

**CITY OF WALKER, LOUISIANA**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**CITY OF WALKER  
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**TABLE OF CONTENTS**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 11
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Exhibit A-1	12
Statement of Activities	Exhibit A-2	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	Exhibit B-1	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit B-2	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit B-3	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit B-4	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	Exhibit B-5	18 - 24
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - 2000 ½ Cent Sales Tax - Special Revenue Fund	Exhibit B-6	25
Proprietary Fund:		
Statement of Net Position	Exhibit C-1	26 - 27
Statement of Revenues, Expenses, and Changes in Net Position	Exhibit C-2	28
Statement of Cash Flows	Exhibit C-3	29 - 30
Notes to the Financial Statements		31 - 73

**CITY OF WALKER  
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**TABLE OF CONTENTS (CONTINUED)**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<b>Required Supplementary Information:</b>		
Schedule of Proportionate Share of Net Pension Liability	Schedule 1	74
Schedule of Contributions	Schedule 2	75
Notes to Required Supplementary Information		76
<b>Other Supplemental Information:</b>		
Schedule of Insurance Coverage in Force	Schedule 3	77
Schedule of Number of Customers and Revenue Data Per Customer Per Month	Schedule 4	78
Schedule of Utility Rates and Tap Fees	Schedule 5	79
Schedule of Expenditures of Federal Awards	Schedule 6	80 - 81
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		82 - 83
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		84 - 86
Schedule of Findings and Questioned Costs		87
Summary Schedule of Prior Year Findings		88 - 89



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### Independent Auditor's Report

The Honorable Jimmy Watson, Mayor  
and Members of the City Council  
City of Walker  
Walker, Louisiana

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the respective budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, as of December 31, 2019, 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.

## **Report on Summarized Comparative Information**

We have previously audited the City of Walker's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability (Schedule 1), and the schedule of contributions (Schedule 2) on pages 4 through 11 and 74 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walker's basic financial statements. The Schedule of Insurance Coverage in Force (Schedule 3), Schedule of Number of Customers and Revenue Data Per Customer Per Month (Schedule 4), and Schedule of Utility Rates and Tap Fees (Schedule 5) are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards (Schedule 6) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards (Schedule 6) 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards (Schedule 6) is fairly stated in all material respects in relation to the basic financial statements as a whole.

Schedules 3 through Schedule 5 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Walker's internal control over financial reporting and compliance.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
September 14, 2020

## CITY OF WALKER

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Walker, Louisiana (“the City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. The intent of Management’s Discussion and Analysis (“MD&A”) is to look at the overall financial performance of the City using an objective, easily readable analysis of the City’s financial activities. Therefore, we encourage readers to consider the information presented here in conjunction with additional information furnished in the Notes to the Financial Statements. Please reference the Table of Contents for the exact location of those items.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (“GASB”) Statement No. 34. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

#### **Financial Highlights**

The City continues to fund major infrastructure improvements with city revenues and grants while improving overall financial health.

- Total net position (assets-liabilities) increased to \$33,421,144.
- Increase in total net position of \$3,247,640, 10.76% over 2018, with a three-year increase of 43.25%.
- Net capital assets increased to \$29,051,202.
- Increase in net capital assets of \$5,651,076, 24.15% over 2018, with a three-year increase of 49.05%.
- Long term debt decreased \$355,382 in 2019.

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

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of 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 an organization-wide overview similar in nature to a private-sector business. The two components of this presentation are the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* (Exhibit A-1) 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* (Exhibit A-2) presents information showing how the City’s net position changed during the 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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses, permits, fines 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 of Walker include general government, public safety, highways and streets, and parks and recreation. The business-type activities of the City of Walker include gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. All business-type activities are included in a single Utility Enterprise Fund.

**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, 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 two categories: governmental funds and proprietary 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 (Exhibit B-1) and governmental fund statement of revenues, expenditures, and changes in fund balances (Exhibit B-3) provide a reconciliation (Exhibits B-2 and B-4) to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains two individual governmental funds. The *General Fund* is the chief operating fund of the City. The activities of the General Fund include general and administrative functions, public safety (police and animal control), highways and streets, and parks and recreation. The *Special Revenue Fund* accounts solely for the ½ cent sales tax, the proceeds of which are legally dedicated for the repayment of that portion of the Refunding Bonds Series 2009 originally attributable to the 2000 ½ Cent Sales Tax Bonds and the Refunding Bonds Series 2016; extending, improving, maintaining, and operating the sewerage system of the city; and constructing, improving and maintaining public streets and drainage facilities, including equipment therefore. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund as both funds are considered major funds.

The City adopts an annual appropriated budget for its general fund and its special revenue fund. A budgetary comparison statement has been provided for the general fund (Exhibit B-5) and the special revenue fund (Exhibit B-6) as both funds are considered major funds.

*Enterprise type proprietary funds* are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses a single utility enterprise fund, which is considered a major fund, to account for its gas, water, sewer, and sanitation services provided for the residents of the City and some residents of the parishes of Livingston and St. Helena. Exhibits C-1 through C-3 present the basic proprietary fund financial statements.

**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. The notes to the financial statements can be found on pages 31-73 of this report.

**Government-wide Financial Analysis**

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2019. The City’s net position at December 31, 2019 increased 10.76% to \$33,421,144, with a 24.15% increase in investment of capital assets. Capital assets are reported net of accumulated depreciation; and the investment in capital assets is reported net of related debt. However, it should be noted that the capital assets are used to provide services to citizens; and consequently, cannot be used to liquidate the related debt. The resources needed to repay this debt must be provided from other sources.

The table below reflects the condensed Statement of Net Position as of December 31, 2019 with comparative totals for 2018.

City of Walker  
Condensed Statement of Net Position  
For the Year Ended December 31, 2019

	Governmental Activities	Business-Type Activities	Totals 2019	Totals 2018
<b>ASSETS</b>				
Current and Other Assets	\$ 5,049,729	\$ 8,390,040	\$ 13,439,769	\$ 16,082,319
Restricted Assets	6,683,609	1,203,099	7,886,708	7,682,799
Capital Assets	12,699,247	16,351,955	29,051,202	23,400,126
Total Assets	<u>24,432,585</u>	<u>25,945,094</u>	<u>50,377,679</u>	<u>47,165,244</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on Refunding	71,909	473,036	544,945	562,249
Deferred Outflows - Related to Pensions	495,032	-	495,032	509,765
Total Deferred Outflows of Resources	<u>566,941</u>	<u>473,036</u>	<u>1,039,977</u>	<u>1,072,014</u>
<b>LIABILITIES</b>				
Current Liabilities	726,047	1,846,647	2,572,694	2,026,471
Long-Term Liabilities	8,189,792	4,600,022	12,789,814	13,510,860
Net Pension Liability	2,509,583	-	2,509,583	2,370,298
Total Liabilities	<u>11,425,422</u>	<u>6,446,669</u>	<u>17,872,091</u>	<u>17,907,629</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Related to Pensions	124,421	-	124,421	156,125
<b>NET POSITION</b>				
Net Investment in Capital Assets	11,319,574	11,503,483	22,823,057	16,622,496
Restricted	6,683,609	335,205	7,018,814	6,855,972
Unrestricted (Deficit)	(4,553,500)	8,132,773	3,579,273	6,695,036
Total Net Position	<u>\$ 13,449,683</u>	<u>\$ 19,971,461</u>	<u>\$ 33,421,144</u>	<u>\$ 30,173,504</u>

The Statement of Activities for 2019 categorizes the City’s revenues as program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, and general revenues, which include most taxes and other revenue sources of a government-wide nature.

Total revenues for the City in 2019 were \$19,292,682, with \$13,264,284 derived from program revenues and grants; \$5,139,278 from sales, franchise, and property taxes, occupational licenses, and permits; \$336,782 from interest and investment income; and the remaining \$552,338 from other miscellaneous income. Total expenses for the City in 2019 were \$16,045,042, leaving a \$3,247,640 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2019 with comparative totals for 2018.

City of Walker  
Condensed Statement of Activities  
For the Year Ended December 31, 2019

	Governmental Activities	Business-Type Activities	Totals 2019	Totals 2018
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,097,639	\$ 10,107,400	\$ 11,205,039	\$ 11,139,173
Operating Grants and Contributions	179,642	44,573	224,215	384,854
Capital Grants and Contributions	2,205,030	-	2,205,030	474,268
General Revenues:				
Taxes	5,139,278	-	5,139,278	5,181,541
Other Grants and Contributions not Restricted to Specific Programs	16,979	-	16,979	16,773
Interest and Investment Income	175,710	161,072	336,782	186,271
Net Gain on Disposition of Capital Assets	41,744	42,619	84,363	13,056
Miscellaneous Income	45,757	35,239	80,996	86,413
<b>Total Revenues</b>	<b>8,901,779</b>	<b>10,390,903</b>	<b>19,292,682</b>	<b>17,482,349</b>
Expenses:				
General Government	2,463,014	-	2,463,014	2,285,102
Public Safety	3,135,160	-	3,135,160	3,099,064
Highways and Streets	2,079,185	-	2,079,185	1,511,007
Parks and Recreation	584,682	-	584,682	439,961
Bond Issuance Costs	-	-	-	250,515
Interest on Long-Term Debt	326,055	-	326,055	37,318
Gas	-	3,593,092	3,593,092	3,845,443
Water	-	1,744,581	1,744,581	1,578,060
Sewer	-	1,730,776	1,730,776	1,538,450
Sanitation	-	388,497	388,497	374,258
<b>Total Expenses</b>	<b>8,588,096</b>	<b>7,456,946</b>	<b>16,045,042</b>	<b>14,959,178</b>
Change in Net Position before Transfers	313,683	2,933,957	3,247,640	2,523,171
Transfers In (Out)	4,997,500	(4,997,500)	-	-
<b>Change in Net Position</b>	<b>5,311,183</b>	<b>(2,063,543)</b>	<b>3,247,640</b>	<b>2,523,171</b>
Net Position - Beginning of Year	8,138,500	22,035,004	30,173,504	27,650,333
<b>Net Position - End of Year</b>	<b>\$ 13,449,683</b>	<b>\$ 19,971,461</b>	<b>\$ 33,421,144</b>	<b>\$ 30,173,504</b>

**Governmental activities.** Governmental activities net position increased \$5,311,183 in 2019. Total revenues before transfers increased \$1,628,460 (22.39%), primarily due to increases from intergovernmental revenues. Total expenses increased \$965,129 (12.66%) attributed in large part to increased spending on streets and drainage and the addition of long-term debt related to the new city hall building.

**Business-type activities.** Business-type activities net position decreased \$2,063,543 due to \$4,997,500 transferred to governmental activities. Net income before transfers was \$2,933,957. Improvements and additions to utility services during 2019 included:

- Water line upgrade Walker North from Hwy 190 to Molly Melissa
- Gas line upgrade at Juban Road & Hwy 190 Round-a-bout
- Gas line upgrade along Juban Road from Hwy 190 to I-12
- Gas line expansion under I-12 to Buddy Ellis Road
- Gas regulator station upgrade at corner of Hwy 190 and Corbin

### **Analysis of Fund Financial Statements**

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 inflow, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$10,924,051, an increase of \$389,451. The general fund, which is the chief operating fund of the City, reported \$6,107,406 in a deficiency of revenues over expenditures. The transfer of \$5,957,500 from the gas department, a transfer of \$59,967 from the ½ cent sales tax fund, proceeds from issuance of long-term debt of \$343,548, and \$45,810 proceeds from disposition of capital assets resulted in a net increase in fund balance of \$299,419. The 2000 ½ cent sales tax fund reported \$1,109,999 in excess revenues over expenditures; and a \$90,032 net increase in fund balance after the above noted transfer to the general fund street department for drainage and road improvements, and equipment therefore; as well as a \$960,000 transfer to the proprietary fund sewer department to support operations and maintenance of the sewerage system.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds reported net operating income of \$2,799,431. Operating income for the gas, water and sanitation departments were \$3,414,218, \$59,486 and \$19,459, respectively. Operations of the sewer department resulted in a loss of \$693,732; however, \$960,000 was transferred from the ½ cent sales tax fund to support operations and maintenance of the sewer system.

### **General Fund Budgetary Summary**

Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. The City adopted nine budget amendments during the fiscal year. Final budget adjustments are introduced in November for public hearing at December council meeting.

### **Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets (net of accumulated depreciation) for its governmental and business type activities as of December 31, 2019 was \$29,051,202. This investment in capital assets includes land, buildings, improvements, roads and bridges, vehicles, machinery and equipment, furniture and fixtures, recreational equipment, and gas, water, and sewer systems. Governmental activities capital assets increased by \$4,942,964 with depreciation expense of \$556,476 and

business-type activities capital assets increased by \$708,112 with depreciation expense of \$922,474. Total increase in the net investment in capital assets for 2019 amounted to \$5,651,076. Additional information on the City's capital assets can be found in note 8 on pages 47-50 of this report.

**Long-term debt.** As of December 31, 2019, the City had total debt outstanding of \$13,155,478, a decrease of \$355,382 (2.63%) from prior year. A breakdown of the long-term debt is as follows:

- 2016 Revenue Refunding Bonds (maturing October 1, 2027) having an outstanding balance of \$4,410,000, with \$583,000 payable from the ½ Cent Sales Tax Fund and \$3,827,000 payable from the Enterprise Fund.
- 2018 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (maturing November 1, 2048) having an outstanding balance of \$6,655,000.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$211,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$395,764.
- Capital Leases having an outstanding balance of \$810,833.
- Note payable (maturing January 20, 2028) having an outstanding balance of \$180,000
- Compensated absences total \$311,202 with \$193,988 payable from the General Fund and \$117,214 payable from the Enterprise Fund.

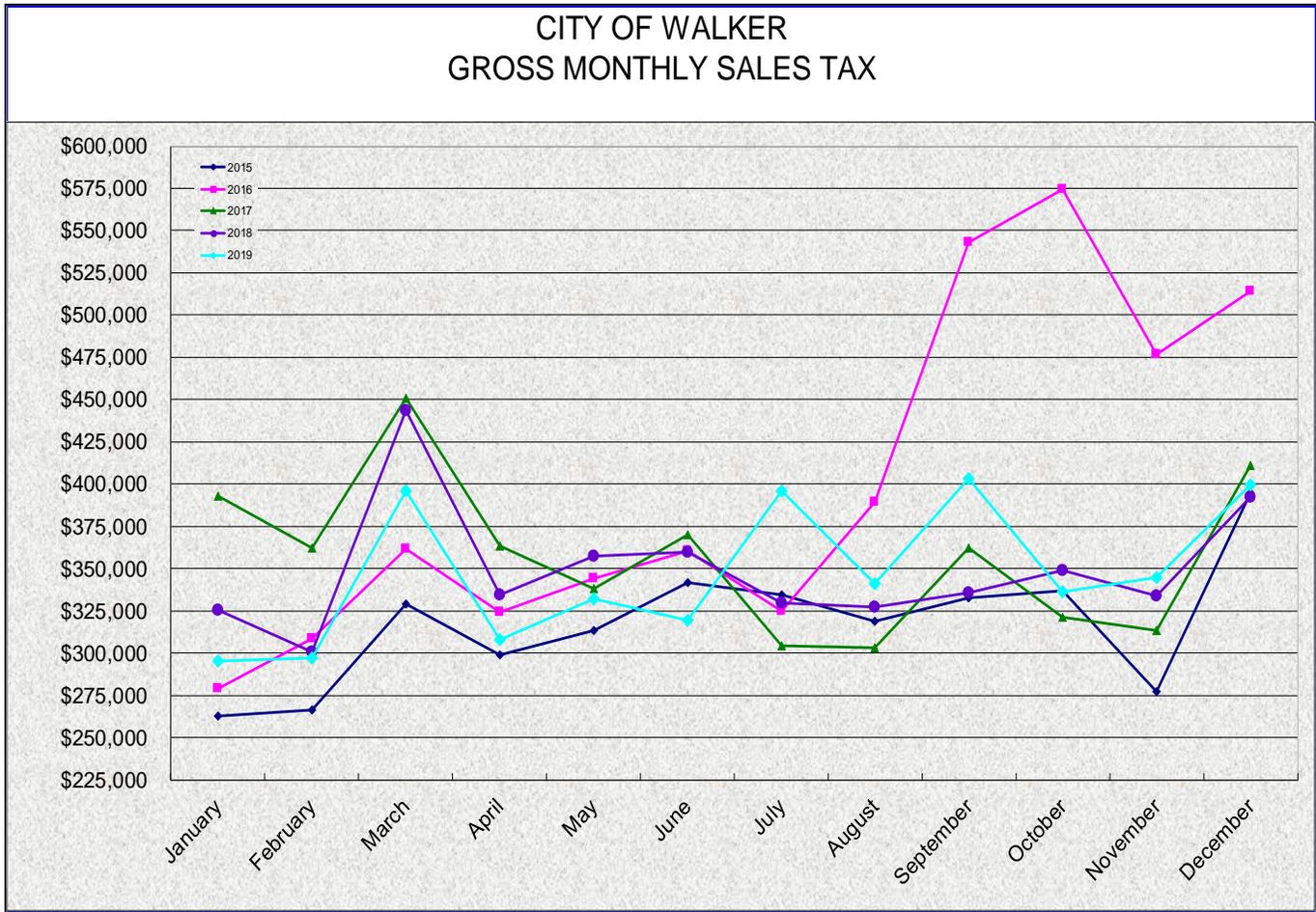
Additional information on the City's long-term debt can be found in note 12 on pages 58-65.

### **Future Budget and Economic Outlook**

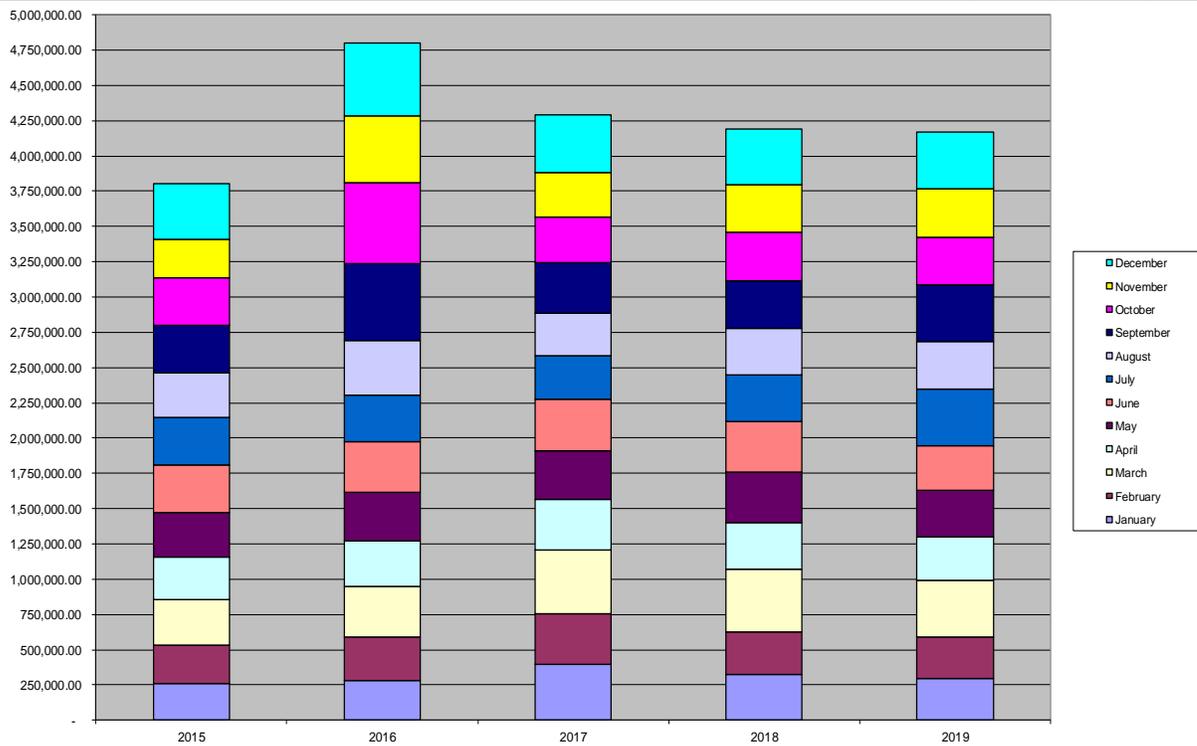
Walker continues to be committed to the long-term task of upgrading infrastructure. Improvements completed in 2019 include gas system line upgrades at the Juban Road and Hwy 190 traffic circle as well as along Juban Road from Hwy 190 and Juban Road traffic circle to I-12. The gas department also secured the long sought-after permit to bore underneath I-12 and was able to expand the gas lines below the interstate, which relieved gas capacity issues in the area. The gas department also replaced the regulator station at the corner of Hwy 190 and Corbin Avenue and have plans in the works to replace the regulator station at the corner of Walker North Road and Cane Market Road in 2020. The water department is close to completing the water line improvements along Walker North from Hwy 190 to Corbin Avenue. The water department also upgraded all water meters throughout its water system in 2019. The sewer department continues to install backflow preventers on all City grinder pumps to alleviate possible sewer backups into homes. The City has also made extensive drainage improvements which include numerous roadside ditch cleanouts and over two hundred culvert replacements over the past several years. In addition to infrastructure improvements, the City completed improvements to the baseball ballpark as well as the Challengers Field in 2019. The City is also looking to complete the dog park at the southeast corner of Sidney Hutchinson Park in 2020 as well as a fountain to honor fallen police and fire department heroes in the Walker community. Walker Community Center will be completed in year 2020. This multimillion-dollar community center will house a variety of agencies during storm events, but the City will be able to use this building as a community/recreational center and have control over it as long as the building is not being used for an emergency situation. The building would allow recreational activities of all types, including basketball, volleyball and others. It could also be used for public meetings and community events as well.

The City began construction of a new city hall in 2020 with an estimated completion date of March 2021. The new city hall was built with a 50-year vision. It will be 27,000 square feet and consist of three floors with the top floor being leased out to commercial or governmental tenants. The revenues from these leases will be used to offset the yearly costs of the bonds for the building. This would give the City the opportunity to build additional space at today's prices and have someone else pay for it, but also gives the City the flexibility to not renew and/or terminate the leases in the future if the City needed the space.

The four largest sources of general revenue for the City are taxes, fines and forfeitures, and licenses and permits. The largest source of tax revenue is the 1% general sales tax, which yielded a 0.37% decrease over 2018. The 2020 budget reflects a slight decrease from 2019 sales tax revenues.



## CITY OF WALKER GROSS ANNUAL SALES TAX



This financial report is designed to provide a general overview of the City’s finances for all interested parties. Questions concerning any of this information provided in this report or requests for additional information should be addressed to:

Finance Director  
City of Walker  
P.O. Box 217  
Walker, Louisiana 70785

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF WALKER**  
**STATEMENT OF NET POSITION**

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

	Governmental Activities	Business-Type Activities	2019	2018
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,492,245	\$ 6,331,765	\$ 9,824,010	\$ 12,359,939
Investments	339,963	-	339,963	332,426
Receivables, Net	275,529	1,538,387	1,813,916	1,944,201
Due from Other Governments	919,252	41,226	960,478	1,003,849
Internal Balances	(80,039)	80,039	-	-
Inventories	-	313,160	313,160	255,639
Prepaid Items	102,779	85,463	188,242	186,265
Restricted Assets:				
Cash and Cash Equivalents	6,683,609	367,248	7,050,857	6,888,015
Investments	-	835,851	835,851	794,784
Capital Assets:				
Land and Construction in Progress	7,443,426	1,494,677	8,938,103	3,414,117
Other Capital Assets, Net of Accumulated Depreciation	5,255,821	14,857,278	20,113,099	19,986,009
Total Assets	<u>24,432,585</u>	<u>25,945,094</u>	<u>50,377,679</u>	<u>47,165,244</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on Refunding	71,909	473,036	544,945	562,249
Deferred Outflows - Related to Pensions	495,032	-	495,032	509,765
Total Deferred Outflows of Resources	<u>566,941</u>	<u>473,036</u>	<u>1,039,977</u>	<u>1,072,014</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	678,427	1,448,940	2,127,367	1,987,015
Accrued Interest Payable	47,620	32,043	79,663	39,456
Non-Current Liabilities:				
Due Within One Year	636,095	365,664	1,001,759	924,353
Due in More Than One Year	7,553,697	4,600,022	12,153,719	12,586,507
Net Pension Liability	2,509,583	-	2,509,583	2,370,298
Total Liabilities	<u>11,425,422</u>	<u>6,446,669</u>	<u>17,872,091</u>	<u>17,907,629</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Related to Pensions	124,421	-	124,421	156,125
<b>NET POSITION</b>				
Net Investment in Capital Assets	11,319,574	11,503,483	22,823,057	16,622,496
Restricted for				
City Hall Construction	6,616,131	-	6,616,131	6,500,000
Debt Service	67,478	335,205	402,683	355,972
Unrestricted (Deficit)	(4,553,500)	8,132,773	3,579,273	6,695,036
Total Net Position	<u>\$ 13,449,683</u>	<u>\$ 19,971,461</u>	<u>\$ 33,421,144</u>	<u>\$ 30,173,504</u>

The accompanying notes are an integral part of this statement.

## CITY OF WALKER

Exhibit A-2

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position (Deficit)		Totals		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2019	2018
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 2,463,014	\$ -	\$ 9,546	\$ 1,785,030	\$ (668,438)	\$ -	\$ (668,438)	\$ (2,119,703)
Public Safety	3,135,160	1,012,306	165,766	-	(1,957,088)	-	(1,957,088)	(1,780,085)
Highways and Streets	2,079,185	4,425	4,330	-	(2,070,430)	-	(2,070,430)	(1,345,032)
Parks and Recreation	584,682	80,908	-	420,000	(83,774)	-	(83,774)	(147,998)
Bond Issuance Costs	-	-	-	-	-	-	-	(250,515)
Interest on Long-Term Debt	326,055	-	-	-	(326,055)	-	(326,055)	(37,318)
Total Governmental Activities	8,588,096	1,097,639	179,642	2,205,030	(5,105,785)	-	(5,105,785)	(5,680,651)
Business-Type Activities:								
Gas	3,593,092	6,912,696	2,891	-	-	3,322,495	3,322,495	2,964,363
Water	1,744,581	1,770,020	1,698	-	-	27,137	27,137	216,625
Sewer	1,730,776	1,016,728	39,984	-	-	(674,064)	(674,064)	(489,579)
Sanitation	388,497	407,956	-	-	-	19,459	19,459	28,359
Total Business-Type Activities	7,456,946	10,107,400	44,573	-	-	2,695,027	2,695,027	2,719,768
Total Primary Government	\$ 16,045,042	\$ 11,205,039	\$ 224,215	\$ 2,205,030	(5,105,785)	2,695,027	(2,410,758)	(2,960,883)
General Revenues:								
Taxes:								
Property					126,925	-	126,925	134,102
Sales					4,169,158	-	4,169,158	4,187,848
Occupational and Permits					445,758	-	445,758	450,727
Franchise					397,437	-	397,437	408,864
Other Grants and Contributions not Restricted to Specific								
Programs					16,979	-	16,979	16,773
Transfers					4,997,500	(4,997,500)	-	-
Interest and Investment Income					175,710	161,072	336,782	186,271
Net Gain on Disposition of Capital Assets					41,744	42,619	84,363	13,056
Miscellaneous Income					45,757	35,239	80,996	86,413
Total General Revenues					10,416,968	(4,758,570)	5,658,398	5,484,054
Change in Net Position					5,311,183	(2,063,543)	3,247,640	2,523,171
Net Position - Beginning of Year					8,138,500	22,035,004	30,173,504	27,650,333
Net Position - End of Year					\$ 13,449,683	\$ 19,971,461	\$ 33,421,144	\$ 30,173,504

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**CITY OF WALKER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental	
			2019	2018
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 660,067	\$ 2,832,178	\$ 3,492,245	\$ 3,314,458
Investments	339,963	-	339,963	332,426
Receivables:				
Ad Valorem Taxes, Net	120,183	-	120,183	68,419
Other	155,346	-	155,346	168,749
Due from Other Funds	666,709	-	666,709	369,911
Due from Other Governments	674,853	244,399	919,252	961,812
Cash - Restricted	6,683,609	-	6,683,609	6,533,562
Total Assets	<u>\$ 9,300,730</u>	<u>\$ 3,076,577</u>	<u>\$ 12,377,307</u>	<u>\$ 11,749,337</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 381,315	\$ -	\$ 381,315	\$ 268,037
Payroll Liabilities	159,457	-	159,457	151,355
Accrued Salaries and Wages	137,655	-	137,655	123,607
Due to Other Funds	-	746,748	746,748	598,581
Total Liabilities	678,427	746,748	1,425,175	1,141,580
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources -				
Unavailable Intergovernmental Revenues	28,081	-	28,081	73,157
<b>FUND BALANCES</b>				
Fund Balances:				
Restricted For:				
Debt Service	67,478	-	67,478	33,562
City Hall Construction	6,616,131	-	6,616,131	6,500,000
Committed For:				
Construction Contracts	1,681,615	-	1,681,615	1,761,241
Assigned To:				
Special Revenue Fund	-	2,329,829	2,329,829	2,239,797
Unassigned:				
General Fund	228,998	-	228,998	-
Total Fund Balances	<u>8,594,222</u>	<u>2,329,829</u>	<u>10,924,051</u>	<u>10,534,600</u>
Total Liabilities and Fund Balances	<u>\$ 9,300,730</u>	<u>\$ 3,076,577</u>	<u>\$ 12,377,307</u>	<u>\$ 11,749,337</u>

The accompanying notes are an integral part of this statement.

## CITY OF WALKER

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

	2019	2018
Fund Balances - Total Governmental Funds	\$ 10,924,051	\$ 10,534,600
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds:		
Governmental Capital Assets	17,447,676	12,268,881
Less Accumulated Depreciation	(4,748,429)	(4,512,598)
	12,699,247	7,756,283
Prepaid Items	102,779	101,902
Long-Term Liabilities are not Due and Payable in the Current Period and therefore are not Reported in the Governmental Funds:		
Net Pension Liability	(2,509,583)	(2,370,298)
General Obligation Bonds	(7,242,102)	(7,637,689)
Deferred Amount on Refunding	71,909	71,909
Compensated Absences Payable	(193,988)	(145,097)
Capital Lease Payable	(753,702)	(592,494)
Accrued Interest Payable	(47,620)	(7,413)
	(10,675,086)	(10,681,082)
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues are not Reported in Governmental Funds	28,081	73,157
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	495,032	509,765
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	(124,421)	(156,125)
Net Position of Governmental Activities	\$ 13,449,683	\$ 8,138,500

The accompanying notes are an integral part of this statement.

**CITY OF WALKER**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	General	2000	Total	
		1/2 Cent Sales Tax Fund	Governmental Funds	
			2019	2018
<b>Revenues:</b>				
Taxes	\$ 3,322,911	\$ 1,387,588	\$ 4,710,499	\$ 4,747,587
Licenses and Permits	445,758	-	445,758	450,727
Fines and Forfeits	1,004,141	-	1,004,141	1,051,106
Interest	135,643	40,067	175,710	55,816
Fees	69,961	-	69,961	122,129
Intergovernmental	2,002,864	-	2,002,864	605,648
Miscellaneous	439,295	-	439,295	98,770
Total Revenues	7,420,573	1,427,655	8,848,228	7,131,783
<b>Expenditures:</b>				
Current:				
General Government	2,308,266	23,177	2,331,443	2,209,655
Public Safety	2,810,865	-	2,810,865	2,800,002
Highways and Streets	1,836,836	-	1,836,836	1,362,047
Parks and Recreation	499,210	-	499,210	375,793
Capital Outlay	5,503,506	-	5,503,506	1,638,194
Debt Service:				
Bond Issuance Costs	-	-	-	250,515
Principal Retirement	302,340	276,000	578,340	371,119
Interest and Administration Fees	266,956	18,479	285,435	41,986
Total Expenditures	13,527,979	317,656	13,845,635	9,049,311
Excess (Deficiency) of Revenues over Expenditures	(6,107,406)	1,109,999	(4,997,407)	(1,917,528)
<b>Other Financing Sources (Uses):</b>				
Transfers In	6,017,467	-	6,017,467	4,015,669
Transfer Out	-	(1,019,967)	(1,019,967)	(1,263,369)
Proceeds from Capital Asset Disposition	45,810	-	45,810	52,774
Proceeds from Issuance of Long Term Debt	343,548	-	343,548	7,158,446
Total Other Financing Sources (Uses)	6,406,825	(1,019,967)	5,386,858	9,963,520
Net Change in Fund Balances	299,419	90,032	389,451	8,045,992
<b>Fund Balances at Beginning of Year</b>	8,294,803	2,239,797	10,534,600	2,488,608
<b>Fund Balances at End of Year</b>	\$ 8,594,222	\$ 2,329,829	\$ 10,924,051	\$ 10,534,600

The accompanying notes are an integral part of this statement.

## CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019	2018
Net Change in Fund Balances - Total Governmental Funds	\$ 389,451	\$ 8,045,992
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues	(45,076)	73,157
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.		
Capital Outlay Additions and Net Transfers	5,503,506	1,638,194
Depreciation Expense and Accumulated Depreciation on Transfers In	(556,476)	(434,472)
	4,947,030	1,203,722
In the Statement of Activities, Only the Gain on the Sale of Capital Assets is reported. However, in the Governmental Funds, the Proceeds from the Capital Asset Dispositions Increase Financial Resources. Thus, the Change in Net Position Differs from the Change in Fund Balance by the Cost of the Capital Assets Disposed.		
Add Accumulated Depreciation on Capital Assets Retired	320,645	38,888
Less Cost Basis of Capital Assets Retired During the Year	(324,711)	(78,606)
	(4,066)	(39,718)
Governmental Funds Expense Insurance Payments When Paid. In the Statement of Activities, Only the Portion Applicable to the Current Year is Expensed. The Remaining is Recorded in the Statement of Net Position as Prepaid Insurance.		
Change in Prepaid Items	877	28,903
The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, However, has any Effect on Net Position. Also, Governmental Funds Report the Effect of Premiums, Discounts, and Similar Items When Debt is First Issued, Whereas These Amounts are Deferred and Amortized in the Statement of Activities.		
Proceeds from the Issuance of Long-Term Debt	(343,548)	(7,158,446)
Repayment of Principal on Long-Term Debt	578,340	371,119
Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.		
(Increase) Decrease in Compensated Absences Payable	(48,891)	(15,169)
(Increase) Decrease in Pension Expense	(179,198)	(166,898)
(Increase) Decrease in Accrued Interest Payable	(40,207)	4,668
Amortization of Discount Paid on Issuance of General Obligation Bonds	(413)	-
Proportionate Share of Non-employer Contributions to the Pension Plans do not Provide Current Financial Resources and, Therefore, are not reported as Revenues in the Governmental Funds.		
	56,884	55,322
Change in Net Position of Governmental Activities	\$ 5,311,183	\$ 2,402,652

The accompanying notes are an integral part of this statement.

**CITY OF WALKER**  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Revenues</b>				
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 114,000	\$ 114,000	\$ 126,925	\$ 12,925
Alcoholic Beverage Tax	14,000	14,000	16,979	2,979
Franchise Taxes	380,000	380,000	397,437	17,437
Sales Taxes	2,600,000	2,600,000	2,781,570	181,570
	3,108,000	3,108,000	3,322,911	214,911
<b>Licenses and Permits:</b>				
Occupational Licenses	363,900	363,900	372,717	8,817
Other Permits and Licenses	55,000	55,000	73,041	18,041
	418,900	418,900	445,758	26,858
<b>Fines and Forfeits</b>	847,000	847,000	1,004,141	157,141
<b>Interest Income</b>	15,000	15,000	135,643	120,643
<b>Fees:</b>				
Animal Adoption Fees	5,000	5,000	8,165	3,165
Parks and Recreation Fees	55,000	55,000	57,371	2,371
Police Extra Duty Charges	41,000	-	-	-
Road Maintenance	6,600	6,600	4,425	(2,175)
	107,600	66,600	69,961	3,361

(CONTINUED)

**CITY OF WALKER  
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Intergovernmental:</b>				
State and Local Grants:				
On Behalf Payments for Salaries	108,000	108,000	81,317	(26,683)
Federal Grants:				
Flood Relief Grant	3,054,922	1,317,985	1,839,652	521,667
Street Planning and Construction Grant	956,539	-	4,330	4,330
Federal Parks and Recreation Grant	50,000	-	50,000	50,000
Animal Control Grants	2,200	-	-	-
Law Enforcement Grants	111,100	2,000	27,565	25,565
	4,282,761	1,427,985	2,002,864	574,879
<b>Miscellaneous:</b>				
Parks and Recreation Concessions	30,000	30,000	23,537	(6,463)
Miscellaneous	19,700	19,700	415,758	396,058
	49,700	49,700	439,295	389,595
<b>Total Revenues</b>	8,828,961	5,933,185	7,420,573	1,487,388

(CONTINUED)

**CITY OF WALKER**  
**GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Expenditures</b>				
<b>General Government:</b>				
General Provisions:				
Salaries	1,108,870	1,188,870	1,173,316	15,554
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	487,600	512,600	497,068	15,532
Advertising	12,000	12,000	5,105	6,895
Collection Costs	63,000	63,000	62,544	456
Bank Charges	-	-	205	(205)
Community Events	37,000	37,000	29,552	7,448
Contracted Services	18,500	18,500	9,012	9,488
Coroner Fees	6,000	6,000	7,500	(1,500)
Court Costs	18,000	18,000	18,000	-
Economic Development	55,000	55,000	54,450	550
Insurance	84,000	114,000	97,392	16,608
Legal and Professional	67,300	67,300	37,925	29,375
Membership Fees and Educational Training	38,000	38,000	33,946	4,054
Miscellaneous	3,900	3,900	2,346	1,554
Printing, Postage and Office Supplies	102,000	102,000	35,421	66,579
Rental Equipment	10,800	10,800	11,050	(250)
Repairs and Maintenance	119,500	179,500	117,440	62,060
Small Tools and Supplies	-	-	134	(134)
Telephone	22,900	22,900	22,571	329
Utilities	13,000	13,000	11,329	1,671
Uniforms	6,500	6,500	5,726	774
Vehicle Expenses	14,000	14,000	16,234	(2,234)
Total General Government	<u>2,347,870</u>	<u>2,542,870</u>	<u>2,308,266</u>	<u>234,604</u>

(CONTINUED)

**CITY OF WALKER  
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Public Safety:</b>				
Animal Control:				
Salaries	129,600	129,600	124,308	5,292
Payroll Taxes, Retirement, and Group Insurance	61,400	61,400	73,641	(12,241)
Animal Care Expense	12,000	12,000	9,459	2,541
Insurance	6,700	6,700	6,949	(249)
Legal and Professional	1,900	1,900	1,561	339
Miscellaneous	27,200	27,200	14,164	13,036
Printing, Postage and Office Supplies	2,200	2,200	2,003	197
Small Tools and Supplies	10,500	10,500	10,959	(459)
Telephone	3,700	3,700	3,964	(264)
Utilities	8,500	8,500	9,387	(887)
Vehicle Expense	3,500	3,500	1,447	2,053
Total Animal Control	<u>267,200</u>	<u>267,200</u>	<u>257,842</u>	<u>9,358</u>
Police:				
Salaries	1,280,700	1,320,700	1,261,634	59,066
Payroll Taxes, Retirement, and Group Insurance	789,800	809,800	787,743	22,057
Contracted Services	5,000	5,000	3,555	1,445
Equipment Rental	28,700	43,700	45,710	(2,010)
Insurance	150,400	180,400	147,772	32,628
Membership Fees and Educational Training	14,500	24,500	26,232	(1,732)
Miscellaneous	7,400	7,400	7,540	(140)
Printing, Postage and Office Supplies	12,700	29,690	23,840	5,850
Professional Fees	16,700	16,700	22,239	(5,539)
Repairs and Maintenance	30,600	81,000	43,379	37,621
Small Tools and Supplies	36,500	36,500	14,560	21,940

(CONTINUED)

**CITY OF WALKER  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Public Safety (Continued):</b>				
Police (Continued):				
Telephone	32,500	32,500	28,360	4,140
Uniforms	19,000	19,000	22,758	(3,758)
Utilities	11,000	11,000	9,897	1,103
Vehicle Expense	90,000	100,000	107,804	(7,804)
Total Police	<u>2,525,500</u>	<u>2,717,890</u>	<u>2,553,023</u>	<u>164,867</u>
Total Public Safety	<u>2,792,700</u>	<u>2,985,090</u>	<u>2,810,865</u>	<u>174,225</u>
<b>Highways and Streets:</b>				
Streets:				
Salaries	407,400	407,400	420,494	(13,094)
Payroll Taxes, Retirement, and Group Insurance	157,185	172,185	170,153	2,032
Contract Services	91,000	106,000	106,231	(231)
Equipment Expense	88,000	123,000	121,863	1,137
Equipment Rental	13,500	13,500	26,627	(13,127)
Insurance	70,600	70,600	80,947	(10,347)
Legal and Professional	44,600	319,600	228,775	90,825
Streets Maintenance and Materials	712,500	712,500	525,261	187,239
Membership Fees and Educational Training	2,200	2,200	781	1,419
Miscellaneous	2,000	2,000	24	1,976
Small Tools and Supplies	28,000	28,000	35,157	(7,157)
Telephone	8,500	8,500	5,091	3,409
Uniforms	4,500	4,500	4,345	155
Utilities	77,600	97,600	111,087	(13,487)
Total Highways and Streets	<u>1,707,585</u>	<u>2,067,585</u>	<u>1,836,836</u>	<u>230,749</u>

(CONTINUED)

**CITY OF WALKER  
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Parks and Recreation:</b>				
Salaries	125,000	125,000	131,558	(6,558)
Payroll Taxes, Retirement, and Group Insurance	57,150	57,150	61,073	(3,923)
Contract Services	-	-	868	(868)
Concession Supplies	30,000	30,000	20,624	9,376
Equipment Rental	3,000	3,000	12,767	(9,767)
Insurance	11,800	11,800	11,999	(199)
Membership Fees and Educational Training	2,500	2,500	2,798	(298)
Miscellaneous	8,500	8,500	9,942	(1,442)
Legal and Professional	12,400	12,400	13,493	(1,093)
Printing, Postage and Office Supplies	2,500	2,500	1,239	1,261
Recreational Supplies	40,000	50,000	51,055	(1,055)
Repairs and Maintenance	75,800	75,800	55,169	20,631
Small Tools and Supplies	9,000	9,000	10,453	(1,453)
Telephone	3,000	3,000	2,066	934
Tournament Expenses	70,000	85,000	76,377	8,623
Utilities	31,200	31,200	35,654	(4,454)
Uniforms	1,800	1,800	2,075	(275)
Total Parks and Recreation	483,650	508,650	499,210	9,440
<b>Capital Outlay</b>	6,800,959	5,839,959	5,503,506	336,453
<b>Debt Service:</b>				
Principal Retirement	161,651	281,651	302,340	(20,689)
Interest	5,800	246,800	266,956	(20,156)
Total Debt Service	167,451	528,451	569,296	(40,845)
Total Expenditures	14,300,215	14,472,605	13,527,979	944,626

(CONTINUED)

**CITY OF WALKER  
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(5,471,254)	(8,539,420)	(6,107,406)	2,432,014
<b>Other Financing Sources (Uses):</b>				
Transfers In	5,606,467	6,017,467	6,017,467	-
Sale of Capital Assets	-	-	45,810	45,810
Proceeds from Issuance of Debt	-	-	343,548	343,548
<b>Total Other Financing Sources (Uses)</b>	<b>5,606,467</b>	<b>6,017,467</b>	<b>6,406,825</b>	<b>389,358</b>
<b>Net Change in Fund Balance</b>	135,213	(2,521,953)	299,419	2,821,372
<b>Fund Balance at Beginning of Year</b>	<b>8,294,803</b>	<b>8,294,803</b>	<b>8,294,803</b>	-
<b>Fund Balance at End of Year</b>	<b>\$ 8,430,016</b>	<b>\$ 5,772,850</b>	<b>\$ 8,594,222</b>	<b>\$ 2,821,372</b>

The accompanying notes are an integral part of this statement.

## CITY OF WALKER

## 2000 1/2 CENT SALES TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Revenues:</b>				
Sales Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,387,588	\$ 87,588
Interest	24,000	24,000	40,067	16,067
Total Revenues	1,324,000	1,324,000	1,427,655	103,655
<b>Expenditures:</b>				
General Government:				
Collection Expenses	25,000	25,000	23,177	1,823
Total General Government	25,000	25,000	23,177	1,823
Debt Service:				
Principal Retirement	276,000	276,000	276,000	-
Interest and Administrative Fees	18,479	18,479	18,479	-
Total Debt Service	294,479	294,479	294,479	-
Total Expenditures	319,479	319,479	317,656	1,823
Excess (Deficiency) of Revenues over Expenditures	1,004,521	1,004,521	1,109,999	105,478
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	(1,649,967)	(1,019,967)	(1,019,967)	-
Total Other Financing Sources (Uses)	(1,649,967)	(1,019,967)	(1,019,967)	-
Net Change in Fund Balance	(645,446)	(15,446)	90,032	105,478
<b>Fund Balance at Beginning of Year</b>	2,239,797	2,239,797	2,239,797	-
<b>Fund Balance at End of Year</b>	\$ 1,594,351	\$ 2,224,351	\$ 2,329,829	\$ 105,478

The accompanying notes are an integral part of this statement.

**CITY OF WALKER  
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

	Business Type Activities - Enterprise Fund	
	2019	2018
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 6,331,765	\$ 9,045,481
Due From Other Funds	80,039	228,670
	6,411,804	9,274,151
<b>Receivables:</b>		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2019 and \$5,000 in 2018)	1,039,251	1,245,689
Unbilled Utility Sales	499,136	461,344
Due from Other Governments	41,226	42,037
	1,579,613	1,749,070
<b>Inventory, at Cost</b>	313,160	255,639
<b>Prepaid Expenses</b>	57,410	55,283
Total Current Assets	8,361,987	11,334,143
<b>Noncurrent Assets:</b>		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	367,248	354,453
Investments - Customer Deposits	835,851	794,784
Prepaid Items	28,053	29,080
Capital Assets, at Cost (Net of Accumulated Depreciation)	16,351,955	15,643,843
Total Noncurrent Assets	17,583,107	16,822,160
Total Assets	25,945,094	28,156,303
<b>Deferred Outflows of Resources:</b>		
Deferred Amount on Refunding of Debt	473,036	490,340
Total Deferred Outflows of Resources	473,036	490,340
Total Assets and Deferred Outflows of Resources	\$ 26,418,130	\$ 28,646,643

(CONTINUED)

**CITY OF WALKER  
PROPRIETARY FUND**

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

	Business Type Activities - Enterprise Fund	
	2019	2018
<b>Current Liabilities:</b>		
Accounts Payable	\$ 555,395	\$ 578,914
Accrued Salaries and Wages	63,874	47,607
Accumulated Unpaid Vacation	29,304	22,090
Customers' Deposits	790,172	775,688
Other Current Liabilities	39,499	41,807
Bonds Payable - Current Portion	336,360	314,801
Accrued Bond Interest	32,043	32,043
	1,846,647	1,812,950
Total Current Liabilities		
 <b>Noncurrent Liabilities:</b>		
Bonds Payable - Less Current Portion	4,512,112	4,732,421
Accumulated Unpaid Vacation	87,910	66,268
Total Noncurrent Liabilities	4,600,022	4,798,689
Total Liabilities	6,446,669	6,611,639
 <b>Net Position:</b>		
Net Investment in Capital Assets	11,503,483	10,596,621
Restricted for Debt Service	335,205	322,410
Unrestricted	8,132,773	11,115,973
Total Net Position	19,971,461	22,035,004
Total Liabilities and Net Position	\$ 26,418,130	\$ 28,646,643

The accompanying notes are an integral part of this statement.

**CITY OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

FOR THE YEAR ENDED DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

	Business - Type Activities - Enterprise Fund	
	2019	2018
<b>Operating Revenues:</b>		
Charges for Services	\$ 10,107,400	\$ 9,939,790
Total Operating Revenues	10,107,400	9,939,790
<b>Operating Expenses:</b>		
Personal Services and Benefits	1,843,722	1,758,935
Contractual Services	1,240,342	966,328
Cost of Materials	1,675,843	2,042,248
Utilities	259,519	245,191
Repair and Maintenance	976,086	998,220
Supplies	174,619	162,953
Insurance	193,234	173,895
Depreciation	922,474	812,846
Bad Debts	22,130	29,424
Total Operating Expenses	7,307,969	7,190,040
Operating Income	2,799,431	2,749,750
<b>Nonoperating Revenues:</b>		
Interest and Investment Income	161,072	130,455
Gain (Loss) on Capital Asset Dispositions	42,619	-
Miscellaneous	35,239	22,596
Total Nonoperating Revenues	238,930	153,051
<b>Nonoperating Expenses:</b>		
Interest and Administrative Fees	137,142	134,336
Amortization of Bond Insurance Costs	1,027	1,026
Amortization of Bond Discount (Premium)	(6,496)	(6,496)
Amortization of Deferred Amount on Refunding	17,304	17,305
Total Nonoperating Expenses	148,977	146,171
<b>Income Before Contributions and Transfers</b>	2,889,384	2,756,630
<b>Capital and Other Contributions</b>	44,573	116,189
<b>Transfers from Special Revenue Fund</b>	960,000	947,700
<b>Transfers to General Fund</b>	(5,957,500)	(3,700,000)
<b>Change in Net Position</b>	(2,063,543)	120,519
<b>Total Net Position at Beginning of Year</b>	22,035,004	21,914,485
<b>Total Net Position at End of Year</b>	\$ 19,971,461	\$ 22,035,004

The accompanying notes are an integral part of this statement.

**CITY OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	Business-Type Activities - Enterprise Fund	
	2019	2018
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Customers	\$ 10,254,727	\$ 9,939,885
Cash Payments to Suppliers for Goods and Services	(4,605,118)	(4,489,025)
Cash Payments to Employees for Services and Benefits	(1,798,599)	(1,762,242)
Other Receipts (Payments)	183,870	1,124,037
Net Cash Provided by Operating Activities	4,034,880	4,812,655
<b>Cash Flows From Noncapital and Related Financing Activities:</b>		
Transfer From Special Revenue Fund	960,000	947,700
Transfer To General Fund	(5,957,500)	(3,700,000)
Net Cash Used in Noncapital and Related Financing Activities	(4,997,500)	(2,752,300)
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	(1,630,586)	(726,184)
Proceeds from Sale of Capital Assets	42,619	-
Net Receipts from Customer Deposits	14,484	17,046
Proceeds from Issuance of Debt	122,808	155,757
Principal Paid on Loans	(315,062)	(290,128)
Interest and Administrative Fees Paid on Loans	(137,142)	(134,336)
Capital Contributions	44,573	116,189
Net Cash Used in Capital and Related Financing Activities	(1,858,306)	(861,656)
<b>Cash Flows From Investing Activities:</b>		
Net Purchases of Investments	(41,067)	(25,147)
Investment Income	161,072	130,455
Net Cash Provided by Investing Activities	120,005	105,308
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(2,700,921)	1,304,007
<b>Cash and Cash Equivalents - Beginning of Year</b>	9,399,934	8,095,927
<b>Cash and Cash Equivalents - End of Year</b>	\$ 6,699,013	\$ 9,399,934

(CONTINUED)

**CITY OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	Business-Type Activities - Enterprise Fund	
	<u>2019</u>	<u>2018</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Operating Income	\$ 2,799,431	\$ 2,749,750
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	922,474	812,846
Provision for Bad Debts	22,130	29,424
Miscellaneous Revenues	35,239	22,596
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	185,119	(290,253)
(Increase) Decrease in Unbilled Utility Sales	(37,792)	290,348
(Increase) Decrease in Due from Other Funds	148,631	1,101,441
(Increase) Decrease in Inventory	(57,521)	(34,181)
(Increase) Decrease in Prepaid Expenses	(2,127)	(3,854)
Increase (Decrease) in Accounts Payable	(23,519)	124,886
Increase (Decrease) in Accrued Salaries and Wages	16,267	5,881
Increase (Decrease) in Other Current Liabilities	(2,308)	12,959
Increase (Decrease) in Accumulated Unpaid Vacation	28,856	(9,188)
Net Cash Provided by Operating Activities	<u>\$ 4,034,880</u>	<u>\$ 4,812,655</u>
<b>Schedule of Noncash Investing, Capital, and Financing Activities:</b>		
Amortization of Bond Insurance Cost	<u>\$ 1,027</u>	<u>\$ 1,026</u>
Amortization of Bond (Premium) Discount	<u>\$ (6,496)</u>	<u>\$ (6,496)</u>
<b>Reconciliation of Cash and Cash Equivalents to the</b>		
<b>Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 6,331,765	\$ 9,045,481
Cash and Cash Equivalents, Restricted	367,248	354,453
Total Cash and Cash Equivalents	<u>\$ 6,699,013</u>	<u>\$ 9,399,934</u>

The accompanying notes are an integral part of this statement.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

### **Introduction:**

The City of Walker was incorporated in 1909, under the provisions of Louisiana R.S. 33:321-348. The City operates under a Mayor-City Councilmen form of government, and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general and administrative services.

The accounting and reporting policies of the City of Walker conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and the Governmental Accounting Standards Board.

### **1. Summary of Significant Accounting Policies and Nature of Operations:**

#### **A. Financial Reporting Entity**

This report includes all funds which are controlled by or dependent on the City's Mayor and City Councilmen. Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, fiscal interdependency, imposition of will, and whether a financial benefit/burden relationship existed between the City and potential component unit. Also, consideration of a component unit was determined based on whether the nature and significance of the organization's relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The criteria in GASB Statement No. 61 has been considered, and accordingly, certain governmental organizations are excluded from the accompanying financial statements. These organizations are the Livingston Parish Fire District #4 and Livingston Parish Gravity Drainage District #5, which are staffed by independently elected or appointed officials. Although the City may provide facilities, no control is exercised over their operations. Also, exclusion of these units of government would not cause the financial statements of the City to be misleading or incomplete. These units of government are considered separate reporting entities and issue financial statements separate from those of the City.

Governmental Accounting Standards Board (GASB) Statement No. 61 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the City of Walker is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 61, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Since the City of Walker has no component units, these financial statements include only information on the primary government.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

#### B. Basis of Presentation

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements established standards for external financial reporting for all state and local governmental entities which includes a balance sheet, a statement of revenues, expenses and changes in net position and a statement of cash flows. The more significant of these accounting policies are described below, and where appropriate, subsequent pronouncements will be referenced.

The City's basic financial statements consist of the government-wide statements (based on the City as a whole) and the fund financial statements (the total of all funds of a particular type).

#### Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. The government-wide presentation focuses primarily on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements are prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The effect of interfund activity has been removed from these statements with the exception of payments between the utility enterprise fund and the other various functions of government for charges such as utility services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The financial statements also contain a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

*Statement of Net Position* - In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The columns presented in the statement of net position and general descriptions of each are as follows:

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.
- *Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

*Statement of Activities* - The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, streets and parks, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, streets and parks, etc.) or a business-type activity and 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. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect expenses.

#### Fund Financial Statements:

The daily accounts and operations of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories. The various funds of the City are grouped into generic fund types and two broad fund categories as follows:

#### *Governmental Funds*

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. The City of Walker has two governmental funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in other funds. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. The General Fund may also account for long-term debt issues and repayments of the City.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are assigned to expenditure for specified purposes other than debt services or capital projects. The Special Revenue Fund of the City (2000 ½ Cent Sales Tax Fund) is considered a major fund for reporting purposes. The *2000 ½ Cent Sales Tax Fund* is used to account for the proceeds of a ½ cent sales tax levied in the year 2000. These proceeds are assigned for 1) payment of principal and interest on the Series 2000 Sales Tax Bonds, 2) payments into the required “Sinking Fund” and Reserve Fund, and 3) expenditures assigned for specified purposes.

#### *Proprietary Funds*

Proprietary Funds are used to account for activities that are similar to those found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government’s business activities are accounted for through these funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services and materials, contracts, personnel, and dedication.

Enterprise Fund or Business Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. The City’s Utility Enterprise Fund is considered a major fund and accounts for the operations of providing natural gas services, water services, sewer services, and sanitation services to the residents of the City of Walker and some residents of the parishes of Livingston and St. Helena. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

##### Government-Wide Financial Statements:

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

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

#### Fund Financial Statements:

Governmental fund financial statements are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting* which is also the method used to prepare the budget. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The City's definition of available means expected to be received within sixty days of the end of the fiscal year.

Nonexchange transactions, in which the City receives value without directly giving value in return includes sales tax, property tax, grants, and donations. Property taxes are recognized as revenues in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales tax and gross receipts business tax revenues are recognized when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

The proprietary fund is accounted for on an economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The business-type activities and the proprietary fund financial statements follow guidance included in GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation.

#### D. Budgets and Budgetary Accounting

The City's policies in establishing the budgetary data reflected in these financial statements are as follows:

- i. The City's Finance Director prepares a proposed budget and submits this budget to the Mayor and City Council no later than fifteen days prior to the beginning of each fiscal year.
- ii. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- iii. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- iv. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is adopted. The original budget for 2019 was adopted on December 10, 2018.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

- v. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
- vi. All budgetary appropriations lapse at the end of each fiscal year. The final amended budget was adopted on December 9, 2019.
- vii. The budget for the General Fund and the Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.

*Budgetary Comparison Schedules* - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The City provides budgetary comparison information in these financial statements on each major fund. The budgetary comparisons schedules include the original budget to the current comparison of final budget and actual results.

#### E. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair market value.

#### F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2019.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

#### G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Also included in prepaid items is prepaid insurance on the issuance of bonds. Prepaid insurance on the issuance of bonds is recognized as an expense in a systematic and rational manner over the duration of the related bonds.

#### H. Restricted Assets

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet in both the governmental and enterprise funds because their use is limited by applicable bond covenants. Certain proceeds and resources of the City's governmental funds are set aside for the construction of a new City Hall building. Additionally, certain proceeds and resources of the City's enterprise fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

#### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

Capital assets are included on the statement of net position net of accumulated depreciation. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 - 40 Years
Buildings & Improvements	10 - 20 Years
Machinery and Equipment	3 - 15 Years
Public Domain Infrastructure	20 - 50 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

J. Deferred Outflows and Inflows of Resources

The statement of financial position reports a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources represent 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. Deferred inflows of resources represent an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

The City has deferred outflows and inflows of resources on the statement of net position that related to pensions, refunding bonds, and federal grants. See Pension Plans Note 11, Changes in Long-Term Obligations Note 12, and Contingencies Note 19.

K. Compensated Absences

Employees of the municipality earn annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee is carried forward to the succeeding calendar year. Accrued unused sick leave earned by an employee is carried forward to the succeeding calendar year without limitation. Employees that are terminated or resign will not be paid for accumulated sick leave. As of December 31, 2019, the accrued liability for unpaid vacation benefits amounted to \$311,202. The amount applicable to the Enterprise Fund was \$117,214 and is recorded in that Fund, and the amount of \$193,988 applicable to the General Fund is reflected on the Statement of Net Position.

In accordance with GASB 16 (Codification 60), *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

L. Pensions

The City is a participating employer in a cost-sharing, multiple-employer defined benefit plan as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense,

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as it is reported by the plan. 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.

#### M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, 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. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs meeting the definition contained in GASB 65 are capitalized and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### N. Fund Equity

##### *Government-Wide Statements*

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on the use either by:
  - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
  - b. Law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

#### *Fund Statements*

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 54 in the fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable** - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed** - Amounts that can only be used for specific purposes determined by a formal action by City Council ordinance or resolution. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

**Assigned** - Amounts the City intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the Council delegates the authority.

**Unassigned** - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The City has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (Exhibit B-1). The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the City Council. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

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

#### O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

P. Summary Financial Information for 2018

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**2. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The City of Walker has cash and cash equivalents totaling \$16,874,867 at December 31, 2019. The following is a summary of cash and cash equivalents at December 31, 2019.

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>10,175,854</u>	\$ <u>6,699,013</u>	\$ <u>16,874,867</u>
Bank Balances	\$ <u>10,450,942</u>	\$ <u>6,693,033</u>	\$ <u>17,143,975</u>

*Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of December 31, 2019, none of the City's bank balance of \$17,143,975 was exposed to custodial credit risk.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**3. Investments**

All investments are stated on the balance sheet (carrying value) at market value. All investments are in mutual funds that are held by a broker or in the Louisiana Asset Management Pool (LAMP), a local government external investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

At December 31, 2019, the City holds investments totaling \$1,175,814 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>339,963</u>	\$ <u>339,963</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>835,851</u>	\$ <u>835,851</u>

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

The City categorizes its fair value measurements 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 fair value measurements as of December 31, 2019: U.S. Government Securities Fund – A – Mutual Funds of \$835,851 are valued using quoted market prices (Level 1 inputs). The LAMP investment is stated at the net asset value of the pool shares, which is the same as the fair value which is permitted per GASB Statement No. 59.

**Interest Rate Risk.** As a means of limiting its exposure to fair value changes arising from fluctuations in interest rates, the City invests in mutual funds that have underlying investments in government backed securities. In the case of LAMP, 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement.

**Credit Risk.** Under state law, the City may invest in United States bonds, treasury notes, or certificates. The City invests in mutual funds with underlying securities that are in compliance with the state law. LAMP is rated AAA by Standards and Poor's.

**Concentration of Credit Risk.** Pooled investments are excluded from the five percent disclosure requirement. U.S. Government Securities Fund – A – Mutual Fund investments are 71% of the total investments.

**Custodial Credit Risk - Investments.** In the case of investments in mutual funds, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, state law requires for these investments (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of December 31, 2019, none of the City's investments in mutual funds of \$835,851 were exposed to custodial credit risk. In the case of LAMP, participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**4. Ad Valorem Taxes**

Normally, ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Normally, taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City's property taxes are billed and collected by the Livingston Parish Sheriff's Office from information on assessed values received from the Livingston Parish Assessor's Office.

For the year ended December 31, 2019, taxes of 2.20 mills were levied on property with assessed valuations totaling \$56,318,290 and were dedicated to general purposes.

Total taxes levied were \$123,900. Taxes receivable at December 31, 2019, consisted of the following:

Taxes Receivable - Current Roll	\$123,900
Allowance for Uncollectible Taxes	<u>(3,717)</u>
	<u>\$120,183</u>

**5. Receivables**

Receivables as of December 31, 2019, including the applicable allowance for uncollectible accounts, are as follows:

	Ad Valorem Taxes	Franchise Taxes	Accounts	Unbilled Sales	Less: Allowance for Uncollectibles	Total - Net Receivable
<u>Governmental Activities:</u>						
General Fund	\$ 123,900	\$ 143,580	\$ 11,766	\$ -	\$ (3,717)	\$ 275,529
<u>Business-Type Activities:</u>						
Utility Fund	-	-	1,044,251	499,136	(5,000)	1,538,387
Total Receivables	<u>\$ 123,900</u>	<u>\$ 143,580</u>	<u>\$ 1,056,017</u>	<u>\$ 499,136</u>	<u>\$ (8,717)</u>	<u>\$ 1,813,916</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**6. Due From Other Governments**

Due from Other Governments as of December 31, 2019, consists of the following:

	US Department of Commerce	Livingston Parish School Board	State of Louisiana	Total
<u>Governmental Activities:</u>				
General Fund	\$ 85,410	\$ 488,835	\$ 100,608	\$ 674,853
2000 ½ Cent Sales Tax Fund	-	244,399	-	244,399
Total Governmental Activities	85,410	733,234	100,608	919,252
<u>Business-Type Activities:</u>				
Utility Fund	28,037	-	13,189	41,226
Total Due from Other Governments	<u>\$ 113,447</u>	<u>\$ 733,234</u>	<u>\$ 113,797</u>	<u>\$ 960,478</u>

**7. Interfund Receivables/Payables**

The following is a detailed list of interfund balances as of December 31, 2019, reported in the fund financial statements.

	Net Internal Due to	Net Internal Due From	Total
<u>Governmental Activities:</u>			
General Fund	\$ -	\$ 666,709	\$ 666,709
2000 ½ Cent Sales Tax Fund	(746,748)	-	(746,748)
Total Governmental Activities	(746,748)	666,709	(80,039)
<u>Business-Type Activities:</u>			
Utility Fund	-	80,039	80,039
Total Due from Other Governments	<u>\$ (746,748)</u>	<u>\$ 746,748</u>	<u>\$ -</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**8. Changes in Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 947,347	\$ 1,183,993	\$ -	\$ 2,131,340
Construction in Progress	1,459,710	3,902,032	(49,656)	5,312,086
Total Capital Assets not being Depreciated	2,407,057	5,086,025	(49,656)	7,443,426
Capital Assets being Depreciated:				
Land Improvements	920,465	-	-	920,465
Buildings	2,402,093	119,656	-	2,521,749
Equipment and Vehicles	2,807,162	347,481	(324,711)	2,829,932
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	368,251	-	-	368,251
Infrastructure	3,337,692	-	-	3,337,692
Total Capital Assets being Depreciated	9,861,824	467,137	(324,711)	10,004,250
Less: Accumulated Depreciation for:				
Land Improvements	182,657	43,142	-	225,799
Buildings	601,794	98,512	-	700,306
Equipment and Vehicles	1,855,332	315,685	(320,645)	1,850,372
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	329,565	13,093	-	342,658
Infrastructure	1,517,089	86,044	-	1,603,133
Total Accumulated Depreciation	4,512,598	556,476	(320,645)	4,748,429
Total Capital Assets being Depreciated, Net	5,349,226	(89,339)	(4,066)	5,255,821
Total Governmental Activities Capital Assets, Net	\$ 7,756,283	\$ 4,996,686	\$ (53,722)	\$ 12,699,247

(CONTINUED)

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land - Gas and Water System	\$ 287,949	\$ -	\$ -	\$ 287,949
Land - Sewer System	99,875	-	-	99,875
Construction in Progress	619,235	1,426,107	(938,489)	1,106,853
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets not being Depreciated	1,007,059	1,426,107	(938,489)	1,494,677
Capital Assets being Depreciated:				
Gas System	5,323,572	896,499	-	6,220,071
Water System	7,582,551	-	-	7,582,551
Sewer System	14,272,225	-	-	14,272,225
Buildings	436,845	-	-	436,845
Land Improvements	111,568	-	-	111,568
Machinery and Equipment	1,375,526	246,469	(173,546)	1,448,449
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated	29,102,287	1,142,968	(173,546)	30,071,709
Less: Accumulated Depreciation for:				
Gas System	3,579,402	127,976	-	3,707,378
Water System	2,396,910	208,492	-	2,605,402
Sewer System	7,350,055	423,932	-	7,773,987
Buildings	104,432	13,198	-	117,630
Land Improvements	61,099	5,111	-	66,210
Machinery and Equipment	973,605	143,765	(173,546)	943,824
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	14,465,503	922,474	(173,546)	15,214,431
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated, Net	14,636,784	220,494	-	14,857,278
	<hr/>	<hr/>	<hr/>	<hr/>
Total Business-Type Activities Capital Assets, Net	\$ 15,643,843	\$ 1,646,601	\$ (938,489)	\$ 16,351,955
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

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

Governmental Activities:

General Government	\$ 114,347
Public Safety	122,299
Highways and Streets	239,314
Parks and Recreation	80,516
	80,516
Total Depreciation Expense	
Governmental Activities	\$ 556,476

Business-Type Activities:

Water	\$ 259,513
Gas	215,014
Sewer	447,947
	447,947
Total Depreciation Expense -	
Business-Type Activities	\$ 922,474

Property, plant and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight line method over the estimated useful lives of the assets as described in the Summary of Significant Accounting Policies.

A summary of commitments under construction contracts for the City at December 31, 2019, follows:

Governmental Activities:

	Project Authorization	Expended to December 31, 2019	Unexpended Commitment
Safe House	\$ 3,821,872	\$ 2,688,999	\$ 1,132,873
City Hall Construction	588,117	428,291	159,826
Challenger Field	563,193	548,829	14,364
Ball Park Renovations	1,336,820	1,294,648	42,172
Dog Park	32,039	32,039	-
Peak Lane Improvements	207,280	149,450	57,830
Keith St. Bridge	2,710	2,710	-
Brown & Elm St. Bridge Repairs	74,730	46,320	28,410
Pendarvis Lane Phase I	366,940	120,800	246,140
	\$ 6,993,701	\$ 5,312,086	\$ 1,681,615
Total			

(CONTINUED)

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

Business-Type Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2019</u>	<u>Unexpended Commitment</u>
Relocate Gas - Juban	\$ 39,516	\$ 28,991	\$ 10,525
Walker North Water Line Upgrade	956,555	884,114	72,441
Gas Extension OLOL Demco ROW	2,920	2,920	-
Sewer Expansion Below I-12	140,005	29,330	110,675
Dunn Road Gas Relocate Parish	52,386	52,386	-
Gas Relocate Buddy Ellis Road Round-About	5,963	5,963	-
Gas Extension Forrest Delatte	30,251	10,397	19,854
Corbin Avenue Regulator Station	164,785	63,692	101,093
Water Extension Indigo Trails	22,807	22,807	-
Cane Market Regulator Station	24,965	6,253	18,712
Total	<u>\$ 1,440,153</u>	<u>\$ 1,106,853</u>	<u>\$ 333,300</u>

**9. Accounts, Salaries, and Other Payables**

The payables at December 31, 2019 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 381,315	\$ 555,395	\$ 936,710
Payroll Liabilities	159,457	39,499	198,956
Accrued Salaries	137,655	63,874	201,529
Customer Deposits	-	790,172	790,172
Total	<u>\$ 678,427</u>	<u>\$1,448,940</u>	<u>\$2,127,367</u>

**10. Retirement Benefits (Other Than Police Officers)**

The City has a qualified retirement plan with employees eligible to participate upon completion of their sixth month of employment and must be employed full time. For employees hired prior to January 1, 2014, the City contributes 9% of the regular gross pay on the employee's behalf. Effective January 1, 2014, for employees hired after December 31, 2013, the City contributes 50% of the first six percent of employee contribution upon completion of 30 days of employment and the employee must be employed full time. The moneys contributed are used to make payments on annuity contracts for the benefit of the employee. The City's contributions to the plan amounted to \$157,168, for the year ended December 31, 2019.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**11. Pension Plan**

The City follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68*. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the City to record its proportionate share of the pension plans net pension liability and report the following disclosures:

**General Information about the Pension Plan**

***Plan Description:***

**Municipal Police Employees Retirement System of Louisiana (MPERS)**

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233. MPERS issues a publicly available financial report that can be obtained at [www.lampers.org](http://www.lampers.org).

***Benefits Provided:***

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**1. Retirement, Survivor Benefits, and Disability Benefits**

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

#### Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

#### Cost-of-Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

## **2. DROP Benefits**

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

### **3. Initial Benefit Option Plan**

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

#### ***Contributions:***

According to state statute, contribution requirements for all employers are actuarially determined each year. The City's required contribution rate for the period January 1, 2019 to June 30, 2019 was 32.25% and was 32.50% for the period July 1, 2019 to December 31, 2019. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$285,480 for the year ended December 31, 2019.

MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$56,884 for the year ended December 31, 2019.

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

At December 31, 2019, the City reported a liability of \$2,509,583 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportion was 0.276308% which was a decrease of 0.00404% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$455,010 related to MPERS.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,265	\$ 77,201
Changes in assumptions	140,619	-
Net difference between projected and actual earnings on pension plan investments	163,027	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	42,956	47,220
Employer contributions subsequent to the measurement date	143,165	-
Total	\$ 495,032	\$ 124,421

\$143,165 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2020	\$ 158,300
2021	(25,279)
2022	53,724
2023	40,701
	\$ 227,446

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 for the plan are as follows:

Inflation	2.50%
Investment rate of return	7.125% (net of investment expense)
Salary increases	Vary from 9.75% in first year of service to 4.25% after 23 years

For MPERS, mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. The RP-2000 Employee Table set back four years for males and three years for females was selected for active members. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Sale AA (set back one year for females) was selected for healthy annuitants and beneficiaries. The RP-2000 Disabled Lives Table set back five years for males and set back three years for females was selected for disabled annuitants.

For the plan's cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

For MPERS, the forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rates of return is 7.89% for the year ended June 30, 2019. Best estimates of arithmetic real rates of return for each major asset class included in the MPERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity	48.5%	3.28%
Fixed Income	33.5%	0.80%
Alternative	18.0%	1.06%
Other	0.0%	0.00%
Total	100.0%	5.14%
Inflation		2.75%
Expected Arithmetic Nominal Return		7.89%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.125%, which was a decrease of .075% from the prior measurement date of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

***Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability calculated using the current discount rate, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2019 for MPERS:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>6.125%</u>	<u>7.125%</u>	<u>8.125%</u>
Net Pension Liability	<u>\$ 3,496,337</u>	<u>\$ 2,509,583</u>	<u>\$ 1,681,347</u>

***Pension Plans Fiduciary Net Position***

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2019. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

**Payables to the Pension Plan**

At December 31, 2019, included in liabilities is a payable in the amount of \$30,414 to MPERS. This payable is normal legally required contributions to the pension plan.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**12. Changes in Long-Term Obligations**

The following is a summary of debt transactions of the City of Walker for the year ended December 31, 2019:

	Debt Payable 1/1/2019	Additions	Deletions	Debt Payable 12/31/2019	Due within 1 year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 145,097	\$ 175,100	\$ 126,209	\$ 193,988	\$ 48,497
Capital Lease Payable	592,494	143,548	162,340	573,702	139,849
Note Payable	-	200,000	20,000	180,000	20,000
Refunding Bond Payable					
by Utility Issues, Series 2009	276,000	-	276,000	-	-
Refunding Bond Payable					
by Utility Issues, Series 2016	583,000	-	-	583,000	285,000
City Hall Construction Bond, Series 2018	6,775,000	-	120,000	6,655,000	130,000
Discount on Bonds	(23,305)	-	(413)	(22,892)	(447)
Premium on Bonds	26,994	-	-	26,994	13,196
Total Governmental Activities	8,375,280	518,648	704,136	8,189,792	636,095
<b>Business-Type Activities:</b>					
Compensated Absences	88,358	78,042	49,186	117,214	29,304
Capital Lease Payable	162,385	122,808	48,062	237,131	53,151
Refunding Series Bonds, Series 2009 (Gross)	350,000	-	350,000	-	-
Refunding Series Bonds, Series 2016 (Gross)	4,550,000	-	140,000	4,410,000	505,000
Combined Utilities Revenue Bonds, Series 2010B	230,000	-	19,000	211,000	19,000
Combined Utilities Revenue Bonds, Series 2011	429,764	-	34,000	395,764	34,000
Less: Intragovernmental Payable	(859,000)	-	(276,000)	(583,000)	(285,000)
Premium on Bonds	184,073	-	6,496	177,577	10,209
Total Business-Type Activities	5,135,580	200,850	370,744	4,965,686	365,664
Total Debt	<u>\$ 13,510,860</u>	<u>\$ 719,498</u>	<u>\$ 1,074,880</u>	<u>\$ 13,155,478</u>	<u>\$ 1,001,759</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**Prior Year Advance Refunding**

On March 31, 2016, the City issued \$4,890,000 Revenue Refunding Bonds Series 2016 for the purpose of refunding \$4,415,000 of the outstanding balance of the Refunding Bonds Series 2009 and interest associated with the Series 2009 Bonds. The net proceeds of \$5,026,597 (after payment of \$189,147 in cost of issuance plus an additional \$98,900 of the sinking fund monies) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2009 Bonds. This advance refunding was undertaken to decrease total debt service payments over the next 13 years by \$396,307 and resulted in an economic gain of \$217,107.

The advance refunding of the Series 2009 Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$604,275, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At December 31, 2019, the unamortized balance is \$544,945. Also, as a result of the advance refunding of the Series 2009 Bonds, \$4,415,000 of the Series 2009 Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. During 2019, the Series 2009 defeased bonds were paid off.

**Refunding Bonds, Series 2016**

City of Walker Series 2016 Revenue Refunding Bonds - \$4,890,000 (\$583,000 payable from Governmental Activities and \$3,967,000 payable from Business-Type Activities) of Refunding Bonds Dated March 31, 2016, due in annual installments of principal and semi-annual installments of interest through October 1, 2027; variable interest rate ranging from 2.000% to 3.000%. \$ 4,410,000

The principal and interest on the refunding bonds, series 2016, was allocated between governmental activities and business-type activities based on balances of the old debt net of the cash contributed by the proprietary fund. A schedule of the outstanding Refunding Series 2016 Bonds principal and interest requirements are as follows:

Year Ended December 31,	2016 Refunding Series - Governmental Activities		
	Principal	Interest	Total
2020	\$ 285,000	\$ 11,660	\$ 296,660
2021	298,000	11,660	309,660
	583,000	23,320	606,320

(CONTINUED)

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

<u>Year Ended December 31,</u>	<u>2016 Refunding Series - Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	220,000	105,140	325,140
2021	217,000	100,740	317,740
2022	530,000	96,400	626,400
2023	540,000	85,800	625,800
2024	555,000	69,600	624,600
2025-2027	1,765,000	106,950	1,871,950
	3,827,000	564,630	4,391,630
Total Refunding Bond			
2016 Issue	\$ 4,410,000	\$ 587,950	\$ 4,997,950

The City of Walker Series 2016 Revenue Refunding Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper remittance of principal and interest payments as due on the Revenue Bond. The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2019, the Debt Service Fund requirement for the interest and principal accounts of the 2016 Revenue Refunding Bonds were fully funded with an actual balance of \$159,498, and is reported on the Proprietary Fund as restricted cash.

**Combined Utilities Revenue Bonds, 2010B**

City of Walker Combined Utilities Revenue Bonds, Series 2010B - \$364,000 of Combined Utility Revenue Bonds Dated February 4, 2010, due in annual installments of principal and semi-annual installments of interest through October 1, 2029; interest rate of 2.95%.

\$ 211,000

A schedule of the outstanding Combined Utilities Revenue Bonds, Series 2010B Bonds principal, interest, and fees requirements are as follows:

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

<u>Year Ended December 31,</u>	2010B Utilities Revenue Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2020	\$ 19,000	\$ 6,225	\$ 1,055	\$ 26,280
2021	19,000	5,664	960	25,624
2022	20,000	5,104	865	25,969
2023	20,000	4,514	765	25,279
2024	21,000	3,924	665	25,589
2025-2029	112,000	10,119	1,715	123,834
	<u>\$ 211,000</u>	<u>\$ 35,550</u>	<u>\$ 6,025</u>	<u>\$ 252,575</u>

**Combined Utilities Revenue Bonds, 2011**

City of Walker Combined Utilities Revenue Bonds, Series 2011 - \$675,141 of Combined Utility Revenue Bonds Dated April 20, 2011, due in annual installments of principal and semi-annual installments of interest through October 1, 2030; interest rate of 0.45%.

\$ 395,764

A schedule of the outstanding Combined Utilities Revenue Bonds, Series 2011 Bonds principal and interest requirements are as follows:

<u>Year Ended December 31,</u>	2011 Utilities Revenue Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2020	\$ 34,000	\$ 1,781	\$ 1,979	\$ 37,760
2021	35,000	1,628	1,809	38,437
2022	35,000	1,470	1,634	38,104
2023	35,000	1,313	1,459	37,772
2024	36,000	1,155	1,284	38,439
2025-2029	183,000	3,334	3,704	190,038
2030	37,764	170	189	38,123
	<u>\$ 395,764</u>	<u>\$ 10,851</u>	<u>\$ 12,058</u>	<u>\$ 418,673</u>

The 2010 Series Bonds and the 2011 Series Bonds require the maintenance of a separately identifiable fund or account designated as the “Debt Service Fund” into which deposits are required in sufficient amount to pay promptly and fully the interest and principal installments of the Bonds as the required payments become due, by transferring from the Revenue Fund to the Debt Service Fund monthly on or before the 20<sup>th</sup> day of each month of each year, a sum equal to 1/6 of the interest and administrative fee falling due on the Bonds on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the Bonds on any principal date within the next twelve months. The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2019, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$201,352 and are reported on the Proprietary Fund as restricted cash.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide system revenues in each Fiscal Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2019.

**Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, 2018**

City of Walker Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2018 - \$6,775,000 of Revenue Bonds Dated November 15, 2018, due in annual installments of principal and semi-annual installments of interest through November 1, 2048; variable interest rate ranging from 3.000% to 4.000%.

\$ 6,655,000

A schedule of the outstanding Authority’s Revenue Bonds, Series 2018 Bonds principal and interest requirements are as follows:

Year Ended December 31,	2018 Authority Revenue Bonds		
	Principal	Interest	Total
2020	\$ 130,000	\$ 264,976	\$ 394,976
2021	135,000	261,077	396,077
2022	140,000	257,703	397,703
2023	140,000	254,204	394,204
2024	145,000	248,605	393,605
2025-2029	825,000	1,150,841	1,975,841
2030-2034	1,005,000	971,666	1,976,666
2035-2039	1,225,000	754,091	1,979,091
2040-2044	1,485,000	488,916	1,973,916
2045-2048	1,425,000	157,924	1,582,924
	<u>\$ 6,655,000</u>	<u>\$ 4,810,003</u>	<u>\$ 11,465,003</u>

The 2018 Series Bonds require the maintenance of a separately identifiable fund or account designated as the “Debt Service Fund” into which deposits are required in sufficient amount to pay promptly and fully the interest and principal installments of the Bonds as the required payments become due, by transferring from the Revenue Fund to the Debt Service Fund monthly on or before the 20<sup>th</sup> day of each month of each year, a sum equal to 1/6 of the interest and administrative fee falling due on the Bonds on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the Bonds on any principal date within the next twelve months.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2019, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$67,478 and are reported on the Proprietary Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide system revenues in each Fiscal Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2019.

**Notes Payable**

The City entered into a cooperative endeavor agreement on December 27, 2018 for a donation and purchase of a building and 4.03 acres of land. The total appraised value of the building and land was \$570,000. As part of the agreement, 65% or \$370,000 of the value of the property was donated to the City and the remaining 35% was sold to the City for \$200,000. The \$200,000 purchase price is to be paid in 10 annual payments of principal only of \$20,000 due within 20 days of January 1<sup>st</sup> each year at 0% interest with the final payment due January 20, 2028. As per the agreement for a minimum of ten years, the property is restricted to be used for the direct benefit of the residents of Walker for the purpose of recreation, meetings space, education, community gardens, counseling, food bank, and. or the housing of offices for non-profits providing services for children, disabled adults, senior citizens, or domestic abuse victims, or any other community service related purpose. After the 10-year period, there are no restrictions on how the City can use the property.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 20,000	\$ -	\$ 20,000
2021	20,000	-	20,000
2022	20,000	-	20,000
2023	20,000	-	20,000
2024	20,000	-	20,000
2025-2028	80,000	-	80,000
	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>

**Capital Lease Payable**

The City entered into a capital lease agreement on August 14, 2017 for financing the purchase of five police vehicles and equipment for the Police Department. The lease requires 20 quarterly payments of principal and interest of \$9,652 with the final payment due October 15, 2022. The City entered into a capital lease agreement on September 13, 2018 for financing the purchase of sixteen vehicles. The lease requires monthly payments of principal and interest ranging from \$330 - \$465

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

with the final payment due December 1, 2023. The City entered into a capital lease agreement on August 1, 2018 for financing the purchase of tractors and equipment. The lease requires 20 quarterly payments of principal and interest of \$13,017 with the final payment due October 1, 2023. The City entered into a capital lease agreement on July 24, 2019 for financing the purchase of eleven vehicles. The lease requires monthly payments of principal and interest ranging from \$361 - \$583 with the final payment due October 31, 2024. All five lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at December 31, 2019, are as follows:

<u>Description/Purpose</u>	<u>Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2019</u>
Capital lease to finance the purchase of five police vehicles and	\$ 174,000	3.79%	10/15/2022	\$ 109,002
Capital lease to finance the purchase of sixteen vehicles	\$ 332,508	2.50% - 3.00%	12/1/2023	260,416
Capital lease to finance the purchase of tractors and equipment	\$ 230,000	3.78%	10/1/2023	189,496
Capital lease to finance the purchase of eleven vehicles	\$ 265,827	2.95% - 8.22%	10/31/2024	251,919
				<u>\$ 810,833</u>

A schedule of the outstanding capital lease payments to maturity including interest requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 193,000	\$ 28,818	\$ 221,818
2021	200,544	21,274	221,818
2022	208,417	13,401	221,818
2023	167,780	5,751	173,531
2024	41,092	793	41,885
	<u>\$ 810,833</u>	<u>\$ 70,037</u>	<u>\$ 880,870</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

Leased assets under capital lease in capital assets at December 31, 2019, include the following:

Governmental Activities:

Equipment and Vehicles	\$ 788,224
Less: Accumulated Depreciation	<u>(218,422)</u>
	<u>\$ 569,802</u>

Business-Type Activities:

Equipment and Vehicles	\$ 281,258
Less: Accumulated Depreciation	<u>(47,065)</u>
	<u>\$ 234,193</u>

Amortization of leased equipment and vehicles under capital assets is included with depreciation expense.

**13. On-Behalf Payments Made by State of Louisiana**

For the year ended December 31, 2019, the State of Louisiana made on-behalf payments in the form of supplemental pay to the City’s policemen. In accordance with GASB 24, the City has recorded \$81,317 of on-behalf payments as revenue and as expenses in the General Fund.

**14. Restricted Assets**

Restricted assets were applicable to the following at December 31, 2019:

	Governmental Activities	Business-Type Activities
Cash and Cash Equivalents:		
Refunding Bonds, Series 2009 - Debt Service	\$ -	\$ 6,398
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	-	201,352
Refunding Bonds, Series 2016 - Debt Service	-	159,498
Revenue Bonds, Series 2018 - Debt Service	67,478	
Revenue Bonds, Series 2018 - City Hall Construction	<u>6,616,131</u>	<u>-</u>
Total Cash and Cash Equivalents	6,683,609	367,248
Investments:		
Customers Deposits	<u>-</u>	<u>835,851</u>
Total Restricted Assets	<u>\$ 6,683,609</u>	<u>\$ 1,203,099</u>

**CITY OF WALKER**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations  
by Department for the Year Ended December 31, 2019**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
<b>Operating Revenues:</b>					
Charges for Services	\$ 6,634,300	\$ 1,591,074	\$ 998,121	\$ 402,252	\$ 9,625,747
Delinquent Charges	79,291	25,989	12,161	5,704	123,145
Miscellaneous	199,105	152,957	6,446	-	358,508
Total Operating Revenues	6,912,696	1,770,020	1,016,728	407,956	10,107,400
<b>Operating Expenses:</b>					
Direct	3,262,159	1,526,106	1,554,035	386,017	6,728,317
General and Administrative	236,319	184,428	156,425	2,480	579,652
Total Operating Expenses	3,498,478	1,710,534	1,710,460	388,497	7,307,969
Operating Income (Loss) by Department	3,414,218	59,486	(693,732)	19,459	2,799,431
Nonoperating Revenues	205,198	25,145	8,410	177	238,930
Nonoperating Expenses	(94,614)	(34,047)	(20,316)	-	(148,977)
Federal Grant	2,891	1,698	39,984	-	44,573
Transfers from Special Revenue	-	-	960,000	-	960,000
Transfers to General Fund	(5,957,500)	-	-	-	(5,957,500)
Change in Net Position					\$ (2,063,543)
<b>Business-Type Activities</b>					
Departmental Net Income (Loss)	\$ (2,429,807)	\$ 52,282	\$ 294,346	\$ 19,636	

**CITY OF WALKER**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department  
for the Year Ended December 31, 2019**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
<b>Direct Expenses:</b>					
Natural Gas Purchases	\$ 1,675,843	\$ -	\$ -	\$ -	\$ 1,675,843
Salaries and Wages	558,118	327,295	394,032	-	1,279,445
Payroll Taxes, Retirement and Group Insurance	288,373	155,099	120,805	-	564,277
Contract Services	260,561	260,208	29,746	386,017	936,532
Depreciation	215,014	259,513	447,947	-	922,474
Equipment Expenses	44,029	26,142	5,646	-	75,817
Equipment Rental	10,062	12,066	56,087	-	78,215
Lab Fees	-	-	29,144	-	29,144
Maintenance	183,328	392,870	324,071	-	900,269
Small Tools and Supplies	13,742	16,621	8,254	-	38,617
Utilities	13,089	76,292	138,303	-	227,684
	<u>3,262,159</u>	<u>1,526,106</u>	<u>1,554,035</u>	<u>386,017</u>	<u>6,728,317</u>
<b>General and Administrative Expenses:</b>					
Insurance	96,928	65,808	30,498	-	193,234
Miscellaneous	32,094	65,858	16,735	-	114,687
Office Expense	10,427	8,694	2,194	-	21,315
Professional Fees	71,276	26,780	96,377	2,018	196,451
Telephone	15,747	8,194	7,894	-	31,835
Bad Debts	9,847	9,094	2,727	462	22,130
	<u>236,319</u>	<u>184,428</u>	<u>156,425</u>	<u>2,480</u>	<u>579,652</u>
Total Operating Expenses	<u>\$ 3,498,478</u>	<u>\$ 1,710,534</u>	<u>\$ 1,710,460</u>	<u>\$ 388,497</u>	<u>\$ 7,307,969</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**17. Schedule of Utility Enterprise Fund Operating Expenses by  
Function for the Year Ended December 31, 2019**

**Personal Services and Benefits:**

Direct Labor	\$ 1,279,445
Payroll Taxes, Retirement and Group Insurance	564,277
	<hr/>
	1,843,722

**Contractual Services:**

Equipment Rental	78,215
Lab Fees	29,144
Subcontract Services	936,532
Professional Fees	196,451
	<hr/>
	1,240,342

**Cost of Materials:**

Natural Gas Purchases	1,675,843
-----------------------	-----------

**Utilities:**

Utilities	227,684
Telephone	31,835
	<hr/>
	259,519

**Repair and Maintenance:**

Equipment Expenses	75,817
Maintenance	900,269
	<hr/>
	976,086

**Supplies:**

Small Tools and Supplies	38,617
Office Expense	21,315
Miscellaneous	114,687
	<hr/>
	174,619

**Insurance**

193,234

**Depreciation**

922,474

**Bad Debts**

22,130

Total Operating Expenses	<hr/> <hr/>
	\$ 7,307,969

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**18. Litigation**

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel and management that resolution of these matters will not have a material adverse effect on the financial condition of the City of Walker.

**19. Contingencies**

DOTD Liability

Primarily during years 1996 - 1998, the City of Walker entered into several contracts with the Louisiana Department of Transportation and Development (LDOTD) for the relocation of utility lines and facilities. Documentation obtained from LDOTD indicates the following amounts owed to LDOTD by the City of Walker:

<u>Department</u>	
Gas Department	\$ 103,665
Water Department	151,189
Sewer Department	<u>231,211</u>
Total DOTD Contingent Liabilities	<u>\$ 486,065</u>

Since it could not be determined if LDOTD will enforce payment of these liabilities, this amount was recorded as a debit (increase) to capital assets and a credit to contributed capital in a prior year. Upon determination that the remaining liability is enforceable and the City must reimburse LDOTD, the City must reduce the capital account by any amounts reimbursed to the LDOTD.

Flooding Event

From August 11, 2016 through August 15, 2016, the City of Walker and surrounding areas experienced record-breaking rainfall resulting in significant flooding in certain areas. The City incurred expenses related to this event. This flooding event was declared a natural disaster by the State of Louisiana and the federal government which enabled the City to apply for federal financial assistance.

As of December 31, 2019 Federal financial assistance relating to the flood event described above has been obligated and is recorded in the Governmental Funds balance sheet as \$28,081 of deferred inflows of resources – unavailable intergovernmental revenues. Additional revenues will be recorded in a future period when approved in accordance with federal guidelines related to the timing of approval of FEMA project worksheets.

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2019

**20. Compensation Paid Mayor and Council Members**

Jimmy Watson, Mayor  
13561 Graham Lane  
Walker, LA 70785  
(225) 665-5705

\$ 68,000

David Clark, Council Member  
P.O. Box 1407  
Walker, LA 70785

12,000

James Eric Cook, Council Member  
30272 Sunset Lane  
Walker, LA 70785  
(225) 667-7218

12,000

Gary Griffin, Council Member  
P.O. Box 951  
Walker, LA 70785  
(225) 665-9125

12,000

Scarlett Major, Council Member  
13699 Aydell Lane  
Walker, LA 70785  
(225) 665-6695

12,000

Richard Wales, Council Member  
13964 Guy Street  
Walker, LA 70785  
(225) 978-3283

12,000

\$128,000

Terms expire December 31, 2020.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

**21. Schedule of Compensation, Benefits, and Other Payments to Mayor**

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Jimmy Watson, Mayor, who was the acting agency head for the year ended December 31, 2019:

Salary	\$ 68,000
Benefits - Insurance	15,445
Benefits - Retirement	6,120
Per Diem	178
Registration Fees	<u>100</u>
Total Compensation and Benefits	<u>\$ 89,843</u>

**22. Current Year Adoption of New Accounting Standard**

During the year, the City adopted GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. Previously, interest cost incurred before the end of a construction period was capitalized and included as part of the historical cost of the capital asset. The requirements of this Standard are being applied prospectively. For 2019, interest cost incurred on debt before the end of the construction period is being recognized as expense as incurred.

**23. Current Accounting Pronouncements**

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In March 2018, the Governmental Accounting Standards Board issued GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Earlier application is encouraged.

In August 2018, the Governmental Accounting Standards Board issued GASB Statement No 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Management is currently evaluating the effects of the new GASB pronouncements.

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2019

**23. Subsequent Events**

The COVID-19 outbreak in the United States and throughout the world has caused business disruption through mandated and voluntary closings of schools and businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and its effects on the City's citizens, employees, and vendors. Therefore, the extent to which COVID-19 may affect the City's financial condition or results of operations cannot be reasonably estimated at this time.

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 14, 2020, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF WALKER

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2019\*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b>Municipal Police Employees Retirement System of Louisiana:</b>					
2014	0.23749%	\$ 1,485,737	\$ 689,545	215.47%	75.10%
2015	0.25967%	2,034,266	694,836	292.77%	70.73%
2016	0.26515%	2,485,201	743,310	334.34%	66.04%
2017	0.28638%	2,500,180	859,300	290.96%	70.08%
2018	0.28035%	2,370,298	830,426	285.43%	71.89%
2019	0.27631%	2,509,583	868,313	289.02%	71.01%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*For MPERS, the amounts presented were determined as of June 30 that occurred within the City's fiscal year. MPERS fiscal year is from July 1 to June 30.

See independent auditor's report.

## CITY OF WALKER

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<b>Municipal Police Employees Retirement System of Louisiana:</b>					
2014	\$ 209,014	\$ 209,014	\$ -	\$ 668,802	31.25%
2015	223,956	223,956	-	734,913	30.47%
2016	244,373	244,373	-	798,757	30.59%
2017	259,259	259,259	-	831,643	31.17%
2018	268,411	268,411	-	852,564	31.48%
2019	285,480	285,480	-	881,794	32.37%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

**CITY OF WALKER**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2019

**Municipal Police Employees' Retirement System:**

***Changes in Actuarial Assumptions***

The following is a detail description of changes in actuarial assumptions:

Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014																																																				
Investment Rate of Return	7.125%	7.20%	7.325%	7.50%	7.50%	7.50%																																																				
Inflation Rate	2.50%	2.60%	2.70%	2.875%	2.875%	3.000%																																																				
Mortality Rate - Annuitant and Beneficiary	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Healthy Annuitant Mortality Table set back 4 year for males and 3 years for females	RP-2000 Healthy Annuitant Mortality Table set back 4 year for males and 3 years for females	RP-2000 Healthy Annuitant Mortality Table set back 1 year for males and females																																																				
Mortality Rate - Employees	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee Mortality table set back 1 year for males and females																																																				
Mortality Rate - Disabled Annuitants	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality table																																																				
Salary increases, including inflation and merit	<table border="0"> <thead> <tr> <th><u>Years of Service</u></th> <th><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td align="center">9.75%</td> </tr> <tr> <td>3-23</td> <td align="center">4.75%</td> </tr> <tr> <td>Above 23</td> <td align="center">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <thead> <tr> <th><u>Years of Service</u></th> <th><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td align="center">9.75%</td> </tr> <tr> <td>3-23</td> <td align="center">4.75%</td> </tr> <tr> <td>Above 23</td> <td align="center">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <thead> <tr> <th><u>Years of Service</u></th> <th><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td align="center">9.75%</td> </tr> <tr> <td>3-23</td> <td align="center">4.75%</td> </tr> <tr> <td>Above 23</td> <td align="center">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <thead> <tr> <th><u>Years of Service</u></th> <th><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td align="center">9.75%</td> </tr> <tr> <td>3-23</td> <td align="center">4.75%</td> </tr> <tr> <td>Above 23</td> <td align="center">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <thead> <tr> <th><u>Years of Service</u></th> <th><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td align="center">9.75%</td> </tr> <tr> <td>3-23</td> <td align="center">4.75%</td> </tr> <tr> <td>Above 23</td> <td align="center">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <thead> <tr> <th><u>Years of Service</u></th> <th><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td>1</td> <td align="center">10.00%</td> </tr> <tr> <td>2</td> <td align="center">6.00%</td> </tr> <tr> <td>3-19</td> <td align="center">4.30%</td> </tr> <tr> <td>20-29</td> <td align="center">5.50%</td> </tr> <tr> <td>30&amp; Over</td> <td align="center">4.00%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1	10.00%	2	6.00%	3-19	4.30%	20-29	5.50%	30& Over	4.00%
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3-19	4.30%																																																									
20-29	5.50%																																																									
30& Over	4.00%																																																									

***Changes of Assumptions***

There were no changes of benefit assumptions for the year ended June 30, 2019.

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

## CITY OF WALKER

SCHEDULE OF INSURANCE COVERAGE IN FORCE

FOR THE YEAR ENDED DECEMBER 31, 2019

(UNAUDITED)

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Policy Period</u>
Essex Insurance Co. 5TRD5864	Auto Physical Damage	Per Schedule on File	05/28/2019 to 05/28/2020
EMC Insurance Co. 3X1-18-93-20	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2019 to 05/28/2020
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	100,000 100,000	08/06/2019 to 08/06/2020
LMA Risk Management 100-0466-00015526	Commercial Package Policy: Commercial General Liability Bodily Injury and Property Damage Premises Operations (per occurrence) Products Completed Operations Per Occurrence Aggregate Law Enforcement Officer Personal Injury or Property Damage (\$1,000 Deductible) Errors and Omissions (\$1,000 Deductible) Automobile Liability Bodily Injury and Property Damage (\$0 Deductible)	500,000 500,000 included 500,000 500,000 500,000 500,000	05/28/2019 to 05/28/2020
Western Surety Company 69486003	Clerk Surety Bond	50,000	03/11/2019 to 03/11/2020
Hartford Life & Accident 43SR841655	Volunteer Police Officers Accident Accidental Death Accidental Dismemberment Accident Medical Expense (\$0 Deductible) Maximum Dental Accident Total Disability Maximum Payment per Week Waiting Period Maximum Payment Period	10,000 10,000 10,000 250 100 7 days 104 weeks	03/10/2019 to 03/11/2020

See independent auditor's report.

## CITY OF WALKER

SCHEDULE OF NUMBER OF CUSTOMERS AND  
REVENUE DATA PER CUSTOMER PER MONTHFOR THE YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)Number of Customers

	December 31, 2019	December 31, 2018	Increase (Decrease)
Gas Customers	9,272	8,961	311
Water Customers	4,868	4,850	18
Sewer Customers	2,585	2,581	4
Sanitation Customers	2,103	2,107	(4)

Revenue Data Per Customer Per Month

	December 31, 2019	December 31, 2018	Increase (Decrease)	Percentage Change
Gas Sales	\$59.63	\$60.74	(\$1.11)	(2%)
Water Sales	\$27.24	\$26.60	\$0.64	2%
Sewer Sales	\$32.18	\$31.20	\$0.98	3%
Sanitation Sales	\$15.94	\$15.66	\$0.28	2%

See independent auditor's report.

## CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2019

(UNAUDITED)

Fees	Tap Fees	
	Type	Fee
<u>Gas</u>	Gas Taps	\$ 295
Residential and Commercial		
Minimum Flat Rate	\$ 8.33	
Per 100 CFT of Gas Used	0.90	
<u>Water</u>	Water Taps	\$ 285
Residential		
First 3,000 Gallons	\$ 14.50	
Per Next 1,000 Gallons of Water Used	2.60	
Commercial		
First 3,000 Gallons	\$ 39.84	
Per Next 1,000 Gallons of Water Used	2.60	
<u>Sewer</u>	Sewer Taps	\$ 500
Residential	Tie-in Fee	200
First 3,000 Gallons (Gravity)	\$ 20.60	
First 3,000 Gallons (Grinder Pump)	18.87	
Per Next 1,000 Gallons of Water Used	2.08	
Commercial		
First 3,000 Gallons	\$ 27.27	
Per Next 1,000 Gallons of Water Used	2.96	
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart	\$ 15.15	
Senior Citizens		
Flat Rate per Cart	\$ 9.98	

Sewer, Gas &amp; Water Misc. Fees

Fees for extensions, road bores, etc. are based on each account.

See independent auditor's report.

## CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Pass - Through Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>United States Department of Homeland Security</u>				
<i>Passed Through Louisiana Governor's Office of Homeland Security &amp; Emergency Preparedness:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ -	\$ 19,132
Hazard Mitigation Grant Program	97.039	N/A	-	<u>1,830,106</u>
Total United States Department of Homeland Security				1,849,238
<u>United States Department of Interior</u>				
<i>Passed Through Louisiana Department of Transportation:</i>				
Outdoor Recreation Acquisition, Development and Planning	15.916	N/A	-	<u>50,000</u>
Total United States Department of Interior				50,000
<u>United States Department of Justice</u>				
<i>Passed Through Louisiana Department of Justice:</i>				
Bulletproof Vest Partnership Program	16.607	N/A	-	1,491
Special Data Collections and Statistical Studies	16.734	N/A	-	<u>16,800</u>
Total United States Department of Justice				18,291
<u>United States Department of Transportation</u>				
<i>Passed Through Louisiana Highway Safety Commission</i>				
National Highway Traffic Safety Administration Discretionary Safety Grants	20.614	N/A	-	<u>3,515</u>
Total United States Department of Defense				3,515
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,921,044</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY OF WALKER**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

Note A - Significant Accounting Policies -

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Walker and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note B - Indirect Cost Rate Election -

The City did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2019.

Note C – Reconciliation of Federal Expenditures:

Federal Assistance expended as reported on the Schedule of Expenditures of Federal Awards	\$ 1,921,044
Add: revenue received in current year of prior year federal expenditures	<u>45,076</u>
Federal grant revenues	<u><u>\$ 1,966,120</u></u>
Federal Grant Revenues as reported on:	
Statement B-3 - All Governmental Fund Types - Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 1,921,547
Statement C-3 - Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position	<u>44,573</u>
	<u><u>\$ 1,966,120</u></u>

See independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

The Honorable Mayor, Jimmy Watson  
and Members of the City Council  
City of Walker  
Walker, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 14, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
September 14, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

The Honorable Mayor, Jimmy Watson  
and Members of the City Council  
City of Walker  
Walker, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the City of Walker’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Walker’s (“the City”) major federal programs for the year ended December 31, 2019. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Walker complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### ***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
September 14, 2020

**CITY OF WALKER**

SCHEDULE OF FINDINGS AND QUESTIONED COST

FOR THE YEAR ENDED DECEMBER 31, 2019

**A.** As required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the following is a summary of the results of our audit:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes   x   No
- Significant deficiencies identified? \_\_\_\_\_ Yes   x   None Reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   x   No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes   x   No
- Significant deficiencies identified? \_\_\_\_\_ Yes   x   None Reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_\_\_ Yes   x   No

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number
United States Department of Homeland Security	
<i>Passed Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:</i>	
Hazard Mitigation Grant Program	97.039

- The threshold for distinguishing Types A and B programs was \$750,000
- The City was determined not to be a low-risk auditee.

**B. Findings - Internal Control Over Financial Reporting**

None

**C. Findings - Compliance and Other Matters**

None

**CITY OF WALKER**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

FOR THE YEAR ENDED DECEMBER 31, 2019

**A. Findings - Internal Control Over Financial Reporting**

None

**B. Findings - Compliance and Other Matters**

**Reference Number: 2004M-9**

**Category:** Contingent Liabilities

**Description of Finding:**

The City of Walker must make decisions on the recording and/or disclosure of contingent liabilities. Contingent liabilities are liabilities for which the City may have a financial obligation that has not been recorded. Some of those contingent liabilities are as follows:

- Contingent Liability to Louisiana Department of Transportation and Development (LDOTD). Primarily during the years 1996 - 1998, the City of Walker entered into several contracts for relocation of utility lines and facilities. Documentation obtained from LDOTD and the City (including road transfer credits issued in 2016) indicates the following amounts owed to LDOTD by the City of Walker.

<u>Department</u>	
Gas Department	\$ 103,665
Water Department	151,189
Sewer Department	<u>231,211</u>
Total DOTD Contingent Liabilities	\$ <u>486,065</u>

- Many local communities in Louisiana have obligations to the Louisiana Department of Transportation and Development, but the nature and disposition of this liability must be disclosed. It is not determinable if LDOTD will enforce payment of these liabilities and recorded these totals as a debit to capital assets and a credit to contributed capital. Upon determination that the liability will be enforceable, the City of Walker must reduce the capital accounts by any amounts reimbursed to the LDOTD.

**Recommendations:**

We recommended that the City review the above contingent liabilities, and additional liabilities disclosed as current balances be corrected, and either record the corrected liabilities in the City's monthly financial statements, or compile the documentation necessary for annual financial statement disclosure.

**CITY OF WALKER**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2019

**Corrective Action Taken:**

During 2016, the City negotiated a partial settlement with LDOTD, in which the City accepted ownership of a state owned road within its City limits, Burgess Avenue. In return, LDOTD applied road transfer credits of \$888,282 to reduce the contingent liability. The City still has no intentions to install utility services along the State's right of way; therefore, the possible liability due to the Louisiana Department of Transportation and Development has not been determined and is still reported as a contingent liability in these financial statements.

**Management's Response:**

The City of Walker is currently working with the Louisiana Department of Transportation and Development to address the contingent liability to the State of Louisiana for the utility relocations that were completed during 1996-1998.

**CITY OF WALKER**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

**DECEMBER 31, 2019**

**WALKER, LOUISIANA**

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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

The Honorable Jimmy Watson, Mayor  
and Members of the City Council  
City of Walker  
Walker, Louisiana

We have performed the procedures enumerated below, which were agreed to by the City of Walker (the City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The City's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget - **No exceptions.**
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes. - **No exceptions.**
  - c) ***Disbursements***, including processing, reviewing, and approving - **No exceptions.**

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). - **No exceptions.**
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. - **No exceptions.**
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process - **No exceptions.**
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases) - **No exceptions.**
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers - **No exceptions.**
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. - **No exceptions.**
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. - **No exceptions.**
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. - **No exceptions**

### ***Bank Reconciliations***

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2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged); - **No exceptions.**
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and - **No exceptions.**
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. - **No exceptions.**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,  
*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
September 14, 2020