	<b><u>264,195</u></b>	<b><u>1,222,303</u></b>	<b><u>9,080,452</u></b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b><u>\$ 6,681,721</u></b>	<b><u>\$ 1,582,637</u></b>	<b><u>\$ 4,467,101</u></b>	<b><u>\$ 1,425,196</u></b>	<b><u>\$ 14,156,655</u></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, 2016**

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<b>Fund balances - total governmental funds</b>	\$ 9,080,452
-------------------------------------------------	--------------

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

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

Add - land	2,829,471
Add - construction in progress	817,897
Add - capital assets (net of accumulated depreciation)	67,718,488

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	144,716
--------------------------------------	---------

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	2,781,436
------------------------------------------------------------------------------------------	-----------

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(1,274,270)
Deduct - other post-employment benefits liability	(2,443,138)
Deduct - net pension liability	(11,027,929)
Add - deferred outflows related to net pension liability	2,705,043
Deduct - bonds payable	(4,845,000)
Deduct - accrued interest on bonds payable	<u>(21,348)</u>

<b>Net position of governmental activities</b>	<u>\$ 66,465,818</u>
------------------------------------------------	----------------------

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, 2016**

	<u>General</u>	<u>Major Streets</u>	<u>Improvement Revolving</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 12,978,687	\$ -	\$ -	\$ -	\$ 12,978,687
Intergovernmental revenues					
Federal	26,254	-	-	-	26,254
State	1,853,929	2,453,313	-	544,948	4,852,190
Local	395,316	-	-	56,941	452,257
Licenses and permits	633,379	-	-	-	633,379
Charges for services	113,687	-	-	1,379,787	1,493,474
Fines	728,740	-	-	-	728,740
Special assessments	-	-	679	41,439	42,118
Investment earnings	12,463	1,333	920	13,381	28,097
Miscellaneous	155,507	-	-	3,150	158,657
<b>Total revenues</b>	<u>16,897,962</u>	<u>2,454,646</u>	<u>1,599</u>	<u>2,039,646</u>	<u>21,393,853</u>
<b>Expenditures</b>					
Current					
Judicial	738,976	-	-	-	738,976
General government	2,455,343	-	-	-	2,455,343
Public safety	6,901,745	-	-	58,866	6,960,611
Public works	586,323	2,563,056	44,198	954,970	4,148,547
Culture and recreation	442,103	-	-	1,343,114	1,785,217
Planning and economic development	17,317	-	-	-	17,317
Other	2,304,931	-	-	-	2,304,931
Debt service					
Principal	565,000	250,000	-	695,000	1,510,000
Interest	41,792	27,393	-	101,278	170,463
<b>Total expenditures</b>	<u>14,053,530</u>	<u>2,840,449</u>	<u>44,198</u>	<u>3,153,228</u>	<u>20,091,405</u>
Revenues over (under) expenditures	<u>2,844,432</u>	<u>(385,803)</u>	<u>(42,599)</u>	<u>(1,113,582)</u>	<u>1,302,448</u>
Other financing sources (uses)					
Transfers in	-	1,302,392	-	2,012,761	3,315,153
Transfers out	(2,633,853)	-	-	(681,300)	(3,315,153)
Total other financing sources (uses)	<u>(2,633,853)</u>	<u>1,302,392</u>	<u>-</u>	<u>1,331,461</u>	<u>-</u>
Net changes in fund balances	210,579	916,589	(42,599)	217,879	1,302,448
<b>Fund balances, beginning 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>
<b>Fund balances, end of year</b>	<u><u>\$ 6,317,661</u></u>	<u><u>\$ 1,276,293</u></u>	<u><u>\$ 264,195</u></u>	<u><u>\$ 1,222,303</u></u>	<u><u>\$ 9,080,452</u></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, 2016

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Net changes in fund balances - total governmental funds	\$ 1,302,448
---------------------------------------------------------	--------------

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.

Deduct - net book value of capital asset disposals	(226,258)
Add - capital outlay	1,960,808
Deduct - depreciation expense	(3,089,555)

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	(41,439)
--------------------------------------------	----------

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	1,510,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in compensated absences	611
Deduct - increase in other post-employments benefits liability	(199,418)
Add - increase in deferred outflows related to pensions	1,972,414
Deduct - increase in net pension liability	(1,984,643)
Add - decrease in accrued interest	4,824

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

Add - increase in net position of the internal service fund	<u>194,652</u>
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<b>Change in net position of governmental activities</b>	<u>\$ 1,404,444</u>
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The accompanying notes are an integral part of these financial statements.

# CITY OF WALKER

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

JUNE 30, 2016

### Assets

Current assets	
Cash and pooled investments	\$ 413,345
Accounts receivable	6,525
Inventory	<u>27,573</u>
Total current assets	<u>447,443</u>
Non-current assets	
Capital assets	
Vehicles	6,927,707
Less accumulated depreciation	<u>(4,436,220)</u>
Total non-current assets	<u>2,491,487</u>
<b>Total assets</b>	<u>2,938,930</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	18,052
Accrued liabilities	2,869
Current portion of notes payable	<u>63,833</u>
Total current liabilities	<u>84,754</u>
Long-term liabilities	
Compensated absences	8,906
Notes payable, net of current portion	<u>63,834</u>
Total long-term liabilities	<u>72,740</u>
<b>Total liabilities</b>	<u>157,494</u>
<b>Net position</b>	
Net investment in capital assets	2,363,820
Unrestricted	<u>417,616</u>
<b>Total net position</b>	<u>\$ 2,781,436</u>

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

# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2016**

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<b>Operating revenue</b>	
Charges for services	\$ 1,168,196
<b>Operating expense</b>	
Personnel costs	204,128
Operating supplies and expenses	71,465
Repair and maintenance	171,931
Gas and oil	134,294
Other expenses	3,497
Depreciation	411,340
<b>Total operating expense</b>	<u>996,655</u>
Operating income (loss)	<u>171,541</u>
Non-operating revenue (expense)	
Interest income	1,449
Gain on sale of capital assets	24,339
Interest expense	(2,677)
Total non-operating revenue (expense)	<u>23,111</u>
Changes in net position	194,652
<b>Net position, beginning of year</b>	<u>2,586,784</u>
<b>Net position, end of year</b>	<u>\$ 2,781,436</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, 2016**

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

Receipts from internal services provided	\$ 1,185,421
Payments to employees	(209,686)
Payments to suppliers	<u>(379,291)</u>

**Net cash provided by (used in) operating activities**

596,444

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

Proceeds from sale of capital assets	25,165
Interest expense	(2,677)
Principal payment on installment notes	(63,833)
Acquisitions of capital assets	<u>(760,423)</u>

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

(801,768)

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

Interest income	<u>1,449</u>
Net increase (decrease) in cash and pooled investments	(203,875)

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

617,220

**Cash and pooled investments, end of year**

\$ 413,345

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

Operating income (loss)	\$ 171,541
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	411,340
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	17,225
Inventory	(1,318)
Accounts payable	3,214
Accrued liabilities	(2,762)
Compensated absences	<u>(2,796)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 596,444</u></b>

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

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

***JUNE 30, 2016***

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	<u>Other Post-employment Benefits Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and pooled investments	\$ -	\$ 2,214,167
Investments	813,119	-
Accrued interest	-	406
 <b>Total assets</b>	 813,119	 \$ 2,214,573
 <b>Liabilities</b>		
Accounts payable	- \$ 84,093	
Deposits	- 2,071,564	
Due to other governmental units	- 58,916	
 <b>Total liabilities</b>	 - \$ 2,214,573	
 <b>Net position</b>		
Net position held in trust for OPEB	 \$ 813,119	

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, 2016***

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	<u>Other Post-employment Benefits Trust Fund</u>
<b>Additions</b>	
Contributions	
City contributions	\$ 435,051
Investment earnings	
Interest	<u>7,817</u>
<b>Total additions</b>	<b>442,868</b>
<b>Deductions</b>	
Health insurance premiums paid	<u>135,052</u>
Changes in net position	307,816
<b>Net position, beginning of year</b>	<u>505,303</u>
<b>Net position, end of year</b>	<u><u>\$ 813,119</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, 2016

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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, 2016

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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, 2016

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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.

### ***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:

# **CITY OF WALKER**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

#### ***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.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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### ***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 acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received. The amount reported for infrastructure includes only assets added since 1945.

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

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

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has items that qualify for reporting in this category related to 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	\$3,074,577
Special assessments unavailable revenue	<u>144,716</u>
	3,219,293
Less earned portion of special assessments	<u>144,716</u>
Unearned revenue – government-wide statements	<u><u>\$3,074,577</u></u>

### ***Long-Term Obligations***

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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#### ***Pensions***

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

#### ***Compensated Absences***

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

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

Governmental funds report fund balance in the following five categories:

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

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

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

### ***Property Taxes***

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 14. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to 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, 2016, 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, 2016, the City reported a deficit unrestricted net position in its governmental activities of \$5,085,075.

## **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.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

During the year ended June 30, 2016, 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			
Public works	\$2,441,892	\$2,563,056	\$121,164
Debt service - interest	27,100	27,393	293

#### 4. CASH AND INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$6,137,393	\$547,426	\$2,214,167	\$8,898,986
Investments	-	-	813,119	813,119
	<u>\$6,137,393</u>	<u>\$547,426</u>	<u>\$3,027,286</u>	<u>\$9,712,105</u>

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

Deposits	\$6,107,136
Investments	3,602,319
Petty cash	2,650
Total	<u>\$9,712,105</u>

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$5,612,273 of the City's bank balance of \$7,294,194 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

#### Investments

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Kent County Investment Pool	N/A	\$2,218,264	Unrated	N/A
Stable NAV Government Investment Pool	N/A	570,936	AAA	S&P
Vantagepoint Low Duration Bond Fund	N/A	813,119	3 star	Morningstar

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

At June 30, 2016 the balance of the Kent County Public Funds Investment Pool consisted of the following:

<b><u>Investment</u></b>	<b><u>Percentage of pool total</u></b>	<b><u>Maturity in years</u></b>
Government agency securities	26%	0-3
Certificates of deposits	60%	0-3
Deposits, money markets and other pools	14%	Not applicable

At June 30, 2016 the balance of the Stable NAV Government Investment Pool consisted of the following:

<b><u>Investment</u></b>	<b><u>Percentage of pool total</u></b>	<b><u>Maturity in years</u></b>
Commercial paper	91%	Not applicable
Collateralized bank deposits	4%	Not applicable
Repurchase agreements	5%	Not applicable

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

### 5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance</u> <u>July 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,829,471	\$ -	\$ -	\$ 2,829,471
Construction in progress	1,031,937	684,975	899,015	817,897
<b>Total capital assets, not being depreciated</b>	<b>3,861,408</b>	<b>684,975</b>	<b>899,015</b>	<b>3,647,368</b>
<b>Capital assets, being depreciated</b>				
Land improvements	2,254,352	79,812	-	2,334,164
Buildings and improvements	21,362,869	162,005	-	21,524,874
Vehicles	1,693,926	194,588	337,438	1,551,076
Other tools and equipment	7,623,670	1,045,264	87,169	8,581,765
Office furnishings	991,284	68,422	-	1,059,706
Infrastructure	93,272,760	1,385,180	-	94,657,940
<b>Total capital assets, being depreciated</b>	<b>127,198,861</b>	<b>2,935,271</b>	<b>424,607</b>	<b>129,709,525</b>
Less accumulated depreciation for				
Land improvements	1,584,474	86,081	-	1,670,555
Buildings and improvements	10,584,186	533,864	-	11,118,050
Vehicles	861,119	189,192	111,180	939,131
Other tools and equipment	5,678,009	444,059	86,343	6,035,725
Office furnishings	855,109	58,750	-	913,859
Infrastructure	36,633,281	2,188,949	-	38,822,230
<b>Total accumulated depreciation</b>	<b>56,196,178</b>	<b>3,500,895</b>	<b>197,523</b>	<b>59,499,550</b>
<b>Net capital assets, being depreciated</b>	<b>71,002,683</b>	<b>(565,624)</b>	<b>227,084</b>	<b>70,209,975</b>
<b>Governmental Activities capital assets, net</b>	<b>\$74,864,091</b>	<b>\$ 119,351</b>	<b>\$1,126,099</b>	<b>\$73,857,343</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u>			<u>Balance</u>
	<u>July 1,</u>			<u>June 30,</u>
	<u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>2016</u>
<b>Component units</b>				
Capital assets not being depreciated				
Land	\$1,294,978	\$ -	\$ -	\$1,294,978
Construction in progress	-	25,000	-	25,000
Total capital assets, not being depreciated	1,294,978	25,000	-	1,319,978
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	68,927	19,667	-	88,594
Infrastructure	210,451	4,941	-	215,392
Buildings	566,253	62,917	-	629,170
Office furnishings	34,152	4,553	-	38,705
Total accumulated depreciation	879,783	92,078	-	971,861
<b>Net capital assets, being depreciated</b>	<b>2,185,286</b>	<b>(92,078)</b>	<b>-</b>	<b>2,093,208</b>
<b>Component Units capital assets, net</b>	<b>\$3,480,264</b>	<b>\$ (67,078)</b>	<b>\$ -</b>	<b>\$3,413,186</b>

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

#### **Governmental Activities**

General government	\$ 265,426
Public safety	245,387
Public works	2,226,973
Culture and recreation	344,927
Judicial	6,842
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	411,340

#### **Total depreciation expense - governmental activities**

**\$3,500,895**

## 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 \$384,346 during the year ended June 30, 2016. In addition, employee contributions amounted to \$53,751 during the year ended June 30, 2016.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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### 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. The Plan is closed to new participants. Benefits provided include a multiplier of 2.5 times final average compensation with a vesting period of 5 years. Normal retirement age is 55-60 with early retirement at 50 with 25 years of service with various benefits. Benefits are calculated using final average compensation of 3 years depending on the employee's position and classification.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2015):

Active plan members	32
Inactive employees entitled but not yet receiving benefits	3
Inactive employees or beneficiaries currently receiving benefits	51
Total	86

#### ***Contributions***

The City is required to contribute at an actuarially determined rate, which for the current year was \$88,842 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, 2015, 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, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.75% in the long-term

Investment rate of return: 7.75%, net of investment expense, including inflation

Mortality rates used were based on the RP-2014 mortality table using a 50% male and 50% female blend. For disabled retirees, the RP-2014 disabled mortality table is used using a 50% male and 50% female blend of disabled retirees.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return</u>
Global Equity	57.5%	6.27%	3.60%
Global Fixed Income	20.0%	3.43%	0.68%
Real Assets	12.5%	5.48%	0.69%
Diversifying Strategies	10.0%	7.81%	0.78%
Inflation			2.00%
Administrative fee			0.25%
Investment rate of return			<u>8.00%</u>

**Discount rate.** The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/14	\$20,488,615	\$11,445,329	\$9,043,286
Changes for the Year:			
Service cost	229,952	-	229,952
Interest	1,599,515	-	1,599,515
Change in benefits	-	-	-
Differences between expected and actual experience	(119,385)	-	(119,385)
Change in assumptions	1,145,765	-	1,145,765
Contributions: employer	-	1,093,251	(1,093,251)
Contributions: employee	-	27,467	(27,467)
Net investment Income (loss)	-	(174,326)	(174,326)
Benefit payments, including refunds	(1,219,318)	(1,219,318)	-
Administrative expense	-	(25,203)	25,203
Other changes	49,985	-	49,985
Net changes	1,686,514	(298,129)	1,984,643
Balance at 12/31/15	<u>\$22,175,129</u>	<u>\$11,147,200</u>	<u>\$11,027,929</u>

### 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 8.0%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

	Current		
	1% Decrease	Discount rate	1% Increase
Total Pension Liability	\$24,588,415	\$22,175,129	\$20,113,033
Fiduciary Net Position	11,147,200	11,147,200	11,147,200
Net Pension Liability	<u>\$13,441,215</u>	<u>\$11,027,929</u>	<u>\$ 8,965,833</u>

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

For the year ended June 30, 2016 the employer recognized pension expense of \$1,599,515. 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	\$ (79,590)
Differences in assumptions	763,843
(Excess) deficit investment returns	990,420
Contributions subsequent to the measurement date*	1,030,370
Total	<u>\$2,705,043</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.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

2017	\$ 599,933
2018	599,933
2019	257,807
2020	217,000
Thereafter	<hr/>
 Total	 <hr/> <u>\$1,674,673</u>

### 7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2016:

<b>Governmental Activities</b>	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
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%.	\$ 210,000	\$ -	\$ 50,000	\$ 160,000	\$ 55,000
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%.	1,875,000	-	600,000	1,275,000	625,000
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%.	65,000	-	45,000	20,000	20,000
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%.	430,000	-	50,000	380,000	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%.	395,000	-	95,000	300,000	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	-	670,000	2,710,000	685,000

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
Installment purchase agreement, due in annual installments of \$63,833 through January 2018; interest at 1.48%	\$ 191,500	\$ -	\$ 63,833	\$ 127,667	\$ 63,833
<b>Total</b>	<b>6,546,500</b>	-	<b>1,573,833</b>	<b>4,972,667</b>	<b>1,593,833</b>
Other post-employment benefits Accrued compensated absences	2,243,720 1,286,583	634,469 22,969	435,051 26,376	2,443,138 1,283,176	- -
<b>Total Governmental Activities</b>	<b>\$10,076,803</b>	<b>\$657,438</b>	<b>\$2,035,260</b>	<b>\$8,698,981</b>	<b>\$1,553,833</b>
<b>Component Units</b>					
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%.	\$1,320,000	\$ -	\$140,000	\$1,180,000	\$145,000
2015 Refunding Bonds (DDA portion), due in annual installments of \$50,000 through May 1, 2020; interest at .6% to 1.9%	250,000	-	50,000	200,000	50,000
<b>Total Component Units</b>	<b>\$1,570,000</b>	<b>\$ -</b>	<b>\$190,000</b>	<b>\$1,380,000</b>	<b>\$195,000</b>

The annual requirements to amortize all debt outstanding (excluding other post-employment benefits and accrued compensated absences) as of June 30, 2016 are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
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	45,000	6,570	175,000	22,687
2022-2024	135,000	8,593	375,000	23,305
<b>Total</b>	<b>\$4,972,667</b>	<b>\$282,326</b>	<b>\$1,380,000</b>	<b>\$211,372</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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### 8. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2016 are as follows:

<b>Transfers in</b>			
<b>Transfers out</b>	<b>Major streets fund</b>	<b>Nonmajor governmental funds</b>	<b>Total</b>
General fund	\$1,302,392	\$1,331,461	<b>\$2,633,853</b>
Nonmajor governmental funds	-	681300	<b>681,300</b>
<b>Total</b>	<b>\$1,302,392</b>	<b>\$2,012,761</b>	<b>\$3,315,153</b>

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

### 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 \$773,468 while actual contributions were \$435,051.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 773,468
Interest on Net OPEB obligation	89,749
Adjustment to annual required contribution	<u>(228,748)</u>
Annual OPEB cost (expense)	634,469
Contribution made	<u>435,051</u>
Increase in net OPEB obligation	199,418
Net OPEB obligation, beginning of year	<u>2,243,720</u>
Net OPEB obligation, end of year	<u><u>\$2,443,138</u></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

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$480,865	55%	\$2,024,421
6/30/15	484,772	55%	2,243,720
6/30/16	634,469	69%	2,443,138

#### Schedule of Funding Progress

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/15	\$505,303	\$6,391,331	\$5,886,028	7.9%	\$4,978,277	118%

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, 2016

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In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method, level dollar, closed amortization method, and an amortization period of 11 years were utilized. The actuarial assumptions included a 4% return on plan net assets, 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 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, 2015	<u><u><span style="text-decoration: underline;">\$(1,064,300)</span></u></u>
Current year building permit revenues	539,802
Related Expenses	
Direct costs	367,069
Indirect Costs	<u><u><span style="text-decoration: underline;">41,423</span></u></u>
Total construction code expenses	<u><u><span style="text-decoration: underline;">408,492</span></u></u>
Cumulative shortfall – June 30, 2016	<u><u><span style="text-decoration: underline;">\$(932,990)</span></u></u>

## **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, 2016**

	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Income taxes	\$ 10,100,000	\$ 10,500,000	\$ 11,241,413	\$ 741,413
Property taxes	1,735,050	1,734,375	1,737,274	2,899
Intergovernmental revenues				
Federal	22,000	26,253	26,254	1
State	1,890,000	1,890,000	1,853,929	(36,071)
Cable franchise fees	365,000	388,000	395,316	7,316
Licenses and permits	402,000	573,136	633,379	60,243
Charges for services	72,600	83,300	113,687	30,387
Fines	675,000	675,000	728,740	53,740
Investment earnings	15,030	15,030	12,463	(2,567)
Miscellaneous	123,050	138,350	155,507	17,157
<b>Total revenues</b>	<b>15,399,730</b>	<b>16,023,444</b>	<b>16,897,962</b>	<b>874,518</b>
<b>Expenditures</b>				
Current				
Judicial	754,760	791,160	738,976	52,184
General government	2,574,075	2,579,081	2,455,343	123,738
Public safety	6,796,898	6,982,477	6,901,745	80,732
Public works	615,750	595,800	586,323	9,477
Culture and recreation	488,752	490,172	442,103	48,069
Planning and economic development	25,500	26,220	17,317	8,903
Other	1,848,909	2,352,909	2,304,931	47,978
Debt service				
Principal	565,000	565,000	565,000	-
Interest and fiscal charges	42,845	42,845	41,792	1,053
<b>Total expenditures</b>	<b>13,712,489</b>	<b>14,425,664</b>	<b>14,053,530</b>	<b>372,134</b>
<b>Revenues over (under) expenditures</b>	<b>1,687,241</b>	<b>1,597,780</b>	<b>2,844,432</b>	<b>1,246,652</b>
Other financing sources (uses)				
Use of fund balance	946,612	1,036,073	-	1,036,073
Transfers out	(2,633,853)	(2,633,853)	(2,633,853)	-
Total other financing sources (uses)	(1,687,241)	(1,597,780)	(2,633,853)	1,036,073
Net changes in fund balance	-	-	210,579	210,579
<b>Fund balance, beginning of year</b>	<b>6,107,082</b>	<b>6,107,082</b>	<b>6,107,082</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 6,107,082</b>	<b>\$ 6,107,082</b>	<b>\$ 6,317,661</b>	<b>\$ 210,579</b>

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

**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 1,300,000	\$ 1,487,790	\$ 2,453,313	\$ 965,523
Investment earnings	600	600	1,333	733
<b>Total revenues</b>	<u>1,300,600</u>	<u>1,488,390</u>	<u>2,454,646</u>	<u>966,256</u>
<b>Expenditures</b>				
Current				
Public works	2,325,892	2,441,892	2,563,056	(121,164)
Debt service				
Principal	250,000	250,000	250,000	-
Interest	27,100	27,100	27,393	(293)
<b>Total expenditures</b>	<u>2,602,992</u>	<u>2,718,992</u>	<u>2,840,449</u>	<u>(121,457)</u>
Revenues over (under) expenditures	<u>(1,302,392)</u>	<u>(1,230,602)</u>	<u>(385,803)</u>	<u>844,799</u>
Other financing sources				
Use of fund balance	-	(71,790)	-	71,790
Transfers in	<u>1,302,392</u>	<u>1,302,392</u>	<u>1,302,392</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>1,302,392</u>	<u>1,230,602</u>	<u>1,302,392</u>	<u>71,790</u>
Net changes in fund balance	-	-	916,589	916,589
<b>Fund balance, beginning of year</b>	<u>359,704</u>	<u>359,704</u>	<u>359,704</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 359,704</u>	<u>\$ 359,704</u>	<u>\$ 1,276,293</u>	<u>\$ 916,589</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, 2016**

	<b>2014</b>	<b>2015</b>
<b>Total pension liability</b>		
Service cost	\$ 258,272	\$ 229,952
Interest	1,593,796	1,599,515
Changes in benefit terms	-	-
Difference between expected and actual experience	-	(119,385)
Changes in assumptions	-	1,145,765
Benefit payments including employee refunds	(1,106,117)	(1,219,318)
Other	-	49,985
<b>Net change in total pension liability</b>	<b>745,951</b>	<b>1,686,514</b>
<b>Total pension liability, beginning of year</b>	<b>19,742,664</b>	<b>20,488,615</b>
<b>Total pension liability, ending of year</b>	<b>\$ 20,488,615</b>	<b>\$ 22,175,129</b>
 <b>Plan Fiduciary Net Position</b>		
Contributions-employer	\$ 963,598	\$ 1,093,251
Contributions-employee	30,728	27,467
Net investment income (loss)	689,020	(174,326)
Benefit payments including employee refunds	(1,106,117)	(1,219,318)
Administrative expense	(25,347)	(25,203)
<b>Net change in plan fiduciary net position</b>	<b>551,882</b>	<b>(298,129)</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>10,893,447</b>	<b>11,445,329</b>
<b>Plan fiduciary net position, ending of year</b>	<b>\$ 11,445,329</b>	<b>\$ 11,147,200</b>
 <b>Total net pension liability</b>	<b>\$ 9,043,286</b>	<b>\$ 11,027,929</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>55.9%</b>	<b>50.3%</b>
 <b>Covered employee payroll</b>	<b>\$ 2,362,044</b>	<b>\$ 2,107,449</b>
 <b>Employer's net pension liability as a percentage of covered employee payroll</b>	<b>382.9%</b>	<b>523.3%</b>

**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, 2016**

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	<b>2015</b>	<b>2016</b>
Actuarially determined contributions	\$ 847,320	\$ 1,066,104
Contributions in relation to the actuarially determined contribution	<u>847,320</u>	<u>1,566,104</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (500,000)</u>
 Covered employee payroll	 \$ 2,362,044	 \$ 2,107,449
 Contributions as a percentage of covered employee payroll	 36%	 74%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed (10 years for 2014)
Inflation	2.5% (3-4% for 2014)
Salary increases	3.75% (4.5 for 2014)
Investment rate of return	7.75% (8.00 for 2014)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

# CITY OF WALKER

## REQUIRED SUPPLEMENTARY INFORMATION

**JUNE 30, 2016**

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### 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>
6/30/2013	\$ 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%
6/30/2015	505,303	6,391,331	5,886,028	7.9%	4,978,277	118.23%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
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%
2016	634,469	435,051	69%

### 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, 2016**

	Budget Amounts		<u>Actual Amount</u>	<b>Variance Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Income taxes	\$ 10,100,000	\$ 10,500,000	\$ 11,241,413	\$ 741,413
Real and personal property taxes	1,348,100	1,346,925	1,347,751	826
Payments in lieu of tax	950	950	771	(179)
Collection fees	<u>386,000</u>	<u>386,500</u>	<u>388,752</u>	<u>2,252</u>
Total taxes	<u>11,835,050</u>	<u>12,234,375</u>	<u>12,978,687</u>	<u>744,312</u>
Licenses and permits				
Business	35,000	35,000	36,410	1,410
Nonbusiness	350,000	519,600	578,282	58,682
Liquor license fees	<u>17,000</u>	<u>18,536</u>	<u>18,687</u>	<u>151</u>
Total licenses and permits	<u>402,000</u>	<u>573,136</u>	<u>633,379</u>	<u>60,243</u>
Intergovernmental - federal	<u>22,000</u>	<u>26,253</u>	<u>26,254</u>	<u>1</u>
Intergovernmental - state				
State-shared revenue	<u>1,890,000</u>	<u>1,890,000</u>	<u>1,853,929</u>	<u>(36,071)</u>
Cable franchise fees	<u>365,000</u>	<u>388,000</u>	<u>395,316</u>	<u>7,316</u>
Charges for services				
Planning and zoning fees	22,600	33,300	42,820	9,520
Overtime event reimbursement	20,000	20,000	40,867	20,867
Administrative fees	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total charges for services	<u>72,600</u>	<u>83,300</u>	<u>113,687</u>	<u>30,387</u>
Fines				
Ordinance fines	<u>675,000</u>	<u>675,000</u>	<u>728,740</u>	<u>53,740</u>
Interest and rentals	<u>15,030</u>	<u>15,030</u>	<u>12,463</u>	<u>(2,567)</u>
Other revenue	<u>123,050</u>	<u>138,350</u>	<u>155,507</u>	<u>17,157</u>
<b>Total revenues</b>	<b><u>\$ 15,399,730</u></b>	<b><u>\$ 16,023,444</u></b>	<b><u>\$ 16,897,962</u></b>	<b><u>\$ 874,518</u></b>

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**CITY OF WALKER**

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

**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Current				
Judicial				
District court	\$ 754,760	\$ 791,160	\$ 738,976	\$ 52,184
General government				
City Commission	90,610	90,610	84,201	6,409
City managers office	639,850	620,350	580,614	39,736
Elections	55,000	65,050	53,392	11,658
Finance department	199,870	205,370	201,288	4,082
Treasurer	132,435	132,435	130,019	2,416
Income tax	378,950	385,630	368,385	17,245
City assessor	299,665	298,041	287,765	10,276
City clerk	180,050	176,950	173,219	3,731
Buildings and grounds	597,645	604,645	576,460	28,185
	2,574,075	2,579,081	2,455,343	123,738
Public safety				
Police department	4,588,510	4,658,510	4,621,451	37,059
Fire department	1,732,688	1,800,467	1,774,040	26,427
Building inspections	475,700	523,500	506,254	17,246
	6,796,898	6,982,477	6,901,745	80,732
Public works				
City engineer	344,980	350,030	349,311	719
Drains	30,770	30,770	30,670	100
Street lighting	240,000	215,000	206,342	8,658
	615,750	595,800	586,323	9,477
Culture and recreation				
Parks	487,252	488,672	442,103	46,569
Museum	1,500	1,500	-	1,500
	488,752	490,172	442,103	48,069
Planning and economic development				
Zoning	25,500	26,220	17,317	8,903
	25,500	26,220	17,317	8,903
Other				
Retiree insurance/pension	1,077,774	1,577,774	1,577,826	(52)
Property and liability insurance	150,000	132,000	130,800	1,200
Other unclassified expenses	621,135	643,135	596,305	46,830
	1,848,909	2,352,909	2,304,931	47,978
Debt service				
Principal	565,000	565,000	565,000	-
Interest	42,845	42,845	41,792	1,053
	607,845	607,845	606,792	1,053
<b>Total expenditures</b>				
	13,712,489	14,425,664	14,053,530	372,134
<b>Other financing uses</b>				
Transfers out	2,633,853	2,633,853	2,633,853	-
<b>Total expenditures and other financing uses</b>				
	<u>\$ 16,346,342</u>	<u>\$ 17,059,517</u>	<u>\$ 16,687,383</u>	<u>\$ 372,134</u>

# CITY OF WALKER

## **NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET**

**JUNE 30, 2016**

	<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	\$ 207,458	\$ 483,296	\$ 80,821	\$ 2,813
Accounts receivable	-	8,316	-	-
Special assessment receivable	-	-	-	-
Due from other governments	118,862	-	-	-
Prepaid items	-	16,662	-	-
Inventory	<u>31,470</u>	<u>97,817</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>357,790</u></b>	<b><u>606,091</u></b>	<b><u>80,821</u></b>	<b><u>2,813</u></b>
<b>Liabilities, deferred inflows and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,732	\$ 40,145	\$ -	\$ -
Accrued liabilities	3,540	9,144	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>3,616</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>5,272</u></b>	<b><u>49,289</u></b>	<b><u>3,616</u></b>	<b><u>-</u></b>
<b>Deferred inflows</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable				
Prepaid items	-	16,662	-	-
Inventory	31,470	97,817	-	-
Restricted				
Streets	321,048	-	-	-
Public safety	-	-	77,205	-
Committed				
Ice and fitness capital	-	52,021	-	-
Assigned				
Ice and fitness	-	390,302	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,813</u>
<b>Total fund balances</b>	<b><u>352,518</u></b>	<b><u>556,802</u></b>	<b><u>77,205</u></b>	<b><u>2,813</u></b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b><u>357,790</u></b>	<b><u>606,091</u></b>	<b><u>80,821</u></b>	<b><u>2,813</u></b>

## Debt Service

<u>2008</u>	<u>2009 Bonds</u>	<u>Total</u>
\$ 5,473	\$ 227,442	\$ 1,007,303
-	49	8,365
46,322	98,395	144,717
-	-	118,862
-	-	16,662
		135,331

\$	-	\$	-	\$	41,877
	-		-		12,684
	-		-		3,616
	-		-		58,177
46,322		98,394		144,716	

-	-	16,662
		129,287
-	-	321,048
-	-	77,205
-	-	52,021
-	-	390,302
5,473	227,492	235,778
<hr/>	<hr/>	<hr/>
5,473	227,492	1,222,303

\$ 51,795   \$ 325,886   \$ 1,425,196

# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Special Revenue</b>			
	<u>Local Streets</u>	<u>Ice and Fitness Program</u>	<u>Special Vice Investigation</u>	<u>1998/2006</u>
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 544,948	\$ -	\$ -	\$ -
Local	- -	- -	56,941	- -
Charges for services	- -	1,379,787	- -	- -
Special assessments	- -	- -	- -	- -
Investment earnings	594	1,410	461	405
Miscellaneous	- -	3,150	- -	- -
<b>Total revenues</b>	<b>545,542</b>	<b>1,384,347</b>	<b>57,402</b>	<b>405</b>
<b>Expenditures</b>				
Current				
Public safety	- -	- -	58,866	- -
Public works	954,908	- -	- -	- -
Culture and recreation	- -	1,343,114	- -	- -
Debt service				
Principal	- -	- -	- -	600,000
Interest	- -	- -	- -	81,300
<b>Total expenditures</b>	<b>954,908</b>	<b>1,343,114</b>	<b>58,866</b>	<b>681,300</b>
Revenues over (under) expenditures	(409,366)	41,233	(1,464)	(680,895)
Other financing sources (uses)				
Transfers in	550,161	781,300	- -	681,300
Transfers out	- -	(681,300)	- -	- -
<b>Total other financing sources (uses)</b>	<b>550,161</b>	<b>100,000</b>	<b>- -</b>	<b>681,300</b>
Net changes in fund balances	140,795	141,233	(1,464)	405
<b>Fund balances, beginning of year</b>	<b>211,723</b>	<b>415,569</b>	<b>78,669</b>	<b>2,408</b>
<b>Fund balances, end of year</b>	<b>\$ 352,518</b>	<b>\$ 556,802</b>	<b>\$ 77,205</b>	<b>\$ 2,813</b>

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**Debt Service****2008      2009 Bonds      Total**

\$	-	\$	-	\$	544,948
	-		-		56,941
	-		-		1,379,787
19,878		21,561		41,439	
3,345		7,166		13,381	
<hr/>		<hr/>		<hr/>	3,150
	23,223		28,727		2,039,646

-		-		58,866	
-		62		954,970	
-		-		1,343,114	
45,000		50,000		695,000	
<hr/>	3,645	<hr/>	16,333	<hr/>	101,278
<hr/>	48,645	<hr/>	66,395	<hr/>	3,153,228
<hr/>	(25,422)	<hr/>	(37,668)	<hr/>	(1,113,582)

-		-		2,012,761	
<hr/>	-	<hr/>	-	<hr/>	(681,300)
<hr/>	-	<hr/>	-	<hr/>	1,331,461
(25,422)		(37,668)		217,879	
<hr/>	30,895	<hr/>	265,160	<hr/>	1,004,424
<hr/>	\$ 5,473	<hr/>	\$ 227,492	<hr/>	\$ 1,222,303

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

**FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 424,000	\$ 504,480	\$ 544,948	\$ 40,468
Investment earnings	<u>-</u>	<u>-</u>	<u>594</u>	<u>594</u>
<b>Total revenues</b>	<b>424,000</b>	<b>504,480</b>	<b>545,542</b>	<b>41,062</b>
<b>Expenditures</b>				
Current				
Public works	975,101	975,101	954,908	20,193
Revenues over (under) expenditures	<u>(551,101)</u>	<u>(470,621)</u>	<u>(409,366)</u>	<u>61,255</u>
Other financing source (uses)				
Use of fund balance	940	(79,540)	-	79,540
Transfers in	<u>550,161</u>	<u>550,161</u>	<u>550,161</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<b>551,101</b>	<b>470,621</b>	<b>550,161</b>	<b>79,540</b>
Net changes in fund balance	-	-	140,795	140,795
<b>Fund balance, beginning of year</b>	<b>211,723</b>	<b>211,723</b>	<b>211,723</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 211,723</b>	<b>\$ 211,723</b>	<b>\$ 352,518</b>	<b>\$ 140,795</b>

**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, 2016**

	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 1,312,000	\$ 1,326,550	\$ 1,379,787	\$ 53,237
Investment earnings	600	600	1,410	810
Miscellaneous	125	1,025	3,150	2,125
<b>Total revenues</b>	<b>1,312,725</b>	<b>1,328,175</b>	<b>1,384,347</b>	<b>56,172</b>
<b>Expenditures</b>				
Current				
Culture and recreation	1,446,945	1,383,300	1,343,114	40,186
Revenues over (under) expenditures	(134,220)	(55,125)	41,233	96,358
Other financing source (uses)				
Use of fund balance	34,220	(44,875)	-	44,875
Transfers in	781,300	781,300	781,300	-
Transfers out	(681,300)	(681,300)	(681,300)	-
Total other financing sources (uses)	134,220	55,125	100,000	44,875
Net changes in fund balance	-	-	141,233	141,233
<b>Fund balance, beginning of year</b>	<b>415,569</b>	<b>415,569</b>	<b>415,569</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 415,569</b>	<b>\$ 415,569</b>	<b>\$ 556,802</b>	<b>\$ 141,233</b>

**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, 2016**

---

	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 31,000	\$ 31,000	\$ 56,941	\$ 25,941
Investment earnings	<u>300</u>	<u>300</u>	<u>461</u>	<u>161</u>
<b>Total Revenues</b>	31,300	31,300	57,402	26,102
<b>Expenditures</b>				
Current				
Public safety	119,000	119,000	58,866	60,134
Revenues over (under) expenditures	(87,700)	(87,700)	(1,464)	86,236
Other financing source (uses)				
Use of fund balance	87,700	87,700	-	(87,700)
Net changes in fund balance	-	-	(1,464)	(1,464)
<b>Fund balance, beginning of year</b>	78,669	78,669	78,669	-
<b>Fund balance, end of year</b>	<u>\$ 78,669</u>	<u>\$ 78,669</u>	<u>\$ 77,205</u>	<u>\$ (1,464)</u>

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

**JUNE 30, 2016**

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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	\$ 108,660	\$ 29,206	\$ 1,228,342	\$ 11,440
Accrued interest	-	-	406	-
<b>Total assets</b>	<u>\$ 108,660</u>	<u>\$ 29,206</u>	<u>\$ 1,228,748</u>	<u>\$ 11,440</u>
 <b>Liabilities</b>				
Accounts payable	\$ 66,164	\$ -	\$ -	\$ 11,440
Deposits	12,786	-	1,228,748	-
Due to other governmental units	29,710	29,206	-	-
<b>Total liabilities</b>	<u>\$ 108,660</u>	<u>\$ 29,206</u>	<u>\$ 1,228,748</u>	<u>\$ 11,440</u>

---

<u>Other Agency</u>	<u>Total</u>
\$ 836,519	\$ 2,214,167
_____ -	_____ 406
<u>\$ 836,519</u>	<u>\$ 2,214,573</u>

  

\$ 6,489	\$ 84,093
830,030	2,071,564
_____ -	_____ 58,916
<u>\$ 836,519</u>	<u>\$ 2,214,573</u>

**CITY OF WALKER**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>District Court</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 105,171	\$ 1,129,233	\$ 1,125,744	\$ 108,660
<b>Liabilities</b>				
Accounts payable	\$ 64,488	\$ 636,206	\$ 634,530	\$ 66,164
Deposits	11,991	178,470	177,675	12,786
Due to other governmental units	28,692	314,557	313,539	29,710
<b>Total liabilities</b>	<b>\$ 105,171</b>	<b>\$ 1,129,233</b>	<b>\$ 1,125,744</b>	<b>\$ 108,660</b>
<b><u>Current Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 7,839	\$ 37,707,152	\$ 37,685,785	\$ 29,206
Due from other governments	7,036	-	7,036	-
<b>Total Assets</b>	<b>\$ 14,875</b>	<b>\$ 37,707,152</b>	<b>\$ 37,692,821</b>	<b>\$ 29,206</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 14,875	\$ 37,707,152	\$ 37,692,821	\$ 29,206
<b><u>Trust and Agency Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 590,685	\$ 971,738	\$ 334,081	\$ 1,228,342
Accrued interest	294	406	294	406
<b>Total assets</b>	<b>\$ 590,979</b>	<b>\$ 972,144</b>	<b>\$ 334,375</b>	<b>\$ 1,228,748</b>
<b>Liabilities</b>				
Accounts payable	\$ 10,502	\$ 47,746	\$ 58,248	\$ -
Deposits	580,477	924,398	276,127	1,228,748
<b>Total liabilities</b>	<b>\$ 590,979</b>	<b>\$ 972,144</b>	<b>\$ 334,375</b>	<b>\$ 1,228,748</b>

(continued)

**CITY OF WALKER**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>Flexible Spending</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 6,694	\$ 31,747	\$ 27,001	\$ 11,440
<b><u>Liabilities</u></b>				
Accounts payable	\$ 6,694	\$ 31,747	\$ 27,001	\$ 11,440
<b><u>Other Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 787,937	\$ 13,222,522	\$ 13,173,940	\$ 836,519
<b>Liabilities</b>				
Accounts payable	\$ 6,412	\$ 8,449,233	\$ 8,449,156	\$ 6,489
Deposits	781,525	4,773,289	4,724,784	830,030
	<u>\$ 787,937</u>	<u>\$ 13,222,522</u>	<u>\$ 13,173,940</u>	<u>\$ 836,519</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 1,498,326	\$ 53,062,392	\$ 52,346,551	\$ 2,214,167
Due from other governments	7,036	-	7,036	-
Accrued interest	294	406	294	406
<b>Total assets</b>	<u>\$ 1,505,656</u>	<u>\$ 53,062,798</u>	<u>\$ 52,353,881</u>	<u>\$ 2,214,573</u>
<b>Liabilities</b>				
Accounts payable	\$ 88,096	\$ 9,164,932	\$ 9,168,935	\$ 84,093
Deposits	1,373,993	5,876,157	5,178,586	2,071,564
Due to other governmental units	43,567	38,021,709	38,006,360	58,916
<b>Total liabilities</b>	<u>\$ 1,505,656</u>	<u>\$ 53,062,798</u>	<u>\$ 52,353,881</u>	<u>\$ 2,214,573</u>

(concluded)

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

**JUNE 30, 2016**

	Governmental Fund Type					Statement of Net Position
	General Fund	Streetscape Maintenance	Totals	Adjustments		
<b>Assets</b>						
Cash and pooled investments	\$ 311,083	\$ 176,304	\$ 487,387	\$ -	\$ 487,387	
Accounts receivable	-	7,694	7,694	-	7,694	
Special assessment receivable	-	6,993	6,993	-	6,993	
Capital assets						
Land	-	-	-	1,294,978	1,294,978	
Construction in progress	-	-	-	25,000	25,000	
Depreciable capital assets, net	-	-	-	2,093,208	2,093,208	
<b>Total assets</b>	<u>\$ 311,083</u>	<u>\$ 190,991</u>	<u>\$ 502,074</u>	<u>3,413,186</u>	<u>3,915,260</u>	
<b>Liabilities, deferred inflows and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 276	\$ 8,903	\$ 9,179	-	9,179	
Accrued liabilities	-	-	-	8,588	8,588	
Noncurrent liabilities						
Due within one year	-	-	-	195,000	195,000	
Due in more than one year	-	-	-	1,185,000	1,185,000	
<b>Total liabilities</b>	<u>276</u>	<u>8,903</u>	<u>9,179</u>	<u>1,388,588</u>	<u>1,397,767</u>	
<b>Deferred inflows</b>						
Unavailable revenue	-	6,993	6,993	(6,993)	-	
<b>Fund balances</b>						
Unassigned	<u>310,807</u>	<u>175,095</u>	<u>485,902</u>	<u>(485,902)</u>		
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 311,083</u>	<u>\$ 190,991</u>	<u>\$ 502,074</u>			
<b>Net position</b>						
Net investment in capital assets				2,008,186	2,008,186	
Unrestricted				<u>509,307</u>	<u>509,307</u>	
<b>Total net position</b>				<u>\$ 2,517,493</u>	<u>\$ 2,517,493</u>	
<b>Reconciliation of fund balances to net position</b>						
<b>Fund balances of governmental funds</b>					\$ 485,902	
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 - construction in progress					25,000	
Add - capital assets (net of accumulated depreciation)					2,093,208	
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.						
Add - unavailable revenue					6,993	
Certain liabilities are not due and payable in the current period and therefore are not reported in the fund.						
Deduct - debt payable					(1,380,000)	
Deduct - accrued interest on debt payable					(8,588)	
<b>Net position of governmental activities</b>					<u>\$ 2,517,493</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, 2016**

	<b>Governmental Fund Type</b>				<b>Statement of Activities</b>	
	<b>General Fund</b>	<b>Streetscape Maintenance</b>	<b>Totals</b>	<b>Adjustments</b>		
	<u>General Fund</u>	<u>Streetscape Maintenance</u>	<u>Totals</u>	<u>Adjustments</u>	<u>General Fund</u>	<u>Streetscape Maintenance</u>
<b>Revenues</b>						
Taxes	\$ 357,286	\$ -	\$ 357,286	\$ -	\$ 357,286	
Special assessments	-	127,243	127,243	(2,370)	124,873	
Investment earnings	749	1,632	2,381	-	2,381	
Miscellaneous	<u>12,950</u>	<u>-</u>	<u>12,950</u>	<u>-</u>	<u>12,950</u>	
	<u>370,985</u>	<u>128,875</u>	<u>499,860</u>	<u>(2,370)</u>	<u>497,490</u>	
<b>Expenditures/expenses</b>						
Current						
Community development	54,029	101,718	155,747	67,078	222,825	
Debt Service						
Principal	190,000	-	190,000	(190,000)	-	
Interest	<u>58,241</u>	<u>-</u>	<u>58,241</u>	<u>(1,132)</u>	<u>57,109</u>	
<b>Total expenditures/expenses</b>	<u>302,270</u>	<u>101,718</u>	<u>403,988</u>	<u>(124,054)</u>	<u>279,934</u>	
Net changes in fund balances	68,715	27,157	95,872	(95,872)		
Change in net position					217,556	217,556
<b>Fund balances/net position</b>						
<b>Beginning of year</b>	<u>242,092</u>	<u>147,938</u>	<u>390,030</u>		<u>2,299,937</u>	
<b>End of year</b>	<u>\$ 310,807</u>	<u>\$ 175,095</u>	<u>\$ 485,902</u>		<u>\$ 2,517,493</u>	

**Reconciliation of change in fund balances to change in net position**

<b>Net change in fund balances of governmental funds</b>	\$ 95,872
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital outlay	25,000
Deduct - depreciation expense	(92,078)
Business loan receivables are long-term in nature and are collectable over several years. However the current rece are reflected as revenues on the fund statements.	
Deduct - payments on special assessment receivable	(2,370)
Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces the lc term liabilities in the statement of net position.	
Add - principal payments on debt	190,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefor are not reported as expenditures in the funds.	
Add - decrease in accrued interest	1,132
<b>Change in net position of governmental activities</b>	<u>\$ 217,556</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, 2016**

	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 362,000	\$ 362,000	\$ 357,286	\$ (4,714)
Investment earnings	200	200	749	549
Miscellaneous	12,200	12,200	12,950	750
<b>Total revenues</b>	<b>374,400</b>	<b>374,400</b>	<b>370,985</b>	<b>(3,415)</b>
<b>Expenditures</b>				
Current				
Community development	149,490	140,141	54,029	86,112
Debt service				
Principal	190,000	190,000	190,000	-
Interest	58,405	58,405	58,241	164
<b>Total expenditures</b>	<b>397,895</b>	<b>388,546</b>	<b>302,270</b>	<b>86,276</b>
Revenues over (under) expenditures	(23,495)	(14,146)	68,715	82,861
Other financing source (uses)				
Use of fund balance	23,495	14,146	-	(14,146)
Net changes in fund balance	-	-	68,715	68,715
<b>Fund balance, beginning of year</b>	<b>242,092</b>	<b>242,092</b>	<b>242,092</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 242,092</b>	<b>\$ 242,092</b>	<b>\$ 310,807</b>	<b>\$ 68,715</b>

# 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, 2016**

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	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Special assessments	\$ 124,873	\$ 124,873	\$ 127,243	\$ 2,370
Investment earnings	<u>1,050</u>	<u>1,050</u>	<u>1,632</u>	<u>582</u>
<b>Total revenues</b>	<b>125,923</b>	<b>125,923</b>	<b>128,875</b>	<b>2,952</b>
<b>Expenditures</b>				
Current				
Community development	<u>120,000</u>	<u>120,000</u>	<u>101,718</u>	<u>18,282</u>
Revenues over (under) expenditures	5,923	5,923	27,157	21,234
Other financing source (uses)				
Use of fund balance	<u>(5,923)</u>	<u>(5,923)</u>	<u>-</u>	<u>5,923</u>
Net changes in fund balance	-	-	27,157	27,157
<b>Fund balance, beginning of year</b>	<b><u>147,938</u></b>	<b><u>147,938</u></b>	<b><u>147,938</u></b>	<b><u>-</u></b>
<b>Fund balance, end of year</b>	<b><u>\$ 147,938</u></b>	<b><u>\$ 147,938</u></b>	<b><u>\$ 175,095</u></b>	<b><u>\$ 27,157</u></b>

# CITY OF WALKER

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

**JUNE 30, 2016**

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	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 60,039	\$ -	\$ 60,039
<b>Total assets</b>	<u>\$ 60,039</u>	<u>-</u>	<u>60,039</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
<b>Fund balances</b>			
Unassigned	60,039	(60,039)	-
<b>Total liabilities and fund balances</b>	<u>\$ 60,039</u>		
<b>Net positon</b>			
Unrestricted	\$ 60,039	\$ 60,039	\$ 60,039

# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2016**

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	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 183,427	\$ -	\$ 183,427
Investment earnings	<u>105</u>	<u>-</u>	<u>105</u>
	183,532	-	183,532
<b>Expenditures/expenses</b>			
Current			
Public works			
Return of tax increment	<u>125,240</u>	<u>-</u>	<u>125,240</u>
Net changes in fund balances	58,292	(58,292)	
Change in net position		58,292	58,292
<b>Fund balances/net position, beginning of year</b>	<u>1,747</u>		<u>1,747</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 60,039</u>		<u>\$ 60,039</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, 2016**

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	<b>Budget Amounts</b>		<b>Actual Amount</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 120,000	\$ 120,000	\$ 183,427	\$ 63,427
Investment earnings	15	15	105	90
<b>Total revenues</b>	120,015	120,015	183,532	63,517
<b>Expenditures</b>				
Current				
Return of tax increment	120,000	120,000	125,240	(5,240)
Net changes in fund balance	15	15	58,292	58,277
<b>Fund balance, beginning of year</b>	1,747	1,747	1,747	-
<b>Fund balance, end of year</b>	<u>\$ 1,762</u>	<u>\$ 1,762</u>	<u>\$ 60,039</u>	<u>\$ 58,277</u>