



City of Whitehall, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



Vredeveld Haefner LLC
CPAs and Consultants

CITY OF WHITEHALL

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INDEPENDENT AUDITORS' REPORT

December 30, 2025

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, 2025, 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, 2025, 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 9, and the budgetary comparison information and benefit plan schedules on pages 47 through 54 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.

Uredeveld 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, 2025. 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 Mears Avenue.
- Phase III continues in Tannery Bay.
- Phase IV continues in the downtown.
- City investments resulted in over \$287,000 of interest revenue.
- The police department purchased in-car and body cameras.
- Salvage Vehicle Inspections activity increased and budgeted revenues were near double.
- Water rates were increased by 5% and sewer rates by 2.5% in January 2025.

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 \$29,904,283 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$3,029,985	\$3,807,232	\$4,478,337	\$3,598,119	\$7,508,322	\$7,405,351
Capital assets	11,114,971	10,073,216	13,279,327	13,502,173	24,394,298	23,575,389
Total assets	14,144,956	13,880,448	17,757,664	17,100,292	31,902,620	30,980,740
Deferred outflows	421,472	519,055	73,076	201,856	494,548	720,911
Current liabilities	350,560	375,125	459,611	376,950	810,171	752,075
Long-term liabilities	1,250,553	1,694,794	350,041	529,282	1,600,594	2,224,076
Total liabilities	1,601,113	2,069,919	809,652	906,232	2,410,765	2,976,151
Deferred inflows	69,655	59,588	12,465	22,499	82,120	82,087
Net position						
Net investment in						
capital assets	10,980,051	9,958,458	12,956,327	13,059,173	23,936,378	23,017,631
Restricted	551,743	895,213	-	-	551,743	895,213
Unrestricted	1,363,866	1,416,325	4,052,296	3,314,244	5,416,162	4,730,569
Total net position	\$12,895,660	\$12,269,996	17,008,623	\$16,373,417	\$29,904,283	\$28,643,413

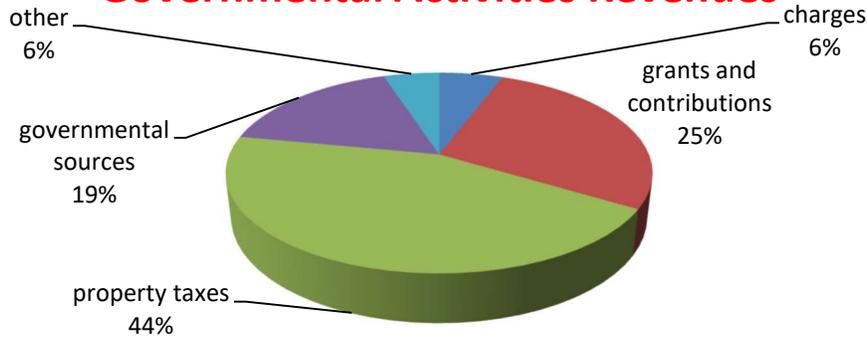
Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenue						
Charges for services	\$269,602	\$333,431	\$3,207,319	\$2,860,719	\$3,476,921	\$3,194,150
Operating grants and contributions	627,142	851,067	225,218	153,825	852,360	1,004,892
Capital grants and contributions	667,797	1,330,781	182,364	157,644	850,161	1,488,425
General revenue						
Property taxes	2,069,578	1,975,924	-	-	2,069,578	1,975,924
Other governmental sources	790,162	779,495	-	-	790,162	779,495
Other	234,882	168,323	197,326	92,365	432,208	260,688
Total revenue	4,659,163	5,439,021	3,812,227	3,264,553	8,471,390	8,703,574
Expenses						
General government	455,436	462,131	-	-	455,436	462,131
Public safety	1,503,334	1,500,005	-	-	1,503,334	1,500,005
Public works	1,796,439	1,230,354	-	-	1,796,439	1,230,354
Health and sanitation	70,868	73,057	-	-	70,868	73,057
Community and economic development	44,408	31,731	-	-	44,408	31,731
Culture and recreation	268,218	277,107	-	-	268,218	277,107
Interest	5,796	7,184	-	-	5,796	7,184
Sewer	-	-	1,407,827	1,183,078	1,407,827	1,183,078
Water	-	-	993,741	639,365	993,741	639,365
Marina	-	-	202,746	192,558	202,746	192,558
Playhouse	-	-	461,707	408,775	461,707	408,775
Total expenses	4,144,499	3,581,569	3,066,021	2,423,776	7,210,520	6,005,345
Transfers	111,000	290,666	(111,000)	(290,666)	-	-
Increase in net position	625,664	2,148,118	635,206	550,111	1,260,870	2,698,229
Net position-beginning of year	12,269,996	10,121,878	16,373,417	15,823,306	28,643,413	25,945,184
Net position-end of year	\$12,895,660	\$12,269,996	\$17,008,623	\$16,373,417	\$29,904,283	\$28,643,413

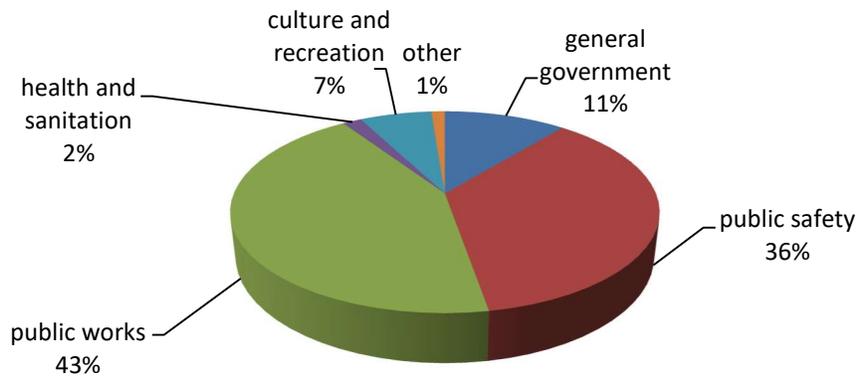
Governmental Activities. Net position of the City increased by \$1,260,870. The governmental activities increased its net position by \$625,664 due to budget savings in the general fund and capitalization of infrastructure projects which will be depreciated over time. During the year the City invested \$1,503,334 or 36% of governmental activities expenses in public safety. Public works was \$1,796,439 or 43% 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 21% of governmental activities expenses.

Business-type Activities. Business-type activities increased the City's net position by \$635,206 for the current year. By comparison, business-type activities reported an increase in net position the previous fiscal year of \$550,111. The business-type activities increase was primarily the result of increased general revenue, capital contributions received for water and playhouse construction, and lower transfers to other funds.

Governmental Activities Revenues



Governmental Activities Expenses



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *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 \$1,955,075 a decrease of \$616,909 in comparison with the prior year. Of the \$1,955,075, \$1,175,903 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 \$1,065,782. 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 35% of total general fund expenditures and transfers out.

The fund balance of the City's general fund decreased by \$53,636 during the current fiscal year.

The fund balance of the major streets fund decreased \$309,713 primarily due to street projects.

The fund balance of the local streets fund decreased \$80,464 primarily due to street projects.

The fund balance of the street improvements fund decreased by \$198,133 primarily due to several projects 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 \$2,472,621 and \$1,224,849, respectively. The sewer fund had an increase in net position for the year of \$485,809 while the water fund had an increase of \$168,524. The playhouse fund ended the year with unrestricted net position of \$149,778. Overall, the fund net position increased \$1,417, 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.

Budgetary Highlights

- The General Fund revenue budget was amended and decreased by approximately \$86,000 due to a state grant originally expected but not received partially offset by higher than expected investments earnings and miscellaneous revenues.
- General fund expenditure budget was increased by approximately \$86,000. This included the following significant changes:
 - City attorney budget was increased \$10,000 to account for unanticipated expenditures.
 - Police department budget increased \$93,200 to account for additional fringe benefits and purchase of a vehicle.
 - Leaf disposal budget was increased by \$15,900 overall to reflect doing leaf pick-up internally rather than contracting.
 - Parks budget was decreased \$56,700 primarily due to delayed capital projects.
- Major and Local Street funds budgets were amended to reflect significant street projects completed during the fiscal year and related transfers between major and local street funds.

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, 2025, amounted to \$24,394,298 (net of accumulated depreciation).

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

Capital Assets			
	Governmental Activities	Business-type Activities	Total
Land	\$ 1,119,728	\$ 453,097	\$ 1,572,825
Construction in Progress	1,088,147	-	1,088,147
Buildings, Equipment and Infrastructure	8,907,096	12,826,230	21,733,326
Total	\$11,114,971	\$13,279,327	\$24,394,298

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 \$399,177. Long-term liabilities, including accrued employee benefits, SBITAs and the net pension and OPEB liabilities, are as follows:

	Governmental Activities	Business-type Activities	Total
Accrued employee benefits	\$ 269,508	\$ 61,406	\$ 330,914
Net pension liability	473,218	75,635	548,853
Net OPEB obligation	445,053	-	445,053
SBITA	58,743	-	58,743
Bonds, leases and notes payable	76,177	323,000	399,177
Total	\$1,322,699	\$460,041	\$1,782,740

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

Economic Factors and Next Year's Budgets and Rates

The factors considered in preparing the City's budget for the 2025-2026 fiscal year included the assumption of a 5% increase in taxes due to an increase in taxable value of city property and a slight increase in state funding levels. The 2026 budget identifies streets and downtown economic development as the high priorities set by City Council. The budget includes approximately \$540,000 in street maintenance and improvements. The annual budget process for City is to be financially conservative and includes long term planning for capital improvement projects. For future budget development, management is actively following the impact on the economy from inflation.

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, 2025

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 2,770,342	\$ 3,639,403	\$ 6,409,745	\$ 1,888,175
Accounts receivable	7,389	769,805	777,194	1,097
Prepaid items	36,721	18,407	55,128	-
Due from other governments	166,447	21,473	187,920	-
Inventory	16,544	53,437	69,981	-
Internal balances	32,542	(32,542)	-	-
Access rights, net	-	8,354	8,354	-
Capital assets				
Land	1,119,728	453,097	1,572,825	1,054,536
Construction in progress	1,088,147	-	1,088,147	-
Depreciable capital assets, net	8,907,096	12,826,230	21,733,326	-
Total assets	<u>14,144,956</u>	<u>17,757,664</u>	<u>31,902,620</u>	<u>2,943,808</u>
Deferred outflows of resources				
Deferred outflow for pension plan	421,472	73,076	494,548	-
Liabilities				
Accounts payable	221,457	214,013	435,470	1,032,306
Accrued liabilities	56,957	33,808	90,765	29,235
Customer deposits	-	3,870	3,870	-
Unearned revenue	-	97,920	97,920	-
Debt due within one year	23,479	110,000	133,479	-
Accrued compensated absences due within one year	48,667	-	48,667	-
Noncurrent liabilities				
Accrued compensated absences due in more than one year	220,841	61,406	282,247	-
Net other post-employment benefits obligation	445,053	-	445,053	-
Net pension liability	473,218	75,635	548,853	-
Debt due in more than one year	111,441	213,000	324,441	-
Total liabilities	<u>1,601,113</u>	<u>809,652</u>	<u>2,410,765</u>	<u>1,061,541</u>
Deferred inflows of resources				
Deferred inflow for pension plan	69,655	12,465	82,120	-
Net position				
Net investment in capital assets	10,980,051	12,956,327	23,936,378	1,054,536
Restricted for				
Garbage and refuse	116,446	-	116,446	-
Capital projects	629	-	629	-
Permanent trust				
Cemetery - nonexpendable portion	381,695	-	381,695	-
Cemetery - expendable	52,973	-	52,973	-
Unrestricted	1,363,866	4,052,296	5,416,162	827,731
Total net position	<u>\$ 12,895,660</u>	<u>\$ 17,008,623</u>	<u>\$ 29,904,283</u>	<u>\$ 1,882,267</u>

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

CITY OF WHITEHALL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 455,436	\$ 93,468	\$ -	\$ -	\$ (361,968)
Public safety	1,503,334	156,114	14,131	-	(1,333,089)
Public works	1,796,439	20,020	613,011	667,797	(495,611)
Health and sanitation	70,868	-	-	-	(70,868)
Community and economic development	44,408	-	-	-	(44,408)
Culture and recreation	268,218	-	-	-	(268,218)
Interest on long-term debt	5,796	-	-	-	(5,796)
Total governmental activities	4,144,499	269,602	627,142	667,797	(2,579,958)
Business-type activities					
Sewer	1,407,827	1,783,930	-	-	376,103
Water	993,741	1,122,930	-	76,235	205,424
Marina	202,746	175,607	17	-	(27,122)
Playhouse	461,707	124,852	225,201	106,129	(5,525)
Total business-type activities	3,066,021	3,207,319	225,218	182,364	548,880
Total primary government	\$ 7,210,520	\$ 3,476,921	\$ 852,360	\$ 850,161	\$ (2,031,078)
Component units					
Tax Increment Finance Authority	1,375,538	-	1,056,392	-	(319,146)
Local Development Finance Authority	275,971	-	282,054	-	6,083
Brownfield Redevelopment Authority	955,517	-	-	-	(955,517)
Total component units	\$ 2,607,026	\$ -	\$ 1,338,446	\$ -	\$ (1,268,580)

(Continued)

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

CITY OF WHITEHALL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (2,579,958)	\$ 548,880	\$ (2,031,078)	\$ (1,268,580)
General revenues				
Property taxes	2,069,578	-	2,069,578	1,283,895
State shared revenues	402,362	-	402,362	-
Other unrestricted grants	387,800	-	387,800	-
Unrestricted investment earnings	131,605	144,737	276,342	77,318
Other general revenues	104,844	52,589	157,433	33,188
Loss on sale of capital assets	(1,567)	-	(1,567)	-
Transfers - internal activities	111,000	(111,000)	-	-
Total general revenues and transfers	<u>3,205,622</u>	<u>86,326</u>	<u>3,291,948</u>	<u>1,394,401</u>
Change in net position	625,664	635,206	1,260,870	125,821
Net position, beginning of year	<u>12,269,996</u>	<u>16,373,417</u>	<u>28,643,413</u>	<u>1,756,446</u>
Net position, end of year	<u>\$ 12,895,660</u>	<u>\$ 17,008,623</u>	<u>\$ 29,904,283</u>	<u>\$ 1,882,267</u>

(Concluded)

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

CITY OF WHITEHALL

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2025

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Street Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets						
Cash and pooled investments	\$ 1,164,665	\$ 126,763	\$ 55,195	\$ 600	\$ 592,681	\$ 1,939,904
Accounts receivable	552	118	1,044	29	5,320	7,063
Prepaid items	36,721	-	-	-	-	36,721
Due from other funds	32,542	-	-	-	-	32,542
Due from other governments	75,664	66,536	22,781	-	-	164,981
Total assets	\$ 1,310,144	\$ 193,417	\$ 79,020	\$ 629	\$ 598,001	\$ 2,181,211
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 81,343	\$ 84,051	\$ -	\$ -	\$ 5,765	\$ 171,159
Accrued liabilities	52,898	1,270	638	-	171	54,977
Total liabilities	134,241	85,321	638	-	5,936	226,136
Fund balances						
Non-spendable						
Prepaid items	36,721	-	-	-	-	36,721
Permanent fund corpus	-	-	-	-	381,695	381,695
Restricted						
Streets	-	108,096	78,382	-	-	186,478
Public safety	-	-	-	-	33,922	33,922
Permanent fund spendable portion	-	-	-	-	52,973	52,973
Assigned						
Building inspections	-	-	-	-	123,475	123,475
Capital projects	-	-	-	629	-	629
Subsequent year expenditures	73,400	-	-	-	-	73,400
Unassigned	1,065,782	-	-	-	-	1,065,782
Total fund balances	1,175,903	108,096	78,382	629	592,065	1,955,075
Total liabilities and fund balances	\$ 1,310,144	\$ 193,417	\$ 79,020	\$ 629	\$ 598,001	\$ 2,181,211

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, 2025

Fund balances - total governmental funds	\$ 1,955,075
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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	1,088,147
Add - capital assets (net of accumulated depreciation)	8,247,797

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	1,389,788
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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	(269,508)
Deduct - other post-employment benefits	(445,053)
Add - deferred outflows related to pensions	421,472
Deduct - net pension liability	(473,218)
Deduct - long-term debt payable	(68,404)
Deduct - deferred inflows related to pensions	(69,655)
Deduct - accrued interest on notes payable	(509)

Net position of governmental activities	<u>\$ 12,895,660</u>
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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, 2025

	<u>General</u>	<u>Major Streets</u>	<u>Formerly Nonmajor Local Streets</u>	<u>Street Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues						
Taxes	\$ 2,069,578	\$ -	\$ -	\$ -	\$ -	\$ 2,069,578
Intergovernmental revenues						
State	405,349	432,154	175,801	-	-	1,013,304
Local	421,631	-	-	-	-	421,631
Licenses and permits	51,057	-	-	-	12,400	63,457
Charges for services	47,071	-	-	-	157,114	204,185
Fines	6,760	-	-	-	-	6,760
Investment earnings	74,072	3,651	1,405	1,684	30,089	110,901
Miscellaneous	72,715	-	-	129	54	72,898
Total revenues	<u>3,148,233</u>	<u>435,805</u>	<u>177,206</u>	<u>1,813</u>	<u>199,657</u>	<u>3,962,714</u>
Expenditures						
Current						
General government	573,749	-	-	-	-	573,749
Public safety	1,571,426	-	-	-	139,806	1,711,232
Public works	331,599	545,518	497,670	690,638	-	2,065,425
Health and sanitation	66,895	-	-	-	-	66,895
Community and economic development	44,408	-	-	-	-	44,408
Culture and recreation	254,111	-	-	-	-	254,111
Other	22,835	-	-	-	-	22,835
Debt service						
Principal	24,421	-	-	-	-	24,421
Interest	2,107	-	-	-	-	2,107
Total expenditures	<u>2,891,551</u>	<u>545,518</u>	<u>497,670</u>	<u>690,638</u>	<u>139,806</u>	<u>4,765,183</u>
Revenues over (under) expenditures	<u>256,682</u>	<u>(109,713)</u>	<u>(320,464)</u>	<u>(688,825)</u>	<u>59,851</u>	<u>(802,469)</u>
Other financing sources (uses)						
Issuance of debt	74,210	-	-	-	-	74,210
Sale of capital assets	350	-	-	-	-	350
Transfers in	34,814	-	240,000	490,692	-	765,506
Transfers out	(419,692)	(200,000)	-	-	(34,814)	(654,506)
Total other financing sources (uses)	<u>(310,318)</u>	<u>(200,000)</u>	<u>240,000</u>	<u>490,692</u>	<u>(34,814)</u>	<u>185,560</u>
Net changes in fund balances	<u>(53,636)</u>	<u>(309,713)</u>	<u>(80,464)</u>	<u>(198,133)</u>	<u>25,037</u>	<u>(616,909)</u>
Fund balances, beginning of year as previously presented	1,229,539	417,809	-	198,762	725,874	2,571,984
Change within financial reporting entity	-	-	158,846	-	(158,846)	-
Fund balances, beginning of year, as restated	<u>1,229,539</u>	<u>417,809</u>	<u>158,846</u>	<u>198,762</u>	<u>567,028</u>	<u>2,571,984</u>
Fund balances, end of year	<u>\$ 1,175,903</u>	<u>\$ 108,096</u>	<u>\$ 78,382</u>	<u>\$ 629</u>	<u>\$ 592,065</u>	<u>\$ 1,955,075</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, 2025

Net changes in fund balances - total governmental funds	\$ (616,909)
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Amounts reported for *governmental activities* in the statement of activities are different because

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

Add - capital outlay	1,401,462
Add - capital contribution	304,750
Deduct - depreciation expense	(738,117)
Deduct - net book value of disposed capital assets	(3,717)

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	24,421
Deduct - issuance of debt	(74,210)

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

Add - decrease in compensated absences	38,186
Add - decrease in accrued interest	471
Add - decrease in net pension liability	475,525
Deduct - decrease in deferred outflows related to pensions	(97,583)
Deduct - increase in deferred inflows related to pensions	(10,067)
Deduct - increase in net OPEB liability	(112,500)

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	<u>33,952</u>
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Change in net position of governmental activities	\$ <u>625,664</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF WHITEHALL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Sewer	Water	Playhouse	(Nonmajor Enterprise Fund) Marina		Internal Service Fund
Assets						
Current assets						
Cash and pooled investments	\$ 2,195,931	\$ 967,499	\$ 242,365	\$ 233,608	\$ 3,639,403	\$ 830,438
Accounts receivable	459,646	299,701	10,250	208	769,805	326
Prepaid items	4,150	4,150	10,107	-	18,407	-
Due from other governments	-	5,889	-	15,584	21,473	1,466
Inventory	-	37,481	-	15,956	53,437	16,544
Total current assets	<u>2,659,727</u>	<u>1,314,720</u>	<u>262,722</u>	<u>265,356</u>	<u>4,502,525</u>	<u>848,774</u>
Non-current assets						
Capital assets						
Land	-	4,223	103,454	345,420	453,097	-
Plant and systems	5,470,663	10,403,312	-	-	15,873,975	-
Buildings and improvements	-	341,148	3,893,657	474,835	4,709,640	456,121
Land improvements	-	-	-	996,294	996,294	-
Equipment	-	-	58,589	-	58,589	1,918,760
Less accumulated depreciation	(2,506,810)	(4,520,418)	(630,955)	(1,154,085)	(8,812,268)	(1,715,582)
Total capital assets, net	2,963,853	6,228,265	3,424,745	662,464	13,279,327	659,299
Access rights, net	8,354	-	-	-	8,354	-
Total non-current assets	<u>2,972,207</u>	<u>6,228,265</u>	<u>3,424,745</u>	<u>662,464</u>	<u>13,287,681</u>	<u>659,299</u>
Total assets	<u>5,631,934</u>	<u>7,542,985</u>	<u>3,687,467</u>	<u>927,820</u>	<u>17,790,206</u>	<u>1,508,073</u>
Deferred outflows of resources						
Deferred outflow for pension plan	29,529	29,529	14,018	-	73,076	-
Liabilities						
Current liabilities						
Accounts payable	154,388	43,304	3,688	12,633	214,013	50,298
Accrued liabilities	9,553	11,681	10,071	2,503	33,808	1,471
Due to other funds	-	-	32,542	-	32,542	-
Unearned revenue	-	-	52,748	45,172	97,920	-
Customer deposits	-	3,870	-	-	3,870	-
Current portion of long-term debt	-	-	110,000	-	110,000	-
Total current liabilities	<u>163,941</u>	<u>58,855</u>	<u>209,049</u>	<u>60,308</u>	<u>492,153</u>	<u>51,769</u>
Long-term liabilities						
Accrued compensated absences	19,646	30,872	10,888	-	61,406	-
Net pension liability	36,365	24,636	14,634	-	75,635	-
Long-term debt payable, net of current portion	-	-	213,000	-	213,000	66,516
Total long-term liabilities	<u>56,011</u>	<u>55,508</u>	<u>238,522</u>	<u>-</u>	<u>350,041</u>	<u>66,516</u>
Total liabilities	<u>219,952</u>	<u>114,363</u>	<u>447,571</u>	<u>60,308</u>	<u>842,194</u>	<u>118,285</u>
Deferred inflows of resources						
Deferred inflow for pension plan	5,037	5,037	2,391	-	12,465	-
Net position						
Net investment in capital assets	2,963,853	6,228,265	3,101,745	662,464	12,956,327	592,783
Unrestricted	2,472,621	1,224,849	149,778	205,048	4,052,296	797,005
Total net position	<u>\$ 5,436,474</u>	<u>\$ 7,453,114</u>	<u>\$ 3,251,523</u>	<u>\$ 867,512</u>	<u>\$ 17,008,623</u>	<u>\$ 1,389,788</u>

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, 2025

	Enterprise Funds				Enterprise Fund Total	Governmental
	Sewer	Water	Playhouse	(Nonmajor Enterprise Fund) Marina		Internal Service Fund
Operating revenue						
Charges for services	\$ 1,783,930	\$ 1,142,657	\$ 124,819	\$ 175,607	\$ 3,227,013	\$ 395,410
Program sponsorships	-	-	45,408	-	45,408	-
Total operating revenue	<u>1,783,930</u>	<u>1,142,657</u>	<u>170,227</u>	<u>175,607</u>	<u>3,272,421</u>	<u>395,410</u>
Operating expense						
Operating costs and expenses	1,300,850	750,858	367,108	154,807	2,573,623	254,747
Depreciation	105,309	242,883	82,658	47,939	478,789	136,254
Amortization	1,668	-	-	-	1,668	-
Total operating expense	<u>1,407,827</u>	<u>993,741</u>	<u>449,766</u>	<u>202,746</u>	<u>3,054,080</u>	<u>391,001</u>
Operating income (loss)	<u>376,103</u>	<u>148,916</u>	<u>(279,539)</u>	<u>(27,139)</u>	<u>218,341</u>	<u>4,409</u>
Non-operating revenue (expense)						
Gain on disposal of capital assets	-	-	-	-	-	1,800
Grant revenue	-	-	39,901	-	39,901	-
Other revenue	52,589	-	139,925	17	192,531	-
Investment earnings	82,117	49,100	6,942	6,578	144,737	31,903
Interest expense	-	-	(11,941)	-	(11,941)	(4,160)
Total non-operating revenue (expense)	<u>134,706</u>	<u>49,100</u>	<u>174,827</u>	<u>6,595</u>	<u>365,228</u>	<u>29,543</u>
Income (loss) before transfers and other items	<u>510,809</u>	<u>198,016</u>	<u>(104,712)</u>	<u>(20,544)</u>	<u>583,569</u>	<u>33,952</u>
Transfers and other items						
Transfers in	-	25,000	-	-	25,000	-
Transfers out	(25,000)	(111,000)	-	-	(136,000)	-
Total transfers and other items	<u>(25,000)</u>	<u>(86,000)</u>	<u>-</u>	<u>-</u>	<u>(111,000)</u>	<u>-</u>
Capital grants and contributions	-	56,508	106,129	-	162,637	-
Changes in net position	485,809	168,524	1,417	(20,544)	635,206	33,952
Net position, beginning of year	<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>
Net position, end of year	<u>\$ 5,436,474</u>	<u>\$ 7,453,114</u>	<u>\$ 3,251,523</u>	<u>\$ 867,512</u>	<u>\$ 17,008,623</u>	<u>\$ 1,389,788</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, 2025

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Sewer	Water	Playhouse	(Nonmajor Enterprise Fund) Marina		Internal Service Fund
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 410,447
Receipts from customers and users	1,721,718	1,081,045	161,845	177,414	3,142,022	-
Other operating revenues	52,589	-	185,757	17	238,363	-
Payments to employees	(302,675)	(391,866)	(219,275)	(31,218)	(945,034)	(106,059)
Payments to suppliers	(951,696)	(300,965)	(146,069)	(109,852)	(1,508,582)	(98,156)
Net cash provided by (used in) operating activities	<u>519,936</u>	<u>388,214</u>	<u>(17,742)</u>	<u>36,361</u>	<u>926,769</u>	<u>206,232</u>
Cash flows from non-capital financing activities						
Due to other funds	-	-	32,542	-	32,542	-
Transfers in	-	25,000	-	-	25,000	-
Transfers out	(25,000)	(111,000)	-	-	(136,000)	-
Net cash provided by (used in) non-capital financing activities	<u>(25,000)</u>	<u>(86,000)</u>	<u>32,542</u>	<u>-</u>	<u>(78,458)</u>	<u>-</u>
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	-	-	-	1,800
Interest paid	-	-	(11,941)	-	(11,941)	(4,160)
Capital grants and contributions	-	56,508	106,129	-	162,637	-
Principal paid on bonds and notes	-	-	(120,000)	-	(120,000)	(29,627)
Acquisitions of capital assets	(132,046)	(123,897)	-	-	(255,943)	(213,631)
Net cash provided by (used in) capital and related financing activities	<u>(132,046)</u>	<u>(67,389)</u>	<u>(25,812)</u>	<u>-</u>	<u>(225,247)</u>	<u>(245,618)</u>
Cash flows from investing activities						
Interest income	82,117	49,100	6,942	6,578	144,737	31,903
Net increase (decrease) in cash and pooled investments	445,007	283,925	(4,070)	42,939	767,801	(7,483)
Cash and pooled investments, beginning of year	<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>
Cash and pooled investments, end of year	<u>\$ 2,195,931</u>	<u>\$ 967,499</u>	<u>\$ 242,365</u>	<u>\$ 233,608</u>	<u>\$ 3,639,403</u>	<u>\$ 830,438</u>
Cash flows from operating activities						
Operating income (loss)	\$ 376,103	\$ 148,916	\$ (279,539)	\$ (27,139)	\$ 218,341	\$ 4,409
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	105,309	242,883	82,658	47,939	478,789	136,254
Amortization of access rights	1,668	-	-	-	1,668	-
Deferred outflows of resources	44,365	92,161	(7,746)	-	128,780	-
Deferred inflows of resources	(3,199)	(8,527)	1,692	-	(10,034)	-
Other operating revenues	52,589	-	179,826	17	232,432	-
Changes in operating assets and liabilities which provided (used) cash						
Receivables	(62,212)	(61,245)	(8,382)	179	(131,660)	14,101
Due from other governmental units	-	(887)	-	(5,172)	(6,059)	936
Prepaid items	(1,084)	1,916	(498)	-	334	-
Inventory	-	(11,374)	-	2,132	(9,242)	1,576
Accounts payable	15,603	36,656	85	10,621	62,965	47,871
Accrued liabilities	5,520	7,592	2,349	984	16,445	1,085
Customer deposits	-	520	-	-	520	-
Compensated absences	(4,006)	(6,295)	1,224	-	(9,077)	-
Net pension liability	(10,720)	(54,102)	4,658	-	(60,164)	-
Unearned revenue	-	-	5,931	6,800	12,731	-
Net cash provided by (used in) operating activities	<u>\$ 519,936</u>	<u>\$ 388,214</u>	<u>\$ (17,742)</u>	<u>\$ 36,361</u>	<u>\$ 926,769</u>	<u>\$ 206,232</u>

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

CITY OF WHITEHALL

**FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2025

	Custodial Fund
Assets	
Cash and pooled investments	\$ <u>63,631</u>
Total assets	<u>63,631</u>
Liabilities	
Due to other governmental units	<u>63,631</u>
Total liabilities	<u>63,631</u>
Net position	
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, 2025

	Custodial Fund
Additions	
Property taxes collected for other governments	\$ <u>5,131,073</u>
Total additions	<u>5,131,073</u>
Deductions	
Property taxes distributed to other governments	<u>5,131,073</u>
Total deductions	<u>5,131,073</u>
Net increase	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<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, 2025

	Tax Increment Finance Authority	Local Development Finance Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and pooled investments	\$ 610,499	\$ 352,367	\$ 925,309	\$ 1,888,175
Accounts receivable	553	321	223	1,097
Capital assets not being depreciated				
Land	<u>551,351</u>	<u>503,185</u>	<u>-</u>	<u>1,054,536</u>
Total assets	<u>1,162,403</u>	<u>855,873</u>	<u>925,532</u>	<u>2,943,808</u>
Liabilities				
Accounts payable	129,404	1,612	901,290	1,032,306
Accrued liabilities	<u>16,393</u>	<u>7,705</u>	<u>5,137</u>	<u>29,235</u>
Total liabilities	<u>145,797</u>	<u>9,317</u>	<u>906,427</u>	<u>1,061,541</u>
Net position				
Investment in capital assets	551,351	503,185	-	1,054,536
Unrestricted	<u>465,255</u>	<u>343,371</u>	<u>19,105</u>	<u>827,731</u>
Total net position	<u>\$ 1,016,606</u>	<u>\$ 846,556</u>	<u>\$ 19,105</u>	<u>\$ 1,882,267</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, 2025

	Tax Increment Finance Authority	Local Development Finance Authority	Brownfield Redevelopment Authority	Total
Expenses				
Community development	<u>\$ 1,375,538</u>	<u>\$ 275,971</u>	<u>\$ 955,517</u>	<u>\$ 2,607,026</u>
Revenues				
Program revenues				
Operating grants and contributions	1,056,392	282,054	-	1,338,446
General revenues				
Property taxes	298,503	102,239	883,153	1,283,895
Unrestricted investment earnings	35,663	17,044	24,611	77,318
Miscellaneous	<u>33,188</u>	<u>-</u>	<u>-</u>	<u>33,188</u>
Total revenues	<u>1,423,746</u>	<u>401,337</u>	<u>907,764</u>	<u>2,732,847</u>
Change in net position	48,208	125,366	(47,753)	125,821
Net position, beginning of year	<u>968,398</u>	<u>721,190</u>	<u>66,858</u>	<u>1,756,446</u>
Net position, end of year	<u>\$ 1,016,606</u>	<u>\$ 846,556</u>	<u>\$ 19,105</u>	<u>\$ 1,882,267</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, 2025

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, 2025

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 *Local 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, 2025

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, 2025

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.

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.

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

Subscription-Based Information Technology Arrangements (SBITAs)

Significant subscription-based information technology arrangements are recorded as an intangible right to use subscription, SBITAs asset. These assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets. The assets are disclosed with other capital assets in note 5. The associated liability for the arrangement is recorded as long-term debt. Both the asset and the liability are recorded at the present value of the contract. Details regarding the SBITAs and the long-term debt are discussed in the following notes.

Compensated Absences

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation paid time off (PTO) upon termination, and for accumulated sick leave upon retirement under formulas and conditions specified in the contracts. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is recognized in the government-wide 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. The liability for compensated absences includes salary-related benefits, where applicable.

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.

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Long-Term Obligations

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

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Net Position and Fund Balance Flow Assumptions

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

Property Taxes

City property taxes are attached as an enforceable lien on property as of 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 2024 taxable value was 149,892,708 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, 2025, 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.

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

During the year ended June 30, 2025, the City incurred expenditures in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
General government			
Attorney	\$ 30,000	\$ 33,806	\$ 3,806
Public Works			
Street Lighting	74,800	83,051	8,251
Culture and recreation			
119 S Baldwin	4,400	5,242	842
Debt service			
Principal	21,800	24,421	2,621
Interest	2,000	2,107	107

3. DEPOSITS AND INVESTMENTS

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

Governmental activities	\$2,770,342
Business-type activities	3,639,403
Fiduciary fund	63,631
Component units	<u>1,888,175</u>
	<u>\$8,361,551</u>

Cash and pooled investments consist of the following at June 30, 2025:

Petty cash	\$ 1,325
Deposits	
Demand deposit accounts	1,384,248
Certificates of deposit	1,164,023
Investments	<u>5,811,955</u>
	<u>\$8,361,551</u>

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, \$1,439,351 of the City's bank balance of \$2,523,212 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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	\$ 34,755	AA1
United States Treasury Notes	11/30/25	34,438	AA1
United States Treasury Notes	12/31/27	34,303	AA1
United States Treasury Notes	3/31/28	32,773	AA1
United States Treasury Notes	9/30/26	33,715	AA1
United States Treasury Notes	12/31/26	33,691	AA1
United States Treasury Notes	3/31/27	33,273	AA1
United States Treasury Notes	6/30/27	33,696	AA1
United States Treasury Notes	9/30/27	33,300	AA1
United States Treasury Notes	3/31/26	32,555	AA1
United States Treasury Notes	6/30/26	33,296	AA1
Mutual Funds			
IAM OCIO IAM Bank Sweep	N/A	41,277	N/A
IAM OCIO IAM Bank Sweep	N/A	36,007	N/A
Michigan Class	N/A	4,729,309	S&P AAAM
Comerica Gov't. Cash Investment fund	N/A	635,567	S&P AAAM
		<u>\$5,811,955</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 OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 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 \$369,795 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, 2025 are as follows:

Transfers in					
<u>Transfers out</u>	General Fund	Local Street Fund	Street Improvement Fund	Water Fund	<u>Total</u>
General fund	\$ -	\$ 40,000	\$379,692	\$ -	\$ 419,692
Major street fund	-	200,000	-	-	200,000
Sewer fund	-	-	-	25,000	25,000
Water fund	-	-	111,000	-	111,000
Nonmajor funds	34,814	-	-	-	34,814
Total	\$ 34,814	\$ 240,000	\$490,692	\$25,000	\$ 790,506

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, 2025

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 1,119,728	\$ -	\$ -	\$ 1,119,728
Construction in Progress	1,252,508	304,750	469,111	1,088,147
Total capital assets, not being depreciated	2,372,236	304,750	469,111	2,207,875
Capital assets, being depreciated and amortized				
Building and improvements	1,695,322	57,200	-	1,752,522
Land improvements	2,713,294	22,814	-	2,736,108
Vehicles and equipment	2,141,693	226,101	85,196	2,282,598
Infrastructure	16,282,749	1,703,879	-	17,986,628
SBITA	-	74,210	-	74,210
Total capital assets, being depreciated and amortized	22,833,058	2,084,204	85,196	24,832,066
Less accumulated depreciation and amortization				
Building and improvements	1,399,362	27,592	-	1,426,954
Land improvements	1,454,516	172,455	-	1,626,971
Vehicles and equipment	1,469,971	167,564	81,479	1,556,056
Infrastructure	10,808,229	503,049	-	11,311,278
SBITA	-	3,711	-	3,711
Total accumulated depreciation and amortization	15,132,078	874,371	81,479	15,924,970
Net capital assets, being depreciated	7,700,980	1,209,833	3,717	8,907,096
Governmental Activities capital assets, net	\$10,073,216	\$1,514,583	\$472,828	\$11,114,971

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 453,097	\$ -	\$ -	\$ 453,097
Construction in progress	461,201	-	461,201	-
Total capital assets, not being depreciated	914,298	-	461,201	453,097
Capital assets, being depreciated				
Plants and system	15,156,831	717,143	-	15,873,974
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	20,921,354	717,143	-	21,638,497
Less accumulated depreciation				
Plants and system	6,337,887	348,192	-	6,686,079
Buildings and improvements	1,249,863	93,451	-	1,343,314
Land improvements	717,835	33,167	-	751,002
Equipment	27,893	3,979	-	31,872
Total accumulated depreciation	8,333,478	478,789	-	8,812,267
Net capital assets, being depreciated	12,587,876	238,354	-	12,826,230
Business-type Activities capital assets, net	\$13,502,174	\$ 238,354	\$461,201	\$13,279,327
Component Units				
Tax Increment Financing Authority				
Capital assets, not being depreciated				
Land	\$145,568	\$405,783	\$ -	\$ 551,351
Local Development Finance Authority				
Land	503,185	-	-	503,185
Component unit capital assets, net	\$648,753	\$405,783	\$ -	\$1,054,536

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

Governmental Activities	
General government	\$ 26,283
Public safety	88,586
Highways	604,182
Culture and recreation	15,093
Health and sanitation	3,973
Depreciation charged to internal service fund	136,254
Total depreciation and amortization - governmental activities	\$874,371
Business-type Activities	
Sewer	\$105,309
Water	242,883
Playhouse	82,658
Marina	47,939
Total depreciation expense - business- type activities	\$478,789

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

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.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2024):

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled but not yet receiving benefits	5
Active plan members	15
Total	48

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 \$39,314 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 \$4,210 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, 2024, 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, 2024 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

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

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.

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balance at December 31, 2023	\$7,859,127	\$6,774,585	\$1,084,542
Changes for the Year:			
Service cost	105,329	-	105,329
Interest	553,115	-	553,115
Change in benefits	-	-	-
Differences between expected and actual experience	(60,652)	-	(60,652)
Change in assumptions	23,460	-	23,460
Contributions: employer	-	658,133	(658,133)
Contributions: employee	-	-	-
Net investment income	-	514,299	(514,299)
Benefit payments, including refunds	(416,426)	(416,426)	-
Administrative expense	-	(15,491)	15,491
Other changes	-	-	-
Net changes	204,826	740,515	(535,689)
Balance at December 31, 2024	\$8,063,953	\$7,515,100	\$548,853

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.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$8,940,866	\$8,063,953	\$7,315,300
Fiduciary net position	7,515,100	7,515,100	7,515,100
Net pension liability	\$1,425,766	\$ 548,853	\$ (748,653)

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

For the year ended June 30, 2025, the employer recognized pension expense of \$262,578. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Excess investment returns	\$228,320	\$ -
Differences in experience	-	82,120
Differences in assumptions	30,344	-
Contributions subsequent to the measurement date*	235,884	-
Total	\$494,548	\$82,120

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

* 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, 2026.

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:

2026	\$50,633
2027	182,392
2028	(52,530)
2029	(3,951)
2030	-
Thereafter	-
Total	\$176,544

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 \$33,890 during the year ended June 30, 2025.

7. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2025:

	Balance July 1, <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2025</u>	Due Within One Year
Governmental Activities					
2024 Police vehicle contract payable in annual installments of \$10,424 through October 2025, including interest at 7.907%	\$ 18,615	\$ -	\$ 8,954	\$ 9,661	\$ 9,661
2022 Volvo equipment contract payable in annual installments of \$33,787 through July 2027, including interest at 3.99%	96,143	-	29,627	66,516	-
Total bonds/capital leases	114,758	-	38,581	76,177	9,661
SBITA	-	74,210	15,467	58,743	13,818
Accrued employee benefits *	307,694	-	38,186	269,508	48,667
Total Governmental Activities	\$422,452	\$74,210	\$92,234	\$404,428	\$72,146

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Business-type Activities					
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%	\$443,000	\$ -	\$120,000	\$323,000	\$110,000
Accrued employee benefits *	70,483	-	9,075	61,406	-
Total Business-type Activities	<u>\$513,483</u>	<u>\$ -</u>	<u>\$129,075</u>	<u>\$384,406</u>	<u>\$110,000</u>

* The change in compensated absences is presented as a net change

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.

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2025 are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 9,661	\$ 763	\$110,000	\$ 8,836
2027	30,909	2,878	111,000	5,300
2028	35,607	1,542	102,000	1,734
Total	<u>\$ 76,177</u>	<u>\$ 5,813</u>	<u>\$323,000</u>	<u>\$15,870</u>

<u>Year Ended June 30</u>	<u>Governmental Activities SBITA</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 13,818	\$ 2,286
2027	14,381	1,723
2028	14,967	1,137
2029	15,577	527
Total	<u>\$ 58,743</u>	<u>\$ 5,673</u>

The City entered into a five-year subscription-based information technology arrangement (SBITA) during the year for police body cameras and the related cloud-based software. The agreement commenced in April 2025 for a five-year term with annual payments of \$16,104. As of June 30, 2025, the City has a right to use asset of \$74,210 and a corresponding lease liability of \$58,743.

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025):

Retirees and beneficiaries receiving benefits	2
Active plan members	9
Total	<u>11</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, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by a valuation as of that date.

The total OPEB liability in the June 30, 2025 annual valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation: 3.65%

Salary Increases: 3.65% 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 3.93%; the rate used in 2024 was 3.65%. 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

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

	Total OPEB Liability
	(a)
Balance at 6/30/24	\$332,533
Changes for the Year:	
Service cost	15,903
Interest	13,048
Changes in benefits	-
Differences between expected and actual experience	121,080
Change in assumptions	(20,217)
Benefit payments	(17,294)
Net changes	112,520
Balance at 6/30/25	\$445,053

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 3.93%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (2.93%) or higher (4.93%) than the current rate.

	1% Decrease	Current Discount rate	1% increase
Total OPEB liability	\$470,553	\$445,053	\$417,533

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	\$408,653	\$445,053	\$485,813

OPEB Expense

For the year ended June 30, 2025 the employer recognized OPEB expense of \$147,337.

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

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 the City abated property tax revenues of approximately \$58,000.

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, 2025 the City abated property tax revenues of approximately \$316,000.

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, 2025 the City abated an insignificant amount of property tax revenues.

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, 2024, 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	12%
Water accounts receivable	69%
Water billings	59%

CITY OF WHITEHALL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

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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, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 2,071,000	\$ 2,069,300	\$ 2,069,578	\$ 278
Intergovernmental revenues				
State	513,300	406,600	405,349	(1,251)
Local	421,400	421,400	421,631	231
Licenses and permits	61,800	59,300	51,057	(8,243)
Charges for services	54,100	53,300	47,071	(6,229)
Fines	8,700	8,700	6,760	(1,940)
Investment earnings	49,600	56,600	74,072	17,472
Miscellaneous	27,500	46,100	72,715	26,615
Total revenues	3,207,400	3,121,300	3,148,233	26,933
Expenditures				
Current				
General government				
Council	44,500	46,500	44,197	2,303
Clerk	106,100	106,200	99,842	6,358
District Court	21,600	21,600	15,216	6,384
Administration	134,000	137,500	137,106	394
Election department	44,700	46,700	43,169	3,531
Attorney	20,000	30,000	33,806	(3,806)
Assessor	41,000	41,000	40,750	250
Board of review	2,700	2,700	1,874	826
Treasurer	94,400	93,400	93,245	155
City hall and grounds	65,100	71,600	64,544	7,056
Total general government	574,100	597,200	573,749	23,451
Public safety				
Police	1,484,900	1,578,100	1,571,426	6,674
Public works				
Cemetery	196,900	197,900	154,411	43,489
Sidewalks	110,400	110,400	93,535	16,865
Streets and highways	600	1,000	602	398
Street lighting	68,800	74,800	83,051	(8,251)
Total public works	376,700	384,100	331,599	52,501
Health and sanitation				
Sanitation	6,200	6,300	1,180	5,120
Leaf disposal	69,700	85,600	65,715	19,885
Total health and sanitation	75,900	91,900	66,895	25,005
Community and economic development				
Planning	35,100	37,600	44,408	(6,808)

(Continued)

CITY OF WHITEHALL

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

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and recreation				
Parks	\$ 417,800	\$ 361,100	\$ 235,864	\$ 125,236
Pathway maintenance	18,000	18,400	13,005	5,395
119 S Baldwin	3,900	4,400	5,242	(842)
Total culture and recreation	<u>439,700</u>	<u>383,900</u>	<u>254,111</u>	<u>129,789</u>
Other	<u>21,000</u>	<u>21,000</u>	<u>22,835</u>	<u>(1,835)</u>
Debt service				
Principal	21,800	21,800	24,421	(2,621)
Interest and fiscal charges	2,000	2,000	2,107	(107)
Total debt service	<u>23,800</u>	<u>23,800</u>	<u>26,528</u>	<u>(2,728)</u>
Total expenditures	<u>3,031,200</u>	<u>3,117,600</u>	<u>2,891,551</u>	<u>226,049</u>
Revenues over (under) expenditures	176,200	3,700	256,682	252,982
Other financing sources (uses)				
Issuance of debt	-	-	74,210	74,210
Sale of capital assets	-	-	350	350
Transfers in	34,800	34,800	34,814	14
Transfers out	<u>(379,700)</u>	<u>(419,700)</u>	<u>(419,692)</u>	<u>8</u>
Total other financing sources (uses)	<u>(344,900)</u>	<u>(384,900)</u>	<u>(310,318)</u>	<u>74,582</u>
Net changes in fund balance	(168,700)	(381,200)	(53,636)	327,564
Fund balance, beginning of year	<u>1,229,539</u>	<u>1,229,539</u>	<u>1,229,539</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,060,839</u>	<u>\$ 848,339</u>	<u>\$ 1,175,903</u>	<u>\$ 327,564</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, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 405,400	\$ 405,400	\$ 432,154	\$ 26,754
Local	200	200	-	(200)
Investment earnings	<u>10,000</u>	<u>3,000</u>	<u>3,651</u>	<u>651</u>
Total revenues	415,600	408,600	435,805	27,205
Expenditures				
Current				
Public works	<u>280,800</u>	<u>599,000</u>	<u>545,518</u>	<u>53,482</u>
Revenues over (under) expenditures	134,800	(190,400)	(109,713)	80,687
Other financing sources				
Transfers out	<u>(30,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net changes in fund balance	104,800	(390,400)	(309,713)	80,687
Fund balance, beginning of year	<u>417,809</u>	<u>417,809</u>	<u>417,809</u>	<u>-</u>
Fund balance, end of year	<u>\$ 522,609</u>	<u>\$ 27,409</u>	<u>\$ 108,096</u>	<u>\$ 80,687</u>

CITY OF WHITEHALL

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

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 154,800	\$ 154,800	\$ 175,801	\$ 21,001
Investment earnings	2,500	700	1,405	705
Total revenues	157,300	155,500	177,206	21,706
Expenditures				
Current				
Public works	232,600	534,500	497,670	36,830
Revenues over (under) expenditures	(75,300)	(379,000)	(320,464)	58,536
Other financing sources				
Transfers in	30,000	240,000	240,000	-
Net changes in fund balance	(45,300)	(139,000)	(80,464)	58,536
Fund balance, beginning of year	158,846	158,846	158,846	-
Fund balance, end of year	\$ 113,546	\$ 19,846	\$ 78,382	\$ 58,536

CITY OF WHITEHALL

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

FOR THE YEAR ENDED JUNE 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 105,329	\$ 109,710	\$ 105,021	\$ 108,753	\$ 97,385	\$ 94,223	\$ 89,798	\$ 90,702	\$ 89,147	\$ 93,541
Interest	553,115	548,395	527,925	491,751	498,228	498,106	485,179	468,793	453,759	435,126
Changes in benefit terms					-	-	-	-	-	-
Difference between expected and actual experience	(60,652)	(155,534)	63,577	1,637	(236,369)	(72,542)	(21,599)	35,605	9,867	(57,556)
Changes in assumptions	23,460	55,844	-	265,232	243,605	195,094	-	-	-	251,246
Benefit payments including employee refunds	(416,426)	(417,009)	(416,026)	(373,291)	(381,397)	(392,916)	(395,085)	(384,544)	(346,728)	(298,111)
Other	-	-	-	24,048	-	-	-	-	-	-
Net change in total pension liability	204,826	141,406	280,497	518,130	221,452	321,965	158,293	210,556	206,045	424,246
Total pension liability, beginning of year	7,859,127	7,717,721	7,437,224	6,919,094	6,697,642	6,375,677	6,217,384	6,006,828	5,800,783	5,376,537
Total pension liability, end of year	\$8,063,953	\$7,859,127	\$7,717,721	\$7,437,224	\$6,919,094	\$6,697,642	\$6,375,677	\$6,217,384	\$6,006,828	\$5,800,783
Plan Fiduciary Net Position										
Contributions-employer	\$ 658,133	\$ 535,150	\$ 527,296	\$ 411,498	\$ 471,538	\$ 528,836	\$ 299,127	\$ 204,349	\$ 158,000	\$ 149,144
Net investment income	514,299	680,924	(693,638)	816,752	659,825	596,007	(178,066)	547,665	444,151	(61,643)
Benefit payments including employee refunds	(416,426)	(417,009)	(416,026)	(373,291)	(381,397)	(392,916)	(395,085)	(384,544)	(346,728)	(298,111)
Administrative expense	(15,491)	(14,435)	(12,430)	(9,371)	(10,169)	(10,277)	(8,822)	(8,684)	(8,773)	(9,071)
Net change in plan fiduciary net position	740,515	784,630	(594,798)	845,588	739,797	721,650	(282,846)	358,786	246,650	(219,681)
Plan fiduciary net position, beginning of year	6,774,585	5,989,955	6,584,753	5,739,165	4,999,368	4,277,718	4,560,564	4,201,778	3,955,128	4,174,809
Plan fiduciary net position, end of year	\$7,515,100	\$6,774,585	\$5,989,955	\$6,584,753	\$5,739,165	\$4,999,368	\$4,277,718	\$4,560,564	\$4,201,778	\$3,955,128
Employer net pension liability	\$ 548,853	\$1,084,542	\$1,727,766	\$ 852,471	\$1,179,929	\$1,698,274	\$2,097,959	\$1,656,820	\$1,805,050	\$1,845,655
Plan fiduciary net position as a percentage of the total pension liability	93%	86%	78%	89%	83%	75%	67%	73%	70%	68%
Covered employee payroll	\$1,327,651	\$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
Employer's net pension liability as a percentage of covered employee payroll	41%	77%	127%	55%	81%	120%	158%	123%	142%	143%

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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	\$ 471,768	\$ 444,579	\$ 425,640	\$ 411,498	\$ 394,044	\$ 349,032	\$ 306,652	\$ 265,672	\$ 168,861	\$ 148,143
Contributions in relation to the actuarially determined contribution	<u>571,768</u>	<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>
Contribution excess (deficiency)	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered employee payroll	\$ 1,327,651	\$ 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
Contributions as a percentage of covered employee payroll	43.1%	38.1%	35.6%	33.1%	33.8%	31.4%	29.8%	19.0%	12.7%	11.1%

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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 15,903	\$ 13,405	\$ 18,237	\$ 25,361	\$ 29,511	\$ 25,129	\$ 32,425	\$ 22,961
Interest	13,048	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	121,080	(119,139)	(23,754)	(65,825)	(51,394)	(9,244)	(71,249)	(71,814)
Changes in assumptions	(20,217)	(1,916)	(27,757)	623	11,039	(2,604)	-	-
Benefit payments including employee refunds	(17,294)	(16,935)	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net change in total OPEB liability	<u>112,520</u>	<u>(108,550)</u>	<u>(72,264)</u>	<u>(27,877)</u>	<u>1,358</u>	<u>31,513</u>	<u>(22,415)</u>	<u>(33,313)</u>
Total OPEB liability, beginning of year	<u>332,533</u>	<u>441,083</u>	<u>513,347</u>	<u>541,224</u>	<u>539,866</u>	<u>508,353</u>	<u>530,768</u>	<u>564,081</u>
Total OPEB liability, end of year	<u>\$ 445,053</u>	<u>\$ 332,533</u>	<u>\$ 441,083</u>	<u>\$ 513,347</u>	<u>\$ 541,224</u>	<u>\$ 539,866</u>	<u>\$ 508,353</u>	<u>\$ 530,768</u>
Plan Fiduciary Net Position								
Contributions-employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions-employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments including employee refunds	-	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>							
Plan fiduciary net position, beginning of year	<u>-</u>							
Plan fiduciary net position, end of year	<u>\$ -</u>							
Employer net OPEB liability	<u>\$ 445,053</u>	<u>\$ 332,533</u>	<u>\$ 441,083</u>	<u>\$ 513,347</u>	<u>\$ 541,224</u>	<u>\$ 539,866</u>	<u>\$ 508,353</u>	<u>\$ 530,768</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered employee payroll	\$ 860,371	\$ 859,147	\$ 871,769	\$ 909,375	\$ 883,676	\$ 870,758	\$ 855,688	\$ 834,656
Employer's net OPEB liability as a percentage of covered employee payroll	52%	39%	51%	56%	61%	62%	59%	64%

CITY OF WHITEHALL

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2025

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
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%
6/30/2025	35,176	-	35,176	860,371	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	3.65% including inflation (3.25% 2022-2024; 3.0% 2021 & 2022; 3.5% 2020)
Discount rate	3.93% (3.65% in 2024; 3.54% in 2023, 2.16% 2022, 2.2% 2021, 3.5% 2020, 3.0% 2019)
20-year Aa Municipal bond yield	3.00%
Healthcare cost trend rates	7.5% down to 4.5% (trending down .25 yearly) (7.25 2022-2024; 7.5 in 2021, 8.25 in 2020, 8.5 in 2019)
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.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF WHITEHALL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2025

	<u>Special Revenue</u>			<u>Permanent</u>	<u>Total</u>
	<u>Building Inspection</u>	<u>Marijuana Permits</u>	<u>Vehicle Inspection</u>	<u>Cemetery Care</u>	
Assets					
Cash and pooled investments	\$ 122,102	\$ 28,949	\$ 7,024	\$ 434,606	\$ 592,681
Accounts receivable	<u>230</u>	<u>5,023</u>	<u>5</u>	<u>62</u>	<u>5,320</u>
Total assets	<u>\$ 122,332</u>	<u>\$ 33,972</u>	<u>\$ 7,029</u>	<u>\$ 434,668</u>	<u>\$ 598,001</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 5,765	\$ -	\$ -	\$ -	\$ 5,765
Accrued liabilities	<u>121</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>171</u>
Total liabilities	<u>5,886</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>5,936</u>
Fund balances					
Non-spendable					
Permanent fund corpus	-	-	-	381,695	381,695
Restricted					
Public safety	-	33,922	-	-	33,922
Permanent fund spendable portion	-	-	-	52,973	52,973
Assigned					
Building inspections	<u>116,446</u>	<u>-</u>	<u>7,029</u>	<u>-</u>	<u>123,475</u>
Total fund balances	<u>116,446</u>	<u>33,922</u>	<u>7,029</u>	<u>434,668</u>	<u>592,065</u>
Total liabilities and fund balances	<u>\$ 122,332</u>	<u>\$ 33,972</u>	<u>\$ 7,029</u>	<u>\$ 434,668</u>	<u>\$ 598,001</u>

CITY OF WHITEHALL

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

FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue				Permanent	Total
	<i>Formerly Nonmajor</i>				Cemetery Care	
	Local Streets	Building Inspection	Marijuana Permits	Vehicle Inspection		
Revenues						
Licenses and permits	\$ -	\$ -	\$ 12,400	\$ -	\$ -	\$ 12,400
Charges for services	-	143,714	-	4,800	8,600	157,114
Investment earnings (loss)	-	4,287	897	172	24,733	30,089
Miscellaneous	-	54	-	-	-	54
Total revenues	-	148,055	13,297	4,972	33,333	199,657
Expenditures						
Current						
Public safety	-	133,065	6,741	-	-	139,806
Revenues over (under) expenditures	-	14,990	6,556	4,972	33,333	59,851
Other financing sources (uses)						
Transfers out	-	-	-	-	(34,814)	(34,814)
Net changes in fund balances	-	14,990	6,556	4,972	(1,481)	25,037
Fund balances, beginning of year as previously presented	<u>158,846</u>	<u>101,456</u>	<u>27,366</u>	<u>2,057</u>	<u>436,149</u>	<u>725,874</u>
Change within financial reporting entity	(158,846)	-	-	-	-	(158,846)
Fund balances, beginning of year, as restated	<u>-</u>	<u>101,456</u>	<u>27,366</u>	<u>2,057</u>	<u>436,149</u>	<u>567,028</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 116,446</u>	<u>\$ 33,922</u>	<u>\$ 7,029</u>	<u>\$ 434,668</u>	<u>\$ 592,065</u>

CITY OF WHITEHALL

TAX INCREMENT FINANCE AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 610,499	\$ -	\$ 610,499
Accounts receivable	553	-	553
Capital assets not being depreciated			
Land	-	551,351	551,351
Total assets	\$ 611,052	\$ 551,351	\$ 1,162,403
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 129,404	\$ -	\$ 129,404
Accrued liabilities	16,393	-	16,393
Total liabilities	\$ 145,797	\$ -	\$ 145,797
Fund balances			
Unassigned	465,255	(465,255)	
Total liabilities and fund balances	\$ 611,052		
Net position			
Investment in capital assets		551,351	551,351
Unrestricted		465,255	465,255
Total net position		\$ 1,016,606	\$ 1,016,606

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, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 298,503	\$ -	\$ 298,503
Grants and contributions	1,056,392	-	1,056,392
Investment earnings	35,663	-	35,663
Miscellaneous	<u>33,188</u>	<u>-</u>	<u>33,188</u>
Total revenues	<u>1,423,746</u>	<u>-</u>	<u>1,423,746</u>
Expenditures/expenses			
Current			
General government	108,949	-	108,949
Public works	1,172,472	(405,783)	766,689
Other	<u>499,900</u>	<u>-</u>	<u>499,900</u>
Total expenditures/expenses	<u>1,781,321</u>	<u>(405,783)</u>	<u>1,375,538</u>
Net changes in fund balances	(357,575)	<u>357,575</u>	
Change in net position		48,208	48,208
Fund balances/net position, beginning of year	<u>822,830</u>		<u>968,398</u>
Fund balances/net position, end of year	<u>\$ 465,255</u>		<u>\$ 1,016,606</u>

CITY OF WHITEHALL

LOCAL DEVELOPMENT FINANCE AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 352,367	\$ -	\$ 352,367
Accounts receivable	321	-	321
Capital assets not being depreciated			
Land	-	503,185	503,185
Total assets	\$ 352,688	503,185	855,873
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 1,612	-	1,612
Accrued liabilities	7,705	-	7,705
Total liabilities	9,317	-	9,317
Fund balances			
Unassigned	343,371	(343,371)	
Total liabilities and fund balances	\$ 352,688		
Net position			
Investment in capital assets		503,185	503,185
Unrestricted		343,371	343,371
Total net position		\$ 846,556	\$ 846,556

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, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 102,239	\$ -	\$ 102,239
Grants and contributions	282,054	-	282,054
Investment earnings	17,044	-	17,044
	401,337	-	401,337
Total revenues			
Expenditures/expenses			
Current			
General government	21,706	-	21,706
Public works	4,365	-	4,365
Recreation	50,000	-	50,000
Other	199,900	-	199,900
	275,971	-	275,971
Total expenditures/expenses			
Net changes in fund balances	125,366	(125,366)	
Change in net position		125,366	125,366
Fund balances/net position, beginning of year	218,005		721,190
Fund balances/net position, end of year	\$ 343,371		\$ 846,556

CITY OF WHITEHALL

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

JUNE 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	\$ 925,309	\$ -	\$ 925,309
Accounts receivable	<u>223</u>	<u>-</u>	<u>223</u>
Total assets	<u>\$ 925,532</u>	<u>-</u>	<u>925,532</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 901,290	-	901,290
Accrued liabilities	<u>5,137</u>	<u>-</u>	<u>5,137</u>
Total liabilities	<u>906,427</u>	<u>-</u>	<u>906,427</u>
Fund balances			
Unassigned	<u>19,105</u>	<u>(19,105)</u>	
Total liabilities and fund balances	<u>\$ 925,532</u>		
Net position			
Unrestricted		<u>\$ 19,105</u>	<u>\$ 19,105</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, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 883,153	\$ -	\$ 883,153
Investment earnings	<u>24,611</u>	<u>-</u>	<u>24,611</u>
Total revenues	<u>907,764</u>	<u>-</u>	<u>907,764</u>
Expenditures/expenses			
Current			
General government	52,624	-	52,624
Public works	<u>902,893</u>	<u>-</u>	<u>902,893</u>
Total expenditures/expenses	<u>955,517</u>	<u>-</u>	<u>955,517</u>
Net changes in fund balances	(47,753)	47,753	
Change in net position		(47,753)	(47,753)
Fund balances/net position, beginning of year	<u>66,858</u>		<u>66,858</u>
Fund balances/net position, end of year	<u>\$ 19,105</u>		<u>\$ 19,105</u>