



# City of Whitehall, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024



Vredeveld Haefner LLC  
CPAs and Consultants

# CITY OF WHITEHALL

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### INDEPENDENT AUDITORS' REPORT

November 4, 2024

Honorable Mayor and Members of the City Council  
City of Whitehall, Michigan

#### Opinions

We have audited the accompanying 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 Whitehall, Michigan, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, and the budgetary comparison information and benefit plan schedules on pages 47 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements 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.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the operating statistics but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Uredexold Haefner LLC*

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

## Management's Discussion and Analysis

As management of the City of Whitehall, we offer readers of the City of Whitehall's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- Cost of living increase was implemented for all employees.
- Street improvements completed for Lakeview, Lewis, Hall, Elizabeth, Peach, Wilshire, and Mears totaling \$3.4 million.
- Phase III continues in Tannery Bay.
- Phase IV continues in the downtown.
- A due care reimbursement of \$650,000 was made to Eastbrook Homes.
- City investments significantly improved creating over \$337,000 in interest revenue.
- Water rates were increased by 5% and sewer rates by 10% in January 2024.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Whitehall that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works including major and local street construction and maintenance, health and sanitation, community and economic development, culture and recreation, and debt service activities. The business-type activities of the City include sewer system, water supply and distribution, marina and the playhouse.

The government-wide financial statements include the City of Whitehall (the *primary government*) as well as the legally separate Tax Increment Finance Authority (TIFA), a legally separate Local Development Finance Authority (LDFA), and a legally separate Brownfield Redevelopment Authority (BRA) for which the City is financially accountable. Financial information for these component units is reported separately from the financial information for the primary government.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Whitehall, like other

state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, major streets, and street improvement funds which are considered to be major funds.

Data is combined into a single aggregated presentation for the other governmental funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements and schedules*.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules for the major funds have been provided herein to demonstrate compliance with those budgets.

**Proprietary funds.** The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, marina, and playhouse operations. An *Internal service fund* is used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service fund, the Motor Pool, to charge the costs of equipment used to the individual funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water, and playhouse operations, each of which is considered to be a major fund of the City. The City's internal service fund is presented in the proprietary fund financial statements in the Internal Service column.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This includes this management discussion and analysis, budget and actual comparisons for the major funds, and the pension and OPEB schedules.



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Whitehall, assets exceeded liabilities by \$28,643,413 at the close of the most recent fiscal year.

A portion of the City's net position reflects unrestricted net position which is available for future operations while a significant portion of net position is invested in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$3,807,232	\$4,400,500	\$3,598,119	\$3,833,462	\$7,405,351	\$8,233,962
Capital assets	10,073,216	8,033,359	13,502,173	13,147,560	23,575,389	21,180,919
<b>Total assets</b>	<b>13,880,448</b>	<b>12,433,859</b>	<b>17,100,292</b>	<b>16,981,022</b>	<b>30,980,740</b>	<b>29,414,881</b>
Deferred outflows	519,055	748,768	201,856	291,188	720,911	1,039,956
Current liabilities	375,125	756,588	376,950	621,376	752,075	1,377,964
Long-term liabilities	1,694,794	2,292,235	529,282	823,564	2,224,076	3,115,799
<b>Total liabilities</b>	<b>2,069,919</b>	<b>3,048,823</b>	<b>906,232</b>	<b>1,444,940</b>	<b>2,976,151</b>	<b>4,493,763</b>
Deferred inflows	59,588	11,926	22,499	3,964	82,087	15,890
Net position						
Net investment in						
capital assets	9,958,458	7,850,140	13,059,173	12,525,560	23,017,631	20,375,700
Restricted	895,213	1,198,389	-	-	895,213	1,198,389
Unrestricted	1,416,325	1,073,349	3,314,244	3,297,746	4,730,569	4,371,095
<b>Total net position</b>	<b>\$12,269,996</b>	<b>\$10,121,878</b>	<b>\$16,373,417</b>	<b>\$15,823,306</b>	<b>\$28,643,413</b>	<b>\$25,945,184</b>

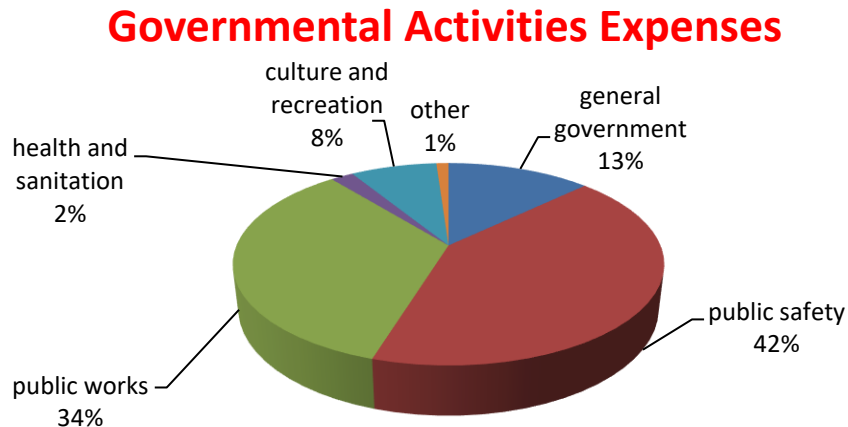
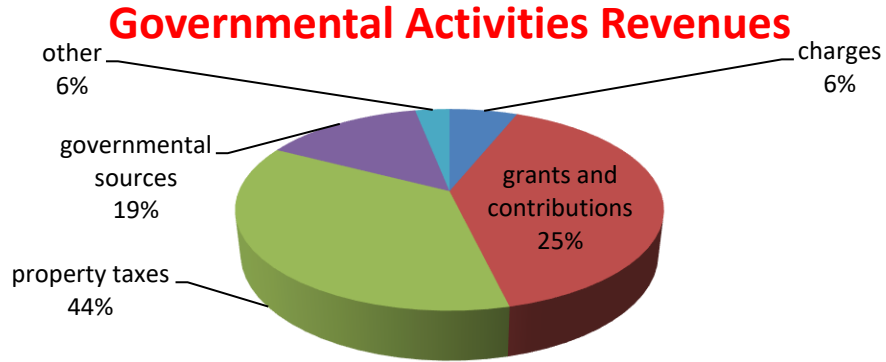
Net position of the City increased by \$2,698,229. The business-type activities increased its net position by \$550,111, which was primarily the result of capital contributions received for water and sewer projects and playhouse construction. The governmental activities increased its net position by \$2,148,118.

### Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>Revenue</b>						
Program revenue						
Charges for services	\$333,431	\$241,899	\$2,860,719	\$2,841,956	\$3,194,150	\$3,083,855
Operating grants and contributions	851,067	619,605	153,825	171,140	1,004,892	790,745
Capital grants and contributions	1,330,781	532,063	157,644	295,632	1,488,425	827,695
General revenue						
Property taxes	1,975,924	1,779,213	-	-	1,975,924	1,779,213
Other governmental sources	779,495	768,401	-	-	779,495	768,401
Other	168,323	260,481	92,365	37,520	260,688	298,001
<b>Total revenue</b>	<b>5,439,021</b>	<b>4,201,662</b>	<b>3,264,553</b>	<b>3,346,248</b>	<b>8,703,574</b>	<b>7,547,910</b>
<b>Expenses</b>						
General government	462,131	479,490	-	-	462,131	479,490
Public safety	1,500,005	1,465,307	-	-	1,500,005	1,465,307
Public works	1,230,354	985,545	-	-	1,230,354	985,545
Health and sanitation	73,057	59,645	-	-	73,057	59,645
Community and economic development	31,731	29,274	-	-	31,731	29,274
Culture and recreation	277,107	190,373	-	-	277,107	190,373
Interest	7,184	10,586	-	-	7,184	10,586
Sewer	-	-	1,183,078	1,237,178	1,183,078	1,237,178
Water	-	-	639,365	897,957	639,365	897,957
Marina	-	-	192,558	211,782	192,558	211,782
Playhouse	-	-	408,775	412,863	408,775	412,863
<b>Total expenses</b>	<b>3,581,569</b>	<b>3,220,220</b>	<b>2,423,776</b>	<b>2,759,780</b>	<b>6,005,345</b>	<b>5,980,000</b>
<b>Transfers</b>	<b>290,666</b>	<b>(80,837)</b>	<b>(290,666)</b>	<b>80,837</b>	<b>-</b>	<b>-</b>
Increase in net position	2,148,118	900,605	550,111	667,305	2,698,229	1,567,910
<b>Net position-beginning of year</b>	<b>10,121,878</b>	<b>9,221,273</b>	<b>15,823,306</b>	<b>15,156,001</b>	<b>25,945,184</b>	<b>24,377,274</b>
<b>Net position-end of year</b>	<b>\$12,269,996</b>	<b>\$10,121,878</b>	<b>\$16,373,417</b>	<b>\$15,823,306</b>	<b>\$28,643,413</b>	<b>\$25,945,184</b>

**Governmental Activities.** During the year the City invested \$1,500,005 or 42% of governmental activities expenses in public safety. Public works was \$1,230,354 or 34% of governmental activities expenses while general government, health and sanitation, culture and recreation, and community and economic development and interest on long-term debt made up the remaining 24% of governmental activities expenses.

**Business-type Activities.** Business-type activities increased the City's net position by \$550,111 for the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$667,305.



## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,571,984 a decrease of \$369,138 in comparison with the prior year. Of the \$2,571,984, \$1,229,539 is reported in the general fund. The remaining amount of fund balance is reported in various funds as assigned or restricted for certain uses such as street construction and maintenance, cemetery operations, building inspections, and various capital projects.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$970,566. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 30% of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$245,403 during the current fiscal year.

The fund balance of the major streets fund decreased \$318,947 primarily due to street projects.

The fund balance of the street improvements fund decreased \$83,664 primarily due to improvements paid by the fund this year.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the sewer and water funds at the end of the year amounted to \$2,013,549 and \$937,339, respectively. The sewer fund had an increase in net position for the year of \$385,894 while the water fund had an increase of \$182,746. The playhouse fund ended the year with unrestricted net position of \$185,703. Overall, the fund net position decreased \$12,599, which consisted mainly of operating costs. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of June 30, 2024, amounted to \$23,575,389 (net of accumulated depreciation).

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

<b>Capital Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 1,119,728	\$ 453,097	\$ 1,572,825
Construction in Progress	1,252,508	461,201	1,713,709
Buildings, Equipment and Infrastructure	7,700,980	12,587,875	20,288,855
<b>Total</b>	<b>\$10,073,216</b>	<b>\$13,502,173</b>	<b>\$23,575,389</b>

Additional information on the City of Whitehall capital assets can be found in Note 5 of these financial statements.

**Debt.** At the end of the current fiscal year, the City had total bonds and notes payable outstanding of \$557,758. Long-term liabilities, including accrued employee benefits and the net pension and OPEB liabilities, are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Accrued employee benefits	\$ 307,694	\$ 70,473	\$ 378,177
Net pension liability	948,743	135,799	1,084,542
Net OPEB obligation	332,553	-	332,553
Bonds, leases and notes payable	114,758	443,000	557,758
<b>Total</b>	<b>\$1,703,748</b>	<b>\$649,282</b>	<b>\$2,353,030</b>

Additional information on the City's long-term debt can be found in Note 7 of these financial statements.

## Budgetary Highlights

- The fund balance for General Fund increased by \$245,403 due to changes in projects and increased marijuana tax revenue.
- Funnell Field basketball courts were paved for \$52,650, as well as 1,499 feet of sidewalk improvements city wide for \$83,481. Improvements were made to Veteran monuments for \$19,050.

- Cemetery Fund revenues were greater than budgeted due to investment income. Cemetery roads were improved for \$144,255.
- Major Street revenues increased by \$26,606 largely due to investment income. Budgeted transfers to Capital Projects were made to close out two street projects.
- Local streets year end fund balance improved by \$73,564.
- Salvage Vehicle Inspections activity increased and budgeted revenues were doubled.
- TIFA approved Goodrich Park lighting improvements for \$95,045, fishing dock construction for \$123,405, site preparation for industrial facility for \$300,000, improvements continued in the Downtown area with \$539,371 expensed at year end.
- Playhouse Fund expenditures were less than budgeted by \$26,844, but reductions in revenue resulted in a net operating loss of (\$236,594). A bond payment of \$179,000 was made, which reduced the outstanding balance to \$443,000.
- Sewer Fund capital increased by \$180,036 due to new services and close out of projects.
- Water Fund capital increased by \$891,537 due to new services and close out of projects.
- Marina Fund revenues increased by \$51,525 largely due to slip revenue and investment income.
- Motor Pool Fund closed out the year with no major expenditures and resulted in an even cash flow.

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

The following factors were considered in preparing the City's budget for the 2024-2025 fiscal year:

### **GOALS**

The Council recently adopted a list of prioritized goals to be used by staff as a guide in developing the annual budget. The top goal is to increase the holiday decorations in the downtown and to expand these decorations further along Colby and Mears. \$30,000 has been included in the Tax Increment Finance Authority budget for expanded holiday decorations. Going outside the downtown will be a challenge due to limited lighting capabilities. Street improvements are ranked as the second highest and the only other high priority goal.

Other goals in this budget include Slocum Switchback maintenance, Tannery Bay public access, Funnell Field dog waste stations, sidewalk and crosswalk maintenance, and Goodrich Park grills.

### **CAPITAL**

The Planning Commission adopts an annual six-year capital improvement plan for expenditures exceeding \$10,000. The proposed FY 24/25 Budget includes \$1.7M in capital expenditures for police in-car and body cameras; a new sign and roof at the cemetery; grant dependent improvements to Gee Park, Goodrich Park, and Funnell Field; additional holiday decorations; annual tree plantings; completion of Warner Street; utility meters; and driveway/parking lot improvements at the Department of Public Works. Not included are renovations to the City Hall Garden Room bathrooms; a police administrative vehicle; the Lake Street sewer lift station; the Benston Road sewer force main; and a sewer main camera. These priced out at \$1.6M.

### **INFRASTRUCTURE**

The Council remains united on an aggressive campaign to repair the streets. Over the last 22 years, the City has completed 16 major infrastructure projects at a cost of \$13.8M leading to a third of our streets being rebuilt. Staff is recommending the following priority for street improvements – Lake Street from Country Club to White Lake; Benston Road from Division to the city limits; Livingston from Alice to Colby; Livingston from Lewis to Market; and Muskegon from Mears to Warner. Adjusting for inflation, these street repairs along with utility improvements carry an estimated \$5.9M price tag. We are also getting dangerously close to the end of the useful life of the Lake Street sewer lift station and

force main. The current engineering estimate is \$2.3M. Another \$520,000 is needed to replace the water main on Spring Street from Mears to Franklin.

### **STAFFING**

The City has used the Detroit Consumer Price Index for annual cost of living wage increases for the non-union staff. The 2022 CPI was 6.2%, with most similar sized communities adopting an average increase of 4.3%. Whitehall approved half the CPI for a 3.1% increase. The 2023 CPI is 4.5% and is the recommended increase included in this Budget. Union employees will receive a 2.5% increase.

The post-2020 Presidential election world has placed a lot more federal and state regulatory burden and work load on municipal clerks, not to mention the constant barrage of Freedom of Information requests and social media pot stirring. The Michigan Association of Municipal Clerks has recognized this as a threat to the dedication, professionalism, accountability, turnover, trust, management, and confidence in the profession. The Association recommends that municipalities conduct a wage assessment and provide additional support, resources, and benefits. The City Council has provided budgetary increases to meet the unfunded federal and state mandates. This budget recommends a pay grade increase for the City Clerk from a level 6 to a level 8. The City Clerk would move into the same pay grade as the Finance Officer, Police Chief, and Public Works Director.

The Police Department will consume 45% of the General Fund expenditures. This number ranges between 30% and 35% with other communities. The average police budget for the ten communities closest to our population is \$809,000. We have the highest budget and nearly double the average at \$1.5M. The average full-time staff is six. Whitehall has eight – including the benefits of employing a detective and school resource officer. Only 51% of school districts nationwide have school resource officers and detectives in communities our size are rare. To reduce this financial burden, we will be asking the Whitehall District Schools to increase their reimbursement for the school resource officer from \$20,000 to \$30,000. This splits the cost of the time that the officer spends in the schools. We will also look to reduce the staff size through attrition beginning with Chief Squiers planned retirement in 2025. We will of course have a chief, but lose one position with a potential first year savings of \$115,000. The City will continue to fund an additional \$100,000 towards our unfunded pension liability.

### **MARIJUANA TAX**

The City will receive \$118,000 from the state-wide marijuana tax. This is simply a pro-rated share based upon the number of licensed establishments in the City. Starting with this budget, staff is recommending a split between the Police Department for capital needs and the Playhouse for operational expenses.

### **LDFA and TIFA**

The Local Development Finance Authority and Tax Increment Finance Authority will be conservative in this year's budget as they work towards adopting new development and finance plans. Both Authorities are due to expire in 2025. The Boards will be asked to consider a shorter, 15 year term. If allowed to expire, the City would lose \$547,000 in revenues the first year.

### **EXTERNAL FUNDING**

The City provides funding to a number of external agencies and organizations for indirect governmental activities. These agencies and organizations include the Arts Council of White Lake Summer Concert Series (\$600), White Lake Association Annual Membership (\$35), Walk the Beat (\$3,000), White Lake Area Chamber of Commerce History Cruise (\$300), White Lake Area Chamber

of Commerce Marketing (\$18,800), White Lake Area Community Education Senior Memberships (\$12,200), White Lake Fireworks (\$5,000), and White Lake Senior Center (\$3,200).

### **SENIOR MILLAGE**

Five years ago, the County Board of Commissioners approved allocating up to 25% of the annual senior millage to local municipalities to coordinate and provide services, programs, and activities for seniors. The City Council took the position of allocating our local funds to Community Ed and the Senior Center leaving the services, programs, and activities to the existing organizations with expertise in senior services. As of last October, over 320 resident seniors received free membership to the Viking Athletic center. The proposed budget continues with the allocation to Community Ed and the Senior Center with the footnote that Councilmember Cabala has been authorized by the City Council to survey the needs of our seniors and provide possible alternative services, programs, or activities with associated cost estimates.

### **UTILITY RATES**

The Budget recommends a 2.5% increase in sewer rates, the lowest increase in the last eleven years. The County Resource Recovery Center will be increasing their transmission and treatment rates by 4.3%. With a significant cash reserve, we can absorb this rate differential and continue to fund \$3.1M in capital improvements over the next six years. The Water Fund will need a 5% rate increase. This is half the increase from the previous two years. The State unfunded mandate to eliminate lead services puts us in the \$1.1M range to complete an estimated 400 services.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Whitehall, 405 East Colby St., Whitehall, Michigan, 49461.

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF WHITEHALL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 3,489,214	\$ 2,871,602	\$ 6,360,816	\$ 1,535,232
Accounts receivable	41,929	638,145	680,074	14,771
Prepaid items	90,273	18,741	109,014	10,000
Due from other governments	167,696	15,414	183,110	-
Inventory	18,120	44,195	62,315	-
Access rights, net	-	10,022	10,022	-
Capital assets				
Land	1,119,728	453,097	1,572,825	648,753
Construction in progress	1,252,508	461,201	1,713,709	-
Depreciable capital assets, net	7,700,980	12,587,875	20,288,855	-
<b>Total assets</b>	<u>13,880,448</u>	<u>17,100,292</u>	<u>30,980,740</u>	<u>2,208,756</u>
<b>Deferred outflows of resources</b>				
Deferred outflow for pension plan	519,055	201,856	720,911	-
<b>Liabilities</b>				
Accounts payable	311,255	151,048	462,303	419,663
Accrued liabilities	50,916	17,363	68,279	2,647
Customer deposits	-	3,350	3,350	-
Unearned revenue	4,000	85,189	89,189	30,000
Due within one year	8,954	120,000	128,954	-
Noncurrent liabilities				
Accrued compensated absences	307,694	70,483	378,177	-
Net other post-employment benefits obligation	332,553	-	332,553	-
Net pension liability	948,743	135,799	1,084,542	-
Due in more than one year	105,804	323,000	428,804	-
<b>Total liabilities</b>	<u>2,069,919</u>	<u>906,232</u>	<u>2,976,151</u>	<u>452,310</u>
<b>Deferred inflows of resources</b>				
Deferred inflow for pension plan	59,588	22,499	82,087	-
<b>Net position</b>				
Net investment in capital assets	9,958,458	13,059,173	23,017,631	648,753
Restricted for				
Streets	158,846	-	158,846	-
Garbage and refuse	101,456	-	101,456	-
Capital projects	198,762	-	198,762	-
Permanent trust				
Cemetery - nonexpendable portion	373,095	-	373,095	-
Cemetery - expendable	63,054	-	63,054	-
Unrestricted	1,416,325	3,314,244	4,730,569	1,107,693
<b>Total net position</b>	<u>\$ 12,269,996</u>	<u>\$ 16,373,417</u>	<u>\$ 28,643,413</u>	<u>\$ 1,756,446</u>

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

**CITY OF WHITEHALL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 462,131	\$ 98,494	\$ 248,811	\$ -	\$ (114,826)
Public safety	1,500,005	221,938	12,630	-	(1,265,437)
Public works	1,230,354	12,999	589,626	1,330,781	703,052
Health and sanitation	73,057	-	-	-	(73,057)
Community and economic development	31,731	-	-	-	(31,731)
Culture and recreation	277,107	-	-	-	(277,107)
Interest on long-term debt	7,184	-	-	-	(7,184)
<b>Total governmental activities</b>	<b>3,581,569</b>	<b>333,431</b>	<b>851,067</b>	<b>1,330,781</b>	<b>(1,066,290)</b>
Business-type activities					
Sewer	1,183,078	1,623,048	-	2,000	441,970
Water	639,365	939,160	-	32,544	332,339
Marina	192,558	181,897	21	-	(10,640)
Playhouse	408,775	116,614	153,804	123,100	(15,257)
<b>Total business-type activities</b>	<b>2,423,776</b>	<b>2,860,719</b>	<b>153,825</b>	<b>157,644</b>	<b>748,412</b>
<b>Total primary government</b>	<b>\$ 6,005,345</b>	<b>\$ 3,194,150</b>	<b>\$ 1,004,892</b>	<b>\$ 1,488,425</b>	<b>\$ (317,878)</b>
<b>Component units</b>					
Tax Increment Finance Authority	1,991,769	-	1,071,948	-	(919,821)
Local Development Finance Authority	234,614	-	282,054	-	47,440
Brownfield Redevelopment Authority	688,404	-	-	-	(688,404)
<b>Total component units</b>	<b>\$ 2,914,787</b>	<b>\$ -</b>	<b>\$ 1,354,002</b>	<b>\$ -</b>	<b>\$ (1,560,785)</b>

(Continued)

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

**CITY OF WHITEHALL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Changes in net assets</b>				
<b>Net (expense) revenue</b>	\$ (1,066,290)	\$ 748,412	\$ (317,878)	\$ (1,560,785)
General revenues				
Property taxes	1,975,924	-	1,975,924	1,071,281
State shared revenues	391,695	-	391,695	-
Other unrestricted grants	387,800	-	387,800	-
Unrestricted investment earnings	125,686	92,365	218,051	86,443
Other general revenues	42,637	-	42,637	8,917
Transfers - internal activities	290,666	(290,666)	-	-
<b>Total general revenues and transfers</b>	<b>3,214,408</b>	<b>(198,301)</b>	<b>3,016,107</b>	<b>1,166,641</b>
Change in net position	2,148,118	550,111	2,698,229	(394,144)
<b>Net position, beginning of year</b>	<b>10,121,878</b>	<b>15,823,306</b>	<b>25,945,184</b>	<b>2,150,590</b>
<b>Net position, end of year</b>	<b>\$ 12,269,996</b>	<b>\$ 16,373,417</b>	<b>\$ 28,643,413</b>	<b>\$ 1,756,446</b>

(Concluded)

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

**CITY OF WHITEHALL**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2024**

	<u>General</u>	<u>Major Streets</u>	<u>Street Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 1,108,410	\$ 364,523	\$ 463,118	\$ 715,242	\$ 2,651,293
Accounts receivable	14,732	1,485	-	11,285	27,502
Prepaid items	90,273	-	-	-	90,273
Due from other governments	79,552	63,944	-	21,798	165,294
<b>Total assets</b>	<u>\$ 1,292,967</u>	<u>\$ 429,952</u>	<u>\$ 463,118</u>	<u>\$ 748,325</u>	<u>\$ 2,934,362</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 29,104	\$ 3,113	\$ 264,356	\$ 12,255	\$ 308,828
Accrued liabilities	30,324	9,030	-	10,196	49,550
Unearned revenue	4,000	-	-	-	4,000
<b>Total liabilities</b>	<u>63,428</u>	<u>12,143</u>	<u>264,356</u>	<u>22,451</u>	<u>362,378</u>
<b>Fund balances</b>					
Non-spendable					
Prepaid items	90,273	-	-	-	90,273
Permanent fund corpus	-	-	-	373,095	373,095
Restricted					
Streets	-	417,809	-	158,846	576,655
Public safety	-	-	-	27,366	27,366
Permanent fund spendable portion	-	-	-	63,054	63,054
Assigned					
Building inspections	-	-	-	103,513	103,513
Capital projects	-	-	198,762	-	198,762
Subsequent year expenditures	168,700	-	-	-	168,700
Unassigned	970,566	-	-	-	970,566
<b>Total fund balances</b>	<u>1,229,539</u>	<u>417,809</u>	<u>198,762</u>	<u>725,874</u>	<u>2,571,984</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,292,967</u>	<u>\$ 429,952</u>	<u>\$ 463,118</u>	<u>\$ 748,325</u>	<u>\$ 2,934,362</u>

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

# CITY OF WHITEHALL

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

JUNE 30, 2024

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<b>Fund balances - total governmental funds</b>	<b>\$ 2,571,984</b>
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Amounts reported for *governmental activities* in the statement of net position are different because

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

Add - land	1,119,728
Add - construction in progress	1,252,508
Add - capital assets (net of accumulated depreciation)	7,119,058

Internal service funds are used by management to charge the costs of centralized services, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net position of governmental activities accounted for in the internal service funds	1,355,836
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Certain items are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(307,694)
Deduct - other post-employment benefits	(332,553)
Add - deferred outflows related to pensions	519,055
Deduct - net pension liability	(948,743)
Deduct - long-term debt payable	(18,615)
Deduct - deferred inflows related to pensions	(59,588)
Deduct - accrued interest on notes payable	(980)

<b>Net position of governmental activities</b>	<b><u>\$ 12,269,996</u></b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF WHITEHALL**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General</u>	<u>Major Streets</u>	<u>Street Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 1,975,924	\$ -	\$ -	\$ -	\$ 1,975,924
Intergovernmental revenues					
Federal	247,611	-	-	-	247,611
State	395,743	405,150	-	156,513	957,406
Local	411,738	262	-	-	412,000
Licenses and permits	53,127	-	-	12,400	65,527
Charges for services	41,441	-	-	216,438	257,879
Fines	12,320	-	-	-	12,320
Investment earnings	81,040	22,792	1,434	30,833	136,099
Miscellaneous	22,542	-	-	151	22,693
<b>Total revenues</b>	<u>3,241,486</u>	<u>428,204</u>	<u>1,434</u>	<u>416,335</u>	<u>4,087,459</u>
<b>Expenditures</b>					
Current					
General government	501,053	-	-	-	501,053
Public safety	1,309,385	-	-	254,846	1,564,231
Public works	446,604	236,351	1,426,992	206,364	2,316,311
Health and sanitation	69,374	-	-	-	69,374
Community and economic development	31,731	-	-	-	31,731
Culture and recreation	238,675	-	-	-	238,675
Other	17,763	-	-	-	17,763
Debt service					
Principal	35,502	-	-	-	35,502
Interest	1,662	-	-	-	1,662
<b>Total expenditures</b>	<u>2,651,749</u>	<u>236,351</u>	<u>1,426,992</u>	<u>461,210</u>	<u>4,776,302</u>
Revenues over (under) expenditures	<u>589,737</u>	<u>191,853</u>	<u>(1,425,558)</u>	<u>(44,875)</u>	<u>(688,843)</u>
Other financing sources (uses)					
Issuance of debt	29,039	-	-	-	29,039
Transfers in	227,855	-	1,360,243	-	1,588,098
Transfers out	(601,228)	(510,800)	(18,349)	(167,055)	(1,297,432)
Total other financing sources (uses)	<u>(344,334)</u>	<u>(510,800)</u>	<u>1,341,894</u>	<u>(167,055)</u>	<u>319,705</u>
Net changes in fund balances	245,403	(318,947)	(83,664)	(211,930)	(369,138)
<b>Fund balances, beginning of year</b>	<u>984,136</u>	<u>736,756</u>	<u>282,426</u>	<u>937,804</u>	<u>2,941,122</u>
<b>Fund balances, end of year</b>	<u>\$ 1,229,539</u>	<u>\$ 417,809</u>	<u>\$ 198,762</u>	<u>\$ 725,874</u>	<u>\$ 2,571,984</u>

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

# CITY OF WHITEHALL

## **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2024**

**Net changes in fund balances - total governmental funds** \$ (369,138)

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

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

Add - capital outlay	2,835,340
Deduct - depreciation expense	(657,821)
Deduct - net book value of disposed capital assets	(62)

Bond or note issues provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	35,502
Deduct - issuance of debt	(29,039)

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

Deduct - increase in compensated absences	(6,622)
Add - decrease in accrued interest	28
Add - decrease in net pension liability	463,121
Add - increase in deferred outflows related to pensions	(229,713)
Deduct - increase in deferred inflows related to pensions	(47,662)
Add - decrease in net OPEB liability	108,530

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

Add - increase in net position from the internal service funds	45,654
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**Change in net position of governmental activities** **\$ 2,148,118**

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



**CITY OF WHITEHALL**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Sewer	Water	Playhouse	(Nonmajor Enterprise Fund) Marina		Internal Service Fund
<b>Assets</b>						
Current assets						
Cash and pooled investments	\$ 1,750,924	\$ 683,574	\$ 246,435	\$ 190,669	\$ 2,871,602	\$ 837,921
Accounts receivable	397,434	238,456	1,868	387	638,145	14,427
Prepaid items	3,066	6,066	9,609	-	18,741	-
Due from other governments	-	5,002	-	10,412	15,414	2,402
Inventory	-	26,107	-	18,088	44,195	18,120
<b>Total current assets</b>	<b>2,151,424</b>	<b>959,205</b>	<b>257,912</b>	<b>219,556</b>	<b>3,588,097</b>	<b>872,870</b>
Non-current assets						
Capital assets						
Land	-	4,223	103,454	345,420	453,097	-
Construction in progress	9,932	451,269	-	-	461,201	-
Plant and systems	5,328,685	9,828,146	-	-	15,156,831	-
Buildings and improvements	-	341,148	3,893,657	474,835	4,709,640	410,121
Land improvements	-	-	-	996,294	996,294	-
Equipment	-	-	58,589	-	58,589	1,772,992
Less accumulated depreciation	(2,401,501)	(4,277,535)	(548,297)	(1,106,146)	(8,333,479)	(1,601,191)
Total capital assets, net	2,937,116	6,347,251	3,507,403	710,403	13,502,173	581,922
Access rights, net	10,022	-	-	-	10,022	-
<b>Total non-current assets</b>	<b>2,947,138</b>	<b>6,347,251</b>	<b>3,507,403</b>	<b>710,403</b>	<b>13,512,195</b>	<b>581,922</b>
<b>Total assets</b>	<b>5,098,562</b>	<b>7,306,456</b>	<b>3,765,315</b>	<b>929,959</b>	<b>17,100,292</b>	<b>1,454,792</b>
<b>Deferred outflows of resources</b>						
Deferred outflow for pension plan	73,894	121,690	6,272	-	201,856	-
<b>Liabilities</b>						
Current liabilities						
Accounts payable	138,785	6,648	3,603	2,012	151,048	2,427
Accrued liabilities	4,033	4,089	7,722	1,519	17,363	386
Unearned revenue	-	-	46,817	38,372	85,189	-
Customer deposits	-	3,350	-	-	3,350	-
Current portion of long-term debt	-	-	120,000	-	120,000	-
<b>Total current liabilities</b>	<b>142,818</b>	<b>14,087</b>	<b>178,142</b>	<b>41,903</b>	<b>376,950</b>	<b>2,813</b>
Long-term liabilities						
Accrued compensated absences	23,652	37,167	9,664	-	70,483	-
Net pension liability	47,085	78,738	9,976	-	135,799	-
Long-term debt payable, net of current portion	-	-	323,000	-	323,000	96,143
<b>Total long-term liabilities</b>	<b>70,737</b>	<b>115,905</b>	<b>342,640</b>	<b>-</b>	<b>529,282</b>	<b>96,143</b>
<b>Total liabilities</b>	<b>213,555</b>	<b>129,992</b>	<b>520,782</b>	<b>41,903</b>	<b>906,232</b>	<b>98,956</b>
<b>Deferred inflows of resources</b>						
Deferred inflow for pension plan	8,236	13,564	699	-	22,499	-
<b>Net position</b>						
Net investment in capital assets	2,937,116	6,347,251	3,064,403	710,403	13,059,173	485,779
Unrestricted	2,013,549	937,339	185,703	177,653	3,314,244	870,057
<b>Total net position</b>	<b>\$ 4,950,665</b>	<b>\$ 7,284,590</b>	<b>\$ 3,250,106</b>	<b>\$ 888,056</b>	<b>\$ 16,373,417</b>	<b>\$ 1,355,836</b>

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

**CITY OF WHITEHALL**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Sewer	Water	Playhouse	(Nonmajor Enterprise Fund) Marina		Internal Service Fund
<b>Operating revenue</b>						
Charges for services	\$ 1,625,048	\$ 943,641	\$ 116,457	\$ 181,897	\$ 2,867,043	\$ 314,237
Program sponsorships	-	-	39,875	-	39,875	-
<b>Total operating revenue</b>	<u>1,625,048</u>	<u>943,641</u>	<u>156,332</u>	<u>181,897</u>	<u>2,906,918</u>	<u>314,237</u>
<b>Operating expense</b>						
Operating costs and expenses	1,078,940	409,575	310,268	144,620	1,943,403	147,648
Depreciation	102,470	229,790	82,658	47,938	462,856	137,600
Amortization	1,668	-	-	-	1,668	-
<b>Total operating expense</b>	<u>1,183,078</u>	<u>639,365</u>	<u>392,926</u>	<u>192,558</u>	<u>2,407,927</u>	<u>285,248</u>
Operating income (loss)	<u>441,970</u>	<u>304,276</u>	<u>(236,594)</u>	<u>(10,661)</u>	<u>498,991</u>	<u>28,989</u>
Non-operating revenue (expense)						
Grant revenue	-	-	44,575	-	44,575	-
Other revenue	-	-	69,511	21	69,532	-
Investment earnings	51,209	33,788	2,658	4,710	92,365	22,215
Interest expense	-	-	(15,849)	-	(15,849)	(5,550)
Total non-operating revenue (expense)	<u>51,209</u>	<u>33,788</u>	<u>100,895</u>	<u>4,731</u>	<u>190,623</u>	<u>16,665</u>
Income (loss) before other items	<u>493,179</u>	<u>338,064</u>	<u>(135,699)</u>	<u>(5,930)</u>	<u>689,614</u>	<u>45,654</u>
Transfers and other items						
Transfers in	-	38,349	-	-	38,349	-
Transfers out	(107,285)	(221,730)	-	-	(329,015)	-
Total transfers and other items	<u>(107,285)</u>	<u>(183,381)</u>	<u>-</u>	<u>-</u>	<u>(290,666)</u>	<u>-</u>
Capital grants and contributions	<u>-</u>	<u>28,063</u>	<u>123,100</u>	<u>-</u>	<u>151,163</u>	<u>-</u>
Changes in net position	385,894	182,746	(12,599)	(5,930)	550,111	45,654
<b>Net position, beginning of year</b>	<u>4,564,771</u>	<u>7,101,844</u>	<u>3,262,705</u>	<u>893,986</u>	<u>15,823,306</u>	<u>1,310,182</u>
<b>Net position, end of year</b>	<u>\$ 4,950,665</u>	<u>\$ 7,284,590</u>	<u>\$ 3,250,106</u>	<u>\$ 888,056</u>	<u>\$ 16,373,417</u>	<u>\$ 1,355,836</u>

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

**CITY OF WHITEHALL**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Sewer	Water	Playhouse	(Nonmajor Enterprise Fund) Marina		Internal Service Fund
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,999
Receipts from customers and users	1,606,673	997,982	156,459	166,839	2,927,953	-
Other operating revenues	-	-	160,903	21	160,924	-
Payments to employees	(269,561)	(396,423)	(199,812)	(37,950)	(903,746)	(77,904)
Payments to suppliers	(826,869)	(228,047)	(116,737)	(118,502)	(1,290,155)	(64,970)
<b>Net cash provided by (used in) operating activities</b>	<u>510,243</u>	<u>373,512</u>	<u>813</u>	<u>10,408</u>	<u>894,976</u>	<u>160,125</u>
<b>Cash flows from non-capital financing activities</b>						
Due to other funds	-	-	(55,051)	-	(55,051)	-
Transfers in	-	38,349	-	-	38,349	-
Transfers out	(107,285)	(221,730)	-	-	(329,015)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(107,285)</u>	<u>(183,381)</u>	<u>(55,051)</u>	<u>-</u>	<u>(345,717)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>						
Interest paid	-	-	(15,848)	-	(15,848)	(5,550)
Capital grants and contributions	-	28,063	123,100	-	151,163	-
Principal paid on bonds and notes	-	-	(179,000)	-	(179,000)	(61,998)
Acquisitions of capital assets	(101,099)	(716,372)	-	-	(817,471)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(101,099)</u>	<u>(688,309)</u>	<u>(71,748)</u>	<u>-</u>	<u>(861,156)</u>	<u>(67,548)</u>
<b>Cash flows from investing activities</b>						
Interest income	51,209	33,788	2,658	4,710	92,365	22,215
<b>Net increase (decrease) in cash and pooled investments</b>	353,068	(464,390)	(123,328)	15,118	(219,532)	114,792
<b>Cash and pooled investments, beginning of year</b>	<u>1,397,856</u>	<u>1,147,964</u>	<u>369,763</u>	<u>175,551</u>	<u>3,091,134</u>	<u>723,129</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,750,924</u>	<u>\$ 683,574</u>	<u>\$ 246,435</u>	<u>\$ 190,669</u>	<u>\$ 2,871,602</u>	<u>\$ 837,921</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ 441,970	\$ 304,276	\$ (236,594)	\$ (10,661)	\$ 498,991	\$ 28,989
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	102,470	229,790	82,658	47,938	462,856	137,600
Amortization of access rights	1,668	-	-	-	1,668	-
Deferred outflows of resources	32,702	53,854	2,776	-	89,332	-
Deferred inflows of resources	6,785	11,174	576	-	18,535	-
Other operating revenues	-	-	114,086	21	114,107	-
Changes in operating assets and liabilities which provided (used) cash						
Receivables	(18,375)	29,365	127	(263)	10,854	(8,836)
Due from other governmental units	-	25,136	-	(10,412)	14,724	(2,402)
Prepaid items	(3,066)	(6,066)	1,702	-	(7,430)	6,089
Inventory	-	(6,224)	-	2,220	(4,004)	(1,626)
Accounts payable	9,535	(163,384)	(5,062)	(14,473)	(173,384)	1,026
Accrued liabilities	438	1,110	(1,234)	421	735	(715)
Customer deposits	-	(160)	-	-	(160)	-
Compensated absences	2,047	3,216	558	-	5,821	-
Net pension liability	(65,931)	(108,575)	(5,597)	-	(180,103)	-
Unearned revenue	-	-	46,817	(4,383)	42,434	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 510,243</u>	<u>\$ 373,512</u>	<u>\$ 813</u>	<u>\$ 10,408</u>	<u>\$ 894,976</u>	<u>\$ 160,125</u>

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

**CITY OF WHITEHALL**  
**FIDUCIARY FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2024**

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	<b>Custodial Fund</b>
<b>Assets</b>	
Cash and pooled investments	\$ <u>48,695</u>
<b>Total assets</b>	<u>48,695</u>
 <b>Liabilities</b>	
Due to other governmental units	<u>48,695</u>
<b>Total liabilities</b>	<u>48,695</u>
 <b>Net position</b>	
Restricted	\$ <u><u>-</u></u>

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

**CITY OF WHITEHALL**  
**FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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	<b>Custodial Fund</b>
<b>Additions</b>	
Property taxes collected for other governments	<u>\$ 4,831,767</u>
<b>Total additions</b>	<u>4,831,767</u>
 <b>Deductions</b>	
Property taxes distributed to other governments	<u>4,831,767</u>
<b>Total deductions</b>	<u>4,831,767</u>
Net increase	-
<b>Net position, beginning of year</b>	<u>-</u>
<b>Net position, end of year</b>	<u><u>\$ -</u></u>

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

**CITY OF WHITEHALL**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Tax Increment Finance Authority</b>	<b>Local Development Finance Authority</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>Assets</b>				
Cash and pooled investments	\$ 1,250,369	\$ 218,145	\$ 66,718	\$ 1,535,232
Accounts receivable	13,681	514	576	14,771
Prepaid items	10,000	-	-	10,000
Capital assets not being depreciated				
Land	<u>145,568</u>	<u>503,185</u>	<u>-</u>	<u>648,753</u>
<b>Total assets</b>	<u>1,419,618</u>	<u>721,844</u>	<u>67,294</u>	<u>2,208,756</u>
<b>Liabilities</b>				
Accounts payable	419,663	-	-	419,663
Accrued liabilities	1,557	654	436	2,647
Unearned revenue	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
<b>Total liabilities</b>	<u>451,220</u>	<u>654</u>	<u>436</u>	<u>452,310</u>
<b>Net position</b>				
Investment in capital assets	145,568	503,185	-	648,753
Unrestricted	<u>822,830</u>	<u>218,005</u>	<u>66,858</u>	<u>1,107,693</u>
<b>Total net position</b>	<u>\$ 968,398</u>	<u>\$ 721,190</u>	<u>\$ 66,858</u>	<u>\$ 1,756,446</u>

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

**CITY OF WHITEHALL**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Tax Increment Finance Authority</b>	<b>Local Development Finance Authority</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>Expenses</b>				
Community development	\$ 1,991,769	\$ 234,614	\$ 688,404	\$ 2,914,787
<b>Total expenses</b>	<u>1,991,769</u>	<u>234,614</u>	<u>688,404</u>	<u>2,914,787</u>
<b>Revenues</b>				
Program revenues				
Operating grants and contributions	1,071,948	282,054	-	1,354,002
General revenues				
Property taxes	275,814	90,485	704,982	1,071,281
Unrestricted investment earnings	67,188	9,049	10,206	86,443
Miscellaneous	8,917	-	-	8,917
<b>Total revenues</b>	<u>1,423,867</u>	<u>381,588</u>	<u>715,188</u>	<u>2,520,643</u>
Change in net position	(567,902)	146,974	26,784	(394,144)
<b>Net position, beginning of year</b>	<u>1,536,300</u>	<u>574,216</u>	<u>40,074</u>	<u>2,150,590</u>
<b>Net position, end of year</b>	<u>\$ 968,398</u>	<u>\$ 721,190</u>	<u>\$ 66,858</u>	<u>\$ 1,756,446</u>

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

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Whitehall, Michigan (the "City") was incorporated in 1942, under the provisions of Act 279, P.A.1909, as amended (the Home Rule City Act). The City operates under a Council-Manager form of government and provides police, major and local streets, culture and recreation, public improvements, planning and zoning, and general and administrative services as authorized by its charter.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

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

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. The City has no blended component units. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City. A separate section of the financial statements provides detailed financial information on the discretely presented component units.

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

The component unit columns in the basic financial statements include the financial data of the Tax Increment Financing Authority, the Local Development Finance Authority, and the Brownfield Redevelopment Authority. These entities are reported in separate columns and rows to emphasize that they are legally separate from the City. The members of the governing boards of these organizations are appointed by the City Council. The budgets of these organizations must be approved by the City Council, and the City has the ability to significantly influence their operations. Financial statements are not separately issued for the component units.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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



# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except grant revenues which are recognized when grant requirements are met, state shared revenue is recognized in the month in which taxes are collected, and interest revenue which is recorded when earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension expense, and claims and judgments, are recorded only when payment is due. Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

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

The *Major Streets Fund* accounts for funds specifically intended for the maintenance and construction of major streets. Financing is provided from Public Act 51 state shared gas and weight tax and miscellaneous service revenues.

The *Street Improvement Capital Projects Fund* is used for the accumulation and disbursement of resources for the construction of various streets within the City.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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The City reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the City's sewer department that provides sewer services to most residents of the City on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the City's water department that provides water services to most residents of the City on a user charge basis.

The *Playhouse Enterprise Fund* is used to account for the operations of the City's fine arts center.

Additionally, the City reports the following fund types:

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

The *Permanent Fund* is used to record the activity and balance of the Cemetery Trust which provides funds for perpetual care of cemetery lots.

The *Marina Enterprise Fund* is used to account for the operations of the City's marina.

The *Internal Service Fund* is used to account for financing of goods or services provided by the City to other departments or funds on a cost reimbursement basis.

The *Custodial Fund* is used to account for assets held in a trustee capacity on behalf of outside parties, including other governments.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

Comparisons to budget are presented for General and major Special Revenue Funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all funds except Fiduciary Funds.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the City are governed by Public Act 621. The appropriations ordinances are based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget for the current year. Any revisions that alter the total expenditures of any activity must be approved by the City Council.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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Budgets for expenditures are adopted on an activity basis. Budgeted amounts are as originally adopted and amended by the City Council.

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

The City's cash and pooled investments are considered to be cash and cash equivalents because the balances are readily available similar to demand deposits. All investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### ***Statutory Authority***

City policy and state statutes authorize the City to invest in:

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

#### ***Receivables/Due from Other Governments***

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

#### ***Prepaid Items***

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements following the consumption method of accounting.

#### ***Inventory***

All inventories are valued at original cost using the first-in/first-out (FIFO) following the consumption method of accounting. Inventory represents parts and fuel utilized in the various City operations.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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#### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) on the date received.

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

No interest expense has been capitalized on capital assets reported in proprietary funds.

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

	<u>Years</u>
Land Improvements	10-20
Buildings and Improvements	25-40
Equipment	5-10
Vehicles	3-10
System Infrastructure	5-100

#### **Compensated Absences**

City employees are granted earned time off in varying amounts based on length of service and can be paid for time off work for vacation, illness, injury, family needs or other approved reasons. Upon termination, employees are paid for unused earned time off at their current rates. Employees hired before July 1, 2013 may accumulate earned time off not to exceed 95 days (760 hours). Employees hired after July 1, 2013 may accumulate earned time off not to exceed 40 days (320 hours). All earned time off is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **Pensions**

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

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

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

### ***Deferred outflows/inflows of resources***

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category related to the net pension liability which is discussed in note 6.

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

Governmental funds report fund balance in the following five categories:

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

The City Council has delegated the authority to assign fund balance to the City Manager.

The City's policy requires the general fund to maintain a fund balance of 35% of budgeted expenditures.

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

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

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***Property Taxes***

City property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before July 31. Real property taxes not collected as of March 1 are turned over to Muskegon County for collection, which advances the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer.

Property taxes levied in July of each year are recognized as revenue in the year in which they are levied. The City's 2023 taxable value was 137,066,141 on which they levied 15.7700 mills for operating millages.

#### ***Grants and Other Intergovernmental Revenues***

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

#### ***Interfund Transactions***

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Transfers are used to contribute budgeted amounts to the capital improvements and other funds or to move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

#### ***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. During the year ended June 30, 2024, the City carried commercial insurance to cover risks of losses. The City has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

## **2. STATUTORY COMPLIANCE**

#### **Excess of expenditures over appropriations**

PA. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown at the functional level. The approved budgets of the City for these budgetary funds were adopted at the activity level.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

During the year ended June 30, 2024, the City incurred expenditures in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
General government			
District court	\$ 24,600	\$ 25,080	\$ 480
Debt service			
Principal	23,400	35,502	12,102
Interest	-	1,662	1,662
Other financing sources			
Transfers out	601,200	601,228	28

### 3. DEPOSITS AND INVESTMENTS

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

Governmental activities	\$3,489,214
Business-type activities	2,871,602
Fiduciary fund	48,695
Component units	<u>1,535,255</u>
	<u><b>\$7,944,766</b></u>

Cash and pooled investments consist of the following at June 30, 2024:

Petty cash	\$ 925
Deposits	
Demand deposit accounts	2,659,985
Certificates of deposit	2,707,213
Investments	<u>2,576,643</u>
	<u><b>\$7,944,766</b></u>

#### Deposits

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. As of year-end, \$3,929,550 of the City's bank balance of \$5,649,422 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### Investments

The City chooses to disclose its investments by type. As of year-end, the City had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Fixed Income Securities			
United States Treasury Notes	8/31/25	\$ 33,115	Moody's Aaa
United States Treasury Notes	11/30/25	32,835	Aaa
United States Treasury Notes	10/15/24	34,522	Aaa
United States Treasury Notes	1/15/25	39,120	Aaa
United States Treasury Notes	3/31/27	32,227	Aaa
United States Treasury Notes	6/30/24	32,000	Aaa
United States Treasury Notes	3/31/26	31,598	Aaa
United States Treasury Notes	12/31/26	22,124	Aaa
United States Treasury Notes	9/30/26	32,212	Aaa
United States Treasury Notes	6/30/25	32,245	Aaa
United States Treasury Notes	8/31/24	39,757	Aaa
United States Treasury Notes	6/30/26	29,338	Aaa
Mutual Funds			
IAM OCIO IAM Bank Sweep	N/A	30,783	N/A
IAM OCIO IAM Bank Sweep	N/A	2,105	N/A
Stable NAV Government Investment Pool	N/A	1,544,771	S&P AAAM
Comerica Gov't. Cash Investment fund	N/A	607,891	S&P AAAM
		<u>\$2,576,643</u>	

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

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

- The City's treasury note investments are valued using quoted market prices (Level 1 inputs).
- Money market and mutual fund accounts are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determine the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant



# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. The City has custodial credit risk of \$379,076 because the treasury notes listed above are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above money market and mutual fund investments, the City's custodial credit risk exposure cannot be determined because the City's participation in the funds does not consist of specifically identifiable securities.

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

#### 4. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2024 are as follows:

	<b>Transfers in</b>			
<b><u>Transfers out</u></b>	<b><u>General Fund</u></b>	<b><u>Street Improvement Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total</u></b>
General fund	\$ -	\$ 601,228	\$ -	\$ 601,228
Major street fund	60,800	450,000	-	510,800
Street improvement fund	-	-	18,349	18,349
Sewer fund	-	87,285	20,000	107,285
Water fund	-	221,730	-	221,730
Nonmajor funds	167,055	-	-	167,055
<b>Total</b>	<b>\$227,855</b>	<b>\$1,360,243</b>	<b>\$38,349</b>	<b>\$1,626,447</b>

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

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2024**

### 5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<b>Balance July 1, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2024</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 1,119,790	\$ -	\$ 62	\$ 1,119,728
Construction in Progress	1,406,260	1,100,997	1,254,749	1,252,508
Total capital assets, not being depreciated	<u>2,526,050</u>	<u>1,100,997</u>	<u>1,254,811</u>	<u>2,372,236</u>
<b>Capital assets, being depreciated</b>				
Building and improvements	1,695,322	-	-	1,695,322
Land improvements	2,271,325	441,970	-	2,713,295
Vehicles and equipment	2,096,611	45,082	-	2,141,693
Infrastructure	13,780,709	2,502,040	-	16,282,749
Total capital assets, being depreciated	<u>19,843,967</u>	<u>2,989,092</u>	<u>-</u>	<u>22,833,059</u>
Less accumulated depreciation				
Building and improvements	1,367,920	31,442	-	1,399,362
Land improvements	1,284,342	170,174	-	1,454,516
Vehicles and equipment	1,308,271	161,700	-	1,469,971
Infrastructure	10,376,125	432,105	-	10,808,230
Total accumulated depreciation	<u>14,336,658</u>	<u>795,421</u>	<u>-</u>	<u>15,132,079</u>
<b>Net capital assets, being depreciated</b>	<u>5,507,309</u>	<u>2,193,671</u>	<u>-</u>	<u>7,700,980</u>
<b>Governmental Activities capital assets, net</b>	<b><u>\$ 8,033,359</u></b>	<b><u>\$3,294,668</u></b>	<b><u>\$1,254,811</u></b>	<b><u>\$10,073,216</u></b>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 453,097	\$ -	\$ -	\$ 453,097
Construction in progress	715,305	461,201	715,305	461,201
Total capital assets, not being depreciated	<u>1,168,402</u>	<u>461,201</u>	<u>715,305</u>	<u>914,298</u>
<b>Capital assets, being depreciated</b>				
Plants and system	14,085,258	1,071,573	-	15,156,831
Buildings and improvements	4,709,640	-	-	4,709,640
Land improvements	996,294	-	-	996,294
Equipment	58,589	-	-	58,589
Total capital assets, being depreciated	<u>19,849,781</u>	<u>1,071,573</u>	<u>-</u>	<u>20,921,354</u>
Less accumulated depreciation				
Plants and system	6,005,629	332,259	-	6,337,888
Buildings and improvements	1,156,412	93,451	-	1,249,863
Land improvements	684,668	33,167	-	717,835
Equipment	23,914	3,979	-	27,893
Total accumulated depreciation	<u>7,870,623</u>	<u>462,856</u>	<u>-</u>	<u>8,333,479</u>
<b>Net capital assets, being depreciated</b>	<u>11,979,158</u>	<u>608,717</u>	<u>-</u>	<u>12,587,875</u>
<b>Business-type Activities capital assets, net</b>	<b><u>\$13,147,560</u></b>	<b><u>\$1,069,918</u></b>	<b><u>\$715,305</u></b>	<b><u>\$13,502,173</u></b>

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2024</u>
<b>Component Units</b>				
<b>Tax Increment Financing Authority</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$145,568	\$ -	\$ -	\$145,568
<b>Local Development Finance Authority</b>				
Land	503,185	-	-	503,185
<b>Component unit capital assets, net</b>	<b>\$648,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$648,753</b>

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

**Governmental Activities**

General government	\$ 23,321
Public safety	96,314
Highways	472,346
Culture and recreation	62,157
Health and sanitation	3,683
Depreciation charged to internal service fund	137,600

**Total depreciation expense - governmental activities** **\$795,421**

**Business-type Activities**

Sewer	\$102,470
Water	229,790
Playhouse	82,658
Marina	47,938

**Total depreciation expense - business- type activities** **\$462,856**

## 6. DEFINED BENEFIT PENSION PLAN

### Defined Benefit Traditional and Hybrid Plan

***Plan Description***

The employer's defined benefit traditional and hybrid 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 publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

***Benefits Provided***

Benefits provided include a multiplier of 1.0 to 2.0 times final average compensation. Vesting period from 6 to 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on 3 to 5 years depending on division.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2023):

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled but not yet receiving benefits	3
Active plan members	<u>17</u>
Total	<u>46</u>

The plan is closed to new participants.

#### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was a monthly amount of \$37,055 for the traditional Plan. In addition, the City and employees contribute to the hybrid plan which is a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City and participants in the hybrid plan each contribute 1% of covered wages which amounted to contributions by each of \$4,282 during the year. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

#### **Net Pension Liability**

The employer's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2023 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 6.93%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees.

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

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

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
MERS dedicated gains policy			(0.07)%
Inflation			2.50%
Administrative fee			0.25%
			<hr/>
Discount rate			<u>7.18%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability</u> <u>(a)-(b)</u>
Balance at December 31, 2022	\$7,717,721	\$5,989,955	\$1,727,766
Changes for the Year:			
Service cost	109,710	-	109,710
Interest	548,395	-	548,395
Change in benefits	-	-	-
Differences between expected and actual experience	(155,534)	-	(155,534)
Change in assumptions	55,844	-	55,844
Contributions: employer	-	535,150	(535,150)
Contributions: employee	-	-	-
Net investment income	-	680,924	(680,924)
Benefit payments, including refunds	(417,009)	(417,009)	-
Administrative expense	-	(14,435)	14,435
Other changes	-	-	-
Net changes	<u>141,406</u>	<u>784,630</u>	<u>(643,224)</u>
Balance at December 31, 2023	<u>\$7,859,127</u>	<u>\$6,774,585</u>	<u>\$1,084,542</u>

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or higher (8.18%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount rate</b>	<b>1% Increase</b>
Total pension liability	\$8,730,436	\$7,859,127	\$7,117,260
Fiduciary net position	6,774,585	6,774,585	6,744,585
Net pension liability	<u>\$1,955,851</u>	<u>\$1,084,542</u>	<u>\$ 342,675</u>

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

For the year ended June 30, 2024, the employer recognized pension expense of \$436,677. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Of <u>Resources</u></b>	<b>Deferred Inflows Of <u>Resources</u></b>
Excess investment returns	\$295,125	\$ -
Differences in experience	-	82,087
Differences in assumptions	103,537	-
Contributions subsequent to the measurement date*	<u>322,249</u>	<u>-</u>
Total	<u>\$720,911</u>	<u>\$82,087</u>

\* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2025.

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

2025	\$105,676
2026	73,132
2027	186,345
2028	(48,578)
2029	-
Thereafter	<u>-</u>
Total	<u>\$316,575</u>

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### Defined Contribution Plan

The City of Whitehall provides pension benefits to its non-union full-time employees hired after July 1, 2012 through a defined contribution plan administered by MERS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City contributes 8% of eligible earnings as defined in the plan document which may be amended by the City Council. In accordance with these requirements, the City contributed \$23,658 during the year ended June 30, 2024.

#### 7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
2024 Police vehicle contract payable in annual installments of \$10,424 through October 2025, including interest at 7.907%	\$ -	\$29,039	\$10,424	\$ 18,615	\$8,954
2022 Volvo equipment contract payable in annual installments of \$33,787 through July 2027, including interest at 3.99%	158,141	-	61,998	96,143	-
2022 Police Explorer contract payable in annual installments of \$13,370 through July 2024, including interest at 4.384%	25,078	-	25,078	-	-
Total bonds/capital leases	183,219	29,039	97,500	114,758	8,954
Accrued employee benefits	301,072	6,622	-	307,694	-
<b>Total Governmental Activities</b>	<b>\$484,291</b>	<b>\$35,661</b>	<b>\$97,500</b>	<b>\$422,452</b>	<b>\$8,954</b>
<b>Business-type Activities</b>					
2018 General Obligation, Limited Tax Bonds, payable in annual installments ranging from \$102,000 to \$383,000 through October 2027, including interest from 2.25% to 3.4%	\$622,000	\$ -	\$179,000	\$443,000	\$120,000
Accrued employee benefits	64,662	5,821	-	70,483	-
<b>Total Business-type Activities</b>	<b>\$686,662</b>	<b>\$5,821</b>	<b>\$179,000</b>	<b>\$513,483</b>	<b>\$120,000</b>

Compensated absences of governmental activities are generally liquidated with general fund resources. All outstanding debt of the City is direct placement or direct borrowing debt. The debt documents contain various provisions that in the event of default, the City shall be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2024 are as follows:

Year Ended <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 8,954	\$ 1,470	\$120,000	\$12,341
2026	39,288	4,923	110,000	8,836
2027	30,909	2,878	111,000	5,300
2028	35,607	1,542	102,000	1,734
<b>Total</b>	<b>\$114,758</b>	<b>\$10,813</b>	<b>\$443,000</b>	<b>\$28,211</b>

#### 8. OTHER POST-EMPLOYMENT BENEFITS

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

The City maintains a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 6, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are funded on a pay as you go basis.

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

In accordance with the union and non-union agreements, retirees receive an employer-paid benefit toward health insurance premiums for the retiree. The retiree benefit amount is between 60 and 100% of the premium depending on years of service and union or non-union. The employer's contributions cease when the employee becomes eligible for Medicare benefits.

Membership of the Plan consisted of the following at the date of the latest valuation (June 30, 2024):

Retirees and beneficiaries receiving benefits	1
Active plan members	<u>10</u>
Total	<u><u>11</u></u>

The plan is closed to new participants.

##### ***Contributions***

The contribution requirements of Plan members and the City are established and may be amended by the City Council. The City's contributions are based on pay-as-you-go financing requirements.

There are no long-term contracts for contributions to the Plan. The plan has no legally required reserves.

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

The employer's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by a valuation as of that date.



# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The total OPEB liability in the June 30, 2024 annual valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation: 3.65%

Salary Increases: 3.25% including inflation

Healthcare cost trend rates: The expected rate of increase in healthcare insurance premiums was 7.25% initially decreasing .25% per year to a final 4.5% long term rate.

Mortality rates were based on the IRS 2017 annuitant/non-annuitant tables.

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

Discount rate. The discount rate used to measure the total OPEB liability is 3.65%; the rate used in 2023 was 3.54%. 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 would be used to discount the projected benefits. From the year projected benefits are not projected to be covered by the projected assets (the "depletion date"), projected benefits would be 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. A discount rate is used of determine the Total OPEB Liability.

#### Changes in the Net OPEB Liability

	<b>Total OPEB Liability (a)</b>
Balance at 6/30/23	\$441,083
Changes for the Year:	
Service cost	13,405
Interest	16,035
Changes in benefits	-
Differences between expected and actual experience	(119,139)
Change in assumptions	(1,916)
Benefit payments	(16,935)
Net changes	(108,550)
Balance at 6/30/24	\$332,533

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

The following presents the net OPEB liability of the employer, calculated using the discount rate of 3.65%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (2.65%) or higher (4.65%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount rate</b>	<b>1% increase</b>
Total OPEB liability	\$348,827	\$332,533	\$313,666

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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

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

	1% Decrease	Current healthcare cost trend rate	1% increase
Total OPEB liability	\$304,585	\$332,553	\$363,682

**OPEB Expense**

For the year ended June 30, 2024 the employer recognized OPEB expense of \$(74,451).

**9. TAX ABATEMENTS**

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Tax Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Tax Exemption (IFTE) certificate entitles the facility to a partial exemption from ad valorem real and/or personal property taxes for a term of 12 years for real property and 6 years for personal property as determined by the local unit of government. The IFTE is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement cease operations and no successor employer is providing employment during the term of the abatement. For the year ended June 30, 2024 the City abated property tax revenues of approximately \$60,216.

Public Act 381 of 1996, the Brownfield Redevelopment Financing Act, was adopted in the State of Michigan as a means to authorize municipalities to create a brownfield redevelopment authority to facilitate the implementation of brownfield plans; to create brownfield redevelopment zones; to promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax reverted, blighted, or functionally obsolete property; to prescribe the powers and duties of brownfield redevelopment authorities; to permit the issuance of bonds and other evidences of indebtedness by an authority; to authorize the acquisition and disposal of certain property; to authorize certain funds; to prescribe certain powers and duties of certain state officers and agencies; and to authorize and permit the use of certain tax increment financing. For the year ended June 30, 2024 the City abated property tax revenues of approximately \$245,265.

The City entered into a property tax abatement agreement with a local organization to provide housing for Low Income Persons and Families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL 125.1401, et seq, MSA 116.11-4(1), et seq). Under the agreement the organization pays 12% of annual shelter rent in lieu of taxes or the ad valorem property taxes whichever is smaller. The agreement is approved for a term dependent on the status of outstanding loans, participation in Low income housing tax credits, and rehabilitation of the property. For the year ended June 30, 2024 the City abated an insignificant amount of property tax revenues.

# CITY OF WHITEHALL

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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### 10. JOINTLY GOVERNED ORGANIZATIONS

The City, in conjunction with other governmental entities, created the White Lake Solid Waste Authority (WLSWA) to operate a solid waste transfer station, the White Lake Fire Authority (WLFA) to provide fire protection and rescue services, and the White Lake Community Library (WLCL) to provide an area library.

The boards of the entities are comprised of one or two members from each participating entity. The WLSWA board annually assesses participating entities in projected amounts required to subsidize the Authorities' annual operations. There were no assessments for WLSWA for the year ended June 30, 2023, the most recent information available. WLFA and WLCL are funded through a property tax levy. Audited financial statements are available from the entities.

### 11. ECONOMIC DEPENDENCY

The City has significant economic dependence on a local corporation that is a major employer, taxpayer, and user of water services. The following is the percentage of taxes and utilities paid by the corporation:

Real and personal property taxes	13%
Water accounts receivable	72%
Water billings	61%

### 12. CONTINGENCIES

In the normal course of its activities, the City has become a party in various legal actions. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City and, therefore, has not reflected loss reserves in the financial statements.

### 13. COMMITMENTS

The City has ongoing construction projects at year-end, the city has committed approximately \$210,000 to complete these projects.

### 14. SUBSEQUENT EVENTS

Subsequent to year end, the Tax Increment Finance Authority purchased a piece of property for approximately \$364,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WHITEHALL**

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 1,962,500	\$ 1,962,500	\$ 1,975,924	\$ 13,424
Intergovernmental revenues				
Federal	247,600	247,600	247,611	11
State	1,092,900	392,900	395,743	2,843
Local	408,100	408,100	411,738	3,638
Licenses and permits	61,800	61,800	53,127	(8,673)
Charges for services	48,600	48,600	41,441	(7,159)
Fines	9,500	9,500	12,320	2,820
Investment earnings	23,100	49,600	81,040	31,440
Miscellaneous	28,000	28,000	22,542	(5,458)
<b>Total revenues</b>	<b>3,882,100</b>	<b>3,208,600</b>	<b>3,241,486</b>	<b>32,886</b>
<b>Expenditures</b>				
Current				
General government				
Council	36,700	40,250	38,027	2,223
Clerk	84,900	87,400	80,098	7,302
District Court	21,600	24,600	25,080	(480)
Administration	125,600	127,600	123,864	3,736
Election department	48,200	50,700	31,960	18,740
Attorney	20,000	20,000	19,206	794
Assessor	40,000	40,000	38,661	1,339
Board of review	2,500	2,500	2,329	171
Treasurer	90,600	91,600	88,065	3,535
City hall and grounds	61,700	69,700	53,763	15,937
Total general government	531,800	554,350	501,053	53,297
Public safety				
Police	1,308,300	1,367,339	1,309,385	57,954
Public works				
Cemetery	304,200	309,500	277,288	32,212
Sidewalks	94,700	105,700	94,165	11,535
Streets and highways	600	600	291	309
Street lighting	64,500	76,500	74,860	1,640
Total public works	464,000	492,300	446,604	45,696
Health and sanitation				
Sanitation	5,600	5,600	1,196	4,404
Leaf disposal	67,900	68,700	68,178	522
Total health and sanitation	73,500	74,300	69,374	4,926
Community and economic development				
Planning	34,700	34,700	31,731	2,969

(Continued)

**CITY OF WHITEHALL**

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and recreation				
Parks	\$ 901,000	\$ 272,750	\$ 229,598	\$ 43,152
Pathway maintenance	20,900	21,900	5,900	16,000
119 S Baldwin	4,400	4,400	3,177	1,223
Total culture and recreation	<u>926,300</u>	<u>299,050</u>	<u>238,675</u>	<u>60,375</u>
Other	<u>16,200</u>	<u>18,200</u>	<u>17,763</u>	<u>437</u>
Debt service				
Principal	23,400	23,400	35,502	(12,102)
Interest and fiscal charges	-	-	1,662	(1,662)
Total debt service	<u>23,400</u>	<u>23,400</u>	<u>37,164</u>	<u>(13,764)</u>
<b>Total expenditures</b>	<u>3,378,200</u>	<u>2,863,639</u>	<u>2,651,749</u>	<u>211,890</u>
<b>Revenues over (under) expenditures</b>	503,900	344,961	589,737	244,776
<b>Other financing sources (uses)</b>				
Issuance of debt	-	29,039	29,039	-
Transfers in	218,600	242,200	227,855	(14,345)
Transfers out	<u>(601,200)</u>	<u>(601,200)</u>	<u>(601,228)</u>	<u>(28)</u>
Total other financing sources (uses)	<u>(382,600)</u>	<u>(329,961)</u>	<u>(344,334)</u>	<u>(14,373)</u>
<b>Net changes in fund balance</b>	121,300	15,000	245,403	230,403
<b>Fund balance, beginning of year</b>	<u>984,136</u>	<u>984,136</u>	<u>984,136</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,105,436</u>	<u>\$ 999,136</u>	<u>\$ 1,229,539</u>	<u>\$ 230,403</u>

(Concluded)

# CITY OF WHITEHALL

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
State	\$ 398,700	\$ 398,700	\$ 405,150	\$ 6,450
Local	-	-	262	262
Investment earnings	2,900	10,000	22,792	12,792
<b>Total revenues</b>	401,600	408,700	428,204	19,504
<b>Expenditures</b>				
Current				
Public works	240,300	279,300	236,351	42,949
Revenues over (under) expenditures	161,300	129,400	191,853	62,453
Other financing sources				
Transfers out	(390,000)	(510,800)	(510,800)	-
Net changes in fund balance	(228,700)	(381,400)	(318,947)	62,453
<b>Fund balance, beginning of year</b>	736,756	736,756	736,756	-
<b>Fund balance, end of year</b>	\$ 508,056	\$ 355,356	\$ 417,809	\$ 62,453

**CITY OF WHITEHALL**

**DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION  
LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 109,710	\$ 105,021	\$ 108,753	\$ 97,385	\$ 94,223	\$ 89,798	\$ 90,702	\$ 89,147	\$ 93,541	\$ 95,926
Interest	548,395	527,925	491,751	498,228	498,106	485,179	468,793	453,759	435,126	416,708
Changes in benefit terms				-	-	-	-	-	-	-
Difference between expected and actual experience	(155,534)	63,577	1,637	(236,369)	(72,542)	(21,599)	35,605	9,867	(57,556)	-
Changes in assumptions	55,844	-	265,232	243,605	195,094	-	-	-	251,246	-
Benefit payments including employee refunds	(417,009)	(416,026)	(373,291)	(381,397)	(392,916)	(395,085)	(384,544)	(346,728)	(298,111)	(278,280)
Other	-	-	24,048	-	-	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>141,406</b>	<b>280,497</b>	<b>518,130</b>	<b>221,452</b>	<b>321,965</b>	<b>158,293</b>	<b>210,556</b>	<b>206,045</b>	<b>424,246</b>	<b>234,354</b>
<b>Total pension liability, beginning of year</b>	<b>7,717,721</b>	<b>7,437,224</b>	<b>6,919,094</b>	<b>6,697,642</b>	<b>6,375,677</b>	<b>6,217,384</b>	<b>6,006,828</b>	<b>5,800,783</b>	<b>5,376,537</b>	<b>5,142,183</b>
<b>Total pension liability, end of year</b>	<b>\$ 7,859,127</b>	<b>\$ 7,717,721</b>	<b>\$ 7,437,224</b>	<b>\$ 6,919,094</b>	<b>\$ 6,697,642</b>	<b>\$ 6,375,677</b>	<b>\$ 6,217,384</b>	<b>\$ 6,006,828</b>	<b>\$ 5,800,783</b>	<b>\$ 5,376,537</b>
<b>Plan Fiduciary Net Position</b>										
Contributions-employer	\$ 535,150	\$ 527,296	\$ 411,498	\$ 471,538	\$ 528,836	\$ 299,127	\$ 204,349	\$ 158,000	\$ 149,144	\$ 150,863
Net investment income	680,924	(693,638)	816,752	659,825	596,007	(178,066)	547,665	444,151	(61,643)	255,074
Benefit payments including employee refunds	(417,009)	(416,026)	(373,291)	(381,397)	(392,916)	(395,085)	(384,544)	(346,728)	(298,111)	(278,280)
Administrative expense	(14,435)	(12,430)	(9,371)	(10,169)	(10,277)	(8,822)	(8,684)	(8,773)	(9,071)	(9,354)
<b>Net change in plan fiduciary net position</b>	<b>784,630</b>	<b>(594,798)</b>	<b>845,588</b>	<b>739,797</b>	<b>721,650</b>	<b>(282,846)</b>	<b>358,786</b>	<b>246,650</b>	<b>(219,681)</b>	<b>118,303</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>5,989,955</b>	<b>6,584,753</b>	<b>5,739,165</b>	<b>4,999,368</b>	<b>4,277,718</b>	<b>4,560,564</b>	<b>4,201,778</b>	<b>3,955,128</b>	<b>4,174,809</b>	<b>4,056,506</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 6,774,585</b>	<b>\$ 5,989,955</b>	<b>\$ 6,584,753</b>	<b>\$ 5,739,165</b>	<b>\$ 4,999,368</b>	<b>\$ 4,277,718</b>	<b>\$ 4,560,564</b>	<b>\$ 4,201,778</b>	<b>\$ 3,955,128</b>	<b>\$ 4,174,809</b>
<b>Employer net pension liability</b>	<b>\$ 1,084,542</b>	<b>\$ 1,727,766</b>	<b>\$ 852,471</b>	<b>\$ 1,179,929</b>	<b>\$ 1,698,274</b>	<b>\$ 2,097,959</b>	<b>\$ 1,656,820</b>	<b>\$ 1,805,050</b>	<b>\$ 1,845,655</b>	<b>\$ 1,201,728</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	86%	78%	89%	83%	75%	67%	73%	70%	68%	78%
<b>Covered employee payroll</b>	\$ 1,415,580	\$ 1,362,816	\$ 1,545,884	\$ 1,457,243	\$ 1,410,406	\$ 1,330,267	\$ 1,343,413	\$ 1,267,316	\$ 1,286,631	\$ 1,310,926
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	77%	127%	55%	81%	120%	158%	123%	142%	143%	92%

**Notes to schedule:**

Above data is based on a December 31 measurement date.



**CITY OF WHITEHALL**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 444,579	\$ 425,640	\$ 411,498	\$ 394,044	\$ 349,032	\$ 306,652	\$ 265,672	\$ 168,861	\$ 148,143	\$ 150,709
Contributions in relation to the actuarially determined contribution	<u>544,579</u>	<u>525,640</u>	<u>511,498</u>	<u>494,044</u>	<u>449,032</u>	<u>406,652</u>	<u>265,672</u>	<u>168,861</u>	<u>148,143</u>	<u>150,709</u>
Contribution excess (deficiency)	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,427,787	\$ 1,476,616	\$ 1,545,884	\$ 1,462,309	\$ 1,428,684	\$ 1,364,874	\$ 1,400,065	\$ 1,329,541	\$ 1,331,381	\$ 1,329,873
Contributions as a percentage of covered employee payroll	38.1%	35.6%	33.1%	33.8%	31.4%	29.8%	19.0%	12.7%	11.1%	11.3%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	16 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.0% (7.35% for 2020 and 2021; 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

**CITY OF WHITEHALL**

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>							
Service cost	\$ 13,405	\$ 18,237	\$ 25,361	\$ 29,511	\$ 25,129	\$ 32,425	\$ 22,961
Interest	16,035	11,285	11,964	12,202	18,232	16,409	15,540
Changes in benefit terms	-	(50,275)	-	-	-	-	-
Difference between expected and actual experience	(119,139)	(23,754)	(65,825)	(51,394)	(9,244)	(71,249)	(71,814)
Changes in assumptions	(1,916)	(27,757)	623	11,039	(2,604)	-	-
Benefit payments including employee refunds	(16,935)	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(108,550)</b>	<b>(72,264)</b>	<b>(27,877)</b>	<b>1,358</b>	<b>31,513</b>	<b>(22,415)</b>	<b>(33,313)</b>
<b>Total OPEB liability, beginning of year</b>	<b>441,083</b>	<b>513,347</b>	<b>541,224</b>	<b>539,866</b>	<b>508,353</b>	<b>530,768</b>	<b>564,081</b>
<b>Total OPEB liability, end of year</b>	<b>\$ 332,533</b>	<b>\$ 441,083</b>	<b>\$ 513,347</b>	<b>\$ 541,224</b>	<b>\$ 539,866</b>	<b>\$ 508,353</b>	<b>\$ 530,768</b>
<b>Plan Fiduciary Net Position</b>							
Contributions-employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions-employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefit payments including employee refunds	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Employer net OPEB liability</b>	<b>\$ 332,533</b>	<b>\$ 441,083</b>	<b>\$ 513,347</b>	<b>\$ 541,224</b>	<b>\$ 539,866</b>	<b>\$ 508,353</b>	<b>\$ 530,768</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Covered employee payroll</b>	<b>\$ 859,147</b>	<b>\$ 871,769</b>	<b>\$ 909,375</b>	<b>\$ 883,676</b>	<b>\$ 870,758</b>	<b>\$ 855,688</b>	<b>\$ 834,656</b>
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	<b>39%</b>	<b>51%</b>	<b>56%</b>	<b>61%</b>	<b>62%</b>	<b>59%</b>	<b>64%</b>

**CITY OF WHITEHALL**

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

**FOR THE YEAR ENDED JUNE 30, 2024**

<b>Fiscal Year end</b>	<b>Actuarially determined contributions</b>	<b>Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered employee payroll</b>	<b>Contributions as a percentage of covered employee payroll</b>
6/30/2018	\$ 41,204	\$ -	\$ 41,204	\$ 834,656	0.00%
6/30/2019	49,624	-	49,624	855,688	0.00%
6/30/2020	44,397	-	44,397	870,758	0.00%
6/30/2021	49,265	-	49,265	883,676	0.00%
6/30/2022	44,785	-	44,785	909,375	0.00%
6/30/2023	35,803	-	35,803	871,769	0.00%
6/30/2024	26,663	-	26,663	859,147	0.00%

**Notes to schedule**

Actuarial cost method	Entry Age Normal (level percent)
Amortization method	Level dollar, closed
Remaining amortization period	15 years (average future service)
Asset valuation method	n/a
Salary increases	3.25% including inflation (3.0% 2021 & 2022; 3.5% 2020)
Discount rate	3.54% (2.16% 2022, 2.2% 2021, 3.5% 2020, 3.0% 2019)
20-year Aa Municipal bond yield	3.00%
Healthcare cost trend rates	7.25% down to 4.5% (trending down .25 yearly) (7.5 in 2021, 8.25 in 2020)
Retirement age	58-62
Mortality	IRS 2017 annuitant/non-annuitant mortality

The actuarially determined contribution for fiscal year 2020 is based on assumptions required by Michigan Public Act 202. There were no normal costs or contribution requirements for employees hired after June 30, 2018.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Basis of Accounting**

The City adopts an annual budget for the general and each special revenue fund following the GAAP basis of accounting. Unexpended appropriations lapse at year-end.

**Pension and OPEB data**

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

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

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

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF WHITEHALL**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2024**

	<u>Special Revenue</u>				<u>Permanent</u>	<u>Total</u>
	<u>Local Streets</u>	<u>Building Inspection</u>	<u>Marijuana Permits</u>	<u>Vehicle Inspection</u>	<u>Cemetery Care</u>	
<b>Assets</b>						
Cash and pooled investments	\$ 146,049	\$ 114,049	\$ 17,367	\$ 2,053	\$ 435,724	\$ 715,242
Accounts receivable	399	415	10,042	4	425	11,285
Due from other governments	<u>21,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,798</u>
<b>Total assets</b>	<u>\$ 168,246</u>	<u>\$ 114,464</u>	<u>\$ 27,409</u>	<u>\$ 2,057</u>	<u>\$ 436,149</u>	<u>\$ 748,325</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 90	\$ 12,165	\$ -	\$ -	\$ -	\$ 12,255
Accrued liabilities	<u>9,310</u>	<u>843</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>10,196</u>
<b>Total liabilities</b>	<u>9,400</u>	<u>13,008</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>22,451</u>
<b>Fund balances</b>						
Non-spendable						
Permanent fund corpus	-	-	-	-	373,095	373,095
Restricted						
Streets	158,846	-	-	-	-	158,846
Public safety	-	-	27,366	-	-	27,366
Permanent fund spendable portion	-	-	-	-	63,054	63,054
Assigned						
Building inspections	<u>-</u>	<u>101,456</u>	<u>-</u>	<u>2,057</u>	<u>-</u>	<u>103,513</u>
<b>Total fund balances</b>	<u>158,846</u>	<u>101,456</u>	<u>27,366</u>	<u>2,057</u>	<u>436,149</u>	<u>725,874</u>
<b>Total liabilities and fund balances</b>	<u>\$ 168,246</u>	<u>\$ 114,464</u>	<u>\$ 27,409</u>	<u>\$ 2,057</u>	<u>\$ 436,149</u>	<u>\$ 748,325</u>

**CITY OF WHITEHALL**

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue				Permanent	Total
	Local Streets	Building Inspection	Marijuana Permits	Vehicle Inspection	Cemetery Care	
<b>Revenues</b>						
State	\$ 156,513	\$ -	\$ -	\$ -	\$ -	\$ 156,513
Licenses and permits	-	-	12,400	-	-	12,400
Charges for services	-	209,538	-	2,200	4,700	216,438
Investment earnings (loss)	4,909	3,459	598	34	21,833	30,833
Miscellaneous	-	151	-	-	-	151
<b>Total revenues</b>	<u>161,422</u>	<u>213,148</u>	<u>12,998</u>	<u>2,234</u>	<u>26,533</u>	<u>416,335</u>
<b>Expenditures</b>						
Current						
Public safety	-	247,196	6,428	1,222	-	254,846
Public works	<u>206,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,364</u>
<b>Total expenditures</b>	<u>206,364</u>	<u>247,196</u>	<u>6,428</u>	<u>1,222</u>	<u>-</u>	<u>461,210</u>
Revenues over (under) expenditures	(44,942)	(34,048)	6,570	1,012	26,533	(44,875)
Other financing sources (uses)						
Transfers out	<u>(22,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144,255)</u>	<u>(167,055)</u>
Net changes in fund balances	(67,742)	(34,048)	6,570	1,012	(117,722)	(211,930)
<b>Fund balances, beginning of year</b>	<u>226,588</u>	<u>135,504</u>	<u>20,796</u>	<u>1,045</u>	<u>553,871</u>	<u>937,804</u>
<b>Fund balances, end of year</b>	<u>\$ 158,846</u>	<u>\$ 101,456</u>	<u>\$ 27,366</u>	<u>\$ 2,057</u>	<u>\$ 436,149</u>	<u>\$ 725,874</u>

**CITY OF WHITEHALL**

**TAX INCREMENT FINANCE AUTHORITY  
BALANCE SHEET/STATEMENT OF NET POSITION**

**JUNE 30, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and pooled investments	\$ 1,250,369	\$ -	\$ 1,250,369
Accounts receivable	13,681	-	13,681
Prepaid items	10,000	-	10,000
Capital assets not being depreciated			
Land	-	145,568	145,568
	-	145,568	145,568
<b>Total assets</b>	<b>\$ 1,274,050</b>	<b>\$ 145,568</b>	<b>\$ 1,419,618</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 419,663	\$ -	\$ 419,663
Accrued liabilities	1,557	-	1,557
Unearned revenue	30,000	-	30,000
	-	-	30,000
<b>Total liabilities</b>	<b>\$ 451,220</b>	<b>\$ -</b>	<b>\$ 451,220</b>
<b>Fund balances</b>			
Non-spendable			
Prepaid items	10,000	(10,000)	
Unassigned	812,830	(812,830)	
	822,830	(822,830)	
<b>Total fund balances</b>	<b>822,830</b>	<b>(822,830)</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 1,264,050</b>		
<b>Net position</b>			
Investment in capital assets		145,568	145,568
Unrestricted		812,830	822,830
		958,398	968,398
<b>Total net position</b>		<b>\$ 958,398</b>	<b>\$ 968,398</b>



# CITY OF WHITEHALL

## TAX INCREMENT FINANCE AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 275,814	\$ -	\$ 275,814
Grants and contributions	1,071,948	-	1,071,948
Investment earnings	67,188	-	67,188
Miscellaneous	<u>8,917</u>	<u>-</u>	<u>8,917</u>
<b>Total revenues</b>	<u>1,423,867</u>	<u>-</u>	<u>1,423,867</u>
<b>Expenditures/expenses</b>			
Current			
General government	81,457	-	81,457
Public works	1,410,412	-	1,410,412
Other	<u>499,900</u>	<u>-</u>	<u>499,900</u>
<b>Total expenditures/expenses</b>	<u>1,991,769</u>	<u>-</u>	<u>1,991,769</u>
Revenues over (under) expenditures/expenses	<u>(567,902)</u>	<u>-</u>	<u>(567,902)</u>
Net changes in fund balances	(567,902)	<u>567,902</u>	
Change in net position		(567,902)	(567,902)
<b>Fund balances/net position, beginning of year</b>	<u>1,390,732</u>		<u>1,536,300</u>
<b>Fund balances/net position, end of year</b>	<u>\$ 822,830</u>		<u>\$ 968,398</u>

**CITY OF WHITEHALL**

**LOCAL DEVELOPMENT FINANCE AUTHORITY  
BALANCE SHEET/STATEMENT OF NET POSITION**

**JUNE 30, 2024**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 218,145	\$ -	\$ 218,145
Accounts receivable	514	-	514
Capital assets not being depreciated			
Land	-	503,185	503,185
<b>Total assets</b>	<b>\$ 218,659</b>	<b>503,185</b>	<b>721,844</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accrued liabilities	\$ 654	\$ -	\$ 654
<b>Total liabilities</b>	654	-	654
<b>Fund balances</b>			
Unassigned	218,005	(218,005)	
<b>Total liabilities and fund balances</b>	<b>\$ 218,659</b>		
<b>Net position</b>			
Investment in capital assets		503,185	503,185
Unrestricted		218,005	218,005
<b>Total net position</b>		<b>\$ 721,190</b>	<b>\$ 721,190</b>

# CITY OF WHITEHALL

## LOCAL DEVELOPMENT FINANCE AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 90,485	\$ -	\$ 90,485
Grants and contributions	282,054	-	282,054
Investment earnings	9,049	-	9,049
	381,588	-	381,588
<b>Total revenues</b>			
	381,588	-	381,588
<b>Expenditures/expenses</b>			
Current			
General government	32,976	-	32,976
Public works	1,738	-	1,738
Other	199,900	-	199,900
	234,614	-	234,614
<b>Total expenditures/expenses</b>			
	234,614	-	234,614
Revenues over (under) expenditures/expenses	146,974	-	146,974
Net changes in fund balances	146,974	(146,974)	
Change in net position		146,974	146,974
<b>Fund balances/net position, beginning of year</b>	71,031		574,216
<b>Fund balances/net position, end of year</b>	\$ 218,005		\$ 721,190

**CITY OF WHITEHALL**

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

**JUNE 30, 2024**

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	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and pooled investments	\$ 66,718	\$ -	\$ 66,718
Accounts receivable	<u>576</u>	<u>-</u>	<u>576</u>
<b>Total assets</b>	<u>\$ 67,294</u>	<u>-</u>	<u>67,294</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accrued liabilities	\$ 436	\$ -	\$ 436
<b>Total liabilities</b>	<u>436</u>	<u>-</u>	<u>436</u>
<b>Fund balances</b>			
Unassigned	<u>66,858</u>	<u>(66,858)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 67,294</u>		
<b>Net position</b>			
Unrestricted		<u>\$ 66,858</u>	<u>\$ 66,858</u>

**CITY OF WHITEHALL**

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

**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 704,982	\$ -	\$ 704,982
Investment earnings	10,206	-	10,206
	715,188	-	715,188
<b>Total revenues</b>			
<b>Expenditures/expenses</b>			
Current			
General government	38,404	-	38,404
Public works	650,000	-	650,000
	688,404	-	688,404
<b>Total expenditures/expenses</b>			
Revenues over (under) expenditures/expenses	26,784	-	26,784
Net changes in fund balances	26,784	(26,784)	
Change in net position		26,784	26,784
<b>Fund balances/net position, beginning of year</b>	40,074		40,074
<b>Fund balances/net position, end of year</b>	\$ 66,858		\$ 66,858

## **OPERATING STATISTICS (unaudited)**

**CITY OF WHITEHALL**  
**SCHEDULE OF OPERATING STATISTICS**  
**(UNAUDITED)**  
**FOR THE YEARS ENDED JUNE 30,**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Tax levy and millages</b>										
Estimated population	2,909	2,909	2,909	2,706	2,706	2,706	2,706	2,706	2,706	2,706
State taxable value										
City total	\$ 145,502,004	\$ 133,911,014	\$ 126,810,600	\$ 114,578,940	\$ 109,214,254	\$ 104,246,719	\$ 104,127,141	\$ 103,248,488	\$ 133,489,659	\$ 130,863,654
Per resident	50,018	46,033	43,593	42,343	40,360	38,524	38,480	38,155	49,331	48,361
Tax levy (mills)										
General fund	15.7700	15.7700	15.7700	15.7700	15.7700	15.7700	15.7700	15.7700	15.7700	12.7760
<b>Tax levy - amounts</b>										
Total levy	\$ 1,857,588	\$ 1,727,328	\$ 1,609,107	\$ 1,560,397	\$ 1,493,155	\$ 1,416,769	\$ 1,318,030	\$ 1,301,008	\$ 2,102,323	\$ 2,061,801
Per resident	638.57	593.79	553.15	576.64	551.79	523.57	487.08	480.79	776.91	761.94
<b>State shared revenues</b>										
Total amount	\$ 957,406	\$ 923,935	\$ 904,486	\$ 811,092	\$ 733,453	\$ 797,481	\$ 760,431	\$ 1,082,370	\$ 585,757	\$ 573,672
Per resident	329.12	317.61	310.93	299.74	271.05	294.71	281.02	399.99	216.47	212.00
<b>Federal shared revenues</b>										
Total amount	\$ 247,611	\$ 51,972	\$ 4,250	\$ 12,000	\$ 19,096	\$ 2,192	\$ 4,621	\$ 4,409	\$ 6,659	\$ 5,398
Per resident	85.12	17.87	1.46	4.43	7.06	0.81	1.71	1.63	2.46	1.99
<b>Total revenue and other financing sources - General fund</b>										
Amount	\$ 3,498,380	\$ 2,951,902	\$ 2,585,591	\$ 2,448,142	\$ 2,408,021	\$ 2,225,050	\$ 2,226,911	\$ 1,981,365	\$ 2,257,036	\$ 2,260,370
Per resident	1,202.61	1,014.75	888.82	904.71	889.88	822.27	822.95	732.21	834.09	835.32
<b>Total expenditures and transfers - General fund</b>										
Amount	\$ 3,252,977	\$ 2,862,170	\$ 2,658,995	\$ 2,454,130	\$ 2,437,660	\$ 2,378,568	\$ 2,106,746	\$ 2,014,838	\$ 2,105,455	\$ 2,112,599
Per resident	1,118.25	983.90	914.06	906.92	900.84	879.00	778.55	744.58	778.07	780.71

Current real and personal property taxes assessed and collected for the year ended December 31, 2022 are as follows:

Unit	Unit	Levy	Collected	Delinquent	Percent Collected
City	City	15.7700	\$ 2,141,380	\$ 17,852	99.2%
Schools	Schools	30.1166	3,389,346	123,505	96.5%
County	County	6.4926	878,942	10,852	98.8%
Library	Library	0.9173	121,086	4,678	96.3%
Fire Authority	Fire Authority	3.0649	402,924	15,630	96.3%
Central Dispatch	Central Dispatch	0.2952	38,954	1,505	96.3%

**CITY OF WHITEHALL**  
**COMPARATIVE OPERATING STATISTICS**  
**WATER & SEWER SYSTEM**  
**(UNAUDITED)**

**FOR THE YEARS ENDED JUNE 30,**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Population served	2,909	2,909	2,909	2,706	2,706	2,706	2,706	2,706	2,706	2,706
Average number of meters in service	1,686	1,654	1,608	1,587	1,551	1,541	1,506	1,504	1,493	1,482
M. gallons pumped to main	371,042	369,113	344,978	302,640	337,869	317,822	309,904	306,892	303,469	301,334
M. gallons sold	322,439	336,559	317,680	283,630	298,351	291,012	299,669	302,269	282,211	289,945
M. gallons water line loss	48,603	32,554	27,298	19,010	39,518	26,810	10,235	4,623	21,258	14,389
Loss percent to total pumpage	13.1%	8.8%	7.9%	6.3%	11.7%	8.4%	3.3%	1.5%	7.0%	4.8%
Revenues from services:										
Water	\$ 922,713	\$ 914,541	\$ 854,148	\$ 737,170	\$ 686,281	\$ 636,314	\$ 639,822	\$ 586,612	\$ 150,473	\$ 563,236
Sewer	\$ 1,615,090	\$ 1,600,906	\$ 1,545,012	\$ 1,193,341	\$ 1,242,917	\$ 1,207,998	\$ 1,145,107	\$ 1,069,016	\$ 586,612	\$ 953,357
Average number of customers	1,675	1,653	1,632	1,568	1,557	1,530	1,431	1,481	1,304	1,293