



# CITY OF WALLED LAKE, MICHIGAN

## REPORT ON AUDITED FINANCIAL STATEMENTS



**FOR FY ENDED  
JUNE 30, 2022**



# **CITY OF WALLED LAKE**

## **CITY COUNCIL**

Linda S. Ackley, Mayor, MPA  
Bennett Lublin, Mayor Pro Tem, CPA  
Casey Robert Ambrose, Council Member  
Mindy Fernandes, Council Member  
Tamra Loch, Council Member  
John Owsinek, Council Member  
Ryan Woods, Council Member

## **CITY OFFICIALS**

L. Dennis Whitt, City Manager, MBA, MPA, MSM, MALS  
Hana Jaquays, Confidential Assistant, MPA  
Chelsea Pesta, Finance Director, MPA, MiCPT, CMC, MiPMC II  
Paul Shakinas, Chief of Police, MPA, MS  
James Coomer, Jr., Fire Chief, MA  
Jennifer Stuart, City Clerk, MPA, CMC, MiPMC II  
Miranda Gross, Deputy City Clerk, BBA, MiPMC

## **LEGAL COUNSEL**

Vahan C. Vanerian, Esq.

## **CITY AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

November 18, 2022

To the Honorable Mayor, Mayor Pro Tem, and  
Members of the City Council  
1499 E. West Maple  
Walled Lake, Michigan 48390

Honorable Mayor, Mayor Pro Tem, and Members of City Council:

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Walled Lake, Michigan, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. In our opinion, the accompanying 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 Walled Lake, Michigan, as of June 30, 2022, 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.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-11 and 54-61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants

## **MANAGEMENT DISCUSSION AND ANALYSIS**

## Management Discussion and Analysis June 30, 2022

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This discussion and analysis should be read in conjunction with the accompanying financial statements and provides an overview of the City's financial activities for the year end June 30, 2022 and a description of the reporting format. Unless otherwise noted, component units are not included in the discussion.

### **Overview of the Financial Statements**

The basic required financial statements include government-wide financial statements, fund financial statements, and notes to financial statements. The City has also included additional information to supplement the basic financial statements.

#### ***Government-wide Financial Statements***

The City's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all the City's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the City may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the City's distinct activities or functions on the revenues generated by the City.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water and sewer system operations. Fiduciary activities, such as tax collection, are not included in the government-wide statements since these assets are not available to fund City programs.

#### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided later in this report as other supplementary information.

The City has three kinds of funds:

*Governmental funds* are principally supported by taxes and revenue sharing. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

*Proprietary funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Fiduciary funds* are reported in the fiduciary fund financial statements but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund City activities.

The City has identified certain entities as component units in the government-wide financial statements. By virtue of its authority to exercise influence over their operations, the City has included the financial statements of the Downtown Development Authority and City of Walled Lake Library, which are discretely presented component units within the government-wide financial statements.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both 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. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

### **Financial Analysis of the City as a Whole**

The City's net position at the end of the fiscal year was \$10,934,593. This is a \$2,713,091 increase over last year's net position of \$8,221,502. The City continues its tight fiscal policies of limited staffing and its focus on infrastructure and capital improvements.

Fiscal Year 2022 focused on the completion of several major capital improvement projects as authorized and directed by the City Council, including the rehabilitation of Decker Road, the installation of sidewalks along Decker Road, the installation of new playground equipment at Riley Park, the resurfacing of Pontiac Trail, the improvements to the Greenaway Drain including the pedestrian bridge connecting the City's portion of the linear park to the public safety campus, and stormwater drainage improvements for the downtown area and Mercer Beach designed to protect the water quality of Walled Lake.

The City and Downtown Development Authority (DDA) continues to focus on creating a more walkable community and further the goal of making a better Walled Lake.

The following tables provide a summary of the City's financial activities and changes in net position:

**Summary of Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>		<b>Component Units</b>	
	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2022</b>	<b>6/30/2021</b>
<b>Assets</b>								
Current and other assets	\$ 5,309,887	\$ 3,316,303	\$ 4,559,487	\$ 2,927,065	\$ 9,869,374	\$ 6,243,368	\$ 2,195,050	\$ 2,833,610
Capital assets	12,476,689	11,839,774	3,446,049	3,745,740	15,922,738	15,585,514	3,875,891	1,930,911
<b>Total assets</b>	<b>17,786,576</b>	<b>15,156,077</b>	<b>8,005,536</b>	<b>6,672,805</b>	<b>25,792,112</b>	<b>21,828,882</b>	<b>6,070,941</b>	<b>4,764,521</b>
<b>Deferred outflow of resources</b>								
Pension activities	841,677	571,048			841,677	571,048		
<b>Liabilities</b>								
Other liabilities	1,054,375	401,101	433,930	398,498	1,488,305	799,599	489,378	1,142,952
Long-term liabilities	12,388,934	12,970,829			12,388,934	12,970,829		
<b>Total liabilities</b>	<b>13,443,309</b>	<b>13,371,930</b>	<b>433,930</b>	<b>398,498</b>	<b>13,877,239</b>	<b>13,770,428</b>	<b>489,378</b>	<b>1,142,952</b>
<b>Deferred inflow of resources</b>								
Lease activities	1,120,493				1,120,493			
Pension activities	701,464	408,000			701,464	408,000		
<b>Total deferred inflows of resources</b>	<b>1,821,957</b>	<b>408,000</b>			<b>1,821,957</b>	<b>408,000</b>		
<b>Net position</b>								
Invested in capital assets, net of related debt	12,276,689	11,444,774	3,446,049	3,745,740	15,722,738	15,190,514	3,875,891	1,930,911
Restricted	1,143,201	1,263,757			1,143,201	1,263,757	1,696,121	1,676,645
Unrestricted	(10,056,903)	(10,761,336)	4,125,557	2,528,567	(5,931,346)	(8,232,769)	9,551	14,013
<b>Total net position</b>	<b>\$ 3,362,987</b>	<b>\$ 1,947,195</b>	<b>\$ 7,571,606</b>	<b>\$ 6,274,307</b>	<b>\$10,934,593</b>	<b>\$ 8,221,502</b>	<b>\$ 5,581,563</b>	<b>\$ 3,621,569</b>

**Summary of Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Component Units</u>	
	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
<b>Revenues</b>								
Program revenues								
Charges for services	\$ 960,763	\$ 875,146	\$ 4,164,396	\$ 3,154,006	\$ 5,125,159	\$ 4,029,152	\$ 13,856	\$ 16,531
Operating grants and contributions	290,167	268,618	668,965	564,646	959,132	833,264	1,345,524	43,247
General revenues								
State revenue sources	1,645,422	1,496,438			1,645,422	1,496,438	13,026	25,832
Property taxes	3,995,809	3,724,555			3,995,809	3,724,555	1,213,905	1,152,843
Interest	19,152	713	3,643	7,138	22,795	7,851	1	2
Other	335,081	355,454	15,596	5,881	350,677	361,335	19,763	
<b>Total revenues</b>	<b>7,246,394</b>	<b>6,720,924</b>	<b>4,852,600</b>	<b>3,731,671</b>	<b>12,098,994</b>	<b>10,452,595</b>	<b>2,606,075</b>	<b>1,238,455</b>
<b>Program Expenses</b>								
General government	468,339	1,530,530			468,339	1,530,530		
Public safety	3,250,375	3,778,631			3,250,375	3,778,631		
Public works/roads	2,042,021	811,028			2,042,021	811,028		
Transportation	17,992	17,147			17,992	17,147		
Recreation	119,873	120,835			119,873	120,835		
Interest on long-term debt	13,953	23,578			13,953	23,578		
Refuse/utility systems			3,473,350	3,433,573	3,473,350	3,433,573		
Library/community development							995,581	880,505
<b>Total expenses</b>	<b>5,912,553</b>	<b>6,281,749</b>	<b>3,473,350</b>	<b>3,433,573</b>	<b>9,385,903</b>	<b>9,715,322</b>	<b>995,581</b>	<b>880,505</b>
<b>Excess before transfers</b>	<b>1,333,841</b>	<b>439,175</b>	<b>1,379,250</b>	<b>298,098</b>	<b>2,713,091</b>	<b>737,273</b>	<b>1,610,494</b>	<b>357,950</b>
<b>Transfers, net</b>	<b>81,951</b>	<b>79,189</b>	<b>(81,951)</b>	<b>(79,189)</b>				
<b>Change in estimate</b>							<b>349,500</b>	
<b>Changes in net position</b>	<b>1,415,792</b>	<b>518,364</b>	<b>1,297,299</b>	<b>218,909</b>	<b>2,713,091</b>	<b>737,273</b>	<b>1,959,994</b>	<b>357,950</b>
<b>Beginning net position</b>	<b>1,947,195</b>	<b>1,428,831</b>	<b>6,274,307</b>	<b>3,808,867</b>	<b>8,221,502</b>	<b>5,237,698</b>	<b>3,621,569</b>	<b>3,263,619</b>
<b>Prior period adjustment</b>				<b>2,246,531</b>		<b>2,246,531</b>		
<b>Ending net position</b>	<b>\$ 3,362,987</b>	<b>\$ 1,947,195</b>	<b>\$ 7,571,606</b>	<b>\$ 6,274,307</b>	<b>\$10,934,593</b>	<b>\$ 8,221,502</b>	<b>\$ 5,581,563</b>	<b>\$ 3,621,569</b>

## **Financial Analysis of the City's Funds**

The City has contained the legacy debt for retirement benefits to those benefits offered before 2010. All current employee benefits are paid in full as incurred and no additional debt is being added. During the prior fiscal year, both the police & command and the fire divisions were closed. All new hires are now placed in a division with a lower multiplier, yielding a reduction in liabilities. The fiscal year closed with 17 years remaining to pay off the \$10.8 million net pension liability. Pension payments were \$836,500 (or 14% of General Fund expenditures).

The City continues to ensure the stability and health of the General Fund, major funds, non-major funds and the component unit funds. The use of fund balance has been both intentional and pragmatic, with the focus on capital projects designed to improve character and amenities of the City. The fund balances of all funds conform with the Fund Balance Policy adopted by the City Council.

## **General Fund Budgetary Highlights**

The City Council adopted the General Fund budget prior to the end of the prior fiscal year in accordance with Public Act 493 of 2000. As reported on page 54, the actual expenditures were less than authorized appropriations by approximately \$216,000 while revenues exceeded those anticipated by approximately \$483,000. As previously mentioned, after taking into consideration the intended use of fund balance, the fund balance of the General Fund actually increased by approximately \$240,000 in fiscal year 2022.

## **Capital Asset and Debt Administration**

The Governmental Funds spent \$1,046,332 on capital assets during the year. Most of the acquisitions were related to roads, sidewalks, equipment, etc.

Debt service payments of \$212,312 for two outstanding bond issues included principal reduction of \$195,000 and interest payments of \$17,312. The City has no other debt financing arrangements and current management is committed to maintaining that status as long as possible.

## **Economic Conditions and Future Activities**

The City continues to work with Oakland County Water Resource Commission to improve the City's water system and services to the residents. Oakland County Road Commission expertise in the field has helped the City with speedy repairs and improvement to the City's healthy financial status. The City's water loss is now a respectable 10%.

In 2019, voters re-approved a Public Safety millage to provide funds for capital improvements and operations related to public safety. This millage has immensely contributed to necessary infrastructure and capital improvements, which has allowed the rejection of any debt-related financing options.

The taxable value of the City's residential and commercial properties is expected to increase at a higher than inflation rate due to sales including some new construction.

## **Contacting the City's Financial Management**

This report is designed to provide a general overview of the City's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Department of Finance & Budget, City of Walled Lake at 1499 E. West Maple, Walled Lake, MI 48390.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF WALLED LAKE**

**STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash, cash equivalents, and investments	\$ 3,680,913	\$ 2,677,879	\$ 6,358,792	\$ 2,094,318
Receivables				
Taxes	30,991		30,991	9,551
Other governments	268,406	199,497	467,903	89,518
Accounts	42,165	1,654,190	1,696,355	1,663
Lease receivable	1,137,235		1,137,235	
Inventory	44,434		44,434	
Prepaid expenses	105,743	27,921	133,664	
Capital assets, not being depreciated				
Non-depreciated	1,680,704		1,680,704	
Depreciated, net	10,795,985	3,446,049	14,242,034	3,875,891
<b>Total assets</b>	<b>17,786,576</b>	<b>8,005,536</b>	<b>25,792,112</b>	<b>6,070,941</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension activities	841,677		841,677	
<b>LIABILITIES</b>				
Accounts payable	174,536	409,228	583,764	482,228
Accrued wages	89,030		89,030	6,588
Accrued interest payable	2,500		2,500	
Performance deposits	11,050		11,050	
Intergovernmental	(24,702)	24,702		
Unearned revenue	650,694		650,694	
Non-current liabilities				
Due within one year:				
Compensated absences	51,267		51,267	562
Current portion of long-term debt	100,000		100,000	
Due in more than one year:				
Compensated absences	101,439		101,439	
Long-term debt	100,000		100,000	
Net pension liability	10,896,230		10,896,230	
Other post-employment benefit liability	1,291,265		1,291,265	
<b>Total liabilities</b>	<b>13,443,309</b>	<b>433,930</b>	<b>13,877,239</b>	<b>489,378</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease activities	1,120,493		1,120,493	
Pension activities	701,464		701,464	
<b>Total deferred inflows of resources</b>	<b>1,821,957</b>		<b>1,821,957</b>	
<b>NET POSITION</b>				
Invested in capital assets, net				
of related debt	12,276,689	3,446,049	15,722,738	3,875,891
Restricted	1,143,201		1,143,201	1,696,121
Unrestricted	(10,056,903)	4,125,557	(5,931,346)	9,551
<b>Total net position</b>	<b>\$ 3,362,987</b>	<b>\$ 7,571,606</b>	<b>\$ 10,934,593</b>	<b>\$ 5,581,563</b>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ (468,339)	\$ 765,261	\$ 279,015	\$ 575,937	\$	\$ 575,937	\$
Public safety	(3,250,375)	171,641	6,822	(3,071,912)		(3,071,912)	
Public works/roads	(2,042,021)			(2,042,021)		(2,042,021)	
Transportation	(17,992)	23,861		5,869		5,869	
Recreation	(119,873)		4,330	(115,543)		(115,543)	
Interest and fees on long-term debt	(13,953)			(13,953)		(13,953)	
<b>Total governmental activities</b>	<u>(5,912,553)</u>	<u>960,763</u>	<u>290,167</u>	<u>(4,661,623)</u>		<u>(4,661,623)</u>	
<b>BUSINESS-TYPE ACTIVITIES</b>							
Refuse	(346,177)	335,091			(11,086)	(11,086)	
Water/sewer system	(3,127,173)	3,829,305	668,965		1,371,097	1,371,097	
<b>Total business-type activities</b>	<u>(3,473,350)</u>	<u>4,164,396</u>	<u>668,965</u>		<u>1,360,011</u>	<u>1,360,011</u>	
<b>Total primary government</b>	<u>\$ (9,385,903)</u>	<u>\$ 5,125,159</u>	<u>\$ 959,132</u>	<u>(4,661,623)</u>	<u>1,360,011</u>	<u>(3,301,612)</u>	
<b>COMPONENT UNITS</b>							
Downtown Development Authority	\$ (643,762)	\$	\$ 1,339,577				695,815
Walled Lake City Library	(351,819)	13,856	5,947				(332,016)
<b>Total component units</b>	<u>\$ (995,581)</u>	<u>\$ 13,856</u>	<u>\$ 1,345,524</u>				<u>363,799</u>
<b>General revenues</b>							
Property taxes				3,995,809		3,995,809	1,213,905
State revenues sources				1,645,422		1,645,422	13,026
Interest income				19,152	3,643	22,795	1
Franchise fees				218,722		218,722	
Rental income - cell tower				45,328		45,328	
Other income				63,531	7,346	70,877	19,763
Gain (loss) on sale of assets				7,500	8,250	15,750	
<b>Total general revenues</b>				<u>5,995,464</u>	<u>19,239</u>	<u>6,014,703</u>	<u>1,246,695</u>
<b>Change before transfers</b>				<u>1,333,841</u>	<u>1,379,250</u>	<u>2,713,091</u>	<u>1,610,494</u>
<b>Other financing sources</b>							
Transfers in				81,951		81,951	
Transfers (out)					(81,951)	(81,951)	
<b>Total transfers</b>				<u>81,951</u>	<u>(81,951)</u>		
<b>Change in estimate</b>							349,500
<b>Changes in net position</b>				<u>1,415,792</u>	<u>1,297,299</u>	<u>2,713,091</u>	<u>1,959,994</u>
<b>Net position, July 1, 2021</b>				<u>1,947,195</u>	<u>6,274,307</u>	<u>8,221,502</u>	<u>3,621,569</u>
<b>Net position, June 30, 2022</b>				<u>\$ 3,362,987</u>	<u>\$ 7,571,606</u>	<u>\$ 10,934,593</u>	<u>\$ 5,581,563</u>

The notes of the financial statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**CITY OF WALLED LAKE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Major Road Fund</u>	<u>ARPA Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash, cash equivalents, and investments	\$ 1,852,539	\$ 616,172	\$ 655,115	\$ 557,087	\$ 3,680,913
Receivables					
Taxes	30,991				30,991
Other governments	154,609	82,575		31,222	268,406
Lease receivable	1,137,235				1,137,235
Accounts	39,606				39,606
Due from other funds	84,506				84,506
Inventory				44,434	44,434
Prepaid expenditures	105,743				105,743
	<u>105,743</u>				<u>105,743</u>
<b>Total assets</b>	<u>\$ 3,405,229</u>	<u>\$ 698,747</u>	<u>\$ 655,115</u>	<u>\$ 632,743</u>	<u>\$ 5,391,834</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 79,018	\$ 93,420	\$	\$ 435	\$ 172,873
Accrued payroll	84,609		4,421		89,030
Compensated absences	51,267				51,267
Unearned revenue			650,694		650,694
Performance deposits	11,050				11,050
Due to other funds	8,908			50,000	58,908
	<u>8,908</u>			<u>50,000</u>	<u>58,908</u>
<b>Total liabilities</b>	<u>234,852</u>	<u>93,420</u>	<u>655,115</u>	<u>50,435</u>	<u>1,033,822</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred Inflows - lease activities	1,120,493				1,120,493
Deferred Inflows - property tax	27,251				27,251
	<u>27,251</u>				<u>27,251</u>
<b>Total deferred inflows</b>	1,147,744				1,147,744
<b>FUND BALANCE</b>					
Nonspendable: Prepaid Items	105,743				105,743
Inventory				44,434	44,434
Restricted: Road Improvements		605,327		285,862	891,189
Transportation				171,011	171,011
Federal drug forfeiture				72,502	72,502
State drug forfeiture				8,499	8,499
Unassigned	1,916,890				1,916,890
	<u>1,916,890</u>				<u>1,916,890</u>
<b>Total fund balances</b>	<u>2,022,633</u>	<u>605,327</u>		<u>582,308</u>	<u>3,210,268</u>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<u>\$ 3,405,229</u>	<u>\$ 698,747</u>	<u>\$ 655,115</u>	<u>\$ 632,743</u>	<u>\$ 5,391,834</u>

The notes of the financial statements are an integral part of this statement.

**CITY OF WALLED LAKE**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO STATEMENT OF NET POSITION  
OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2022**

<b>Total fund balance per balance sheet</b>		\$ 3,210,268
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Non-depreciated assets	\$ 1,680,704	
Depreciable assets, net of depreciation	<u>10,795,985</u>	
<b>Capital assets net of depreciation</b>		12,476,689
Pension related activities are not a consumption of current resources and therefore are reported as deferred outflow (inflow) of resources in the Statement of Net Position		
Investments in excess of projection returns	(453,722)	
Differences in actuarial assumptions to actual	319,161	
Differences in actuarial experience to actual	(247,742)	
Contributions subsequent to measurement date	<u>522,516</u>	
<b>Total</b>		140,213
Pension liabilities, net of pension plan fiduciary net position, are not due and payable in the current period and are not reported in the fund financial statements		
Net pension liability		(10,896,230)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Long-term bonds and installment notes	(200,000)	
Compensated absences	(101,439)	
Other post-employment benefits	<u>(1,291,265)</u>	
<b>Total</b>		(1,592,704)
Revenues receivable that were not collected within 60 days of year-end are realized in the Statement of Activities		27,251
Accrued interest is not due and payable in the current period and is not reported in the funds		<u>(2,500)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 3,362,987</u></u>

The notes of the financial statements are an integral part of this statement.

**CITY OF WALLED LAKE**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO STATEMENT OF NET POSITION  
OF COMPONENT UNITS - DDA AND LIBRARY  
JUNE 30, 2022**

<b>DDA</b>	
<b>Fund balance per balance sheet for DDA component unit</b>	<b>\$ 1,349,063</b>
Amounts reported in the DDA component unit Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Depreciable assets, net of depreciation	3,705,590
Revenues receivable that were not collected within 60 days of year-end are realized in the Statement of Activities.	<u>7,182</u>
<b>Net position of DDA component unit</b>	<b><u><u>\$ 5,061,835</u></u></b>

<b>LIBRARY</b>	
<b>Fund balance per balance sheet for Library component unit</b>	<b>\$ 347,058</b>
Amounts reported in the Library component unit Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Depreciable assets, net of depreciation	170,301
Revenues receivable that were not collected within 60 days of year-end are realized in the Statement of Activities.	<u>2,369</u>
<b>Net position of Library component unit</b>	<b><u><u>\$ 519,728</u></u></b>

The notes of the financial statements are an integral part of this statement.

**CITY OF WALLED LAKE**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Major Road Fund</u>	<u>ARPA Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes	\$ 3,997,681	\$	\$	\$	\$ 3,997,681
State sources - general government	874,063				874,063
State sources - roads		531,037		240,322	771,359
Grant income	29,328		99,009		128,337
Licenses and permits	218,722				218,722
Recreation and culture	4,330				4,330
Building and zoning permits	178,037				178,037
Charges for services - interfund	534,572				534,572
Charges for services	74,164			2,349	76,513
Fines and forfeitures	14,859			156,782	171,641
Interest	19,146			6	19,152
Other	108,859				108,859
<b>Total revenues</b>	<u>6,053,761</u>	<u>531,037</u>	<u>99,009</u>	<u>399,459</u>	<u>7,083,266</u>
<b>EXPENDITURES</b>					
Current:					
General government	505,451		99,009		604,460
Public safety	3,257,969			56,268	3,314,237
Public works	1,441,791	172,843		124,339	1,738,973
Transportation services				17,992	17,992
Recreation and culture	115,081				115,081
Debt service:					
Principal				195,000	195,000
Interest/fees				17,312	17,312
Capital outlay:					
Public safety	226,869			74,465	301,334
Public works	250,892	240,382		253,724	744,998
<b>Total expenditures</b>	<u>5,798,053</u>	<u>413,225</u>	<u>99,009</u>	<u>739,100</u>	<u>7,049,387</u>
<b>Excess of revenues over (under) expenditures</b>	<u>255,708</u>	<u>117,812</u>	<u></u>	<u>(339,641)</u>	<u>33,879</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	7,500				7,500
Transfers in	9,618			461,062	470,680
Transfers (out)	(32,354)	(248,750)		(107,625)	(388,729)
<b>Total other financing sources (uses)</b>	<u>(15,236)</u>	<u>(248,750)</u>	<u></u>	<u>353,437</u>	<u>89,451</u>
<b>Net changes in fund balances</b>	240,472	(130,938)		13,796	123,330
<b>FUND BALANCE, JULY 1, 2021</b>	<u>1,782,161</u>	<u>736,265</u>		<u>568,512</u>	<u>3,086,938</u>
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 2,022,633</u>	<u>\$ 605,327</u>	<u>\$</u>	<u>\$ 582,308</u>	<u>\$ 3,210,268</u>

The notes of the financial statements are an integral part of this statement.

**CITY OF WALLED LAKE**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Net change in fund balances - governmental funds</b>		\$ 123,330
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:		
Capital outlay	\$ 1,046,332	
Donated assets	157,500	
Depreciation expense	(566,917)	
Proceeds from sale of assets	(7,500)	
Gain on sale of assets	<u>7,500</u>	
<b>Total</b>		636,915
Some pension contributions in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds		
Change in deferred outflows of resources		197,363
Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of long-term debt		195,000
Post-employment health care benefits are recorded in the governmental funds on a pay-as-you-go-basis. However, the government-wide statements records these liabilities as they are earned.		
Current annual required contribution less amounts paid		303,287
Compensated absences for the employees is recorded on the Statement of Net Position		
		(41,590)
Change in accrued interest payable for the year		
		3,359
Revenue received but not earned is recorded as revenue on the Statement of Activities.		
		<u>(1,872)</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 1,415,792</u></u>

The notes of the financial statements are an integral part of this statement.

**CITY OF WALLED LAKE**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
OF COMPONENT UNITS - DDA AND LIBRARY  
FOR THE YEAR ENDED JUNE 30, 2022**

**DDA**

<b>Net change in fund balances - DDA component unit</b>	\$	(23,494)
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Amounts reported for DDA component unit activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$	798,906	
Donated Assets		1,237,575	
Depreciation expense		<u>(100,395)</u>	
<b>Total</b>			1,936,086

Revenue received but not earned is recorded as revenue on the Statement of Activities.		<u>(4,299)</u>
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<b>Change in net position of DDA component unit</b>	<b>\$</b>	<b><u><u>1,908,293</u></u></b>
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**LIBRARY**

<b>Net change in fund balances - governmental funds</b>	\$	42,970
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Amounts reported for Library component unit activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$	41,651	
Depreciation expense		<u>(32,757)</u>	
<b>Total</b>			8,894

Revenue received but not earned is recorded as revenue on the Statement of Activities.		<u>(163)</u>
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<b>Change in net position of Library component unit</b>	<b>\$</b>	<b><u><u>51,701</u></u></b>
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The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2022

	Water and Sewer Fund	Nonmajor Fund Refuse	Total
<b>ASSETS</b>			
Current assets:			
Cash, cash equivalents, and investments	\$ 1,358,169	\$	\$ 1,358,169
Accounts receivable - other governments	115,577	83,920	199,497
Accounts receivable - other	1,654,190		1,654,190
Due from other funds	7,245		7,245
Prepaid expenses		27,921	27,921
Restricted assets:			
Cash, cash equivalents, and investments	1,319,710		1,319,710
Noncurrent assets:			
Utility system, net	3,446,049		3,446,049
<b>Total assets</b>	<u>\$ 7,900,940</u>	<u>\$ 111,841</u>	<u>\$ 8,012,781</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 395,616	\$ 13,612	\$ 409,228
Due to other funds		31,947	31,947
<b>Total liabilities</b>	<u>395,616</u>	<u>45,559</u>	<u>441,175</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	3,446,049		3,446,049
Unrestricted	4,059,275	66,282	4,125,557
<b>Total net position</b>	<u>7,505,324</u>	<u>66,282</u>	<u>7,571,606</u>
<b>Total liabilities and net position</b>	<u>\$ 7,900,940</u>	<u>\$ 111,841</u>	<u>\$ 8,012,781</u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Water and Sewer Fund</u>	<u>Nonmajor Fund Refuse</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
User charges	\$ 3,829,305	\$ 335,091	\$ 4,164,396
<b>OPERATING EXPENSES</b>			
Refuse		346,177	346,177
Sewer and water	2,827,482		2,827,482
Depreciation	299,691		299,691
<b>Total operating expenses</b>	<u>3,127,173</u>	<u>346,177</u>	<u>3,473,350</u>
<b>Operating (loss)</b>	<u>702,132</u>	<u>(11,086)</u>	<u>691,046</u>
<b>NON-OPERATING REVENUES</b>			
Interest income - operating	3,643		3,643
Other income	7,346		7,346
<b>Non-operating revenues</b>	<u>10,989</u>		<u>10,989</u>
<b>Excess of revenues over (under) expenses</b>	<u>713,121</u>	<u>(11,086)</u>	<u>702,035</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Tap in fees	668,965		668,965
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of asset	8,250		8,250
Transfers (out)	(72,333)	(9,618)	(81,951)
<b>Total other financing sources (uses)</b>	<u>(64,083)</u>	<u>(9,618)</u>	<u>(73,701)</u>
<b>Changes in net position</b>	1,318,003	(20,704)	1,297,299
<b>NET POSITION, JULY 1, 2021</b>	<u>6,187,321</u>	<u>86,986</u>	<u>6,274,307</u>
<b>NET POSITION, JUNE 30, 2022</b>	<u>\$ 7,505,324</u>	<u>\$ 66,282</u>	<u>\$ 7,571,606</u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Water and Sewer Fund	Nonmajor Fund Refuse	Total
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 3,498,178	\$ 334,423	\$ 3,832,601
Cash payments to suppliers	(2,802,135)	(336,640)	(3,138,775)
<b>Net cash from (used in) operating activities</b>	<u>696,043</u>	<u>(2,217)</u>	<u>693,826</u>
<b>CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Connection fees	668,965		668,965
Transfers (out)	(64,083)	(9,618)	(73,701)
Other income	7,346		7,346
<b>Net cash from (used in) capital and related financing activities</b>	<u>612,228</u>	<u>(9,618)</u>	<u>602,610</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on cash	3,644		3,644
<b>Net increase in cash and cash equivalents</b>	1,311,915	(11,835)	1,300,080
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL PERIOD</b>	<u>1,365,964</u>	<u>11,835</u>	<u>1,377,799</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FISCAL PERIOD</b>	<u>\$ 2,677,879</u>	<u>\$</u>	<u>\$ 2,677,879</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 702,132	\$ (11,086)	\$ 691,046
Adjustments to reconcile operating income (loss) to net cash (used in) operating activities:			
Depreciation	299,691		299,691
Change in assets and liabilities:			
(Increase) decrease in receivables, net	(331,127)	(668)	(331,795)
(Increase) decrease in prepaid		(548)	(548)
Increase (decrease) in accounts and other payables	32,592	13,138	45,730
Increase (decrease) in due to other funds	(7,245)	(3,053)	(10,298)
<b>Net cash from (used in) operating activities</b>	<u>\$ 696,043</u>	<u>\$ (2,217)</u>	<u>\$ 693,826</u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 398,271
Accounts receivable	<u>18</u>
<b>Total assets</b>	<u><u>\$ 398,289</u></u>
<b>LIABILITIES</b>	
Accrued expenses	\$ 395,730
Due to other funds	<u>2,559</u>
<b>Total liabilities</b>	<u><u>\$ 398,289</u></u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

BALANCE SHEET  
COMPONENT UNITS  
JUNE 30, 2022

	Downtown Development Authority	Library	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,746,511	\$ 347,807	\$ 2,094,318
Receivables:			
Taxes	7,182	2,369	9,551
Other governments	73,621	15,897	89,518
Due from other funds	<u>1,663</u>	<u>1,663</u>	<u>1,663</u>
<b>Total assets</b>	<u>\$ 1,827,314</u>	<u>\$ 367,736</u>	<u>\$ 2,195,050</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 471,069	\$ 11,159	\$ 482,228
Accrued payroll		6,588	6,588
Compensated absences		<u>562</u>	<u>562</u>
<b>Total liabilities</b>	<u>471,069</u>	<u>18,309</u>	<u>489,378</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unearned revenue	<u>7,182</u>	<u>2,369</u>	<u>9,551</u>
<b>Total liabilities and deferred inflow of resources</b>	<u>478,251</u>	<u>20,678</u>	<u>498,929</u>
<b>FUND BALANCE</b>			
Restricted - Library		347,058	347,058
Restricted - DDA	<u>1,349,063</u>		<u>1,349,063</u>
<b>Total fund balances</b>	<u>1,349,063</u>	<u>347,058</u>	<u>1,696,121</u>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<u>\$ 1,827,314</u>	<u>\$ 367,736</u>	<u>\$ 2,195,050</u>

The notes of the financial statements are an integral part of this statement.

CITY OF WALLED LAKE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 COMPONENT UNITS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Downtown Development Authority	Library	Total
<b>REVENUES</b>			
Taxes	\$ 843,641	\$ 374,726	\$ 1,218,367
Local community stabilization	4,188	1,712	5,900
State aids		7,126	7,126
Grants	102,002	4,811	106,813
Charges for services - other		3,023	3,023
Fines and forfeitures		10,833	10,833
Interest		1	1
Other	19,448	315	19,763
Donations		1,136	1,136
<b>Total revenues</b>	<u>969,279</u>	<u>403,683</u>	<u>1,372,962</u>
<b>EXPENDITURES</b>			
Current:			
Downtown development	543,367		543,367
Library		319,062	319,062
Capital outlay:			
Downtown development	798,906		798,906
Library		41,651	41,651
<b>Total expenditures</b>	<u>1,342,273</u>	<u>360,713</u>	<u>1,702,986</u>
<b>Net revenues over expenditures</b>	(372,994)	42,970	(330,024)
<b>Change in accounting estimate</b>	<u>349,500</u>		<u>349,500</u>
<b>Net change in fund balance</b>	(23,494)	42,970	19,476
<b>FUND BALANCE, JULY 1, 2021</b>	<u>1,372,557</u>	<u>304,088</u>	<u>1,676,645</u>
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 1,349,063</u>	<u>\$ 347,058</u>	<u>\$ 1,696,121</u>

The notes of the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of City of Walled Lake conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

**A. BASIC FINANCIAL STATEMENTS**

In accordance with current accounting standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the City as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net positions are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The City reports the following three major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Road Fund accounts for all of the activity associated with constructing and maintaining the City's major road projects.

The ARPA Fund accounts for receiving and spending the federal grants applicable to the American Rescue Plan Act.

The City reports the following major proprietary fund:

The Water and Sewer Fund accounts for all the activity associated with the collections of user fees and payments for water and sewage treatment by area utility providers.

Additionally, the City reports the following fiduciary funds:

The Agency Fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or funds. This fund primarily holds escrow deposits from developers and tax remittances due other governmental units.

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and enterprise funds reported on the proprietary fund financial statements to the extent that those standards do not conflict with the standards of Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others and, therefore, are not available to support City programs. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the City available to support City programs.

**C. BUDGETARY DATA**

The City approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

**D. PROPERTY TAXES**

The City property tax is levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the City for the 2021 levy was assessed at an adjusted taxable value of \$201,393,260 for the City and \$235,129,020 for the Library. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection. A portion of the City's millage is captured by the Downtown Development Authority.

The City levies the following millage:

General City operations	14.2408
Public Safety	3.7888
Library - component unit	1.5905
	<hr/>
	19.6201
	<hr/> <hr/>

**E. CAPITAL ASSETS**

Under GASB Standards, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental fund financial statements.

Capital assets are defined by the City of Walled Lake Capital Asset policy as assets with an initial, individual cost of more than \$5,000 to \$25,000, depending on the asset type, and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Capital assets are depreciated using the straight-line method over the useful life schedule adopted by the City Council:

Buildings, utility systems, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between activities (example - general government to recreation) are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

**F. MANAGEMENT ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. 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; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**H. EQUITY**

Governmental fund equity is classified as fund balance. Fund balance is further classified:

Nonspendable Fund Balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation

Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint

Assigned Fund Balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority

Unassigned Fund Balance - amounts that are available for any purpose; these amounts are reported only in the General Fund.

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

**I. INVENTORIES**

Inventories are valued at cost, which approximates market, using the first-in, and first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**J. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

Investments are stated at market value.

**K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Under GASB standards, the City will report two additional sections in the Statement of Net Position (Government Wide Statements) and in the Balance Sheet (Fund Statements) which are called *deferred outflows* (previously called *assets*) and *deferred inflows* (previously called *liabilities*) of resources.

These separate financial statement elements which meet the definition of deferred outflows and inflows are no longer considered assets or liabilities.

Deferred outflows of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met.

For the year ended June 30, 2022, the City records deferred outflows of resources relating to pension changes in actuarial assumptions. In addition, the City records deferred outflows of resources for pension contributions made subsequent to Net Pension Liability measurement date of December 31, 2021.

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as revenue until that time. The City records deferred inflows of resources relating to pension changes in experience and differences from expected investment returns compared to actual.

Deferred outflows (inflows) of resources as of June 30, 2022 are as follows:

<b><u>Deferred Outflows (Inflows) of Resources</u></b>	
Differences in experience	\$ (247,742)
Differences in actuarial assumptions	319,161
Differences in investment expectations versus actual	(453,722)
Contributions made subsequent to pension liability measurement date	<u>522,516</u>
<b>Total</b>	<u><u>\$ 140,213</u></u>

**L. DEFINED PENSION BENEFIT PLAN**

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, smoothed over 5 years.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**M. DEFINED BENEFIT OPEB PLAN**

The Governmental Accounting Standards Board approved GASB Standard 74 “Financial Reporting for Postemployment Benefit Plans Other than Pension Plans” and GASB Standard 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. The City implemented GASB 75 relating to the retiree health care reimbursement liability during the year ended June 30, 2022.

GASB 74, relating to the employer reporting of postemployment benefits, was made effective for fiscal years beginning after June 15, 2017.

**NOTE 2 - DESCRIPTION OF REPORTING ENTITY**

In accordance with Governmental Accounting Standards, all funds, agencies, and activities of City of Walled Lake as the primary government have been included in the financial statements.

**Reporting Entity**

The City is governed by an elected seven (7) member Council consisting of the mayor and six council members. The administrative service is placed under the direction of the City Manager who is selected based on executive and administrative qualifications. Executive authority, other than required by statute and for ceremonial purposes, is exercised by the City Manager as the Chief Administrative Officer.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Walled Lake, Michigan, and its component units. The individual component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relations with the City.

**Discretely Presented Component Units** - The following component units are reported within the component units column in the accompanying financial statements. They are reported in a separate column to emphasize that they are legally separate from the City. Neither component unit publishes a separate financial statement.

- **Downtown Development Authority** - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority’s governing body, which consists of 11 individuals, is nominated by the mayor and approved by the City Council.
- **Walled Lake City Library** - The Walled Lake City Library is governed by a five-member board appointed by the mayor and approved by the City Council. The Library is funded by two specially voted property tax levies.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 3 - INTERFUND BALANCES/TRANSFERS**

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables and interfund transfers are as follows:

<u>Due from Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
Drug Forfeiture Fund	General Fund	\$ 50,000
Refuse Fund	General Fund	31,947
General Fund	Library Fund	1,663
General Fund	Water and Sewer Fund	7,245
Current Tax Fund	General Fund	2,559
		<u>\$ 93,414</u>

The following transfers were made during the year:

<u>Transfer in to</u>	<u>Transfer out from</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Refuse Fund	\$ 9,618	Reimburse administrative fees
Debt Service Fund	General Fund	32,354	Building Authority bonds
Debt Service Fund	Local Streets Fund	107,625	Building Authority bonds
Debt Service Fund	Water and Sewer Fund	72,333	Building Authority bonds
Local Streets Fund	Major Road Fund	248,750	Fund local roads
		<u>\$ 470,680</u>	

**NOTE 4 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. 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 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) and is available to the public.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEFINED BENEFIT PENSION PLAN - continued**

**Benefits Provided**

<u>Division</u>	<u>Status</u>	<u>Benefit Multiplier</u>	<u>FAC</u>	<u>Vesting Period</u>	<u>Retirement Age</u>	<u>Early Retirement</u>
01 - Public Works	Open	Bridged 2.25% to 1.70% no maximum	5 years	10 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 55 with 20 years
02 - FT Police & Command	Closed	Bridged 2.50% to 1.90% 80% maximum	3 years	10 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 55 with 25 years
05 - Fire	Closed	Bridged 2.50% to 1.70% no maximum	3 years	10 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 55 with 25 years
10 - Clerical	Open	Bridged 2.25% to 1.70% no maximum	5 years	6 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 55 with 25 years
11 - Admin Unit	Closed	2.50% 80% maximum	3 years	6 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 55 with 25 years
12 - FT Admin after 7/1/2013	Open	1.50% no maximum	3 years	3 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 55 with 25 years
13 - Admin. Employees with bridged multiplier	Closed	Bridged: 2.50% multiplier (80% max.) -Frozen FAC; 1.50% multiplier (no max)	3 years	6 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 50 with 25 years
21 - Fire & Police after 6/30/2016	Open	1.50% no maximum	3 years	10 years	Age 60	<b><u>Reduced:</u></b> Age 50 with 25 years Age 55 with 15 years <b><u>Unreduced:</u></b> Age 55 with 25 years

The benefit multiplier represents the percentage of final average compensation for each year of service to be paid annually upon retirement, up to the maximum percentage listed.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 4 - DEFINED BENEFIT PENSION PLAN - continued**

**Employees covered by benefit terms**

At the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

<b>Division</b>	<b>Inactive employees or beneficiaries current receiving benefits</b>	<b>Inactive employees entitled to, but not yet receiving benefits</b>	<b>Active Employees</b>
01 - Public Works	4	1	4
02 - FT Police & Command (closed)	16	5	3
05 - Fire (closed)		1	2
10 - Clerical	4	2	
11 - Administrative Unit (closed)	9	3	1
12 - FT Administrative after 7/1/2013	1	3	4
13 - Admin. employees with bridged multiplier			3
21 - Fire & Police after 6/30/2016			4
<b>Total</b>	<b>34</b>	<b>15</b>	<b>21</b>

**Contributions**

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The actuarially determined phased-in contribution rates for the year ended June 30, 2022 were:

<b>Division</b>	<b>Employer Contribution Rate</b>	<b>Employee Contribution Rate</b>
01 - Public Works	46.76%	5.00%
02 - FT Police & Command (closed)	\$39,792 / month	8.00%
05 - Fire (closed)	\$1,931 / month	5.00%
10 - Clerical	\$358 / month	5.00%
11 - Administrative Unit (closed)	\$34,455 / month	5.25%
12 - FT Administrative after 7/1/2013	5.87%	3.00%
13 - Admin. employees with bridged multiplier	0.00%	5.25%
21 - Fire & Police after 6/30/2016	3.87%	5.00%

Total employer contributions for the year ended June 30, 2022 were \$1,012,993.

**Net Pension Liability**

The employer's Net Pension Liability was measured as of December 31, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 4 - DEFINED BENEFIT PENSION PLAN - continued**

**Actuarial assumptions**

The total pension liability as of the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.

Salary increases: 3.00%

Investment rate of return: 7.00%, net of investment expense, including inflation (this is a reduction of 0.4% from the prior year)

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

Mortality rates were updated for the December 31, 2021 actuarial computations and are based on the 2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014 to 2018.

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 weighing 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>Target Allocation Gross Rate of Return</u>	=	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.00%	x	7.00%	=	4.20%
Global Fixed Income	20.00%	x	4.50%	=	0.90%
Private Investments	20.00%	x	9.50%	=	1.90%
					<u>7.00%</u>

The sum of the target allocations is 7.00%, which matches the assumed rate of return used in the actuarial valuation.

**Discount Rate**

The discount rate used to measure the total pension liability is 7.25% throughout the 2021 year. 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 WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEFINED BENEFIT PENSION PLAN - continued**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
<b>Balance at 12/31/2020</b>	\$ 16,878,261	\$ 5,761,833	\$ 11,116,428
<b>Changes for the year</b>			
Service cost	168,939		168,939
Interest on total pension liability	1,250,643		1,250,643
Changes in benefits			
Difference between expected and actual experience	(495,485)		(495,485)
Changes in assumptions	638,321		638,321
Employer contributions		908,474	(908,474)
Employee contributions		75,219	(75,219)
Net investment income		808,192	(808,192)
Benefit payments, including employee refunds	(1,013,827)	(1,013,827)	
Administrative expense		(9,270)	9,270
Other changes	(1)		(1)
<b>Net changes</b>	<b>548,590</b>	<b>768,788</b>	<b>(220,198)</b>
<b>Balances as of 12/31/2021</b>	<b>\$ 17,426,851</b>	<b>\$ 6,530,621</b>	<b>\$ 10,896,230</b>

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase</b>
	<b>6.25%</b>		<b>8.25%</b>
Net Pension Liability at 12/31/2021	\$ 10,896,230	\$ 10,896,230	\$ 10,896,230
Change in Net Pension Liability (NPL) from change in discount rate	2,060,939		(1,724,123)
Calculated NPL	<b>\$ 12,957,169</b>	<b>\$ 10,896,230</b>	<b>\$ 9,172,107</b>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 4 - DEFINED BENEFIT PENSION PLAN - continued**

**Pension Expense and Deferred Outflow of Resources Related to Pension**

For the year ended June 30, 2022, the City recognized pension income of \$17,606 in the government-wide statements. Deferred outflow of resources related to pensions are from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Total</u>
Differences in experience	\$	\$ (247,742)	\$ (247,742)
Differences in actuarial assumptions	319,161		319,161
(Excess) Deficit of investment returns		(453,722)	(453,722)
<b>Total to be amortized as pension expense</b>	319,161	(701,464)	(382,303)
Contributions subsequent to the measurement date	<u>522,516</u>		<u>522,516</u>
<b>Total</b>	<u>\$ 841,677</u>	<u>\$ (701,464)</u>	<u>\$ 140,213</u>

The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ended June 30, 2022.

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

<u>Year Ended</u>	<u>Expense</u>
2023	\$ 3,565
2024	(183,003)
2025	(128,509)
2026	<u>(74,356)</u>
<b>Total</b>	<u>\$ (382,303)</u>

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT HEALTHCARE PLAN**

**Plan Description**

In March of 2017, the City closed its Public Act 149 City of Walled Lake Retiree Healthcare Fund (WLRHF) due to insolvency and now pays the retiree benefits out of the General Fund revenue. Benefits are provided to eligible retired public safety and general employees. The City reimburses premiums up to \$800 per month per retiree in deference to expired collective bargaining and individual employment agreements. The City purchases Medicare supplemental insurance coverage for retirees eligible for Medicare with the same overall maximum City contribution toward premiums of \$800 per month per retiree.

**Eligibility**

The defined benefit reimbursement option is closed to current and new employees. Eligible retirees must have a minimum of fifteen years of service, or six years of service if he or she was a member of the clerical unit prior to January 1, 2000. Generally, benefits would not commence until the employee is eligible to receive pension benefits from the City's MERS pension plan.

**Assumptions and Methods**

The City's liability was measured as of June 30, 2022.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The following actuarial assumptions were used in the measurement:

Inflation:	Not applicable
Salary increases:	Not applicable
Investment rate of return:	Not applicable; this plan is not pre-funded
20-year Aa Municipal bond rate:	4.09%
Mortality:	Public Safety and Public general 2010 Employee and Healthy Retiree, Headcount weighted.

As this plan is not pre-funded, no long-term expected rate of return on Plan investments was determined.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.09%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are 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", 2019), 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.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT HEALTHCARE PLAN - continued**

**Summary of Plan Participants**

The Retirement plan membership for the fiscal year ended June 30, 2022 consisted of the following:

Inactive plan members receiving benefits	13	
Terminated vested plan participants	2	
Total participants	15	

**Funding Policy**

The City has closed the Retiree Healthcare Fund and has adopted a true pay as you go funding policy. Eligible benefits are reimbursed to the retiree upon receipt of proof of payment. The plan’s funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation as a reference but not a definitive requirement. Currently benefit payments are made from general operating funds.

**Measurement of Net OPEB Liability**

The net OPEB Liability has been measured as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
	\$	\$	\$
<b>Balance at June 30, 2021</b>	1,594,552	\$	1,594,552
<b>Changes during the year</b>			
Service cost			
Interest	33,871		33,871
Change in experience	5,755		5,755
Change in actuarial assumptions	(261,245)		(261,245)
Change in plan benefits			
Contributions to OPEB trust			
Contributions/benefit paid from general operating funds		81,668	(81,668)
Net investment income			
Benefit payments, including refunds of employee contributions	(81,668)	(81,668)	
Administrative expenses			
Other changes			
<b>Net changes</b>	(303,287)	\$	(303,287)
<b>Balance at June 30, 2022</b>	\$ 1,291,265	\$	\$ 1,291,265

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT HEALTHCARE PLAN - continued**

**Net OPEB Liability (Asset) - Discount and Trend Rate Sensitivities**

The following presents the net OPEB liability (NPL) of the City, calculated using healthcare trend and discount rates 1% higher or lower than the base assumptions:

<b>Trend</b>	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 1,255,569	\$ 1,291,265	\$ 1,321,079
Plan Fiduciary Net Position			
Net OPEB Liability	<u>\$ 1,255,569</u>	<u>\$ 1,291,265</u>	<u>\$ 1,321,079</u>
<b>Discount</b>	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 1,417,770	\$ 1,291,265	\$ 1,183,245
Plan Fiduciary Net Position			
Net OPEB Liability	<u>\$ 1,417,770</u>	<u>\$ 1,291,265</u>	<u>\$ 1,183,245</u>

**OPEB Expense**

Components of the City's OPEB Expense under GASB 75 for the fiscal year ended June 30, 2022 are as follows:

	<b>Fiscal Year Ending June 30, 2022</b>
Service cost	\$
Interest on total OPEB liability	33,871
Experience (gains)/losses	5,755
Changes of assumptions	(261,245)
Change in plan terms	
Employee contributions	
Projected earnings on OPEB plan investments	
Investment earnings (gains)/losses	
Administrative expenses	
Other changes in fiduciary net position	
<b>Total OPEB expense</b>	<u>\$ (221,619)</u>

**Deferred Inflows and Outflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2022, the deferred inflows and outflows of resources were zero.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS - DEFINED CONTRIBUTION PLAN**

All active full-time employees of the City are participants of a defined contribution post-retirement health savings plan. This plan calls for the City to make monthly contributions of \$125 or \$250 per month for administrative staff and \$52 or \$104 for all other employees depending on whether the participant is enrolled in single or family healthcare coverage. All accounts are to be managed by the employee with funds immediately vested and accessible upon termination. The City performed a buy-out of the defined benefit plan into this defined contribution plan over the period the July 1, 2013 to June 30, 2017, which totaled \$354,457. This amount was for services prior to July 1, 2013 by funding prior service with a contribution of \$25 times the number of pay-periods employed since December 23, 1999 plus \$3,000 for each year of employment for the City Manager and Department Head positions and \$500 for each year of employment for all other full-time employees.

The City is currently making monthly payments according to terms and limitations of the Municipal Employees' Retirement System of Michigan (MERS) Healthcare Savings Program. Total payments for July 1, 2021 to June 30, 2022 equaled \$39,675.

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity in the governmental activities for the year ended June 30, 2022 was as follows:

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclasses</u>	<u>Balance 6/30/2022</u>
<b>Governmental Activities</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,572,172	\$	\$	\$	\$ 1,572,172
Construction in progress	210,491	108,532		(210,491)	108,532
<b>Subtotal</b>	<u>1,782,663</u>	<u>108,532</u>		<u>(210,491)</u>	<u>1,680,704</u>
<b>Capital assets being depreciated:</b>					
Roads and sidewalks	13,275,456	467,503		210,491	13,953,450
Building and improvements	1,428,799				1,428,799
Vehicles, furniture and equipment	3,800,637	627,797	(328,176)		4,100,258
<b>Subtotal</b>	<u>18,504,892</u>	<u>1,095,300</u>	<u>(328,176)</u>	<u>210,491</u>	<u>19,482,507</u>
<b>Less accumulated depreciation for:</b>					
Roads and sidewalks	(5,408,939)	(300,553)			(5,709,492)
Building and improvements	(605,377)	(26,259)			(631,636)
Vehicles, furniture and equipment	(2,433,465)	(240,105)	328,176		(2,345,394)
<b>Less accumulated depreciation</b>	<u>(8,447,781)</u>	<u>(566,917)</u>	<u>328,176</u>		<u>(8,686,522)</u>
<b>Net capital assets being depreciated</b>	<u>10,057,111</u>	<u>528,383</u>		<u>210,491</u>	<u>10,795,985</u>
<b>Net capital assets</b>	<u>\$11,839,774</u>	<u>\$ 636,915</u>	<u>\$</u>	<u>\$</u>	<u>12,476,689</u>
<b>Related long-term debt outstanding at June 30, 2022</b>					<u>(200,000)</u>
<b>Governmental capital assets, net of related long-term debt</b>					<u><u>\$12,276,689</u></u>

CITY OF WALLED LAKE

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 7 - CAPITAL ASSETS - continued**

Depreciation expense is allocated to the following activities:

General government	\$ 41,459
Public safety	145,351
Public works	375,315
Recreation and culture	<u>4,792</u>
	<u>\$ 566,917</u>

Capital asset activity in the business-type activities for the year ended June 30, 2022 was as follows:

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2022</u>
<b>Business-type activities:</b>				
<b>Capital assets being depreciated:</b>				
Water systems	\$ 3,686,766	\$	\$ (32,815)	\$ 3,653,951
Sewer systems	<u>12,425,302</u>			<u>12,425,302</u>
<b>Total capital assets being depreciated</b>	<u>16,112,068</u>		<u>(32,815)</u>	<u>16,079,253</u>
<b>Less accumulated depreciation for:</b>				
Water systems	(2,531,818)	(61,963)	32,815	(2,560,966)
Sewer systems	<u>(9,834,510)</u>	<u>(237,728)</u>		<u>(10,072,238)</u>
<b>Total accumulated depreciation</b>	<u>(12,366,328)</u>	<u>(299,691)</u>	<u>32,815</u>	<u>(12,633,204)</u>
<b>Net capital assets being depreciated</b>	<u>3,745,740</u>	<u>(299,691)</u>		<u>3,446,049</u>
<b>Business-type capital assets, net</b>	<u>\$ 3,745,740</u>	<u>\$(299,691)</u>	<u>\$</u>	<u>\$ 3,446,049</u>

All depreciation is charged to water and sewer activities. There is no related debt with these assets.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 7 - CAPITAL ASSETS - continued**

Capital asset activity in the component units for the year ended June 30, 2022 was as follows:

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance 6/30/2022</u>
<b>Component unit activities:</b>					
<b>Capital assets not being depreciated:</b>					
Construction in progress	\$ 1,226,616	\$	\$	\$ (1,226,616)	\$
<b>Capital assets being depreciated:</b>					
Street lighting and road improvements	925,602	2,036,481		1,226,616	4,188,699
Furniture and equipment	372,592				372,592
Books, periodicals and materials	262,119	41,651			303,770
<b>Subtotal</b>	<u>1,560,313</u>	<u>2,078,132</u>		<u>1,226,616</u>	<u>4,865,061</u>
<b>Less accumulated depreciation</b>	<u>(856,018)</u>	<u>(133,152)</u>			<u>(989,170)</u>
<b>Net capital assets being depreciated</b>	<u>704,295</u>	<u>1,944,980</u>		<u>1,226,616</u>	<u>3,875,891</u>
<b>Net capital assets</b>	<u>\$ 1,930,911</u>	<u>\$ 1,944,980</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,875,891</u>

No debt is associated with the component unit assets.

Depreciation expense is allocated to the following activities:

Downtown development	\$ 32,757
Library	<u>100,395</u>
	<u>\$ 133,152</u>

**NOTE 8 - CONTINGENT LIABILITIES**

The City is involved in some legal actions arising in the normal course of business. In the opinion of management, the current legal actions should not have a material effect on the financial position of the City.

**NOTE 9 - GASB 77 - TAX ABATEMENTS**

The City has a court ordered abatement involving the Walled Lake Villa Mid-Rise Building reducing their tax liability to a 'payment in lieu' of tax amount that is a percentage of collected rents. This judgment lasts until the mortgage held by the State of Michigan Housing Development Authority is paid in full. For the fiscal year ended June 30, 2022, the taxes abated under this program totalled \$19,688.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 10 - LONG-TERM DEBT**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

**General Obligations**

Description	Amount
2009 Capital Improvement LTGO bonds, issued in the amount of \$995,000, used to fund street improvements. The bonds bear interest from 4.5% to 5.0%, and mature through 2024	\$ 200,000
<b>Total of general obligations</b>	<b>\$ 200,000</b>

**Accrued Compensated Absences**

The City has recorded a liability for compensated absences. The policies regarding compensated absences are outlined in the City’s “Rules of Employment”. A liability for accrued compensated absences is recorded when incurred in the government-wide and proprietary fund financial statements; however, a liability is only accrued in the governmental funds as payments come due, for example, as a result of employee resignations and retirements.

The following is a summary of changes in long-term debt for the year:

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022	Due within one year
<b>Governmental Activities</b>					
General obligation bonds	\$ 395,000	\$	\$ 195,000	\$ 200,000	\$ 100,000
Accumulated compensated absences	88,647	125,930	61,871	152,706	51,267
<b>Total general obligations</b>	<b>\$ 483,647</b>	<b>\$ 125,930</b>	<b>\$ 256,871</b>	<b>\$ 352,706</b>	<b>\$ 151,267</b>

The Library had compensated absences of \$562, all of which were due within 60 days.

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2023	\$ 100,000	\$ 10,000	\$ 110,000
2024	100,000	5,000	105,000
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ 15,000</b>	<b>\$ 215,000</b>

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 11 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the City to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers acceptance of United States banks, commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The City's deposits are in accordance with statutory authority.

The City investment policy adopted in accordance with Public Act 196 of 1997 has authorization to place funds in all of the investments mentioned in the preceding paragraph.

At year-end deposits and investments consist of the following:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>	<u>Percent</u>
<b>Deposits</b>					
Checking accounts	\$ 3,820,750	\$ 398,271	\$ 2,083,626	\$ 6,302,647	84.8%
Money market and saving accounts	852,680		10,692	863,372	11.6%
Non-negotiable CD's	266,040			266,040	3.6%
<b>Total deposits</b>	<u>4,939,470</u>	<u>398,271</u>	<u>2,094,318</u>	<u>7,432,059</u>	<u>100.0%</u>
<b>Investments</b>					
Investment pool at county	1,319,710			1,319,710	84.7%
Money market funds	109,575			109,575	7.0%
External investment pool	129,379			129,379	8.3%
<b>Total investments</b>	<u>1,558,664</u>			<u>1,558,664</u>	<u>100.0%</u>
<b>Total deposits and investments</b>	<u>\$ 6,498,134</u>	<u>\$ 398,271</u>	<u>\$ 2,094,318</u>	<u>\$ 8,990,723</u>	

Cash, cash equivalents, and investments are presented in the financial statements in the following areas:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>	<u>Total</u>
<b>Statement of Net Position</b>				
Cash, cash equivalents, and investments	\$ 3,680,913	\$ 1,358,169	\$ 2,094,318	\$ 7,133,400
Cash, cash equivalents, and investments - restricted		1,319,710		1,319,710
<b>Fiduciary Funds</b>				
Cash	398,271			398,271
<b>Total cash, cash equivalents, and investments</b>	<u>\$ 4,079,184</u>	<u>\$ 2,677,879</u>	<u>\$ 2,094,318</u>	<u>\$ 8,851,381</u>

The carrying amount of cash and investments reported in the financial statements is \$8,851,381. The difference between the carrying amounts in the financial statements and the bank balances in the above schedule arise from cash on hand, outstanding checks, deposits in transit, and accrued interest.

The City's cash and investments are subject to several types of risk which are examined in more detail below.

**CITY OF WALLED LAKE**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 11 - DEPOSITS AND INVESTMENTS - continued**

**Custodial Credit Risk**

Custodial Credit Risk is the risk that in the event of a custodian failure the City will not be able to recover its money. State law does not require and the City does not have a deposit policy for custodial credit risk. The City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Deposits**

As of June 30, 2022, deposits in banks totaled \$7,432,059, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 991,157
Uninsured and uncollateralized	<u>6,440,902</u>
	<u><u>\$ 7,432,059</u></u>

**Investments**

As of June 30, 2022, investments totaled \$1,558,664, which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 1,319,710
Insured by SIPC	<u>109,575</u>
	<u><u>\$ 1,429,285</u></u>

The City's \$129,379 held in an external investment pool is managed in accordance with the "2A-7 likepool" risk. It is not subject to custodial credit risk.

**Credit Risk - Investments**

Credit Risk is the possibility that institution(s) in which an investment is being held could fail. The City's investment policy limits investment to those authorized by Public Act 20 of 1943. Commercial paper must be rated within the two (2) highest classifications established by not less than two (2) standard ratings services. The investments in external investment pools, investments in mutual funds, and investments issued or explicitly guaranteed by the U.S. government are not subject to concentration of credit risk. At year-end the City had no investments that were exposed to credit risk.

**Interest Rate Risk - Investments**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates during the time an investment has not matured. The City has \$129,379 in investment pools that meet the definition of a 2a7 - like pool. These investments are not subject to interest rate risk. At year-end, the average maturities of investments subject to interest rate risk are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Investment Maturities</u>	
		<u>(in years)</u>	
		<u>Less than 5</u>	<u>5-10 years</u>
Investment pool at county	\$ 1,319,710	\$	\$ 1,319,710
Money market funds	<u>109,575</u>	<u>109,575</u>	
<b>Total</b>	<u><u>\$ 1,429,285</u></u>	<u><u>\$ 109,575</u></u>	<u><u>\$ 1,319,710</u></u>

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEPOSITS AND INVESTMENTS - continued**

**Concentration of Credit Risk**

Concentration of credit risk is the risk attributed to placing a large portion of the City's portfolio with a single institution or issuer. The total portfolio includes all investments plus deposits and cash equivalents. The City's investment policy requires diversification with a primary focus on safety and ability to meet projected cash flow needs. The City does not have any investments that exceed 5% of total assets available for investment.

**NOTE 12 - COVID-19**

The COVID-19 pandemic continues to impact the economy. The City has taken steps to reduce the negative effect on its financial position by taking cost reduction measures and applying for various grants. The City continues to carefully monitor the situation.

**NOTE 13 - ASSETS HELD IN TRUST AT OAKLAND COUNTY**

The City has contracted with Oakland County to perform all retail operations for the local water and sewer system. As such, there are assets held in trust at Oakland County. These assets are legally restricted for use in operating and maintaining the water and sewer system.

At June 30, 2022, the following amounts held at Oakland County were included in the Proprietary Funds Statement of Net Position:

<u>Description</u>	<u>Amount</u>
Cash, cash equivalents, and investments	\$ 1,319,710
Accounts receivable - other	\$ 1,654,192
Accounts payable	\$ 395,616
Net assets	\$ 2,062,408

**NOTE 14 - CHANGE IN ESTIMATE**

In the prior year, the City estimated costs incurred in fiscal year 2021 related to the construction of Decker Road. The actual costs were lower than expected, resulting in a change in estimate of \$349,500.

CITY OF WALLED LAKE

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 15 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 18, 2022, the date the financial statements were available to be issued.

The City is assessing the impact of the pandemic (mentioned in Note 12) and the subsequent containment measures. Management has determined that the City does not have any other material recognizable or non-recognizable events.

**NOTE 16 - IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

Effective July 1, 2021, the City adopted the Governmental Accounting Standards Board (GASB) No. 87, Leases. The City elected the optional transition method that permits the option to use the effective date as the date of initial application on transition. This Standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This Standard requires a lessee to recognize a lease liability and right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The City does not recognize leases with an initial term of 12 months or less ("short term leases") on the statement of net position.

The City implemented the statement for the year ended June 30, 2022. The City is the lessor in a lease agreement with AT&T related to a cell tower. The lease terms can be, and are expected to be extended through March 31, 2052. Upon adoption, the City recorded a lease receivable and deferred inflow of resources for \$1,158,157, based on present value of the lease payments over the lease term. The deferred inflow of resources is amortized on a straight line basis over the remaining life of the lease. The City determined it had no significant lease liabilities requiring recognition under the standard.

The City's leases generally do not provide a readily available implicit rate. Therefore, the City estimates the incremental borrowing discount rate based on the remaining lease term upon adoption date and information available at lease commencement for new or modified leases after the adoption date. The discount rates used were based on collateralized basis for similar terms and economic environments.

The following table presents the balance of certain information related to the operating leases as of and for the year ended June 30, 2022:

Cash	\$	39,777
Lease receivable		1,137,235
Deferred inflows leases		(1,120,493)
Rental income		(38,138)
Interest income - leases		(18,381)

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WALLED LAKE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,806,050	\$ 3,806,050	\$ 3,997,681	\$ 191,631
Fines and forfeitures	11,000	11,000	14,859	3,859
State sources	707,200	707,200	874,063	166,863
Licenses and permits	215,200	215,200	218,722	3,522
Other proceeds	94,500	103,724	107,429	3,705
Building and zoning permits	115,000	115,000	178,037	63,037
Recreation and culture	2,000	2,000	4,330	2,330
Grant income	32,000	32,000	29,328	(2,672)
Charges for services	63,000	63,000	73,161	44,429
Other local government	5,000	5,000	2,433	(2,567)
Interest	2,000	2,000	19,146	17,146
Interfund charge for service	543,168	543,168	534,572	(8,596)
<b>Total revenues</b>	<b>5,596,118</b>	<b>5,605,342</b>	<b>6,053,761</b>	<b>482,687</b>
<b>EXPENDITURES</b>				
Legislative	5,750	5,750	3,058	2,692
City administration	490,557	527,313	502,393	24,920
Public services	1,787,434	1,743,867	1,556,872	186,995
Public safety	3,211,240	3,272,051	3,257,969	14,082
Capital outlay		464,984	477,761	(12,777)
<b>Total expenditures</b>	<b>5,494,981</b>	<b>6,013,965</b>	<b>5,798,053</b>	<b>215,912</b>
<b>Excess of revenue over (under) expenditures</b>	<b>101,137</b>	<b>(408,623)</b>	<b>255,708</b>	<b>664,331</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets			7,500	7,500
Transfer in	9,618	9,618	9,618	
Transfer (out)	(32,354)	(32,354)	(32,354)	
<b>Total other financing sources (uses)</b>	<b>(22,736)</b>	<b>(22,736)</b>	<b>(15,236)</b>	<b>7,500</b>
<b>Net change in fund balance</b>	<b>78,401</b>	<b>(431,359)</b>	<b>240,472</b>	<b>671,831</b>
<b>FUND BALANCE, JULY 1, 2021</b>	<b>1,782,161</b>	<b>1,782,161</b>	<b>1,782,161</b>	
<b>FUND BALANCE, JUNE 30, 2022</b>	<b>\$ 1,860,562</b>	<b>\$ 1,350,802</b>	<b>\$ 2,022,633</b>	<b>\$ 671,831</b>

**CITY OF WALLED LAKE**

**MAJOR ROAD FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
State sources - roads	\$ 497,500	\$ 497,500	\$ 531,036	\$ 33,536
<b>EXPENDITURES</b>				
Public works	182,200	442,200	413,224	28,976
<b>Excess of revenue over (under) expenditures</b>	315,300	55,300	117,812	62,512
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out)	(248,750)	(248,750)	(248,750)	
<b>Net change in fund balance</b>	66,550	(193,450)	(130,938)	62,512
<b>FUND BALANCE, JULY 1, 2021</b>	736,265	736,265	736,265	
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 802,815</u>	<u>\$ 542,815</u>	<u>\$ 605,327</u>	<u>\$ 62,512</u>

**CITY OF WALLED LAKE**

**ARPA FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgets</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grant income	\$	\$	\$ 99,009	\$ 99,009
<b>EXPENDITURES</b>				
General government			99,009	(99,009)
<b>Net change in fund balance</b>				
<b>FUND BALANCE, JULY 1, 2021</b>				
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF WALLED LAKE**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DEFINED BENEFIT PENSION PLAN  
FOR THE YEAR ENDED JUNE 30, 2022**

**Schedule of Employer Contributions**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

	For the Plan Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial determined contributions	\$ 908,475	\$ 813,809	\$ 733,780	\$ 883,776	\$ 839,587	\$ 512,898	\$ 385,001	\$ 352,649
Contributions in relation to the actuarial determined contribution	908,475	813,809	733,780	883,776	859,587	512,898	385,001	352,649
Contribution (deficiency) excess	\$	\$	\$	\$	\$ 20,000	\$	\$	\$
Covered employee payroll	\$1,568,939	\$1,542,928	\$1,579,697	\$1,408,639	\$1,577,339	\$1,420,690	\$1,336,356	\$1,197,308
Contributions as a percentage of covered payroll	57.90%	52.74%	46.45%	62.74%	54.50%	36.10%	28.81%	29.45%

**Notes to the Schedule of Employer Contributions**

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	Unfunded accrued liability - 23 years
	Gain/(loss) on investments - 22 years
Asset valuation method	5 years smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%
Retirement age	Normal - Age 60
	Early - Varies by division. See Note 4 in Notes To Financial Statements

**Previous Actuarial Methods and Assumptions**

A five year smoothed asset valuation method was used for the time period of 2005 through 2014.

A 8.00% assumed investment rate of return, 3.50% rate of inflation, 4.50% assumed salary increases, and 7.75% investment rate of return were used through 2014.

CITY OF WALLED LAKE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
DEFINED BENEFIT PENSION PLAN  
FOR THE YEAR ENDED JUNE 30, 2022

	For the Plan Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 168,939	\$ 150,609	\$ 176,704	\$ 160,746	\$ 183,020	\$ 152,357	\$ 132,765	\$ 110,126
Interest	1,250,643	1,229,678	1,134,676	1,163,046	1,105,519	1,063,470	994,968	976,519
Changes in benefit terms								
Differences between expected and actual experience	(495,485)	(434,926)	204,807	(47,194)	323,729	170,459	289,393	
Changes of assumptions	638,321	306,141	615,209				680,796	
Benefit payments, including refunds of employee contributions	(1,013,827)	(955,802)	(900,257)	(885,168)	(878,910)	(873,128)	(875,996)	(872,684)
Other	(1)	(1)	59,717	1				(2)
<b>Net change in total pension liability</b>	548,590	295,699	1,290,856	391,431	733,358	513,158	1,221,926	213,959
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	16,878,261	16,582,562	15,291,706	14,900,275	14,166,917	13,653,759	12,431,833	12,217,874
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>\$ 17,426,851</u>	<u>\$ 16,878,261</u>	<u>\$ 16,582,562</u>	<u>\$ 15,291,706</u>	<u>\$ 14,900,275</u>	<u>\$ 14,166,917</u>	<u>\$ 13,653,759</u>	<u>\$ 12,431,833</u>
<b>PLAN FIDUCIARY NET POSITION</b>								
Contributions - employer	\$ 908,475	\$ 813,810	\$ 733,780	\$ 883,776	\$ 859,587	\$ 512,898	\$ 456,209	\$ 352,648
Contributions - employee	75,218	92,920	82,543	80,988	82,905	71,494	72,984	61,855
Net investment income	808,192	660,698	621,074	(192,425)	538,984	436,176	(62,071)	282,705
Benefit payments, including refunds of employee contributions	(1,013,827)	(955,802)	(900,257)	(885,168)	(878,910)	(873,128)	(875,996)	(872,684)
Administrative expenses	(9,270)	(10,336)	(10,688)	(9,338)	(9,270)	(8,887)	(9,370)	(10,270)
Other				(250)				
<b>Net change in plan fiduciary net position</b>	768,788	601,290	526,452	(122,417)	593,296	138,553	(418,244)	(185,746)
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	5,761,833	5,160,543	4,634,091	4,756,508	4,163,212	4,024,659	4,442,903	4,628,649
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>\$ 6,530,621</u>	<u>\$ 5,761,833</u>	<u>\$ 5,160,543</u>	<u>\$ 4,634,091</u>	<u>\$ 4,756,508</u>	<u>\$ 4,163,212</u>	<u>\$ 4,024,659</u>	<u>\$ 4,442,903</u>
<b>NET PENSION LIABILITY (TOTAL PENSION LIABILITY - PLAN FIDUCIARY NET POSITION)</b>	<u>\$ 10,896,230</u>	<u>\$ 11,116,428</u>	<u>\$ 11,422,019</u>	<u>\$ 10,657,615</u>	<u>\$ 10,143,767</u>	<u>\$ 10,003,705</u>	<u>\$ 9,629,100</u>	<u>\$ 7,988,930</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>37.47%</u>	<u>34.14%</u>	<u>31.12%</u>	<u>30.30%</u>	<u>31.92%</u>	<u>29.39%</u>	<u>29.48%</u>	<u>35.74%</u>
Covered employee payroll	<u>\$ 1,568,939</u>	<u>\$ 1,542,928</u>	<u>\$ 1,579,697</u>	<u>\$ 1,577,339</u>	<u>\$ 1,420,690</u>	<u>\$ 1,336,356</u>	<u>\$ 1,197,308</u>	<u>\$ 1,197,308</u>
Net pension liability as a percentage of covered employee payroll	<u>694.50%</u>	<u>720.48%</u>	<u>723.05%</u>	<u>675.67%</u>	<u>714.00%</u>	<u>748.58%</u>	<u>804.23%</u>	<u>667.24%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

**CITY OF WALLED LAKE**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DEFINED BENEFIT OPEB PLAN  
JUNE 30, 2022**

	<u>For the Fiscal Year Ended June 30, 2022</u>	<u>For the Fiscal Year Ended June 30, 2021</u>	<u>For the Fiscal Year Ended June 30, 2020</u>	<u>For the Fiscal Year Ended June 30, 2019</u>	<u>For the Fiscal Year Ended June 30, 2018</u>
<b>Actuarially determined employer contribution</b>					
Service cost with interest to June 30	\$ 34,761	\$ 44,588	\$ 49,479	\$ 66,539	\$
Amortization of unfunded liability with interest to June 30	1,629,313	1,676,238	1,649,315	1,719,354	162,988
Actuarially determined employer contribution	1,664,074	1,720,826	1,698,794	1,785,893	162,988
Employer contribution	81,668	78,568	74,648	75,715	201,739
Contribution deficiency/(excess)	<u>\$ 1,582,406</u>	<u>\$ 1,642,258</u>	<u>\$ 1,624,146</u>	<u>\$ 1,710,178</u>	<u>\$ (38,751)</u>
Covered employee payroll	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Employer contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

**Notes to the Schedule of Employer Contributions**

**Valuation Date:** June 30, 2022

**Measurement Date:** June 30, 2022

**Actuarial Methods:**

Cost method: Entry Age Normal (level percentage of compensation)  
 Amortization method: Level dollar  
 Asset valuation method: Market value of assets

**Actuarial Assumptions:**

**Discount rate** - 4.09% for June 30, 2020 liability and 2021 contribution

Rationale - Based on 20-year Aa Municipal bond rate

**Salary scale** - N/A

Rationale - Consistent with Uniform Assumptions under Public Act 202

**Return on plan assets** - N/A; plan is not pre-funded

**Mortality rates:**

Public Safety - Public Safety 2010 Employee and Healthy Retiree, headcount weighted, 2018 improvement.

Spouses and General employees - Public General 2010 Employee and Healthy Retiree, headcount weighted, 2018 improvement.

Rationale - Most current mortality rates available for municipalities.

**Turnover rates** - N/A

Rationale - All participants are terminated or retired

**Retirement rates** - Age 62

Rationale - Consistent with experience

**Marital assumption** - actual spouse data used

Rationale - Consistent with experience

CITY OF WALLED LAKE

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DEFINED BENEFIT OPEB PLAN  
JUNE 30, 2022

**Notes to the Schedule of Employer Contributions - continued**

**Coverage election** - 80% of terminated vested employees reported

Rationale - Consistent with experience

**Per capita claims costs** - actual retiree premium amounts, see sample rates below

Rationale - Actual 2020 monthly premiums

<b>Coverage</b>	<b>Single</b>	<b>Dual</b>
Medical, Pre-65	\$751.90	\$1,816.56
Medical, Post-65	495.00	990.00
Dental	35.31	66.55
Vision	7.79	14.79

**Trend rates:**

Pre-65 medical: 7.5% in 2021 graded down 0.25% per year to an ultimate rate of 4.5%;

Post-65 medical: 5.75% in 2021 graded down 0.25% per year to an ultimate rate of 4.5%;

Dental and vision: 4.0% per annum

Rationale - Based on market expectations for increases in the cost of care and consistent with Uniform Assumptions under Public Act 202

**Implicit subsidy** - N/A

Rationale - Separate coverage for retired participants

**40% excise tax on "high cost" group health coverage** - In the aggregate, monthly premiums are not projected to exceed the 2022 thresholds; The thresholds were indexed by CPI plus 1% in 2023 and CPI only beginning in 2024; The CPI is assumed to be 3% in 2023 and following.

**Data Collection Date and form of data** - All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete (without audit) by Watkins Ross, the plan's actuarial administrator.

**CITY OF WALLED LAKE**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
DEFINED BENEFIT OPEB PLAN  
JUNE 30, 2022**

	<b>For the Plan Year Ended June 30, 2022</b>	<b>For the Plan Year Ended June 30, 2021</b>	<b>For the Plan Year Ended June 30, 2020</b>	<b>For the Plan Year Ended June 30, 2019</b>	<b>For the Plan Year Ended June 30, 2018</b>
<b>TOTAL OPEB LIABILITY</b>					
Service cost	\$	\$	\$	\$	\$
Interest	33,871	43,543	48,359	65,074	114,193
Changes in plan terms					(453,886)
Differences between expected and actual experience	5,755	(84,020)	(675)	298,567	(86,017)
Changes of assumptions	(261,245)	37,359	53,887	(357,965)	(704,797)
Benefit payments, including refunds of employee contributions	(81,668)	(78,568)	(74,648)	(75,715)	(201,739)
<b>Net change in total OPEB liability</b>	<b>(303,287)</b>	<b>(81,686)</b>	<b>26,923</b>	<b>(70,039)</b>	<b>(1,332,246)</b>
<b>TOTAL OPEB LIABILITY - BEGINNING</b>	<b>1,594,552</b>	<b>1,676,238</b>	<b>1,649,315</b>	<b>1,719,354</b>	<b>3,051,600</b>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 1,291,265</b>	<b>\$ 1,594,552</b>	<b>\$ 1,676,238</b>	<b>\$ 1,649,315</b>	<b>\$ 1,719,354</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions to OPEB trust	\$	\$	\$	\$	\$
Contributions/benefit payments made from general operating funds	81,668	78,568	74,648	75,715	193,071
Net investment income					
Benefit payments, including refunds of employee contributions	(81,668)	(78,568)	(74,648)	(75,715)	(201,739)
Administrative expenses					
Other					
<b>Net change in fiduciary net position</b>					<b>(8,668)</b>
<b>PLAN FIDUCIARY NET POSITION, BEGINNING</b>					<b>8,668</b>
<b>PLAN FIDUCIARY NET POSITION, ENDING</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NET OPEB LIABILITY (ASSET) (TOTAL OPEB LIABILITY - PLAN FIDUCIARY NET POSITION)</b>	<b>\$ 1,291,265</b>	<b>\$ 1,594,552</b>	<b>\$ 1,676,238</b>	<b>\$ 1,649,315</b>	<b>\$ 1,719,354</b>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$	\$	\$	\$	\$
Net OPEB liability (asset) as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

**SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

CITY OF WALLED LAKE

COMBINING BALANCE SHEET  
ALL NONMAJOR FUNDS  
JUNE 30, 2022

	SPECIAL REVENUE FUNDS			Total
	Local Streets Fund	Drug Forfeiture Fund	Transportation Fund	
<b>ASSETS</b>				
Cash and investments	\$ 254,640	\$ 131,436	\$ 171,011	\$ 557,087
Accounts receivable :				
Other governments	31,222			31,222
Inventory	44,434			44,434
<b>Total assets</b>	<u>\$ 330,296</u>	<u>\$ 131,436</u>	<u>\$ 171,011</u>	<u>\$ 632,743</u>
<b>LIABILITIES</b>				
Accounts payable	\$	\$ 435	\$	\$ 435
Due to other funds		50,000		50,000
<b>Total liabilities</b>		<u>50,435</u>		<u>50,435</u>
<b>FUND BALANCE</b>				
Non-spendable	44,434			44,434
Restricted				
Road improvement	285,862			285,862
Transportation			171,011	171,011
Federal drug forfeiture		72,502		72,502
State drug forfeiture		8,499		8,499
<b>Total fund balance</b>	<u>330,296</u>	<u>81,001</u>	<u>171,011</u>	<u>582,308</u>
<b>Total liabilities and fund balance</b>	<u>\$ 330,296</u>	<u>\$ 131,436</u>	<u>\$ 171,011</u>	<u>\$ 632,743</u>

**CITY OF WALLED LAKE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL NONMAJOR FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>SPECIAL REVENUE FUNDS</b>				<b>Total</b>
	<b>Local Streets Fund</b>	<b>Drug Forfeiture Fund</b>	<b>Transportation Fund</b>	<b>Debt Service Fund</b>	
<b>REVENUES</b>					
State sources - roads	\$ 240,322	\$	\$	\$	\$ 240,322
Charges for services			2,349		2,349
Fines and forfeits		156,782			156,782
Interest		6			6
<b>Total revenues</b>	<u>240,322</u>	<u>156,788</u>	<u>2,349</u>		<u>399,459</u>
<b>EXPENDITURES</b>					
Public safety		56,268			56,268
Public works	124,339				124,339
Transportation services			17,992		17,992
Debt service					
Principal				195,000	195,000
Interest and fees				17,312	17,312
Capital outlay					
Public safety		74,465			74,465
Public works	253,724				253,724
<b>Total expenditures</b>	<u>378,063</u>	<u>130,733</u>	<u>17,992</u>	<u>212,312</u>	<u>739,100</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(137,741)</u>	<u>26,055</u>	<u>(15,643)</u>	<u>(212,312)</u>	<u>(339,641)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	248,750			212,312	461,062
Transfers (out)	(107,625)				(107,625)
<b>Total other financing sources (uses)</b>	<u>141,125</u>			<u>212,312</u>	<u>353,437</u>
<b>Net changes in fund balances</b>	3,384	26,055	(15,643)		13,796
<b>FUND BALANCE, JULY 1, 2021</b>	<u>326,912</u>	<u>54,946</u>	<u>186,654</u>		<u>568,512</u>
<b>FUND BALANCE, JUNE 30, 2022</b>	<u>\$ 330,296</u>	<u>\$ 81,001</u>	<u>\$ 171,011</u>	<u>\$</u>	<u>\$ 582,308</u>

CITY OF WALLED LAKE

COMBINING BALANCE SHEET  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Payroll Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 307,905	\$ 2,541	\$ 87,825	\$ 398,271
Accounts receivable		18		18
<b>Total assets</b>	<u>\$ 307,905</u>	<u>\$ 2,559</u>	<u>\$ 87,825</u>	<u>\$ 398,289</u>
<b>LIABILITIES</b>				
Accounts payable/performance deposits	\$ 307,905	\$	\$ 87,825	\$ 395,730
Due to other funds		2,559		2,559
<b>Total liabilities</b>	<u>\$ 307,905</u>	<u>\$ 2,559</u>	<u>\$ 87,825</u>	<u>\$ 398,289</u>