



# **CITY OF WALKER, MICHIGAN**

## **FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED JUNE 30, 2018***



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF WALKER

## TABLE OF CONTENTS

---

<b>FINANCIAL SECTION</b>	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	11
Statement of Activities	12-13
<b>Fund Financial Statements</b>	
Balance Sheet - Governmental Funds	14
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position - Internal Service Fund	18
Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Fund	19
Statement of Cash Flows - Internal Service Fund	20
Statement of Fiduciary Net Position - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position	22
<b>Notes to Financial Statements</b>	23-44
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Streets Fund	46
Defined Benefit Pension Plan	
Schedule of Changes in Employers Net Pension Liability and Other Ratios	47
Schedule of Employer Contributions	48
Retiree Health Other Post-Employment Benefits Plan	
Schedule of Changes in Employers Net OPEB Liability and Other Ratios	49
Schedule of Employer Contributions	50
Notes to Required Supplementary Information	50
Combining and Individual Fund Statements and Schedules	
<b>General Fund</b>	
Schedule of Revenues - Budget and Actual	51
Schedule of Expenditures - Budget and Actual	53
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	54-55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	56-57

# CITY OF WALKER

## TABLE OF CONTENTS

---

	<u>PAGE</u>
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Local Streets Fund	58
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Ice and Fitness Program Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Vice Investigation Fund	60
<b>Fiduciary Funds</b>	
Combining Statement of Assets and Liabilities - Agency Funds	62-63
Combining Statement of Changes in Assets and Liabilities - Agency Funds	64-65
<b>Component Units</b>	
<b>Downtown Development Authority</b>	
Balance Sheet/Statement of Net Position	66
Statement of Revenues, Expenditures and Changes in Fund Balance /Statement of Activities	67
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - DDA General Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - DDA Streetscape Maintenance Fund	69
<b>Brownfield Redevelopment Authority</b>	
Balance Sheet/Statement of Net Position	70
Statement of Revenues, Expenditures and Changes in Fund Balance /Statement of Activities	71
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Brownfield General Fund	72



## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

### INDEPENDENT AUDITORS' REPORT

November 27, 2018

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, 2018, 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, 2018, 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 45 through 50 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'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.

*Uredaxeld Haefner LLC*

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

# City of Walker

## June 30, 2018

### 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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

This annual report includes a series of financial statements. The statement of net position and the statement of activities provide information about the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing our residents with services during the current year, and whether the taxpayers have funded the full cost of providing those services. Governmental activities include the governmental and internal service funds.

The fund financial statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing detailed information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### Financial Highlights

- The General Fund of the City is funded by three main sources of revenues; income tax, state revenue sharing, and property tax. These three sources account for 85.7% of the total general fund revenues in the current fiscal year.
  - Walker income tax collections decreased by 3.4% from a record high collection in the prior fiscal year. The \$11,871,504 collected in the current fiscal year represents 66.8% of total revenues for the City's general fund.
  - State revenue sharing is a small percentage of sales tax collections received by the State of Michigan that the State shares with local units of government per the State Constitution and other applicable legislation. State revenue sharing represents 11.4% of the total revenues for the City's general fund.
  - The City's property tax millage rate of 1.336 mills for city operations remains one of the smallest millage rates charged by any city in the State of Michigan that also collects a local income tax. Property tax collections represent 7.5% of total revenues for the City's general fund.
- The City's general fund expenditures increased by 2.7% from the prior year. This increase was the result of various items including:
  - staffing changes and department reorganizations.
  - increased costs for inspections and planning activities caused by the increase in building and development within Walker.
  - improvements to Walker Community Park totaling \$138,757.
  - an additional \$100,000 set aside for the future purchase of a fire truck.
- Development and construction activities remain strong in the City. The following building permits were issued during the fiscal year:
  - 73 Commercial permits with a total value of \$16,193,365.
  - 49 Industrial permits with a total value of \$22,463,588.
  - 221 Residential permits with a total value of \$14,854,908.
- General fund revenues exceeded expenditures by \$82,047 in the current fiscal year.
- The general fund's unassigned fund balance as of June 30, 2018 equals \$5,748,378 which represents 32% of the actual total general fund expenditures for the current fiscal year. The City's fund balance policy requires a minimum unassigned fund balance in the general fund of 15%.
- Roads continue to be a priority for the City of Walker. In the current fiscal year:
  - The City received approximately \$2.7 million from the State of Michigan Transportation Fund (or "Act 51"), which is funded by State gasoline taxes and vehicle registration fees.

- The City spent approximately \$992,000 on repaving projects for multiple major and local roads throughout the City.
- The City received a \$531,904 grant from the State of Michigan for the realignment of the I-96 eastbound exit ramp at Walker Avenue. The completed project cost \$837,723.
- The City spent approximately \$640,000 on significant road projects including Turner Avenue repaving, design work for Leonard Street between Kinney and Wilson, and design work for future dual left turn lanes at Three Mile and Walker Avenue.
- The City spent approximately \$628,000 for winter road plowing.
- The City continues to closely monitor its debt and long-term liability obligations:
  - The Walker Ice & Fitness Center construction bond was paid in full in May 2018.
  - The City once again contributed more than the actuarial required contribution to the Defined Benefit Pension Plan (DB). The additional contribution equaled \$500,000.
  - The City also contributed \$300,000 in excess of benefits paid into its OPEB (Other Post Employee Benefits) liability Trust Account for retiree health insurance.
- The City has established multiple set-aside or sinking accounts designed to assist with the future purchase of equipment or large repair expenses. As of June 30, 2018, the City had:
  - \$400,000 set aside in a building sinking account.
  - \$178,817 set aside for long-term liabilities such as DB and OPEB.
  - \$300,000 set aside for the purchase of a fire truck.
  - \$154,293 set aside for capital improvements at the Walker Ice & Fitness Center.

## 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 \$72,176,461 at the close of the most recent fiscal year. A summary of net position is as follows:

<b>Summary of Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2018</b>
Current and other assets	\$14,133,587	\$14,841,408
Capital assets	78,838,785	78,421,489
<b>Total assets</b>	<b>92,972,372</b>	<b>93,262,897</b>
<b>Deferred outflows of resources</b>	<b>2,180,148</b>	<b>2,319,303</b>
Long-term liabilities outstanding	20,717,182	18,086,722
Other liabilities	3,909,990	4,463,550
<b>Total liabilities</b>	<b>24,627,172</b>	<b>22,550,272</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>855,467</b>
Net position		
Invested in capital assets, net		
of related debt	75,494,951	76,453,327
Restricted	1,519,227	1,849,003
Unrestricted (deficit)	(6,488,830)	(6,125,869)
<b>Total net position</b>	<b>\$70,525,348</b>	<b>\$72,176,461</b>

The City's unrestricted net position in governmental activities is in a deficit position as a result of recognizing the net pension and net other post-employment benefits liabilities.

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 \$1,651,113, primarily due to decreases in the estimated pension liability. A summary of the changes in net position is as follows:

<b>Summary of Activities</b>		
	<b>Governmental Activities</b>	
	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Revenue</b>		
Program revenue		
Charges for services	\$ 2,962,913	\$ 3,244,151
Operating grants and contributions	2,738,488	3,907,765
Capital grants and contributions	5,933,006	641,905
General revenue		
Property taxes	1,427,332	1,480,441
Income taxes	12,294,915	11,871,504
Other governmental sources	1,957,190	2,026,353
Unrestricted investment earnings	33,524	46,844
Other	76,921	72,716
<b>Total revenue</b>	<b><u>27,424,289</u></b>	<b><u>23,291,679</u></b>
<b>Expenses</b>		
General government	3,572,641	4,994,170
Judicial	783,346	830,358
Public safety	7,010,441	7,183,199
Public works	6,524,340	6,597,798
Culture and recreation	2,025,540	1,977,654
Interest	94,079	57,387
<b>Total expenses</b>	<b><u>20,010,387</u></b>	<b><u>21,640,566</u></b>
Increase (decrease) in net position	7,413,902	1,651,113
<b>Net position - beginning of year</b>	<b><u>63,111,446</u></b>	<b><u>70,525,348</u></b>
<b>Net position - end of year</b>	<b><u>\$70,525,348</u></b>	<b><u>\$72,176,461</u></b>

**Governmental Activities.** During the year, the City invested \$6,597,798 or 30.5% of governmental activities expenses in public works. Public safety expenses amounted to \$7,183,199 or 33.2% of governmental activities while general government, judicial, culture and recreation and interest on long-term debt made up the remaining 36.3% of governmental activities expenses.

## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,870,158, an increase of \$279,870 in comparison with the prior year. Of the \$9,870,158, \$7,054,392 is reported in the general fund, \$1,480,015 is reported in the major streets fund, and \$160,491 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 \$7,054,392. Of that amount, \$31,431 was restricted for cemetery operations, \$5,904 was nonspendable, \$578,816 was committed for various purposes by the City Commission, \$689,863 is assigned to meet fiscal year 2018 expenditures, and the remaining \$5,748,378 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 32.4% of total general fund expenditures and transfers. The fund balance of the City's general fund increased by \$82,047 during the current fiscal year primarily due to controlled spending to be within available revenues.

The Major Streets Fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951, as amended. The fund balance at the end of the year amounted to \$1,480,015, an increase of \$256,082 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 \$160,491, a decrease of \$44,164 from the previous year. The decrease is primarily the result of expenditures related to storm sewer improvements.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2018, amounted to \$78,421,489 (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	491,147
Buildings, Equipment and Infrastructure (net)	75,100,871
<b>Total</b>	<b><u>\$78,421,489</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 \$1,968,162 summarized as follows:

<b>Debt</b>	
	<b>Governmental Activities</b>
Contractual agreement	\$ 253,162
Bonds payable	1,715,000
<b>Total</b>	<b>\$1,968,162</b>

The City entered into a contractual agreement for \$350,250 and made debt payments totaling \$1,675,922. Additional information on the City's long-term debt can be found in the footnotes to these financial statements.

## **Budgetary Highlights**

- The City's practice is to budget conservatively and to amend the budget throughout the fiscal year as needed. The current state of the economy has allowed for more spending on roads, building improvements, capital equipment purchases and city park improvements.
- Increases in the City's fund balance have allowed the City to make additional contributions towards reducing long-term liabilities.

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

The following factors were considered in preparing the City's budget for the 2018-19 fiscal year:

- The City continues its practice of budgeting conservatively and intends to amend the budget as needed throughout the fiscal year.
- The stability of the economy directly impacts the City's income tax receipts. We have budgeted income tax revenues based on current economic conditions. We will continue to monitor collections and will recommend potential changes in expenditures accordingly.
- The City continues to pursue grant opportunities from the Michigan Department of Transportation to assist with the funding of road improvements.
- The City utilizes a rolling 5-year capital improvement plan. This plan is designed to prioritize large equipment and improvement expenditures in the upcoming fiscal years. The plan will be reviewed annually and will be revised accordingly.
- The Walker City Commission has made debt reduction and long-term liability funding a priority. Therefore, the budget includes equipment purchases and various improvements throughout the City that do not require the need to borrow money and incur debt, including the budgeted \$1,700,000 Leonard Street road construction project between Kinney and Wilson Avenue.

## **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.

**(This page left intentionally blank)**

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WALKER**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<b>Primary Government Governmental Activities</b>	<b>Component Units Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>
<b>Assets</b>			
Cash and pooled investments	\$ 8,722,151	\$ 715,739	\$ 75,615
Accounts receivable	1,825,856	-	-
Special assessments receivable	3,230,926	15,399	-
Due from other governments	812,910	-	-
Prepaid items	24,248	-	-
Inventory	225,317	-	-
Capital assets			
Land	2,829,471	1,294,978	-
Construction in progress	491,147	-	-
Depreciable capital assets, net	75,100,871	1,909,050	-
<b>Total assets</b>	<b>93,262,897</b>	<b>3,935,166</b>	<b>75,615</b>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources related to pensions	1,363,215	-	-
Deferred outflows of resources related to OPEB items	956,088	-	-
<b>Total deferred outflows of resources</b>	<b>2,319,303</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Accounts payable	1,042,404	44,470	-
Accrued liabilities	256,617	2,966	-
Due to other governments	100	-	-
Unearned revenue	3,164,429	-	-
Noncurrent liabilities			
Compensated absences	1,357,176	-	-
Other post-employment benefits	6,403,803	-	-
Net pension liability	8,357,581	-	-
Due within one year	962,088	220,000	-
Due in more than one year	1,006,074	760,000	-
<b>Total liabilities</b>	<b>22,550,272</b>	<b>1,027,436</b>	<b>-</b>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources related to pensions	345,563	-	-
Deferred inflows of resources related to OPEB items	509,904	-	-
<b>Total deferred inflows of resources</b>	<b>855,467</b>	<b>-</b>	<b>-</b>
<b>Net position</b>			
Net investment in capital assets	76,453,327	2,224,028	-
Restricted for:			
Streets	1,678,455	-	-
Public safety	170,548	-	-
Unrestricted (deficit)	(6,125,869)	683,702	75,615
<b>Total net position</b>	<b>\$ 72,176,461</b>	<b>\$ 2,907,730</b>	<b>\$ 75,615</b>

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



**CITY OF WALKER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</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	\$ 4,994,170	\$ 474,397	\$ 368,883	\$ -	\$ (4,150,890)
Judicial	830,358	696,672	-	-	(133,686)
Public safety	7,183,199	85,182	76,845	-	(7,021,172)
Public works	6,597,798	691,055	3,462,037	641,905	(1,802,801)
Culture and recreation	1,977,654	1,296,845	-	-	(680,809)
Interest on long-term debt	57,387	-	-	-	(57,387)
Total governmental activities	<u>21,640,566</u>	<u>3,244,151</u>	<u>3,907,765</u>	<u>641,905</u>	<u>(13,846,745)</u>
<b>Total primary government</b>	<u>\$ 21,640,566</u>	<u>\$ 3,244,151</u>	<u>\$ 3,907,765</u>	<u>\$ 641,905</u>	<u>\$ (13,846,745)</u>
<b>Component units</b>					
Downtown Development Authority	\$ 255,177	\$ 124,873	\$ 611	\$ -	\$ (129,693)
Brownfield Redevelopment Authority	168,626	-	-	-	(168,626)
<b>Total component units</b>	<u>\$ 423,803</u>	<u>\$ 124,873</u>	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ (298,319)</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, 2018**

	<b>Primary Government <u>Governmental Activities</u></b>	<b>Component Units <u>Downtown Development Authority</u></b>	<b><u>Brownfield Redevelopment Authority</u></b>
<b>Changes in net position</b>			
<b>Net (expense) revenue</b>	\$ (13,846,745)	\$ (129,693)	\$ (168,626)
General revenues			
Income taxes	11,871,504	-	-
Property taxes	1,480,441	394,416	192,259
State shared revenues	2,026,353	-	-
Unrestricted investment earnings	46,844	3,370	296
Other general revenues	<u>72,716</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>15,497,858</u>	<u>397,786</u>	<u>192,555</u>
Change in net position	1,651,113	268,093	23,929
<b>Net position, beginning of year</b>	<u>70,525,348</u>	<u>2,639,637</u>	<u>51,686</u>
<b>Net position, end of year</b>	<u><u>\$ 72,176,461</u></u>	<u><u>\$ 2,907,730</u></u>	<u><u>\$ 75,615</u></u>

(Concluded)

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

**CITY OF WALKER**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2018**

	<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	\$ 5,940,703	\$ 1,157,248	\$ 135,800	\$ 1,035,182	\$ 8,268,933
Accounts receivable	1,814,636	-	4,094	7,126	1,825,856
Special assessment receivable	-	-	3,164,429	66,497	3,230,926
Due from other governments	355,212	332,956	-	109,319	797,487
Due from other funds	-	32,578	26,000	813	59,391
Prepaid items	5,904	-	-	18,344	24,248
Inventory	-	92,124	-	103,704	195,828
<b>Total assets</b>	<u>\$ 8,116,455</u>	<u>\$ 1,614,906</u>	<u>\$ 3,330,323</u>	<u>\$ 1,340,985</u>	<u>\$ 14,402,669</u>
<b>Liabilities, deferred inflows, and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 813,330	\$ 122,532	\$ 5,403	\$ 55,259	\$ 996,524
Accrued liabilities	215,342	12,359	-	17,869	245,570
Due to other funds	33,391	-	-	26,000	59,391
Due to other governments	-	-	-	100	100
Unearned revenue	-	-	3,164,429	-	3,164,429
<b>Total liabilities</b>	<u>1,062,063</u>	<u>134,891</u>	<u>3,169,832</u>	<u>99,228</u>	<u>4,466,014</u>
<b>Deferred inflows</b>					
Unavailable revenue	-	-	-	66,497	66,497
<b>Fund balances</b>					
Nonspendable					
Prepaid items	5,904	-	-	18,344	24,248
Inventory	-	92,124	-	103,704	195,828
Restricted					
Cemetery	31,431	-	-	-	31,431
Streets	-	1,387,891	-	290,564	1,678,455
Public safety	-	-	-	170,548	170,548
Committed					
Building sinking fund	400,000	-	-	-	400,000
Long-term liabilities	178,816	-	-	-	178,816
Ice and fitness capital	-	-	-	154,293	154,293
Assigned					
Subsequent year expenditures	689,863	-	-	-	689,863
Ice and fitness program	-	-	-	297,890	297,890
Debt service	-	-	-	139,917	139,917
Capital projects	-	-	160,491	-	160,491
Unassigned	5,748,378	-	-	-	5,748,378
<b>Total fund balances</b>	<u>7,054,392</u>	<u>1,480,015</u>	<u>160,491</u>	<u>1,175,260</u>	<u>9,870,158</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 8,116,455</u>	<u>\$ 1,614,906</u>	<u>\$ 3,330,323</u>	<u>\$ 1,340,985</u>	<u>\$ 14,402,669</u>

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

# CITY OF WALKER

## **RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION**

**JUNE 30, 2018**

---

<b>Fund balances - total governmental funds</b>	<b>\$ 9,870,158</b>
---	---------------------

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	491,147
Add - capital assets (net of accumulated depreciation)	72,497,002

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	66,497
--------------------------------------	--------

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	3,035,682
--	-----------

Certain liabilities and other items do not impact current financial resources and therefore are not reported in the funds.

Deduct - compensated absences payable	(1,340,665)
Deduct - other post-employment benefits liability	(6,403,803)
Deduct - net pension liability	(8,357,581)
Add - deferred outflows related to net pension liability	1,363,215
Deduct - deferred inflows related to net pension liability	(345,563)
Add - deferred outflows related to other post-employment benefits liability	956,088
Deduct - deferred inflows related to other post-employment benefits liability	(509,904)
Deduct - bonds and notes payable	(1,968,162)
Deduct - accrued interest on bonds payable	(7,121)

<b>Net position of governmental activities</b>	<b><u>\$ 72,176,461</u></b>
--	-----------------------------

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

**CITY OF WALKER**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Major Streets</u>	<u>Improvement Revolving</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 13,734,005	\$ -	\$ -	\$ -	\$ 13,734,005
Intergovernmental revenues					
State	2,026,353	2,655,032	-	685,930	5,367,315
Local	-	188,223	-	83,789	272,012
Cable franchise fees	368,883	-	-	-	368,883
Licenses and permits	721,822	-	-	-	721,822
Charges for services	129,501	-	-	1,292,271	1,421,772
Fines	676,960	-	-	-	676,960
Special assessments	-	-	679	27,767	28,446
Investment earnings	39,622	6,844	541	14,504	61,511
Miscellaneous	130,811	-	-	4,004	134,815
<b>Total revenues</b>	<u>17,827,957</u>	<u>2,850,099</u>	<u>1,220</u>	<u>2,108,265</u>	<u>22,787,541</u>
<b>Expenditures</b>					
Current					
Judicial	817,124	-	-	-	817,124
General government	2,613,902	-	-	-	2,613,902
Public safety	7,484,411	-	-	41,673	7,526,084
Public works	649,514	3,526,885	45,384	1,130,414	5,352,197
Culture and recreation	459,461	-	-	1,464,192	1,923,653
Planning and economic development	34,247	-	-	-	34,247
Other	2,615,589	-	-	-	2,615,589
Debt service					
Principal	590,000	265,000	-	710,000	1,565,000
Interest	29,178	11,942	-	18,755	59,875
<b>Total expenditures</b>	<u>15,293,426</u>	<u>3,803,827</u>	<u>45,384</u>	<u>3,365,034</u>	<u>22,507,671</u>
Revenues over (under) expenditures	<u>2,534,531</u>	<u>(953,728)</u>	<u>(44,164)</u>	<u>(1,256,769)</u>	<u>279,870</u>
Other financing sources (uses)					
Transfers in	-	1,209,810	-	1,906,674	3,116,484
Transfers out	(2,452,484)	-	-	(664,000)	(3,116,484)
Total other financing sources (uses)	<u>(2,452,484)</u>	<u>1,209,810</u>	<u>-</u>	<u>1,242,674</u>	<u>-</u>
Net changes in fund balances	82,047	256,082	(44,164)	(14,095)	279,870
<b>Fund balances, beginning of year</b>	<u>6,972,345</u>	<u>1,223,933</u>	<u>204,655</u>	<u>1,189,355</u>	<u>9,590,288</u>
<b>Fund balances, end of year</b>	<u>\$ 7,054,392</u>	<u>\$ 1,480,015</u>	<u>\$ 160,491</u>	<u>\$ 1,175,260</u>	<u>\$ 9,870,158</u>

The accompanying notes are an integral part of these financial statement

# 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, 2018

---

Net changes in fund balances - total governmental funds	\$ 279,870
---	------------

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	(9,259)
Add - capital outlay	3,222,410
Deduct - depreciation expense	(3,775,844)

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	(27,767)
--	----------

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	1,565,000
Add - principal portion of contractual payments	47,088
Deduct - issuance of contract payable to other government	(300,250)

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

Deduct - increase in compensated absences	(32,152)
Add - decrease in net pension liability	1,406,681
Deduct - increase in other post-employments benefits liability	(114,243)
Deduct - decrease in deferred outflows related to pensions	(380,707)
Deduct - increase in deferred inflows related to pensions	(345,563)
Add - increase in deferred outflows related to other post-employment benefits	519,862
Deduct - increase in deferred inflows related to other post-employment benefits	(509,904)
Add - decrease in accrued interest	2,488

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	103,403
---	---------

Change in net position of governmental activities	<u>\$ 1,651,113</u>
---	---------------------

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

# CITY OF WALKER

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

***JUNE 30, 2018***

---

### **Assets**

#### Current assets

Cash and pooled investments	\$ 453,218
Due from other governments	15,423
Inventory	<u>29,489</u>

Total current assets	<u>498,130</u>
----------------------	----------------

#### Non-current assets

##### Capital assets

Vehicles	7,552,126
Less accumulated depreciation	<u>(4,948,257)</u>

Total non-current assets	<u>2,603,869</u>
--------------------------	------------------

<b>Total assets</b>	<u><b>3,101,999</b></u>
---------------------	-------------------------

### **Liabilities**

#### Current liabilities

Accounts payable	45,880
Accrued liabilities	<u>3,926</u>

Total current liabilities	49,806
---------------------------	--------

#### Long-term liabilities

Compensated absences	<u>16,511</u>
----------------------	---------------

<b>Total liabilities</b>	<u><b>66,317</b></u>
--------------------------	----------------------

### **Net position**

Net investment in capital assets	2,603,869
Unrestricted	<u>431,813</u>

<b>Total net position</b>	<u><u><b>\$ 3,035,682</b></u></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, 2018**

---

<b>Operating revenue</b>	
Charges for services	<u>\$ 1,257,129</u>
<b>Operating expense</b>	
Personnel costs	295,133
Operating supplies and expenses	71,274
Repair and maintenance	181,291
Gas and oil	185,622
Other expenses	2,089
Depreciation	<u>465,824</u>
<b>Total operating expense</b>	<u>1,201,233</u>
Operating income (loss)	<u>55,896</u>
Non-operating revenue (expense)	
Interest income	3,822
Gain on sale of capital assets	44,630
Interest expense	<u>(945)</u>
Total non-operating revenue (expense)	<u>47,507</u>
Changes in net position	103,403
<b>Net position, beginning of year</b>	<u>2,932,279</u>
<b>Net position, end of year</b>	<u>\$ 3,035,682</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, 2018***

---

<b>Cash flows from operating activities</b>	
Receipts from internal services provided	\$ 1,241,706
Payments to employees	(289,698)
Payments to suppliers	<u>(416,288)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>535,720</u>
<b>Cash flows from capital and related financing activities</b>	
Proceeds from sale of capital assets	49,899
Interest expense	(945)
Principal payment on installment notes	(63,834)
Acquisitions of capital assets	<u>(616,490)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(631,370)</u>
<b>Cash flows from investing activities</b>	
Interest income	<u>3,822</u>
Net increase (decrease) in cash and pooled investments	(91,828)
<b>Cash and pooled investments, beginning of year</b>	<u>545,046</u>
<b>Cash and pooled investments, end of year</b>	<u><u>\$ 453,218</u></u>
<b>Cash flows from operating activities</b>	
Operating income (loss)	\$ 55,896
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	465,824
Change in operating assets and liabilities which provided (used) cash	
Due from other governments	(15,423)
Inventory	1,069
Accounts payable	22,919
Accrued liabilities	(63)
Compensated absences	<u>5,498</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ 535,720</u></u>

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

**CITY OF WALKER**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2018**

---

	<b>Other Post- employment Benefits Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and pooled investments	\$ -	\$ 851,403
Investments	1,428,189	-
Due from other governments	-	8,257
Accounts receivable	<u>-</u>	<u>100</u>
<b>Total assets</b>	<u>1,428,189</u>	<u>\$ 859,760</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 80,837
Deposits	-	742,917
Due to other governmental units	<u>-</u>	<u>36,006</u>
<b>Total liabilities</b>	<u>-</u>	<u>\$ 859,760</u>
<b>Net position</b>		
Net position held in trust for OPEB	<u>\$ 1,428,189</u>	

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

**CITY OF WALKER**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

	<b>Other Post- employment Benefits <u>Trust Fund</u></b>
<b>Additions</b>	
Contributions	
City contributions	\$ 426,480
Investment earnings	
Interest	<u>7,083</u>
<b>Total additions</b>	433,563
<b>Deductions</b>	
Health insurance premiums paid	<u>126,480</u>
Changes in net position	307,083
<b>Net position, beginning of year</b>	<u>1,121,106</u>
<b>Net position, end of year</b>	<u><u>\$ 1,428,189</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, 2018

---

### 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, 2018

---

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City does not have any business-type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the internal service fund are reported separately.

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, 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, 2018

---

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

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

The City reports the following major governmental funds:

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

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

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

Additionally, the City reports the following fund types:

The *Capital Equipment Replacement Internal Service Fund* is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City or to other governments, primarily on a cost of reimbursements basis. The Capital Equipment Replacement Fund rents vehicles and equipment to the police, fire and public works departments.

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the collections of special assessments, along with contributions from benefiting city funds, to be used in retiring the outstanding long-term debt of the City.

The *Other Post-Employment Benefits Trust Fund* is used to account for the operations of the Other Post-employment Benefits Plan which provides post-employment benefits to the City's employees.

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

---

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

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

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

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

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

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

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

---

### **Receivables**

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

### **Special Assessments Receivable**

Special assessments receivable consist of long-term receivables from customers and benefited parties for various infrastructure improvement projects.

### **Due to and Due from Other Funds**

Interfund receivables and payables are short term borrowings that arise from interfund transactions which are recorded by all funds affected in the period in which transactions are executed.

### **Inventory and Prepaid Items**

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements following the consumption method.

### **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, 2018

---

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has items that qualify for reporting in this category related to the pension plan as discussed in note 6 and OPEB plan as discussed in note 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments receivable which are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has items that qualify for reporting in this category related to the pension plan as discussed in note 6 and OPEB plan as discussed in note 10.

### **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	\$3,164,429
Special assessments unavailable revenue	66,497
	<u>3,230,926</u>
Less earned portion of special assessments	<u>66,497</u>
Unearned revenue – government-wide statements	<u><u>\$3,164,429</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, 2018**

---

### ***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, 2018**

---

### ***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, 2018, 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, 2018, the City reported a deficit unrestricted net position in its governmental activities of \$6,125,869.

## **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, 2018

During the year ended June 30, 2018, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Public works			
Street lighting	\$220,000	\$239,329	\$19,329
Special Vice Investigation fund			
Public safety	41,000	41,673	673

#### 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	\$8,722,151	\$791,354	\$ 851,403	\$10,364,908
Investments	-	-	1,428,189	1,428,189
	<u>\$8,722,151</u>	<u>\$791,354</u>	<u>\$2,279,592</u>	<u>\$11,793,097</u>

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

Deposits	\$ 6,729,470
Investments	5,060,977
Petty cash	<u>2,650</u>
Total	<u>\$11,793,097</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, \$5,359,041 of the City's bank balance of \$7,009,041 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	\$2,368,746	Unrated	N/A
Stable NAV Government Investment Pool	N/A	1,264,042	AAAm	S&P
Vantagepoint Low Duration Bond Fund	N/A	1,428,189	3 star	Morningstar

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 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	18%	0-3
Certificates of deposits	67%	0-3
Deposits, money markets and other pools	15%	Not applicable

At June 30, 2018 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	2%	Not applicable
Repurchase agreements	3%	Not applicable
Treasury Securities	4%	Not applicable

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

**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:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,829,471	\$ -	\$ -	\$ 2,829,471
Construction in progress	65,029	491,147	65,029	491,147
Total capital assets, not being depreciated	2,894,500	491,147	65,029	3,320,618
<b>Capital assets, being depreciated</b>				
Land improvements	2,458,145	238,043	-	2,696,188
Buildings and improvements	21,483,474	22,001	-	21,505,475
Vehicles	1,566,127	478,454	53,936	1,990,645
Other tools and equipment	8,796,431	270,320	105,060	8,961,691
Office furnishings	1,147,448	27,539	16,127	1,158,860
Infrastructure	103,870,435	2,376,425	-	106,246,860
Total capital assets, being depreciated	139,322,060	3,412,782	175,123	142,559,719
Less accumulated depreciation for				
Land improvements	1,765,892	115,760	-	1,881,652
Buildings and improvements	11,609,534	526,744	-	12,136,278
Vehicles	1,048,006	225,146	53,936	1,219,216
Other tools and equipment	6,266,457	455,954	96,290	6,626,121
Office furnishings	983,335	52,391	10,369	1,025,357
Infrastructure	41,704,551	2,865,673	-	44,570,224
Total accumulated depreciation	63,377,775	4,241,668	160,595	67,458,848
<b>Net capital assets, being depreciated</b>	75,944,285	(828,886)	14,528	75,100,871
<b>Governmental Activities capital assets, net</b>	<b>\$78,838,785</b>	<b>\$(337,739)</b>	<b>\$79,557</b>	<b>\$78,421,489</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2018</u>
<b>Component units</b>				
Capital assets not being depreciated				
Land	\$1,294,978	\$ -	\$ -	\$1,294,978
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	1,294,978	-	-	1,294,978
Capital assets being depreciated				
Land improvements	192,298	-	-	192,298
Infrastructure	282,699	-	-	282,699
Buildings	2,516,680	-	-	2,516,680
Office furnishings	73,392	-	-	73,392
Total capital assets being depreciated	3,065,069	-	-	3,065,069
Less accumulated depreciation for				
Land improvements	108,261	19,667	-	127,928
Infrastructure	220,333	4,941	-	225,274
Buildings	692,087	62,917	-	755,004
Office furnishings	43,259	4,554	-	47,813
Total accumulated depreciation	1,063,940	92,079	-	1,156,019
<b>Net capital assets, being depreciated</b>	2,001,129	(92,079)	-	1,909,050
<b>Component Units capital assets, net</b>	<b>\$3,296,107</b>	<b>\$(92,079)</b>	<b>\$ -</b>	<b>\$3,204,028</b>

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

### Governmental Activities

General government	\$ 262,465
Public safety	222,106
Public works	2,905,796
Culture and recreation	376,116
Judicial	9,361
Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets	465,824

### Total depreciation expense - governmental activities

\$4,241,668

## 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 \$413,234 during the year ended June 30, 2018. In addition, employee contributions amounted to \$68,102 during the year ended June 30, 2018.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

---

### 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, 2017):

Active plan members	26
Inactive employees entitled but not yet receiving benefits	3
Inactive employees or beneficiaries currently receiving benefits	55
Total	84

#### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was \$121,962 per month. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute from 0% to 2% of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

#### **Net Pension Liability**

The employer's net pension liability was measured as of December 31, 2017, 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, 2017 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: 8.00%, 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, 2018

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			8.00%

**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, 2018

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2016	\$22,688,373	\$12,924,111	\$ 9,764,262
Changes for the Year:			
Service cost	209,394	-	209,394
Interest	1,769,831	-	1,769,831
Change in benefits	(36,401)	-	(36,401)
Differences between expected and actual experience	394,710	-	394,710
Change in assumptions	-	-	-
Contributions: employer	-	1,975,152	(1,975,152)
Contributions: employee	-	21,741	(21,741)
Net investment income (loss)	-	1,775,267	(1,775,267)
Benefit payments, including refunds	(1,340,376)	(1,340,376)	-
Administrative expense	-	(27,946)	27,946
Other changes	(1)	-	(1)
Net changes	997,157	2,403,838	(1,406,681)
Balance at December 31, 2017	\$23,685,530	\$15,327,949	\$ 8,357,581

### 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 higher (9.0%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$26,171,367	\$23,685,530	\$21,557,338
Fiduciary net position	15,327,949	15,327,949	15,327,949
Net pension liability	\$10,843,418	\$8,357,581	\$ 6,229,389

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

For the year ended June 30, 2018 the employer recognized pension expense of \$1,395,623. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 131,443	\$ -
Differences in assumptions	-	-
(Excess) deficit investment returns	-	345,563
Contributions subsequent to the measurement date*	1,231,772	-
Total	\$1,363,215	\$345,563

\* 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 2018.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

2018	\$ 163,538
2019	(8,710)
2020	(225,711)
2021	(143,237)
Thereafter	-
Total	<u><u>\$(214,120)</u></u>

#### 7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2018:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
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%.	\$285,000	\$ -	\$50,000	\$235,000	\$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%.	205,000	-	100,000	105,000	105,000
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%	2,025,000	-	700,000	1,325,000	710,000
2017 Building Authority Refunding Bonds, due in annual installments of \$635,000 to \$660,000 through May 1, 2018; interest at .85% to 1.15%	660,000	-	660,000	-	-
2017 Road Improvement Michigan Transportation Fund Refunding Bonds, due in annual installments of \$50,000 to \$60,000 through May 1, 2019; interest at .85% to 1.4%	105,000	-	55,000	50,000	50,000
Contractual agreement payable to another government, due in annual installments of \$47,088 to \$18,650 through November 2026; interest at 3.0%	-	300,250	47,088	253,162	47,088

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Installment purchase agreement, due in annual installments of \$63,833 through January 2018; interest at 1.48%	\$ 63,834	\$ -	\$ 63,834	\$ -	\$ -
<b>Total</b>	<b>3,343,834</b>	<b>300,250</b>	<b>1,675,922</b>	<b>1,968,162</b>	<b>962,088</b>
Accrued compensated absences	1,319,526	37,650	-	1,357,176	-
<b>Total Governmental Activities</b>	<b>\$4,663,360</b>	<b>\$337,900</b>	<b>\$1,675,922</b>	<b>\$3,325,338</b>	<b>\$962,088</b>
<b>Component Units</b>					
2015 Refunding Bonds (DDA portion), due in annual installments of \$50,000 through May 1, 2020; interest at .6% to 1.9%	\$150,000	\$ -	\$50,000	\$100,000	\$50,000
2017 Refunding Bonds (DDA portion), due in annual installments of \$150,000 to \$180,000 through May 1, 2023; interest at .85% to 2.15%	1,050,000	-	170,000	880,000	170,000
<b>Total Component Units</b>	<b>\$1,200,000</b>	<b>\$ -</b>	<b>\$220,000</b>	<b>\$980,000</b>	<b>\$220,000</b>

The annual requirements to amortize all debt outstanding (excluding other post-employment benefits and accrued compensated absences) as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 962,088	\$45,417	\$220,000	\$17,801
2020	712,087	25,605	225,000	14,544
2021	92,087	10,633	175,000	10,708
2022	63,650	7,824	180,000	7,470
2023	63,650	4,430	180,000	3,870
	74,600	4,476		
<b>Total</b>	<b>\$1,968,162</b>	<b>\$93,385</b>	<b>\$980,000</b>	<b>\$54,393</b>

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

### 8. INTERFUND TRANSACTIONS

Amounts due to and from other funds at June 30, 2018 are as follows:

	<u>Due from</u>		
<u>Due to</u>	Major streets fund	Nonmajor governmental funds	Total
General fund	\$32,578	\$ 813	<b>\$33,391</b>
Nonmajor governmental funds	-	26,000	<b>26,000</b>
Total	<b>\$32,578</b>	<b>\$26,813</b>	<b>\$59,391</b>

Transfers in and out for the year ended June 30, 2018 are as follows:

	<u>Transfers in</u>		
<u>Transfers out</u>	Major streets fund	Nonmajor governmental funds	Total
General fund	\$1,209,810	\$1,242,674	<b>\$2,452,484</b>
Nonmajor governmental funds	-	664,000	<b>664,000</b>
Total	<b>\$1,209,810</b>	<b>\$1,906,674</b>	<b>\$3,116,484</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.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

---

### 10. OTHER POST-EMPLOYMENT BENEFITS

#### ***Plan Description***

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

#### ***Benefits provided***

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

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2018):

Active plan members	81
Retirees and beneficiaries receiving benefits	<u>33</u>
Total	<u>114</u>

#### ***Contributions***

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

#### ***Net OPEB Liability***

The total OPEB liability in the June 30, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.0%

Salary Increases: 2.0%

Investment rate of return: 3.0%

Healthcare cost trend rates: 5% per year

20-year Aa Municipal bond yield: 3.0%

Mortality rates used IRS 2017 annuitant and non-annuitant, sex-distinct mortality tables.

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

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
VT Vantagepoint Low Dur Bond	100%	0.64%

The sum of each target benefit times its long-term expected real rate is 1.1%. The long-term expected rate of return is 1.84% with inflation.

Discount rate. The discount rate used to measure the total OPEB liability is 3.0%. For projected benefits that are expected to be covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. As of June 30, 2018, the discount rate used to value OPEB liabilities was 3.0%.

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance at June 30, 2017	\$7,410,666	\$1,121,106	\$6,289,560
Changes for the Year:			
Service cost	244,292	-	244,292
Interest	235,513	-	235,513
Change in benefits	-	-	-
Differences between expected and actual experience	(58,072)	-	(58,072)
Change in assumptions	115,153	-	115,153
Contributions: employer	-	300,000	(300,000)
Contributions: employee	-	115,560	(115,560)
Net investment income	-	7,083	(7,083)
Benefit payments, including refunds	(115,560)	(115,560)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	421,326	307,083	114,243
Balance at June 30, 2018	\$7,831,992	\$1,428,189	\$6,403,803

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018

#### Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the net OPEB liability of the employer, calculated using the discount rate of 3.0%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$9,127,204	\$7,831,992	\$6,779,973
Fiduciary net position	1,428,189	1,428,189	1,428,189
Net OPEB liability	<u>\$7,699,015</u>	<u>\$6,403,803</u>	<u>\$5,351,784</u>
Plan fiduciary position as a percentage of the total OPEB liability		<u>18.24%</u>	

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

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 5.0%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB liability	\$6,552,064	\$7,831,992	\$9,469,653
Fiduciary net position	1,428,189	1,428,189	1,428,189
Net OPEB liability	<u>\$5,123,875</u>	<u>\$6,403,803</u>	<u>\$8,041,464</u>

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

For the year ended June 30, 2018 the employer recognized OPEB expense of \$519,845. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$509,904
Changes in assumptions	915,753	-
Excess(deficit) investment returns	40,335	-
Total	<u>\$956,088</u>	<u>\$509,904</u>

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

2019	\$ 77,125
2020	77,125
2021	77,123
2022	71,682
2023	65,680
Thereafter	<u>77,449</u>
Total	<u>\$446,184</u>



# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

---

### 11. CONTINGENCIES

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

### 12. COMMITMENTS

As of June 30, 2018, the City had outstanding construction commitments of approximately \$1.4 million primarily related to various street projects.

### 13. CONSTRUCTION CODE FEES

The City oversees building construction in accordance with the State of Michigan Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Current year building permit revenues	<u>\$ 638,598</u>
Related Expenses	
Direct costs	504,616
Indirect Costs	<u>32,497</u>
Total construction code expenses	<u>537,113</u>
Net revenues (expenses)	101,485
Cumulative shortfall – July 1, 2017	<u>(1,048,050)</u>
Cumulative shortfall – June 30, 2018	<u>\$ (946,565)</u>

### 14. TAX ABATEMENTS

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Tax Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Tax Exemption (IFTE) certificate entitles the facility to a partial exemption from ad valorem real and/or personal property taxes for a term of 12 years for real property and 6 years for personal property as determined by the local unit of government. The IFTE is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement cease operations and no successor employer is providing employment during the term of the abatement.

For the year ended June 30, 2018 the City abated property tax revenues of approximately \$27,500.

## **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, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes				
Income taxes	\$ 11,200,000	\$ 12,200,000	\$ 11,871,504	\$ (328,496)
Property taxes	1,748,050	1,857,500	1,862,501	5,001
Intergovernmental revenues				
State	1,900,000	2,000,000	2,026,353	26,353
Cable franchise fees	390,000	370,000	368,883	(1,117)
Licenses and permits	482,200	692,200	721,822	29,622
Charges for services	81,300	99,800	129,501	29,701
Fines	675,000	675,000	676,960	1,960
Investment earnings	13,515	25,015	39,622	14,607
Miscellaneous	115,910	112,950	130,811	17,861
<b>Total revenues</b>	<u>16,605,975</u>	<u>18,032,465</u>	<u>17,827,957</u>	<u>(204,508)</u>
<b>Expenditures</b>				
Current				
Judicial	830,510	855,110	817,124	37,986
General government	2,718,580	2,779,010	2,613,902	165,108
Public safety	7,945,763	8,022,463	7,484,411	538,052
Public works	624,130	637,820	649,514	(11,694)
Culture and recreation	592,256	586,006	459,461	126,545
Planning and economic development	61,200	63,200	34,247	28,953
Other	2,155,700	2,746,750	2,615,589	131,161
Debt service				
Principal	590,000	590,000	590,000	-
Interest and fiscal charges	29,200	29,200	29,178	22
<b>Total expenditures</b>	<u>15,547,339</u>	<u>16,309,559</u>	<u>15,293,426</u>	<u>1,016,133</u>
<b>Revenues over (under) expenditures</b>	<u>1,058,636</u>	<u>1,722,906</u>	<u>2,534,531</u>	<u>811,625</u>
Other financing sources (uses)				
Use of fund balance	1,397,608	729,578	-	(729,578)
Transfers out	(2,456,244)	(2,452,484)	(2,452,484)	-
<b>Total other financing sources (uses)</b>	<u>(1,058,636)</u>	<u>(1,722,906)</u>	<u>(2,452,484)</u>	<u>(729,578)</u>
<b>Net changes in fund balance</b>	<u>-</u>	<u>-</u>	<u>82,047</u>	<u>82,047</u>
<b>Fund balance, beginning of year</b>	<u>6,972,345</u>	<u>6,972,345</u>	<u>6,972,345</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,972,345</u>	<u>\$ 6,972,345</u>	<u>\$ 7,054,392</u>	<u>\$ 82,047</u>

# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 1,755,000	\$ 2,450,143	\$ 2,655,032	\$ 204,889
Local	-	172,700	188,223	15,523
Investment earnings	600	4,500	6,844	2,344
<b>Total revenues</b>	<u>1,755,600</u>	<u>2,627,343</u>	<u>2,850,099</u>	<u>222,756</u>
<b>Expenditures</b>				
Current				
Public works	2,934,755	3,964,084	3,526,885	437,199
Debt service				
Principal	265,000	265,000	265,000	-
Interest	11,955	11,955	11,942	13
<b>Total expenditures</b>	<u>3,211,710</u>	<u>4,241,039</u>	<u>3,803,827</u>	<u>437,212</u>
Revenues over (under) expenditures	<u>(1,456,110)</u>	<u>(1,613,696)</u>	<u>(953,728)</u>	<u>659,968</u>
Other financing sources				
Use of fund balance	346,300	503,886	-	(503,886)
Transfers in	1,209,810	1,209,810	1,209,810	-
Total other financing sources (uses)	<u>1,556,110</u>	<u>1,713,696</u>	<u>1,209,810</u>	<u>(503,886)</u>
Net changes in fund balance	100,000	100,000	256,082	156,082
<b>Fund balance, beginning of year</b>	<u>1,223,933</u>	<u>1,223,933</u>	<u>1,223,933</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,323,933</u>	<u>\$ 1,323,933</u>	<u>\$ 1,480,015</u>	<u>\$ 156,082</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, 2018**

	For the years ended December 31			
	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 209,394	\$ 227,361	\$ 229,952	\$ 258,272
Interest	1,769,831	1,733,124	1,599,515	1,593,796
Changes in benefit terms	(36,401)	-	-	-
Difference between expected and actual experience	394,710	(197,734)	(119,385)	-
Changes in assumptions	-	-	1,145,765	-
Benefit payments including employee refunds	(1,340,376)	(1,249,507)	(1,219,318)	(1,106,117)
Other	(1)	-	49,985	-
<b>Net change in total pension liability</b>	997,157	513,244	1,686,514	745,951
<b>Total pension liability, beginning of year</b>	22,688,373	22,175,129	20,488,615	19,742,664
<b>Total pension liability, end of year</b>	<u>\$ 23,685,530</u>	<u>\$ 22,688,373</u>	<u>\$ 22,175,129</u>	<u>\$ 20,488,615</u>
<b>Plan Fiduciary Net Position</b>				
Contributions-employer	\$ 1,975,152	\$ 1,693,104	\$ 1,093,251	\$ 963,598
Contributions-employee	21,741	36,976	27,467	30,728
Net investment income (loss)	1,775,267	1,322,316	(174,326)	689,020
Benefit payments including employee refunds	(1,340,376)	(1,249,507)	(1,219,318)	(1,106,117)
Administrative expense	(27,946)	(25,978)	(25,203)	(25,347)
<b>Net change in plan fiduciary net position</b>	2,403,838	1,776,911	(298,129)	551,882
<b>Plan fiduciary net position, beginning of year</b>	12,924,111	11,147,200	11,445,329	10,893,447
<b>Plan fiduciary net position, end of year</b>	<u>\$ 15,327,949</u>	<u>\$ 12,924,111</u>	<u>\$ 11,147,200</u>	<u>\$ 11,445,329</u>
<b>Total net pension liability</b>	<u>\$ 8,357,581</u>	<u>\$ 9,764,262</u>	<u>\$ 11,027,929</u>	<u>\$ 9,043,286</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	64.7%	57.0%	50.3%	55.9%
<b>Covered employee payroll</b>	\$ 1,886,004	\$ 2,056,503	\$ 2,107,449	\$ 2,362,044
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	443.1%	474.8%	523.3%	382.9%

# CITY OF WALKER

## DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Actuarially determined contributions	\$ 1,463,544	\$ 1,267,788	\$ 1,066,104	\$ 847,320
Contributions in relation to the actuarially determined contribution	<u>1,963,544</u>	<u>1,767,788</u>	<u>1,566,104</u>	<u>847,320</u>
Contribution excess (deficiency)	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,886,004	\$ 2,056,503	\$ 2,107,449	\$ 2,362,044
Contributions as a percentage of covered employee payroll	104%	86%	74%	36%
<b>Notes to schedule</b>				
Actuarial cost method	Entry Age			
Amortization method	Level percentage of payroll, open			
Remaining amortization period	25 years			
Asset valuation method	5 year smoothed			
Inflation	2.50%			
Salary increases	3.75%			
Investment rate of return	7.75%			
Retirement age	Varies depending on plan adoption			
Mortality	50% female/ 50% male RP-2014 mortality table			

# CITY OF WALKER

## OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB LIABILITY AND RELATED RATIOS

**FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
<b>Total OPEB liability</b>		
Service cost	\$ 244,292	\$ 164,171
Interest	235,513	268,879
Changes in benefit terms	-	-
Difference between expected and actual experience	(58,072)	(609,575)
Changes in assumptions	115,153	1,082,232
Benefit payments including employee refunds	(115,560)	(105,671)
Other	-	-
<b>Net change in total OPEB liability</b>	<u>421,326</u>	<u>800,036</u>
<b>Total OPEB liability, beginning of year</b>	<u>7,410,666</u>	<u>6,610,630</u>
<b>Total OPEB liability, end of year</b>	<u><u>\$ 7,831,992</u></u>	<u><u>\$ 7,410,666</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions-employer	\$ 415,560	\$ 405,671
Contributions-employee	-	-
Net investment income	7,083	8,055
Benefit payments including employee refunds	(115,560)	(105,671)
Administrative expense	-	(68)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<u>307,083</u>	<u>307,987</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>1,121,106</u>	<u>813,119</u>
<b>Plan fiduciary net position, end of year</b>	<u><u>\$ 1,428,189</u></u>	<u><u>\$ 1,121,106</u></u>
<b>Employer net OPEB liability</b>	<u><u>\$ 6,403,803</u></u>	<u><u>\$ 6,289,560</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	18%	15%
<b>Covered employee payroll</b>	\$ 4,588,570	\$ 4,649,196
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	140%	135%

# CITY OF WALKER

## OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
Actuarial determined contributions	\$ 873,491	\$ 814,831
Contributions in relation to the actuarially determined contribution	415,560	405,671
Contribution excess (deficiency)	\$ (457,931)	\$ (409,160)
Covered employee payroll	\$ 4,588,570	\$ 4,649,196
Contributions as a percentage of covered employee payroll	9.1%	8.7%

## SCHEDULE OF INVESTMENT RATE OF RETURN

Investment rate of return	0.5%	0.8%
---------------------------	------	------

### Notes to schedule

Actuarial cost method	Entry Age Normal (level percent)
Amortization method	Level percent, closed
Remaining amortization period	15 years (average future service)
Asset valuation method	Market value
Inflation	2.00%
Salary increases	2.00%
Investment rate of return	3.0% (3.1% for 2017)
20-year Aa Municipal bond yield	3.0% (3.1% for 2017)
Healthcare cost trend rates	5.00%
Retirement age	Varies depending on plan adoption
Mortality	IRS 2017 annuitant/non-annuitant mortality

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### Basis of Accounting

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

### Pension and OPEB data

The data presented on the schedule of changes in employers net pension liability schedule is based on a December 31 measurement date.

The data presented on the schedule of changes in employers net OPEB liability schedule is based on a June 30 measurement date.

The pension and OPEB schedules are being accumulated prospectively until 10 years of information is presented.



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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

**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes				
Income taxes	\$ 11,200,000	\$ 12,200,000	\$ 11,871,504	\$ (328,496)
Real and personal property taxes	1,351,100	1,453,550	1,456,522	2,972
Payments in lieu of tax	950	950	969	19
Collection fees	396,000	403,000	405,010	2,010
Total taxes	12,948,050	14,057,500	13,734,005	(323,495)
Licenses and permits				
Business	35,000	35,000	37,500	2,500
Nonbusiness	429,200	637,200	663,473	26,273
Liquor license fees	18,000	20,000	20,849	849
Total licenses and permits	482,200	692,200	721,822	29,622
Intergovernmental - state				
State-shared revenue	1,900,000	2,000,000	2,026,353	26,353
State grants				
Total state sources	1,900,000	2,000,000	2,026,353	26,353
Cable franchise fees	390,000	370,000	368,883	(1,117)
Charges for services				
Planning and zoning fees	26,300	44,800	50,726	5,926
Overtime event reimbursement	25,000	25,000	48,775	23,775
Administrative fees	30,000	30,000	30,000	-
Total charges for services	81,300	99,800	129,501	29,701
Fines				
Ordinance fines	675,000	675,000	676,960	1,960
Interest and rentals	13,515	25,015	39,622	14,607
Other revenue	115,910	112,950	130,811	17,861
<b>Total revenues</b>	<b>\$ 16,605,975</b>	<b>\$ 18,032,465</b>	<b>\$ 17,827,957</b>	<b>\$ (204,508)</b>

**(This page left intentionally blank)**

**CITY OF WALKER**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
Judicial				
District court	\$ 830,510	\$ 855,110	\$ 817,124	\$ 37,986
General government				
City Commission	91,810	83,710	76,862	6,848
City managers office	646,340	654,140	632,861	21,279
Elections	54,150	19,010	18,669	341
Finance department	225,140	200,145	197,416	2,729
Treasurer	138,240	189,260	178,556	10,704
Income tax	430,110	472,185	412,444	59,741
City assessor	316,700	316,700	298,357	18,343
City clerk	199,570	238,340	220,225	18,115
Buildings and grounds	616,520	605,520	578,512	27,008
	2,718,580	2,779,010	2,613,902	165,108
Public safety				
Police department	5,213,325	5,203,325	4,942,336	260,989
Fire department	2,144,388	2,144,388	1,875,192	269,196
Building inspections	588,050	674,750	666,883	7,867
	7,945,763	8,022,463	7,484,411	538,052
Public works				
City engineer	371,920	385,610	377,991	7,619
Drains	32,210	32,210	32,194	16
Street lighting	220,000	220,000	239,329	(19,329)
	624,130	637,820	649,514	(11,694)
Culture and recreation				
Parks	590,756	584,506	459,431	125,075
Museum	1,500	1,500	30	1,470
	592,256	586,006	459,461	126,545
Planning and economic development				
Zoning	61,200	63,200	34,247	28,953
	61,200	63,200	34,247	28,953
Other				
Retiree insurance/pension	1,353,500	1,853,500	1,816,480	37,020
Property and liability insurance	135,000	136,000	135,595	405
Other unclassified expenses	667,200	757,250	663,514	93,736
	2,155,700	2,746,750	2,615,589	131,161
Debt service				
Principal	590,000	590,000	590,000	-
Interest	29,200	29,200	29,178	22
	619,200	619,200	619,178	22
<b>Total expenditures</b>	<b>15,547,339</b>	<b>16,309,559</b>	<b>15,293,426</b>	<b>1,016,133</b>
<b>Other financing uses</b>				
Transfers out	2,456,244	2,452,484	2,452,484	-
<b>Total expenditures and other financing uses</b>	<b>\$ 18,003,583</b>	<b>\$ 18,762,043</b>	<b>\$ 17,745,910</b>	<b>\$ 1,016,133</b>

# CITY OF WALKER

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

JUNE 30, 2018

	Special Revenue			
	Local Streets	Ice and Fitness Program	Special Vice Investigation	1998/2006
<b>Assets</b>				
Cash and pooled investments	\$ 192,720	\$ 497,024	\$ 205,521	\$ 828
Accounts receivable	-	7,126	-	-
Special assessment receivable	-	-	-	-
Due from other governments	109,319	-	-	-
Due from other funds	813	-	-	-
Prepaid items	-	18,344	-	-
Inventory	44,482	59,222	-	-
<b>Total assets</b>	<u>\$ 347,334</u>	<u>\$ 581,716</u>	<u>\$ 205,521</u>	<u>\$ 828</u>
<b>Liabilities, deferred inflows and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,623	\$ 39,663	\$ 8,973	\$ -
Accrued liabilities	5,665	12,204	-	-
Due to other funds	-	-	26,000	-
Due to other governments	-	100	-	-
<b>Total liabilities</b>	<u>12,288</u>	<u>51,967</u>	<u>34,973</u>	<u>-</u>
<b>Deferred inflows</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Nonspendable				
Prepaid items	-	18,344	-	-
Inventory	44,482	59,222	-	-
Restricted				
Streets	290,564	-	-	-
Public safety	-	-	170,548	-
Committed				
Ice and fitness capital	-	154,293	-	-
Assigned				
Ice and fitness	-	297,890	-	-
Debt service	-	-	-	828
<b>Total fund balances</b>	<u>335,046</u>	<u>529,749</u>	<u>170,548</u>	<u>828</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 347,334</u>	<u>\$ 581,716</u>	<u>\$ 205,521</u>	<u>\$ 828</u>

---

**Debt Service**

---

<u>2008</u>	<u>2009 Bonds</u>	<u>Total</u>
\$ 38,434	\$ 100,655	\$ 1,035,182
-	-	7,126
-	66,497	66,497
-	-	109,319
-	-	813
-	-	18,344
-	-	103,704
<u>38,434</u>	<u>167,152</u>	<u>1,340,985</u>
\$ -	\$ -	\$ 55,259
-	-	17,869
-	-	26,000
-	-	100
<u>-</u>	<u>-</u>	<u>99,228</u>
-	-	66,497
<u>-</u>	<u>66,497</u>	<u>66,497</u>
-	-	18,344
-	-	103,704
-	-	290,564
-	-	170,548
-	-	154,293
-	-	297,890
<u>38,434</u>	<u>100,655</u>	<u>139,917</u>
<u>38,434</u>	<u>100,655</u>	<u>1,175,260</u>
<u>\$ 38,434</u>	<u>\$ 167,152</u>	<u>\$ 1,340,985</u>

# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue			
	<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	\$ 685,930	\$ -	\$ -	\$ -
Local	6,944	-	76,845	-
Charges for services	-	1,292,271	-	-
Special assessments	-	-	-	-
Investment earnings	1,297	4,574	1,952	379
Miscellaneous	-	4,004	-	-
<b>Total revenues</b>	<u>694,171</u>	<u>1,300,849</u>	<u>78,797</u>	<u>379</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	41,673	-
Public works	1,130,353	-	-	-
Culture and recreation	-	1,464,192	-	-
Debt service				
Principal	-	-	-	660,000
Interest	-	-	-	7,757
<b>Total expenditures</b>	<u>1,130,353</u>	<u>1,464,192</u>	<u>41,673</u>	<u>667,757</u>
Revenues over (under) expenditures	<u>(436,182)</u>	<u>(163,343)</u>	<u>37,124</u>	<u>(667,378)</u>
Other financing sources (uses)				
Transfers in	478,674	764,000	-	664,000
Transfers out	-	(664,000)	-	-
Total other financing sources (uses)	<u>478,674</u>	<u>100,000</u>	<u>-</u>	<u>664,000</u>
Net changes in fund balances	42,492	(63,343)	37,124	(3,378)
<b>Fund balances, beginning of year</b>	<u>292,554</u>	<u>593,092</u>	<u>133,424</u>	<u>4,206</u>
<b>Fund balances, end of year</b>	<u>\$ 335,046</u>	<u>\$ 529,749</u>	<u>\$ 170,548</u>	<u>\$ 828</u>

---

## Debt Service

---

<u>2008</u>	<u>2009 Bonds</u>	<u>Total</u>
\$ -	\$ -	\$ 685,930
-	-	83,789
-	-	1,292,271
11,473	16,294	27,767
1,404	4,898	14,504
-	-	4,004
<u>12,877</u>	<u>21,192</u>	<u>2,108,265</u>
-	-	41,673
-	61	1,130,414
-	-	1,464,192
-	50,000	710,000
-	10,998	18,755
-	61,059	3,365,034
<u>12,877</u>	<u>(39,867)</u>	<u>(1,256,769)</u>
-	-	1,906,674
-	-	(664,000)
-	-	1,242,674
12,877	(39,867)	(14,095)
<u>25,557</u>	<u>140,522</u>	<u>1,189,355</u>
<u>\$ 38,434</u>	<u>\$ 100,655</u>	<u>\$ 1,175,260</u>



# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 545,000	\$ 610,000	\$ 685,930	\$ 75,930
Local	-	1,250	6,944	5,694
Investment earnings	400	1,000	1,297	297
<b>Total revenues</b>	545,400	612,250	694,171	81,921
<b>Expenditures</b>				
Current				
Public works	1,204,974	1,206,474	1,130,353	76,121
Revenues over (under) expenditures	(659,574)	(594,224)	(436,182)	158,042
Other financing source (uses)				
Use of fund balance	180,900	115,550	-	(115,550)
Transfers in	478,674	478,674	478,674	-
Total other financing sources (uses)	659,574	594,224	478,674	(115,550)
Net changes in fund balance	-	-	42,492	42,492
<b>Fund balance, beginning of year</b>	292,554	292,554	292,554	-
<b>Fund balance, end of year</b>	\$ 292,554	\$ 292,554	\$ 335,046	\$ 42,492

# 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, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Charges for services	\$ 1,355,085	\$ 1,288,125	\$ 1,292,271	\$ 4,146
Investment earnings	1,700	3,500	4,574	1,074
Miscellaneous	1,125	1,125	4,004	2,879
<b>Total revenues</b>	1,357,910	1,292,750	1,300,849	8,099
<b>Expenditures</b>				
Current				
Culture and recreation	1,510,716	1,524,704	1,464,192	60,512
Revenues over (under) expenditures	(152,806)	(231,954)	(163,343)	68,611
Other financing source (uses)				
Use of fund balance	52,806	131,954	-	(131,954)
Transfers in	767,760	764,000	764,000	-
Transfers out	(667,760)	(664,000)	(664,000)	-
Total other financing sources (uses)	152,806	231,954	100,000	(131,954)
Net changes in fund balance	-	-	(63,343)	(63,343)
<b>Fund balance, beginning of year</b>	593,092	593,092	593,092	-
<b>Fund balance, end of year</b>	<u>\$ 593,092</u>	<u>\$ 593,092</u>	<u>\$ 529,749</u>	<u>\$ (63,343)</u>

# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ 46,500	\$ 75,500	\$ 76,845	\$ 1,345
Investment earnings	300	1,000	1,952	952
<b>Total Revenues</b>	46,800	76,500	78,797	2,297
<b>Expenditures</b>				
Current				
Public safety	41,000	41,000	41,673	(673)
Revenues over (under) expenditures	5,800	35,500	37,124	1,624
Other financing source (uses)				
Use of fund balance	(5,800)	(35,500)	-	35,500
Net changes in fund balance	-	-	37,124	37,124
<b>Fund balance, beginning of year</b>	133,424	133,424	133,424	-
<b>Fund balance, end of year</b>	<u>\$ 133,424</u>	<u>\$ 133,424</u>	<u>\$ 170,548</u>	<u>\$ 37,124</u>

**(This page left intentionally blank)**

# CITY OF WALKER

## AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

**JUNE 30, 2018**

---

	<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	\$ 96,688	\$ 1,897	\$ 625,245	\$ 12,332
Due from other governments	-	8,257	-	-
Accounts receivable	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 96,688</u>	<u>\$ 10,154</u>	<u>\$ 625,345</u>	<u>\$ 12,332</u>
 <b>Liabilities</b>				
Accounts payable	\$ 61,814	\$ -	\$ -	\$ 12,332
Deposits	9,022	-	625,345	-
Due to other governmental units	<u>25,852</u>	<u>10,154</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>\$ 96,688</u>	<u>\$ 10,154</u>	<u>\$ 625,345</u>	<u>\$ 12,332</u>

---

<b><u>Other Agency</u></b>	<b><u>Total</u></b>
\$ 115,241	\$ 851,403
-	8,257
-	100
<u>115,241</u>	<u>859,760</u>
\$ 6,691	\$ 80,837
108,550	742,917
-	36,006
<u>115,241</u>	<u>859,760</u>

**CITY OF WALKER**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b><u>District Court</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 107,732	\$ 1,033,677	\$ 1,044,721	\$ 96,688
<b>Liabilities</b>				
Accounts payable	\$ 68,006	\$ 591,268	\$ 597,460	\$ 61,814
Deposits	7,521	131,816	130,315	9,022
Due to other governmental units	32,205	310,593	316,946	25,852
<b>Total liabilities</b>	<u>\$ 107,732</u>	<u>\$ 1,033,677</u>	<u>\$ 1,044,721</u>	<u>\$ 96,688</u>
<b><u>Current Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 9,740	\$ 43,836,510	\$ 43,844,353	\$ 1,897
Due from other governments	273	8,257	273	8,257
<b>Total Assets</b>	<u>\$ 10,013</u>	<u>\$ 43,844,767</u>	<u>\$ 43,844,626</u>	<u>\$ 10,154</u>
<b>Liabilities</b>				
Due to other governmental units	<u>\$ 10,013</u>	<u>\$ 43,844,767</u>	<u>\$ 43,844,626</u>	<u>\$ 10,154</u>
<b><u>Trust and Agency Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 730,345	\$ 538,563	\$ 643,663	\$ 625,245
Accounts receivable	-	100	-	100
<b>Total assets</b>	<u>\$ 730,345</u>	<u>\$ 538,663</u>	<u>\$ 643,663</u>	<u>\$ 625,345</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits	730,345	538,663	643,663	625,345
<b>Total liabilities</b>	<u>\$ 730,345</u>	<u>\$ 538,663</u>	<u>\$ 643,663</u>	<u>\$ 625,345</u>

(continued)

**CITY OF WALKER**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b><u>Flexible Spending</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 8,405	\$ 31,854	\$ 27,927	\$ 12,332
<b>Liabilities</b>				
Accounts payable	\$ 8,405	\$ 31,854	\$ 27,927	\$ 12,332
<b><u>Other Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 105,077	\$ 15,517,656	\$ 15,507,492	\$ 115,241
<b>Liabilities</b>				
Accounts payable	\$ 6,591	\$ 8,832,391	\$ 8,832,291	\$ 6,691
Deposits	98,486	6,685,265	6,675,201	108,550
	<u>\$ 105,077</u>	<u>\$ 15,517,656</u>	<u>\$ 15,507,492</u>	<u>\$ 115,241</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 961,299	\$ 60,958,260	\$ 61,068,156	\$ 851,403
Due from other governments	273	8,257	273	8,257
Accounts receivable	-	100	-	100
<b>Total assets</b>	<u>\$ 961,572</u>	<u>\$ 60,966,617</u>	<u>\$ 61,068,429</u>	<u>\$ 859,760</u>
<b>Liabilities</b>				
Accounts payable	\$ 83,002	\$ 9,455,513	\$ 9,457,678	\$ 80,837
Deposits	836,352	7,355,744	7,449,179	742,917
Due to other governmental units	42,218	44,155,360	44,161,572	36,006
<b>Total liabilities</b>	<u>\$ 961,572</u>	<u>\$ 60,966,617</u>	<u>\$ 61,068,429</u>	<u>\$ 859,760</u>

(concluded)



# CITY OF WALKER

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

JUNE 30, 2018

	Governmental Fund Type			Adjustments	Statement of Net Position
	General Fund	Streetscape Maintenance	Totals		
<b>Assets</b>					
Cash and pooled investments	\$ 515,841	\$ 199,898	\$ 715,739	\$ -	\$ 715,739
Special assessment receivable	-	15,399	15,399	-	15,399
Capital assets					
Land	-	-	-	1,294,978	1,294,978
Depreciable capital assets, net	-	-	-	1,909,050	1,909,050
<b>Total assets</b>	<u>\$ 515,841</u>	<u>\$ 215,297</u>	<u>\$ 731,138</u>	<u>3,204,028</u>	<u>3,935,166</u>
<b>Liabilities, deferred inflows and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 44,470	\$ 44,470	-	44,470
Accrued liabilities	-	-	-	2,966	2,966
Noncurrent liabilities					
Due within one year	-	-	-	220,000	220,000
Due in more than one year	-	-	-	760,000	760,000
<b>Total liabilities</b>	<u>-</u>	<u>44,470</u>	<u>44,470</u>	<u>982,966</u>	<u>1,027,436</u>
<b>Deferred inflows</b>					
Unavailable revenue	-	15,399	15,399	(15,399)	-
<b>Fund balances</b>					
Unassigned	515,841	155,428	671,269	(671,269)	
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 515,841</u>	<u>\$ 215,297</u>	<u>\$ 731,138</u>		
<b>Net position</b>					
Net investment in capital assets				2,224,028	2,224,028
Unrestricted				683,702	683,702
<b>Total net position</b>				<u>\$ 2,907,730</u>	<u>\$ 2,907,730</u>
<b>Reconciliation of fund balances to net position</b>					
<b>Fund balances of governmental funds</b>					\$ 671,269
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds					
Add - land					1,294,978
Add - capital assets (net of accumulated depreciation)					1,909,050
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds					
Add - unavailable revenue					15,399
Certain liabilities are not due and payable in the current period and therefore are not reported the funds.					
Deduct - debt payable					(980,000)
Deduct - accrued interest on debt payable					(2,966)
<b>Net position of governmental activities</b>					<u>\$ 2,907,730</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, 2018**

	Governmental Fund Type				Statement of Activities
	General Fund	Streetscape Maintenance	Totals	Adjustments	
<b>Revenues</b>					
Taxes	\$ 394,416	\$ -	\$ 394,416	\$ -	\$ 394,416
Special assessments	-	114,475	114,475	10,398	124,873
Investment earnings	2,415	955	3,370	-	3,370
Miscellaneous	611	-	611	-	611
	<u>397,442</u>	<u>115,430</u>	<u>512,872</u>	<u>10,398</u>	<u>523,270</u>
<b>Expenditures/expenses</b>					
Current					
Community development	13,655	129,347	143,002	92,079	235,081
Debt Service					
Principal	220,000	-	220,000	(220,000)	-
Interest	20,522	-	20,522	(426)	20,096
	<u>254,177</u>	<u>129,347</u>	<u>383,524</u>	<u>(128,347)</u>	<u>255,177</u>
<b>Total expenditures/expenses</b>					
	<u>254,177</u>	<u>129,347</u>	<u>383,524</u>	<u>(128,347)</u>	<u>255,177</u>
Net changes in fund balances	143,265	(13,917)	129,348	(129,348)	
Change in net position				268,093	268,093
<b>Fund balances/net position</b>					
Beginning of year	<u>372,576</u>	<u>169,345</u>	<u>541,921</u>		<u>2,639,637</u>
End of year	<u>\$ 515,841</u>	<u>\$ 155,428</u>	<u>\$ 671,269</u>		<u>\$ 2,907,730</u>
<b>Reconciliation of change in fund balances to change in net position</b>					
<b>Net change in fund balances of governmental funds</b>					\$ 129,348
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:					
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.					
Deduct - depreciation expense					(92,079)
Business loan receivables are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.					
Add - addition to special assessment receivable					10,398
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 position.					
Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.					
Add - principal payments on debt					220,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.					
Add - decrease in accrued interest					426
<b>Change in net position of governmental activities</b>					<u>\$ 268,093</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, 2018**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Taxes	\$ 375,500	\$ 375,500	\$ 394,416	\$ 18,916
Investment earnings	300	300	2,415	2,115
Miscellaneous	12,200	12,200	611	(11,589)
<b>Total revenues</b>	<u>388,000</u>	<u>388,000</u>	<u>397,442</u>	<u>9,442</u>
<b>Expenditures</b>				
Current				
Community development	124,000	124,000	13,655	110,345
Debt service				
Principal	220,000	220,000	220,000	-
Interest	20,530	20,530	20,522	8
<b>Total expenditures</b>	<u>364,530</u>	<u>364,530</u>	<u>254,177</u>	<u>110,353</u>
Revenues over (under) expenditures	23,470	23,470	143,265	119,795
Other financing source (uses)				
Use of fund balance	(23,470)	(23,470)	-	23,470
Net changes in fund balance	-	-	143,265	143,265
<b>Fund balance, beginning of year</b>	<u>372,576</u>	<u>372,576</u>	<u>372,576</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 372,576</u>	<u>\$ 372,576</u>	<u>\$ 515,841</u>	<u>\$ 143,265</u>

# CITY OF WALKER

## **DDA STREETSCAPE MAINTENANCE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2018**

---

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Special assessments	\$ 124,000	\$ 124,000	\$ 114,475	\$ (9,525)
Investment earnings	<u>1,500</u>	<u>1,500</u>	<u>955</u>	<u>(545)</u>
<b>Total revenues</b>	125,500	125,500	115,430	(10,070)
<b>Expenditures</b>				
Current				
Community development	<u>120,000</u>	<u>120,000</u>	<u>129,347</u>	<u>(9,347)</u>
Net changes in fund balance	5,500	5,500	(13,917)	(19,417)
<b>Fund balance, beginning of year</b>	<u>169,345</u>	<u>169,345</u>	<u>169,345</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 174,845</u>	<u>\$ 174,845</u>	<u>\$ 155,428</u>	<u>\$ (19,417)</u>

# CITY OF WALKER

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

**JUNE 30, 2018**

---

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 75,615	\$ -	\$ 75,615
<b>Total assets</b>	<u>\$ 75,615</u>	<u>-</u>	<u>75,615</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
<b>Total liabilities</b>	\$ -	-	-
<b>Fund balances</b>			
Unassigned	75,615	(75,615)	
<b>Total liabilities and fund balances</b>	<u>\$ 75,615</u>		
<b>Net position</b>			
Unrestricted		<u>\$ 75,615</u>	<u>\$ 75,615</u>

# CITY OF WALKER

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

**FOR THE YEAR ENDED JUNE 30, 2018**

---

	<b><u>General Fund</u></b>	<b><u>Adjustments</u></b>	<b><u>Statement of Activities</u></b>
<b>Revenues</b>			
Taxes	\$ 192,259	\$ -	\$ 192,259
Investment earnings	<u>296</u>	<u>-</u>	<u>296</u>
	192,555	-	192,555
 <b>Expenditures/expenses</b>			
Current			
Public works			
Return of tax increment	<u>168,626</u>	<u>-</u>	<u>168,626</u>
 Net changes in fund balances	23,929	(23,929)	
 Change in net position		23,929	23,929
 <b>Fund balances/net position, beginning of year</b>	<u>51,686</u>		<u>51,686</u>
 <b>Fund balances/net position, end of year</b>	<u>\$ 75,615</u>		<u>\$ 75,615</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, 2018**

---

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amount</u></b>	<b><u>Positive (Negative)</u></b>
<b>Revenues</b>				
Taxes	\$ 182,000	\$ 182,000	\$ 192,259	\$ 10,259
Investment earnings	<u>75</u>	<u>75</u>	<u>296</u>	<u>221</u>
<b>Total revenues</b>	182,075	182,075	192,555	10,480
<b>Expenditures</b>				
Current				
Return of tax increment	<u>181,000</u>	<u>181,000</u>	<u>168,626</u>	<u>12,374</u>
Net changes in fund balance	1,075	1,075	23,929	22,854
<b>Fund balance, beginning of year</b>	<u>51,686</u>	<u>51,686</u>	<u>51,686</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 52,761</u>	<u>\$ 52,761</u>	<u>\$ 75,615</u>	<u>\$ 22,854</u>